S. HRG. 110–394, PT. 6

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2009

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

ON

S. 3001

TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 2009 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR, AND FOR OTHER PURPOSES

PART 6
PERSONNEL

FEBRUARY 27 AND APRIL 16, 2008

Printed for the use of the Committee on Armed Services

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CONTENTS

CHRONOLOGICAL LIST OF WITNESSES

ACTIVE COMPONENT, RESERVE COMPONENT, AND CIVILIAN PERSONNEL PROGRAMS

FEBRUARY 27, 2008

	Page
Chu, Hon. David S., Under Secretary of Defense for Personnel and Readiness	39
Rochelle, LTG Michael D., USA, Deputy Chief of Staff, G1, United States Army	82
Harvey, VADM John C., Jr., USN, Deputy Chief of Naval Operations (Manpower, Personnel, Training, and Education), United States Navy	88
Coleman, Lt. Gen. Ronald S., USMC, Deputy Commandant for Manpower and Reserve Affairs, United States Marine Corps	106
Newton, Lt. Gen. Richard Y., III, USAF, Deputy Chief of Staff, Manpower and Personnel, United States Air Force	115

TESTIMONY OF MILITARY BENEFICIARY ORGANIZATIONS REGARDING THE QUALITY OF LIFE OF ACTIVE, RESERVE, AND RETIRED MILITARY PERSONNEL AND THEIR FAMILY MEMBERS

APRIL 16, 2008

Beck, Meredith M., National Policy Director, Wounded Warrior Project	161
Barnes, Master Chief Petty Officer Joseph L., USN (Ret.), National Executive Director, Fleet Reserve Association	166
Moakler, Kathleen B., Director of Government Relations, National Military Family Association	172
Cline, Master Sergeant Michael P., USA (Ret.), Executive Director, Enlisted Association of the National Guard of the United States	196
Strobridge, Col. Steven P., USAF (Ret.), Director of Government Relations, Military Officers Association of America	202

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2009

WEDNESDAY, FEBRUARY 27, 2008

U.S. SENATE,
SUBCOMMITTEE ON PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

ACTIVE COMPONENT, RESERVE COMPONENT, AND CIVILIAN PERSONNEL PROGRAMS

The subcommittee met, pursuant to notice, at 3 p.m. in room SR–232A, Russell Senate Office Building, Senator E. Benjamin Nelson (chairman of the subcommittee) presiding.

Committee members present: Senators Ben Nelson, Webb, and Graham.

Committee staff member present: Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Gabriella Eisen, counsel; Gerald J. Leeling, counsel; and Peter K. Levine, general counsel.

Minority staff members present: Lucian L. Niemeyer, professional staff member; Diana G. Tabler, professional staff member; and Richard F. Walsh, minority counsel.

Staff assistants present: Ali Z. Pasha and Brian F. Sebold.

Committee members' assistants present: Jon Davey, assistant to Senator Bayh; Gordon I. Peterson, assistant to Senator Webb; Sandra Luff, assistant to Senator Warner; Clyde A. Taylor IV, assistant to Senator Chambliss; and Andrew King, assistant to Senator Graham.

OPENING STATEMENT OF SENATOR E. BENJAMIN NELSON, CHAIRMAN

Senator BEN NELSON. Good afternoon. This Personnel Subcommittee hearing will now come to order.

The subcommittee meets today to receive testimony on the Active, Guard, Reserve, and civilian personnel programs in review of the National Defense Authorization Request for Fiscal Year 2009 and the Future Years Defense Program.

I'm honored to continue to serve as chairman of this subcommittee, the subcommittee that's focused on the care and well-being of our servicemembers, their families, retirees, and Department of Defense (DOD) civilians. No aspect of our military programs is more important than taking care of our people.

I'm privileged once again to be joined in this effort by my ranking member, Senator Graham. He and I have worked together for several years now to do what's right for our servicemembers and their families, and will continue in this never-ending effort.

I welcome our witnesses here today. Secretary Chu, staff tell me this will be your 10th appearance before this subcommittee. Is that right? Or, who's counting?

Dr. CHU. Right, sir.

Senator BEN NELSON. Okay. [Laughter.]

We appreciate your service and dedication to our servicemembers and their families, and thank you for what you have done to provide continuity and steady leadership during your time as the Under Secretary of Defense for Personnel and Readiness.

We also welcome here today the military personnel chiefs of each of the military branches: Lieutenant General Michael D. Rochelle, United States Army; Vice Admiral John C. Harvey, Jr., United States Navy; Lieutenant General Ronald S. Coleman, United States Marine Corps; and Lieutenant General Richard Newton III, United States Air Force.

Admiral Harvey, this committee has already favorably acted on your nomination for another position, and your nomination is now before the full Senate, so I congratulate you on your very successful service as the Chief of Naval Personnel and your nomination to yet another position of trust and importance. Congratulations.

Admiral HARVEY. Thank you very much, sir.

Senator BEN NELSON. General Newton, this is your first appearance before this subcommittee. You follow a long tradition of successful Air Force chiefs of personnel. I'm confident that General Brady gave you very wise counsel as he moved on to—[laughter]

——a four-star position. General Rochelle and General Coleman, we welcome you back and thank you for your continued service.

The current stress on the All-Volunteer Force, Active and Reserve, is overwhelming and unprecedented. As we meet here today, we're entering our 7th year of combat.

We continue the effort to increase the size of the Army and Marine Corps. Growing the force raises obvious questions about recruiting and retention, as well as the right mix of pay, bonuses, and benefits to attract and retain America's best young men and women.

Congress fully appreciates the sacrifices that our servicemembers and their families are making. In recognition of this, Congress continues to improve military pay and benefits. The stress of military operations is not limited to our servicemembers, as we know. We must never lose sight of their families as we consider what measures to take to enhance the safety and well-being of our servicemembers. Their family is our family.

To help our military families, Congress passed a law last year requiring the establishment of a Military Family Readiness Council to assess the adequacy and effectiveness of military family readiness programs and to recommend improvements. Congress also passed the Wounded Warrior Act. This comprehensive, bipartisan legislation advances the care, management, and transition of wounded and ill servicemembers, enhances healthcare and benefits for their families, and begins the process of fundamental reform for

the disability evaluation systems of the DOD and the Department of Veterans Affairs (VA).

All of this reflects the reality that we face today. Our servicemembers shoulder more responsibility and are increasingly asked to do more. With the increased requirements comes a cost that is difficult to bear. We absolutely must take care of our servicemembers, especially those who are wounded, and their families. We must ensure that our servicemembers are properly trained and equipped to perform the tasks we ask them to perform. On these issues, there can be no compromise. The issues we face, going forward, are difficult, but not insurmountable.

So, I look forward to hearing from our witnesses today on the programs and priorities the Department has identified to overcome these challenges.

With that, thank you. Senator Graham, do you have an opening statement?

STATEMENT OF SENATOR LINDSEY O. GRAHAM

Senator GRAHAM. Very briefly, Mr. Chairman, and it will begin the way all of them have, and that's thanking you. We've swapped roles a couple of times here, but nothing has really changed. I've thoroughly, thoroughly enjoyed working with you and your staff on this subcommittee, as sort of a respite from partisanship. We seem to figure it out, how to get along for the common good here, and nothing could bring us together more quickly than the needs of the men and women in uniform and their families. So, I look forward to another year of trying to help those who are making us all safe.

Dr. Chu, thank you very much for your service. You have a very demanding job, and you have been here many times, and I appreciate the knowledge and expertise you bring to the table in serving your country. I'm sure you could go other places and make more money. I just really appreciate your staying around and helping us figure out the challenges that we face.

Admiral Harvey, good job. [Laughter.]

The proof's in the pudding. People recognized your work and your accomplishments, and well done. We look forward to dealing with you in another capacity, down the road, and definitely looking forward to hearing from you in terms of where we need to go this year.

General Newton, you're the new guy. I know how that feels. I can't think of a more important task right now for the Air Force, in particular, to try to figure out the balance between planes and people and ever-increasing health care costs, how you all reconcile that with the missions we assign you.

We have a great staff. I look forward to working with everybody. One of the highlights of our time together, I think, has been the Wounded Warrior Act. I think this committee and our staffs put together the Wounded Warrior Act in a way that received a lot of bipartisan support, and hopefully will continue to deliver good service to those who have been terribly wounded, and the families who suffer alongside.

There's so much more to be done, and the question, I think, for the country is, how much of the health care role should DOD provide? Should we, long term, look at having retiree health care sepa-

rated and just focus on a very limited health care function within the military? I don't know the answer to that, but I do believe that the biggest challenge facing all of us is how to deal with the growing personnel costs, particularly in the area of health care, because, as you said, Senator Nelson, no one wants to retreat from quality, availability, and access, but when you look at the demographic changes in the pie chart, the personnel costs, particularly the health care costs, are growing at a dramatic rate. We're going to have to figure out how to balance that out.

I'll look forward to listening to the testimony, in terms of force structure, the number of people we have, the number of people we'll need—who are we getting in, what kind of level of education do they provide, and is the force ready for the fight? The answer, to me, is overwhelmingly yes, because we're winning the fight; but, as Senator Nelson said, it's been a long, hard struggle for many years, and we're all aware of what the strain has been.

I look forward to receiving your testimony and working with Senator Nelson, and putting together a good package.

Senator BEN NELSON. Thank you, Senator Graham.

Dr. Chu, I hope you weren't listening too closely when he said you could make more money elsewhere. [Laughter.]

That's not an invitation to go anywhere.

The Military Coalition has submitted a written statement for the record, and, without objection, it will be included in the record.

[The prepared statement of The Military Coalition follows:]

PREPARED STATEMENT BY THE MILITARY COALITION

Mr. 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 statement provides the collective views of the following military and veterans' organizations, which represent approximately 5.5 million current and former members of the 7 uniformed services, plus their families and survivors.

- Air Force Association
- Air Force Sergeants Association
- Air Force Women Officers Associated
- American Logistics Association
- American Veterans (AMVETS)
- 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 Military Family Association
- National Order of Battlefield Commissions
- Naval Enlisted Reserve Association
- Naval Reserve Association
- Noncommissioned Officers Association
- Reserve Enlisted Association
- Reserve Officers Association *

- Society of Medical Consultants to the Armed Forces
- The Retired Enlisted 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 Reserve Officers Association supports the non-health care portion of the testimony.

The Military Coalition, Inc., does not receive any grants or contracts from the Federal Government.

EXECUTIVE SUMMARY

Wounded Warrior Issues

Joint Transition Office

The Coalition is encouraged with the creation of a joint DOD–VA office to oversee development of a bi-directional electronic medical record. However, we strongly recommend that the subcommittee upgrade the scope of responsibilities and span of authority for the new DOD-VA Interagency Program Office to include top-down planning and execution of all "seamless transition" functions, including the joint electronic health record; joint DOD/VA physical; implementation of best practices for Traumatic Brain Injuries (TBI), Post-Traumatic Stress Disorder (PTSD), and special needs care; care access/coordination issues; and joint research.

The Coalition believes authorizing 3 years of their active-duty-level health care benefit for service-disabled members and their families after separation or retirement is essential to align stated "seamless transition" intentions with the realities faced by disabled members and families.

Disability Retirement Reform

The Coalition urges the subcommittee to ensure any legislative changes to the military disability evaluation and retirement systems do not reduce compensation and benefit levels for disabled servicemembers.

The Coalition does not support proposals to do away with the military disability retirement system and shift disability compensation responsibility to the VA.

The Coalition urges an expanded review of all administrative and disciplinary separations since October 7, 2001, for members with recent combat experience to assess whether the behavior that led to separation may have been due to service-caused exposure.

Active Force Issues

End Strength and Associated Funding

The Coalition strongly urges the subcommittee to sustain projected increases in ground forces and provide additional recruiting, retention, and support resources as necessary to attain/sustain them.

The Coalition urges the subcommittee to reconsider the consistency of projected reductions of Navy and Air Force forces with long-term readiness needs.

Compensation and Special Incentive Pay

The Coalition urges the subcommittee to propose a military pay raise of at least 3.9 percent for fiscal year 2009 (one-half percentage point above private sector pay growth) and to continue such half-percent annual increases over the Employment Cost Index (ECI) until the current 3.4 percent pay comparability gap is eliminated.

The Coalition also urges the subcommittee to continue periodic targeted pay raises as appropriate to recognize the growing education and technical qualifications of enlisted members and warrant officers and sustain each individual grade/longevity pay cell at the minimum 70th percentile standard.

Access to Quality Housing

The Military Coalition (TMC) urges reform of military housing standards that inequitably depress Basic Allowance for Housing (BAH) rates for mid- to senior-enlisted members by relegating their occupancy to inappropriately small quarters.

Family Readiness and Support

The Coalition urges the subcommittee to support increased family support funding and expanded education and other programs to meet growing needs associated with increased ops tempo, extended deployments and the more complex insurance, retirement, and savings choices faced by over-extended military families.

Spouse Employment

The Coalition urges the subcommittee to support legislation which would expand the Workforce Opportunity Tax Credit for employers who hire spouses of Regular and Reserve component servicemembers.

Additionally, the Coalition supports providing tax credits to offset military spouses' expenses in obtaining career-related licenses or certifications when servicemembers are relocated to a different State.

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. Additionally, we support S. 773.

Permanent Change of Station (PCS) Allowances

TMC urges the subcommittee to upgrade permanent change-of-station allowances to better reflect the expenses members are forced to incur in complying with government-directed relocations, with priority on adjusting flat-rate amounts that have been eroded by years—or decades—of inflation, and shipment of a second vehicle at government expense to overseas accompanied assignments.

Base Realignment and Closure (BRAC)/Rebasing/Military Construction/Commissaries

The Coalition urges the subcommittee to closely monitor rebasing/BRAC plans and schedules to ensure sustainment and timely development of adequate family support/quality of life programs. At closing and gaining installations, respectively—to include housing, education, child care, exchanges and commissaries, health care, family centers, unit family readiness, and other support services.

Morale, Welfare, and Recreation Programs

TMC urges the subcommittee to ensure that DOD funds MWR programs at least to the 85 percent level for Category A programs and 65 percent for Category B requirements.

Education Enhancements

TMC urges the subcommittee to work with the Veterans Affairs Committee to establish the benchmark level of Montgomery GI Bill (MGIB) education benefits at the average cost of attending a 4-year public college, and support continuous in-State tuition eligibility for servicemembers and their families in the State in which the member is assigned and the member's home State of record once enrolled as a student.

National Guard and Reserve Issues

Reserve Retirement and 'Operational Reserve' Policy

TMC strongly urges further progress in revamping the Reserve retirement system in recognition of increased service and sacrifice of National Guard and Reserve component members, including at a minimum, extending the new authority for a 90 day=3 month reduction to all Guard and Reserve members who have served since September 11.

A Total Force Approach to the Montgomery GI Bill

TMC urges Congress to integrate Guard and Reserve and active duty MGIB laws into Title 38. In addition, TMC recommends restoring basic Reserve MGIB rates to approximately 50 percent of active duty rates and authorizing upfront reimbursement of tuition or training coursework for Guard and Reserve members.

Family Support Programs and Benefits

TMC urges Congress to continue and expand its emphasis on providing consistent funding and increased outreach to connect Guard and Reserve families with relevant support programs.

Tangible Support for Employers

The Coalition urges Congress to support needed tax relief for employers of Selected Reserve personnel and reinforce the Employer Support for Guard and Reserve Program.

Seamless Transition for Guard and Reserve Members

The Coalition urges the subcommittee to continue and expand its efforts to ensure Guard and Reserve members and their families receive needed transition services to make a successful readjustment to civilian status.

Retirement Issues

Concurrent Receipt

The Coalition urges the subcommittee to act expeditiously on the recommendations of the Veterans' Disability Benefits Commission and implement a plan to eliminate the deduction of VA disability compensation from military retired pay for all disabled military retirees.

Uniformed Services Retiree Entitlements and Benefits

TMC urges the subcommittee to resist initiatives to "civilianize" the military retirement system in ways that reduce the compensation value of the current retirement system and undermine long-term retention.

Permanent ID Card Reform

The Coalition urges the subcommittee to direct the Secretary of Defense to authorize issuance of permanent military identification cards to uniformed services family members and survivors who are age 65 and older.

Survivor Issues

Survivor Benefit Plan (SBP)–Dependency and Indemnity Compensation (DIC) Offset

The Coalition strongly urges the subcommittee to take further action to expand eligibility for the special survivor indemnity allowance to include all SBP–DIC survivors and continue progress toward completely repealing the SBP–DIC offset for this most-aggrieved group of military widows.

Final Retired Paycheck

TMC urges the subcommittee to end the insensitive practice of recouping the final month's retired pay from the survivor of a deceased retired member.

Health Care Issues

Full Funding for the Defense Health Program

TMC strongly urges the subcommittee to take all possible steps to restore the reduction in TRICARE-related budget authority and ensure continued full funding for Defense Health Program needs.

Protecting Beneficiaries Against Cost-Shifting

The Coalition urges the subcommittee to require DOD to pursue greater efforts to improve TRICARE and find more effective and appropriate ways to make TRICARE more cost-efficient without seeking to "tax" beneficiaries and make unrealistic budget assumptions.

TMC Healthcare Cost Principles

The Coalition most strongly recommends Representative Chet Edwards' and Representative Walter Jones' H.R. 579 and Senator Frank Lautenberg's and Senator Chuck Hagel's S. 604 as models to establish statutory findings, a sense of Congress on the purpose and principles of military health care benefits, and explicit guidelines for and limitations on adjustments.

- Active duty members and families should be charged no fees except retail pharmacy co-payments, except to the extent they make the choice to participate in TRICARE Standard or use out-of-network providers under TRICARE Prime.
- For retired and survivor beneficiaries, the percentage increase in fees, deductibles, and co-payments that may be considered in any year should not exceed the percentage increase beneficiaries experience in their compensation.
- The TRICARE Standard inpatient copay should not be increased further for the foreseeable future. At $535 per day, it already far exceeds inpatient copays for virtually any private sector health plan.
- There should be no enrollment fee for TRICARE Standard or TRICARE For Life (TFL), since neither offers assured access to TRICARE-participating providers. An enrollment fee implies enrollees will receive additional services, as Prime enrollees are guaranteed access to participating pro-

viders in return for their fee. Congress already has required TFL beneficiaries to pay substantial Medicare Part B fees to gain TFL coverage.

• There should be one TRICARE fee schedule for all retired beneficiaries, just as all legislators, Defense leaders and other Federal civilian grades have the same health fee schedule. The TRICARE schedule should be significantly lower than the lowest tier recommended by the Defense Department, recognizing that all retired members paid large upfront premiums for their coverage through decades of arduous service and sacrifice.

TRICARE Standard Enrollment

The Coalition strongly recommends against establishment of any TRICARE Standard enrollment system; to the extent enrollment may be required, any beneficiary filing a claim should be enrolled automatically, without denying the claim. No enrollment fee should be charged for TRICARE Standard until and unless the program offers guaranteed access to a participating provider.

Private Employer Incentive Restrictions

The Coalition recommends Congress modify the law restricting private employer TRICARE incentives to explicitly exempt employers who offer only cafeteria plans (i.e., cash payments to all employees to purchase care as they wish) and employers who extend specific cash payments to any employee who uses health coverage other than the employer plan (e.g., Federal Employees Health Benefits Program (FEHBP), TRICARE, or commercial insurance available through a spouse or previous employer).

Provider Participation Adequacy

The Coalition urges the subcommittee to continue monitoring DOD and Government Accountability Office (GAO) reporting on provider participation to ensure proper follow-on action.

Administrative Deterrents to Provider Participation

The Coalition urges the subcommittee to continue its efforts to reduce administrative impediments that deter providers from accepting TRICARE patients.

TRICARE Reimbursement Rates

The Coalition urges the subcommittee to exert what influence it can to persuade the Finance Committee to reform Medicare/TRICARE statutory payment formula. To the extent the Medicare rate freeze continues, we urge the subcommittee to encourage the Defense Department to use its reimbursement rate adjustment authority as needed to sustain provider acceptance.

Additionally, The Coalition urges the subcommittee to require a Comptroller General report on the relative propensity of physicians to participate in Medicare vs. TRICARE, and the likely effect on such relative participation of a further freeze in Medicare/TRICARE physician payments along with the affect of an absence of bonus payments.

Minimize Medicare/TRICARE Coverage Differences

The Coalition urges the subcommittee to align TRICARE coverage to at least match that offered by Medicare in every area and provide preventive services at no cost.

TRICARE Reserve Select (TRS) Premium

The Coalition recommends reducing TRS premiums to $48/month (single) and $175/month (family), as envisioned by the GAO, with retroactive refunds as appropriate. For the future, the percentage increase in premiums in any year should not exceed the percentage increase in basic pay.

The Coalition further recommends that the subcommittee request a report from the Department of Defense on options to assure TRS enrollees' access to TRICARE-participating providers.

Private Insurance Premium Option

The Coalition recommends developing a cost-effective option to have DOD subsidize premiums for continuation of a Reserve employer's private family health insurance during periods of deployment as an alternative to permanent TRS coverage.

Involuntary Separatees

The Coalition recommends authorizing 1 year of post-Transitional Assistance Management Program (TAMP) TRS coverage for every 90 days deployed in the case of returning members of the Individual Ready Reserve (IRR) or members who are involuntarily separated from the Selected Reserve. The Coalition further rec-

ommends that voluntarily separating reservists subject to disenrollment from TRS should be eligible for participation in the Continued Health Care Benefits Program (CHCBP).

Gray Area Reservists

The Coalition urges the subcommittee to authorize an additional premium-based option under which members entering "gray area" retiree status would be able to avoid losing health coverage.

Reserve Dental Coverage

The Coalition supports providing dental coverage to reservists for 90 days pre- and 180 days post-mobilization (during TAMP), unless the individual's dental readiness is restored to T–2 condition before demobilization.

Restoration of Survivors' TRICARE Coverage

The Coalition recommends restoration of TRICARE benefits to previously eligible survivors whose second or subsequent marriage ends in death or divorce.

TRICARE Prime Remote Exceptions

The Coalition recommends removal of the requirement for the family members to reside with the active duty member to qualify for the TRICARE Prime Remote Program, when the family separation is due to a military-directed move or deployment.

BRAC, Rebasing, and Relocation

The Coalition recommends codifying the requirement to provide a TRICARE Prime network at all areas impacted by BRAC or rebasing. Additionally, we recommend that DOD be required to provide an annual report to Congress on the adequacy of health resources, services, quality, and access of care for those beneficiary populations affected by transformation plans.

Pharmacy Co-payment Changes

The Coalition recommends deferral of any pharmacy copay increases pending assessment of the effects of the new Federal pricing law on usage and cost patterns for the different venues, and that the subcommittee instead urge DOD to pursue copay reductions and ease prior authorization requirements for medications for chronic diseases, based on private sector experience that such initiatives reduce long-term costs associated with such diseases.

Rapid Expansion of "Third Tier" Formulary

The Coalition urges the subcommittee to reassert its intent that the Beneficiary Advisory Panel should have a substantive role in the formulary-setting process, including access to meaningful data on relative drug costs in each affected class, consideration of all Beneficiary Advisory Panel (BAP) comments in the decisionmaking process, and formal feedback concerning rationale for rejection of BAP recommendations.

Referral and Authorization System

The Coalition recommends that Congress require a cost analysis report, including input from each Managed Care Support Contractor, concerning the referral process within DOD and reliance on Civilian Network Providers within an MTF's Prime Service Area.

Deductibility of Health and Dental Premiums

The Coalition urges all Armed Services Committee members to seek the support of the Finance Committees to approve legislation to allow all military beneficiaries to pay TRICARE-related insurance premiums in pre-tax dollars, to include TRICARE dental premiums, TRS premiums, TRICARE Prime enrollment fees, premiums for TRICARE Standard supplements, and long-term care insurance premiums.

OVERVIEW

Mr. Chairman, TMC thanks you and the entire subcommittee for your continued, steadfast support of our active duty, Guard, Reserve, retired members, and veterans of the uniformed services and their families and survivors. The subcommittee's work last year generated ground-breaking, innovative improvements in military end strength, currently serving pay, survivor benefits, disabled retiree programs, and of most significance, improvements in wounded warrior benefits, care, and treatment. These enhancements will definitely make a positive difference in the lives of active, Guard and Reserve personnel, retirees, survivors, and families.

As our men and women in uniform continue to prosecute the global war on terror, the Coalition believes it is critical that the Nation support our troops with the appropriate resources. The Services have reported that they are wearing out equipment at a record pace; however, the Coalition is concerned that we are wearing out our people in uniform at even a faster pace. The current rate of deployments and the accompanied stress to our troops and their families put at risk the readiness of our servicemembers.

The men and women in uniform—Active Duty, Guard, and Reserve—are answering the call—but not without ever-greater sacrifice. Currently, over 615,000 National Guard and Reserve members have been called to active Federal service for the war on terrorism. Over 150,000 have had two or more deployments, putting particular stress on these members' civilian careers and employers. The "total force", with the support of their families, continues to endure mounting stress brought about by repeated deployments and ever-increasing workloads. Therefore, now is not the time to scrimp on the needs for our troops and their families.

Over the past several years, the Pentagon has repeatedly sought to curb spending on military personnel and facilities to fund operational requirements. In the process, the Defense Department has imposed dramatic force reductions in the Air Force and the Navy, tried to deter military retirees from using their earned health coverage by proposing large TRICARE fee increases, and cut back on installation quality of life programs.

The Coalition believes these efforts to rob personnel to fund operations will only make the uniformed services more vulnerable to future readiness problems. We agree with the Chairman of the Joint Chiefs of Staff, who has stated that 4 percent of GDP should be the "absolute floor" for the overall military budget. If we want a strong national defense, we have to pay for a strong military force as well as replace and upgrade aging, war-worn weapons and equipment.

The Coalition is encouraged by Congress' strong support for continued increases to Army and Marine Corps end strength, in recognition that our troops and families are dangerously overburdened. We believe the country must follow through on future planned increases, regardless of troop withdrawals from Iraq, and that these should be funded through permanent increases in the defense budget, not supplemental appropriations that undermine essential, long-term commitments. It's been proven that our military didn't have sufficient forces to meet the requirements of the current war. It would be inexcusable not to be better prepared for future contingencies.

In our statement today, TMC offers its collective recommendations on what needs to be done to address important personnel-related issues in order to sustain long-term personnel readiness.

WOUNDED WARRIOR ISSUES

Last February, a series of articles in the Washington Post titled "The Other Walter Reed" profiled shocking cases of wounded servicemembers who became lost in military health care and administrative systems upon being transferred to outpatient rehabilitative care.

Subsequently, the national media ran many stories of seriously wounded troops warehoused in substandard quarters, waiting weeks and months for medical appointments and evaluation board results, left pretty much on their own to try and navigate the confusing maze of medical system and benefit and disability rules, and low-balled into disability separations rather than being awarded the higher benefits of military disability retirement.

Interviews with family members—spouses, children, and parents—revealed heartbreaking real life dramas of those who quit their jobs and virtually lived at military hospitals to become caregivers to seriously wounded troops. Left with diminishing resources and unfamiliar with military benefit and disability rules, they were severely disadvantaged in trying to represent the interests of their wounded spouses and children who couldn't stand up for themselves.

These issues drew the attention of the President and Congress, leading to the immediate appointment of multiple special commissions and task forces charged with investigating the problems and identifying needed solutions. The Coalition is very grateful for the work of the Dole-Shalala Commission, the Marsh-West Independent Review Group, the VA Interagency Task Force on Returning Veterans, the Mental Health Task Force, and the previously authorized Veterans' Disability Benefits Commission. The Coalition endorses the vast majority of these groups' recommendations, and we're pleased that the subcommittee made a conscientious effort to address many of them in the Wounded Warrior Act provisions of the National Defense Authorization Act (NDAA) for Fiscal Year 2008.

Congress and TMC agree that our Nation's service men and women have earned first class care and assistance, both during recuperation and following separation or retirement from the military.

We are gratified at the sincere and unprecedented leadership efforts in the Departments of Defense and Veterans' Affairs and the Armed Services and Veterans' Affairs Committees to transform the system to make this long overdue goal a reality.

But years of bureaucratic and parochial barriers can't be swept away as easily as we all would wish. The good work done in 2007 was only a modest first step on the path to transforming military and veterans programs to meet the pressing needs of wounded and disabled members and their families. We're still a long, long way from achieving the "seamless transition" goal.

Joint Transition Office

The Coalition believes one critical problem is bureaucratic stove-piping in each department. While both DOD and VA are making great efforts to cooperate, there is no permanent joint activity or office whose primary mission is to jointly plan and execute the seamless transition strategy and then exercise productive oversight over the longer-term process. There's no doubt about the good intentions of leadership, but to sustain the effort for the long term requires a change in organizational structure. Periodic meetings, after which the DOD and VA participants return to their separate offices on opposite sides of the Potomac, won't sustain the effort after the horror stories fade from the headlines.

This simply can't be someone's part-time job. It requires a full-time joint Federal transition office, staffed by full-time DOD, service and VA personnel working in the same office with a common joint mission: developing, implementing and overseeing the Joint Executive Council's strategic plan. This office's responsibilities should include:

- Joint In-Patient Electronic Health Record—The NDAA for Fiscal Year 2008 took the first step in authorizing a DOD/VA Interagency Program Office to oversee this specific initiative, which TMC has been seeking for years. But we believe the 2012 objective for implementing this system is too long to wait. Congress must press DOD and VA to speed delivery as soon as humanly possible, with concrete timelines and milestones for action. TMC also believes that the same logic that necessitates a joint office's oversight of this specific initiative is equally applicable in other areas, and that the interagency office's area of responsibility should be expanded accordingly.
- Special Needs Health Care—Polytrauma Rehabilitation Centers were established to meet the specialized clinical care needs of patients with multiple trauma conditions. They provide comprehensive inpatient rehabilitation services for individuals with complex cognitive, physical and mental health sequelae of severe disabling trauma. These centers require special oversight in order to ensure the required resources are available to include specialized staff, technical equipment and adequate bed space. This oversight must be a joint effort since it provides a significant piece of the health care continuum for severely injured personnel.
- PTSD, TBI, and Mental Health/Counseling—The Coalition strongly supports the provisions in the NDAA for Fiscal Year 2008 establishing Centers of Excellence for these programs. We simply must have some central monitoring, evaluation, and crossfeed to take best advantage of the wide variety of current and planned DOD, service, and VA programs and pilot projects aimed at destigmatizing, identifying, and treating TBI and PTSD. The Coalition believes it also is important to ensure that TBI and PTSD are identified and treated as combat injuries rather than mental health problems. The Coalition is doubtful whether these centers, by themselves, will be in a position to ensure coordination and implementation of best practices across all departments and Services.
- Caregiver Initiatives—Several wounded warrior provisions in the recently enacted NDAA provide additional support for the caregiver of the wounded warrior, typically a family member. However, we believe more needs to be done to strengthen support for families, to include the authorization of compensation for family member caregivers of severely injured who must leave their employment to care for the servicemember.
- Access to Care—A significant impediment to the "seamless transition" goal is that there are significant differences between health coverage and some other entitlements when a member transitions from active military service to separated or retired status. TRICARE benefits for disability retir-

ees and families are not the same as they were on active duty, and there are significant differences between coverage and availability of programs between TRICARE and the VA. When a member dies on active duty, Congress has deemed that the member's family should be eligible for 3 years of active-duty level TRICARE coverage to assist in the family's transition. TMC believes strongly that members who are disabled significantly by military service deserve equal treatment. The NDAA for Fiscal Year 2008 authorized continued active-duty level coverage, but only for the servicemember, and then only in cases where VA coverage is not available. TMC believes this limitation significantly undermines the seamless transition goal for wounded/disabled members whose rehabilitation and recovery may continue long after the time they leave active duty. Their needs—and those of their families—should not be inhibited by higher copays, deductibles, and coverage decreases the moment they are separated or retired from active duty. Allowing disabled members and their families to retain their active duty military health care benefit for 3 years after separation or retirement is essential to align our stated intentions with the realities faced by disabled members and families.

• Joint Research—Combined Research Initiatives would further enhance the partnership between VA and DOD. Since many of the concerns and issues of care are shared, joint collaboration of effort in the area of research should enable dollars to go much further and provide a more standardized system of health care in the military and veteran communities. Furthermore, research must also be performed jointly and across all military departments and with other practicing health care agencies to ensure timely integration of these findings in the diagnosis and treatment of wounded and disabled patients.

The Coalition is encouraged with the creation of a joint DOD–VA office to oversee development of a bi-directional electronic medical record. However, we strongly recommend that the subcommittee upgrade the scope of responsibilities and span of authority for the new DOD–VA Interagency Program Office to include top-down planning and execution of all "seamless transition" functions, including the joint electronic health record; joint DOD/VA physical; implementation of best practices for TBI, PTSD, and special needs care; care access/coordination issues; and joint research.

The Coalition believes authorizing 3 years of their active-duty level health care benefit for service-disabled members and their families after separation or retirement is essential to align stated "seamless transition" intentions with the realities faced by disabled members and families.

Disability Retirement Reform

Several of the Walter Reed task forces and commissions recommended significant changes to the DOD Disability Evaluation System (DES), and the NDAA for Fiscal Year 2008 includes several initiatives requiring joint DOD/VA DES pilot programs; use of the VA Schedule for Rating Disabilities; review of medical separations with disability ratings of 20 percent or less; and enhanced disability severance pay. These changes will hopefully improve the overall DES and correct the reported "low-ball" ratings awarded some wounded warriors.

The Coalition is very supportive of the current DOD/VA disability rating pilot, which has the potential to help streamline transition from active duty into veteran/retired status. However, we believe further legislative efforts are required to curb service differences in determining whether a condition existed prior to service. To this end, language in the NDAA for Fiscal Year 2008 aimed at addressing this problem may actually have exacerbated it by amending only a part of the relevant provisions of law.

The Coalition does not support proposals to simply do away with the military disability retirement system and shift disability compensation responsibility to the VA. While this proposal seems administratively simple, and supports our longstanding "concurrent receipt" goal of ensuring proper vesting of service-based retirement for members who suffer from service-caused disabilities, it poses two significant risks that TMC deems unacceptable. First, it would cause significant compensation reductions for some severely disabled personnel—up to $1,000 a month or more in some cases, and even more for some Guard and Reserve members who suffer severe disabilities. Second, it would eliminate the 30 percent-disability retirement threshold that now establishes eligibility for retiree TRICARE coverage for disabled members and their families. TMC believes there must continue to be a statutory military disability threshold above which the member is considered a military retiree (not simply a separatee and veteran) and eligible for all the privileges of military retire-

ment, including TRICARE coverage. The Coalition objects strongly to establishing disability ratings, compensation, or health care eligibility based whether the disability was incurred in combat vice non-combat.

The Coalition strongly supports the recent NDAA requirement for a case review of members separated with 20 percent or lower ratings since October 7, 2001. There is evidence that many received "low-ball" ratings that did not adequately reflect the degree of their disabilities and unfairly denied them eligibility for military disability retired pay and health coverage.

But we believe the subcommittee did not go far enough to correct past inequities. The Coalition is aware of many cases of "model troops" who fell into depression, drug use, and disciplinary situations after one or more combat tours, and who subsequently received administrative or disciplinary discharges.

The Coalition urges the subcommittee to ensure any legislative changes to the military disability evaluation and retirement systems do not reduce compensation and benefit levels for disabled servicemembers.

The Coalition does not support proposals to do away with the military disability retirement system and shift disability compensation responsibility to the VA.

The Coalition urges an expanded review of all administrative and disciplinary separations since October 7, 2001, for members with recent combat experience to assess whether the behavior that led to separation may have been due to service-caused exposure.

ACTIVE FORCE ISSUES

The subcommittee's key challenges will be to fend off those who wish to cut needed personnel and quality of life programs while working with DOD and the administration to reduce the stress on the force and their families already subjected to repeated, long-term deployments. Rising day-to-day workloads for non-deployed members and repeated extensions of combat tours creates a breeding ground for retention problems. Meeting these challenges will require a commitment of personnel and resources on several fronts.

End Strength and Associated Funding

The Coalition was encouraged whenthe subcommittee ensured that the Army and Marine Corps authorized end strengths continued to grow in fiscal year 2008, and we are further encouraged that the DOD has asked for additional manpower increases for the Army and Marine Corps over the next 4 years.

Congress must ensure these increases are sufficient to ease force rotation burdens and the Services are fully funded in order to achieve the new end strength. Increasing end strength is not a quick fix that will ease the stressors on currently serving servicemembers and their families.

Some already speculate that the planned increases may not be needed if we can reduce the number of troops deployed to Iraq. The Coalition believes strongly that the increases are essential to future readiness, regardless of force levels in Iraq. We know we didn't have enough troops to fight the current war without imposing terrible penalties on military members and families, and we must build our force management plans to avoid having to do so when the Nation is faced with another major unexpected contingency requirement.

For too long, we have planned only for the best-case scenario, which ignores our responsibility to the Nation to be prepared for unexpected and less-favorable scenarios, which could well arise anywhere around the globe, including the Far East.

A full range of funding is required to support this necessary end strength, including housing, health care, family programs, and child care. Having the Services absorb these costs out of pocket is self-defeating.

Furthermore, as the Army and Marine Corps increase over the next 4 years, the Coalition remains concerned that ongoing Navy and Air Force Active and Reserve personnel cuts are driven by budget considerations rather than operational requirements. We believe it is increasingly likely that future experience will prove these cutbacks ill-advised, and urge the subcommittee to reconsider their consistency with long-term readiness needs.

The Coalition strongly urges the subcommittee to sustain projected increases in ground forces and provide additional recruiting, retention, and support resources as necessary to attain/sustain them.

The Coalition urges the subcommittee to reconsider the consistency of projected reductions of Navy and Air Force forces with long-term readiness needs.

Compensation and Special Incentive Pays

The Coalition is committed to ensuring that pay and allowance programs are equitably applied to the seven uniformed Services. In that regard, the Coalition urges

the subcommittee to be mindful that personnel and compensation program adjustments for Department of Defense forces should also apply to uniformed members of the Coast Guard, NOAA Corps, and Public Health Service.

Since the turn of the century, Congress and DOD have made significant progress to improve the lives of men and women in uniform and their families. Since 1999, when military pay raises had lagged a cumulative 13.5 percent behind the private sector pay comparability standard, the subcommittee has narrowed that gap to 3.4 percent. Each year during that span, the subcommittee has ensured at least some progress in shrinking that disparity further. TMC is grateful for that progress, and believes strongly that it should continue until full pay comparability is restored.

DOD uses the 70th percentile of earnings of private workers of comparable age, experience and education as a standard to help rebalance the military pay table through special targeted pay increases depending on grade and longevity status. The Coalition believes this measure is useful as one tool in the process of establishing the proper progression of the pay table, and needs to be monitored and applied as necessary in the future. But it does not, by itself, supplant overall growth in the ECI as the measure of pay comparability, nor does it erase the remaining 3.4 percent gap between military pay raises and private sector pay growth.

The Coalition believes Congress will never find a better opportunity to phase out the remaining gap than today's conditions when private sector pay growth is relatively low. In assessing the proper amount to reduce the pay gap, Congress also should consider that today's troops are working much harder—and their families sacrificing much more—for their modest raises.

This year, we expect the Defense budget will propose a 3.4 percent raise for military personnel in 2009—a percentage equal to the growth in private sector pay 2 years earlier in 2007. The Coalition believes strongly that this is not the time to end Congress' steady path of progress in reducing the military pay comparability gap.

The Coalition urges the subcommittee to propose a military pay raise of at least 3.9 percent for fiscal year 2009 (one-half percentage point above private sector pay growth) and to continue such half-percent annual increases over the ECI until the current 3.4 percent pay comparability gap is eliminated.

The Coalition also urges the subcommittee to continue periodic targeted pay raises as appropriate to recognize the growing education and technical qualifications of enlisted members and warrant officers and sustain each individual grade/longevity pay cell at the minimum 70th percentile standard.

Access to Quality Housing

Today's housing allowances come much closer to meeting military members' and families' housing needs than in the past, thanks to the conscientious efforts of the subcommittee in recent years.

But the Coalition believes it's important to understand that some fundamental flaws in the standards used to set those allowances remain to be corrected, especially for enlisted members.

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 1.25 percent 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.

TMC urges reform of military housing standards that inequitably depress BAH rates for mid to senior enlisted members by relegating their occupancy to inappropriately small quarters.

Family Readiness and Support

A fully funded, robust family readiness program continues to be crucial to overall readiness of our military, especially with the demands of frequent and extended deployments.

Resource issues continue to plague basic installation support programs. At a time when families are dealing with increased deployments, they are being asked to do without. Often family centers are not staffed for outreach. Library and sports facilities hours are being abbreviated or cut altogether. Manpower for installation secu-

rity is being reduced. These are additional sacrifices that we are imposing on our families left behind while their servicemembers are deployed.

In a similar vein, the Coalition believes additional authority and funding is needed to offer respite and extended child care for military families. These initiatives should be accompanied by a more aggressive outreach and education effort to improve members' and families' financial literacy. We should ensure members are aware of and encouraged to use child care, mental health support, spousal employment, and other quality-of-life programs that have seen recent growth. However, this education effort should also include expanded financial education initiatives to inform and counsel members and families on life insurance options, Thrift Savings Plan, IRAs, flexible spending accounts, savings options for children's education, and other quality of life needs.

In particular servicemembers must be educated on the long-term financial consequences of electing to accept the much lower-value $30,000 REDUX retention bonus after 15 years of service vice sustaining their full High–3 retirement benefit.

The Coalition urges the subcommittee to support increased family support funding and expanded education and other programs to meet growing needs associated with increased operations tempo (OPTEMPO), extended deployments and the more complex insurance, retirement, and savings choices faced by over-extended military families.

Spouse Employment

The Coalition is pleased that movement is being made to enhance the total force spouse employment opportunities through a test program and strong partnerships between DOD, Department of Labor, service organizations, employers, and others; however, more needs to be done.

More and more military spouses are in the workforce than in the past, but challenges in finding jobs after relocation adversely impact the military families' financial stability and satisfaction with military life. Spouse employment helps contribute to a strong military and helps in retention of our high quality, All-Volunteer Force. Defense leaders repeatedly acknowledge, "We recruit servicemembers, but we retain families."

One of the greatest frustrations for working spouses is the career and financial disruption associated with military-directed relocations. If we're serious about retaining more military families, we must get serious about easing this significant career and military life dissatisfier.

The Coalition urges the subcommittee to support legislation which would expand the Workforce Opportunity Tax Credit for employers who hire spouses of Regular and Reserve component servicemembers.

Additionally, the Coalition supports providing tax credits to offset military spouses' expenses in obtaining career-related licenses or certifications when servicemembers are relocated to a different State.

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), despite both Armed Services Committees' prodding on this subject.

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. Additionally, we support S. 773.

Permanent Change of Station Allowances

PCS allowances have continually failed to keep pace with the significant out-of-pocket expenses servicemembers and their families incur in complying with government-directed moves.

For example, PCS mileage rates still have not been adjusted since 1985. The current rates range from 15 to 20 cents per mile—an ever-shrinking fraction of the 50.5 cents per mile rate authorized for temporary duty travel. Also, military members must make any advance house-hunting trips at personal expense, without any government reimbursements such as Federal civilians receive.

Additionally, the overwhelming majority of service families consist of two working spouses, making two privately owned vehicles a necessity. Yet the military pays for shipment of only one vehicle on overseas moves, including moves to Hawaii and Alaska. This forces relocating families into large out-of-pocket expenses, either by shipping a second vehicle at their own expense or selling one car before leaving the States and buying another upon arrival. The Coalition is greatly disappointed that, for 2 consecutive years, a subcommittee proposal to authorize shipping two vehicles to non-foreign duty locations outside of the continental United States has been dropped in conference.

The Coalition is grateful that the senior enlisted PCS weight allowance tables were increased slightly in the NDAA for Fiscal Year 2006; however, we believe that these modification need to go further for personnel in pay grades E–7, E–8, and E–9 to coincide with allowances for officers in grades O–4, O–5, and O–6 respectively. The personnel property weight for a senior E–9 leader without dependents remains the same as for a single O–3 despite the normal accumulation of household goods over the course of a career.

Four years ago, the subcommittee authorized the Families First initiative. Among its provisions was full replacement value (FRV) reimbursement for household goods damaged during PCS moves. We are grateful that this first FRV phase has begun but will continue to monitor its implementation. The next phase, focusing on survey results and real time access to the progress of household goods in the moving process has yet to be fully implemented. We will continue to monitor the progress and hope that Congress will be doing the same.

Aside from that long-delayed initiative the last real adjustment in PCS expenses was 7 years ago in 2001, when this subcommittee upgraded PCS per diem (but not mileage) rates and raised the maximum daily Temporary Lodging Expense (TLE) allowance from $110 to $180 a day for a PCSing family, among certain other adjustments, including the increase in the junior enlisted weight allowances. That TLE amount is supposed to cover a family's food and lodging expenses while in temporary quarters at the gaining or losing installation. Today, after 7 years of inflation, it's hardly adequate to cover the daily expenses of a family of four or five anywhere in America, let alone a family ordered to relocate to San Diego or Washington, DC.

The Coalition also supports authorization of a dislocation allowance for servicemembers making their final "change of station" upon retirement from the uniformed services and a 500-pound professional goods weight allowance for military spouses.

We cannot avoid requiring members to make regular relocations, with all the attendant disruptions in their children's education and their spouses' careers. The Coalition believes strongly that the Nation that requires military families to incur these disruptions should not be making them bear the attendant high expenses out of their own pockets.

TMC urges the subcommittee to upgrade permanent change-of-station allowances to better reflect the expenses members are forced to incur in complying with government-directed relocations, with priority on adjusting flat-rate amounts that have been eroded by years—or decades—of inflation, and shipment of a second vehicle at government expense to overseas accompanied assignments.

BRAC/Rebasing/Military Construction/Commissaries

TMC remains concerned about inadequacy of service implementation plans for DOD transformation, global repositioning, Army modularity, and BRAC initiatives. Given the current wartime fiscal environment, TMC is greatly worried about sustaining support services and quality of life programs for members and families. These programs are clearly at risk—not a week goes by that the Coalition doesn't hear reports of cutbacks in base operation accounts and base services because of funding shortfalls.

Feedback from the installation level is that local military and community officials often are not brought "into the loop" or provided sufficient details on changing program timetables to plan, seek, and fund support programs (housing, schools, child care, roads, and other infrastructure) for the numbers of personnel and families expected to relocate to the installation area by a specific date.

We believe it is important to note that the commissary is a key element of the total compensation package for servicemembers and retirees. In addition to providing average savings of 30 percent over local supermarkets, commissaries provide an important tie to the military community. Shoppers get more than groceries at the commissary. It is also an opportunity to connect with other military family members and to get information on installation programs and activities through bulletin boards and installation publications. Finally, shoppers receive nutrition infor-

mation and education through commissary promotions and educational campaigns contributing to the overall health of the entire beneficiary population.

The Coalition urges the subcommittee to closely monitor rebasing/BRAC plans and schedules to ensure sustainment and timely development of adequate family support/quality of life programs. At closing and gaining installations, respectively—to include housing, education, child care, exchanges and commissaries, health care, family centers, unit family readiness, and other support services.

Morale, Welfare, and Recreation Programs

The availability of appropriated funds to support MWR activities is an area of continuing concern. TMC strongly opposes any DOD initiative that withholds or reduces MWR appropriated support for Category A and Category B programs or that reduces the MWR dividend derived from military base exchange programs.

Servicemembers and their families are reaching the breaking point as a result of the war and the constant changes going on in the force. It is unacceptable to have troops and families continue to take on more responsibilities and sacrifices and not give them the support and resources to do the job and to take care of the needs of their families.

TMC urges the subcommittee to ensure that DOD funds MWR programs at least to the 85 percent level for Category A programs and 65 percent for Category B requirements.

Education Enhancements

Providing quality education for all military children is a key recruiting and retention standard that has been historically supported by the subcommittee.

The Coalition is concerned that there was no increase in the amount of the DOD Supplement to Impact Aid. The need for supplemental funding as school districts receive more military children as rebasing is implemented is increasing. We believe that the funding should reflect this greater impact.

Servicemembers have seen the value of their MGIB dramatically diminish due to double digit education inflation. The Coalition recommends tying the MGIB education benefit level to the average cost of a 4-year public college.

Furthermore, service families facing several duty location changes during a career often encounter problems establishing State residency for the purpose of obtaining in-State tuition rates for military children and spouses. The Coalition supports authorizing in-State college tuition rates for servicemembers and their families in the State in which the member is assigned and the member's home State of record. The in-State tuition should remain continuous once the military member or family member is established as a student.

TMC urges the subcommittee to work with the Veterans' Affairs Committee to establish the benchmark level of MGIB education benefits at the average cost of attending a 4-year public college, and support continuous in-State tuition eligibility for servicemembers and their families in the State in which the member is assigned and the member's home State of record once enrolled as a student.

NATIONAL GUARD AND RESERVE FORCE ISSUES

Every day somewhere in the world, our National Guard and Reserves are answering the call to service. Although there is no end in sight to their participation in homeland security, overseas deployment and future contingency operations, Guard and Reserve members have volunteered for these duties and accept them as a way of life in the 21st century.

Since September 11, 2001, more than 615,000 National Guard and Reserve service men and women have been called to active Federal service for the war on terrorism and more than 150,000 have served multiple deployments. They are experiencing similar sacrifices as the Active-Duty Forces. However, readjusting to home life, returning to work and the communities and families they left behind puts added stress on Guard and Reserve members. Unlike active duty members, whose combat experience enhances their careers, many Guard Reserve members return to employers who are unhappy about their active duty service and find that their civilian careers have been inhibited by their prolonged absences. Further, despite the continuing efforts of the subcommittee, most Guard and Reserve families do not have the same level of counseling and support services that the active duty members have.

All Guard and Reserve components are facing increasing challenges involving major equipment shortages, end strength requirements, wounded-warrior health care, assistance and counseling for Guard and Reserve members for pre-deployment and post-deployment contingency operations.

Congress and the Department of Defense must provide adequate benefits and personnel policy changes to support our troops who go in harm's way.

Reserve Retirement and 'Operational Reserve' Policy

The assumption behind the 1948-vintage G–R retirement system—retired pay eligibility at age 60—was that these servicemembers would be called up only infrequently for short tours of duty, allowing the member to pursue a full-time civilian career with a full civilian retirement. Under the "Operational Reserve" policy, reservists will be required to serve 1-year active duty tours every 5 or 6 years.

Repeated, extended activations devalue full civilian careers and impede reservists' ability to build a full civilian retirement, 401(k), etc. Regardless of statutory reemployment protections, periodic long-term absences from the civilian workplace can only limit Guard and Reserve members' upward mobility, employability and financial security. Further, strengthening the Reserve retirement system is needed as an incentive to retain critical mid-career officers and NCOs for a full Reserve career to meet long-term readiness needs.

The Coalition is grateful for the NDAA for Fiscal Year 2008 provision that would lower the Reserve retirement age by 3 months for each cumulative 90 days of active duty on contingency operation orders. TMC appreciates the importance of this small first step, but is very concerned that the new authority authorizes such credit only for service in 2008 and beyond—ignoring the extreme sacrifices of those who have borne the greatest burden of sacrifice in the war on terror for one, two, three or more combat tours in the past 6 years.

TMC strongly urges further progress in revamping the Reserve retirement system in recognition of increased service and sacrifice of National Guard and Reserve component members, including at a minimum, extending the new authority for a 90-day=3-month reduction to all Guard and Reserve members who have served since September 11.

A Total Force Approach to the MGIB

The Nation's Active-Duty, National Guard and Reserve Forces are operationally integrated under the Total Force policy. But educational benefits under the MGIB do not reflect the policy nor match benefits to service commitment.

TMC is grateful that the NDAA for Fiscal Year 2008 addressed a major inequity for operational reservists by authorizing 10 years of post-service use for benefits earned under chapter 1607, 10 U.S.C.

But this change will require the DOD, not the VA to pay the costs of readjustments for reservists. At a hearing on January 17, 2008, a senior DOD official acknowledged that the DOD no longer should control chapter 1607.

In addition, basic Reserve MGIB benefits for initial service entry have lost proportional parity with active duty rates since September 11. These relative benefits have spiraled down from a historic ratio of 47–50 percent of active duty MGIB levels to less than 29 percent—at a time when Guard and Reserve recruitment continues to be very challenging.

TMC urges Congress to integrate Guard and Reserve and active duty MGIB laws into title 38. In addition, TMC recommends restoring basic Reserve MGIB rates to approximately 50 percent of active duty rates and authorizing upfront reimbursement of tuition or training coursework for Guard and Reserve members.

Family Support Programs and Benefits

The Coalition supports providing adequate funding for a core set of family support programs and benefits that meet the unique needs of Guard and Reserve families with uniform access for all servicemembers and families. 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. This 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 needs of families of individual augmentees or the geographically dispersed.
- Expanded programs between military and community religious leaders to support servicemembers and families during all phases of deployments.
- 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.

The Coalition recognizes the subcommittee's longstanding interest and efforts on this topic, including several provisions in the NDAA for Fiscal Year 2008. The Coalition will monitor the results of the surveys and increased oversight called for in the provisions and looks forward to working closely with the Family Readiness Council.

TMC urges Congress to continue and expand its emphasis on providing consistent funding and increased outreach to connect Guard and Reserve families with relevant support programs.

Tangible Support for Employers

Employers of Guard and Reserve servicemembers shoulder an extra burden in support of the national defense. The new "Operational Reserve" policy places even greater strain on employers. For their sacrifice, they get plaques to hang on the wall.

For Guard and Reserve members, employer 'pushback' is listed as one of the top reasons for reservists to discontinue Guard and Reserve service. If we are to sustain a viable Guard and Reserve Force for the long-term, the Nation must do more to tangibly support employers of the Guard and Reserve and address their substantive concerns, including initiatives such as:

- Tax credits for employers who make up any pay differential for activated employees.
- Tax credits to help small business owners hire temporary workers to fill in for activated employees.
- Tax credits for small manufacturers to hire temporary workers.

The Coalition urges Congress to support needed tax relief for employers of Selected Reserve personnel and reinforce the Employer Support for Guard and Reserve Program.

Seamless Transition for Guard and Reserve Members

Over 615,000 members of the Guard and Reserve have been activated since September 11. Congressional hearings and media reports have documented the fact that at separation, many of these servicemembers do not receive the transition services they and their families need to make a successful readjustment to civilian status. Needed improvements include but are not limited to:

- 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" services in the hometown setting.
- Authority for mobilized Guard and Reserve members to file "Flexible Spending Account" claims for a prior reporting year after return from active duty.
- Authority for employers and employees to contribute to 401k and 403b accounts during mobilization.
- Enactment of academic protections for mobilized Guard and Reserve students including: academic standing and refund guarantees; and, exemption of Federal student loan payments during activation.
- Automatic waivers on scheduled licensing/certification/promotion exams scheduled during a mobilization.
- Authority for reemployment rights for Guard and Reserve spouses who must suspend employment to care for children during mobilization.

The Coalition appreciates the work of this subcommittee in seeking to address some of these needs in the NDAA for Fiscal Year 2008, but more remains to be done.

The Coalition urges the subcommittee to continue and expand its efforts to ensure Guard and Reserve members and their families receive needed transition services to make a successful readjustment to civilian status.

RETIREMENT ISSUES

TMC is extremely grateful to the subcommittee for its 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

In the NDAA for Fiscal Year 2004, Congress acknowledged the inequity of the disability offset to earned retired pay and established a process to end or phase out the offset for all members with at least 20 years of service and at least a 50 percent disability rating. That legislation also established the Veterans' Disability Benefits Commission and tasked the Commission to review the disability system and recommend any further adjustments to the disability offset law.

Now the Commission has provided its report to Congress, in which it recommended an end to the VA compensation offset for all disabled military retirees, regardless of years of service, percentage of disability, or source of the service-connected disability (combat vs. non-combat).

In the interim, congressional thinking has evolved along similar lines. The Coalition is thankful for the subcommittee's efforts in the NDAA for Fiscal Year 2008 to extend Combat-Related Special Compensation to disabled retirees who had their careers forced into retirement before attaining 20 years of service, as well as ending the offset for retirees rated unemployable by the VA.

Despite this important progress, major inequities still remain that require the subcommittee's immediate attention. Many retirees are still excluded from the same principle that eliminates the disability offset for those with 50 percent or higher disabilities. The Coalition agrees strongly with the Veterans' Disability Benefits Commission that principle is the same for all disabled retirees, including those not covered by concurrent receipt relief enacted so far.

The one key question is, "Did the retired member fully earn his or her service-based retired pay, or not, independent of any disability caused by military service in the process?" The Coalition and the Disability Commission agree that the answer has to be "Yes." Any disability compensation award should be over and above service-earned retired pay.

If a service-caused disability is severe enough to bar the member's continuation on active duty, and the member is forced into medical retirement short of 20 years of service, the member should be "vested" in service-earned retired pay at 2.5 percent times pay times years of service.

To the extent that a member's military disability retired pay exceeds the amount of retired pay earned purely by service, that additional amount is for disability and therefore is appropriately subject to offset by VA disability compensation.

The principle behind eliminating the disability offset for Chapter 61 retirees with less than 20 years of service with combat-related disabilities is no less applicable to those who had their careers cut short by other service-caused conditions. It is simply inappropriate to make such members fund their own VA disability compensation from their service-earned military retired pay, and it is unconscionable that current law forces thousands of severely injured members with as much as 19 years and 11 months of service to forfeit most or all of their earned retired pay.

The Coalition urges the subcommittee to act expeditiously on the recommendations of the Veterans' Disability Benefits Commission and implement a plan to eliminate the deduction of VA disability compensation from military retired pay for all disabled military retirees.

Uniformed Services Retiree Entitlements and Benefits

The Coalition awaits the results of the 10th Quadrennial Review of Military Compensation, which was tasked with reviewing the recommendations of the Defense Advisory Committee on Military Compensation (DACMC). The Coalition does not support the DACMC (nor the Commission on the National Guard and Reserve) recommendations to modify the military retirement system to more closely reflect civilian practices, including vesting for members who leave service short of a career and delaying retired pay eligibility for those who serve a career.

Many such proposals have been offered in the past, and have been discarded for good reasons. The only initiative to substantially curtail/delay military retired pay that was enacted—the 1986 REDUX plan—had to be repealed 13 years later after it began inhibiting retention.

The Coalition believes such initiatives to "civilianize" the military retirement system in ways that reduce the value of the current retirement system and undermine long-term retention are based on a seriously flawed premise. The reality is that unique military service conditions demand a unique retirement system. Surveys consistently show that the military retirement system is the single most powerful incentive to serve a full career under conditions few civilians would be willing to endure for even 1 year, much less 20 or 30. A civilian-style retirement plan would be appropriate for the military only if military service conditions were similar to civilian working conditions—which they most decidedly are not. The Coalition believes strongly that, if such a system as recommended by the DACMC existed for today's

force under today's service conditions, the military Services would already be mired in a much deeper and more traumatic retention crisis than they have experience for many of the past several years.

TMC urges the subcommittee to resist initiatives to "civilianize" the military retirement system in ways that reduce the compensation value of the current retirement system and undermine long-term retention.

Permanent ID Card Eligibility

The advent of TFL, expiration of TFL-eligible spouses' and survivors' military identification cards—and the threatened denial of health care claims—have caused many frail and elderly members and their caregivers significant administrative and financial distress.

Previously, those who lived miles from a military installation or who resided in nursing homes and assisted living facilities simply did not bother to renew their identification (ID) cards upon the 4 year expiration date. Before enactment of TFL, they had little to lose by not doing so. But now, ID card expiration cuts off their new and all-important health care coverage.

Congress has agreed with the Coalition's concerns that a 4-year expiration date is reasonable for younger family members and survivors who have a higher incidence of divorce and remarriage, but it imposes significant hardship and inequity upon elderly dependents and survivors.

In the NDAA for Fiscal Year 2005, Congress authorized permanent ID cards for spouses and survivors who have attained age 75 (vs. the Coalition-recommended age 65), recognizing that many elderly spouses and survivors with limited mobility or who live in residential care facilities find it difficult or impossible to renew their military ID cards. Subsequently, Congress expanded that eligibility to permanently disabled dependents of retired members, regardless of age.

Coalition associations continue to hear from a number of beneficiaries below the age of 75 who are disabled, living in residential facilities, are unable to drive, or do not live within a reasonable distance of a military facility. The threat of loss of coverage is forcing many others to try to drive long distances—sometimes in adverse weather and at some risk to themselves and others—to get their cards renewed.

For administrative simplicity, the Coalition believes the age for the permanent ID card for spouses and survivors should coincide with the advent of TFL. To the extent an interim step may be necessary, the eligibility age could be reduced to 70.

The Coalition urges the subcommittee to direct the Secretary of Defense to authorize issuance of permanent military identification cards to uniformed services family members and survivors who are age 65 and older.

SURVIVOR ISSUES

The Coalition is grateful to the subcommittee for its significant efforts in recent years to improve the SBP. We particularly note that, as of April 1, thanks to this subcommittee's efforts, the minimum annuity for all SBP beneficiaries, regardless of age will be 55 percent of covered retired pay.

We also appreciate Congress' initiative in last year's defense bill that establishes a special survivor indemnity allowance that is the first step in a longer-term effort to phase out the DIC offset to SBP when the member died of a service-caused condition.

SBP–DIC Offset

The Coalition believes strongly that current law is unfair in reducing military SBP annuities by the amount of any survivor benefits payable from the VA DIC program.

If the surviving spouse of a retiree who dies of a service-connected cause is entitled to DIC from the Department of Veterans Affairs and if the retiree was also enrolled in SBP, the surviving spouse's SBP benefits are reduced by the amount of DIC. A pro-rata share of SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. This offset also affects all survivors of members who are killed on active duty.

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 his or her premature death. In such cases, the VA indemnity compensation should be added to the SBP the retiree paid for, not substituted for it. It should be noted 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 Federal civilian SBP benefits.

The Coalition is concerned that, in authorizing the special survivor indemnity allowance in last year's NDAA, the conferees did not use the precise language proposed by this subcommittee, but adopted a technical language change that had the effect of limiting eligibility for the new allowance to survivors of members who were either retired or in the "gray area" reserve at the time of death. That is, it excluded survivors of members who died while serving on active duty.

The Coalition believes strongly that the latter group of survivors is equally deserving of the new allowance. Some have argued that relief should be allowed only for those who paid a cash premium in retirement. The Coalition strongly disagrees, noting that a severely injured member who dies 1 month after his military disability retirement and who paid 1 month of SBP premiums is little different than the case of a member who is more severely injured and expires more rapidly. Further, the new law authorizes coverage for "gray area" retirees who have paid no premiums, since their retired pay and SBP premiums don't begin until age 60.

But the Coalition believes the issue goes beyond any such hair-splitting. The reality is that, in every SBP/DIC case, active duty or retired, the true premium extracted by the service from both the member and the survivor was the ultimate one—the very life of the member—and that the service was what caused his or her death.

The Coalition knows that the subcommittee is aware that the military community (and especially the survivors concerned) view the amount of the new allowance—$50 per month initially, and growing to $100 over the course of several years—as grossly inadequate. We appreciate that the subcommittee could have elected to do nothing rather than incur the expected negative feedback about the small amount. In that regard, we applaud you for having the courage to acknowledge the inequity and take this first step, however small, to begin trying to address it.

But we also urge the subcommittee to work hard to accelerate increases in the amount of the allowance, to send the much-needed message to these survivors who have given so much to their country that Congress fully intends to find a way to address their loss more appropriately.

The Coalition strongly urges the subcommittee to take further action to expand eligibility for the special survivor indemnity allowance to include all SBP–DIC survivors and continue progress toward completely repealing the SBP–DIC offset for this most-aggrieved group of military widows.

Final Retired Paycheck

TMC believes the policy requiring recovery of a deceased member's final retired paycheck from his or her survivor should be changed to allow the survivor to keep the final month's retired pay.

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 her or his bank account.

The Coalition believes this is an extremely insensitive policy imposed by the government at a most traumatic time for a deceased member's next of kin. Unlike his or her active duty counterpart, a retiree's survivor receives no death gratuity. Many older retirees do not have adequate insurance to provide even a moderate financial cushion for surviving spouses. Very often, the surviving spouse already has had to spend the final month's retired pay 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 strains the surviving spouse's ability to meet the immediate financial obligations commensurate with the death of the average family's "bread winner."

TMC urges the subcommittee to end the insensitive practice of recouping the final month's retired pay from the survivor of a deceased retired member.

HEALTH CARE ISSUES

The Coalition very much appreciates the subcommittee's strong and continuing interest in keeping health care commitments to military beneficiaries. We are particularly grateful for your support for the last 2 years in refusing to allow the Department of Defense to implement disproportional beneficiary health fee increases.

The Coalition is more than willing to engage substantively in TRICARE fee and copay discussions with DOD. In past years, the Coalition and the Defense Department have had regular and substantive dialogues that proved very productive in facilitating reasonably smooth implementation of such major program changes as TRICARE Prime and TFL. The objective during those good-faith dialogues has been

finding a balance between the needs of the Department and the needs of beneficiaries.

It is a great source of regret to the Coalition that there has been substantively less dialogue on the more recent fee increase initiatives. From its actions, it is hard to draw any other conclusion than the Department's sole concern is to extract a specified amount of budget savings from beneficiaries. The savings are intended to come from increased revenues from higher fees and less utilization by military retirees. The Coalition and Congressional Budget Office believe that DOD's approach will not achieve the projected savings.

The unique package of military retirement benefits—of which a key component is a top-of-the-line health benefit—is the primary offset afforded uniformed servicemembers for enduring a career of unique and extraordinary sacrifices that few Americans are willing to accept for 1 year, let alone 20 or 30. It is an unusual—and essential—compensation package that a grateful Nation provides for the relatively few who agree to subordinate their personal and family lives to protecting our national interests for so many years.

Full Funding for the Defense Health Program

The Coalition very much appreciates the subcommittee's support for maintaining—and expanding where needed—the healthcare benefit for all military beneficiaries, consistent with the demands imposed upon them.

The Defense Department, Congress, and TMC all have reason to be concerned about the rising cost of military health care. But it is important to recognize that the bulk of the problem is a national one, not a military-specific one. To a large extent, military health cost growth is a direct reflection of health care trends in the private sector.

It is true that many private sector employers are choosing to shift an ever-greater share of health costs to their employees and retirees. In the bottom-line-oriented corporate world, many firms see their employees as another form of capital, from which maximum utility is to be extracted at minimum cost, and those who quit are replaceable by similarly experienced new hires. But that can't be the culture in the military's closed personnel, all volunteer model, whose long-term effectiveness is utterly dependent on establishing a sense of mutual, long-term commitment between the servicemember and his/her country.

Some assert active duty personnel costs have increased 60 percent since 2001, of which a significant element is for compensation and health costs. But much of that cost increase is due to conscious decisions by Congress to correct previous shortfalls—including easing the double-digit military "pay gap" of that era and correcting the unconscionable situation before 2001 when military beneficiaries were summarily dropped from TRICARE coverage at age 65. Additionally, much of the increase is due to the cost of war and increased OPTEMPO.

Meanwhile, the cost of basic equipment soldiers carry into battle (helmets, rifles, body armor) has increased 257 percent (more than tripled) from $7,000 to $25,000 since 1999. The cost of a Humvee has increased seven-fold (600 percent) since 2001 (from $32,000 to $225,000).

While we have an obligation to do our best to intelligently allocate these funds, the bottom line is that maintaining the most powerful military force in the world is expensive—and doubly so in wartime.

The Coalition assumes that DOD will again propose a reduction to the defense health budget based on the assumption that Congress will approve beneficiary fee increases for fiscal year 2009 at least as large as those as outlined last year. The Coalition objects strongly to the Administration's arbitrary reduction of the TRICARE budget submission. DOD has typically overestimated its healthcare costs as evidenced by a recent GAO report on the TRS premiums. The Coalition deplores this inappropriate budget "brinksmanship", which risks leaving TRICARE significantly underfunded, especially in view of statements made for the last 2 years by leaders of both Armed Services Committees that the Department's proposed fee increases were excessive.

The Coalition understands only too well the very significant challenge such a large and arbitrary budget reduction would pose for this subcommittee if allowed to stand. If the reduction is not made up, the Department almost certainly will experience a substantial budget shortfall before the end of the year. This would then generate supplemental funding needs, further program cutbacks, and likely efforts to shift even more costs to beneficiaries in future years—all to the detriment of retention and readiness.

The Coalition particularly objects to DOD's past imposition of "efficiency wedges" in the health care budget, which have nothing to do with efficiency and everything to do with imposing arbitrary budget cuts that impede delivery of needed care. We

are grateful for the subcommittee's strong action on this topic, and trust in your vigilance to ensure that such initiatives will not be part of this year's budget process.

TMC strongly urges the subcommittee to take all possible steps to restore the reduction in TRICARE-related budget authority and ensure continued full funding for Defense Health Program needs.

Protecting Beneficiaries Against Cost-Shifting

The Task Force on the Future of Military Health Care had a great opportunity for objective evaluation of the larger health care issues. Unfortunately, the Coalition believes the Task Force missed that mark by a substantial margin.

The bulk of its report cites statistics provided by the Defense Department and focuses discussions of cost-sharing almost solely on government costs, while devoting hardly a sentence to what the Coalition views as an equally fundamental issue—the level of health coverage that members earn by their arduous career service, the value of that service as an in-kind, upfront premium prepayment, and the role of lifetime health coverage as an important offset to the unique conditions of military service. The Task Force focused on what was "fair to the taxpayer" and felt the benefit should be "generous but not free."

The Task Force gave short shrift to what the Coalition sees as a fundamental point—that generations of military people have been told by their leaders that their service earned them their health care benefit, and the Defense Department and Congress reinforced that perception by sustaining flat, modest TRICARE fees over long periods of time. But now the Department and the Task Force assert that the military retirement health benefit is no longer earned by service. They now say beneficiary costs should be "restored" to some fixed share of Defense Department costs, even though no such relationship was ever stated or intended in the past. The Task Force report acknowledges that DOD cost increases over the intervening years have been inflated by military/wartime requirements, inefficiency, lack of effective oversight, structural dysfunction, or conscious political decisions by the administration and Congress. Yet they assert that the government should foist a fixed share of those costs on beneficiaries anyway.

The Coalition believes the Task Force's fee recommendations (see charts below)—which actually propose larger fee increases than DOD had—would be highly inequitable to beneficiaries and would pose a significant potential deterrent to long-term career retention.

CURRENT VS. PROPOSED TRICARE FEES (Recommended by DOD Task Force on Future of Military Health Care)

Retiree Under Age 65, Family of Three

TRICARE Prime[1]	Current	Proposed
Enrollment Fee	$460	$1,090–$2,090[3]
Doctor Visit Copays	$60	$125
Rx Cost Shares[2]	$288	$960
Yearly Cost	$808	$2,175–$3,175

TRICARE Standard 1	Current	Proposed
Enrollment Fee	$0	$120
Deductible	$300	$600–$1,150 3
Rx Cost Shares 2	$288	$960
Yearly Cost	$588	$1,680–$2,230

[1] Fully phased-in proposal; assumes five doctor visits per year.
[2] Assumes two generic and two brand name prescriptions per month in retail pharmacy
[3] Includes annual medical inflation adjustment recommended by the Task Force.

Retiree Over Age 65 and Spouse

TRICARE for Life[2]	Current	Proposed
Medicare Part B	$2,314	$2,314
Enrollment Fee	$0	$240
Rx Cost Shares[2]	$396	$1,260

Retiree Over Age 65 and Spouse

TRICARE for Life [2]	Current	Proposed
Yearly Cost	$2,710	$3,814

[1] Assumes lowest tier Medicare Part B premium for 2008.
[2] Two generic and three brand name prescriptions per month purchased at a network retail pharmacy

Currently Serving Family of Four

TRICARE Standard [1]	Current	Proposed
Enrollment Fee	$0	$120 (??)
Deductible	$300	$600–$1,150 [3]
Rx Cost Shares [2]	$180	$660
Yearly Cost	$480	$1,260–$1,930

[1] Fully phased in proposals. Spouse and two children use Standard.
(??) Task Force report unclear whether enrollment fee would apply to currently serving families who elect TRICARE Standard
[2] Assumes two generic and one brand name prescription per month purchased at retail pharmacy.
[3] Includes annual military medical inflation adjustment as recommended by the Task Force.

The Task Force cited GAO and other government reports to the effect that DOD financial statements and cost accounting systems are not auditable because of system problems and inadequate business processes and internal controls. Despite those statements, the Task Force accepted DOD data as the basis for assessing and proposing beneficiary cost-sharing percentages. The Coalition has requested information concerning the 1996 calculation and has never received an adequate accounting as to what was included in the calculation.

The Task Force refers to its fee increases as "modest" and suggests the changes would be more generous than those offered by 75 percent to 80 percent of all organizations in the private sector that offer health care benefits. The Coalition finds it telling that the Task Force would be content that 20 percent to 25 percent of U.S. firms offer their employees—most of whom never served 1 day for their country—a better benefit than the Defense Department provides in return for two or three decades of service and sacrifice in uniform.

The Coalition is very grateful that Congress has expressed a much greater recognition of beneficiary perspectives, and has sought a more comprehensive examination of military health care issues. In that regard, the Coalition testimony will outline several specific concerns and address some principles that the Coalition believes need to be addressed in statute, just as there are statutory standards and guidelines for other major compensation elements—pay raises, housing and subsistence allowances, retired pay cost-of-living adjustments (COLAs), et cetera.

People vs. Weapons

Defense officials have provided briefs to Congress indicating that the rising military health care costs are "impinging on other service programs." Other reports indicate that DOD leadership is seeking more funding for weapons programs by reducing the amount it spends on military health care and other personnel needs.

TMC continues to assert that such budget-driven trade-offs are misguided and inappropriate. Cutting people programs to fund weapons ignores the much larger funding problem, and only makes it worse.

The Coalition believes strongly that the proposed defense budget is too small to meet national defense needs. Today's defense budget (in wartime) is only about 4 percent of GDP, well short of the average for the peacetime years since World War II.

The Coalition believes strongly that America can afford to and must pay for both weapons and military health care.

Military vs. Civilian Cost-Sharing Measurement

Defense leaders assert that substantial military fee increases are needed to bring military beneficiary costs more in line with civilian practices. But merely contrasting military vs. civilian cash cost-shares is a grossly misleading, "apple-to-orange" comparison.

For all practical purposes, those who wear the uniform of their country are enrolled in a 20- to 30-year prepayment plan that they must complete to earn lifetime health coverage. In this regard, military retirees and their families paid enormous

"upfront" premiums for that coverage through their decades of service and sacrifice. Once that prepayment is already rendered, the government cannot simply pretend it was never paid, and focus only on post-service cash payments.

The Department of Defense and the Nation—as good-faith employers of the trusting members from whom they demand such extraordinary commitment and sacrifice—have a reciprocal health care obligation to retired servicemembers and their families and survivors that far exceeds any civilian employer's to its workers and retirees.

The Task Force on the Future of Military Health Care acknowledges that its recommendations for beneficiary fee increases, if enacted, would leave military beneficiaries with a lesser benefit than 20–25 percent of America's corporate employees. The pharmacy copayment schedule they propose for military beneficiaries is almost the same—and not quite as good in some cases—as the better civilian programs they reviewed.

The Coalition believes that military beneficiaries from whom America has demanded decades of extraordinary service and sacrifice have earned coverage that is the best America has to offer—not just coverage that is at the 75th percentile of corporate plans.

Large Retiree Fee Increases Can Only Hurt Retention

The reciprocal obligation of the government to maintain an extraordinary benefit package to offset the extraordinary sacrifices of career military members is a practical as well as moral obligation. Mid-career military losses can't be replaced like civilians can.

Eroding benefits for career service can only undermine long-term retention/readiness. Today's troops are very conscious of Congress' actions toward those who preceded them in service. One reason Congress enacted TFL is that the Joint Chiefs of Staff at that time said that inadequate retiree health care was affecting attitudes among active duty troops.

The current Joint Chiefs have endorsed increasing TRICARE fees only because their political leaders have convinced them that this is the only way they can secure funding for weapons and other needs. TMC believes it is inappropriate to put the Joint Chiefs in the untenable position of being denied sufficient funding for current readiness needs if they don't agree to beneficiary benefit cuts.

Those who think retiree health care isn't a retention issue should recall a quote by then Chief of Naval Operations and now Chairman of Joint Chiefs of Staff, Admiral Mike Mullen, in a 2006 Navy Times:

> "More and more sailors are coming in married. They talk to me more about medical benefits than I ever thought to when I was in my mid-20s. I believe we have the gold standard . . . for medical care right now, and that's a recruiting issue, a recruiting strength, and it's a retention strength."

That's more than backed up by two independent Coalition surveys. A 2006 Military Officers Association of America survey drew 40,000 responses, including more than 6,500 from active duty members. Over 92 percent in all categories of respondents opposed the DOD-proposed plan. There was virtually no difference between the responses of active duty members (96 percent opposed) and retirees under 65 (97 percent opposed). A Fleet Reserve Association survey showed similar results.

Reducing military retirement benefits would be particularly ill-advised when recruiting is already a problem and an overstressed force is at increasing retention risk.

Proposed Increases Far Exceed Inflation Increases

The increases proposed by the Administration and the Task Force are grossly out of line with TRICARE benefit levels originally enacted by Congress, even allowing for interim inflation since current fees were established.

If the $460 family Prime enrollment fee had been increased by the same Consumer Price Index (CPI) percentage increase as retired pay, it would be $642 for fiscal year 2009—far less than either the $1,512 envisioned in the fiscal year 2008 budget request or the $900–$1,700 cited by the Task Force as its ultimate target fees.

If the $300 deductible for TRICARE Standard were CPI-adjusted for the same period, it would be $419 by 2009—far short of the $1,210 in annual deductible and new fees proposed by DOD in 2007, or the $610–$1,080 Task Force target.

Further, both the administration and the Task Force propose adjusting beneficiary fees by medical cost growth, which has been two to three times the inflation-based increase in members' retired pay. The Task Force estimates the annual increase would be 7.5 percent.

Both methodologies would ensure that medical costs would consume an ever-larger share of beneficiaries' income with each passing year. The Coalition realizes that this has been happening to many private sector employees, but believes strongly that the government has a greater obligation to protect the interests of its military beneficiaries than private corporations feel for their employees.

Pharmacy copay increases proposed by the Task Force are even more disproportional. They would increase retail copays from $3 (generic), $9 (brand), and $22 (nonformulary) to $15, $25, and $45, respectively. Those represent increases of 400 percent, 178 percent, and 100 percent, respectively. Despite citing experience in civilian firms that beneficiary use of preferred drugs increased when their copays were reduced or eliminated, the Task Force actually proposes the highest percentage copay increases for the medications TRICARE most wants beneficiaries to use. That huge increase for retail generics flies in the face of recent commercial initiatives such as Wal-Mart's offering of many generics to the general public for a $4 copay. If the purpose is to push military beneficiaries to use Wal-Mart instead of TRICARE, it might indeed save the government some money on those medications, but it won't make military beneficiaries feel very good about their military pharmacy benefit. It shouldn't make Congress feel good about it, either.

The Coalition particularly questions the need for pharmacy copay increases now that Congress has approved Federal pricing for the TRICARE retail pharmacy system.

Retirees Under 65 "Already Gave" 10 percent of Retired Pay

The large proposed health fee increases would impose a financial "double whammy" on retirees and survivors under age 65.

Any assertion that military retirees have been getting some kind of "free ride" because TRICARE fees have not been increased in recent years conveniently overlooks past government actions that have inflicted far larger financial penalties on every retiree and survivor under 65—penalties that will grow every year for the rest of their lives.

That's because decades of past budget caps already depressed lifetime retired pay by an average of 10 percent for military members who retired between 1984 and 2006. For most of the 1980s and 1990s, military pay raises were capped below private sector pay growth, accumulating a 13.5 percent "pay gap" by 1998–99—a gap which has been moderated since then but persists at 3.4 percent today.

Every member who has retired since 1984—exactly the same under–65 retiree population targeted by the proposed TRICARE fee increases—has had his or her retired pay depressed by a percentage equal to the pay gap at the time of retirement. That depressed pay will persist for the rest of their lives, with a proportional depression of SBP annuities for their survivors.

As a practical example, a member who retired in 1993—when the pay gap was 11.5 percent—continues to suffer an 11.5 percent retired pay loss today. For an E–7 who retired in 1993 with 20 years of service, that means a loss of $2,000 this year and every year because the government chose to cap his military pay below the average American's. An O–5 with 20 years of service loses more than $4,300 a year.

The government has spent almost a decade making incremental reductions in the pay gap for currently serving members, but it still hasn't made up the whole gap—and it certainly hasn't offered to make up those huge losses for members already retired. Under such circumstances, it strikes the Coalition as ironic that defense officials now propose, in effect, billing those same retirees for "back TRICARE fee increases".

Fee-Tiering Scheme Is Inappropriate

Both the administration and the Task Force have proposed multi-tiered schemes for proposed beneficiary fee increases, with the Administration's based on retired pay grade and the Task Force's based on retired pay amount. The intent of the plan is to ease opposition to the fee increases by introducing a means-testing initiative that penalizes some groups less than others.

The Coalition rejects such efforts to mask a fundamental inequity by trying to convince some groups that the inequity being imposed on them is somehow more acceptable because even greater penalties would be imposed on other groups.

Any such argument is fundamentally deceptive, since the Task Force plan envisions adjusting fee levels by medical inflation (7–8 percent a year), while retired pay thresholds would be adjusted by retiree COLAs (2 percent–3 percent a year). That would guarantee "tier creep"—shifting ever greater numbers of beneficiaries into the top tier every year.

Surveys of public and private sector health coverage indicate that less than 1 percent of plans differentiate by salary. No other Federal plan does so. The Secretary

of Defense has the same coverage as any GS employee, and the Majority Leader of the Senate has the same coverage as the Senate's lowest-paid staff member.

The Coalition believes strongly that all military retirees earned equal health benefits by virtue of their career service, and that the lowest fee tier proposed by either the administration or the Task Force would be an excessive increase for any military beneficiary (see chart at appendix A).

TRICARE for Life Trust Fund Accrual Deposit Is Dubious Excuse

According to DOD, most of the growth in defense health spending (48 percent) was attributable to the establishment of the accrual accounting methodology for the TFL trust fund (which doesn't affect current outlays). The next largest contributor is medical care cost inflation (24 percent). Increase in usage by retirees and their dependents under age 65 accounted for 7 percent of the increase. Other benefit enhancements weigh in at 5 percent while global war on terror and other factors account for the remaining 15 percent. However, the affect of shifting beneficiaries from military treatment facilities to the civilian network was not discussed.

When the Defense Department began arguing 3 years ago that the trust fund deposit was impinging on other defense programs, the Coalition and the subcommittee agreed that that should not be allowed to happen. When the Administration refused to increase the budget top line to accommodate the statutorily mandated trust fund deposit, Congress changed the law to specify that the entire responsibility for TFL trust fund deposits should be transferred to the Treasury. Subsequently, Administration budget officials chose to find a way to continue charging that deposit against the defense budget anyway.

In the Coalition's view, this represents a conscious and inappropriate Administration decision to cap defense spending below the level needed to meet national security needs. If the administration chooses to claim to Congress that its defense budget can't meet those other needs, then Congress (which directed implementation of TFL and the trust fund deposit) has an obligation to increase the budget as necessary to meet them.

TRICARE For Life Enrollment Fee is Inappropriate

The Coalition disagrees strongly with the Task Force's recommendation to impose a new $120 annual enrollment fee for each TFL beneficiary. The Task Force report acknowledged that this would be little more than a "nuisance fee" and would be contrary to Congress' intent in authorizing TFL.

The Task Force report cites data highlighting that costs are higher for beneficiaries age 65 and older, as if neither the administration nor Congress envisioned in 2001 that older beneficiaries might need more medications and more care.

Congress authorized TFL in 2001 in recognition that, prior to that date, most older beneficiaries had to pay for all of their care out of their own pockets after age 65, since most had been summarily ejected from any military health or pharmacy coverage. Congress also required that, to be eligible for TFL, beneficiaries must enroll in Medicare Part B, which already entails a substantial and rapidly growing annual premium. Therefore, TRICARE only pays the portion of costs not covered by Medicare.

When the current administration came to office in 2001, military and civilian Defense leaders praised TFL, as enacted, as an appropriate benefit that retirees had earned and deserved for their career service. The Coalition asks, "What has changed in the 6 intervening years of war that has somehow made that service less meritorious?"

Alternative Options to Make TRICARE More Cost-Efficient

The Coalition continues to believe strongly that the Defense Department has not sufficiently investigated other options to make TRICARE more cost-efficient without shifting costs to beneficiaries. The Coalition has offered a long list of alternative cost-saving possibilities, including:

- Promote retaining other health insurance by making TRICARE a true second-payer to other insurance (far cheaper to pay another insurance's copay than have the beneficiary migrate to TRICARE).
- Reduce or eliminate all mail-order co-payments to boost use of this lowest-cost venue.
- Change electronic claim system to kick back errors in real time to help providers submit "clean" claims, reduce delays/multiple submissions.
- Size and staff military treatment facilities (least costly care option) in order to reduce reliance on non-MTF civilian providers.

- Promote programs to offer special care management services and zero copays or deductibles to incentivize beneficiaries to take medications and seek preventive care for chronic or unusually expensive conditions.
- Promote improved health by offering preventive and immunization services (e.g., shingles vaccine, flu shots) with no copay or deductible.
- Authorize TRICARE coverage for smoking cessation products and services (it's the height of irony that TRICARE currently doesn't cover these programs that have been long and widely acknowledged as highly effective in reducing long-term health costs).
- Reduce long-term TRS costs by allowing members the option of a government subsidy (at a cost capped below TRS cost) of civilian employer premiums during periods of mobilization.
- Promote use of mail-order pharmacy system via mailings to users of maintenance medications, highlighting the convenience and individual expected cost savings.
- Encourage retirees to use lowest-cost-venue military pharmacies at no charge, rather than discouraging such use by limiting formularies, curtailing courier initiatives, etc.

The Coalition is pleased that the Defense Department has begun to implement at least some of our past suggestions, and stands ready to partner with DOD to investigate and jointly pursue these or other options that offer potential for reducing costs.

TRICARE Still Has Significant Shortcomings

While DOD chooses to focus its attention on the cost of the TRICARE program to the government, the Coalition believes there is insufficient acknowledgement that thousands of providers and beneficiaries continue to experience significant problems with TRICARE. Beneficiaries at many locations, particularly those lacking large military populations, report difficulty in finding providers willing to participate in the program. Doctors complain about the program's low payments and administrative hassles. Withdrawal of providers from TRICARE networks at several locations has generated national publicity.

Of particular note is a 2007 GAO survey of Guard and Reserve personnel, also cited by the DOD Task Force on the Future of Military Health Care, in which almost one-third of respondents reported having difficulty obtaining assistance from TRICARE, and more than one-fourth reported difficulty in finding a TRICARE-participating provider.

That problem is getting worse rather than better. The Task Force report stated that all military beneficiary categories report more difficulty than civilians in accessing care, and that military beneficiaries' reported satisfaction with access to care declined from 2004 to 2006. The problem is exacerbated in areas like Alaska where a combination of physician shortages and an unwillingness to take TRICARE make it very difficult to find a physician.

The Coalition urges the subcommittee to require DOD to pursue greater efforts to improve TRICARE and find more effective and appropriate ways to make TRICARE more cost-efficient without seeking to "tax" beneficiaries and make unrealistic budget assumptions.

TMC Health Care Cost Principles

TMC believes strongly that the current fee controversy is caused in part by the lack of any statutory record of the purpose of military health benefits and the degree to which cost adjustments are or should be allowable. Under current law, the Secretary of Defense has broad latitude to make administrative adjustments to fees for TRICARE Prime and the pharmacy systems. As a practical matter, the Armed Services Committees can threaten to change the law if they disapprove of the Secretary's initiatives. But absent such intervention, the Secretary can choose not to increase fees for years at a time or can choose to quadruple fees in 1 year.

Until recently, this was not a particular matter of concern, as no Secretary had previously proposed dramatic fee increases. Given recent years' precedents, the Coalition believes strongly that the subcommittee needs to establish more specific and permanent principles, guidelines, and prohibitions to protect against dramatic administrative fluctuations in this most vital element of servicemembers' career compensation incentive package.

Other major elements of the military compensation package have much more specific standards in permanent law. There is a formula for the initial amount of retired pay and for subsequent annual adjustments. Basic pay raises are tied to the ECI, and housing and food allowances are tied to specific standards as well.

A 2006 survey of military retirees indicates that 65 percent of retirees under 65 have access to private health insurance. What the Task Force report does not measure is the percent of retirees that do not embark on a second career and thus depend solely on their retirement income. If fees are allowed to be tiered, up to one third of retirees could see a large portion of their retirement eaten up by healthcare costs.

The Coalition most strongly recommends Representative Chet Edwards' and Representative Walter Jones' H.R. 579 and Senator Frank Lautenberg's and Senator Chuck Hagel's S. 604 as models to establish statutory findings, a sense of Congress on the purpose and principles of military health care benefits, and explicit guidelines for and limitations on adjustments.

- Active duty members and families should be charged no fees except retail pharmacy co-payments, except to the extent they make the choice to participate in TRICARE Standard or use out-of-network providers under TRICARE Prime.
- For retired and survivor beneficiaries, the percentage increase in fees, deductibles, and co-payments that may be considered in any year should not exceed the percentage increase beneficiaries experience in their compensation.
- The TRICARE Standard inpatient copay should not be increased further for the foreseeable future. At $535 per day, it already far exceeds inpatient copays for virtually any private sector health plan.
- There should be no enrollment fee for TRICARE Standard or TFL, since neither offers assured access to TRICARE-participating providers. An enrollment fee implies enrollees will receive additional services, as Prime enrollees are guaranteed access to participating providers in return for their fee. Congress already has required TFL beneficiaries to pay substantial Medicare Part B fees to gain TFL coverage.
- There should be one TRICARE fee schedule for all retired beneficiaries, just as all legislators, Defense leaders and other Federal civilian grades have the same health fee schedule. The TRICARE schedule should be significantly lower than the lowest tier recommended by the Defense Department, recognizing that all retired members paid large upfront premiums for their coverage through decades of arduous service and sacrifice.

TRICARE Standard Enrollment

Last year, the Department of Defense proposed requiring beneficiaries to take an additional step of signing an explicit statement of enrollment in TRICARE Standard. The Department proposed a one-time $25 enrollment fee. The Task Force on the Future of Military Health Care also endorsed enrollment, and proposed an annual enrollment fee of $120.

The proposals are based on three main arguments:

- Enrollment is needed to define the population that will actually use the program
- Enrollment would allow more accurate budgeting for program needs
- The fee would help offset DOD's cost of implementing the enrollment system (DOD rationale) and "impose some personal accountability for health care costs" (Task Force rationale).

The Coalition believes none of these arguments stands up to scrutiny.

Department officials already know exactly which beneficiaries use TRICARE Standard. They have exhaustive records on what doctors they've seen and what medications they've used on what dates and for what conditions. They already assess trends in beneficiary usage and project the likely effect on those trends for current and future years—such as the effect of changes in private employer changes on the likely return of more beneficiaries to the TRICARE system.

The Defense Department does not have a good record on communicating policy changes to Standard beneficiaries. That means large numbers of beneficiaries won't get the word, or appreciate the full impact if they do get it. They have always been told that their eligibility is based on the Defense Enrollment Eligibility Reporting System. A single, bulk-mail communication can't be expected to overwrite decades of experience.

Hard experience is that many thousands of beneficiaries would learn of the requirement only when their TRICARE Standard claims are rejected for failure to enroll. Some would involve claims for cancer, auto accidents and other situations in which it would be unacceptable to deny claims because the beneficiary didn't understand an administrative rule change. DOD administrators who casually dismiss this argument as involving a relative minority of cases see the situation much differently

if they found their family in that situation—as hundreds or thousands of military families certainly would.

Inevitably, most beneficiaries who do receive and understand the implications of an enrollment requirement will enroll simply "to be safe", even if their actual intent is to use VA or employer-provided coverage for primary care—thus undercutting the argument that enrollment would increase accuracy of usage projections.

The arguments for a Standard enrollment fee also don't hold water. First, it's inequitable to make beneficiaries pay a fee to cover the cost of an enrollment system that's established solely for the benefit and convenience of the government, with no benefit whatsoever for the beneficiary. Second, the Task Force acknowledges that a $120 fee is more a "nuisance fee" than a behavior modifier, and existing deductibles and copays provide a much more immediate "accountability" sense to the beneficiary. Third and most important, one who pays an enrollment fee expects something extra in return for the fee. An enrollment fee for TRICARE Prime is reasonable, because it buys the beneficiary guaranteed access to a participating provider. TRICARE Standard provides no such guarantee, and in some locations it's very difficult for beneficiaries to find a TRICARE provider.

For all these reasons, establishing an enrollment requirement will neither better define the user population nor better define budget needs.

The Coalition believes the real intent of the enrollment proposal is simply to reduce TRICARE costs by allowing DOD to reject payment for any claims by beneficiaries who fail to enroll.

To the extent any enrollment requirement may still be considered for TRICARE Standard, such enrollment should be automatic for any beneficiary who files a TRICARE claim. Establishing an enrollment requirement must not be allowed to become an excuse to deny claims for members who are unaware of the enrollment requirement.

The Coalition strongly recommends against establishment of any TRICARE Standard enrollment system; to the extent enrollment may be required, any beneficiary filing a claim should be enrolled automatically, without denying the claim. No enrollment fee should be charged for TRICARE Standard until and unless the program offers guaranteed access to a participating provider.

Private Employer Incentive Restrictions

Current law, effective January 1, 2008, bars private employers from offering incentives to TRICARE-eligible employees to take TRICARE in lieu of employer-sponsored plans. This law is well-intended, but inadvertently imposes unfair penalties on many employees of companies that are not, in fact, attempting to shift costs to TRICARE.

The Armed Services Committees have tasked the Secretary of Defense for a report on the issue, which may not protect current beneficiaries and, even with a favorable response, in no way restricts future Secretaries of Defense who may impose a strict interpretation of the law.

In the meantime, Coalition associations have heard from hundreds of TRICARE beneficiaries whose civilian employers are using the new law to bar equal payments to TRICARE beneficiaries that are available to other company employees (e.g., if the company offers $100 per month to any employee who uses insurance available through a spouse's coverage or a previous employer).

TRICARE coverage is an extremely important career benefit that is earned by decades of service in uniform. TMC believes it is contradictory to the spirit of this earned benefit to impose statutory provisions that deny access to TRICARE by those who have earned it or that deny TRICARE beneficiaries the same options available to non-TRICARE beneficiaries who work for the same civilian employer.

The Coalition recommends Congress modify the law restricting private employer TRICARE incentives to explicitly exempt employers who offer only cafeteria plans (i.e., cash payments to all employees to purchase care as they wish) and employers who extend specific cash payments to any employee who uses health coverage other than the employer plan (e.g., FEHBP, TRICARE, or commercial insurance available through a spouse or previous employer).

TRICARE Standard Improvements

The Coalition very much appreciates the subcommittee's continuing interest in the specific problems unique to TRICARE Standard beneficiaries. In particular, we applaud your efforts to expand TRICARE Standard provider and beneficiary surveys and establish Standard support responsibilities for TRICARE Regional Offices. These are needed initiatives that should help make it a more effective program. We remain concerned, however, that more remains to be done. TRICARE Standard beneficiaries need assistance in finding participating providers within a reasonable

time and distance from their home. This will become increasingly important with the expansion of TRS, as these individuals are most likely not living within a Prime Service Area.

Provider Participation Adequacy

We are pleased that Congress added the requirement to survey beneficiaries in addition to providers. The Coalition believes this will help correlate beneficiary inputs with provider inputs for a more accurate view of participation by geographic location.

The Coalition is concerned that DOD has not yet established any standard for the adequacy of provider participation. Participation by half of the providers in a locality may suffice if there is not a large Standard beneficiary population. The Coalition hopes to see an objective participation standard (perhaps number of beneficiaries per provider) that would help shed more light on which locations have participation shortfalls of Primary Care Managers and Specialists that require positive action.

The Coalition is grateful to the subcommittee for provisions in the NDAA for Fiscal Year 2008 that will require DOD to establish benchmarks for participation adequacy and follow-up reports on actions taken.

The Coalition urges the subcommittee to continue monitoring DOD and GAO reporting on provider participation to ensure proper follow-on action.

Administrative Deterrents to Provider Participation

The Coalition is pleased that Congress has directed DOD to modify current claims procedures to be identical to those of Medicare. We look forward to implementation with the next generation of Managed Care Support Contracts. Feedback from providers indicates TRICARE imposes additional administrative requirements on providers that are not required by Medicare or other insurance plans. On the average, about 50 percent of a provider's panel is Medicare patients, whereas only 2 percent are TRICARE beneficiaries. Providers are unwilling to incur additional administrative expenses that affect only a small number of patients. Thus, providers are far more prone to non-participation in TRICARE than in Medicare.

TRICARE still requires submission of a paper claim to determine medical necessity on a wide variety of claims for Standard beneficiaries. This thwarts efforts to encourage electronic claim submission and increases provider administrative expenses and delays receipt of payments. Examples include speech therapy, occupational/physical therapy, land or air ambulance service, use of an assistant surgeon, nutritional therapy, transplants, durable medical equipment, and pastoral counseling.

Another source of claims hassles and payment delays involve cases of third party liability (e.g., auto insurance health coverage for injuries incurred in auto accidents). Currently, TRICARE requires claims to be delayed pending receipt of a third-party-liability form from the beneficiary. This often delays payments for weeks and can result in denial of the claim (and non-payment to the provider) if the beneficiary doesn't get the form in on time. Recently, a major TRICARE claims processing contractor recommended that these claims should be processed regardless of diagnosis and that the third-party-liability questionnaire should be sent out after the claim is processed to eliminate protracted inconvenience to the provider of service.

Additionally, changes to the TRICARE pharmacy formulary are becoming increasingly burdensome for providers. The number of medications added to non-formulary status ($22 copay) has increased tremendously, and changing prescriptions has added to the providers' workload, as have increases in prior-authorization (Step Therapy) requirements. The increase in the number of third tier drugs and DOD's reliance on pharmacy medical necessity requests has increased provider workload to the extent that many now charge beneficiaries extra to complete this form. For others, it's yet another TRICARE-unique administrative hassle that makes them less likely to agree to see TRICARE beneficiaries.

The Coalition urges the subcommittee to continue its efforts to reduce administrative impediments that deter providers from accepting TRICARE patients.

TRICARE Reimbursement Rates

Physicians consistently report that TRICARE is virtually the lowest-paying insurance plan in America. Other national plans typically pay providers 25–33 percent more. In some cases the difference is even higher.

While TRICARE rates are tied to Medicare rates, TRICARE Managed Care Support Contractors make concerted efforts to persuade providers to participate in TRICARE Prime networks at a further discounted rate. Since this is the only information providers receive about TRICARE, they see TRICARE as even lower-paying than Medicare.

This is exacerbated by annual threats of further reductions in TRICARE rates due to the statutory Medicare rate-setting formula. Doctors are unhappy enough about reductions in Medicare rates, and many already are reducing the number of Medicare patients they see.

But the problem is even more severe with TRICARE, because TRICARE patients typically comprise a small minority of their beneficiary caseload. Physicians may not be able to afford turning away large numbers of Medicare patients, but they're more than willing to turn away a small number of patients who have low-paying, high-administrative-hassle TRICARE coverage.

Congress has acted to avoid Medicare physician reimbursement cuts for the last 4 years, but the failure to provide a payment increase for 2006 and 2007 was another step in the wrong direction, according to physicians. Further, Congress still has a long way to go in order to fix the underlying reimbursement determination formula.

Correcting the statutory formula for Medicare and TRICARE physician payments to more closely link adjustments to changes in actual practice costs and resist payment reductions is a primary and essential step. We fully understand that is not within the purview of this subcommittee, but we urge your assistance in pressing the Finance Committee for action.

In the meantime, the rate freeze for 2006 and 2007 along with a small increase for the first part of 2008 makes it even more urgent to consider some locality-based relief in TRICARE payment rates, given that doctors see TRICARE as even less attractive than Medicare. Additionally, the Medicare pay package that was enacted in Public Law 109–432 included a provision for doctors to receive a 1.5 percent bonus next year if they report a basic set of quality-of-care measures. The TFL beneficiaries should not be affected as their claims are submitted directly to Medicare and should be included in the physicians' quality data. But there's been no indication that TRICARE will implement the extra increases for treating beneficiaries under 65, and this could present a major problem. If no such bonus payment is made for TRICARE Standard patients, then TRICARE will definitely be the lowest payer in the country and access could be severely decreased.

The TRICARE Management Activity has the authority to increase the reimbursement rates when there is a provider shortage or extremely low reimbursement rate for a specialty in a certain area and providers are not willing to accept the low rates. In some cases a State Medicaid reimbursement for a similar service is higher than that of TRICARE. As mentioned previously, the Department has been reluctant to establish a standard for adequacy of participation and should use survey data to apply adjustments nationally.

The Coalition urges the subcommittee to exert what influence it can to persuade the Finance Committee to reform Medicare/TRICARE statutory payment formula. To the extent the Medicare rate freeze continues, we urge the subcommittee to encourage the Defense Department to use its reimbursement rate adjustment authority as needed to sustain provider acceptance.

The Coalition urges the subcommittee to require a Comptroller General report on the relative propensity of physicians to participate in Medicare vs. TRICARE, and the likely effect on such relative participation of a further freeze in Medicare/TRICARE physician payments along with the affect of an absence of bonus payments.

Minimize Medicare/TRICARE Coverage Differences

A 2006 DOD report to Congress contained the coverage differences between Medicare and TRICARE. The report showed that there are at least a few services covered by Medicare that are not covered by TRICARE. These include an initial physical at age 65, chiropractic coverage, respite care, and certain hearing tests. We believe TRICARE coverage should at least equal Medicare's in every area and include recommended preventive services at no cost. As an example, the Army Medical department has implemented the "Adult Pneumovax" program and projects savings of $500 per vaccine given.

Our military retirees deserve no less coverage than is provided to other Federal beneficiaries.

The Coalition urges the subcommittee to align TRICARE coverage to at least match that offered by Medicare in every area and provide preventive services at no cost.

National Guard and Reserve Health Care

The Coalition is grateful to the subcommittee for its leadership in extending lower-cost TRICARE eligibility to all drilling National Guard and Reserve members. This was a major step in acknowledging that the vastly increased demands being

placed on Selected Reserve members and families needs to be addressed with adjustments to their military compensation package.

While the subcommittee has worked hard to address the primary health care hurdle, there are still some areas that warrant attention.

TRICARE Reserve Select Premium

The Coalition believes the premium-setting process for this important benefit needs to be improved and was incorrectly based upon the basic Blue Cross Blue Shield option of the FEHBP. This adjustment mechanism has no relationship either to the Department's military health care costs or to increases in eligible members' compensation.

When the program was first implemented, the Coalition urged DOD to base premiums (which were meant to cover 28 percent of program costs) on past TRICARE Standard claims data to more accurately reflect costs. Now a GAO study has confirmed that DOD's use of Blue Cross Blue Shield data and erroneous projections of participation resulted in substantially overcharging beneficiaries.

GAO found that DOD projected costs of $70 million for fiscal year 2005 and $442 million for fiscal year 2006, whereas actual costs proved to be $5 million in fiscal year 2005 and about $40 million in fiscal year 2006. GAO found that DOD estimates were 72 percent higher than the average single member cost and 45 percent higher than average family cost. If DOD were to have used actual fiscal year 2006 costs, the annual individual premium would have been $48/month instead of $81/month. The corresponding family premium would have been $175/month instead of $253/month.

GAO recommended that DOD stop basing TRS premiums on Blue Cross Blue Shield adjustments and use the actual costs of providing the benefit. DOD concurred with the recommendations and says, "it remains committed to improving the accuracy of TRS premium projections." However, GAO observed that DOD has made no commitment to any timetable for change.

The Coalition believes our obligation to restrain health cost increases for Selected Reserve members who are periodically being asked to leave their families and lay their lives on the line for their country is should be even greater than our obligation to restrain government cost increases. These members deserve better than having their health premiums raised arbitrarily by a formula that has no real relationship to them.

The Coalition believes strongly that TRS premiums should be reduced immediately to $48/month (single) and $175/month (family), with retroactive refunds to those who were overcharged in the past.

For the future, as a matter of principle, the Coalition believes that TRS premiums should not be increased in any year by a percentage that exceeds the percentage increase in basic pay.

The Coalition also is concerned that members and families enrolled in TRS are not guaranteed access to TRICARE-participating providers and are finding it difficult to locate providers willing to take TRICARE. As indicated earlier in this testimony, the Coalition believes that members who are charged a fee for their health coverage should be able to expect assured access, and hopes the subcommittee will explore options for assuring such access for TRS enrollees.

The Coalition recommends reducing TRS premiums to $48/month (single) and $175/month (family), as envisioned by the GAO, with retroactive refunds as appropriate. For the future, the percentage increase in premiums in any year should not exceed the percentage increase in basic pay.

The Coalition further recommends that the subcommittee request a report from the Department of Defense on options to assure TRS enrollees' access to TRICARE-participating providers.

Private Insurance Premium Option

The Coalition thanks Congress for authorizing subsidy of private insurance premiums for reservists called to active duty in cases where a dependent possesses a special health care need that would be best met by remaining in the member's civilian health plan.

The Coalition believes Congress is missing an opportunity to reduce long-term health care costs by failing to authorize eligible members the option of electing a partial subsidy of their civilian insurance premiums during periods of mobilization. Current law already authorizes payment of up to 24 months of FEHBP premiums for mobilized members who are civilian employees of the Defense Department.

Congress directed GAO to review this issue and submit a report in April 2007—a report that, to our knowledge, has not been completed. We hope that report will address not only the current wartime situation, but the longer-term peacetime sce-

nario. Over the long term, when Guard and Reserve mobilizations can be expected at a considerably lower pace, the Coalition believes subsidizing continuation of employer coverage during mobilizations periods offers considerable savings opportunity relative to funding year-round family TRICARE coverage while the member is not deployed.

In fact, the Department could calculate a maximum monthly subsidy level that would represent a cost savings to the government, so that each member who elected that option would reduce TRICARE costs.

The Coalition recommends developing a cost-effective option to have DOD subsidize premiums for continuation of a Reserve employer's private family health insurance during periods of deployment as an alternative to permanent TRS coverage.

Involuntary Separatees

The Coalition believes it is unfair to deny TRS coverage for IRR members who have returned from deployment or terminate coverage for returning members who are involuntarily separated from the Selected Reserve (other than for cause).

The Coalition recommends authorizing 1 year of post-TAMP TRS coverage for every 90 days deployed in the case of returning members of the IRR or members who are involuntarily separated from the Selected Reserve. The Coalition further recommends that voluntarily separating reservists subject to disenrollment from TRS should be eligible for participation in the CHCBP.

Gray Area reservists

The Coalition is sensitive that Selected Reserve members and families have one remaining "hole" in their military health coverage. They are eligible for TRS while currently serving in the Selected Reserve, then lose coverage while in "Gray area" retiree status, then regain full TRICARE eligibility at age 60.

The Coalition believes some provisions should be made to allow such members to continue their TRICARE coverage in gray area status. Otherwise, we place some members at risk of losing family health coverage entirely when they retire from the Selected Reserve. We understand that such coverage likely would have to come with a higher premium.

The Coalition urges the subcommittee to authorize an additional premium-based option under which members entering "gray area" retiree status would be able to avoid losing health coverage.

Reserve Dental Coverage

The Coalition remains concerned about the dental readiness of the Reserve Forces. Once these members leave active duty, the challenge increases substantially, so the Coalition believes the services should at least facilitate correction of dental readiness issues identified while on active duty. DOD should be fiscally responsible for dental care to reservists to ensure servicemembers meet dental readiness standards when DOD facilities are not available within a 50 mile radius of the members' home for at least 90 days prior and 180 days post mobilization.

The Coalition supports providing dental coverage to reservists for 90 days pre- and 180 days post-mobilization (during TAMP), unless the individual's dental readiness is restored to T–2 condition before demobilization.

Consistent Benefit

As time progresses and external changes occur, we are made aware of pockets of individuals who for one reason or another are denied the benefits that they should be eligible for. DOD and its health contractors were leaders in modifying policy and procedures to assist Katrina victims. Additionally, Congress' action to extend eligibility for TRICARE Prime coverage to children of deceased active duty members was truly the right thing to do.

Restoration of Survivors' TRICARE Coverage

When a TRICARE-eligible widow/widower remarries, he/she loses TRICARE benefits. When that individual's second marriage ends in death or divorce, the individual has eligibility restored for military ID card benefits, including SBP coverage, commissary/exchange privileges, et cetera—with the sole exception that TRICARE eligibility is not restored.

This is out of line with other Federal health program practices, such as the restoration of CHAMPVA eligibility for survivors of veterans who died of service-connected causes. In those cases, VA survivor benefits and health care are restored upon termination of the remarriage.

Remarried surviving spouses deserve equal treatment.

The Coalition recommends restoration of TRICARE benefits to previously eligible survivors whose second or subsequent marriage ends in death or divorce.

TRICARE Prime Remote Exceptions

Longer deployments and sea/shore and overseas assignment patterns leave many military families faced with tough decisions. A spouse and children may find a greater level of support by residing with or near relatives during extended separations from the active duty spouse. DOD has the authority to waive the requirement for the spouse to reside with the servicemember for purposes of TRICARE Prime Remote eligibility if the service determines special circumstances warrant such coverage. We remain concerned about the potential for inconsistent application of eligibility. The special authority is a step in the right direction, but there is a wide variety of circumstances that could dictate a family separation of some duration, and the Coalition believes each family is in the best situation to make its own decision.

The Coalition recommends removal of the requirement for the family members to reside with the active duty member to qualify for the TRICARE Prime Remote Program, when the family separation is due to a military-directed move or deployment.

BRAC, Rebasing, and Relocation

Relocation from one geographic region to another and base closures brings multiple problems. A smooth health care transition is crucial to the success of DOD and Service plans to transform the force. That means ensuring a robust provider network and capacity is available to all beneficiary populations, to include active and Reserve component and retirees and their family members, and survivors at both closing and gaining installations. It is incumbent upon the Department and its Managed Care Support Contractors to ensure smooth beneficiary transition from one geographic area to another. We stress the importance of coordination of construction and funding in order to maintain access and operations while the process takes place.

The Coalition recommends codifying the requirement to provide a TRICARE Prime network at all areas impacted by BRAC or rebasing. Additionally, we recommend that DOD be required to provide an annual report to Congress on the adequacy of health resources, services, quality and access of care for those beneficiary populations affected by transformation plans.

Pharmacy

The TRICARE Pharmacy benefit must remain strong to meet the pharmaceutical needs of millions of military beneficiaries. While we are pleased at the overall operation of the program, the Coalition has significant concerns about certain recent trends.

Beneficiary Migration

One issue highlighted by the Task Force report is that a large share of the growth in retail pharmacy use has been the result of beneficiaries migrating from military treatment facilities to local retail pharmacies. In that regard, the number of beneficiaries using only military pharmacies declined by 900,000 between fiscal year 2002 and fiscal year 2007, whereas the number of beneficiaries using only retail pharmacies increased by about 1,000,000 in the same period.

Some of the shift is because enactment of TFL and TSRx meant that Medicare beneficiaries who live some distance from military installations no longer have to make long treks to the military pharmacy.

But the change also coincides with the onset of increased wartime deployments and installation security measures. The deployment of large numbers of military medical professionals has forced shifting more beneficiaries of all kinds to see civilian providers, which reduces proximity access to the military pharmacy and ease the convenience of using retail stores. Increased installation security measures also increase the "hassle factor" for retirees to use on-base facilities. Finally, local budget pressures and DOD "core formulary" guidance removes many medications from the installation formulary that retirees use, leaving many no choice but to use alternative venues.

Coalition associations have heard anecdotal reports that some local commanders have actively discouraged retirees from using the military pharmacies, primarily for budget savings purposes. What's worse is that MTFs have failed to educate beneficiaries of the next most cost-effective venue—the TRICARE Mail Order Pharmacy (TMOP).

The point is that it is inappropriate to punish beneficiaries (through higher retail copayments) for migration that may be dictated more by military operational and budget requirements than by retiree preferences.

Pharmacy Co-payment Changes

The Coalition thanks the subcommittee for freezing pharmacy co-payments for fiscal year 2008. The Coalition believes strongly that uniformed services beneficiaries

deserve more stability in their benefit levels, and that DOD has not performed due diligence in exploring other ways to reduce pharmacy costs without shifting such increased expense burdens to beneficiaries. The DOD Health Care Task Force would dramatically raise most military pharmacy copays. For example, they'd raise the copay for generic drugs purchased in retail pharmacies from the current $3 to $15. But Wal-Mart is now dispensing generic drugs to the general public for $4. Shouldn't the military pharmacy benefit be better than what civilians can get through Wal-Mart?

One important consideration in the mail-order vs. retail discussion is that some medications are simply not appropriate or available for delivery through the TMOP. If the purpose of imposing higher retail copays is to incentivize beneficiaries to use military or mail-order pharmacies, application of this philosophy is inappropriate when the beneficiary has no access to those lower-cost venues.

The Coalition believes any further discussion of pharmacy copayment increases should be deferred pending review of the implications of requiring Federal pricing in the retail system. We believe that this action by Congress in the fiscal year 2008 has shifted the dynamic of pharmacy costs, and that the primary cost differential may no longer be the venue of dispensing.

Rather, the Coalition urges the subcommittee to consider the findings of RAND, Pharma, and others cited by the Task Force that considerable cost savings can be gained by establishing positive motivations for beneficiaries with chronic diseases to take any of the medications—regardless of generic, brand, or nonformulary—that reduce the adverse effects of their conditions over the long term. Those steps included eliminating copays for the lowest-cost and most effective medications, reducing copays for some effective nonformulary medications, and reducing prior authorization requirements that impede beneficiaries from using the medications they and their doctors believe are best for them.

We note with regret that the Department has declined to comply with Congress' urging to eliminate copayments for generic medications in the mail-order system—a recommendation echoed by the Task Force. In this case, the administrative cost of processing the co-pay actually wipes out a large percentage of the co-pay revenue.

The Coalition believes pharmacy cost growth concerns have missed the mark by focusing on current-year dollars rather than long-term effects. For example, the Task Force report highlights as part of the cost "problem" that some drugs, including medications to treat diabetes, grew more than 15 percent in a single year. Viewed in terms of long-term effects, it's a good thing to identify patients who have diabetes and a good thing for diabetes patients to take their medications. So growing use (and cost) of medications for such chronic diseases is a positive, not a negative, and the copay structure should be remodeled to incentivize beneficiaries and make it as easy as possible for them to take whatever medication will mitigate the effects of their condition through whatever venue they are most likely to be satisfied with and therefore will be most likely to take their medications.

The Coalition recommends deferral of any pharmacy copay increases pending assessment of the effects of the new Federal pricing law on usage and cost patterns for the different venues, and that the subcommittee instead urge DOD to pursue copay reductions and ease prior authorization requirements for medications for chronic diseases, based on private sector experience that such initiatives reduce long-term costs associated with such diseases.

Rapid Expansion of "Third Tier" Formulary

The Coalition very much appreciated the efforts of Congress to protect beneficiary interests by establishing a statutory requirement for a BAP to give beneficiary representatives an opportunity in a public forum to voice our concerns about any medications DOD proposes moving to the third tier ($22 co-pay). We were further reassured when, during implementation planning, Defense officials advised the BAP that they did not plan on moving many medications to the third tier.

Unfortunately, this has not been the case. To date, DOD has moved over 90 medications to the third tier. While the BAP did not object to most of these, the BAP input has been universally ignored in the small number of cases when it recommended against a proposed reclassification. The Coalition is also concerned that the BAP has been denied access to information on relative costs of the drugs proposed for reclassification and the Defense Department has established no mechanism to provide feedback to the BAP on why its recommendations are being ignored.

The Coalition believes Congress envisioned that the BAP would be allowed substantive input in the Uniform Formulary decision process, but that has not happened. In fact, BAP discussion issues and recommendations (other than the final vote tallies) are routinely excluded from information provided to the Assistant Secretary of Defense (Health Affairs) for decisionmaking purposes, and there has been

no formal feedback to the BAP on the reasons why their recommendations were not accepted.

Although Congress has tasked GAO for a report on the effectiveness of the BAP process, that report has not been issued to date.

The Coalition urges the subcommittee to reassert its intent that the BAP should have a substantive role in the formulary-setting process, including access to meaningful data on relative drug costs in each affected class, consideration of all BAP comments in the decisionmaking process, and formal feedback concerning rationale for rejection of BAP recommendations.

TRICARE Prime and MCSC Issues

DOD and its health contractors are continually trying to improve the level of TRICARE Prime service. We appreciate their inclusion of Coalition associations in their process improvement activities and will continue to partner with them to ensure the program remains beneficiary-focused and services are enhanced, to include: beneficiary education, network stability, service level quality, uniformity of benefit between regions (as contractors implement best business practices), and access to care.

Referral and Authorization System

There has been much discussion and consternation concerning the Enterprise Wide Referral and Authorization System. Much time, effort and money have been invested in a program that has not come to fruition. Is adding to the administrative paperwork requirements and forcing the civilian network providers into a referral system really accomplishing what DOD set out to do? Rather than forcing unique referral requirements on providers, perhaps DOD should look at expanding its Primary care base in the Prime Service Areas and capture the workload directly.

The Coalition recommends that Congress require a cost analysis report, including input from each Managed Care Support Contractor, concerning the referral process within DOD and reliance on Civilian Network Providers within an MTF's Prime Service Area.

Health-Related Tax Law Changes

The Coalition understands fully that tax law changes are not within the subcommittee's jurisdiction. However, there are numerous military-specific tax-related problems that are unlikely to be addressed without the subcommittee's active advocacy and intervention with members and leaders of the Finance Committee.

Deductibility of Health and Dental Premiums

Many uniformed services beneficiaries pay annual enrollment fees for TRICARE Prime, TRS, and premiums for supplemental health insurance, such as a TRICARE supplement, the TRICARE Dental and Retiree Dental Plans, or for long-term care insurance. For most military beneficiaries, these premiums are not tax-deductible because their annual out-of-pocket costs for healthcare expenses do not exceed 7.5 percent of their adjusted gross taxable income.

In 2000, a Presidential directive allowed Federal employees who participate in FEHBP to have premiums for that program deducted from their pay on a pre-tax basis. A 2007 court case extended similar pre-tax premium payment eligibility to certain retired public safety officers. Similar legislation for all active, Reserve, and retired military and Federal civilian beneficiaries would restore equity with private sector employees and retired public safety officers.

The Coalition urges all Armed Services Committee members to seek the support of the Finance Committee to approve legislation to allow all military beneficiaries to pay TRICARE-related insurance premiums in pre-tax dollars, to include TRICARE dental premiums, TRS premiums, TRICARE Prime enrollment fees, premiums for TRICARE Standard supplements, and long-term care insurance premiums.

CONCLUSION

TMC 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. The Coalition is eager to 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.

Senator BEN NELSON. With that, Dr. Chu, would you like to begin?

STATEMENT OF HON. DAVID S. CHU, UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS

Dr. CHU. Thank you, Mr. Chairman and Senator Graham. It's a great privilege to be testifying before you again, and I thank you for your kind words.

I am honored to be joined by my colleagues, the Deputy Chiefs of Staff for Manpower and Personnel of the four Services. We each have a formal statement, which we would like to submit for the record, if we may.

Senator BEN NELSON. That will be permitted.

Dr. CHU. Thank you, sir.

As you suggested in your opening comments, Mr. Chairman, this is a joint force. It's composed of our civilians, our Active-Duty military, and our Reserve components. It's a force composed entirely of volunteers, and that All-Volunteer Force, I would argue, has served us very well. We do set high standards for quality and entrance. We set high standards for motivation. I think we've seen the rewards of those high standards in the exemplary performance of American forces in the field, as celebrated in Senator Graham's comments, and we intend to maintain those high standards for this Department as we go forward.

The fact that we've been successful in sustaining this All-Volunteer Force across the last 7 years is due, I think, to the strong partnership between the executive and legislative branches to which you referred in your opening statements. You have given us authority for a new National Security Personnel System (NSPS) for civilians. That's of extraordinary value to us as we try to reshape the civil workforce toward one that is more deployable, willing to go forward. Just yesterday, I had the privilege of participating in the ceremony in which the first of the Secretary of Defense Global War on Terrorism medals for civilians was awarded to 15 representative civilians of the 16,000 who have served forward in the current conflict.

Across the board, for both military and civilian personnel, you have given this Department increased flexibility. You've enlarged the scope of our authority. You've given us greater limits, for example, in terms of age for entrance to military service; higher ceilings, in terms of bonuses and reenlistment incentives; you've given us broad authority to reform the special incentive pays that we use to direct personnel to the high-priority and critical occupations of the Department.

If there is one single explanation that undergirds the success, I think it is this willingness to accord a substantial measure of flexibility to the Department. As you look at our fiscal year 2009 proposals, I think you'll see that theme repeated, in terms of specific areas where we think there are remaining issues that it would be constructive to address.

You spoke about families in your opening statement. We could not agree more about their importance to our success. As is observed frequently, it is really the family that makes the retention decision together. If the family is not satisfied with the military lifestyle, the military person is going to find it very hard to continue serving our country. We recognize that we ask a lot of the families, and we also recognize that it's our responsibility to, in

turn, support them in the burdens that they are asked to carry—the most important burden, of course, being the absence of their loved one in a risky and dangerous environment.

The President, in his State of the Union Address, as I know you appreciate, addressed two elements that we believe are most important to contemporary military families in terms of their willingness to serve and see their family member don the Nation's uniform. Those two elements are the education of their children and the opportunity for a career for the spouse—not just a job, but a career. Something that has growth and aspires to more important responsibilities over time. The President advocated for a series of changes that we hope Congress will enact, to allow, for example, the transferability of the individual member's GI Bill benefits to the spouse and children if that family should so desire, to give spouses a preferred status, in terms of Federal hiring and Federal career opportunities; and to accelerate our already strong program of daycare for the children of military families by accelerating the construction of our daycare centers, which will require, we believe, some modest adjustment of statute, and by encouraging us to enter public/private partnerships for off-post daycare that would meet the same high standards that we set in the military, which again would require some changes to current authorities the Department enjoys.

Mr. Chairman, Senator Graham, we very much appreciate the partnership with this subcommittee, and Congress as a whole, that has allowed us to continue to have, for this country, the finest military the world has seen.

Thank you, sir.

[The prepared statement of Dr. Chu follows:]

PREPARED STATEMENT BY HON. DAVID S.C. CHU

MILITARY PERSONNEL POLICIES

Active Duty Recruiting

Never in the history of the All-Volunteer Force (AVF) have our Armed Forces faced as challenging a recruiting environment as they have during the past several years. First, the global war on terrorism has placed unprecedented demands on the Services as our volunteer military is now into its 7th year of a protracted war in Iraq and Afghanistan. Second, youth willingness to serve, the heart of our AVF, has declined and influencers of youth (e.g., parents, teachers) are less likely to recommend military service today than in recent years. Third, the economy has remained strong and labor markets tight. Unemployment (currently at 4.9 percent) is relatively low by historical standards, and earnings are up—providing youth with lucrative post-secondary high school choices. Fourth, recruiting goals for the Army and Marine Corps have increased as they grow their forces.

Despite these challenges, the Services have met, and continue to meet, their recruiting goals—thanks to significant legislative initiatives and new authorities granted by Congress and the hard work of the recruiting commands and recruiters in the field. During fiscal year 2007, the Active-Duty components recruited 166,302 first-term enlistees and an additional 14,870 individuals with previous military service, attaining over 100 percent of the Department of Defense (DOD) goal of 180,377 accessions.

While meeting our quantitative goals is important, we also need to have the right mix of recruits—recruits who will complete their term of service and perform successfully in training and on the job. The "quality" of the accession cohort is critical, and we have long reported recruit quality along two dimensions—aptitude test scores and educational attainment. Both are important, but for different reasons.

Aptitude test scores are used to select recruits who are most likely to perform satisfactorily in training and on the job. All military applicants take a written enlistment test, the Armed Services Vocational Aptitude Battery. One component of that

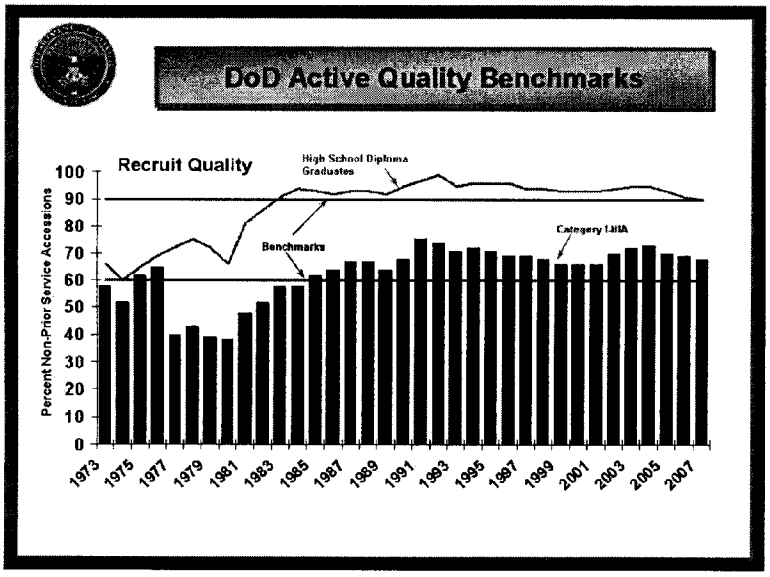
test is the Armed Forces Qualification Test (AFQT), which measures math and verbal skills. Those who score above average on the AFQT are in Categories I–IIIA. We value these higher-aptitude recruits because they do better in training and perform better on the job than their lower-scoring peers (Categories IIIB–IV).

We also value recruits with a high school diploma. The high school diploma has long been the best single predictor of successful adjustment to military life. About 80 percent of recruits with traditional high school diplomas complete their first 3 years, while only about 50 percent of those without a traditional diploma do so. The first-term attrition of those holding an alternative educational credential, such as a high school equivalency or a General Educational Development certificate, falls between those two statistics. In short, enlisting youth with traditional high school diplomas is a good investment. Studies have estimated the attrition at over $50,000 for each person who leaves service early.

In conjunction with the National Academy of Sciences, the Department reviewed how best to balance educational attainment, aptitude, recruiting resources, and job performance. With an optimizing model, we established recruit quality benchmarks of 90 percent high school diploma graduates (HSDGs) and 60 percent scoring above average on the AFQT. Those benchmarks are based on the relationship among costs associated with recruiting, training, attrition, and retention, using as a standard the performance level obtained by the enlisted force cohort of 1990—the force that served in Operations Desert Shield/Desert Storm. Thus, the benchmarks reflect the aptitude and education levels necessary to minimize personnel and training costs while maintaining the required performance level of that force.

For over 20 years, the Services have met or exceeded the Department's quality benchmarks for active duty recruits (Figure 1). Although the Army missed its HSDG benchmark in 2007, DOD met its overall goal: 90 percent of active duty new recruits were HSDGs. This compares favorably to the national average in which about 70 percent to 80 percentate from high school with a diploma. In addition, DOD exceeded its aptitude quality benchmark, with 68 percent of new Active recruits scoring at the top half of the AFQT, well above the DOD benchmark of 60 percent.

Figure 1. DoD Quality 1973-2007



Fiscal year 2008 active duty recruiting efforts are positive to date. Through January, all Services met or exceeded numerical recruiting objectives for the Active Force, and the Army achieved 18,829 of its 18,600 recruiting goal, for a 101 percent year-to-date accomplishment (Table 1). However, the active Army fell short of the HSDG goal, accessing 82 percent recruits with a high school diploma versus the

standard of 90 percent. Although the Army accessed 58 percent of new recruits who scored at or above the 50th percentile on the AFQT—slightly below the DOD benchmark of 60 percent—we expect the Army to achieve this DOD benchmark by the end of fiscal year 2008.

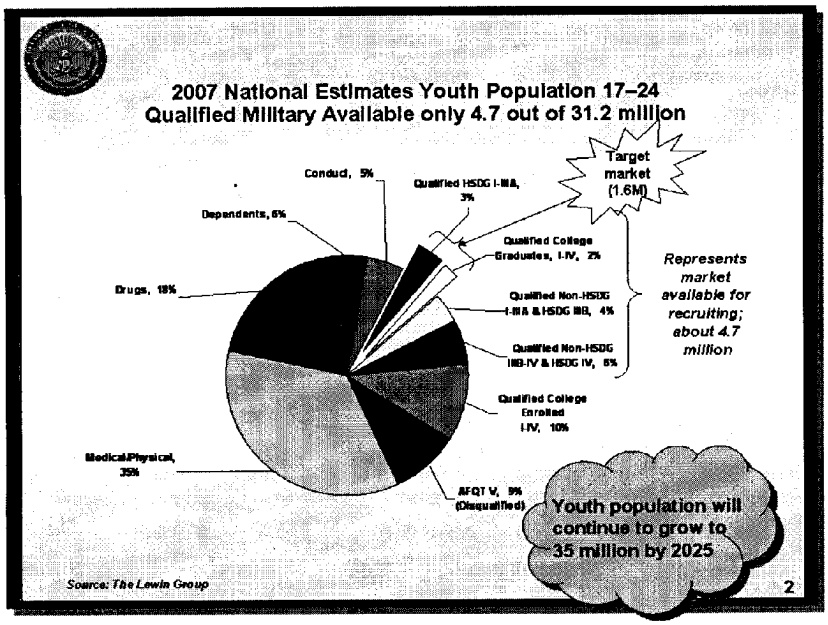
Table 1. FY 2008 Active duty Enlisted Recruiting Through January 2008

	Quantity			Quality	
AC Enlisted Recruiting (Through January)	Accessions	Goal	Percent of Goal	% High School Diploma Graduate (HSDG); *DoD Benchmark = 90 percent*	% Scoring at / above 50th Percentile on Armed Forces Qualification Test; *DoD Benchmark = 60 percent*
Army	18,829	18,600	**101%**	**82%**	**58%**
Navy	10,067	10,067	**100%**	**94%**	**73%**
Marine Corps	11,113	10,740	**103%**	**94%**	**65%**
Air Force	9,263	9,263	**100%**	**99%**	**78%**
DoD Total	49,272	48,670	**101%**	**92%**	**68%**

We should not lose sight of the fact that, although the youth population is large, a relatively small proportion of American youth is qualified to enlist when we consider other factors besides education and aptitude. It is an unfortunate fact that many of the contemporary youth population are currently ineligible to serve. About 35 percent are medically disqualified (with obesity a large contributing factor), 18 percent abuse drugs and alcohol, 5 percent have conduct/criminal issues, 6 percent have dependents, and 9 percent are in the lowest aptitude category (Figure 2). Another 10 percent are qualified, but attending college. That leaves less than 5 million—or about 15 percent of the roughly 31 million youth ages 17–24—who are available to recruit (25 percent including those in college).

Our recruiting success has not come easily. It has been the result of long hours and hard work by the 15,000 dedicated and professional military recruiters. These recruiters often stand as the sole representative of our military forces in local communities, and they have my most sincere respect and gratitude. Equally important has been the unwavering support from Congress for our recruiting efforts. Throughout my time in this office, you have assisted us with authorities and programs that have helped the Services to expand the recruiting market in responsible ways.

Figure 2. Qualified Military Available, 2007 Estimate



We appreciate your assistance expanding military recruiter access to high schools. The No Child Left Behind Act of 2001 opened the doors for military recruiters to provide information on military service opportunities to juniors and seniors in over 22,600 high schools nationwide. Through the enforcement of these laws, the Services report that all high schools have complied with the provision of student directory information to military recruiters, who, in turn, provide information to young people about the opportunities and nobility of military service.

The establishment of a National Call to Service program has been very helpful. This shorter-than-normal, 15-month enlistment option allows us to offer military service options to youth who, due to the length of traditional enlistment terms, would choose not to serve. Over 9,000 young Americans have enlisted under this option.

The new $2,500 bonus for those transferring between Armed Forces components has been a helpful incentive in getting members to transfer from one Service to another and serve a minimum of an additional 3 years. This program has helped the Army access over 1,500 new soldiers from other Services that otherwise may have left the military—saving over $50,000 in recruiting and training costs per experienced transferee.

We also thank you for helping us to increase the maximum age for enlistment. This has expanded the recruiting market by raising the maximum age for enlistment in a regular component from 35 to 42 years.

In addition, we appreciate the new accession bonus for Officer Candidate School (OCS). Creating a new officer through either the Service Academies or Reserve Officer Training Corps is a 4-year process. The Services use OCS not only to produce a portion of their new officers annually, but in times of growth, this valuable program provides a surge capacity that cannot be duplicated. The accession bonus provides the Services an incentive to attract recent college graduates for these programs—particularly important as we grow the force in the Army and Marine Corps.

Most important, you provided us the opportunity to conduct the Army Recruiting Demonstration Program. This authority is permitting the Army to test innovative marketing and incentive programs in support of recruiting efforts not otherwise permitted in law, and we plan to work with you to expand this initiative to the other Services for the purpose of addressing the continuing challenges in the recruiting and retention environment.

Active Duty Retention

Retention programs help shape the force to ensure we have the right numbers and mix of active duty personnel with the right experience. This is particularly challenging during this era of changing force structures. Thus, we thank you for your substantial assistance over the past several years in obtaining new and enhanced programs and authorities for the military departments to encourage military personnel to remain in Service.

Notably, the National Defense Authorization Act (NDAA) for Fiscal Year 2006 increased the maximum reenlistment bonus from $60,000 to $90,000, and it expanded eligibility for the bonus from 16 to 20 years of active duty, and 18 to 24 years of service. It also amended the critical skills retention bonus (CSRB) authority to include Reserve component members and members assigned to high priority units. The amended statutory authority for the CSRB established eligibility to Reserve component members with a designated skill or who volunteer to serve in a designated high priority unit, not to exceed $100,000. It also established an exception to allow members in designated Special Operations Forces and nuclear critical skills to receive a CSRB beyond 25 years of service; and we appreciate your extending that authority to all qualifying members in the NDAA for Fiscal Year 2008. The incentive bonus for transfer between Armed Forces and the increase in the maximum amount of the bonus for such transfer—from $2,500 to $10,000—all have been very helpful. Finally, authorizing pay and benefits to facilitate voluntary separation of targeted populations of servicemembers have proven invaluable.

For almost 7 years—since September 11—retention has remained relatively strong in the Active-Duty Force. The Marine Corps and Army met or exceeded their overall reenlistment goals each year. While the Air Force and Navy did relatively well, they did not always meet all retention goals, which were often complicated by force shaping goals. Both Services have adjusted their retention bonus programs to target deficient skills better.

In fiscal year 2007, all four Active-Duty Services met or exceeded their aggregate reenlistment targets. The Marine Corps surpassed its overall aggregate reenlistment mission (110 percent), exceeding its fiscal year 2007 targeted end strength by a comfortable margin. The Air Force fell short of its Zone B (mid-career) reenlistments mission and will use the Selective Reenlistment and CSRB programs to maximize mid-grade retention in fiscal year 2008. The new, expanded CSRB authorities are helping to provide the Services with additional flexibility to better target specific critical skills for retention.

Through January 2008 (Table 2), the Army, Navy, and Marine Corps exceeded their retention missions. The Air Force is fairing well in Zone B and has recently adjusted its retention bonus programs in order to counter some challenges in Zones A (initial) and C (career). Force shaping efforts within the Air Force, along with its fiscal year 2008 funding priorities, could complicate Air Force's overall retention effort.

Table 2. FY 2008 Active duty Enlisted Retention Through January

	Reenlisted	Mission YTD
Army		
- Initial	10,794	9,292
- Mid Career	8,572	7,158
- Career	6,272	5,195
Navy		
- Zone A	4,242	4,425
- Zone B	3,039	3,106
- Zone C	1,833	1,767
Marine Corps		
- First	6,156	3,169
- Subsequent	7,137	2,708
Air Force		
- Zone A	4,509	5,187
- Zone B	2,422	2,376
- Zone C	1,793	2,014

As always, our retention efforts ultimately support the delivery of experienced performers to higher ranks. In recent years, the grade proportions have shifted upward slightly as we continue to field weapon systems and units with fewer lower-grade positions, and we greatly appreciate the new NDAA for Fiscal Year 2008 authorities—the increase in authorized strengths for Army officers on active duty in the grade of major; the increase in authorized strengths for Navy officers on active duty in the grades of lieutenant commander, commander, and captain; and the increase in authorized daily average of the number of members in paygrade E–9—that will facilitate our adjustments to these grade structure changes.

The Army continues to use Stop Loss; as of December 2007, the Army Stop Loss program affected less than half of 1 percent of the total force (7,404 Active, 1,370

Reserve, and 2,027 National Guard soldiers). The Active Army Unit Stop Loss program takes effect 90 days prior to unit deployment or with official deployment order notification, if earlier, and remains in effect through the date of redeployment to permanent duty stations, plus a maximum of 90 days. Reserve component Unit Stop Loss begins 90 days prior to mobilization, or with the official mobilization alert deployment order notification, if later, and continues through mobilization, and for a period up to 90 days following unit demobilization. The Army shares the Secretary of Defense's goal of minimizing the use of Stop Loss.

The retention of Army company grade officers (lieutenants and captains) must be significantly enhanced to meet new force requirements. Although the fiscal year 2007 company grade loss rates were 8.1 percent—below the historical average of 8.5 percent, and well below the pre-September 11 loss rates of 9.1 percent—the Army increased its promotion rate to captain to 98 percent in order to meet its growth demand. Additionally, the Army implemented an innovative incentives program that offers captains in specified year groups a "menu" of incentives. Officers may choose from five different programs, which include up to a $35,000 bonus or graduate school, in return for an additional 3-year service commitment.

Shaping the Force

We are balancing our end strength needs—increasing where we must, decreasing where it makes sense. To that end, the permanent end strength increases of the Army and Marine Corps focus on combat capability, while continued planned reductions from transformation efforts in the active Air Force and Navy manpower programs, and the Navy Reserve, balance risk with fiscally responsible manpower program decisions.

To support these programmed strength reductions, we developed an integrated package of voluntary separation incentives and coupled these with the targeted incentive authority Congress recently provided, allowing us to offer monetary incentives to shape the Services by offering incentives to non-retirement eligible officer and enlisted personnel in specific grades, skills, and year-of-service cohorts. We plan to continue the judicious use of these tools to ensure our forces meet readiness needs and are effective, flexible, and lethal.

Force Development

Over the past year, we embarked on the second leg of a journey that began over two decades ago with the enactment of the Goldwater-Nichols legislation. This continuing journey, empowered with special authorities contained in the NDAA for Fiscal Year 2007, allowed the Department to recognize joint experience whenever and wherever it occurs in an officer's career. Implementation of these authorities helps build an officer corps with the critical competencies required for counterinsurgency warfare, peace making/keeping, and nation building.

The Department is implementing a Joint Qualification System that is a true total force system. Reserve component officers, full partners in this system, have the opportunity for the first time to have their joint experiences recognized and earn the same qualifications as their Active component counterparts.

Joint officer management is not the only area of significant improvement for the officer corps. Mandatory retirement age limitations, with origins dating back over 150 years, were amended to account for increased longevity and, as a result, valuable military experience was retained across the DOD. The Department also redoubled efforts to develop a credible and sustainable cadre of senior military intelligence leaders by working with the Director of National Intelligence to create a viable National Intelligence Structure and to provide general and flag officers to fill critical positions in each major intelligence organization.

Now, as we look to the future, the next steps are clear; we must capitalize on the momentum gained and deliver general and flag officer management systems that seamlessly integrate with the changes to joint officer management. The numerous controls put in place over the years to address a myriad of issues must be reassessed. The statutory framework supporting the management of our senior leaders must be at least as flexible as that of the joint officer management system and the Senior Executive Service. We need the flexibility to develop general and flag officers with competencies and experience necessary to lead and counter emerging threats. We intend to work diligently with Congress on this subject.

Reserve Component Recruiting and Retention

With the initial mobilization of Reserve component members for the global war on terrorism, the Department established a policy of judicious and prudent use of the Reserve components in order to sustain them during the war. We continue to assess the impact of mobilization and deployments on the National Guard and Reserve, and adjust policies as needed to sustain a strong Reserve Force. The most

recent change occurred last January, when Secretary Gates published a new utilization for the force.

It is evident that Reserve component contributions to the war effort are significant, with almost 600,000 Selected Reserve members mobilized in support of global war on terrorism operations since September 2001. This represents about 44 percent of the 1.3 million who served in the Selected Reserve during that period. These data do not include the 14,500 members of the Individual Ready Reserve (IRR), who have been mobilized during the past 6½ years. The use of the IRR is modest compared to Operation Desert Storm, when we mobilized 30,000 IRR members.

Military Compensation

The current administration, with your support, has improved overall compensation significantly, helping the Department sustain our highly skilled AVF. Since 2001, as a direct result of the close cooperation between the Department and Congress, average basic pay has increased 32 percent and housing allowances by nearly 70 percent, eliminating out-of-pocket housing costs. Together, we have more than doubled hardship duty pay, provided Combat-Related Injured Rehabilitation Pay, established traumatic injury protection insurance, and increased the maximum for Servicemember's Group Life Insurance to $400,000, as well as increasing the Death Gratuity from $6,000 to $100,000. The increases to Family Separation Allowance and our Hostile Fire/Imminent Danger pays were made permanent, and our military members are now able to participate in the Federal Thrift Savings Plan.

The Department continues its strong commitment to provide a secure standard of living to those who serve in uniform by requesting a 3.4 percent increase in military pay for all servicemembers in the fiscal year 2009 budget. This increase is equal to earnings increases in the private sector as measured by the Employment Cost Index.

To better manage our force, you established CSRB and increased enlistment and reenlistment bonuses from $12,000 maximum to $40,000, along with establishing, and later increasing, Assignment Incentive Pay. These tools are flexible and allow precise targeting to help us sharply focus on specific needs, rather than casting a wide net.

To further refine our tool set, the 10th Quadrennial Review of Military Compensation (QRMC) initially focused on consolidating special pays, bonuses, and recruiting and retention incentives into fewer, broader, and more flexible authorities which you have adopted in the NDAA for Fiscal Year 2008. I will be sending the first volume of the QRMC report to you shortly. By consolidating over 60 separate pays into 8 broad pay categories, the Department now has increased flexibility to target specific skills, and the quantity and quality of personnel filling those positions.

One of our remaining tasks is to rebalance compensation for our single military personnel. Based on recommendations from the QRMC, the Department set the "without dependents" Basic Allowance for Housing rate to a minimum of 75 percent of the "with dependents" rate. The Department will review the QRMC report and determine if additional improvements are warranted.

The QRMC helped the balance of entitlements and discretionary bonuses and incentive pays. We are convinced that the expansion of entitlements, and the creation of new ones that do not directly and measurably improve recruiting, retention, or readiness in a manner commensurate with their cost, should be discouraged. Rather, the Department requests Congress provide for more discretionary funds in special and incentive pays. Currently, those pays account for only 4 percent of the Military Personnel account.

In a separate effort, and as follow-on to a 2001 comprehensive report to Congress on the Uniformed Services Former Spouses Protection Act (USFSPA), the Department is also requesting Congressional support for a balanced package of proposed improvements for military members and former spouses, and to streamline the efficiency of administering accounts. Our USFSPA proposals are grouped into four major areas: 1) retirement pay; 2) Defense Finance and Accounting Service (DFAS) improvements; 3) procedural improvements; and 4) Survivor Benefit Plan (SBP). Proposals include initiatives to prohibit court-ordered payment of retired pay prior to retirement; compute divisible retired pay based on rank and years of service at divorce; allow direct payments from DFAS in all cases (not just cases with more than 10 years of marriage); and allow split of SBP between former and current spouses.

Defense Travel Management Office

The Defense Travel Management Office (DTMO) was established in February 2006, to consolidate and synchronize disparate, stove-piped and independent commercial travel programs within the Department. The DTMO provides oversight for

commercial travel management, travel policy and implementation, travel card program management, training, functional oversight of the Defense Travel System (DTS) and customer support, and has embarked on several major efforts to improve oversight and services for Defense travelers. In March 2007, we received a report containing recommendations resulting from a congressionally mandated, independent study of the DTS. This study concluded that the Reservation Refresh version of DTS, which was deployed in February 2007, provides lowest-cost routing, improves system usability, and allows travelers to access a more complete airline flight inventory. The study's authors, from the Institute for Defense Analyses, concluded that there is no basis to abandon the DTS in favor of another travel system or process. The Department has accepted all recommendations from this important study and we are committed to implementing them.

We established enterprise partnerships and a governance structure for Defense Travel and are developing a Travel Enterprise performance management program. To improve customer support, we conducted a comprehensive review of existing travel training programs and enhanced our training programs by establishing 23 distance learning modules we will implement this year. We established a Travel Assistance Center to provide help to all Defense travelers. Currently, the Navy, Marine Corps, Defense Agencies, and the After Hours Recruit Assistance program have transitioned to this support concept; in addition, the Army and Air Force will begin using it this calendar year. We also conducted the first DTS Customer Satisfaction Survey, using the Department's "Quick Compass" survey vehicle, and collected feedback on various aspects of Defense Travel via Interactive Customer Evaluation (ICE) tool .

In September, another key milestone for Defense travel was attained when the DTMO awarded an Indefinite Delivery/Indefinite Quantity contract for worldwide Commercial Travel Office (CTO) services. For the first time, the Department is leveraging an integrated management approach to standardize CTO requirements, establish consistent standards of service, and ensure consistent levels of service for the traveler.

The coming months will bring even greater improvements in oversight and customer service for Defense travel. My office is partnering with the General Services Administration (GSA) and the State Department to conduct a comprehensive review of Federal and Department travel policies. This comprehensive review provides an excellent opportunity to ensure policies are modernized, simplified and understandable by travelers and managers across the Federal Government. The Department recently selected Citibank to provide government travel charge card services under the SmartPay® 2 master contract administered by the GSA for implementation across the Department in November 2008. This transition will affect more than 1.2 million Defense personnel who have travel charge cards.

DOD Disability Evaluation System

In honor of the men and women of our Armed Forces, the citizens of the United States have a long and proud history of compensating servicemembers whose opportunity to complete a military career has been cut short by injuries or illnesses incurred in the line of duty. Congress mandated the development of a system of rating disabilities in 1917. Over time, that system has been further refined to the benefit of servicemembers and their families. The Career Compensation Act of 1949 formalized the code the military departments utilize today.

In addition to DOD disability compensation, former servicemembers may be eligible for disability compensation through the Department of Veterans Affairs (VA) for service-connected disabilities and for VA pension for veterans who are permanently and totally disabled and meet certain income requirements. The key difference between the DOD and VA disability compensation systems is in the nature of the disabilities that are rated. The Military Services award disability ratings only for medical conditions which make the individual unfit for continued military service, with the intent of compensating for the loss of a military career, whereas VA awards ratings for service-connected disabilities, to compensate for the average loss of earning capacity. Military disability ratings are fixed upon final disposition, while VA ratings can vary over time, depending on how a person's condition progresses.

The process of transition from servicemember to veteran has been fraught with duplicative and sequential steps requiring time and effort to navigate.

The Department was informed over the last year by the thorough and thoughtful reports of the Task Force on Returning Global War on Terror Heroes, the Independent Review Group, the President's Commission on Care for America's Returning Wounded Warriors (Dole/Shalala Commission), the Veterans Disability Benefits Commission (Scott Commission), and the DOD Task Force on Mental Health. We

have reviewed these reports and, where possible, are making changes within policy and where supported by legislative revisions.

A fundamental goal of our efforts is to improve the continuum of care from the point-of-injury to community reintegration. To that end, in November 2007, a DOD and VA collaborative DES Pilot was implemented for disability cases originating at the three major military treatment facilities in the National Capitol Region (Walter Reed Army Medical Center, Bethesda National Naval Medical Center, and Malcolm Grow Medical Center).

The DES Pilot is a servicemember-centric initiative designed to eliminate the often confusing elements of the current disability processes of our two Departments. Key features include a single medical examination and a single-source disability rating. A primary goal is to reduce by half the time required for a member to transition to veteran status and receive VA benefits.

To ensure a seamless transition of our wounded, ill, or injured from the care, benefits, and services of DOD to the VA system, the pilot is testing enhanced case management methods, identifying opportunities to improve the flow of information, and identifying additional resources for servicemembers and their families. VA is poised to provide benefits to the veterans participating in the pilot as soon as they transition out of the military.

RESERVE AFFAIRS

National Guard and Reserve Forces

In recent years we have seen an unprecedented reliance on the Reserve components—since September 11, over 623,000 Reserve component members (including Selected Reserve and IRR) have been mobilized; of that number 164,000 have served more than once. Looking at recent trends, and looking to the future, it is clear that we have left behind the old model of "maybe once in a lifetime mobilization." Recognizing that transformation, this administration has presided over the largest set of changes in policy and statute, arguably since the inception of the AVF, to transform the Guard and Reserve from a purely strategic force to a sustainable Reserve Force with both operational and strategic roles.

The Department began this transformation in 2002 with the publication of "Reserve Component Contributions to National Defense," as part of that year's Quadrennial Defense Review (QDR). That document provided the seminal intellectual foundation for transitioning to an Operational Reserve, proposing new ideas for building force capabilities and creating flexibility in force management to sustain an All-Volunteer Operational Reserve. The proposals addressed included changes to Active/Reserve Force structure, potential roles and missions in overseas conflicts and in homeland defense, and a new approach to personnel management entitled "continuum of service."

Since that time, with the support of Congress, legislation was enacted and we implemented numerous initiatives that facilitated the successful transition to an Operational Reserve. Although we have clearly accomplished much, we still have much to do. The following will briefly summarize the considerable progress that has been made and efforts that are continuing.

Utilization

When I started my tenure as the Under Secretary, the Department had inherited an Active/Reserve Force structure that was not designed for the extended conflict of the kind we now face. The military was designed to maximize immediate combat power in the active force while using Reserve components as a repository for capabilities needed in the later phases of major theater war, combat augmentation and combat support/combat service support (CS/CSS), such as military police, engineers, and civil affairs.

In the 1990s, force downsizing, along with reduced budgets and rising tempo of operations, spurred an increase in the use of the Reserve components, particularly in CS/CSS. Demand for these skills has sky-rocketed in the current conflict, to include Reserve component combat power, and the Guard and Reserve have proven essential to success in the conflict.

As events unfolded following the attacks of September 11, we recognized this increasing reliance would require a different kind of Reserve component with changed expectations and policies. Our policies on mobilization, force structure rebalancing, personnel management, training, readiness, equipping, and family and employer support have changed significantly during what is now the largest mobilization of the Guard/Reserve since the Korean War—in a war that has lasted longer than World War II.

Mobilization Policies

We authored mobilization policies that institutionalized judicious use as the core principle of Reserve component utilization to include the latest mobilization policy issued by the Secretary on January 19, 2007. This document is the underpinning of predictability (1-year mobilization, 1:5 utilization) for the Operational Reserve, and it is widely supported by military members, families, and employers alike. In addition, we set a standard of notifying members a minimum of 30 days prior to mobilization. We routinely exceed this goal, now providing alerts to units 1 year or more in advance. We now foresee notifying units up to 2 years prior to mobilization. We have streamlined the mobilization process. These and other changes have sustained the Reserve components during a period of extensive mobilizations. Our success is reflected in recruitment and retention of Reserve component members. (The six DOD Reserve components combined achieved 108 percent of their recruiting goals in the first 4 months of fiscal year 2008, and attrition during the last 6 years—the global war on terrorism years—has been lower than the previous 10 years.) Clearly, the changes in compensation and benefits that recognized the increased operational role of the Guard and Reserve, as well as the pride guardsmen and reservists take in serving their country in these challenging times, are major factors in these achievements. It is also fairly evident that our policies needed to evolve to sustain a reasonable level of utilization of an Operational Reserve Force. The principles established in January 2007 that now guide this utilization appear to be serving us well:

- Involuntary mobilization for members of the Reserve Forces will be for a maximum 1 year at any one time
- Mobilization of ground combat, combat support and combat service support resources will be managed on a unit basis
- The planning objective for involuntary mobilization of Guard/Reserve units will remain a 1 year mobilized to 5 years demobilized ratio and we will move to the broad application of 1:5 as soon as possible
- The planning objective for the Active Force remains 1 year deployed to 2 years at home station
- A new program was established to compensate or incentivize individuals who are required to mobilize or deploy early or often, or to extend beyond the established rotation policy goals
- All commands and units have been directed to review how they administer the hardship waiver program to ensure they are properly taking into account exceptional circumstances facing military families of deployed servicemembers
- Use of Stop Loss will be minimized for Active and Reserve component forces

Our policy has set the standard for judicious and prudent use, provides predictability, and ensures Reserve component members are treated fairly, and allows for their individual circumstances to be taken into consideration.

Rebalancing

Using personnel data to analyze utilization of individual servicemembers by occupation and skill from September 11 to the present, we have instituted policies and practices that significantly improve how we manage people to ensure the burden is shared more equally across the force and to alleviate stress on the force. We found which skill sets were in much higher demand and those that were not. Some were weighted so heavily toward Reserves that it put Reserve component members in jeopardy of repeated, extensive mobilization. New force management approaches were developed to achieve a better allocation and mix of capabilities in our Active and Reserve components to meet the demands of the global war on terrorism and sustain an Operational Reserve.

Over the past 5 years, we developed a rebalancing effort in the Services that initially transitioned 89,000 billets in less-stressed career fields to more heavily used specialties—such as military police, civil affairs, and others. As of this year, we have rebalanced about 106,000 billets and working with the Services, they have planned and programmed an additional 99,000 billets for rebalancing between fiscal years 2008 and 2012. Although the amount and type of rebalancing varies by Service, key stressed capability areas include: engineers, intelligence, special operations, military police, infantry, aviation, space and combat air superiority. By 2012, we expect to have rebalanced about 205,000 billets. Rebalancing is a continuous and iterative process. The Department will continue to work closely with the Services as they review and refine their rebalancing plans to achieve the right mix of capabilities and alignment of force structure. This will greatly help reduce stress and support the

Operational Reserve by providing a deeper bench for those skills that are in high demand. However, easing the stress on the force is more than just rebalancing the military.

Personnel Management

At the outset of the conflict, it also became clear that many of our Reserve personnel management policies and practices were too rigid and inflexible. We knew that we could employ better practices in managing personnel.

One of our signature initiatives is transforming personnel management to create a "continuum of service." This approach provides greater opportunities for reservists to volunteer for extended periods of active duty and additional flexibility in managing Reserve personnel. It offers innovative accession and affiliation programs to permit individuals with specialized skills to contribute to military mission requirements. This supports the Operational Reserve because it considerably widens the aperture in how people can serve. Working with the members of this committee and your staffs yielded many legislative proposals related to the continuum of service, the cornerstone of our efforts.

Reserve Affairs has been leading a continuum of service working group to collaborate with the Services to make the changes necessary to Department policy and legislation to improve the continuum of service for all Services. The record shows that between 2002 and 2007, over 164 separate legislative changes directly affecting Reserve personnel management were enacted, establishing the statutory basis and support for the transition to the Operational Reserve. Together, Congress and the Department established a new personnel strength accounting category, "reservists on active duty for operational support," which permits Reserve component members to serve up to 3 years out of 4 on active duty, without counting against active duty strength or grade ceilings, and always being treated as reservists for promotion purposes. Legislative accomplishments also include elimination of perceived and real limits on service for reservists; (179 days before a member counts against limits of reservists serving on active duty) artificial eligibility thresholds (140 days on active duty) to qualify for the same housing allowance as active duty members receive, and TRICARE Prime; expansion of critical skill and other bonuses for reservists; and access to a world-class medical benefit (TRICARE) for Selected Reserve members and their families, regardless of the duty status of the member.

We have work left to do, particularly with some of our educational assistance programs, and in our continuing efforts to remove impediments and barriers to transitioning Reserve component members between Reserve and Active service. But we have made tremendous progress in cementing the underpinnings of the Operational Reserve with a manpower management system vastly different than the one that supported once-in-a-lifetime mobilization. One of our final steps will be implementation of the Defense Integrated Military Human Resources System, which beginning this year will provide transparent, single-system personnel management.

Training, Readiness, and Equipping

Our Reserve Forces, which now have more combat veterans than at any time since World War II, are the best-equipped and best-trained that our Nation has ever had. We recognized the old mobilization/training model for a Strategic Reserve of "mobilize, train, deploy" would not work in a world requiring a more agile and quick response to rapidly developing operations. We have transformed from this old model to a new mobilization/training model of "train, mobilize, deploy." Your help in crafting the NDAA for Fiscal Year 2005 authorizing the mobilization of reservists for individual training, makes unit post-mobilization training more efficient.

During pre-mobilization, units certify individual medical, dental and administrative readiness and certify certain individual and theater specific skills in order to minimize time at the mobilization station to maximize "Boots on the Ground." The standardization of processes, procedures, and applications for units at home station will allow the transfer of certification documentation to the mobilization station and significantly reduce the need to recertify pre-mobilization processing and training.

Training transformation is a dynamic and constantly evolving process that will ensure all individuals, units and organizations of the Total Force receive the education and training needed to accomplish tasks that support the combatant commanders. The combination of web-based technologies and distance-learning methodologies are cost-effective alternatives to sending individuals away to resident courses and units off to live-training events. In many cases, units can train at their home stations and individuals can complete required courses on their home computers. While these training technologies can never completely replace the need for some forms of face-to-face education and training, they do help reduce post-mobilization time spent preparing for deployment overseas by allowing individuals and units

to complete more pre-deployment requirements before they mobilize. Likewise, Innovative Readiness Training allows units and individuals to carry out training that improves their mobilization readiness while at the same time undertaking projects that serve the larger community.

We are also looking at increased Active/Reserve component integration to improve Reserve component availability to the warfighter as a critical step in the continuing evolution of the Operational Reserve. Integration of the active and Reserve components support the Department's transformation to a capabilities-based force that will help relieve stress on the force. Integration will increase warfighter capability, facilitate equipment utilization, and provide a method to increase deployment predictability.

Furthermore, we have supported the development of force-generation models by the Services, which ultimately provide predictability for an Operational Reserve Force, accompanied by a training and equipping strategy that will provide more first-line equipment to be positioned in the Reserves and which will also allow more training be conducted in the pre-mobilization phase at home station. We have achieved major progress in programming funds and equipping our Reserve components for an operational role. We are progressing in changing equipping priorities to align better with Service force generation models and to raise the importance of homeland defense in equipping considerations.

Equipping Strategy

The Reserve components of each military department need to be properly equipped not only when deploying, but in order to stay trained. The design of the Reserve component equipping strategy is envisioned to procure and distribute equipment to maintain a degree of readiness that is responsive to the combatant commanders' request while sustaining capabilities to respond when called upon here at home. The strategy also must take into account the Department's support to State Homeland Defense missions, while maximizing equipment availability throughout the force.

The Department's goal is to analyze what and where the greatest needs lie and design and achieve the strategy that is the best fit for today's Operational Reserve—rather than relying on an outdated equipping strategy for a purely Strategic Reserve Force. Major changes in current thinking as well as new concepts are needed for equipping the Reserve component force. Focusing on availability, access, and transparency in distribution of equipment and resources must be paramount. The Department's ultimate goal is to fully equip units using a transitional approach designed to provide an equipped, trained, and ready force at various stages of a Service's rotation policies, while factoring in our Homeland Defense mission.

Families, Healthcare, and Employers

During this time of transition to an Operational Reserve, we recognized that support of families and employers is vital to success. The Department has devoted substantial resources and efforts toward expanding the support for our families. The challenge is particularly acute for widely-dispersed Reserve families, most of who do not live close to major military installations. Thus, we have developed and promoted Web sites and electronic support for families, have promoted use of the 700 military family service centers for all Active, Guard, and Reserve families to provide personal contact, and have hosted and attended numerous family support conferences and forums. Reintegration training and efforts to support members and families following mobilization, particularly for service in the combat zones, are vital. The reintegration program in Minnesota forms a basis for the Yellow Ribbon Reintegration Program for all Guard and Reserve members required in the NDAA for Fiscal Year 2008 . The Department is fully committed to implementing this program, which will provide Guard and Reserve members, and their families, the support that will help them during the entire deployment cycle—from preparation for active service to successful reintegration upon return to their community and beyond. We are moving quickly to stand up an interim Office for Reintegration Programs, which will operate until permanent staff, facilities and required resources are determined. We will continue to work with State Governors, their Adjutants General, the State family program directors as well as with the Military Services and their components to ensure an integrated support program is delivered to all Guard and Reserve members and their families.

The Defense Management Data Center is creating a website for Reserve personnel to check the status of all of their benefits. This website is in the final stages of approval and should go live in the very near future.

The Department has fully implemented the TRICARE Reserve Select (TRS) program, which offers an affordable healthcare program to all Selected Reserve mem-

bers and their families (unless they are covered under the Federal Employee Health Benefit Program). This is a valuable benefit that our members and their families appreciate. The transition from the three-tiered TRS program to the comprehensive program authorized in the NDAA for Fiscal Year 2007 has been very smooth and we continue to publicize this much improved benefit.

We implemented a policy requiring Reserve component members to complete a periodic Health Assessment annually. In addition, Guard and Reserve members complete a predeployment health assessment to identify nondeployable health conditions and a post-deployment health assessment to identify deployment related conditions prior to releases from active duty. Those members identified with health related conditions post-deployment are provided evaluation and treatment.

Because health and adjustment concerns may not be noticed immediately after deployment, a Post-Deployment Health Reassessment (PDHRA) is provided within 90 to 180 days after redeployment to address mental health and physical health concerns that may develop. The PDHRA is designed to identify conditions that emerge later and facilitate access to services for a broad range of post-deployment concerns. Establishing the Yellow Ribbon Reintegration Program across all Guard and Reserve units and commands will facilitate identifying symptoms and conditions, and ensuring members receive the care and treatment they need and deserve.

The support for employers over the past 6 years mirrors the increased support for families. We doubled the budget of the National Committee for Employer Support of the Guard and Reserve (ESGR). We developed an employer database which identifies the employers of Guard/Reserve members, expanded the ESGR State committees and their support (over 4,500 volunteers are now in these committees) and are reaching out to thousands more employers each year. The Freedom Awards program and national ceremony to recognize employers selected for this award has become a capstone event, in which the President has recognized in the Oval Office in each of the past 2 years the annual Freedom Award winners (15 recipients per year from more than 2000 nominees). Never in the history of the Guard and Reserve have families and employers been supported to this degree and they appreciate it, as this effort is critical to sustaining an Operational Reserve.

Commission on the National Guard and Reserves

The Commission tendered a report in March 2007 evaluating the "National Guard Empowerment Act" as directed by Congress. The Secretary responded quickly to the recommendations of the Commission and directed development of plans to implement the Commission's recommendations. Of the 22 plans developed:

- Eight are complete or now embedded in DOD processes
- Nine have met their objective of producing directives, memoranda, recommendations, or policies, and are progressing through the staffing process
- Work is on schedule for the five remaining plans that have longer implementation objectives

We have completed a preliminary review of the Commission's final report and we are pleased that the Commission supported two of our major strategic initiatives—an Operational Reserve and the Continuum of Service. We disagree, however, with the Commission's views on the Department's ability to respond to homeland operations. I was disappointed that the Commission downplayed the many, significant changes that the Department and Congress have made to facilitate the transition to an Operational Reserve and institutionalize the Continuum of Service. Much has already been accomplished.

We will conduct a comprehensive review of the Commission's recommendations and propose courses of action for the Secretary to consider.

Because our Reserve components will be asked to continue their role as an operational force, we are developing a DOD directive to provide the framework for an Operational Reserve in a single document. The National Guard and Reserve continue to be a mission-ready critical element of our National Security Strategy.

Working together, we can ensure that the Reserve components are trained, ready, and continue to perform to the level of excellence they have repeatedly demonstrated over the last 6½ years.

FOREIGN LANGUAGE AND REGIONAL PROFICIENCY

Foreign language and regional proficiency, which includes cultural awareness, have emerged as key competencies for our 21st century Total Force. Skills in foreign language and cultural understanding are increasingly important "soft" skills in the DOD. Our forces are operating with coalition and alliance partners and interact with foreign populations, in a variety of regions, with languages and cultures different from ours. Past experience has proven repeatedly that we enhance partner-

ships with our allies and coalition partners when we are able to communicate and when we demonstrate an understanding and respect for the cultures of our allies and coalition partners.

Our challenge lies in the reality that language and regional proficiency take time to develop and sustain. Even when we devote that time, the next threat to security will very likely require different language and cultural capabilities, in an entirely different region of the world. Any solution, whether it is policy-driven, programmatic, scientific, or pedagogic, must be adaptable and agile to meet the challenges of tomorrow as well as the requirements of today.

Essential Soft Skills

Three years ago, the Department did not have policies in place to effectively manage a true Defense enterprise-wide approach to establishing foreign language skills and regional knowledge. These skills were not core competencies within the Total Force, but resided mostly within the Intelligence Community professionals, Special Forces, and the Foreign Area Officer program. Now we have DOD directives and instructions that institutionalize attention to these needs. Three years ago, cultural training was sporadic across the Department. Now this vital training, referred to as Regional Area Content, is incorporated into all aspects of our officer Professional Military Education, and the Services are extending it to all enlisted professional military education as well.

Strategic Guidance

The Strategic Planning Guidance (fiscal year 2006 through fiscal year 2011) directed development of a comprehensive roadmap to achieve the full range of language capabilities necessary to carry out national strategy. The resulting 2005 Defense Language Transformation Roadmap, through its 43 specific actions, has guided the Department in building language, regional and cultural knowledge skills required to meet our many and diverse mission requirements. The Roadmap provides broad goals that ensures a strong foundation in language, regional and cultural proficiency, a capacity to surge to meet unanticipated demands, and a cadre of language professionals—our ability to provide the right resource, at the right level of competency, at the right place, at the right time.

The 2006 QDR drove an increase in funding of approximately 50 percent through the Future Years Defense Program for initiatives to strengthen and expand our Defense Language Program. These initiatives span technology, training, education, recruitment, and outreach programs to our Nation. The Strategic Planning Guidance for fiscal year 2008 through 2013 outlines the national commitment to developing the best mix of capabilities within the Total Force and sets forth a series of additional roadmaps that coincide with the goals of the Defense Language Transformation Roadmap.

To unify Department efforts to ensure oversight, execution, and direction for DOD language and culture transformation, the Deputy Secretary of Defense assigned the Under Secretary of Defense for Personnel and Readiness responsibility for the overall Defense Language Program. The Deputy Secretary then created a board of senior leaders to oversee this effort. The Deputy Under Secretary of Defense for Plans was appointed the DOD Senior Language Authority. We now have Senior Language Authorities for each Combatant Command, in each of the four Services, the Joint Staff, Defense Agencies, and Defense Field Activities. The Defense Language Steering Committee, composed of these members and principal Office of the Secretary of Defense (OSD) staff, serves as an advisory board and guides the execution of the Roadmap. The Defense Language Office is now in place to ensure oversight and execution of the Defense Language Transformation Roadmap and to institutionalize the Department's commitment to these critical and enduring competencies.

Screening and Assessment

A critical initiative of the Defense Language Transformation Roadmap is to identify the capabilities and resources needed across the Department to meet mission requirements. We have nearly completed a 3-year effort to identify the language and regional proficiency requirements necessary to support operational and contingency planning and day-to-day mission requirements. Simultaneously, we initiated reviews of all relevant doctrine, policies, and planning guidance to ensure that they include where appropriate the need for language, regional and cultural capabilities.

Before 2004, we had never conducted a comprehensive assessment to identify the specific languages and proficiency levels of the Total Force. We are now asking every servicemember and inviting every civilian employee to indicate language proficiency beyond English. We are pleased to report that we have over 280,000 foreign language capabilities in-house. As you would expect, it consists primarily of the foreign languages traditionally taught in the United States such as French, German

and Spanish. However, a surprising number are proficient in languages of contemporary strategic interest ranging from Chinese to Tagalog to Igboo. Individuals are now routinely screened as part of the military accession and civilian hiring process and we now have database capabilities that allow us to identify needs and match them to existing resources.

In order to encourage servicemembers to identify, improve, and sustain language capability, we implemented a revised Foreign Language Proficiency Bonus (FLPB) policy, and, with the support of Congress, increased the proficiency bonus from $300 maximum per month, up to $1,000 maximum per month for military personnel. The number of enlisted personnel who currently receive this incentive pay has increased about 21 percent since implementation of this policy change. Congressional support now provides equitable language proficiency bonus policies for both the Active and Reserve components.

In an effort to identify gaps in capability, we are developing a Language Readiness Index (LRI), which will be integrated into the Defense Readiness Reporting System's network of software applications. The LRI will compare foreign language requirements to the language capability of individuals available to perform missions across the Total Force, resulting in the identification of the gaps in the language capability. The LRI is designed to be used by DOD agencies, combatant commands, and the Services to provide decisionmakers with the tools necessary to assess language risk and take appropriate action.

Foreign Area Officers

High levels of language, regional and cultural knowledge and skills are needed to build the internal and external relationships required for coalition/multi-national operations, peacekeeping, and civil/military affairs. In 2005, the Department began building a cadre of language specialists possessing high-level language proficiency (an Interagency Language Roundtable (ILR) Proficiency Level 3 in reading, listening, and speaking ability, or 3/3/3) and regional expertise. We are working to identify the tasks and missions that will require this professional-level proficiency and determine the minimum number of personnel needed to provide this language capability.

The Foreign Area Officers (FAOs) program fulfills the Department's need for this cadre of language and regional professionals. FAOs are highly educated, have professional-level fluency in at least one regional language, and have studied and traveled widely in their region of expertise. In 2005, there was no unified approach to fielding FAOs. Two Services did not have FAO programs. The Department now requires all Services to establish formal FAO programs, standardizing the requirements that one must meet to become a FAO. Our FAOs must have, in addition to a broad range of military skills, experience with the political, cultural, sociological, economic, and geographical factors of the countries and regions in which they are stationed; knowledge of political-military affairs; and must be professionally proficient in one or more of the dominant languages in their region of proficiency. The Services have dramatically increased the number of FAO positions to approximately 1,600.

Preaccession

We start building language skills in future officers prior to commissioning. The 2006 QDR recognized that there is insufficient time available during most military careers to build advanced language capabilities throughout the Force for other than FAOs and those specialties that require the use of language full-time. The three Military Service Academies have enhanced their foreign language study programs to develop language and cultural knowledge. They now require all nontechnical degree cadets and midshipmen to take four semesters of foreign language study. The United States Military Academy and the United States Air Force Academy have established language majors in Arabic and Chinese. The United States Naval Academy, for the first time in history, will offer midshipmen the opportunity to major in a foreign language beginning with the Class of 2010.

We are expanding opportunities for members of the Reserve Officers' Training Corps (ROTC) to learn a foreign language. Of the 1,322 colleges and universities with ROTC programs, 1,149 offer foreign language study, but many of the languages we need for current operations are not widely offered at this time. Therefore, the Department has launched a program to award grants to colleges and universities with ROTC programs to expand opportunities for ROTC cadets and midshipmen to study languages and cultures critical to national security. Increasing the number of what we call "less commonly taught languages" in college curricula remains a challenge in which we are actively engaged. We seek your support for a fiscal year 2009 legislative proposal to support the Secretary's goal of encouraging ROTC cadets and

midshipmen in Senior ROTC to study foreign language courses of strategic interest to the Department. The proposal would award up to $3,000 per year to a ROTC student studying a language of interest.

Post Accession

Since the September 11 terrorist attacks, we have redirected training toward the strategic languages, such as Arabic, Chinese and Persian Farsi. The Defense Foreign Language Institute Foreign Language Center is the Department's schoolhouse for training military personnel. Over 2,000 servicemembers graduate each year having studied 1 of 24 languages. In 2006 we implemented the Proficiency Enhancement Program designed to graduate 80 percent of the students at increased language proficiency levels. We are well on our way to achieving this goal. Changes include reducing the student-to-instructor ratio, increasing the number of classrooms, creating improved expanded curricula, retooling faculty training, deploying classroom technology integration, and expanding overseas training. Cultural awareness has also been added to every language course.

The Defense Language School's foreign language and cultural instruction extends beyond the classroom, offering Mobile Training Teams, video tele-training, Language Survival Kits, and online instructional materials. Since 2001, the Defense Language School has dispatched over 434 Mobile Training Teams to provide targeted training to more than 50,000 personnel. Deployed units have received over 800,000 Language Survival Kits—mostly Iraqi, Dari, and Pashto.

Increasing the Capacity to Surge

Ensuring that we have a strong foundation in language and regional proficiency involves reaching out to personnel who already possess these skills to employ in our workforce. All of our military Services have developed heritage-recruiting plans to bring personnel into the Force with key language skills and regional proficiency. These plans focus on reaching out to our heritage communities and their children who possess near-native language skills and knowledge of the culture. One particularly successful program is the Army Interpreter/Translator (09L) Program. This pilot program was launched in 2003 to recruit and train individuals from heritage Arabic, Dari, and Pashto communities to support operations in Iraq and Afghanistan. The program was so successful that in 2006, it was formally established as a permanent military occupational specialty with a career path from recruit through sergeant major. More than 450 native/heritage speakers have successfully graduated; an additional 150 personnel are currently in the training pipeline.

Defense Language Testing

Another critical component of our effort to improve language capability is to validate and deliver tools for measuring language proficiency. We have taken steps to strengthen our Defense Language Testing System by updating test content and delivery. Delivering these tests over the Internet greatly increases the availability and accessibility of these tests to Defense language professionals worldwide.

Supporting the National Agenda

In January 2006, the President of the United States announced the National Security Language Initiative. The Initiative was launched to dramatically increase the number of Americans learning critical need foreign languages such as Arabic, Chinese, Russian, Hindi, and Farsi. The Secretary of Defense joined the Secretaries of State and Education, and the Director of National Intelligence to develop a comprehensive national plan to expand opportunities for United States students to develop proficiencies in critical languages from early education through college. The White House provides ongoing coordination as partner agencies work to implement this plan.

The focal point for the Department's role in the National Security Language Initiative is the National Security Education Program (NSEP). NSEP represents a key investment in creating a pipeline of linguistically and culturally competent professionals into our workforce. NSEP provides scholarships and fellowships to enable American students to study critical languages and cultures in return for Federal national security service. NSEP partners with universities, providing grants for the development and implementation of National Flagship Language Programs, specifically designed to graduate students at an ILR Level Three (3/3/3) language proficiency (in reading, listening and speaking modalities) in today's critical languages. These programs provide a major source of vitally needed language proficiency in the national security community. As part of the DOD's contribution to the National Security Language Initiative, we have expanded the National Language Flagship Program to establish new flagship programs in Arabic, Hindi, and Urdu and to expand the Russian flagship to a Eurasian program focusing on critical central Asian lan-

guages. The flagship effort serves as an example of how the National Security Language Initiative links Federal programs and resources across agencies to enhance the scope of the Federal Government's efforts in foreign language education. For example, the flagship program is leading the way in developing programs for students to progress through elementary, middle, and high school and into universities with more advanced levels of language proficiency. This enables our universities to focus more appropriately on taking a student from an intermediate or advanced level to the professional proficiency. While focusing on early language learning, this effort has already succeeded in enrolling 10 students, as freshmen, from Portland, OR, high schools in an experimental advanced, intensive 4-year Chinese program at the University of Oregon. We have also awarded a grant to the Chinese flagship program at Ohio State University to implement a State-wide system of Chinese programs. Finally, we awarded a grant to Michigan State University to develop an Arabic pipeline with the Dearborn, MI, school district, announced in conjunction with the Department of Education's foreign language assistance program grant.

National Language Service Corps

Our second commitment to the President's National Security Language Initiative is the launching of the National Language Service Corps pilot program. This effort will identify Americans with skills in critical languages and develop the capacity to mobilize them during times of national need or emergency. The National Language Service Corps represents the first organized national attempt to capitalize on our rich national diversity in language and culture. This organization has a goal of creating a cadre of 1,000 highly proficient people, in 10 languages by 2010 and began recruiting in January 2008.

Recently, the department coordinated a series of regional summits to engage State and local governments, educational institutions, school boards, parents, and businesses at the local level in addressing foreign language needs. The NSEP reached out to the proficiency of its three flagship universities—in Ohio, Oregon, and Texas to convene these summits and to develop action plans that reflect an organized and reasonable approach to building the infrastructure for language education at the State and local level.

Industry, academia, Federal, State, and local governments, business, nongovernmental organizations and our international partners must continue to work together in order to achieve our mutual goals. The United States continues to seek out and increase collaboration in today's global world. The DOD is leading an effort in the public and private sectors of the United States to develop a globalized workforce through the development of language, regional and cultural capabilities and is deeply committed to this initiative. We have fundamentally transformed our approach to foreign language and cultural capabilities and in doing so have ignited a spark across the Nation that is resulting in increased language and international education programs in schools and colleges. The need for language, regional and cultural competence is real and critical and is not confined to the DOD or the shores of the United States. We clearly face a world challenge that will require that we embrace the diversity that makes us who we are, while at the same time, enable us to work together to solve the complex global challenges that we face.

The Department has, since 2001, led a national effort to address serious national shortfalls in foreign language expertise. The context for languages has changed dramatically in less than a decade—we need to address more and more languages at higher levels of proficiency. We recognize that we cannot address our own language needs or those of the broader national security community and Federal sector without a strategic investment in the development of a more globalized professional workforce—one that is multi-lingual and multi-cultural. The results of our own Department language transformation roadmap are impressive. But we also recognize that in order to successfully address our ever-expanding needs we simply must invest long-term in key "leverage points" in the U.S. education system. Enlarging the recruitment pool will serve to lower the costs and allow the Department to devote more time to mission-critical skills. As a side benefit it will serve to change attitudes and increase the national capability to respond to military, diplomatic, economic and social needs.

DEFENSE HEALTH

A crucial part of my portfolio as the Under Secretary of Defense for Personnel and Readiness is the health of our servicemembers. Over the last 7 years the Military Health System (MHS) has implemented significant new programs for its more than 9 million beneficiaries, overhauled contracts, leveraged new technology, provided global health and support around the world, and made dramatic improvements in battlefield medicine and care of the wounded, injured and ill.

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 servicemembers—from their entrance into the military, throughout their military service to their separation or retirement, and follow-on care by the VA. Our integrated partnership for health between servicemembers, their leaders and health care providers ensures a fit and healthy force and that the continuum of world-class health care is available anytime, anywhere.

In 2007, we recorded remarkable war-wounded survival rates, the lowest death-to-wounded ratio in the history of American military operations, and the lowest disease non-battle injury rate.

- Lowest Disease, Non-Battle Injury Rate. As a testament to our medical readiness and preparedness, with our preventive-medicine approaches and our occupational-health capabilities, we are successfully addressing the single largest contributor to loss of forces—disease.
- Lowest Death-to-Wounded Ratio. Our agility in reaching wounded servicemembers, and capability in treating them, has altered our perspective on what constitutes timeliness in lifesaving care from the golden hour to the platinum 15 minutes. We are saving servicemembers with grievous wounds that were likely not survivable even 10 years ago.
- Reduced time to evacuation and definitive tertiary care. We now expedite the evacuation of servicemembers following forward-deployed surgery to stateside definitive care. We changed our evacuation paradigm to employ airborne intensive-care units. Wounded servicemembers often arrive back in the United States within 3–4 days of initial injury.

One of our most important preventive health measures in place for servicemembers today—immunization programs—offer protection from many 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 verified by independent experts.

The Department has programs to protect our servicemembers against a variety of illnesses. We continue to view smallpox and anthrax as real threats that may be used as potential bioterrorism weapons against our soldiers, sailors, airmen, and marines. To date, through the use of vaccines we have protected almost 1.6 million servicemembers against anthrax spores and more than 1.1 million against the smallpox virus. These vaccination programs have an unparalleled safety record and are setting the standard for the civilian sector. Since the Food and Drug Administration published the Final Order confirming that the anthrax vaccine absorbed is safe and effective for its labeled indication to protect individuals at high risk for anthrax disease, we restarted the mandatory anthrax vaccination program.

Insect-repellant-impregnated uniforms and prophylactic medications also protect our servicemembers from endemic diseases, such as malaria and leishmaniasis, during deployments. Since January 2003, DOD environmental health professionals have analyzed more than 6,000 theater air, water, and soil samples to ensure that forces are not unduly exposed to harmful substances during deployments.

We published a new DOD Instruction, "Deployment Health," in 2006. Among its many measures to enhance force health protection is a requirement for the Services to track and record daily locations of DOD personnel as they move about in theater and report data weekly to the Defense Manpower Data Center. We can use the data collected to identify populations at risk for exposure, to easily assign environmental exposures on a population basis, to study long-term health effects of deployments, and to mitigate health effects in future conflicts.

Among the many performance measures the MHS tracks 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 servicemembers and to providing consistent, careful post-deployment health evaluations with appropriate, expeditious follow-up care when needed.

Medical technology on the battlefield includes expanded implementation of the Theater Medical Information Program and enhancements to the Theater Medical Data Store in support of Operations Iraqi Freedom and Enduring Freedom. These capabilities provide a means for medical units to capture and electronically disseminate near-real-time information to commanders. Information provided includes in-theater medical data, medical surveillance analysis and reports, environmental hazards and exposures, and such critical logistics data as blood supply, beds, and equipment availability. Theater Medical Information Program enhancements, particularly

in the capture, distribution, and expanded access to inpatient and outpatient medical information, enables DOD and VA health care providers to have complete visibility into the continuum of care across the battlefield, from theater to sustaining base.

With the expanded use of the Web-based Joint Patient Tracking Application, our medical providers also will have improved 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; light, modular diagnostic equipment improves the mobility of our medical forces; and individual protective armor serves to prevent injuries and save lives.

DOD has been performing health assessments on servicemembers prior to and just after deployment for several years now. These assessments serve as a screen to identify any potential health concerns that might warrant further medical evaluation. This includes screening the mental well-being of all soldiers, sailors, airmen, and marines in the Active Force, Reserves, and National Guard.

We are also ensuring our servicemembers are medically evaluated before deployments (through the Periodic Health Assessment), upon return (through the Post-Deployment Health Assessment) and then again 90–180 days after deployment (through the PDHRA). These health assessments provide a comprehensive picture of the fitness of our forces and highlight areas where we may need to intervene. For example, we have learned that servicemembers do not always recognize or voice health concerns at the time they return from deployment, but may do so after several months back home.

For the period of June 1, 2005 to January 8, 2008, 466,732 servicemembers have completed a PDHRA, with 27 percent of these individuals receiving at least one referral for additional evaluation. By reaching out to servicemembers 3 to 6 months post-deployment, we have learned their concerns are physical-health concerns, e.g., back or joint pain, and mental health concerns. This additional evaluation gives medical staff an opportunity to provide education, reassurance, or additional clinical evaluation and treatment, as appropriate. Fortunately, as these clinical interactions occur, we have learned that only a fraction of those with concerns have diagnosed clinical conditions.

Mental health services are available for all servicemembers and their families before, during, and after deployment. Servicemembers 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. In addition, before returning home, we brief servicemembers on how to manage their reintegration into their families, including managing expectations, the importance of communication, and the need to control alcohol use.

During the return from deployment process, we educate servicemembers and assess them 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.

After returning home, servicemembers may seek help for any mental health issues that may arise, including depression and PTSD, through the MHS for active duty and retired servicemembers, or through the VA for non-retired veterans. TRICARE is also available for 6 months post-return for Reserve and Guard members. To facilitate access for all servicemembers 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. Additionally, we have fielded the DOD Deployment Health and Family Readiness Library (http://deploymenthealthlibrary.fhp.osd.mil/) to provide a convenient source of deployment health and family readiness information for servicemembers, family, health care providers and commanders. We also provide face-to-face counseling in the local community for all servicemembers and family members. We provide this nonmedical counseling at no charge to the member, and it is completely confidential.

To supplement mental health screening and education resources, we added the Mental Health Self-Assessment Program in 2006. This program provides military families, including National Guard and Reserve families, Web-based, phone-based and in-person screening for common mental health conditions and customized referrals to appropriate local treatment resources. The program also includes parental screening instruments to assess depression and risk for self-injurious behavior in their children, along with suicide-prevention programs in DOD schools. Spanish versions of the screening tools are available, as well.

Pandemic influenza represents a new threat to national security. With our global footprint and far-reaching capabilities, we are actively engaged in the Federal inter-

agency effort to help effectively prevent, detect, and respond to the threat of avian influenza, domestically and internationally. The President's National Strategy for Pandemic Influenza includes the DOD as an integral component in our Nation's response to this threat. One example of this integrated response is DOD's medical Watchboard website, established in 2006, to provide ready access to pandemic influenza information for DOD servicemembers, civilians, and their families, DOD leaders, and DOD health care planners and providers. The DOD Watchboard is linked to PandemicFlu.gov for one-stop access to U.S. Government avian and pandemic influenza information.

Then and Now—Traumatic Brain Injury (TBI)

Seven years ago, TBI was not part of our Nation's vernacular. Today, the MHS is working on a number of measures to evaluate and treat servicemembers affected or possibly affected by TBI. Our new Defense Center of Excellence for Psychological Health and Traumatic Brain Injury will integrate quality programs and advanced medical technology to give us unprecedented expertise in dealing with psychological health and TBI. In developing the national collaborative network, the Center will coordinate existing medical, academic, research, and advocacy assets within the Services, with those of the VA and Health and Human Services, other Federal, State, and local agencies, as well as academic institutions. The Center will lead a national effort to advance and disseminate psychological health and traumatic brain injury knowledge, enhance clinical and management approaches, and facilitate other vital services to best serve the urgent and enduring needs of our wounded warriors and their families.

Then and Now—Extremity Injury

Under the leadership at Walter Reed, the Military Advanced Training Center opened in September 2007 to accelerate improvements in amputee care. Together with prosthetics research and innovations developed and tested at the Center for the Intrepid in San Antonio—a great gift from the Fisher family—nearly 15 percent of amputees can now remain on active duty. Many others are helped by the Computer/Electronic Accommodations Program.

Then and Now—Health Informatics

Over the last 7 years, the MHS developed and implemented Armed Forces Health Longitudinal Technology Application (AHLTA), DOD's global electronic health record and clinical data repository. The MHS continues to add capabilities to AHLTA, which does not yet have an inpatient record. The MHS will have requirements for a joint DOD-VA inpatient record, and work on that will soon begin.

AHLTA, DOD's global electronic health record and clinical data repository, significantly enhances MHS efforts to build healthy communities. AHLTA creates a lifelong, computer-based patient record for each military health beneficiary, regardless of location, and provides seamless visibility of health information across our entire continuum of medical care. This gives our providers unprecedented access to critical health information whenever and wherever care is provided to our servicemembers and beneficiaries. In addition, AHLTA offers clinical reminders for preventive care and clinical-practice guidelines for those with chronic conditions.

In November 2006, we successfully completed worldwide deployment of AHLTA Block 1 at all DOD MTFs. Our implementation-support activities spanned 11 time zones and included training for 55,242 users, including 18,065 health care providers. DOD's Clinical Data Repository is operational and contains electronic clinical records for more than 9 million beneficiaries. AHLTA use continues to grow at a significant pace. As of January 4, 2008, our providers had used AHLTA to process 66,491,855 outpatient encounters, and they currently process more than 124,000 patient visits per workday.

The MHS is accelerating AHLTA's responsiveness with version 3.3, which will be appreciably faster and more user friendly.

Then and Now—Health Care Communications

Seven years ago, MHS communications were mostly one-way. Today, with the arrival of web 2.0, the MHS has an opportunity to be transparent about quality, satisfaction and cost effectiveness. TRICARE launched a new Web site in 2007 with a new approach to delivering information to its beneficiaries that is based on extensive user research and analysis. A key feature of the redesign is that users now receive personalized information about their health care benefits by answering a few simple questions about their location, beneficiary status and current TRICARE plan.

Recently, the MHS launched a new Web site, www.health.mil. Its purpose is to inspire innovation, creativity, and information sharing among MHS staff.

Then and Now—Health Budgets and Financial Policy

The TRICARE benefit has been enhanced through the implementation of TRICARE for Life, expansion of covered services and new benefits for the Reserve component. These benefit enhancements have come at a time when private-sector employers are shifting substantially more costs to employees for their health care. TRICARE has actually moved in the other direction.

At the direction of Congress, we executed new health benefits which extend TRICARE coverage to members of the National Guard and Reserve. We implemented an expanded TRS health plan for Reserve component personnel and their families, as mandated by the NDAA for Fiscal Year 2007. Today, more than 61,000 reservists and their families are paying premiums to receive TRS coverage. In addition, we made permanent their early access to TRICARE upon receipt of call-up orders and their continued access to TRICARE for 6 months following active duty service for both individuals and their families. Our fiscal year 2009 budget request includes $407 million to cover the costs of this expanded benefit.

The Department is committed to protecting the health of our servicemembers and providing the best health care to more than 9 million eligible beneficiaries. The fiscal year 2009 Defense Health Program funding request is $23.6 billion for Operations and Maintenance, Procurement and Research, and Development, Test and Evaluation Appropriations to finance the MHS mission. Total military health program requirements, including personnel expenses, is $42.8 billion for fiscal year 2009. This includes payment of $10.4 billion to the DOD Medicare Eligible Retiree Health Care Fund, and excludes projected savings of $1.2 billion, based on recommendations provided by the DOD Task Force on the Future of Military Health Care for benefit reform.

As the civil and military leaders of the Department have testified, we must place the health benefit program on a sound fiscal foundation or face adverse consequences. Costs have more than doubled in 7 years—from $19 billion in fiscal year 2001 to $39.9 billion in fiscal year 2008—despite MHS management actions to make the system more efficient. Our analysts project this program will cost taxpayers at least $64 billion by 2015. Health care costs will continue to consume a growing slice of the Department's budget, reaching 12 percent of the budget by 2015 (versus 6 percent in 2001).

Simply put, the Department and Congress must work together to agree on necessary changes to the TRICARE benefit to better manage the long-term cost structure of our program. Failure to do so will harm military health care and the overall capabilities of the DOD—outcomes we cannot afford.

Budgeting for the Defense Health Program (DHP)

The MHS utilizes a collaborative, disciplined process to develop the DHP budget. Throughout the process, the MHS analyzes and validates requirements identified for funding by the three Service Medical Departments and the TRICARE Management Activity (TMA). We balance resource priorities to achieve an integrated, effective budget that reflects senior leader guidance and allocates required resources to sustain operational readiness while continuing to provide high-quality, accessible health care. The following MHS committees review and make recommendations on issues pertaining to the development and execution of the DHP budget:

- The Resource Management Steering Committee, includes the senior resource managers for the Service Surgeons General and the TMA Private Sector Care Program.
- The Chief Financial Officer Integration Council, includes the Service Deputy Surgeons General and the TMA Deputy Director.
- The Senior Military Medical Advisory Council, includes the Service Surgeons General and the Assistant Secretary of Defense (Health Affairs), Deputy Assistant Secretaries of Defense within Health Affairs and the TMA Deputy Director.

Issues that cannot be resolved within the MHS are addressed in the Department-wide Budget Review. A medical issue team is established and includes representation from DOD staff, as well as representatives from the Military Departments (medical and line), the Under Secretaries of Defense, and the Joint Staff. The team thoroughly evaluates all outstanding issues, develops alternatives, and provides recommendations for coordination within the Department. Final decisions are made by the Secretary of Defense and incorporated into the President's budget request.

The DHP budget enacted by Congress is distributed to the Army, Navy, Air Force medical components and TMA. The Service Surgeons General approve the allocation of funding provided to the military treatment facilities and oversee the execution of the funds used during the fiscal year. In addition to the funding included in the

President's Budget, unbudgeted requirements, such as global war on terrorism emergencies, such as Humanitarian Relief activities, are included in the DOD's request for supplemental funding for validated, essential requirements. During execution of the budget, we use resources that may become available to fund emerging, priority requirements, primarily in the in-house care system. Budgeting for health care benefits is an imprecise science—the 1 percent (previously 2 percent through fiscal year 2007) carryover authority authorized by Congress for the DHP has served as an invaluable tool to manage DHP resources appropriately within the enacted budget.

Management

The Department has initiated several management actions to use resources more effectively and help control the increasing costs of health care delivery. The MHS continues to implement a prospective-payment system in a phased, manageable way that provides incentives for local commanders to focus on outcomes, rather than on historical budgeting. We are confident this budgeting approach will ensure our hospitals and clinics continue to deliver high-quality, efficient health care to our patients within the military medical institutions.

In addition, the MHS is instituting a new strategic plan that includes actionable metrics. Through this plan, the MHS is strengthening its commitment to military medical forces, to our war fighters, and to our Nation's security. The MHS strategic plan takes important steps toward consolidating administrative and management functions across the MHS, and it will strengthen joint decisionmaking authorities.

With implementation of the base realignment and closure (BRAC) recommendations, the major medical centers in San Antonio and the national capital area will be consolidated. These BRAC actions afford us the opportunity to provide world-class medical facilities for the future while streamlining our health care system and creating a culture of best practices across the Services.

Under the BRAC recommendations, we are also developing a medical education and training campus that will colocate medical basic and specialty enlisted training at Fort Sam Houston, TX. By bringing most medical enlisted training programs to Fort Sam Houston, we will reduce the overall technical-training infrastructure while strengthening the consistency and quality of training across the Services.

In the meantime, we are doing everything possible to control our cost growth. We are executing our new TRICARE regional contracts more efficiently, and we are demanding greater efficiency within our own medical facilities. However, one area—pharmacy—is particularly noteworthy. Nearly 6.7 million beneficiaries use our pharmacy benefit, and in fiscal year 2007, our total pharmacy cost was more than $6.8 billion. If we did nothing to control our pharmacy cost growth, we project pharmacy costs alone would reach $15 billion by 2015.

To address this issue, we are taking every action for which we have authority: promoting our mandatory generic substitution policy, joint contracting with Veterans Affairs, promoting home-delivery, and making voluntary agreements with pharmaceutical manufacturers to lower costs. We also continue to effectively manage the DOD Uniform Formulary. We avoided approximately $450 million in drug costs in fiscal year 2006, and more than $900 million in drug costs in fiscal year 2007 due to key formulary-management changes and decisions.

We have worked with industry experts to design and develop the government requirements for TRICARE's third generation of contracts (T–3). The Managed Care Support Contracts are TRICARE's largest and most complex purchased-care contracts. Others include the TRICARE Pharmacy Program (TPharm), the active duty Dental Contract, and the TRICARE Quality Monitoring Contract. Request for Proposals have either been, or will soon be, released for these contracts. Recent successful T–3 awards include the TRICARE Retiree Dental Contract to Delta Dental of California, and the new TRICARE Dual Eligible Fiscal Intermediary Contract (TDEFIC) to Wisconsin Physicians Services, Inc.

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.

The Balanced Scorecard has guided the MHS through the strategic planning process over the last 5 years and helped the MHS manage strategy at all levels of the organization. Using this strategic planning tool, the MHS is identifying the most critical mission activities, and then applying Lean Six Sigma methodology to create a data-driven, decision-making culture for process improvement. The Service Surgeons General have aggressively incorporated this methodology into their business operations, and we are already witnessing the fruits of this commitment to building

better processes. We also have hired a nationally recognized expert in Lean Six Sigma to help facilitate integration of the National Capital Area and San Antonio under our BRAC work.

Defense Mishap Reduction Initiative

As a world-class military, we do not tolerate preventable mishaps and injuries. The direct cost of mishaps is more than $3 billion per year, with estimates of total costs up to $12 billion. We have rededicated ourselves to achieve a 75 percent accident-reduction goal and are aggressively working toward it. For example, the Marine Corps has reduced its civilian lost-day rate by 62 percent, and last fiscal year, the Air Force achieved the best aviation class "A" mishap rate in its history.

To reach the next level in military and civilian injury reductions, safety is now a performance element under the new National Security Personnel System (NSPS) and in military evaluations. The Department is implementing Occupational Safety and Health Administration's Voluntary Protection Program (VPP) at more than 80 installations and sites. This program brings together management, unions, and employees to ensure safe working conditions. VPP and our other accountability programs have the highest visibility and support within the Department.

We also technology can address many safety issues. Safety technologies include both systems and processes. For example, we are pursuing the Military Flight Operations Quality Assurance 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 DOD components to include these and other appropriate safety technologies as a standard requirement in future acquisition programs.

Taking Proper Care of the Wounded

The Department is committed to providing the assistance and support required to meet the challenges that confront our severely injured and wounded servicemembers, and their families. The new Post-Deployment Health Assessment and PDHRA forms with the TBI screening questions and other improvements were officially published September 11, 2007.

The Department is working on a number of additional measures to evaluate and treat servicemembers affected or possibly affected by TBI. In August 2006, we developed a clinical-practice guideline for the Services for the management of mild TBI in theater. We sent detailed guidance to Army and Marine Corps line medical personnel in the field to advise them on ways to look for signs and to treat TBI.

The "Clinical Guidance for Mild Traumatic Brain Injury (mTBI) in Non-Deployed Medical Activities," October 2007, included a standard Military Acute Concussion Evaluation (MACE) form for field personnel to assess and document TBI for the medical record. The tool guides the evaluator through a short series of standardized questions to obtain history, orientation (day, date, and time), immediate memory (repeat a list of words), neurological screening (altered level of consciousness, pupil asymmetry), concentration (repeat a list of numbers backwards), and delayed recall (repeat the list of words asked early in the evaluation). The evaluator calculates and documents a score, which guides the need for additional evaluation and follow-up. The MACE also may be repeated (different versions are available to preclude "learning the test") and scores may be recorded to track changes in cognitive functioning.

U.S. Central Command (USCENTCOM) has mandated the use of clinical guidelines, which include use of the MACE screening tool, at all levels of care in theater, after a servicemember has a possible TBI-inducing event. Furthermore, Landstuhl Regional Medical Center is using MACE to screen all patients evacuated from the USCENTCOM area of responsibility with polytrauma injuries for co-morbid TBI. In addition, MACE is used in MTFs throughout the MHS.

Each Service has programs to serve severely wounded from the war: the Army Wounded Warrior Program (AW2), the Navy Safe Harbor program, the Air Force Helping Airmen Recover Together (Palace HART) program, and the Marine4Life (M4L) Injured Support Program. DOD's Military Severely Injured Center augments the support provided by the Services. It reaches beyond the DOD to other agencies, to the nonprofit world and to corporate America. It serves as a fusion point for four Federal agencies—DOD, the VA, the Department of Homeland Security's Transportation Security Administration (TSA), and the Department of Labor.

The Military Severely Injured Center unites Federal agencies through a common mission: to assist the severely injured and their families. The VA Office of Seamless Transition has a full-time liaison assigned to the Center to address VA benefits issues ranging from expediting claims, facilitating VA ratings, connecting servicemembers to local VA offices, and coordinating the transition between the military and the VA systems. The Recovery and Employment Assistance Lifelines

(REALifelines) initiative is a joint project of the U.S. Department of Labor, the Bethesda Naval Medical Center, and the Walter Reed Army Medical Center. It creates a seamless, personalized assistance network to ensure that seriously wounded and injured servicemembers who cannot return to active duty are trained for rewarding new careers in the private sector. The Department of Labor has assigned three liaisons from its REALifelines program, which offers personalized employment assistance to injured servicemembers to find careers in the field and geographic area of their choice. REALifelines works closely with the VA's Vocational Rehabilitation program to ensure servicemembers have the skills, training, and education required to pursue their desired career field. The Department of Homeland Security's TSA has a transportation specialist assigned to the Center to facilitate travel of severely injured members and their families through our Nation's airports. The Center's TSA liaison coordinates with local airport TSA officials to ensure each member is assisted throughout the airport and given a facilitated (or private) security screening that takes into account the member's individual injuries.

The Military Severely Injured Center has coordinated with more than 40 non-profit organizations, all of which have a mission to assist injured servicemembers and their families. These non-profits offer assistance in a number of areas from financial to employment to transportation to goods and services. Many are national organizations, but some are local, serving service men and women in a specific region or at a specific military treatment facility.

The American public's strong support for our troops shows especially in its willingness to help servicemembers who are severely injured in the war, and their families, as they transition from the hospital environment and return to civilian life. Heroes to Hometowns' focus is on reintegration back home, with networks established at the national and State levels to better identify the extraordinary needs of returning families before they return home. They work with local communities to coordinate government and non-government resources necessary for long-term success.

The Department has partnered with the National Guard Bureau and the American Legion, and most recently the National Association of State Directors of Veterans Affairs, to tap into their national, State, and local support systems to provide essential links to government, corporate, and non-profit resources at all levels and to garner community support. Support has included help with paying the bills, adapting homes, finding jobs, arranging welcome home celebrations, help working through bureaucracy, holiday dinners, entertainment options, mentoring, and very importantly, hometown support.

The ability of injured servicemembers to engage in recreational activities is an important component of recovery. We continue to work with the United States Paralympics Committee and other organizations so that our severely injured have opportunities to participate in adaptive sports programs, whether those are skiing, running, hiking, horseback riding, rafting, or kayaking. We are also mindful of the need to ensure installation Morale Welfare and Recreation (MWR) fitness and sports programs can accommodate the recreational needs of our severely injured servicemembers. At Congressional request, we are studying the current capabilities of MWR programs to provide access and accommodate eligible disabled personnel.

Over the last year we have addressed important issues that deserved and received our immediate and focused attention. First and foremost, we are listening. We are actively surveying (by telephone, on the web, and in person) our wounded servicemembers and their families, and we are acting on the answers they provide. Our goal is to improve patient satisfaction, and these surveys let us know where we need to put resources to continuously improve. In addition to surveys, we encourage leadership to spend time with servicemembers and their families who are receiving long-term rehabilitative care. On February 14, we held our first webcast town-hall meeting on our new website www.health.mil to receive additional, anonymous feedback from the wounded, injured, ill and their families. We are taking all of this input back to DOD leadership—where we have clear leadership—as we develop and implement solutions.

DOD and VA are working together through a Senior Oversight Committee (SOC), co-chaired by the Deputy Secretaries of each Department. It builds on the earlier and continuing word of the Joint executive Council. The SOC is developing implementation plans and future funding requirements for eight "lines of action" that address the disability system, case management, data sharing between the Departments, facilities requirements, personnel and pay support, as well as such wounded warrior health issues as TBI and psychological health. The recommendations and decisions from this group are being implemented now and will drive future funding requests for both Departments.

We can best address the changing nature of inpatient and outpatient health care requirements, specifically the unique health needs of our wounded servicemembers

and the needs of our population in this community through the planned consolidation of health services and facilities in the National Capital Region. The BRAC decision preserves a precious national asset, Walter Reed, by sustaining a high-quality, world-class military medical center with a robust graduate medical education program in the Nation's Capital. The plan is to open this facility by 2011. In the interim, we will sustain the current Walter Reed Army Medical Center (WRAMC) as the premier medical center it is.

Process of Disability Determinations

We know that both the servicemember and the Department expect:

- Full rehabilitation of the servicemember to the greatest degree medically possible
- A fair and consistent adjudication of disability
- A timely adjudication of disability requests—neither hurried nor slowed due to bureaucratic processes.

We currently have a pilot program in place to improve the disability process and implement one system that is jointly administered by both DOD and VA. Our goal is to create a process that requires one exam and one rating, binding by both DOD and VA within current law. The new Disability Evaluation System pilot program, which began in late November, will provide smoother post-separation transition for veterans and their families—including medical treatment, evaluation, and delivery of compensation, benefits and entitlements.

Process of Care Coordination

The quality of medical care we deliver to our servicemembers is exceptional; independent review supports this assertion. Yet, we need to better attend to the process of coordinating delivery of services to members in long-term outpatient, residential rehabilitation.

The Army's new Warrior Transition Brigade became operational at WRAMC on April 26, 2007. As of February 4, 2008, the 35 Warrior Transition Units throughout the Army had 9,774 wounded warriors assigned to them (this number includes Active and Reserve component members). Many of the Warrior Transition Unit cadres have volunteered for their assignments, and each officer or noncommissioned officer goes through an interview process before he or she is selected.

Each wounded warrior is also assigned a primary care manager, a nurse case manager and a squad leader. They follow up with soldiers after they return to their units or transfer to the VA.

The Federal Recovery Coordination program began in November 2007. The role of Federal Recovery Coordinators is to be the ultimate resource to oversee the development and implementation of services across the continuum of care from recovery through rehabilitation to reintegration, in coordination with relevant governmental, private, and non-profit programs.

DOD–VA Collaboration.

The 2008–2010 DOD–VA Joint Strategic Plan will improve the quality, efficiency, and effectiveness of the delivery of benefits and services to veterans, servicemembers, military retirees, and their families through an enhanced VA and DOD partnership. The plan incorporates concrete performance measures and strategies that link directly to the actions of the SOC, joint communications, improved case management, better information sharing, and collaborative training and continuing education for health care providers.

We are committed to working with the VA on appropriate electronic health information exchanges to support our veterans. The Federal Health Information Exchange (FHIE) enables the transfer of protected electronic health information from DOD to the VA at the time of a servicemember's separation. We have transmitted messages to the FHIE data repository on more than 4.1 million retired or separated servicemembers.

Building on the success of FHIE, we also send electronic pre- and post-deployment health assessment and PDHRA information to the VA. We began this monthly transmission of electronic pre- and post-deployment health assessment data to the FHIE data repository in September 2005, and the PDHRA in December 2005. As of January 2008, VA had access to more than 2 million pre- and post-deployment health assessments and post-deployment health re-assessment forms on more than 838,000 separated servicemembers and demobilized National Guard and Reserve members who had been deployed.

The Bidirectional Health Information Exchange (BHIE) enables real-time sharing of health data for patients being treated by DOD and VA. Access to BHIE data is

available through AHLTA and through VistA, the VA's electronic health record, for patients treated by both departments.

To increase the availability of clinical information on a shared patient population, VA and DOD have collaborated to further leverage the BHIE functionality to allow bidirectional access to inpatient documentation from DOD's Essentris System. In December 2007, we announced the enterprise-wide release of enhancements to the BHIE and the Clinical Data Repository/Health Data Repository (CHDR) interfaces. With these enhancements, DOD and VA are now able to view each other's clinical encounters, procedures, and problems lists on shared patients using the BHIE. This adds to the pharmacy, allergy, microbiology, chemistry/hematology data, and radiology reports we made available previously.

Additionally, DOD and VA providers may now view theater data (including inpatient data) from the Theater Medical Data Store (TMDS). OD providers no longer have to log out of AHLTA and into another application to see it.

To support our most severely wounded and injured servicemembers transferring to VA Polytrauma Centers for care, DOD continues to send radiology images and scanned paper medical records electronically to the VA Polytrauma Centers.

We have worked closely with our partners in the VA, in our shared commitment to provide our servicemembers a seamless transition from the MHS to the VA. DOD implemented a policy entitled "Expediting Veterans Benefits to Members with Serious Injuries and Illness," which provides guidance for collecting and transmitting critical data elements for servicemembers involved in a medical or physical evaluation board. DOD began electronically transmitting pertinent data to the VA in October 2005 and continues to provide monthly updates, allowing the VA to better project future workload and resource needs.

We have provided information for more than 28,000 servicemembers while they were still on active duty, allowing the VA to better project future workload and resource needs. When the VA receives these data directly from DOD before servicemembers separate, it helps to reduce potential delays in developing a benefits claim. This process ensures that the VA has all the relevant information to decide claims for benefits and services in a timely manner.

We are committed to discharging well the joint responsibilities of the DOD and VA. The VA/DOD Joint Executive Council, that I co-chair with DVA Deputy Secretary Gordon Mansfield, provides guidance and policy for our collaborative efforts. Much has been accomplished, but much remains to be done.

MILITARY COMMUNITY & FAMILY POLICY

The Department has long-recognized that families also serve. Since the beginning of the AVF in the 1970s, the Department forged programs to meet the needs of young military families.

As the American standard of living has changed, military programs and policies have been updated to match improvements and cultural changes going on in the Nation as a whole. In 2002, we published the first DOD Social Compact, recognizing the three-way relationship among the servicemember, the family, and the Department.

In the President's State of the Union Address this January, he addressed the sacrifices military families make for America. He acknowledged the responsibility of the Nation to provide for our military families, and asked that Congress support military families' need for more child care for well deserved educational opportunities, and for support to spousal careers.

Child care

We have a robust child care program in DOD and our child development services continue to be a national model. Yet, we still have unmet demand for thousands of children. The President directed the Department to build more centers and provide more care.

To increase the availability of child care, the Department proposes to accelerate the child development center construction program and to increase public-private ventures with nationally recognized organizations. Our plan would result in an additional 58,000 child care spaces.

Spousal careers and education

Our survey of active duty military spouses in 2006 not only confirmed that the vast majority of military spouses want to work (over 77 percent), but that they want a career—a portable career. An overwhelming 87 percent of military spouses would like to further their education, but the cost of education is their primary reason for not enrolling in school or training.

In an effort to meet the educational needs of military spouses, the Department partnered with the Department of Labor to make Career Advancement Accounts available to military spouses at 18 installations as a pilot program. These accounts enable spouses to pursue college or technical training and credentials or licenses to advance them into high-demand occupations in health services, education, information technology, financial services or trades (e.g., electrician, plumber). Spouses will be able to obtain recertification or licensure training as they move from State to State. Congressional authority to include spouses in a nationwide program is required for fiscal year 2009 implementation.

The President also proposed that a servicemember's unused Montgomery GI Bill benefits be made transferable to the spouse or dependent children. This will provide further support to our military families in an area of great concern to them. While the Department enjoys limited existing authority to offer such transferability in critical skills in return for an extension of service, we anticipate soon forwarding proposed legislative language that would grant broader authority to carry out the President's initiative.

Family support of the National Guard and Reserves

Reaching the geographically dispersed families of the National Guard and Reserves has always been a challenge. In response to Congressional direction, we established the Joint Guard and Reserve Family Assistance Program in 15 States. Partnering with the Red Cross, this program facilitates a Federal, State, and local team that can offer benefits and transition assistance throughout each of the participating States.

Morale, Welfare, and Recreation (MWR)

Recognizing that participation in recreation, fitness, sports, cultural arts programs are key to active living which leads to improved personal health and well-being and helps build strong families and healthy communities, the Department plans to explore ways to expand the military MWR benefit to those who do not have access to installation MWR programs. This will include pursuing national partnerships to provide discounts for fitness and other recreation programs. We are working with many non-profit organizations that provide recreation opportunities and also the National Recreation and Park Association to partner with State and local community parks, recreation and library departments to enlist their support in meeting the needs of our military personnel, particularly the National Guard and Reserve members.

An additional component of family well-being is the ability to stay in touch. Military spouses indicate that being able to communicate with their servicemember is a primary factor in being able to cope with deployments. Affordable phone rates ease the burden of deployment and we've been aggressively working to reduce phone rates. We've provided access to computers and Internet service in our family support centers, recreation centers, installation libraries, and youth centers to help families stay connected.

Servicemembers have free access to the military internet by using their military e-mail address, including aboard ships. They also have free internet access at 610 MWR-operated internet cafes in Iraq and 43 MWR-operated internet cafes in Afghanistan—an increase of 478 cafes over the last year. MWR Internet cafes offer voice over internet protocol phone service at less than $.04 per minute.

The Exchanges also provide unofficial telephone service at low international rates for both land and sea based deployed members. The Army and Air Force Exchange Service operates 73 call centers with 1,664 telephones in Iraq, Afghanistan, and Kuwait. The Navy Exchange Service Command (NEXCOM) supports most ships in theater with 1, 10, or 20 telephone lines depending on the size of the ship.

Military OneSource (1–800–342–9647 and www.militaryonesource.com)

Launched in 2002, Military OneSource provides support services 24/7 for our troops and their families. Military OneSource is one of the Department's resounding successes, proven especially useful during Hurricane Katrina. Military OneSource offers free, convenient access to confidential resource and referral support for servicemembers and their families. When a Service or family member calls or emails, a master's level consultant provides assistance. Military OneSource is especially beneficial to those geographically separated from installation services or those who are unable to seek assistance during traditional working hours.

MilitaryHOMEFRONT Web portal (www.militaryhomefront.DOD.mil)

This portal is the Department's "Google" for quality of life information. As a sister site to Military OneSource, the HOMEFRONT provides the library of DOD informa-

tion on quality of life issues, useful to installation staff and policymakers. In fiscal year 2007 there were over 1.7 million visits to the site.

To help our servicemembers and their families plan smooth relocations, usually every 3 years, to their next duty locations, we have developed a new online tool called Plan My Move. Plan My Move provides a fully customizable calendar and 'to do' list that links individual moving tasks with related installation information and points of contact.

A second new tool is MilitaryINSTALLATIONS. From any page on the MilitaryHOMEFRONT users can access information about military installations throughout the world. MilitaryINSTALLATIONS includes specifics about 23 different topics of interest on each installation (such as child care, check in procedures or housing).

In the past 2 months, MilitaryHOMEFRONT, in coordination with the Joint Guard and Reserve Family Support Assistance Program, has introduced MySTATE (www.mystate.mhf.DOD.mil), a powerful new tool providing State and local servicemembers and their families across the Nation with access to various organizations and businesses that offer special discounts and services specifically for military personnel and their families. MySTATE includes State directories, locations of programs and services, maps, directions, and much more. It also gives users the opportunity to provide feedback on the organizations or businesses listed.

Another important communication tool is the military spouse career network Web portal, www.military.com/spouse. Spouses can use this site to search for employment opportunities at their new installation. Over 400 spouse-friendly employers are actively recruiting military spouses for their vacant positions; these organizations can post jobs at no cost and can search this exclusive database for military spouse candidates. Since this site was opened in 2005, there have been 3.6 million spouses who have visited the site, and over 7.2 million job searches have been conducted. Over 36,000 spouses have posted resumes.

Financial Readiness Campaign

We aggressively promote a culture within the military that values financial competency and responsible financial behavior. The eight "pillars" of the Campaign represent the personal financial readiness objectives for military personnel. Mission success will be determined by all servicemembers and their families meeting each pillar's objective. The pillars are:

- To protect valuable security clearances by resolving financial issues early
- To establish, maintain, and protect good credit
- To develop financial stability by living within one's means
- To establish routine savings
- To participate in military benefit programs such as the Thrift Savings Plan and the Savings Deposit Program
- To maintain enrollment in Servicemember's Group Life Insurance
- To utilize legitimate, low-percentage alternative loan products and avoid predatory lenders
- To take advantage of military MWR Programs as a healthful option to spending money

From February 24 to March 3, 2007, the Department held its first "Military Saves" Week Campaign, a social marketing campaign to encourage military members and their families to start a savings plan and to "Build Wealth, Not Debt." The Military Services each engaged with this first Military Saves Week and had over 50 on-installation credit unions and banks participating, nearly 1 million public affairs items sponsored, almost 80,000 saving events/actions held, and 8,500 new "Military Savers" enrolled. Defense Credit Unions reported nearly a 10-fold increase in the number of special certificates opened during this week thanks to savings account incentive programs and a nearly 5-fold increase in deposits. This year's Military Saves Week will take place February 24 to March 2, 2008, and we are expecting even greater success at enrolling servicemembers and their families to become part of what the Campaign calls the "Military Savings Community."

Military OneSource now features telephonic financial counseling to augment those programs provided by the Services. At the request of National Guard and Reserve units, the Department dispatched Military Family Life Consultants with financial readiness specialties to attend special events such as drill weekends and reunion ceremonies to meet with Guard and Reserve members and families and provide education on many aspects of financial readiness.

TURBO TAP

The key to a successful transition is understanding military benefits earned during service in the military. The TURBO TAP web portal is a joint initiative between

the DOD, the Department of Labor, and the VA and allows each servicemember to obtain a lifelong account to connect them to veteran benefits' information. This portal was launched in 2007. The key partners in the TurboTAP effort are currently assisting DOD in expanding and promoting the new TurboTAP.org website and online Individual Transition Plan Accounts system which link servicemembers to transition assistance services and benefits, many of which have significant cash value. Examples include the Montgomery GI Bill, the Thrift Savings Plan and the Savings Deposit Program.

In the fall, DOD TurboTAP Mobile Training Teams began training the National Guard and Reserves. This highly specialized outreach team travels to State level deployment support and reintegration programs at the request of National Guard and Reserve component leaders to connect servicemembers to the benefits they have earned through military service. The TurboTAP Mobile Training Team provides information about transition assistance, service-related benefits, and related on-demand counseling services. By the end of 2009, it is our goal to have TurboTAP fully integrated into deployment support, transition assistance and financial awareness programs in all 50 States.

Predatory Lending Regulation

On October 1, 2007, the congressionally-mandated Predatory Lending Regulation went into effect, capping the annual percentage rate on three specific types of loans to 36 percent, these include payday loans, vehicle title loans, and tax refund anticipation loans. I thank Congress for its support of this critical piece of legislation; it is already showing positive results in protecting our servicemembers and families from unscrupulous practices within the fringe banking industries. Feedback from the field indicates that lenders are refraining from offering these loans to servicemembers and their families. State regulators have said that their examinations of payday stores have shown general compliance. A few lenders have developed products that comply with the restrictions in the regulations and we have heard of only one lender modifying a payday loan product in an attempt to evade these restrictions. The trade group representing military banks reported that one major member has seen a significant increase in the use of alternative loan products by servicemembers and their families.

Since the implementation of the regulation, the Department has continued to work with the Federal regulators on interpretations and answers to questions. Additionally, the Department is developing relationships with State regulators. In November, we sent letters to Governors expressing the Department's interest in working together to ensure the protections afforded to servicemembers and their families are enforced. Our initial review of States indicates at least 28 are committed to working with the Department on the oversight and enforcement issue.

The Department of Defense Education Activity (DODEA)

DODEA has provided military students with an exemplary education for over 60 years. It recently received expanded authority to create educational partnerships with local education agencies that educate military students to complement the work of the National Governors Association. The ongoing relocation of thousands of military students through BRAC, global rebasing, and other force structure changes, has created an urgent need and obligation to partner with military-connected communities to ensure the best possible educational opportunities for students. On October 1, 2007, DODEA launched the Educational Partnership Directorate (EPD) to fulfill this mission.

There are many facets to improving the education of school-age military students. From the strictly education perspective, EPD will develop partnerships with schools and districts to focus on educational best practices and to provide online/alternative learning opportunities for students worldwide. From the transition support perspective, EPD will facilitate agreements at the local, State, and Federal levels to reduce the many transition and deployment issues that military students face. Other facets of EPD's mission and strategy are to:

- Gather, disseminate, and promote research-based educational best practices
- Manage the MilitaryStudent Web site, the primary vehicle for communication to parents, students, service representatives, and local schools
- Support and influence foreign language education, to include strategic languages, in partner schools and districts
- Establish a virtual school district for military students that can be accessed by school districts nationwide and homeschoolers worldwide

- Provide information to parents and commands about school choice, including information and, upon request, assistance in establishing charter schools
- Marshall resources to meet the unique educational and transition needs of military-connected schools and districts
- Administer the DOD Supplement to Impact Aid to eligible schools nationwide

The Department has also recognized that some of the key issues important to the quality of life of servicemembers and families require more than individual State effort. For example, school transition issues that impact military children, such as differing enrollment, placement and graduation rules, require interstate cooperation. Consequently, the Department sought out the assistance of the Council of State Governments (CSG), which among other services, works with State governments on issues that are inherently the responsibility of the State, but require an interstate effort. CSG has developed an interstate compact, with the assistance of a variety of national and State-based education stakeholders, which will resolve many of these transition issues confronting military children. The interstate compact is now being reviewed by States for consideration during their 2008 legislative sessions. At last count, 24 States were actively considering the compact and 15 State legislatures have bills under review. We are working with States to have a minimum of 10 adopt the compact, at which time the compact will be enforceable.

State assistance to accommodate the transient nature of military life is equally impressive. A total of 48 States are supporting the educational needs of active duty service families by extending in-State tuition rates while the family resides within the State regardless of residency, and 34 of these States continue that coverage for family members after the servicemember has reassigned out of the State, as long as the family member stays enrolled in a State institution of higher learning. As another example, 21 States now provide a departing spouse unemployment compensation as a result making a military move—an increase of 11 States since 2004.

Sexual Assault Prevention

In 2004, I was directed to review the Department's sexual assault prevention and response policies and programs. As a result, we quickly assembled the Care for Victims of Sexual Assault Task Force and charged it with recommending changes that would enhance the quality of care and support for victims. The Sexual Assault Prevention and Response Joint Task Force followed and focused victim care, prevention, improved reporting, and accountability for offenders. Both Task Forces published a report with a series of recommendations and findings. We have acted on these recommendations. One of the major recommendations focused on the Department's need for a single point of accountability regarding sexual assault policy. In 2005, we established the Sexual Assault Prevention and Response Office, and institutionalized a research-based policy supported by three pillars: care and treatment for victims, prevention through training and education, and system accountability.

This new policy revolutionized the Department's sexual assault response structure and established programs that are quickly becoming the benchmark for America. At the heart of the policy is a reporting system that respects the privacy and needs of the victim. One of the greatest challenges in responding to sexual assault is motivating victims to report the crime and get much needed medical and psychological care. National studies indicate that as many as 8 out of 10 sexual assaults go unreported in the civilian sector—largely because victims are fearful of the life-changing consequences and loss of privacy that often come with a public allegation. Consequently, we introduced a reporting system that allows victims to make a choice about how they report the crime of sexual assault. Our policy encourages victims to make an Unrestricted Report—that is a report to military law enforcement and command—that allows the Department to investigate and hold perpetrators accountable. However, should victims feel unready to participate in the military justice system, they may choose to make a Restricted Report. This option enables victims to receive medical care, mental health care, and other support services without initiating a criminal investigation or alerting their command structure. This flexible reporting system is designed to respect the needs of victims and encourage them to get care quickly. Experts in this area inform us that quicker entry into care often translates into a healthier recovery and improved coping by victims.

Our policy also created a new and unique framework for an expanded and comprehensive response system. We now have 24/7 support network at all military installations and for deployed units worldwide. Sexual Assault Response Coordinators and Victim Advocates are now available to provide consultation and support so that our military members understand their options and get the care and support they need. We believe the response structure we have now institutionalized will continue

to instill trust and confidence in servicemembers who are victims of sexual assault and spur them to come forward for assistance.

Responding to these horrible crimes is only half the battle. Clearly, we owe it to our people to eradicate sexual assault from military service. Toward this goal, the Department implemented an aggressive and wide-reaching education program in 2006. Mandatory training about sexual assault and its prevention is now required at every rank and in all professional military education programs. In addition, Sexual Assault Prevention and Response Office (SAPRO) conducted a worldwide Sexual Assault Response Coordinator Conference in June 2006, training more than 350 professional from installations worldwide. The military Services have also expanded their training programs to adapt training curricula to their unique needs, providing prevention training to over 1 million Active Duty and Reserve servicemembers.

We have only just begun our efforts to prevent sexual assault. SAPRO is currently developing a strategic plan to guide the military Services' efforts to stop this crime before it happens. Again, we are tapping the experts in this field to guide our path. Last July, SAPRO partnered with the National Sexual Violence Resource Center to convene a Prevention Summit with leading military and civilian advocacy experts. As a result of this summit, SAPRO is continuing to work with the Services and the national experts to develop a prevention policy that fosters a research based, measurable, and effective approach to stopping this crime. The expert consensus is that bystander intervention should be a major focus on our efforts. We have discovered that by teaching people how and when to act, we may be able to turn bystanders into actors. This bystander intervention approach, augmented by a powerful social messaging campaign, holds great promise. No sexual assault prevention effort has ever occurred on such a widespread level. We hope to provide a benchmark for the Nation.

Our aggressive training and outreach program, coupled with the new reporting option, has sent an unmistakable message: The Department cares about its active duty servicemembers. I believe our servicemembers are hearing us. After 2 full years of the new policy being in effect, we are seeing victims making both Restricted and Unrestricted reports and entering care. While we are saddened when even one sexual assault occurs, we see members use of the Restricted Report process as a very positive indicator of confidence in the program. We believe that these military members would never have sought this service had they not had the ability to select how and when to engage our support system.

What is the future of Family Support?

Along with the common stressors of daily living, there are stressors unique to military service—and the global war on terrorism places new demands on every aspect of military life. From the anxieties of nation building in hostile environments to the significant number and length of family separations, the stress currently affecting the military has not been of this magnitude since the inception of the AVF.

The Department has made family support a priority and redesigned and boosted family support in a number of ways to recognize the crucial role families play in supporting servicemembers deployed worldwide. While outstanding support is provided through installation family centers, family and spousal support groups, and family assistance centers, we know more needs to be done. Looking to the future:

- We must address how the Department defines "family"
- We must build programs and resources to deliver family support to meet wartime levels of engagement to recognize the sacrifices families endure
- We must provide equitable family support programs and services for Reserve component families
- We must reach out to the community to augment support programs to meet the needs of the military who live off the installation and Reserve component families
- We must resource joint family programs to meet the needs of the total population to be served, regardless of Service and component
- We must provide high quality support programs that servicemembers and their families can expect to receive, regardless of their location
- We must address the needs of special interest groups:
    - Severely injured servicemembers and their families
    - Family members of the deceased
    - Family members with special needs
    - Family members with incarcerated servicemembers
    - Extended family members who care for children of deployed single and dual military parents
    - Individual Augmentees, AGRs, IRRs, ROTC

- We must develop effective partnerships with Federal, national, State, local, and private agencies to meet the needs of military members and their families regardless of where they reside
- We must synergize our efforts to build systems instead of silos. Our work will not be effective if it is done in a vacuum—it requires integration, collaboration and communication with all helping professionals—including a partnership with our clinical colleagues
- We must leverage technology to meet the communication needs of the "digital generation"

READINESS AND TRAINING

Improving Readiness Assessment and Reporting

Since 2000, the Department has fundamentally changed the way we view and assess readiness. We have come from an inflexible, Cold War approach which was based on the prescribed resources assigned to a unit. Our old view of readiness was a static analysis with known adversaries based on plans that changed little over the years. We assessed ourselves as ready against a stationery target.

Today, we have, for the first time, given the Department the ability to answer the question, "Ready for what?" We have worked with the Services, Joint Staff, Combatant Commands, and Combat Support Agencies to address the bureaucratic intransigence and opposition to reform cited by Congress to bring about a new readiness reporting system. Combatant Commanders now have a view of their resources and capabilities for assigned missions which did not exist before. Because the new Defense Readiness Reporting System (DRRS) allows the user to "drill down" to root causes impacting the ability to perform missions, it enjoys the support of commanders and the leadership of the joint community. DRRS is a major transformation, moving the focus of force managers from reporting and assessing unit resources to managing force capabilities. We continue to expand the concept of this readiness system through our work with the Department of Homeland Security to develop the National Preparedness System. This system will provide increased situational awareness and assist the Department to integrate and coordinate our response to domestic crisis. Development and implementation of DRRS will continue through 2009.

Joint Training—The Engine of Force Transformation

The senior leadership of the department concluded just prior to September 11, in the QDR, that while the military departments had established operationally proven processes and standards, it was clear that further advances in joint training and education were urgently needed to prepare for complex multinational and interagency operations in the future. 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 warfighting 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, to also include stability and support operations and disaster response.

Since September 11 we have transformed DOD training (T2) to meet the national security needs of the 21st century. With your encouragement and direction we expanded the heretofore successful open, collaborative, transparent and incentivized business process to include a wider array of joint training programs through the Department-wide Combatant Commander Exercise and Engagement Training Transformation initiative. We created three new joint training capabilities: Joint Knowledge Development and Distribution Capability (JKKDC—joint training and education for individuals), Joint National Training Capability (JNTC—joint unit and staff training), and Joint Assessment and Enabling Capability (JAEC—metrics development and assessments to answer the question are we truly transforming training). Collectively these joint capabilities have created a globally distributed and persistent ability to distribute and access knowledge, reach back for subject matter expertise, and immerse units, staffs and individuals in to a live-virtual-constructive training environment that replicates the rigor and reality of real-world operations with ground truth, realism, a dedicated opponent and feedback prior to deployment.

Today the focus of joint training is on the deploying joint force prior to deployment with robust mission rehearsals. Our goal is to ensure that no member of the deployed joint force will experience a joint task for the first time in combat. Lessons

learned are garnered on a weekly basis with operational forward deployed commands sharing real-time subjects with stateside training counterparts at Service training centers and schoolhouses. Mission rehearsal exercises now routinely integrate Afghan, Iraqi, and coalition partner personnel as participants, mentors, and advisors. Cultural and language concerns and matters receive prominent consideration through role-playing. Intergovernmental and nongovernmental and international organizations and personnel are habitually included in mission rehearsals.

Ten years ago the DOD had not harnessed the power of individual learning technologies. In great part this was due to the plethora of proprietary software or computing systems that did not allow the exchange of courseware in an interoperable manner. Another Service could not discover learning content developed by one Service for repurpose and reuse for its own needs. In effect, this lack of capability created an inefficient, duplicative, and costly development cycle for learning content and courseware while precluding its global exchange.

Since 2001, in collaboration with academia and industry we have made great strides in expanding the Department's Advanced Distributed Learning (ADL) Initiative and the ADL Co-Laboratory System. The vision remains constant—to provide access to the highest quality education and training, tailored to individual needs, delivered cost effectively, anywhere and anytime.

The ADL Initiative is recognized across the Department and Federal agencies for having developed the standards and guidelines that define, and are being used to develop, the technology-based global digital learning environment. ADL is a global movement, for example, in use by NATO, Partnership for Peace countries, the United Kingdom, Korea, Singapore, Norway, numerous Federal agencies, and industry leaders such as Boeing, Chrysler, and FedEx/Kinko. ADL is the technology enabler of JKDDC. Available courses anywhere and anytime to members of the Armed Forces, interagency or international partners and to the general public grew from zero available courses to over 157 course to include, for example, Joint Antiterrorism Course, Global Command and Control System, Interagency Coordination, Contractors on the Battlefield, Pre-Deployment Cultural Awareness—Afghanistan, and Combating Trafficking in Persons.

We owe a debt of gratitude to Congress for enacting legislation providing authority for the DOD to distribute to certain foreign military personnel education and training materials and information technology to enhance military interoperability with our allies and partners. I ask that Congress support the administration's proposed Building Global Partnerships Act. I ask that Congress extend to permanent authority section 1207 of the NDAA for Fiscal Year 2007.

Another achievement is the designation of training as a Selective Key Performance Parameter in Defense systems acquisitions there by strengthening the process of training our service men and women in the proper employment of new equipment in task performance, and educating commanders in the proper doctrinal application of the equipment in operations and combat.

Range Sustainment—Training

Over the last 10 years our existing training infrastructure, bases and ranges, have come under increasing pressure. 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 in growing 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 also very dynamic. 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, evolving tactics and end-strength growth associated with force transformation, point to a military need for more, rather than less, range and operating area space. The confluence of these competing trends demonstrates a continuing challenge to preserving test and training flexibility and military readiness. Successful range sustainment clearly requires a comprehensive and continuing response.

Since 2001, the Department's Range Sustainment Integrated Product Team has actively worked to mitigate encroachment impacts on readiness and coordinated OSD and Service efforts to ensure the long-term sustainability of military readiness and the resources entrusted to our care. Congressional action on selected DOD legislative clarifications, in conjunction with DOD policy and comprehensive planning initiatives, have provided increased mission flexibility, and at the same time have enabled improved environment management on DOD lands. The Department is increasing working beyond our fence lines to engage with local, State, regional, and national stakeholders to address shared interests and build effective partnerships

both enhancing the environment and advancing range sustainment and the military mission.

CIVILIAN PERSONNEL POLICIES

Human Capital Planning

The Department civilian strategic human capital planning focuses human capital investments on long-term issues. Guiding principles are continually reviewed and refreshed in the Department's Human Capital Strategic Plan (HCSP). Our 2006–2011 HCSP recognizes the need to refocus civilian force capabilities for the future—a civilian workforce with the attributes and capabilities to perform seamlessly 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 and the 2006 NDAA, and calls for an updated, integrated human capital strategy for the development of talent that is more consistent with 21st century demands. The QDR and the Secretary's leadership and transformation requirements called for a human capital strategy that is competency-focused, performance based, and links compensation and rewards to individual employee performance. Our human capital strategy 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 enterprise-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, diverse workforce. These goals and objectives incorporate a competency-based occupational system, a performance-based management system, and enhanced opportunities for personal and professional growth. The Department's Civilian Human Capital Strategic Plan has four goals, which are helping to produce and maintain a future civilian workforce that is decisive, agile, and integrated with the total force and is capable of supporting the warfighter in carrying out DOD's mission.

The Department's approach to workforce planning, a continuous process that ensures the right number of people in the right jobs at the right time, has become more deliberate and systematic with the publication of QDR 2006. I want to be clear on this point—the Department conducts workforce planning on both the military side and civilian side. However, on the civilian side, workforce planning has been done by each individual component. The Department developed a new model for workforce planning that will provide both DOD-level workforce planning and component level workforce planning based upon the requirements of QDR 2006.

Now, I would provide some specifics about our new workforce planning efforts. QDR 2006 set the mission direction for reshaping the Defense enterprise for the 21st century, and required the new human capital strategy to be "competency-focused" and "performance-based."[1] This section of my statement will discuss the Department's efforts to reorient its workforce planning to a "competency-focused" approach. Later sections will describe the Department's "performance-based" workforce planning approach.

Recognizing that each DOD component has a discrete mission with unique occupational series and occupational emphasis, the Department's strategy provides an overarching framework for the components to plan, identify and assess workforce requirements and to integrate their own workforce requirements. The strategy also provides for a set of core or common workforce planning requirements which will provide new foundational competencies for the civilian workforce, such as knowledge of joint matters, and enhance any component mission. It is the combination of DOD and component workforce planning that will provide the Department with important information about its talent needs in the 21st century.

The workforce planning strategy consists of the following elements which cascade from the Department-level to the component level:

Phase 1: Setting the Direction: Uses the QDR 2006, the CHSP, and other component goals and objectives to identify the mission requirements for the next 5 years and beyond.

Phase 2: Identifying the core competencies for DOD Mission Critical Occupations. Uses surveys, focus groups, research, etc., to validate the essential workforce knowledge, skills, abilities, and behaviors required in the updated mission critical occupations.

[1] Quadrennial Defense Review Report, "Developing a 21st Century Total Force," 2006, page 80.

Phase 3: Assessing the workforce talent against the Core DOD Mission Critical Competencies. Uses a gap analysis process to compare the current and desired state of workforce talent

Phase 4: Implement the Strategy across the employment lifecycle. Uses enterprise tools to bring the workforce plan to life and defines the measures/milestones to deliver the information, trains and equips the workforces, recruits and retains a workforce.

Phase 5: Monitor, Evaluate, and Adjust. Uses performance measurement for ongoing evaluation and adjustments.

We are also working diligently to create and institutionalize a comprehensive competency management framework that can be used across the enterprise. To that end, we have established a multi-faceted component work group to develop common competency taxonomies, job analysis methodologies, workforce planning strategies and tools, competency gap assessment methodologies and common reporting requirements. Our goal is to have a number of these deliverables completed by the end of fiscal year 2008, with the remaining completed during fiscal year 2009.

While this strategic work of building an enterprise-wide competency approach evolves, the Department, and its components and Defense Agencies are addressing immediate competency requirements for those occupations which will be the key to meeting future mission requirements. Thus far, enterprise-wide competency/skill gap assessments have been conducted on the following occupations: human resources; information technology; civil engineers; pharmacists; logistics; and contracts. Additionally, the Department of the Army has completed a full competency gap assessment for 75 of its occupations, starting with its mission critical occupations, and plans on the completion of a full competency gap assessment for 157 of its occupations by the end of fiscal year 2008.

The Department of the Navy (DON) is approaching its competency gap assessment initiative from a total force perspective. Under the leadership of the Assistant Secretary of the Navy (Manpower & Reserve Affairs), the DON is embarking on an aggressive, comprehensive approach that will identify key competencies for critical positions, along with career roadmaps for competency development for those competencies for which gaps have been identified. The Air Force is also conducting competency gap analyses for both those competencies which are institutional, i.e., behavioral competencies that should be present across the enterprise, and those that are technical or functional for their mission critical occupations. Similarly, the Defense Agencies are also conducting competency gap analyses for their mission critical occupations, as is evidenced by the efforts of the DFAS, the Defense Information Systems Agency, and the Defense Logistics Agency.

With the development of an enterprise approach to competency management underway and the conduct of competency assessments ongoing, the Department is now embarking on how best to forecast its future workforce needs. We have formed a work group of component subject matter experts to develop a Department approach to workload/workforce projections and succession planning, and to gather information on those workload projections initiatives already underway to leverage best practices. We will also discuss with the VA and the Social Security Administration the methodologies they are using to determine their applicability to the Department's needs.

Many efforts are underway within the Department to ensure we have a healthy pipeline in place. We are using a variety of recruitment and compensation programs to meet our talent needs and develop the skills needed for the future. These include intern and career development programs, student employment programs, recruitment at job fairs with diverse candidates, and establishing liaisons with professional organizations to leverage their candidate pools. There are also numerous fellowship and scholarship programs in operation throughout the Department, providing us a pipeline for those positions deemed critical. Two such examples are the NSEP, through which the Department grants scholarships in the study of language and cultures in return for service, which are especially important to the Department as it conducts its Stability/Reconstruction efforts throughout the world; and the Science, Mathematics, and Research for Transformation Program, through which the Department assists students with tuition in the Science, Technology, Engineering and Mathematics arena in return for service, ensuring we keep our edge in these most vital of career fields.

Pipeline/succession planning efforts also include a wide array of education and training, and professional development programs, such as the: Army Fellows Program, Training-With-Industry, Army Comptrollership Program, Graduate Cost Analysis Program, DOD Professional Enhancement Program, Logistics and Acquisition Management Program, Logistics Executive Development Program and the DOD Professional Enhancement Program. This is not an all inclusive list but provides a

flavor of the type of education and training the Department provides to ensure it has the current and future talent it needs.

The Department is also exploring new recruitment methodologies, such as "Boutique Recruiting," which was successfully used to recruit and hire large numbers of positions in the medical arena, to include pharmacists, one our mission-critical occupations. This is in addition to the more standard recruitment sources, such as Federal Career Interns and veterans.

We are also looking at the Department's compensation systems to ensure all needed compensation strategies are available to our managers to recruit and retain the talent needed. We are in process of developing a new "Hybrid" compensation plan for our doctors and dentists that will leverage the best of Title 5 and Title 38 hiring flexibilities. By so doing, we will be able to remain competitive in reaching and keeping those critical medical skills. We also recently obtained approval from the Office of Personnel Management (OPM) to offer retention incentives for moves within the Federal Government for mission critical personnel at BRAC bases. This new compensation flexibility will enable us to retain needed skills as we deploy the current BRAC recommendations. These compensation flexibilities are in addition to those currently in use, such as student loan repayment, special salary rates; recruitment, retention and relocation incentives, and the flexibilities offered by the NSPS compensation system.

As evidenced in the last several years, DOD civilian employees continue to support the global war on terrorism at home and on the front-lines to help build democracies in Afghanistan and Iraq. Just as agile military forces are needed to meet a mission characterized by irregular, catastrophic and disruptive challenges, the Department needs 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's civilian employees are a critical component as DOD works with the various other Federal agencies, including the Department of State to place expanded Provincial Reconstruction Teams in Iraq and staff the new formed Africa Command.

At the same time, it is important to ensure that benefits remain balanced and commensurate with the commitments we are requesting of our DOD civilians. In that lane, I want to thank Congress for reauthorizing the authority to waive the annual limitation on total compensation paid to Federal employees working overseas under the auspice of the CENTCOM and for enacting the a death gratuity of $100K for those brave Federal civilians who die of injuries incurred in connection with their service in support of a military contingency operation

Additionally, the NSPS improves the way the Department compensates and rewards its civilian employees covered by NSPS and provides a performance management system that aligns performance objectives with DOD's mission and strategic goals. To date, the Department has converted 135,000 employees under NSPS with another 75,000 slated for conversion in fiscal year 2008. .

Acquiring, Developing, and Retaining Civilians

The Department's civilian workforce supports DOD's national security and military missions. 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 to recruit, train, and develop a diverse workforce. We take seriously the responsibility to foster and promote an environment that is attractive to individuals from all segments of society.

The Department is committed to providing disabled veterans who want to serve our country as DOD or Federal civil servant the opportunity to do so. The Hiring Heroes campaign demonstrates this commitment. The Hiring Heroes job fairs concept is a collaborative initiative to inform and educate our wounded servicemembers on the various employment opportunities available to them within the Department and private sector after they complete their military Service. Generally lasting 2 days, the job fairs offer servicemembers an opportunity to attend technical workshops covering a variety of topics such as resume writing, job interview skills, dressing for success, and learning about social security and veterans' benefits. Additionally, the job fairs also provide a unique opportunity for wounded servicemembers to meet with potential employers, veterans' organizations and government agencies. Over 50 organizations usually attend the job fairs.

Through the Hiring Heroes campaign, we offer wounded servicemembers the opportunity to find new careers, as DOD civilian employees, in over 700 diverse, challenging, and rewarding occupations. Since 2005, the Department has hosted 13 Hiring Heroes career fairs at various major medical facilities including Walter Reed, Madigan Army Medical Center, Balboa Naval Hospital and Brooke Army Medical

Center. Five more Hiring Heroes are scheduled between March and September 2008. Additionally, we maintain the Defense website specifically designed for our disabled veterans—www.DODVETS.com. This web portal serves as a resource of employment information for veterans, their spouses, and managers. Through our efforts, many servicemembers have been offered positions at various DOD and Federal agencies, but more important, they have been exposed to a network of both DOD and Federal recruiters dedicated to helping them transition back to productive employment where and when they are ready. We continue work with other Federal agencies, including the VA and 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. Under its lead, we have developed a comprehensive outreach program with colleges, universities and professional and heritage associations, reenergized our branding and marketing materials, and revamped our website to align with the interests of those whom we are trying to attract. Our nationwide recruitment campaign takes us to college and university campuses where we personally invite talented individuals to serve the Department. Since the fourth quarter of fiscal year 2007 through the end of February 2008, our DOD recruiters made 50 recruitment visits. An additional 25 visits are planned through fiscal year 2008, budget permitting. In one of these visits alone, the Department made 60 job offers to engineering students, primarily of Hispanic origin. Efforts such as these help ensure the Department has the diverse, talented workforce it needs to meet the challenges of the 21st century.

The Department launched another innovative program in fiscal year 2007, known as the DOD Student Training Academic Recruitment program. Under this program, DOD has hired four honors-level student who are responsible for developing and executing a marketing plan, through which students with academic studies match DOD mission critical skills are made aware of and are encouraged to consider employment with the Department. We continue to leverage technology including, importantly, the Internet, to educate and interest talent from a variety of sources. Our website showcases vignettes of current Department employees who discuss their work and the satisfaction they realize from it, as well as the benefits of working for the Department. We believe these testimonials will further our efforts to have the Department viewed as an "Employer of Choice". In addition, we routinely sponsor live web chats with DOD career functional managers who can answer questions from potential employees about working for DOD as well as provide them with the tools they need to successfully apply for DOD jobs.

Our outreach is not only to those young men and women who are about to graduate from college. In recognition of the OPM's Career Patterns initiative, in which recruitment strategies are developed to target candidate sources in entry, mid and senior points of their careers, we are collaborating with the Partnership for Public Service (PPS) in a pilot program to reach retirees from the corporate world who are looking for challenging work and the opportunity to share their knowledge and talent, while serving the public good. PPS has established the initial pilot with retirees from IBM. Within the DOD, we will be working with PPS and IBM to identify possible placement opportunities in the acquisition community. Although the pilot is in its infancy stage, we are hopeful it may produce yet another source of diversified, qualified talent to fill some of the most critical positions in the Department.

The "Career Patterns" initiative also suggests that the use of different work life dimensions will enhance the success of recruitment efforts. To that end, the Department continues its analysis of our workforce to identify the recruitment strategies that will engender the talent we need for the 21st century.

We have paid special attention this year on improving recruitment and retention strategies for our health care practitioners, especially those caring for our wounded warriors. I'd like to thank you for providing us additional direct hire authority for both our medical and mental health care practitioners. Through this authority, we will be able to compete more readily with our private sector counterparts and more expeditiously hire the critical care givers we so urgently need. Coupled with this direct hiring authority, we have developed some innovative, enterprise-wide recruitment approaches, gleaned from literature research and industry best practices, to further enable us to recruit the numbers and quality of candidates we need. We have also structured some new salary schedules to enable us to remain competitive in some of our more critical occupational needs, such as nurses and professors at our Health University. Although medical recruitment is a challenge across the Nation, both in the public and private sector, you can be assured we are using a variety of innovative recruitment and compensation approaches to meet this challenge as aggressively as possible. Our wounded warriors deserve no less.

As the Chair of the Federal Chief Human Capital Officer's Subcommittee for Hiring and Succession Planning, I personally work with a number of other Federal agencies and the OPM to streamline and improve the Federal hiring process. The subcommittee has made a number of recommendations, the benefits of which we hope to see over the next several years. Additionally, over the next coming months, my Subcommittee will be working closely with OPM on a new project entitled, "Improve the Federal Hiring Experience," which will explore new recruitment methodologies, and strategies for improving end-to-end recruitment cycle time and candidate quality.

While recruiting and supporting the civilian workforce which we need to meet our mission demands, we are also cognizant of our need to support our military families. At the direction of the President in his State of the Union Address, we are pursuing strategies to support the spouses of our active duty military. We are exploring three approaches to meeting the President's request. When taken together, these three approaches will address the hiring, training and career portability requirements that are the key to keeping spouses employed as they accompany their military husbands/wives to their different posts of duty.

The first approach is a non-competitive appointing authority for military spouses, which would allow an agency in the executive branch to noncompetitively appoint to the competitive service a spouse of an active duty military member. Such an authority would facilitate the hiring of spouses into Federal positions and would provide a vehicle for spouses to access Federal employment upon completion of training under the Career Advancement Account Program, which together with the Department of Labor, we began piloting in January 2008. The Department is working jointly with OPM in developing legislation that we hope to submit to you very shortly for your consideration. In recognition of the benefits such an appointing authority would engender, I hope it will receive your favorable attention and action.

The second initiative would assist spouses in obtaining Federal positions that provide training for advancement into journey positions, i.e., a military spouse Federal intern program. Under this program, the DOD would fund the salary and benefits of a set number of military spouses as they participate in the career intern programs of other Federal agencies. The spouse would be permanently employed at the host Federal agency, but first year costs would be borne by DOD. We believe such a program will encourage other Federal Agencies to hire military spouses into their intern programs, thereby giving the military spouse the ability to again experience and training in a portable career field.

The third initiative being explored is the expansion of the current DOD Military Spouse Preference Program throughout the Federal Government. This program facilitates spouses being able to maintain their careers as they accompany their sponsors to new posts of duty, by affording them preference for vacant positions for which they are considered well qualified. The third initiative being explored is the expansion of the current DOD Military Spouse Preference Program throughout the Federal Government. This current program facilitates spouses being able to maintain their careers as they accompany their sponsors to new posts of duty, by affording them preference for vacant positions for which they are considered well qualified.

World Class Leaders

Our HCSP ensures the continuity of world class, civilian leaders who are fully capable of leading DOD's efforts within a larger national security context. To meet this goal, the Department launched an initiative aimed at the deliberate identification, development, management, and sustainment of senior executive leadership for the Department's 21st century requirements. This effort will expand the current, enduring executive leadership competencies to include knowledge of joint matters and building an enterprise-wide perspective acquired through a portfolio of diverse experiences. The definition of "joint matters" expands beyond that prescribed in Goldwater-Nicholas Act to recognize the realities of today's multinational and interagency operating environment. Further, cultural awareness and regional expertise are part of the required core competencies. In the conflicts and wars faced by the Department, cultural awareness, language and regional expertise become key skills needed by every leader.

To build a qualified and talented pipeline to sustain leadership continuity, the HCSP provides for the identification and closing of leadership competency gaps and strengthening of the talent pipeline to ensure continuity of diverse and capable leaders. To ensure the deliberate development of our current and future leaders, we are instituting a new joint civilian leader development system that will have at its core a future-focused framework of competencies based on the OPM Executive Core Qualifications, but strengthened with the DOD-unique requirements that will en-

able the Department to accomplish its national security mission in today's complex environment and beyond.

Our DOD joint civilian leader development framework is designed to produce world-class leaders with an enterprise-wide perspective for leadership positions across the continuum from entry to executive level. It will be implemented across the Department later this year, upon completion of our ongoing work to formally validate the Defense-unique competencies, define proficiency benchmarks, and identify targeted proficiency levels needed for successful performance at successive leadership levels. This year, we will also complete the initial assessment of the proficiency of our current leadership cadre against the new competency framework. This baseline analysis will identify any systemic competency gaps, and guide future leader development initiatives as needed to close those gaps.

Building upon existing programs, the framework ultimately will include a series of DOD-sponsored courses, programs and other learning opportunities, designed to meet the specific competency requirements of the civilian Defense leader. These opportunities will serve as retention incentives for high performing DOD employees and will also support DOD initiatives to increase diversity in the senior ranks.

Two highly competitive DOD-wide leader development programs are key building blocks of the new leader development framework. The Executive Leadership Development Program (ELDP) and the Defense Leadership and Management Program (DLAMP) have been thoroughly reviewed for alignment to the competency framework. ELDP, with over 20 years of success, will remain as the premier program for high potential mid-level leaders. ELDP provides participants with an extensive exposure to the roles and missions of the entire Department and an increased understanding and appreciation of today's warfighter. The curriculum features immersion weeks of hands-on experiential training with each of the military Services, an overseas command, a unified command, and the National Guard; and topical seminars.

Our review of DLAMP against the framework resulted in the decision to significantly restructure and rename the premier program for high potential senior civilian leaders. Accordingly, the new Defense Senior Leader Development Program (DSLDP) will be fully developed this year and will admit its first class in early fiscal year 2009. Complementing component leader development efforts, DSLDP will focus on strengthening individuals' enterprise-wide perspective, through a robust program of professional military education, targeted developmental assignments, and Defense-focused leadership seminars, designed to ensure application of critical leader competencies in the joint environment. The transition DSLDP will be complete by the end of fiscal year 2010. Workforce analysis and modeling tools will further ensure the Department's leadership succession plan and strategy is sound, future-focused, and adaptive to mission requirements. We are confident that ensuring alignment of our programs with the DOD-wide competency model and best practices in private and public sector leader development will further position us for strong civilian leadership in the decades ahead.

Senior Executive Service Pay for Performance

The NDAA for Fiscal Year 2004 established a new performance-based pay system for members of the Senior Executive Service (SES). OPM approved the design of DOD's performance management system on April 1, 2005 and on October 9, 2007, fully certified the system for calendar years 2007 and 2008. This relatively new performance system is a critical tool in building a results-oriented performance culture within the Department.

The system expects excellence in senior executive performance, links individual performance with the DOD's strategic goals and priorities, sets and communicates individual and organizational goals and expectations, systematically appraises executives using measures that balance organizational results with customer, employee, and other perspectives, and uses the performance results as a basis for pay and performance rewards.

DOD strengthened performance management training to help build a performance management culture—one with rigorous performance requirements, greater accountability, and deliberate focus on results. The training has focused on the five stages of the Federal performance evaluation process, planning, monitoring, developing, appraising, and rewarding.

The Department also strengthened the alignment of individual performance plans to DOD-wide goals. For the second year, the Secretary of Defense issued DOD's top organizational priorities for the performance year. These priorities then are embedded in each component's strategic plans and translated to specific, measurable, and results-oriented performance requirements for executives. Annually, the Department issues an organizational assessment, which supplements that which may be issued by individual components, to help inform executive rating decisions.

The Department performed its first longitudinal study of the performance management system upon completion of the 2006–2007 performance cycles to determine the impact of the performance management system on building a high performing, results-oriented performance culture in DOD over time. Additionally, the Department implemented a common "Tier Structure" for its SES members. The tier structure establishes common pay ranges and associated business rules to support transparency and comparability in executive position and compensation management.

International Workforce Programs

The Department recently reviewed the foreign national (FN) human resources program, which covers over 70,000 workers in some 22 countries to ensure alignment with the Department's 21st century requirements. The Department employs the FN workforce under various laws, treaties, and international agreements, host nation labor policies and labor union contracts. The current FN human resources policies have evolved over many decades. It has been over 20 years since there was a comprehensive review of the FN human resources program. To launch the review, the Department hosted a worldwide conference of U.S. and FN human resources personnel. They offered enlightened thinking and a set of recommendations to help refine the current FN human resources program. The Department is considering these recommendations.

The Department continues to be engaged in establishing Status of Forces Agreements (SOFAs) with new NATO partners, such as Romania, Poland, Bulgaria, and the Czech Republic. As part of these SOFAs, the Department has developed a new framework for FN employment which will ensure a ready, capable, and agile FN workforce.

Pipeline Reemployment Program

The Pipeline Reemployment 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 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 1 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 500 employees to productive positions; 91 employees refused valid job offers and were removed from compensation rolls. This saves the Department approximately $427.5 million in lifetime cost charges.

In addition to bringing employees back to work, we are striving to improve injury compensation program management across the Department. We have embarked on a program to renew the skills of our field personnel through the development of a comprehensive e-learning curriculum, which provides program managers a thorough knowledge base from which to manage their programs. Additionally, we are collecting the best practices of our field personnel, especially in regard to case management with the Department of Labor, and will be instituting those practices across the enterprise. By so doing, we hope to further reduce costs that the Department may be accruing.

Civilian Force Shaping

A number of initiatives influence the size and shape of the Department's civilian workforce. The most significant are upcoming BRAC actions, global repositioning of deployed military and civilians, competitive sourcing, and military-to-civilian conversions. The DOD is committed to providing comprehensive transition tools and programs to assist our valued employees and their families as these force shaping initiatives are implemented.

Since the first BRAC round in 1988, the Department has reduced the civilian workforce by more than 400,000, with less than 10 percent of that number involuntarily separated. To mitigate the impact of these force shaping initiatives on our civilians, the Department has aggressively sought and obtained authority for several essential transition tools assuring that drawdowns or reorganizations are handled in the most efficient and humane manner possible, while ensuring we have the talent needed to effectively continue Department operations. Employees adversely affected by BRAC may be offered the opportunity to separate voluntarily under the Voluntary Early Retirement Authority or the Voluntary Separation Incentive Payment program, or both. Involuntarily separated employees are also eligible for a number of post-separation benefits and entitlements, including: temporary continuation of health insurance for 18 months with the Department paying the employer portion of the premium, severance pay with a lump-sum payment option, and, unemployment compensation.

The Department will implement legislative changes, as directed by section 1109 of the NDAA for Fiscal Year 2008 to assist employees affected by these actions in transitioning to other positions, careers, or to private employment. 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. For example, DOD is partnering with the Department of Labor to provide BRAC installations outplacement assistance under their Workforce Investment System (WIS). The WIS consists of over 3,000 State One-Stop Career Centers prepared to offer assistance such as retraining, career counseling, testing, and job placement assistance.

Emergency Planning

We have taken great strides to ensure we have plans in place to continue our operations and safeguard our employees in times of crisis. Significant planning has gone into Pandemic Influenza preparedness. We have developed a human resources practitioner guide for use by managers and human resource practitioners in planning for, and executing actions during emergencies, which include nuclear, chemical and biological attacks, and natural disasters, as well as a resource practitioner guide for use during a pandemic crisis. We have supported this guide with exercise criteria to assess our plans and refine them as needed. We conducted a 3-day Pandemic Influenza exercise within the OSD Personnel and Readiness organization. The purpose of the exercise was to assess our ability to carry on essential work, in light of an assumed 40 percent pandemic absenteeism rate, and our ability to "socially distance" while in the Pentagon, a key strategy for pandemic influenza avoidance. The exercise was extremely valuable in assessing our preparedness and indicating those areas on which additional preparations may be needed. The lessons learned from our exercise have been shared throughout the Department, as well as with our Federal Agency colleagues. We continue to work on our information technology preparedness to ensure essential work will be able to be performed in case a pandemic influenza should occur.

CONCLUSION

The health of our AVF is best measured by the opinions of its members. Eighty percent 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 OIF (March 2003) through the latest survey (August 2007). Although deployments can place a strain on servicemembers and their families, two-thirds of members deployed since the start of OIF indicated that access to the Internet and e-mail while away have greatly improved their quality of life. In terms of compensation, more than two-thirds of servicemembers reported being financially comfortable in April 2007, and four-fifths indicated saving a portion of their household income. In August 2007, more than two-thirds of servicemembers were satisfied with their medical (69 percent) and dental (76 percent) benefits. Overall, in August 2007, 56 percent of servicemembers indicated they are likely to stay on active duty. Based on research using prior surveys, 90 percent of servicemembers who indicate they are likely to stay actually do stay. Therefore, we feel confident that almost three-fifths of our current active duty force will stay in the military.

After declining retention improved between May 2003 and November 2004, Reserve retention intentions have stabilized and are currently at 69 percent. Reports of family support to stay in the National Guard/Reserve have also stabilized. The June 2007 survey indicates that approximately two-thirds of members say they have not been away longer than expected; average nights away actually decreased from June 2006. Results from this survey also show that roughly three-quarters of reservists working for employers consider them to be supportive of their military obligations. Where employment problems have occurred and reservists have sought assistance, roughly two-thirds turned to ESGR. Of those who contacted ESGR, 62 percent reported they were satisfied with the manner in which their request for assistance was handled.

In the past year, we also fielded special surveys to spouses so we could fully understand the impact of deployments on the family. Results indicate that 61 percent of active duty spouses and 75 percent of Reserve spouses support their husband or wife staying in the military. These results are encouraging, as spouses' reports of their support are even higher than members' assessments of spouse support. We plan to continue fielding regular surveys of spouses to better understand the issues facing today's military families.

We continue to have a dynamic, energetic, adaptable All-Volunteer Total Force. With your help we are confident we can sustain that Total Force. These volunteers

have performed magnificently under the most arduous and perilous of circumstances. They have not failed us; we must not fail them.

Senator BEN NELSON. Thank you.

General Rochelle?

STATEMENT OF LTG MICHAEL D. ROCHELLE, USA, DEPUTY CHIEF OF STAFF, G1, UNITED STATES ARMY

General ROCHELLE. Thank you, sir. Thank you for the opportunity to appear before the subcommittee once again.

Chairman Nelson, Senator Graham, and distinguished members of the subcommittee, thank you for the opportunity to report on the Army's personnel posture for 2008 and entering 2009. Thank you for your continued support of America's Army.

Without question, our Nation's Army remains the best-trained, best-equipped, best-led Army in the world; and, I might add, quite resilient. As we enter the 7th year of conflict, however, the third-longest period of armed conflict in our Nation's history, there's little question that our Army is, today, out of balance. Your Army soldiers and their families are remarkable, having endured lengthy and repeated deployments and hardships. Many have been injured, and many have made the ultimate sacrifice.

In spite of the tremendous burdens they bear, they remain resilient and committed to serving our Nation. Indeed, they are our Nation's heroes, truly a national treasure. I look forward to our dialogue today regarding how best to support and sustain them. Thank you for this opportunity, once again.

Restoring balance and creating readiness is our top priority after winning the global war on terror. Regaining our boxer stance, if you will, the ability to shift our weight and respond decisively, requires that we apply the Chief of the Staff of the Army's four imperatives: sustain, prepare, reset, and transform.

He is growing the Army to 547,000—point four—as soon as possible, and we are on track to do that by the end of fiscal year 2010. We are on target to meet this goal by 2010, as I said, thanks largely to the support from this committee. Army growth will help us return to shorter deployments, increased time at home between deployments, and greater predictability for soldiers and families in both the Active and Reserve components. We must grow, to become a modular, expeditionary force that is fully capable of supporting combatant commanders in meeting the full spectrum of contingencies.

Our efforts to grow the Army are challenging. Only 3 in 10 of our 18- to 24-year-olds today are fully eligible for enlistment. The remainder fall short in some element of standards for health, education, or character. Our recruiting mission is difficult, given the lowest propensity for military service in two decades, declining support from those who influence our youth, opportunities for post-secondary education, and a competitive job market. In spite of what is happening in the United States, we are on track to meet our recruiting goal for fiscal year 2008.

I'm concerned about the Nation's ability to produce the highest-possible caliber of military recruits, and, I might add, the citizens that we will need to be competitive in the 21st and 22nd century. Declining high school graduation rates and alarming rates of obe-

sity among our young adult population constitute a pending human capital crisis, a crisis that not only has the potential to undermine military readiness, but threatens our Nation's well-being, as a whole. I share your concerns about quality, and am committed to recruiting a quality force with the highest-possible educational attainment and aptitude scores.

Our current analysis and our commanders in the field tell us that soldiers assessed in fiscal years 2006 and 2007 are performing exceptionally, and I would emphasize exceptionally. Every one of these soldiers is qualified in his or her military occupational specialty, and their demonstrated performance on the battlefield speaks for itself.

I believe that a willingness to serve in the Army today, a nation at war, at this place in time, portends a very unique aspect of quality that accession metrics simply cannot measure: the heart of a well-led, well-trained volunteer soldier.

While equipment and technology are certainly vital to readiness and transformation, people are the Army. Retaining soldiers starts at home. We must sustain soldiers and their families, as you both have spoken to, with a quality of life commensurate with the quality of the service they provide. This is absolutely essential to both near-term and long-term readiness.

With support from this committee and Congress, the Army has made tremendous strides in this regard, from funding for improved housing facilities and essential services, to increased pay and benefits, and all are appreciated. Our soldiers and their families recognize, and deeply appreciate, actions taken by their military and civilian leadership, especially Congress. These targeted improvements to policies, programs, and services delivery mitigate risks exacerbated by a prolonged conflict and the many stresses that conflict entails. We ask for continued congressional support for these programs that provide our soldiers and families with the quality of life they so richly deserve.

In closing, I thank you for the opportunity to appear before you today. I thank you for the continued support. I look forward to taking your questions.

[The prepared statement of General Rochelle follows:]

PREPARED STATEMENT BY LTG MICHAEL D. ROCHELLE, USA

Chairman Nelson, distinguished members of this subcommittee, thank you for the opportunity to talk today on behalf of America's Army. Our Army is out of balance as we enter the 7th year of the Long War. Demand for forces exceeds our capacity to supply them on a sustained basis. As a result, our soldiers and their families in both the Active and Reserve component have endured repeated, lengthy deployments and the countless stressors that accompany the many sacrifices they have made. In spite of this, and facing an uncertain future, they remain committed to serve. We have no greater heroes than America's most precious resource—our soldiers. These soldiers and their families, backed by our civilian workforce, represent the very best of American values and ideals. While we may be out of balance, we are not broken, a fact we can attribute to the inspiring resilience and dedication of these American heroes. The Army leadership is committed to their well-being, consistent with their quality of service and many sacrifices.

The Army's number one priority is restoring balance to the All-Volunteer Force, while supporting the National Security Strategy. Restoring balance requires that we grow the Active Army by 65,000, to 547,400, by the end of fiscal year 2010. Restoring balance also requires that we grow our Reserve component force, with the Army National Guard and Army Reserve adding 8,200 and 1,000 soldiers, respectively to their end strengths. We must do this if we are to continue to effectively support cur-

rent military operations, while transforming the Army to meet the needs of the Combatant Commanders in a dynamic and lethal security environment. We must reduce deployment lengths from 15 months, increase time spent at home-station between deployments, and provide predictability across all components, if we are to relieve the considerable stress placed on our Army, our soldiers, and our Army families.

Though facing national-level challenges, we remain committed to sustaining [growing] the best-trained, best-led, best-equipped Army in the world. While facing a number of manpower challenges, these factors have not decreased the resolve, nor the quality, of the American Army.

The Army is also dedicated to caring for soldiers and families who have borne the burden of battle. The Army must have timely resourcing to ensure we are able to match the quality of life offered to soldiers with the quality of the tremendous service they provide the Nation. Through initiatives like the Army Soldier Family Action Plan, the Army Wounded Warrior Program, improvements to the Physical Disability Evaluation System, and providing soldiers with critical skills the ability to transfer portions of their Montgomery GI Bill benefits to dependents, the Army is working hard to care for soldiers and families. We are indebted to Congress for your tremendous support and leadership—they have been instrumental to the considerable progress made on behalf of these American heroes. With your continued support, we will further improve our programs and develop meaningful, effective new programs for the benefit of the entire Army community.

GROW THE ALL-VOLUNTEER FORCE

For the first time since the inception of the All-Volunteer Force, America is recruiting and retaining its military during a period of protracted combat. With the help of Congress and the support of the American people, the Army has accomplished its recruitment and retention milestones. However, growing the All-Volunteer Force will not be without challenges.

Wartime recruiting is challenging. It is made even more challenging by a declining eligible population. Fewer than 3 out of 10 of America's youth are fully qualified to serve in our Nation's military due to medical, conduct, or aptitude disqualifications. Many 17–24-year-old men and women may want to join the Army, but are not actively recruited because they have disqualifying physical conditions, have committed crimes, or do not have a high school diploma.

For example, the rate of obesity among youth tripled since 1980. Today, up to 19 percent of the Nation's 6–19-year-olds are overweight.

The Nation's high school graduation rate is only 70 percent. For minorities, the graduation rate falls to 50 percent and, for youth living at or below the poverty level, the rate drops to an alarming 30 percent.

These lower capacities among our Nation's 17–24-year-old population are not only an Army recruitment issue—they are a national crisis. Fixing these problems will require concerted, long-term national commitment. We simply cannot afford for the American public to become complacent.

To help meet these challenges, we developed a program called the Assessment of Recruit Motivation and Strength test. This test allows those who pass the physical test, but are a few percentage points over Army accessions body-fat standards, to serve in the Army. To ensure quality, participants must lose the weight within 1 year from the time they ship to Basic Combat Training. For fiscal year 2006 and fiscal year 2007 combined, over 2,500 recruits entered the Active Army under this program, a significant boost to our recruiting efforts.

Another initiative is the Army's Prep School, which will provide high quality youth the opportunity to complete their General Educational Diploma (GED) prior to commencing Basic Combat Training. Fort Jackson, SC, will be the location for the pilot program beginning in third quarter, fiscal year 2008, with expansion dependent upon analysis of the pilot's success and through-put capacity.

Concerns regarding graduation rates, rising rates of obesity, and incidents of misconduct requiring administrative review notwithstanding, young millennials, as they are referred to, continue to answer the Nation's call.

Despite the toughest recruiting and retention environment ever faced by the All-Volunteer Force, the Army's accomplishments in these areas are noteworthy. Two key accomplishments are worth highlighting: (1) the Army recruited more than 170,000 soldiers in fiscal year 2007, and (2) the recruiting and retention success enabled America's Army to grow its combined end strength by almost 49,000 soldiers. By making prudent use of the incentive authorities granted by Congress, the Active component and Army Reserve exceeded their respective recruiting objectives of 80,000 and 26,500 in fiscal year 2007, while the Army National Guard achieved 96.6

percent of its 65,115 soldier objective before reducing recruiting effort to remain within mandated end strength limits.

The propensity for America's youth to serve in our Nation's All-Volunteer Force is at its lowest point since the Army began surveying such metrics. Their willingness to do so depends on a demonstrated commitment on our part to reward the sacrifices of those who willingly accept this responsibility—one that so many others either cannot, or choose not to, perform.

To ensure that military service remains an attractive career option, the Army continues to shape its recruiting efforts through a mix of innovation, incentives, and bonuses. We again thank Congress for providing the necessary funding to support and sustain our recruitment efforts.

The Army Advantage Fund is a pilot program launched on February 4, 2008, in Albany, Cleveland, Montgomery, San Antonio, and Seattle; it has already produced 17 high quality enlistments. The prospects for widening the pilot in the near future are excellent.

Just as crucial as recruitment is the retention of trained, highly skilled soldiers in the Army, and bonuses have been a strong incentive for soldiers to reenlist. The Army Retention Program adjusts to meet the needs of the Army to ensure that the right soldiers with the right skills reenlist to meet Army manpower requirements.

Army retention continues at very high levels, reflecting the commitment of soldiers and the quality of Army leaders. Even while engaged in persistent conflict, the Army surpassed its retention goals each year since 2002. This continued success is directly attributed to the talented men and women in the Army who provide "boots on the ground" around the world. It is important to note that their success would not be possible without great leadership, the backing of their families, and the tremendous support provided by Congress. The Active Army retained 69,777 soldiers in fiscal year 2007, finishing the year at 112 percent of mission. The Army Reserve finished the year achieving 119 percent of mission and the Army National Guard finished at 100 percent of mission.

To achieve overall manpower levels in fiscal year 2008, the Active Army must retain 65,000 soldiers, the Army Reserve must retain 14,946 soldiers, and the Army National Guard must retain 31,889 soldiers. Current indicators show the Army on track to meet its retention mission for fiscal year 2008. As of the end of January, the Active Army achieved 118 percent of its year-to-date mission, the Army Reserve achieved 103 percent of its year-to-date mission, and the Army National Guard achieved 113 percent of its year-to-date mission. A robust bonus program has been essential in enabling the Army to meet required retention goals.

Careful and deliberate adjustments are made to bonus levels to target retention of soldiers in critical skills and grades. Retention of combat experienced veterans is imperative to future readiness. The deployed reenlistment bonus targets soldiers assigned to units in Iraq, Afghanistan, and Kuwait. Recently deployed units, or units currently deployed to these areas of operations, have reenlistment rates ranging between 110–120 percent of their annual goals. General Petraeus presided over a single reenlistment ceremony for 600 troops who reenlisted in Baghdad on Independence Day this past year. More than 100 Army Reserve soldiers gathered January 18, 2008, at the Al Faw palace at Camp Victory, Iraq, to reenlist during a ceremony marking the 100th anniversary of the Army Reserve. Currently, 50 percent of all reenlistments occur in the deployed theater.

The Army implemented a pilot program in 2006 to allow reenlisting soldiers with critical military skills to transfer their Montgomery GI Bill benefits to their spouses. Based on the feedback received from soldiers, we expanded the pilot in November 2007 to include transfer of benefits to their children. Reaction from soldiers indicates that these benefits contributed to their decision to reenlist. We are still in the assessment phase of this pilot.

QUALITY OF THE FORCE

While the Army met recruiting quality marks mandated by law, we did fall short of the Department of Defense goal to have 90 percent of our new recruits enter with a high school diploma. The Army looks at quality as more than DOD quality marks and, therefore, each soldier we enlist with a waiver is thoroughly screened before being approved for entry. We have seen increases in waivers over the past few years and remain vigilant in our screening process. Our 2007 study of waivered soldiers, as compared to non-waivered soldiers from 2003 to 2006, showed that the waivered soldiers performed comparably. Feedback from commanders in the field continues to support this analysis. We do not envision the quality of the force or future readiness of the Army suffering as our goal remains focused on DOD quality benchmarks.

ARMY OFFICER CORPS

The Army's greatest challenges in officer manning are the sudden and rapid growth of officer requirements, the conversion to new modular formations, and the transition in Reserve component employment from a strategic to operational Reserve. The Army will grow over 9,000 new officer billets from fiscal year 2007 to fiscal year 2010 in the Active component alone, with over 6,000 of those at the grades of Captain and Major. Combined with the longstanding Reserve component shortages, our officer production capability remains challenged. It will take several years for the Army to balance competing requirements and fully fill its officer corps. We are launching a strategic review of commissioned officer requirements, production sources, policy and legislation to set the conditions for future success, as recommended by the recent Government Accounting Office report.

Officer retention is a critical component of ensuring our officer corps is adequately manned to meet these increasing requirements. While fiscal year 2007 officer attrition in the Active component was lower than the historical average, we must reduce attrition even further to meet increased officer requirements by fiscal year 2011. To address these challenges, the Army implemented a number of measures to maximize growth in the officer corps. Accessions have increased from all traditional commissioning sources. Additionally, with cooperation from our sister Services, we have added highly qualified officers from the Air Force, Navy, and our Army Reserve components. Those efforts have produced almost 1,500 additional commissioned officers for the Active Army.

The Army also instituted an unprecedented Army Captain's Critical Skills Retention Bonus Retention Menu of Incentives Program. This program has guaranteed retention of more than 12,689 captains thru fiscal year 2010, nearly 90 percent of our goal of 14,184 captains retained from the eligible captain year groups. After review of the initial phase of this program, the Army plans to initiate a second phase of the Incentive Program beginning in the second quarter of fiscal year 2008 that will add additional captain year groups. The Office of the Secretary of Defense recently approved a similar program for a range of Reserve component captain specialties that should substantially increase officer retention in critical specialties required in the Reserve component.

The Army increased officer accession missions for fiscal year 2008 and beyond to meet requirements for captains and majors by fiscal year 2011. The United States Military Academy (USMA), Reserve Officers' Training Corps (ROTC), and Officer Candidate School (OCS) will increase production, with heavy short-term emphasis on OCS due to its short lead-time. A pre-commissioning incentives program targets high-performing USMA and ROTC cadets to select their branch, posting, or graduate education, upfront, in exchange for an additional 3-year service obligation. This program ensures improved retention at critical career decision points in fiscal year 2010 and beyond and, since its inception in 2006, has guaranteed the retention of nearly 3,000 additional officers from year groups 2006 and 2007. We anticipate an additional 1,500 officers in year group 2008 will participate in this program.

INCENTIVES AND ENLISTMENT BONUSES

Incentives and bonuses are effective tools to open the door to the possibility of military service, but going through the door requires the vision of serving a greater good. During his recent appearance before the Senate Armed Services Subcommittee on Personnel, Major General Bostick, the Commanding General of the United States Army Recruiting Command, said, "No amount of money would be enough to convince them [America's soldiers] to continue to serve if they did not believe in what they were doing." Once men and women become soldiers, they realize the significance of what they volunteered to do for their country, their families, and themselves. The incentives and bonuses serve, in a small way, to reinforce their choice and the Army, our soldiers and their families are indebted to Congress for your invaluable, continued support in this crucial area.

ARMY CIVILIAN WORKFORCE

Only through the integrated efforts of Army civilians and soldiers can the Army accomplish its assigned missions and make the most effective use of resources. The Army civilian workforce offers vital support to our soldiers and families in this era of persistent conflict. Short of actual combat, Army civilians share full responsibility for mission accomplishment by delivering combat support and combat service support—at home, abroad, and on the battlefield. More than ever, Army civilians are an absolutely invaluable component of readiness.

Currently, the Army's Civilian Corps is over 265,000 strong, over 3,500 of whom are serving in harm's way in the U.S. Central Command Area of Operations.

Army civilians also serve the Nation in myriad non-combat Army missions such as maintaining waterways and flood control, domestic emergency response, and scientific research. They work in over 550 different occupations, with the highest concentrations in logistics, research and development, and base operations functions.

ARMY DIVERSITY

Diversity in America's Army assures that the Army remains relevant to the Nation and the demographically evolving American society it serves. Diversity of culture, language, gender, race, and ethnicity, as well as diversity of thought, contribute materially to the Army's unmatched warfighting effectiveness. Further, a richly diverse force serves as a strategic hedge against uncertainty in an increasingly unpredictable global security environment. The Army established the Army Diversity Task Force in November 2007, which is led by a general officer. Reporting directly to the Secretary and the Chief of Staff, the Task Force will conduct a holistic review and assessment of diversity programs and progress for military and civilian components of the Army, as well as the adequacy of the resources currently available to achieve the Army's diversity vision. An inclusive environment will underpin efforts to build and sustain the workforce needed for the 21st century environment.

CARING FOR SOLDIERS AND FAMILIES

The well-being of our soldiers, civilians, and their families centers on life domains such as standard of living, health, career, community life, and personal and family life. A strong sense of well-being across these life domains enables our soldiers, civilians, and their families to focus on performing and supporting the Army's mission while improving a quality work-life balance. Identifying those life domain areas that are out of balance serves as a platform from which to base policy and strategy decisions in order to restore balance and sustain the All-Volunteer Force.

We, as an institution, are deeply committed to providing for the well-being of the force. These life domains define the Army's ability to influence institutional outcomes of recruiting, retention, readiness and morale. We are leading the effort in building a comprehensive system of subjective and objective metrics and analytics to monitor potential stress and health of the force indicators that affect soldiers and Army families. This process will serve as a key element of the Well-Being Index that will assist the Army in its efforts to restore balance of the force.

Our objective is to provide leaders a greater depth of understanding upon which to base policy and strategy decisions; develop a clearly defined multi-component Human Capital Strategy; strengthen the Army's ability to recruit and retain the right human capital; and reinforce the commitment of our soldiers to serve in the All-Volunteer Army.

The Army is committed to continual combat readiness, but certain stressors can inhibit the personnel readiness of the Army. The Army continuously monitors data that provides indicators of the Well-Being of soldiers, families, and civilians. Data shows that soldiers and families are feeling strained by this era of persistent conflict. The Army is committed to providing an environment that mitigates the effects of the stress they experience. We will ensure that soldier and family programs meet the needs of our people.

The Army remains committed to eliminating incidents of sexual assault from our ranks. Sexual assault is contrary to Army Values and degrades our readiness—it has no place in our Army. We continue to lead the effort to refine and improve a comprehensive sexual assault prevention and response program. This program serves as a key element of each Army leader's responsibility to create a climate that minimizes sexual assault, encourages victims to come forward, and takes appropriate action against offenders.

While a number of trends remain steady or show a decline, there are some areas of great concern to Army leaders. One area of continuing concern is the increasing number of suicides and attempted suicides. The loss of any soldier is a tragedy, and we remain dedicated to suicide prevention. A General Officer Steering Committee is reviewing the Army Suicide Prevention Program with a focus on better integrating and strengthening our efforts to decrease the current trend. This is a multidisciplined approach that includes Army researchers, behavioral health professionals, legal professionals, law enforcement professionals and chaplains. Central to the program are actions begun in 2007 to reduce the stigma associated with seeking help for mental health issues. We are also reinvigorating in small unit leaders and

teammates the responsibility to be proactive in identifying issues and behaviors that may signal suicidal behavior.

The Army Chaplain Corps' "Strong Bonds" Training Program is expanding to reach more soldiers and family members to develop relationship-building skills intended to reduce failed relationships, the leading stress factor associated with completed suicides. The Army's Medical Command is recruiting and hiring additional behavioral health providers, and screening all soldiers for possible mental health problems during Initial Entry Training, as well as during pre- and post-deployment health assessments. In addition, commanders have continued to emphasize Battlemind Training, which is designed to build resiliency for soldiers and families.

Our plan for providing comprehensive mental health support to our soldiers includes continuing to expand our capacity for behavioral health treatment, and improving the continuity of care between medical facilities and providers, to include Veterans' Administration treatment facilities for Reserve component soldiers. Future steps include the development of an action plan utilizing core strategies in developing life-coping skills, maintaining constant vigilance, encouraging help-seeking behaviors, reducing stigma, maintaining constant surveillance of behavioral health data, and integrating and synchronizing unit and community programs.

The longstanding Army Family Action Plan (AFAP) is a bottom-up system that also provides a means for soldiers and their families to inform leadership about what is working, what is not working, and what might be done to make improvements. As a result of AFAP input, servicemembers' group life insurance benefits increased, family support groups have been institutionalized, and new programs for single soldiers have been introduced.

We are strengthening programs and services so that the well-being of our men and women remains at the forefront of Army life. These programs address personal issues around substance abuse, suicide prevention, and sexual assault as well as personnel issues involving diversity, safety, occupational health, equal employment opportunity and comprehensive deployment cycle support.

CONGRESSIONAL ASSISTANCE

Recruiting, retaining, and providing for the well-being of the best Army in the world requires a significant commitment by the American people. The Army is grateful for the continued support of Congress for competitive military benefits and compensation along with incentives and bonuses for soldiers and their families and the civilian workforce.

Congress recently authorized pay raises sufficient to provide 3.5 percent increase in compensation for soldiers for fiscal year 2008. The Army is programming a 3.4 percent pay raise for fiscal year 2009 and would appreciate Congress' support in this plan.

The Army also thanks Congress for new ability to consolidate special pay, incentive pay and bonuses authorities which will give the Army the necessary flexibility to direct programs at specific needs, such as a Warrior Pay program to pay Soldiers who are frequently deployed.

I would like to emphasize that your tremendous support has proven, and will continue to prove, absolutely essential to Army readiness. From recruiting and retention piloting authorities, to funding directed at caring for soldiers and families, your yeoman efforts serve as a catalyst for success—be it on the battlefield, or at home stations across the Army. We are Growing and Transforming the Army in a period of prolonged war. We will do so with young men and women of the highest caliber whose willingness to serve portends an immeasurable aspect of quality and commitment. We look forward to meeting the challenges ahead with your continued leadership and support for the Army.

Senator BEN NELSON. Thank you, General.

Admiral Harvey?

STATEMENT OF VADM JOHN C. HARVEY, JR., USN, DEPUTY CHIEF OF NAVAL OPERATIONS (MANPOWER, PERSONNEL, TRAINING, AND EDUCATION), UNITED STATES NAVY

Admiral HARVEY. Yes, sir. Chairman Nelson, Ranking Member Graham, distinguished members of this subcommittee, I appreciate the opportunity to appear before you today on behalf of the 330,000 Active Duty and 70,000 Reserve component sailors currently serving our Nation.

Thanks in no small part to the extraordinary support and work of this committee and its professional staff, your Navy today is ready, relevant, and responsive. We are recruiting a high-quality force, and we are retaining those sailors we need to sustain a high-quality force, and we intend to keep it that way.

We're sustaining our Nation's engagement in Iraq and Afghanistan, both directly and in support of Army and Marine ground forces, and we are simultaneously strengthening our engagement around the world, in keeping with the guidance in our new Cooperative Maritime Strategy for the 21st Century.

I would like to give you an example of what your Navy is doing on any given day. Last week, on February 20, the Nation's attention was focused on the U.S.S. *Lake Erie,* one of our Aegis cruisers, as it successfully engaged a failing satellite with a Navy standard missile launched by Fire Controlman Second Class Andrew Jackson of Raytown, MO. But, also on February 20, just as *Lake Erie* was engaging the satellite in an extremely challenging and complex real-world scenario, our Navy was also operating newly developed riverine forces in the Euphrates River, near the Haditha Dam. Navy SEALs were pursuing al Qaeda deep in Afghanistan and throughout Iraq, and the Harry S. Truman Carrier Strike Group and the Tarawa Expeditionary Strike Group, just entered through the Straits of Hormuz into the Gulf, supporting Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF).

February 20 was a day on which 127 of our 279 ships—about 46 percent—were underway or deployed, including 2 aircraft carriers and 5 big-deck expeditionary warfare ships. That day, your Navy had 54,000 sailors forward deployed overseas, including about 24,000 sailors in the Central Command (CENTCOM) area of operations (AOR), of whom 10,000 were afloat and 14,000 were boots-on-ground in various capacities. On that day, 1,700 sailors from our Navy medical team—doctors, nurses, and corpsmen, of whom 400 are reservists—were deployed to the European Command and CENTCOM AOR in support of OIF and OEF, from Landstuhl to Balad.

On February 20, we had approximately 10,000 sailors on individual augmentation missions, serving in roles ranging from our traditional areas of expertise in intelligence, medical support, explosive ordnance disposal, and combat-zone construction, to delivering new capabilities in areas like civil affairs, Provincial Reconstruction Teams, running detainee operations, and combating improvised exposive devices while embedded in Army and Marine tactical units.

Also in the CENTCOM AOR on 20 February, three of our surface combatants were engaged in anti-piracy operations in and around the Horn of Africa, attempting to ensure the flow of relief for famine and drought conditions in those bereaved countries.

Sailors in the Naval Forces, Europe, region supported President Bush's trip to Africa with Operation Nomad Fire, while the U.S.S. *Fort McHenry* and highspeed vessel Swift continued the inaugural deployment in support of Africa partnership stationing in the Gulf of Guinea, where 14 percent of our Nation's oil is generated.

On February 20, we had frigates and P–3s partnering with the Coast Guard, conducting counternarcotics operations in the Carib-

bean and off the coast of South America, an operation which has resulted in seizing 4.4 metric tons of drugs, just since December and January.

Closer to home, in Newport News, on the 20th, we saw construction continuing on our newest nuclear-powered aircraft carrier, the U.S.S. *George H.W. Bush*. Finally, on that day, we had about 870 of our newest recruits conducting the battle stations-21 exercise at Great Lakes, the culminating experience of their initial training at boot camp.

On February 20, the common element in all these missions, from the high-end operations of our Aegis weapon system, to the low-tech, but far more demanding, riverine mission in the combat zone, was our people. It is the Navy's people who are making it all happen, executing these important missions and achieving great success. It is that same Navy that accomplishes all these diverse tasks; and our Navy's people—our young men and women who have volunteered to serve a cause much larger than themselves, deserve all the credit and our gratitude for the immeasurable achievements made in the defense of our Nation.

In the years that have passed since September 11, your Navy has undertaken a truly significant reshaping in order to develop the capability to engage worldwide at every level of warfare and peace maintenance, while still maintaining our ability to dominate the blue water anywhere around the globe.

So as we approach our steady-state force levels of about 322,000 sailors in the Active component and 68,000 sailors in the Reserve component, it is clear we will not become just a smaller Navy, we will be a different Navy. To get the essential manpower, personnel, training, and education pieces of this different Navy right, we are putting together all the component parts of our value chain for people to ensure we have the right sailor in the right job at the right time with the right experience, a concept we call "Fit." Our efforts will ensure we are still ready to respond to any mission at any time, anywhere, from the deep ocean to well beyond the shoreline. Your Navy is a Service whose routine forward presence around the world, actively supporting friends and allies, pursuing our enemies, and maintaining the global maritime stability upon which our economic well-being depends, clearly illustrated by the many missions we accomplish on a typical day, is a fact now, and will certainly remain so for the indefinite future.

On behalf of all our sailors, Active and Reserve, I wish to thank this committee for their steadfast support of all our Navy people who are doing so much for so many every day. I am standing ready to respond to your questions, sir.

Thank you.

[The prepared statement of Admiral Harvey follows:]

PREPARED STATEMENT BY VADM JOHN C. HARVEY, JR., USN

INTRODUCTION

Chairman Nelson, Senator Graham, and distinguished members of the Personnel Subcommittee, thank you for providing me with the opportunity to appear before you to present an overview of Navy's recruiting, retention, and compensation programs.

I want to express my deep appreciation for your support of the many new and enhanced authorities to support sailors and their families included in the National

Defense Authorization Act for Fiscal Year 2008. I am particularly pleased you included Defense Officer Personnel Management Act (DOPMA) Control Grade Relief and an increase in senior enlisted strength authorization, which will prove essential to our ongoing efforts to properly size and shape the Navy Total Force of the future.

During testimony last year, I informed this subcommittee of our challenge to sustain core capabilities and readiness, while simultaneously building the future naval fleet and developing a workforce capable of operating, fighting, and leading in a variety of challenging environments. Demands on the Navy Total Force are growing, and our ability to deliver sailors with the skills required to meet those demands is becoming increasingly challenging in an austere fiscal environment and ever more-competitive recruiting and retention marketplace.

I expressed that recruiting, personnel management, training, and compensation systems which served us well in the past, would not be sufficient to deliver the workforce of the future. Sustaining the All-Volunteer Force through recruiting, developing, retaining, and taking care of this Nation's best and brightest young Americans is my primary responsibility and most solemn obligation. Upon taking the helm of the United States Navy, Admiral Gary Roughead established a goal that Navy be recognized as a top 50 employer during his tenure as Chief of Naval Operations (CNO). The first step toward accomplishing this goal is to align the life and career goals of our people with the mission requirements of our Navy—current and future—in a way that provides the greatest opportunities for personal and professional development. Achieving this view of our future for sustaining the high quality All-Volunteer Force entails providing a robust pay and benefits package, professional and personal fulfillment and affirmation of the value we place on sailors, their families, and their selfless service to our country.

During congressional testimony last year, I highlighted three key priorities that were the focus for our efforts:

- Navy Total Force Readiness
- Sizing, Shaping, and Stabilizing the Navy Total Force
- Strategies for the Future Navy Workforce

I want to set the stage for my testimony this year by taking a brief look back at each of those areas:

Navy Total Force Readiness

To support Navy's mission and sustain combat readiness, we focused on elements of readiness subjected to risk by impending recruiting and retention challenges, community health issues, and barriers to individual readiness and family preparedness.

In 2007, recruiting and retention efforts focused on communities experiencing the most stress associated with the global war on terror:

- Naval Construction Force (Seabees)
- Naval Special Warfare and Special Operations (NSW/SPECOPS)
- Health Professionals

While we are pleased to report significant progress in improving in Seabees/NSW/SPECOPS recruiting over the past year, our highest priority this year, and where I may need further help, is with health professionals.

We implemented improvements in our Individual Augmentee/Global War on Terror Support Assignment (IA/GSA) process by developing a better understanding of the shift from an emerging to an enduring requirement. We established an effective management plan and process for assigning sailors to these critical positions, including a more integrated total force approach, and dramatically improved support for sailors and families before, during and after deployments. IA/GSA sailors also earn points towards advancement and officers are awarded appropriate joint credit.

We made great progress in all areas of sailor readiness and family preparedness, focusing on issues of greatest concern, such as support to injured sailors, fitness, education and professional development, personal financial management, child and youth programs, and sea-shore rotation.

We established a Special Assistant to the CNO to develop and implement a coherent and complete plan of action to sustain effective casualty care for all our sailors and their families. This plan will incorporate, at a minimum, all required elements of the recently enacted "Wounded Warrior Act."

Sizing, Shaping, and Stabilizing The Navy Total Force

Extensive work has been invested in recent years to validate Navy's proper force size, through a capability-based analysis of current and future force structure and warfighting requirements associated with a 313-ship, 2,813-aircraft-Navy. That analysis also took into account present and projected global war on terror require-

ments. The outcome was an optimized steady-state Active component end strength requirement of 322,000, which we anticipate reaching by 2013.

In June 2007, a Reserve recruiting and retention cross-functional team was stood up to address the challenges of resourcing the Reserve Force. In conjunction with United States Fleet Forces Command, this team is conducting a review of overall Reserve capabilities based on Active component requirements. Selected Reserve end strength of 68,000 is about right, but this analysis will build upon the work of the 2003 Zero-Based Review of the Reserve Force and may further refine that number.

Having identified the required force size, we shifted our primary focus to "FIT", which entails force shaping (getting the right sailors in the right positions at the right time) and stabilizing (establishing a flexible and adaptable personnel management system that proactively responds to changing war-fighting requirements). Our goal is to build upon last year's efforts with greater emphasis on those areas most critical to our role in supporting the Maritime Strategy—delivery of training, focus on jointness, language skills, regional expertise and cultural awareness, and continued Active Reserve Integration efforts, particularly in leveraging Reserve capabilities when sourcing global war on terror assignments.

Although the Navy manpower management system is flexible and capable of responding to changes in manpower requirements and force structure, recruiting and developing sailors takes time and necessitates the best alignment of sailors to the mission they are required to perform. Accordingly, Navy is developing a demand-based personnel system to better link Fleet requirements to training resources and pipelines necessary to fulfill a unit's mission.

WHERE WE ARE TODAY—SUSTAINING THE ALL-VOLUNTEER FORCE

Strategies for the Future Navy Workforce

The Strategy for Our People (SFOP) provides the framework through which we will continue to shape our workforce into a diverse Navy. Our Navy has undergone tremendous change over a relatively short period of time, not only in terms of expanding nontraditional missions, in the way that we operate, fight, and lead, or in regard to force structure changes, but certainly from a personnel standpoint. The numbers of Active-Duty and Selected Reserve sailors has steadily declined since 2002, in part due to our shift to more technologically advanced, less manpower-intensive platforms and weapons systems. Despite the technological advances, maintaining the right balance between people and warfighting capabilities will continue to prove challenging in an increasingly constrained fiscal environment. As we move to a leaner, more sea-centric, and technologically advanced force, we must increase our focus on investing in our most valuable asset—our people.

Readiness

By incorporating lessons learned from past experiences, sailors and their families are better prepared today for the range of operations they're asked to support. Navy Fleet and Family Support centers worldwide are improving support for families of deployed sailors, as well as supporting them during disasters such as the 2007 San Diego fires.

As GSA detailing is new for most sailors and their families, Navy continues to tailor deployment services and support to the unique situations of IA sailors and families. IA sailor, family and command handbooks are posted on the Web and provide comprehensive information on GSA deployment preparation, readiness and reunion issues. Fleet and Family Support Centers and Command Ombudsmen distribute a monthly GSA Family Connection Newsletter to GSA families.

Additionally, Navy improves sailor readiness and family preparedness through a number of Morale, Welfare and Recreation (MWR) programs, Quality of Life programs and services assessments, fitness development, and family financial readiness education.

- Physical Readiness is being institutionalized across Navy through the "Culture of Fitness" program, which focuses sailor and command attention on the entire scope of healthy and physically fit sailors.
- Liberty Programs are offered to sailors in alcohol and tobacco-free Liberty Centers, which serve as "family rooms" that promote camaraderie among single and unaccompanied sailors, while providing healthy recreation alternatives.
- Sailor and Family Assessments solicit feedback from sailors, families, and command leaders on Navy life, programs, and services, which lead to program changes focused on providing an optimal level of support.
- Family Financial Readiness is important to mission readiness and improves retention. Navy provides educational programs tailored to family

members and teens. We have also implemented a career life-cycle-based training continuum that directs when, where, and how sailors receive specific Personal Financial Management (PFM) training.

Shaping and Stabilizing the Force

Efforts to align the career goals of sailors, through learning and development, with Navy's mission requirements, are at the core of shaping the force. Stabilizing the force cannot be accomplished without changing programs, practices, policies and laws, in ways that promote improved life-work balance. We must align the life and career goals of sailors with the mission requirements of the Navy in order to sustain warfighting readiness; and ensure we deliver the sailor required to operate, fight, and lead the Fleet of the future.

We know IA/GSA requirements will remain for the foreseeable future, and as such, we established long-term support processes. Additionally, the Cooperative Strategy for 21st Century Seapower calls for new capabilities and capacity. We will leverage the Reserve component to meet these demands; develop an enduring cultural, historical, and linguistic expertise in our Total Force, and further our efforts to maximize Navy's contribution to the global operations.

Individual Augmentation/Global War on Terror Support Assignment Detailing

Significant progress has been made in filling IA requirements, particularly in high demand skill sets. In many cases, Navy identified skill sets resident in lesser-stressed communities and fulfilled requirements with alternate sourcing. This flexible response, coupled with effective strategic communications to the Fleet, reduced some uncertainty of repeat IA deployments and helped provide predictability and stability for sailors and their families.

Through GSA Detailing, we are filling the majority of joint warfighting requirements by our mainstream assignment processes. Sailors now have increased influence over when they choose to do an IA, improved management of their careers, and longer "lead times" for preparation, improving sailor readiness and family preparedness for these long deployments.

GSA sailors receive Permanent Change-of-Station (PCS) orders to San Diego or Norfolk and Temporary Duty Under Instructions (TEMDUINs) orders for all training and movement. PCS orders allow for moving dependents to Fleet concentration areas with significant support services and infrastructure. Advancement boards will continue to stress the value of GSA and IA tours. Other benefits include advancement points, flexible advancement exam options, and joint credit. Execution of GSA detailing requires the merger of two systems currently operating in parallel—GSA and the Individual Augmentation Manpower Management (IAMM) systems. Placing global war on terror billets and IA requirements into the normal detailing process will improve unit manning stability. Navy Personnel Command and USFF will collaborate to balance Fleet readiness and GSA requirements. Until GSA detailing is fully implemented, USFF will continue to fill a portion of IA requirements through IAMM. The short-term goal of GSA detailing is to create an environment where GSA assignments are the normal business practice and IAs are the exception.

In support of Central Command, we have more personnel ashore than afloat. Today, over 14,000 sailors support Operation Iraqi Freedom (OIF)/Operation Enduring Freedom (OEF) staffs and missions ashore, while over 12,000 sailors afloat in Central Command are performing their traditional Maritime Missions. As of 2007, we have deployed or mobilized 62,811 sailors (17,435 Active component/45,376 Reserve component) as IAs since OEF in 2001. Almost 75 percent of IAs are employed using core Navy competencies, such as electronic warfare, airlift support, cargo handling, maritime security, medical support, explosives engineering, and construction. This additional commitment of providing IAs comes at a cost—we are carefully monitoring the strain on our PCS and TEMDUINs accounts to ensure we can execute core Navy and global war on terror missions while also fostering the necessary development of our people. There is also a "cost" in terms of filling global war on terror support assignments by removing sailors from their primary assignments. Currently, 8,000 Active Duty sailors are on these assignments, requiring others to ensure their duties in the affected commands are carried out.

Active-Reserve Integration

Through Active-Reserve Integration (ARI), Navy is increasing its overall capability and readiness. We continue to blend units in many communities, including Intelligence, NSW/EOD, Medical Support, Helicopter Combat Support, Riverine, Maritime Expeditionary Security Force and Naval Construction Battalions (Seabees), as well as surface and aviation warfare. We are working on developing methods to smooth the transition between components. One of our key Task Force Life Work

initiatives is implementing an Active component/Reserve component "On/Off Ramp" concept, which may require legislative relief.

Personnel planning, in support of global war on terror, includes a sustainable operational Reserve Force with capacity to support current operations, while maintaining a Strategic Reserve capability. Additionally, Reserve sailors are now aligned with Navy region commands to better support a Total Force response to Homeland Defense/Security and natural disaster requirements. We are also more closely aligning Active component/Reserve component medical care and medical case management policies and practices. Caring for sailors mandates a Total Force approach that will ensure sailors receive the best possible medical care.

Diversity Campaign Plan

In the past year, we focused on implementing the CNO's Diversity Concept of Operations (CONOPs). We stood up the Diversity Directorate, growing from an office of 3 to its present size of near 20. The Diversity Directorate made great strides in working to improve diversity in our Navy. The CONOPS called for focus on five key areas: accountability, outreach, training, mentoring, and communication.

We initiated an accountability regimen that identified areas Navy enterprises and communities can leverage to ensure the Navy's talent is promoted and retained. In taking a snapshot view of their diversity, the enterprises and communities were able to identify baseline diversity statistics, potential negative or positive trends, and areas for potential focus or study. Four Enterprises completed their initial review and briefed the CNO, while the remaining enterprises and communities are on deck this year. Once we have completed the initial round of reviews, we will go back annually and revisit the review, following up on how the enterprises and communities have worked to meet the challenges and goals outlined in their initial accounting.

As part of the initiative to spread the word of Navy education and career opportunities, we worked to create a focused, sustained outreach program with identified individuals and affinity groups, such as the National Society of Black Engineers and the Society of Hispanic Professional Engineers. Additionally, we encouraged increased Flag level and junior officer and enlisted participation in the two Navy-affiliated affinity groups, the National Naval Officers Association and the Association of Naval Service Officers. These groups are instrumental in maintaining and retaining our diverse Navy force, particularly through their mentoring and professional development efforts.

We created a Navy-wide mentoring culture by developing a consistent framework that will ensure all sailors have mentors and mentoring networks. Our draft mentoring instruction is currently in circulation with officer and enlisted leadership.

From E–1 to O–7, we provide detailed training curricula to institutionalize the importance of diversity in the Navy. At every level of the Navy's training continuum, we emphasize the benefits of a diverse organization and how those benefits relate to our core principles.

Finally, none of these efforts would be effective without a strategic communication plan to deliver a concise, consistent, and compelling message on diversity to both internal and external audiences. In the past year, we layered our communications by distributing the diversity message through a variety of internal media. We are also working to increase our success stories through external media; including those most important to members of the diverse affinity groups with whom we have developed relationships.

Millennial Generation Values

We are quickly learning that the one-size-fits-all personnel policies we have in place today won't work in the future. The young men and women of the Millennial Generation, those junior Officers and Enlisted under the age of 24, expect to change jobs or career fields multiple times over their life and expect a life-work balance that allows them to serve as well as explore outside interests and attend to personal and family needs. Their career paths, pay, and benefits must evolve to a more flexible system that supports mid-career off and on-ramps, part-time service and temporary sabbaticals.

Inflexible Navy careers and the adverse impact to quality of life, particularly among junior sailors, is borne-out in recent survey data. Sixty-percent of respondents on a 2005/2006 survey of Surface Warfare Officers (SWO) reported the ability, or lack thereof, to start a family or plan personal activities significantly influenced their decision to leave active duty. Of those who decided to make Navy a career, only 26 percent reported the current SWO continuation pay was a strong influence on their decision. Additionally, as of the beginning of December 2007, retention of SWOs in Year Group 2002 was at 19.4 percent, against a goal of 33.3 percent. In

a 2006 Naval Aviation Survey, 49 percent of female officers said that to be successful in the aviation field they have to choose their career over marriage, and 71 percent said to be successful they have to choose their career over having children. However, many of the things that are important to women in the workplace are proving to be important to both the men and women of the Millennial generation—family, stability, a true sense of fulfillment and value from their work. Continuing retention challenges demonstrate a need to develop new and different ways to influence long-term retention decisions.

Military service is not often first among career options Millennials consider. Today's influencers, most of who have never served in the military, are often not inclined to steer Millennials toward a military option. We are responding to this challenge by meeting Millennials on their terms, appealing to their search for something more, their sense of service, their spirit of volunteerism and their interest in the world around them. The Navy must recognize and respect generational traits to ensure it appeals to and competes with the best of industry for the talent we seek to recruit and retain. Initiatives such as the Navy's Diversity Campaign and Task Force Life Work will help us achieve that goal. Our focus in the next several years is building a menu of retention options for our changing workforce and striving to capitalize on the diversity and differences of our Navy Total force to ensure our Navy is a family-friendly "Top 50" place to work.

BUILDING A PATH TO THE FUTURE

This Nation commits our greatest talent and good will toward achieving peace and freedom for a better future, at home and abroad. The readiness we've attained, and global leadership role we hold, in warfighting, diplomacy, maritime security, and humanitarian assistance, are all dependent on the honor, courage and commitment of the men and women in our All-Volunteer Total Force. To maximize their potential and provide the most ready force to the fleet and joint warfare commanders, we will continue to improve upon our personnel systems, policies, and development tools. Our investment will offer greater life-work balance; place the right sailor in the right job at the right time, and prepare our 21st century leaders to operate adeptly in our dynamic global environment.

Achieving FIT

The concept of FIT is centered on the idea of delivering the right sailor to the right job at the right time. "Right sailor" is defined as an individual with the proper mix of knowledge, skills and abilities to match the demands of the assignment—the "right job." The timing element refers to both the timeliness of that sailor arriving in the position to support the operational unit's schedule, and the right point in the sailor's career to provide the seniority and leadership required. We must assign sailors to positions that draw from and enhance their talents and strengths, and emphasize continued professional growth and development, through learning and experience. Achieving FIT means we enhance their development in stages that align to career milestones, affording them the opportunity to progress and remain competitive for advancement and promotion. Over the next year, we will continue to focus our efforts to achieve FIT by:

- Developing our people, through learning and experience, in a way that fulfills the promise of our people and aligns their careers aspirations with Navy commitments
- Meeting our recruiting and retention challenges by modifying our programs, policies, and incentives to meet the life and career goals of our people, providing an appropriate balance between the two, while meeting the mission requirements of the Navy

Achieving FIT—Development of our People

Training and education are the critical enablers to developing the knowledge, skills, and abilities of our sailors. In accordance with the Maritime Strategy, we will focus our efforts on delivery of training, emphasis on joint management, development and training continuum, graduate education programs, and implementing Navy's Language Skills, Regional Expertise and Cultural Awareness Strategy.

Train to Qualify

Navy ships must be designed and developed based on capability requirements, a sustainable CONOPs, robust Human Systems Integration, and sound Acquisition Strategies. These upfront deliverables drive the analysis to properly operate and maintain ship systems. In May 2007, the Vice Chairman, Joint Chiefs of Staff, approved a Systems Training Key Performance Parameter (KPP) establishing training thresholds and objectives for appropriate acquisition programs. The new KPP en-

sures performance standards and training are developed based on Personnel Qualification Standards, Navy Mission Essential Task Lists, and Objective Based Training. The Littoral Combat Ship (LCS) is one of the first programs to use the Systems Training KPP.

The LCS Program makes use of many other concepts that pose new challenges, as well as presenting many opportunities to improve the effectiveness and efficiency of the Surface Force. The Navy's Cooperative Maritime Strategy identifies a total requirement of 55 LCS ships in the 313-ship Navy Shipbuilding Plan. Maintaining readiness and sustaining operations on these ships requires improved manpower, personnel, training, and education solutions.

The LCS Train-to-Qualify training methodology sets in motion a challenging new training paradigm for the Surface Force critical to supporting the LCS manning, readiness, and sustainment. The training methodology is conducted in an off-ship training environment that trains an individual in the knowledge, skills and abilities required to competently perform basic tasks associated with specific shipboard watch stations or positions. Training delivery methods include some combination of classroom instruction, computer-based lessons, live and virtual simulations, and live evolutions, in port and, where appropriate, at sea. Delivery is conducted in both individual and team training environments and focuses on achieving qualification and proficiency prior to reporting on the ship.

Sailors are prepared to join an LCS core or mission package crew via billet training tracks that satisfy the required knowledge, skills and abilities. Sailors' previous schools and qualifications are examined to avoid redundant training and tailored to fill in the gaps.

Navy Learning and Development Strategy

During the last year, a series of reviews were conducted to ensure our learning and development strategy for sailors would support not only the Cooperative Maritime Strategy, but be fully integrated with Navy's SFOP. Our goal was to look objectively at the impact of changes made in how we prepared our sailors for their Navy careers over the last 5 years, a period referred to as the Revolution in Navy Training. Tasks consisted of:

- A review of changes made to learning strategies
- A review of training organizational alignments
- Evaluation of learning technology acquisitions
- Benchmarking ourselves against projected advances in learning within industry, academia, and our sister Services

The results verified efforts our Navy learning organization is undertaking and we have made minor adjustments to learning organizations and investment strategies for the future.

We are well-positioned to train and prepare our sailors for the new technologies and platforms they will be tasked to operate, fight, and maintain in the future. The accelerating rate of technology insertion and new platform acquisition drives our manpower and training organizations to continued close collaboration with all Navy enterprises to ensure our learning strategy remains fully-integrated and resources are optimized to support current and future fleet training readiness. Investments in new learning technology and delivery systems will fully support the professional development of our sailors necessary to man the future fleet and further our efforts to become a competency-based Total Force.

Joint Management, Development, and Joint Training Continuum

Navy remains committed to the Chairman's vision for Joint Development in both the officer and senior enlisted communities across the Total Force. In 2007, we began developing an action plan for Joint Development, which will improve how we plan, prepare and assign Navy leaders to joint positions in a way that maximizes Navy's contribution to joint, interagency, and multi-national coalition partners.

Joint Qualification System (JQS). Authorities enacted by the John Warner National Defense Authorization Act of Fiscal Year 2007, provided us with the first significant updates to the Goldwater-Nichols Act in over 20 years. Last August and September, the Joint Staff conducted Experience Review Panels under the new JQS, recognizing the changing nature of jointness and allowing the Services to increase the pool of O–6s eligible for promotion to flag via the new experience path. We are working diligently with DOD to continue implementing the JQS and to extend jointness to our Reserve Force.

Joint Training Continuum/Professional Military Education (PME). The Navy continues its emphasis on PME designed to prepare its leaders for challenges at the tactical, operational and strategic levels of war. During the last year we met several key milestones in implementing the Navy's PME Continuum with its embedded

JPME for E–1 through O–8. We conducted two flag-level courses to prepare future 3-star officers to serve effectively as Maritime Component Commanders for Joint Force Commanders. One of those courses was a Combined Course with flag officers from our partner nations in the Pacific Command. The course was designed to develop and deepen relationships to meet regional challenges and advance understanding of security issues facing the participating nations.

The Naval War College (NWC) successfully completed its first academic year with the disaggregated intermediate and senior-level courses which was approved by CJCS for JPME phase II. Officer student throughput for the senior and intermediate-level courses, resident and non-resident, increased with significant numbers of graduates immediately assigned to follow-on joint duties in accordance with established assignment policies. All of these efforts directly contribute to Navy's continued development at the operational-level of war.

The Primary PME Course for junior officers (O–1 to O–3) and Chiefs (E–7 to E–8) completed its first year with an enrollment of about 10,000 sailors. In January 2008, the Navy implemented the PME Continuum by launching the Introductory PME Course for sailors (E–1 to E–4) and the Basic PME Course for leaders in the grades of E–4 to E–6. With the complete fielding of the Continuum, PME will become an important element of assignment and career progression for all sailors, officer and enlisted. The Navy will continue to use resident and distance learning options to provide the capability and flexibility to prepare Total Force leaders—military and civilians—for the operating environments of today and the future.

Education Strategy

In 2007, we completed the second in a series of studies on graduate education within the Navy. Our examination yielded some valuable insights into the role, timing and content of education as a key enabler of the Total Force. In 2008, we will apply those insights to the development of a strategy that addresses graduate education requirements to support successful execution of our joint and maritime missions. At the core of the Education Strategy will be an emphasis on the knowledge elements delivered through graduate education that will enable the Total Force to maximize its effectiveness. When coupled with the ongoing work on the Learning and Development Strategy and the PME Continuum, the Education Strategy will help Navy deliver enhanced capability to meet the challenges laid out in the Cooperative Maritime Strategy.

Language Skills, Regional Expertise, and Cultural Awareness Strategy

As we have seen in our recent missions with U.S.N.S. *Comfort* in Latin America and the U.S.S. *Peleliu* Pacific Partnership in Southeast Asia, our effectiveness overseas is as dependent on our ability to comprehend and communicate as it is on firepower and technological superiority. Facility with languages, expertise in regional affairs, and broad awareness of foreign cultures is essential to effective interaction with our diverse international partners and emerging friends. These competencies are key to theater security cooperation, maritime domain awareness, humanitarian efforts, and shaping and stability operations; they are crucial to intelligence, information warfare, and criminal investigations. They are a prerequisite to achieving the influence called for in the Maritime Strategy.

January 2008, we promulgated Navy's Language Skills, Regional Expertise, and Cultural Awareness Strategy—a plan that aligns and transforms Language Skills, Regional Expertise and Cultural (LREC) across the Navy Total Force. The LREC Strategy galvanizes the following efforts:

- The Foreign Area Officer (FAO) Program has been reconstituted as a community restricted line community. FAOs will augment Navy Component Commands, forward-deployed Joint Task Forces, Expeditionary and Carrier Strike Groups, American embassies, and coalition partners. At full operational capability, Navy FAOs will number 400. To date, 138 have been identified with selection boards convening twice each year to select more.
- The Personnel Exchange Program (PEP) is being realigned for consistency with theater engagement strategies of Navy Component Commanders. PEP billets with some of our traditional allies will be redistributed to support new relationships with emerging partners. The program will be made more competitive and career enhancing, particularly for commissioned officers. As theater security cooperation is indeed a core Navy mission, PEP is an essential ingredient in global and theater engagement strategies.
- Language Instruction. We are increasing language instruction for non-FAO officers at the Defense Language Institute (DLI). Beginning in fiscal year 2008, OPNAV programmed 100 seats per year for officers in non-FAO designators. Officer Community Managers at the Navy Personnel Command

now have greater flexibility to incorporate DLI training into the career paths of officers whose duty assignments require facility with a foreign language.

• Foreign Language Skills Screening. We continue to screen for foreign language skills at all Navy accession points and ensure the information is captured in personnel databases. The data allows us to identify and track these skills for operational purposes. As I reported last year, we executed a one-time Navy-wide self assessment of language capacity in 2006, which yielded unprecedented visibility on this increasingly critical capability. When we rebase-lined our data in July 2007, we counted over 143,000 individual assessments (not people—some people are fluent in more than one language) of proficiency in more than 300 separate languages and dialects. As expected, approximately half the capability is in Spanish with large populations of French, German and Tagalog; however, exceptional capability—much of it native—is in obscure, less commonly-taught languages from remote areas of the world. These bi- and multi-lingual sailors are a valued capability woven into the fabric of the force.

• Foreign Language Proficiency Bonus (FLPB). We continue to enhance the FLPB to incentivize the acquisition, sustainment, and improvement of skill in strategic languages. Formerly restricted to the Navy's crypto linguists and others serving in language-coded billets, FLPB eligibility has expanded dramatically to include sailors and officers with qualified (i.e., tested) proficiency in critical languages, irrespective of billet. Consistent with National Defense Authorization Act for Fiscal Year 2007, we modified our policies to pay incentives at lower proficiency for sailors engaged in special or contingency operations. Eligibility is contingent upon successful completion of the Defense Language Proficiency Test.

• Navy Center for Language, Regional Expertise and Culture (CLREC). Through the Center for Information Dominance (CID) in Pensacola, we continue to expand language and culture training support to an increasing number of Fleet constituents. Conceived in February 2006, CID CLREC started as a clearing-house for LREC-related training, but has gradually expanded its portfolio to include development of individual country and regional studies tailored to Fleet operations. CID CLREC developed collaborative relationships with NWC, Naval Postgraduate School, and the U.S. Naval Academy, as well as with the DLI, in Monterey, and the language and cultural centers of our sister Services. These cooperative relationships yielded promising results to date, including dedicated pre-deployment training to the three Riverine Squadrons which have or are deploying to Iraq, as well as the aforementioned support to both U.S.N.S. *Comfort* and U.S.S. *Peleliu* in 2007.

• LREC Instruction. We continue to provide LREC instruction to the Total Force. Naval Postgraduate School's (NPS) Regional Security Education Program embarks NPS and U.S. Naval Academy faculty and regional experts in Navy strike groups to deliver underway instruction in regional threats, history, current affairs and cultural/religious awareness. Similarly, NWC continues to develop integrated regional content in its resident curricula, and developed PME modules containing regional content available both in resident and in non-resident venues, including on-line.

Achieving FIT—Meeting the All-Volunteer Force Recruiting Challenges

During 2007, Navy executed a focused, integrated Active/Reserve recruiting effort, attaining 101 percent of Active enlisted accession goals and 100 percent of Reserve enlisted affiliation goal. Officer recruiting, however, fell short obtaining 88 percent of the Active component goal and 52 percent of the Reserve component goal.

Our goal is to position the Navy as a top employer, in order to gain a competitive edge in the market and provide our people the appropriate life/work balance, not only to attract and recruit them, but to retain them. Retention will be defined as providing the opportunity to transition between types of naval service (Active, Reserve, civilian, or contractor support). We aim to provide a continuum of service to our people, affording our Navy the maximum return on our most valuable investment. This year, we will focus our recruiting and retention efforts in the areas that pose the greatest risk and challenge to our ability to sustain the All-Volunteer Force.

Medical Recruiting

As mentioned earlier, meeting medical program recruiting goals is our highest recruiting priority for 2008. While overall manning levels within the medical depart-

ment are improving, we continue to face retention challenges in physician critical specialties of which many require 3–7 years of specialty training beyond medical school. We currently face manning shortages of medical professionals. Dental Corps is manned at 89 percent (1,007 inventory vs. 1,127 billets) with 70 percent of our junior dentists leaving the Navy at their first decision point. The Medical Service Corps is currently manned at 91 percent (2,293/2,512) and while overall Nurse Corps manning levels appear sound (94 percent) the Navy has experienced relatively high attrition in the junior officer ranks (O–2/O–3). While recruiting medical professionals has historically been a challenge, it is it becoming increasingly difficult for several reasons:

- There is an increasing shortage of health care professionals in the civilian sector
- The number of students attending medical schools has increased at a much slower pace the past three decades as compared to the overall population growth of the United States and the requirement for medical professionals to support that growth.
- The demographics of the medical school students have changed with females now making up more than 50 percent of the students attending medical school.
- New financial scholarships in the civilian sector have made military scholarships less attractive.
- Potential recruit concerns derived from the OIF/OEF

While the recruiting of medical professionals has improved in 2007 from previous years, Navy still attained only 82 percent of the Active component medical specialty mission and 57 percent of the Reserve component medical goals. To combat the recruiting challenges and continue supporting the increased demand for the OIF/OEF, we implemented the following:

- Increased accession bonuses for the Nurse Corps and Dental Corps
- Initiated plans for a Medical Corps accession bonus
- Funded a critical skills accession bonus for medical and dental school Health Professions Scholarship Program (HPSP) participants
- Increased the stipend for HPSP students, as well as Financial Assistance Program participants
- Expanded the critical skills wartime specialty pay for Reserve component medical designators
- Recently implemented a Critical Wartime Skills Accession bonus for Medical and Dental Corps.
- Implemented Critical Skills Retention Bonus for clinical psychologists.

Enlistment Bonuses

Our incentive programs were a key component of our enlisted recruiting success in 2007. The enlistment bonus continues to be our most popular and effective incentive for shaping our accessions. The authority to pay a bonus up to $40,000 made a significant contribution to our Navy Special Warfare and Navy Special Operations recruiting efforts. Likewise, our Reserve component success would not have been possible without the availability of enlistment bonuses.

Education Incentives

Tuition assistance remains a powerful enlistment incentive-offering the opportunity to pay for college while serving. The Navy College Program Afloat College Education (NCPACE) provides educational opportunities for sailors while deployed. The Navy College Fund, another enlistment incentive, provides money for college when a sailor decides to transition to the civilian sector. In 2007, we initiated a pilot program called Accelerate to Excellence, which pays recruits who attend community college while in the delayed entry program before boot camp then continue school through their initial skills training, culminating in a rating specific Associate's Degree. Lastly, our Loan Repayment Program allows us to offer debt relief of up to $65,000 to recruits who enlist after already earning an advanced degree.

Achieving FIT—Meeting the All-Volunteer Force Retention Challenges

The dynamics of retention have shifted from the behavioral patterns of previous generations who valued long-term commitments to a new generation, most of whom expect to change employers, jobs and careers several times in their working life. Our sailors have more choices available to them now than ever before. They expect innovative and flexible compensation policies, a commitment to continuing education, and professional development opportunities. Despite a weakening economy, there will be increased competition for our Nation's best talent. Retaining our sailors will

continue to be challenging due to comparable compensation and benefits offered by industry balanced with the sacrifices and commitments we ask of our sailors.

To address these challenges we are aggressively pursuing the use of tools that allow us to manage our people to achieve four desired outcomes: predictability, stability, personal and professional growth, and satisfying real work. To achieve these outcomes, with the goal of promoting a "Stay Navy" message, we are considering alternative manning solutions, providing our sailors with professional credentialing opportunities, exploring initiatives that support the life/work balance our people desire, and providing greater sailor and family support.

Sea Shore Flow

Last year, I testified the Navy was becoming increasingly sea-centric and that the Navy's first priority was to man sea-duty and front-line operational units. As we continue to assess the size and shape of the Navy workforce that will be required to meet future capabilities, it has become evident that one of the key variables to effective management of sailors is to determine the optimal sea-shore rotation periodicity. To that end, we stood up the Sea Shore Rotation Working Group comprised of representatives from throughout the Navy with significant senior enlisted representation. The working group was charged with conducting a comprehensive review and overhaul of the current plan, to ensure that we man the Fleet with the right sailor, in the right job, at the right time.

Today, it is a pleasure to inform you that we made substantial progress in finding solutions that optimize our enlisted career paths. We developed an evolutionary method, known as Sea-Shore Flow, for determining sea tour lengths for our sailors. Sea-Shore Flow provides the optimal balance of sea and shore duty throughout a sailor's career; improves Fleet manning; and gives sailors more career choices for professional and personal development with improved geographic stability. This year we intend to revise the Navy policy that currently sets sea tour lengths based solely on a sailor's pay grade to a policy that sets sea tour lengths based on the optimal Sea-Shore Flow career path for each enlisted community. In some cases this may mean shortening sea tour lengths in order to achieve a better FIT in the Fleet. In other cases, a market-based rotation system that rewards sailors for self-selecting more time at sea, through monetary incentives like Sea Duty Incentive Pay, and non-monetary incentives like guaranteed geographic stability, may be more effective.

Although sustaining a more sea-centric military workforce will be more costly, the policy is based on optimal Sea-Shore Flow career paths, coupled with a market-based rotation system that leverages incentive programs will minimize those costs, improve fleet manning, and enhance each sailor's life work balance.

Navy Credentialing Opportunities On-Line

Since June 2006, the Navy embraced licensure and certification as a key means of helping sailors apply their military training and work experience in attainment of industry-recognized credentials. We conducted extensive research to link the Navy's ratings, jobs, and occupations to civilian jobs and applicable civilian licenses and certifications. We found that 100 percent of the Navy's enlisted workforce has applicable civilian credentials. This program is available to over 300,000 enlisted Active and Reserve sailors.

The Navy Credentialing Opportunities On-Line (COOL) Web site (https://www.cool.navy.mil) provides sailors, counselors, family members, veterans, prospective Navy applicants, and employers with comprehensive information about certification and licensure relevant to Navy Ratings, jobs, and occupations. It helps sailors find civilian credentialing programs best suited to their background, training, and experience; and to understand what it takes to obtain a credential and to identify resources that will help pay credentialing fees.

Clear "side benefits" of credentialing can also be seen in the use of Navy COOL for recruiting (on-ramp), continuum of service (retention), and ultimately transition (off-ramp). The recruiting workforce integrated Navy COOL as part of its training and sales strategy. Anecdotal evidence has shown that use of Navy COOL in recruiting directly increased conversion of new contracts and led to higher Delayed Entry Program retention.

Though retention metrics have not yet been established (funding of credentials began October 2007), Navy COOL and credentialing is expected to positively impact retention of the workforce. To be eligible for Navy-funded credentialing, the sailor must have a minimum of 1 year remaining in service. This provides the Navy with at least 1 year use of enhanced sailor skills and knowledge, and time for the sailor to decide to re-enlist to obtain further credentialing opportunities. As a transition

tool, Navy COOL provides the sailor valued information in translating their military training and work experience to the civilian workforce.

COOL Web site usage has been high. There have been over 16 million hits since the web site was launched in June 2006, with visitors reviewing the site in excess of 9 minutes per visit. Since the authorization to fund for credentialing exams began in October 2007, over 97.4 percent of sailors completing civilian exams have passed and been certified, compared to a civilian pass rate of around 80 percent. The evidence is clear, sailor credentialing is not only successful, but is also meeting the goals and desires of the sailor and Navy.

Task Force Life Work Initiatives

We experienced some success through the use of monetary retention incentives such the Selective Reenlistment Bonus; however, monetary incentives do not always produce the desired retention effects among some population segments in certain specialties or skills. For example, female SWOs and female aviators retain at only half the rate of their male counterparts, despite the existence of robust retention bonus programs in these communities. Because female SWOs comprise more than 25 percent of the SWO community, insufficient retention among this segment of the population has led Navy to explore alternative incentives as a means of achieving required long-term retention goals.

On/Off Ramps. This proposal would provide temporary authority to the Navy to test an alternative retention incentive allowing sailors in a demonstration program to take an "intermission" in their careers not to exceed 3 years, to attend to personal matters (family issues, civic duties, advanced education, etc.) and then return to active duty service. During the "intermission" participants would not be eligible to receive active duty pays and allowances; however, they would be eligible to continue receiving certain active duty benefits (medical/dental care, access to commissary, exchange, MWR facilities, and child care, etc.).

Expanded Education Benefits Initiative. The Navy has operated educational programs in the past that allowed enlisted sailors to attend school for up to 2 years in lieu of a shore tour to complete an associate or bachelors degree, but those programs were incorporated into the Seaman-to-Admiral program in the late 1990s. As a result, the only full-time college programs were commissioning programs; therefore, sailors who desired to remain enlisted could not benefit from this valuable program. In addition to Tuition Assistance and NCPACE, the Advanced Education Voucher program provides educational assistance for senior enlisted to earn a bachelor or masters degree in an off-duty status. In the next year, we will consider the benefits of several education programs specifically targeting the enlisted sailor, similar to the discontinued Enlisted Education Advancement Program (EEAP), and create a "Mini-EEAP", whereby sailors could take 6 months or a year between assignments, to complete their degree.

Improved Sailor and Family Support

We continue to provide our sailors and their families with a myriad of benefits—housing, health care, deployment support, child care, family employment support, education, and efforts to improve geographic stability. Below is an overview of the sailor and family support programs and initiatives we will focus on this year.

Housing is a key element of the quality of life of our sailors and their families by providing suitable, affordable, and safe housing in the community, in privatized or government owned housing, or in the community.

Navy successfully privatized 95 percent of its continental United States (CONUS)/Hawaii family housing units and recently awarded two unaccompanied housing privatization projects. The unaccompanied housing projects were the first for the Department of the Defense.

The first Unaccompanied Housing Privatization project site, Pacific Beacon, in San Diego will feature 4, 18-story towers with 941 dual-master suite apartments. Two sailors will share an apartment, with their own master suite, walk-in closet, and private bathroom. The apartments will have eat-in kitchens, in-suite washers and dryers, living rooms, and balconies. Sailors will enjoy the comfort, style, and privacy of a place they can proudly call home.

Navy also executed approximately $40 million in Major Repair projects in Japan, Guam, Northwest Region, and Guantanamo Bay. Our goal to eliminate inadequate housing by fiscal year 2007 was realized by having all contracts in place by October 2007.

Our sailors and their families appreciated these improvements as reflected in the Annual Resident Satisfaction Survey, which showed high satisfaction levels with Navy housing.

Navy is also implementing the Homeport Ashore initiative by ensuring shipboard sailors have the opportunity to live ashore when in homeport. Eleven projects at eight locations were programmed from fiscal year 2002–fiscal year 2008. The final projects to complete this initiative were approved at Naval Base Kitsap Bremerton, WA, for fiscal year 2008 with occupancy by fiscal year 2010.

Sailor Care Continuum. The Navy has a long and proud history of providing outstanding support for all sailors who are wounded, ill, and injured. Sailors receive both clinical and non-clinical care through established programs. Medical care is coordinated by Navy Medicine while non-medical support is provided through sailors' parent commands and the Naval Personnel Command with the goal of reintegrating a wounded, ill or injured sailor with their Command, their family, and their community at the earliest possible opportunity.

Based on our experiences in OIF/OEF, we see a different mix of injuries than we've seen in the past. These injuries often involve complex medical issues that require closer coordination of support for members and families. Each sailor's situation is different and their support must be tailored to meet their unique needs.

In an effort to ensure we are meeting these obligations, we recently examined how we can best close any seams that exist between our current organizations and processes as well as applying new resources to those sailors and families in the most demanding cases—the severely and very severely injured.

One group that we focused renewed attention on was those sailors and their families who are our severely wounded, ill, and injured. The Navy's commitment is to provide severely injured sailors personalized non-medical support and assistance; to better guide them through support services and structures. This is accomplished through addressing the non-medical needs and strongly reinforcing the message that they, our heroes, deserve the very best attention and care of a grateful nation. These individuals and their families often have the greatest need for tailored and individualized attention in order to deal with personal challenges from the time of injury through transition from the Navy and beyond.

Safe Harbor staff establishes close contact, with each severely injured sailor, as soon as he or she is medically stabilized after arriving at a CONUS medical treatment facility. Safe Harbor Case Managers are located at major Navy medical treatment centers as well as the VA Poly-trauma Centers at Tampa, FL, and Palo Alto, CA, and Brooke Army Medical Center, San Antonio, TX. Typical assistance provided includes: PFM including financial assistance referral and waiving of debt, member/family member employment, PCS moves, assisting with non-medical attendant orders for assisting attendants, post-separation case management, expediting travel claims, and assisting with VA and Social Security benefits and remedying personnel/pay issues.

The Navy's Safe Harbor program, which was established in late 2005, was initially stood up to provide these services for those sailors severely wounded, ill, and injured as a result of OEF/OIF operations but would not turn any severely wounded, ill, and injured sailors away. In January 2008 we formally acknowledged the entire population and have expanded Safe Harbor's mission. This will increase the potential population to about 250 sailors, with about 169 of these in the current population. Safe Harbor Case Managers' role has also been expanded to provide a far more active engagement to include interactions with the new Federal Recovery Coordinators. Overall we believe these changes will allow us to continue to provide the individualized non-clinical care that each of these individuals and their families deserve.

Other important initiatives involve support for those individuals who are assigned to or volunteer for a global war on terror support assignment (individual augmentation). We improved our processes for screening, training, and family support at our Fleet and Family Service Centers, Navy Operational Support Centers, and Navy Mobilization Processing Sites. Our Warrior Transition Program (for returning sailors and their families) is just one of the many initiatives working at a local level.

Additionally, in collaboration with other key stakeholders, we're enhancing the Navy's Operational Stress Control continuum. Navy's continuum serves to address the increasing challenges that military personnel currently face caused by the immediate and cumulative effects of the stresses of Navy life, especially the type of operational stresses encountered in all forms of deployments. The continuum is part of the Navy's overall psychological health construct and applies to all sailors who serve.

The objectives of the Operational Stress Control program are to: improve force-wide psychological health, mission readiness, and retention; reduce stigma associated with stress and stress control; foster cultural change; eliminate redundancy and gaps across and within organizations; and address all aspects of psychological health, to include substance abuse, depression, and suicide prevention.

The Navy is currently promoting and implementing a number of initiatives to enhance the current Operational Stress Control program. These include: (a) development of a more robust outreach, screening, and assessment capability; (b) establishment of doctrine and a CONOPs to promote a common understanding and build consensus among stakeholders, including leadership, trainers, health care providers, researchers, and other care providers; (c) a comprehensive and integrated continuum of training and education for sailors, leadership, communities support, and families.

Extended Child Care Initiative. In a continued effort to offer quality child care and youth programs to Navy families, Navy launched extended child care, youth fitness, and School Transition Service (STS) initiatives.

Navy has begun an aggressive child care expansion plan, which includes adding 4,000 new child care spaces within the next 18 months, construction of 14 new Child Development Centers (including facilities open 24/7), commercial contracts, and expanding military certified home care. In addition, Navy is converting 3,000 existing 3–5-year-old child care spaces into infant–2-year-old spaces to meet the greatest demand, children under the age of 3. Combined, these initiatives will reduce the current waiting time for child care of 6–18 months down to less than 3 months Navy-wide with first priority given to single military parents.

To assist parents and children with the challenges of frequent deployments, an additional 100,000 hours of respite child care will be provided for families of deployed servicemembers.

In efforts to combat youth obesity, the Navy implemented a new worldwide youth fitness initiative called "FitFactor," as a means to increase youth interest and awareness in the importance of healthy choices in life.

Navy STS is addressing the many transition/deployment issues facing Navy children. STS consists of a variety of programs and initiatives that provide strategies and resources for installations, school districts, and parents to address the changes associated with transitioning between school systems and during deployments in support of the Navy expeditionary mission.

Family Employment Support Initiative. Navy launched a Family Member Employment Program to create opportunities for family members to manage their careers and achieve life goals, specifically in improving family finances, providing spouses with improved employment opportunities and improving their ability to pursue portable careers. We are implementing standardized short-term employment programs to provide new military spouses initial skills development to improve employment marketability. Through collaboration with the Department of Labor, we are expanding mobile career opportunities so our spouses may find jobs quicker when their sailor executes permanent change of station moves. To promote hiring of spouses in the private sector, we are developing a nationwide marketing campaign to promote the military spouses' skills as solutions to corporate demands.

Montgomery GI Bill (MGIB) Benefit Initiative. Education benefits are a key component of the incentive package used by the military to attract and retain quality servicemembers. From our Task Force Life Work visits to the Fleet, education benefits, specifically the MGIB, are viewed by sailors as akin to health benefits—as a fundamental benefit that should be available to all sailors and transferable to their family members.

We fully support legislation that would expand the ability of servicemembers to transfer their Montgomery GI Bill (MGIB) to their dependents.

Geographic Stability. Our Geographic Stability Working Group is leading the effort to develop implementation strategies for increased geographic stability throughout the Fleet. Improving geographic stability during a time when the Navy is transitioning to a more sea-centric force has its challenges; however it is a critical issue that consistently remains at the top of the list for "reasons why people leave the Navy."

While cultivating a diverse background in multiple operational theaters will remain important to ensuring mission readiness, we also recognize that geographic stability allows members to establish support networks which permit sailors to be successful everyday. In a time when dual military couples and single parenthood rates are rising at the same time as our operational commitments, it is critical we support healthy family dynamics—geographic stability is an important part of this.

Part of the solution is ensuring viable shore tour opportunities in sea-centric locations, many of which we have "civilianized" in recent years. While we are attempting to "buy back" some of those billets, we are also looking towards more creative solutions like the EEAP whereby a sailor can pursue advanced education in lieu of a traditional shore tour while also exploring the possibility of "virtual commands" as part of our large scale telecommuting effort which has recently gained much popularity among the Fleet.

Sea Warrior Spiral 1. We continue to make significant progress towards providing our sailors with an integrated and easy to use system of Navy career tools that allow them greater personal involvement in managing their careers.

During the past year we continued the programmatic rigor necessary to develop Sea Warrior as a program of record for POM–10. In 2007, we fielded the first version of the Career Management System (CMS) with Interactive Detailing. This new system has the functionality of allowing sailors ashore to review their personal and professional information, view available jobs, and submit their detailing preferences through their career counselors. The next step in this evolution is to provide the same functionality to sailors on ships. This portion of the system has been tested in the laboratory and is currently in the process of being installed and tested on a selected group of ships.

The successful development and testing of these increments of additional functionality to the CMS system are the first steps in achieving our vision of enabling all sailors to review available jobs and submit their own applications for their next assignment by June 2009.

Retention of O–6s. There has been significant growth in demand for control grade officers, particularly for our seasoned O–6s. At the same time, we are experiencing a shortage of inventory of these senior officers. In addition to aggressively employing existing retire/retain authority to allow high-performing O6s to remain on active duty, we have taken aggressive steps to understand the considerations behind officers' decisions to stay on active duty past the 25 year point. Recent surveys indicate that retention among URL Captains is largely driven by 3 factors: family stability, financial concerns (a leveling off or reduction of pay and retirement benefits compared to civilian opportunities), and job satisfaction. We are exploring a variety of monetary and non-monetary incentives to encourage more senior officers to make the choice to "stay Navy" past the 25 year point. For example:

- To incentivize retention, we may offer a Captain a single long tour option or a "bundled detail" to cover two tours. This addresses two common concerns of those in senior ranks: the desire for family and geographic stability to accommodate a spouse's career and older children attending high school or college.
- For officers beyond the 25 year point, we are developing several initiatives to address specific financial concerns. We are exploring financial mitigation for those who may choose a geographic bachelor tour as a way of providing geographic stability for the family. In addition, the loss of most career incentive pays at the 25 years of commissioned service point makes retirement and transition to a civilian career more attractive than continued service. Accordingly, we will pursue specific bonuses selectively targeted to high-demand senior officer designators. Other initiatives include assignment to adequate, available quarters, or periodic funded travel back to the family's location, in return for a commitment to serve a 2–3 year geographic bachelor tour.
- To leverage the power of job satisfaction as a retention incentive, we are exploring detailing processes to provide our senior officers with opportunities for increased responsibility and a heightened sense of value and worth at the executive level. We are striving to enhance our approach to managing the careers of Captains that don't screen for Major Command (approximately 60 percent of the cohort) and those who are post-major command. Many highly skilled, experienced officers who reach these career points perceive that their upward mobility and career options have stalled, and are thus more likely to choose to transition to the civilian sector. Establishing a tier of billets that capitalize on a senior Captain's experience and leadership abilities by providing meaningful, challenging positions may serve as an incentive for retention to the 30 year point.
- Enhancing the ability of our senior Reserve component officers to achieve Joint designation is critical to retaining our control grade talent, and we are aggressively implementing a plan to make this process executable and easily understood, without compromising the spirit or integrity of Goldwater-Nichols.

NEXT STEPS

We have made great strides in enhancing Navy's military personnel readiness over the past few years, and this committee has been unwavering in its support for our manpower, personnel, training and education goals.

Meeting Navy Recruiting Challenges—Health Professions

As we continue to tackle tough recruiting and retention challenges among the health care professions, we ask for your continued strong support for the kinds of flexible tools required to better compete with the private sector for highly-trained medical professionals and students. Specifically, we anticipate continuing challenges in recruiting into clinical specialties of the Medical Service Corps; to the Nurse Candidate program; Registered Nurses accepting a commission as a naval officer; and in offering a sufficiently attractive loan repayment program for Reserve component health care professionals. We expect this challenge to be further exacerbated by enactment in the FY08 NDAA of a moratorium on military-to-civilian conversions within the health professions and requirement to restore certain previously converted or deleted end strength. Compelled to move forward without this critical force shaping tool, the number of health care professionals we will have to recruit and retain will increase among skill sets for which we have achieved full readiness even under the reduced requirement made possible by military-to-civilian conversion authority. We are fully committed to ensuring that we carry out force shaping in the health professions in a manner which protects the integrity of the access and quality of care for sailors and their families and Navy retirees. We urge Congress reconsider its decision in imposing this moratorium and the requirement to restore converted billets that are not encumbered by civilian employees by September 30, 2008.

Outreach to Recruiting Influencers

As mentioned earlier, the Millennial Generation is motivated by different stimuli than their predecessors. Military service is often not considered when evaluating their career options. Today's influencers, most of whom never served, are often not inclined to steer the Millennials toward a military option. I ask that when you meet with your constituents, and interest groups that play a role in influencing the decisions of today's youth, please highlight the importance of service and the many outstanding opportunities available through service in the United States Navy. The impact of hearing this important message from Members of Congress will certainly go a long way in persuading parents, teachers, guidance counselors, coaches, and other influencers to encourage the young men and women of the Millennial generation to at least consider serving in the United States Armed Forces.

CONCLUSION

Again, on behalf of all Active and Reserve sailors and their families, the Department of the Navy (DON) civilians, and contractors who support the Navy—I want to thank you for your staunch support of our policies, programs and plans, and National Defense Authorization Act for Fiscal Year 2008.

Because of your leadership, our sailors, DON employees and contractors are more organized, better trained and equipped than at any time I can recall in my career. In short, they're ready to win in battle, protect our sovereign soil and to use their skills to help others in crisis.

Throughout my career, and especially in my role as Chief of Naval Personnel, it's been my goal to set in place policies and programs that reorganize our people as the principle means by which our Navy accomplishes its mission.

Today, our training curriculums and methods of delivery ensure the continued professional development of our people and are aligned with fleet requirements, both in terms of the number of sailors we deliver to the waterfront and the development of their skill sets, so that we will achieve FIT in our smaller, more sea-centric force, today and in the future.

We will continue to balance the requirements of our afloat commands and those of the combatant commanders to meet both enduring Navy missions and Joint warfighting augmentee responsibilities. A major step forward, our GSA IA detailing process, implemented in 2007, rewards volunteerism and instituted predictability and stability for our sailors and their families, as well as Navy commands. Establishing this was critical to the long-term goal of keeping our talent in the Fleet. I'm proud to say, our process and support systems are in place and working to meet the warfighting requirements and the personal goals of our people.

Our pays and benefits, continue to keep pace with the civilian sector, and I thank you for that significant and impactful investment. With today's low unemployment rate and low-propensity to join the military, due to the ongoing war, we must be competitive with the civilian work environment, in order to attract 21st century leaders to serve.

I'm confident that the policies and programs we have in place today, and our ongoing initiatives in diversity, life-work balance, family readiness and the continuum of medical care, will improve upon what we know already to be a highly desirable

organization in which to work. Our goal, however, is not only to be desirable, but to be among the best organizations—unmistakably a "Top 50 Employer"—one that every young Millennial, regardless of race, gender, socioeconomic or cultural background wants to affiliate with, contribute to and defend, because of what we recognizably value—our people.

This goal will keep our service on pace to continue to attract the best our Nation has to offer. The professional challenges, opportunities and rewards our sailors and DON civilians experience, along with the quality of life and service that our sailors and their families deserve, will retain those high-performing patriots in our Nation's Navy, and keep us ready to "defend against all enemies, foreign and domestic."

In the end, our ability to maintain this readiness and achieve our vision is only made possible by having your support and that of the American public, so again I thank you for that. The authorities you afforded us along with the budget necessary to realize these plans and initiatives, enables our people to serve confidently. On behalf of the more than 550,000 sailors and their families, Civilians and contractors, thank you for your leadership and confidence, upon which we rely to achieve our vision for a Cooperative Strategy for 21st Century Seapower.

Senator BEN NELSON. Thank you.

General Coleman?

STATEMENT OF LT. GEN. RONALD S. COLEMAN, USMC, DEPUTY COMMANDANT FOR MANPOWER AND RESERVE AFFAIRS, UNITED STATES MARINE CORPS

General COLEMAN. Thank you, sir.

Chairman Nelson, Senator Graham, and distinguished members of the subcommittee, it is my privilege to appear before you today to discuss Marine Corps recruiting, retention, and other personnel issues. Today, I would like to make just a few key points.

First, in regard to our end-strength growth, the Marine Corps achieved unprecedented success in fiscal year 2007. We exceeded our goal of growing to 184,000 marines, ending the fiscal year with an Active Duty end strength of 186,492, and we fully expect to exceed our next milestone of 189,000 during fiscal year 2008 as we set our sights toward 202,000 without lowering our standards. We owe our success, in large part, to our recruiters, who met all accession goals in fiscal year 2007, while maintaining our high-quality standards. We expect to meet this challenge again this fiscal year. Thank you for your support of our enlistment incentives which made these achievements possible.

Retention should also be viewed as a success. We reenlisted 3,700 more marines in 2007 than in the prior fiscal year—again, without lowering standards. Nevertheless, retention will continue to pose a significant challenge as our goals become more and more aggressive. We thank you for your support of our selective reenlistment bonus program. It is the foundation of our retention efforts. The funds provided to us have increased significantly in recent years and is money extremely well spent. These funds have enabled us to increase retention in targeted and specialized military occupational specialties so that we maintain the leadership and experience necessary for combat and other operational requirements, as well as for the new units stood up in support of our 202,000 growth.

I also want to emphasize today our efforts toward Marine Corps families. Thanks to your support, we are putting our family readiness programs on a wartime footing, increasing steady-state funding, and making a host of improvements. We are establishing school liaison officer capability at every Marine Corps installation

to advocate for our marine's children. We're also expanding our exceptional family member programs to improve support and provide respite care to these special families. These and other initiatives will help ensure that we fulfill our obligation to our marine's spouses, children, and other family members.

Lastly, but certainly not least, I want to tout our Wounded Warrior Regiment. It is quickly becoming what you envisioned, a comprehensive and integrated approach to caring for our wounded, ill, and injured marines and sailors through all phases of their recovery. We have recently implemented a 24/7 Wounded Warrior Call Center to reach out to our wounded warriors, including those who have already left the Service, and a job transition cell to help them find satisfying work. We're very proud of how the regiment has progressed in such a short time, and are thankful for the high priority you have given it.

Overall, the commitment of Congress to supporting our 202,000 end-strength growth and to improve the quality of life for marines and their families is central to the strength that your Marine Corps enjoys today.

Thanks to you, your Marine Corps remains the Nation's force in readiness, and will continue to fulfill its mission of being the most ready when the Nation is least ready.

I look forward to answering your questions.

[The prepared statement of General Coleman follows:]

PREPARED STATEMENT BY LT. GEN. RONALD S. COLEMAN, USMC

Chairman Nelson, Senator Graham, and distinguished members of the subcommittee, it is my privilege to appear before you today to provide an overview of your Marine Corps personnel.

INTRODUCTION

We remain a Corps of Marines at war with over 31,200 marines deployed to dozens of countries around the globe. 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 rival that of any generation preceding them.

Thanks to you, marines know that the people of the United States and their Government are behind them. The continued commitment of Congress to increasing the warfighting and crisis response capabilities of our Nation's Armed Forces and to improving the quality of life of our marines and their families is central to the strength that your Marine Corps enjoys today. The Nation is receiving a superb return on its investment in the world's finest expeditionary force.

We know the future will remain challenging, but I am confident that with your continued support, your Corps will remain the Nation's force in readiness and will continue to fulfill its congressionally mandated mission of being the most ready when the Nation is least ready.

RIGHT-SIZE OUR MARINE CORPS

Active Component End Strength

To meet the demands of the Long War and other crises that arise, our Corps must be sufficiently manned, trained, and equipped. To this end, the Marine Corps plans to grow its personnel end strength to 202,000 Active component marines by fiscal year 2011. This increase will enable your Corps to train to the full spectrum of military operations and improve the ability of the Marine Corps to address future challenges. This growth will also enable us to increase the dwell time of our marines so that they are able to operate at a "sustained rate of fire." Our goal is to achieve a 1:2 deployment-to-dwell ratio for all of our Active Forces—for every 7 months a marine is deployed, he or she will be back at home station for at least 14 months.

Our success in the first phase of this growth—184,000 marines by the end of fiscal year 2007—is a great first step toward our ultimate end strength goal. Overall, we

ended fiscal year 2007 with an Active component end strength of 186,492 marines. We fully expect to meet our second goal—189,000 marines this fiscal year.

Funding

The Marine Corps greatly appreciates the increase in authorized end strength to 189,000 recently passed in the National Defense Authorization Act for Fiscal Year 2008. We are funding the end strength in excess of 180,000 through supplemental appropriations. For fiscal year 2009, we note that all costs of military personnel are included in the baseline budget.

Compensation

The vast majority of our personnel budget is spent on entitlements, including compensation. Compensation is a double-edged sword in that it is a principal 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. Competitive compensation authorities aid the Marine Corps in targeting specific areas and provide the capability to access, retain, and separate as needed. The extensions of special and incentive pay authorities have demonstrated your continued support of the Marine Corps and its endeavor to reach our ultimate end strength goal. We appreciate the continued support of Congress in the creation of flexible compensation authorities which afford the Marine Corps with tools that allow us to shape your Corps for the 21st century.

Military-to-Civilian Conversions

Military-to-civilian conversions replace marines in non-military-specific billets with qualified civilians, enabling the Corps to return those marines to the operating forces. Since 2004, the Marine Corps has returned 3,096 marines to the operating force through military-to-civilian conversions. We will continue to pursue sensible conversions as this will aid in our deployment-to-dwell ratio goals for the force.

Reserve Component End Strength

Our deployments in Iraq and Afghanistan have been a Total Force effort—our Reserve Forces continue to perform with grit and determination. Our goal is to obtain a 1:5 deployment-to-dwell ratio within our Reserve component. As our Active Force increases in size, our reliance on our Reserve Forces should decrease—helping us to achieve the desired deployment-to-dwell ratio. Our authorized Reserve component end strength remains at 39,600 selected Reserve marines. As with every organization within the Marine Corps, we continue to review the make-up and structure of the Marine Corps Reserve in order to ensure the right capabilities reside within the Marine Forces Reserve units and our Individual Mobilization Augmentee program across the force.

RECRUITING

Our Recruiters continue to make their recruiting goals in all areas in support of our total force recruiting mission. This past year, our recruiting mission was increased as part of a series of milestones to "grow the force" and build an active component 21st century Marine Corps with an end strength of 202,000. Our focus in fiscal year 2008 is to continue to recruit quality men and women into our Corps as we expand our ranks.

To meet the challenges of the current recruiting environment, it is imperative that we maintain our high standards both for our recruiters and those who volunteer to serve in our Corps. The Corps must continue to be comprised of the best and brightest of America's youth. We must also remain mindful that the Marine Corps needs to reflect the face of the Nation and be representative of those we serve. Our image of a smart, tough, elite warrior continues to resonate with young people seeking to become marines.

The Marine Corps is unique in that all recruiting efforts (officer, enlisted, regular, Reserve, and prior-service) fall under the direction of the Marine Corps Recruiting Command. Operationally, this provides us with flexibility and unity of command in order to annually meet our objectives. In fiscal year 2007, the Marine Corps achieved 100 percent of the enlisted (regular and Reserve) ship mission (accessions). Over 95 percent of our accessions were Tier 1 high school diploma graduates and over 66 percent were in the I–IIIA upper mental group testing categories. In short, we accomplished our recruiting mission achieving the Commandant's standards and exceeding those of the Department of Defense (DOD). To meet the Marine Corps' proposed end strength increase, annual total force accessions missions will steadily grow from 40,863 in fiscal year 2007 to over 46,000 in fiscal year 2010. Fiscal year

2008 total force accessions mission is 42,202. As of 1 February 2008, we have shipped (accessed) 12,597 applicants, representing 104 percent of our total force mission fiscal year to date. Although recruiting is fraught with uncertainties, we expect to meet our annual recruiting mission this fiscal year, to include our quality goals. Additionally, we continue to achieve our contracting goals for this fiscal year which ensures we have a population of qualified individuals ready to ship to recruit training as we enter fiscal year 2009. Achieving this success, as always, is dependent on your support for our enlistment incentives. We thank you for this support.

Our Officer Selection Teams were also successful in fiscal year 2007, accessing 1,844 second lieutenants for 101 percent of their assigned mission. In fiscal year 2008, we are continuing efforts to increase the population of officer candidates and commission second lieutenants commensurate with our force structure and the growth in end strength. To assist our Officer Selection Officers in meeting their officer accession missions, we have implemented new programs, such as the College Loan Repayment program, in order to attract prospective candidates and remain competitive in this difficult recruiting environment.

For the Reserve component, the Marine Corps achieved its fiscal year 2007 Reserve enlisted recruiting goals with the accession of 5,287 non-prior service marines and 3,591 prior service marines. As of 1 February 2008, we have accessed 1,484 non-prior service and 1,660 prior service marines, which reflects 36 percent of our annual mission. Again, we expect to meet our Reserve recruiting goals this year. Officer recruiting and retention for our Selected Marine Corps Reserve units is traditionally our greatest challenge. The Officer Candidate Course-Reserve introduced in 2007 is helping to address this issue, and we anticipate commissioning 50 to 75 second lieutenants in the Reserve this year. Under this program, individuals attend Officer Candidates School, The Basic School, a Military Occupational Specialty school, and return to a Reserve unit to serve. When coupled with the selected Reserve officer affiliation bonus, we believe we have established a valid method to address the challenge.

RETENTION

Retention is the other important part of building and sustaining the Marine Corps. As a strong indicator of our forces' morale, the Marine Corps has achieved unprecedented numbers of reenlistments in both the First Term and Career Force. When examining mental, educational and physical components as quality measures, the Center for Naval Analyses found that the first term force has improved steadily over the last 8 years and the best marines continue to demonstrate a higher propensity to reenlist than separate. The expanded reenlistment goal, in which we sought to reenlist over 3,700 additional marines, resulted in the reenlistment of 31 percent of our eligible first term force and 70 percent of our eligible career force—compared to the 22 percent first term and 65 percent career force reenlistments in fiscal year 2006. This achievement was key to reaching the first milestone in our end strength increase—184,000 marines by the end of fiscal year 2007—while still maintaining quality standards.

For fiscal year 2008, our retention goals are even more aggressive to achieve an end strength of 189,000, but we fully expect to meet them. As of 15 February 2008, we have achieved 6,395 First Term Alignment Plan reenlistments, or 69 percent of the 9,507 goal. Equally impressive, we have achieved 7,331 Subsequent Term Alignment Plan reenlistments, or 90 percent of the 8,124 goal. Altogether, we have achieved 13,726 total reenlistments, or 78 percent of the combined goals.

Our continuing retention success will be largely attributable to several important, enduring themes. First, marines are motivated to "stay marine" because they are doing what they signed up to do—fighting for and protecting our Nation. Second, they understand our culture is one that rewards proven performance and takes care of its own.

There is no doubt that your marines' leadership and technical skills have rendered them extremely marketable to lucrative civilian employment opportunities. To keep the most qualified marines, we must maintain Selective Reenlistment Bonus (SRB) funding. In fiscal year 2007, the Marine Corps spent over $425 million in SRB and Assignment Incentive Pay to help achieve our end strength increase. With a reenlistment mission of 17,631 in fiscal year 2008—compared to an historical average of 12,000—the Marine Corps expects to invest $536 million in reenlistment incentives. This aggressive SRB plan will allow us to retain the right grades and skill sets for our growing force—particularly among key military occupational specialties.

I am happy to report that the Marine Corps continues to achieve our goals for officer retention. We are retaining experienced and high quality officers. Our aggregate officer retention rate was 91 percent for fiscal year 2007, which is above our

historical average. Current officer retention forecasts indicate healthy continuation rates for the officer force as a whole.

Concerning our Reserve Force, we satisfied our manpower requirements by retaining 76 percent in fiscal year 2007, the 6th consecutive year above our pre-September 11 historic norm of 71 percent. For the current year, Reserve officer retention has thus far remained above historical norms. Enlisted Reserve retention is currently lower than has been seen in the last 2 years, and is being monitored very closely. It is important to note that increased opportunity for prior service marines to return to the Active component is affecting Reserve retention rates. Additionally, higher planned retention in the Active component is reducing the number of personnel transitioning into the Selected Marine Corps Reserve. For these reasons we appreciate the increased reenlistment incentive provided in the National Defense Authorization Act for Fiscal Year 2008.

MARINE CORPS RESERVE

This year marks the 7th year that our Reserve component has augmented and reinforced our Active component in support of the Long War. 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. As of 1 February 2008, there have been 56,275 Reserve activations since September 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 Long War. These men and women do so while maintaining their commitments to their families, their communities, and their civilian careers. The development of our Long War Force Generation Model has greatly improved our ability to provide our Reserve Marines with advance notification of activation. More than 6,100 Reserve marines are currently on active duty with nearly 5,000 serving in Reserve ground, aviation and combat support units, while over 1,100 serve as individual augments in both Marine Corps and joint commands. Eighty-four percent of all mobilized reservists have deployed to the Central Command area of operations. To support ongoing mission requirements for Operation Iraqi Freedom, the Marine Corps Reserve provides approximately 18 percent of our Total Force commitment.

As previously mentioned, recruiting and retention remain a significant interest as the Marine Corps Reserve continues its support for the Long War. The increased flexibility and funding authorizations you provided in the National Defense Authorization Act for Fiscal Year 2008 are valuable assets to assist in our recruitment and retention missions; they not only generate greater interest in Reserve reenlistment, but also provide financial assistance during the critical period of transition from active duty to Reserve service.

Health care remains an essential part of mobilization readiness for our Reserve component. TRICARE Reserve Select has helped to ensure that our Selected Marine Corps Reserve members, and their families, have access to affordable health care. Increased access and flexibility to health care for these families assists in alleviating one of the most burdensome challenges facing families of deploying Reserve marines.

The dedication and Reserve experience provided by our cadre of full-time support personnel has been a key to success in integrating our Total Force. Likewise, our Marine Corps Total Force Pay and Personnel System (MCTFS) has ensured and continues to provide a seamless continuum of service for our Reserve marines.

The long-term success and sustainability of our Reserve Forces in both Operational Support and Strategic Reserve roles 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.

CIVILIAN MARINES

Civilian marines continue to provide an invaluable service to the Corps as an integral component of our Total Force. With a population of over 30,000 appropriated and non appropriated funded employees and foreign nationals, civilian marines work in true partnership with the active duty and play an important role in supporting the mission of the Marine Corps and the Long War. Our vision for the future not only defines what the Marine Corps will offer to, but what it expects from, its civilian marines.

The Marine Corps strategy for achieving this vision is detailed in the Civilian Workforce Campaign Plan (CWCP) designed to create, develop, acculturate, reward, and maintain an innovative and distinctive civilian marine workforce responsible for providing exceptional support to the Nation's premier expeditionary "Total Force in Readiness." Marine Corps Senior Executives have been charged with overseeing implementation of the CWCP by providing developmental opportunities and career management for assigned communities of interest.

The Marine Corps is also committed to the successful implementation of the National Security Personnel System (NSPS). NSPS will assist us in achieving the goals and objectives of the CWCP by enabling us to better support the warfighter and provide a civilian workforce that is flexible, accountable, and better aligned to the Marine Corps mission. The first group of Marine Corps organizations converted approximately 1,900 general schedule civilian employees to NSPS in January and February 2007, and we just completed this month the conversion of approximately 4,200 more employees across all remaining Marine Corps organizations, including overseas and field activities. We are actively participating with the Department of Defense in the development and implementation of NSPS. Partnering with the Services, we are working to ensure our civilians are provided opportunities for training and support for successful transition to NSPS. Our goal is high operational performance while supporting successful implementation of the system.

INFORMATION TECHNOLOGY

Ensuring accurate, timely pay is supported by our continued efforts to transform our manpower processes by leveraging the benefits of the MCTFS, the Department of Defense's only fully integrated personnel, pay, and manpower system. MCTFS seamlessly serves our Active, Reserve, and retired members; provides total visibility of the mobilization and demobilization of our Reserve marines; and ensures proper and timely payments are made throughout the process. MCTFS provides one system, one record—regardless of an individual's duty status. According to the most recent Defense Finance and Accounting Service's "Bare Facts" report, MCTFS continues to achieve a pay accuracy rate of over 99 percent for both our Active and Reserve components. MCTFS has enabled the Marine Corps to move its pay and personnel administration to a predominately self-service, virtually paperless, secure, web-based environment. In fiscal year 2007, individual marines and their leaders leveraged MCTFS' capabilities to process more than 1.6 million paperless transactions.

TAKING CARE OF OUR MARINES AND OUR FAMILIES

Marines take care of their own—period. Never has this ethos been more relevant than during time of war. As marines continue to perform magnificently around the globe, serving in harm's way, their dedicated families contribute to mission success by managing the home front. Oftentimes, with their contribution comes great sacrifice. We realize that families are the most brittle part of the deployment equation and it is our moral imperative to ensure marines and families are provided the right tools to secure their family readiness.

Putting Family Readiness on a Wartime Footing

Last year, at the Commandant's direction, the Marine Corps set out to ensure our family programs have fully transitioned to wartime footing in order to fulfill the promises made to our families. Many of our family and installation support programs underwent rigorous assessments, and actions are underway to refresh, enhance, or improve family support programs in five key areas: unit family readiness programs and Marine Corps Family Team Building, the Exceptional Family Member Program (EFMP), the School Liaison Officer Program, remote and isolated support, and installation and infrastructure support.

Unit and Installation Family Readiness Programs

Through our assessments, we found that our Marine Corps Family Team Building Program and unit family readiness program, the centerpiece of our family support capability, were based on a peacetime model and 18-month deployment cycle and largely depended on volunteer support. As our deployment and tempo of operations increased, we now know that we overburdened our dedicated volunteers. While our compassionate volunteers performed magnificently, the Marine Corps must take action to establish an appropriate division of labor. This will be accomplished by increased civilian staffing within our programs and the establishment of primary duty family readiness officers at the regiment, group, battalion and squadron levels. We will additionally procure technology to improve outdated processes and reduce manual functionality.

To implement and sustain our identified family readiness program improvements, the Marine Corps budget supports a $30 million sustained funding increase. These improvements, currently under aggressive implementation, include:

- Formalizing the role and relationship of family readiness process owners to ensure accountability for family readiness;
- Expanding programs to support the extended family of a marine (spouse, child, and parents (70 percent of marines in their first enlistment are unmarried));
- Establishing primary duty billets for Family Readiness Officers (FROs) (84 civilian FROs for Regiment/Group and higher and 302 primary-duty military FRO billets for Battalion/Squadron level;
- Increasing Marine Corps Community Services and Marine Corps Family Team Building installation personnel at bases and stations (we are hiring 138 new full-time staff);
- Enhancing methods of communication between installation programs to better synergize support to individual commands;
- Refocusing and applying technological improvements to our official communication network between commands and families; and
- Developing a standardized, high-quality volunteer management and recognition program.

Warrior Family Support

Optimally, we would like to keep our families at the bases and installations when their marines are deployed. We have found that families find better support being surrounded by others who understand the nature of deployments and the marine way of life. Accordingly, the Marine Corps has dedicated $100 million in the fiscal year 2008 Global War on Terror Supplemental for Warrior Family Support.

At installations across the Marine Corps, to include remote and isolated locations, we are making quality of life program and services upgrades to include child care availability and support, playground equipment, youth sports equipment, fitness center equipment, bike paths, and facility improvements. These enhancements will further promote the sense of community required to form strong bonds among our marine families that contribute so greatly to readiness.

Exceptional Family Member Program (Respite Care)

Parental stress can be heightened for marine families who are also caring for one or more family member with special needs. To focus on this specific need, the Marine Corps offers our active duty families enrolled in the EFMP up to 40 hours of free respite care per month for each exceptional family member. This care is intended to provide the caregiver intermittent breaks while giving their family member(s) with special needs a nurturing and developmentally appropriate environment. We also seek to provide a "continuum of care" for our exceptional family members. In this capacity, we are implementing EFMP improvements to provide a continuum of care for EFMs that will ensure appropriate access and availability to medical, educational, and financial services. We will utilize assignment processes to stabilize the family or marine as necessary. Finally, we will work with Federal or State agencies to ensure a continuity of care for EFMs as they relocate and change duty stations.

School Liaison Officers

The education of over 41,000 school age children of Marine Corps parents is a quality of life priority. Our Marine children are as mobile as their military parents. As they relocate from duty stations, they encounter academic and extra curricular differences that directly impact learning and development achievement. To address these education challenges, we are establishing a School Liaison Officer capability at every Marine Corps Installation to help parents and commanders interact with local schools and help resolve education transition issues. This issue is especially important to our EFMs. Working with commanding officers, marines, and families, our School Liaison Officers will seek to optimize the educational experience of elementary, middle, and high school students.

Our intent for all family support programs is to build trust between the Marine Corps and our families, enable and empower marines and their families to advocate and seek help as need from support programs available at installations and through on-line technology, and ensure a continuum of care through the lifecycle of a marine and his mission, career, and life events.

Remote and Isolated Support

We are additionally taking action to improve quality of life at remote and isolated installations that need infrastructure or expanded programs to appropriately sustain marines and their families. Actions underway include updating programs and services to appropriately support the needs of our Millennial Generation Marines and families who have experienced multiple deployments. We plan to conduct focus groups at installations across the Marine Corps to target these "Generation Y" marines and families to determine their specific support requirements, particularly in view of the tempo of operations. We will use the results to ensure that our program transformation meets the needs of the future leaders of your Marine Corps and generations of marines and their families to come.

Once fully implemented, the recommendations will yield an extensive network of revitalized family support programs to sustain marines into the future. Moreover, the enhanced family readiness programs will better empower marines and families to effectively meet the challenges of and thrive in today's military lifestyle.

Combat Operational Stress Control

Marines train to fight. Their training includes preparedness that hardens them physically and instills mental readiness for the stressors of battle. Commanders bear primary responsibility for Combat Operational Stress Control (COSC) in the Marine Corps. They also bear responsibility for leading and training tough, resilient marines and sailors, and for maintaining strong, cohesive units. We teach commanders to detect stress problems in warfighters and family members as early as possible, and to effectively manage these stress problems anywhere they occur—in theater or at home.

At the center of our COSC Program is a combat/operational stress continuum model, recommended by our Marine Expeditionary Forces Commanding Generals, that indicates that stress responses and outcomes occur on a continuum, from stress coping and readiness at one end of the spectrum, to stress injuries and illnesses at the other end. These stress responses are color-coded as green (for "Ready"), yellow (for "Reacting"), orange (for "Injured"), and red (for "Ill"). Marine leaders promote green-zone resiliency and mental readiness in their marines, sailors, and families, and this is done primarily through training, leadership, and unit and family cohesion. Training and education in COSC knowledge, skills, and attitudes is a priority not only for units preparing to deploy, but throughout deployment cycles, as well as in formal career schools for all marines.

We also continue our collaboration with sister Services, the Department of Veterans Affairs' National Center for Post-Traumatic Stress Disorder, and external agencies to determine best practices to better support marines and their families.

Casualty Assistance

Your marines proudly assume the dangerous but necessary work of serving our Nation. They selflessly accept their mission and perform magnificently around the globe. Some marines have paid the ultimate price, and we continue to honor them as heroes who contributed so much to our country. Our casualty assistance program has and continues to evolve to ensure the families of our fallen marines are always treated with the utmost compassion, dignity, and honor. Our trained Casualty Assistance Calls Officers provide the families of our fallen marines assistance to facilitate their transition through the stages of grief.

Last year, congressional hearings and inquiries into casualty next of kin notification processes revealed deficiencies in three key and interrelated casualty processes: command casualty reporting, command casualty inquiry and investigation, and next of kin notification. These process failures were unacceptable. As soon as we discovered these process failures, we ordered an investigation by the Inspector General of the Marine Corps and directed remedial action to include issuing new guidance to commanders—reemphasizing existing investigation and reporting requirements and the importance of tight links between these two systems to properly serve marines and their families. Additionally, effective December 2007, the Headquarters Marine Corps Casualty Section assumed responsibility for telephonic notification of the next of kin of injured/ill marines from the commands. The Casualty Section is available 24/7 to provide status updates and support to family members. The Marine Corps will continue to monitor our processes, making every effort to preclude any future errors and ensure marines and families receive timely and accurate information relating to their marine's death or injury.

WOUNDED WARRIOR REGIMENT

In April 2007, the Wounded Warrior Regiment was activated to achieve unity of command and effort in order to develop a comprehensive and integrated approach

to Wounded Warrior care. The establishment of the Regiment reflects our deep commitment to the welfare of our wounded, ill, and injured. The mission of the Regiment is to provide and facilitate assistance to wounded, ill, and injured marines, sailors attached to or in support of marine units, and their family members, throughout all phases of recovery. The Regiment provides non-medical case management, benefit information and assistance, and transition support. We use "a single process" that supports active duty, Reserve, and separated personnel and is all inclusive for resources, referrals, and information.

There are two Wounded Warrior Battalions headquartered at Camp Lejeune, NC, and Camp Pendleton, CA. The Battalions include liaison teams at major military medical treatment facilities, Department of Veterans Affairs Poly-trauma Centers and Marine Corps Base Naval Hospitals. The Battalions work closely with our warfighting units to ensure our wounded, ill, and injured are cared for and continue to maintain the proud tradition that "marines take care of their own."

The Regiment is constantly assessing how to improve the services it provides to our wounded, ill, and injured. Major initiatives of the Regiment include a Job Transition Cell manned by marines and representatives of the Departments of Labor and Veterans Affairs. The Regiment has also established a Wounded Warrior Call Center for 24/7 support. The Call Center both receives incoming calls from marines and family members who have questions and makes outreach calls to the almost 9,000 wounded marines who have left active service. A Charitable Organization Cell was created to facilitate linking additional wounded warrior needs with charitable organizations that can provide support. Additionally, the Regiment has strengthened its liaison presence at the Department of Veterans Affairs Headquarters. These are just some of the initiatives that reflect your Corps' enduring commitment to the well-being of our marines and sailors suffering the physical and emotional effects of their sacrifices for our great Nation.

Thank you for your personal and legislative support on behalf of our wounded warriors. Your personal visits to them in the hospital wards where they recover and the bases where they live is sincerely appreciated by them and their families. Your new Wounded Warrior Hiring Initiative to employ wounded warriors in the House and Senate demonstrates your commitment to and support of their future well-being. We are grateful to this Congress for the many wounded warrior initiatives in the National Defense Authorization Act for Fiscal Year 2008. This landmark legislation will significantly improve the quality of their lives and demonstrates the enduring gratitude of this Nation for their personal sacrifices. I am hopeful that future initiatives will continue to build upon your great efforts and further benefit the brave men and women, along with their families, who bear the burden of defending this great country.

We are at the beginning of a sustained commitment to care and support our wounded, ill, and injured. As our Wounded Warrior Program matures, additional requirements will become evident. Your continued support of new legislation is essential to ensure our Wounded Warriors have the resources and opportunities for full and independent lives.

CONCLUSION

As we continue to fight the Long War, 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 both 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.

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!

Thank you for the opportunity to present this testimony.

Senator BEN NELSON. Thank you.

General Newton?

STATEMENT OF LT. GEN. RICHARD Y. NEWTON III, USAF, DEPUTY CHIEF OF STAFF, MANPOWER AND PERSONNEL, UNITED STATES AIR FORCE

General NEWTON. Mr. Chairman and Ranking Member Graham, it's noted that this is my first opportunity to testify before this subcommittee. I can tell you that I'm honored to be here today. I'm honored to be here today, certainly with Dr. Chu and my teammates here on this joint team, the other Services, military personnel teammates. I want to thank you also for this opportunity to discuss the airmen who serve the world's most respected airspace and cyberspace force.

Our airmen have been continuously deployed and globally engaged in combat missions for over 17 straight years since that first day that an F–15 touched down over in Saudi Arabia, in August 1990, in the beginning of Operation Desert Shield. Today, airmen are fully engaged in the interdependent joint fight, and stand prepared for rapid response in conflict across the globe, to provide capabilities for our joint combatant commanders.

Our priorities are clear: winning today's fight, developing and caring for our airmen and their families, and preparing for tomorrow's challenges.

Today's airmen are doing amazing things to execute the Air Force mission and certainly to meet Air Force commitments and keep the Air Force on a vector for success against potential future threats in a very uncertain world. Our aim is to improve capability while maintaining the greatest combat-ready Air Force in the world.

I look forward to accomplishing this through the lens of five key focus areas that I'm taking on as your Air Force Deputy Chief of Staff for Manpower and Personnel: managing end strength efficiently to maximize capability; recruit and retain the highest-quality airmen; maximizing the continuum of learning throughout the airmen life cycle; continue on focusing on quality-of-life programs for airmen and their families; and to maximize the efficiencies through evolving smart business solutions.

Due to increased operations, maintenance, and personnel costs, we've been forced to self-finance a centerpiece of future dominance, the massive and critical recapitalization and modernization effort for our aging air and space force.

As we prepare for an uncertain future, we are transforming the force to ensure we are the right size and shape to meet emerging global threats with joint and battle-trained airmen. In order to dominate in the domains of air and space and cyberspace throughout the 21st century, we must recruit and develop and organize America's diverse and brightest talent for complex multinational and joint interagency operations of the future.

Our recruiting force has met their enlisted recruiting mission through persistence and dedication. Since 2000, the Air Force has enlisted over 258,000 airmen, against a goal of approximately 255,000 airmen, for nearly 101 percent mission accomplishment.

For fiscal year 2008, the active-duty requirement is 27,800, and just over 9,000 airmen have been assessed, up to this point, with an additional 9,500 awaiting basic military training, down at

Laughlin Air Force Base, outside of San Antonio, TX. So, we're on track to meet our goals this year.

For fiscal year 2007, Active-Duty Air Force officer retention finished 11 percent above the goal, while enlisted retention fell short, about 8 percent below the goal. The Air Force Reserve fell short of its enlisted retention goal by 3 percent, but was less than one-half percent shy of the officer retention goal. The Air National Guard met their overall officer and enlisted retention goals for fiscal year 2007.

Even with these successes, some enlisted specialties in the active Air Force did not achieve their overall retention goal, including air traffic control and Mid-East crypto-linguists, structural civilian engineering, pavement and construction equipment, vehicle operations, and contracting. As part of our ongoing Air Force transformation, we are reviewing and synchronizing our development efforts to realize efficiencies in how well we put into play developmental tools—education, training, and experiential—to produce our stellar airmen, our military and civilian, our officer and enlisted, our Active and Reserve components.

We're dedicating resources to ensure our most important weapon system, our airmen, are prepared to deliver airspace and cyberspace power wherever and whenever it's needed.

I'm excited that my new duties as your Air Force A–1 enable me to also be the quality-of-life champion for the Air Force. Quality of life is not necessarily a list of programs and services; it's the way we take care of our airmen through these programs, and how they know that we're supporting them and their families, who, every day, make the sacrifices for America. We know airmen focus more on their mission when they have a positive way to rejuvenate from stress, when they have the knowledge that their families are in good hands, and when they are comfortable, and also confident, in being part of the larger Air Force team.

To achieve the Secretary of Defense's objective to shift resources from bureaucracy to battlefield, we are overhauling Air Force personnel services. Our total force personnel services delivery initiative modernizes the processes, the organizations, takes advantage of new technologies through which we are able to support 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 plans to program the resulting manpower savings to other compelling needs over the next 6 years. This initiative enhances our ability to acquire, train, educate, deliver, employ, and empower airmen with the needed skills and knowledge and experience to accomplish the diverse set of Air Force missions.

In conclusion, your Air Force is often the first to the fight, and the last to leave. We give unique options to all Joint Force Commanders. The Air Force must safeguard our ability to see anything on the face of the Earth, range it, observe it, or hold it at risk; supply, rescue, support, or destroy it; assess the effects and exercise global command and control over all of these activities.

Rising to the 21st century challenge is not a choice, it's our responsibility to bequeath a dominant Air Force to America's joint team that will follow us in service to the Nation.

Again, we appreciate your unfailing support to the United States Air Force. I'm honored to be here this afternoon, and I look forward to your questions and discussion.

[The prepared statement of General Newton follows:]

PREPARED STATEMENT BY LT. GEN. RICHARD Y. NEWTON III, USAF

INTRODUCTION

Mr. Chairman, members of the committee, thank you for this opportunity to discuss the airmen who serve in the world's most respected air, space, and cyberspace force. Our airmen have been continuously deployed and globally engaged in combat missions for over 17 straight years—since the first F–15 touched down in Saudi Arabia in August 1990. Today, airmen are fully engaged in the interdependent joint fight and stand prepared for rapid response and conflict across the globe as our Nation's sword and shield.

Our priorities are clear: winning today's fight; developing and caring for our airmen and their families; preparing for tomorrow's challenges. Today's confluence of global trends already foreshadows significant challenges to our organization, systems, concepts, and doctrine. We are at an historic turning point demanding and equally comprehensive revolution. The future strategic environment will be shaped by the interaction of globalization, economic disparities and competition for resources; diffusion of technology and information networks whose very nature allows unprecedented ability to harm, and potentially, paralyze advanced nations; and systemic upheavals impacting state and non-state actors, and thereby, international institutions and the world order.

Due to increased operations, maintenance, and personnel costs, we have been forced to self-finance the centerpiece of future dominance—a massive and critical recapitalization and modernization effort for our aging air and space force. Budgetary pressures forced difficult choices to ensure that the Air Force would maintain the right balance across our personnel, infrastructure, readiness, and investment portfolios.

The Air Force undertook significant personnel reductions to generate billions of dollars to reprogram towards recapitalizing and modernizing essential air, space, and cyber systems, congruent with our three key mission priorities. The impact on our warfighting airmen has been significant. We have been compelled to make some very difficult choices with respect to our people. Fewer platforms that require fewer operators and maintainers are part of the equation. We are taking a hard look at all our processes and streamlining our organizations. At the same time, we want to improve the training and professional development of our airmen.

However, maintaining a Required Force of 86 modern Combat Wings will also be significantly impacted by current programmed reductions in Air Force end strength. The Air Force has submitted a report to congressional defense committees on Total Force end strength requirements due to new and emerging missions. This report identifies our Total Force end strength requirement of 681,900 in fiscal year 2009 growing to 688,500 by fiscal year 2015 to operate, maintain, and support a required force of 86 modern combat wings and how the Air Force will fund these requirements.

FORCE SHAPING

We are working to tailor our personnel mix to the new security environment by using a variety of force shaping tools across the personnel inventory. In fiscal year 2007 we used a variety of voluntary and involuntary initiatives to reduce our end strength in very specific areas. We deliberately took greater risk in the home-station and support career fields to minimize risk in the combat arena. We are pleased with the results of our fiscal year 2007 Force Shaping efforts. However, we will not be looking for any significant force reductions beyond normal separation and retirements in fiscal year 2008. We intend for fiscal year 2008 to be a "strategic pause" as we evaluate the effects of our force shaping efforts on the field. This is the time for people and organizations to "settle" and we will use the feedback from the field to make any necessary course corrections in fiscal year 2009. The fiscal year 2008 Force Shaping program has been structured to achieve approximately 650 officer separations and retirements over and above normal attrition. The program will offer Voluntary Separation Pay; Limited Active Duty Service Commitment waivers; Lieutenant Colonel and Colonel Time in Grade waivers for retirement; Officer 8-year Total Active Federal Commissioned Service retirement (vice the normal 10 year requirement); and continuation of the officer and enlisted Blue to Green Interservice

Transfer program. We have cancelled the fiscal year 2008 Force Shaping Board because we are confident we will meet our end strength without needing to involuntarily reduce our officer corps. There are currently no enlisted Force Shaping programs in fiscal year 2008 except for the voluntary Blue-to-Green Interservice Transfer program.

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 Total Force (Active Duty, Air Force Reserve (AFRES), Air National Guard (ANG), and Civilian) Personnel Services Delivery initiative 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 plans to program the resulting manpower savings to other compelling needs over the next 6 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.

Our front line airmen at base-level are key. They are the experts on the day-to-day workings of the Air Force. Just a few months ago, our base-level airmen at Grand Forks Air Force Base (AFB) presented us a technological innovation. It's a locally developed software application that brings mass quantities of Personnel data right to each commander in a consolidated, meaningful "dashboard" of information. All of this happens with minimal intervention of the Personnel "middleman" thereby freeing the Personnelists up to work on other tasks. We are very excited by this homegrown "Base-Level Service delivery Model" and are actively working to incorporate it across the Air Force in fiscal year 2008. We will let the bases incorporate it into their programs and procedures and see how we can adapt it to different organizations and environments. We plan to adapt it continually and make improvements as we get inputs from the field.

NATIONAL SECURITY PERSONNEL SYSTEM

Our civilian workforce is undergoing a significant transformation with implementation of the Department of Defense (DOD) National Security Personnel System (NSPS). NSPS is a simplified, more flexible civilian personnel management system that improves the way we hire, assign, compensate, and reward our civilian employees. This modern management system enhances the Air Force's responsiveness to the national security environment, preserves employee protections and benefits, and maintains the core values of the civil service.

NSPS design and development has been a broadbased, participative process that included employees, supervisors and managers, unions, employee advocacy groups and various public interest groups. Almost 100 percent of eligible employees have converted to NSPS—over 39,000. 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.

RECRUITING

As we prepare for an uncertain future, we are transforming the force to ensure we are the right size and shape to meet emerging global threats with joint and battle trained airmen. We are becoming a smaller force, with a critical need for specific skills. In order to dominate in the domains of Air, Space, and Cyberspace throughout the 21st century, we must recruit, develop, and organize America's diverse and brightest talent for the complex, multinational, and interagency operations of the future.

Our recruiting force has met their enlisted recruiting mission through persistence and dedication. Since 2000, the Air Force has enlisted 258,166 airmen against a goal of 254,753 for 101 percent mission accomplishment. For fiscal year 2008, the active-duty requirement is 27,800 and 9,258 new airman have accessed up to this point with 9,461 waiting to enter Basic Military Training. We're on track to meet our goals. To date for fiscal year 2008, we've accessed 100 percent of our active duty goal, and accessed 100 percent and 114 percent of our Reserve and Guard accession goals, respectively.

The United States Air Force Recruiting Service (AFRS) continues to find the right person, for the right job, at the right time and this is clearly evident in our most critical skills. Recruiting Service has filled every requirement for Combat Controller, Pararescue, Tactical Air Control Party, Survival, Evasion, Resistance, and Escape,

Fuels Systems, Security Forces, Armament Systems, Munitions Systems, Utilities and Linguists since 2001. This has been accomplished through hard work and the significant assistance of the U.S. Congress. Recruits who choose to enter these career fields are offered an Initial Enlistment Bonus ranging from $1.5K to $13K, depending on the job and length of enlistment. No other enlistment bonuses are offered.

The AFRESs exceeded its recruiting goals for the 7th consecutive year in fiscal year 2007. However, the Base Realignment and Closure (BRAC), Total Force Initiative and PBD 720 cuts will pose significant challenges in 2008. Aggressive measures will be needed to stand up new missions at Pope, MacDill, and Elmendorf AFBs. While we've benefited from active duty Force Shaping initiatives we anticipate tougher days ahead as the prior service recruiting pool will be smaller forcing us to rely more heavily on non-prior service (NPS) individuals. Competing for the NPS pool against other Reserve and Active Duty components that may have more attractive bonus packages will add to recruiting challenges. Funding for advertising and bonuses will play a key role in meeting manning requirements.

The majority of our officer programs have also met with mission success, with the exception of medical recruiting. Last year the Air Force recruited just under half of its target for fully qualified healthcare professionals. Broken down by specialty, we recruited 68 doctors (17.4 percent of target), 45 dentists (25.5 percent), 222 nurses (62.5 percent), 125 biomedical scientists (62.8 percent), and 34 medical administrators (97 percent). Currently, the Air Force's Medical, Dental, and Nurse corps have significant manning challenges that are a directly attributable to recruiting and retaining these personnel. These challenges are made all the greater because the Air Force has deployed over 8,000 medical officers in support of the global war on terror since 2001. Since September 11, AFRS and Air Force Medical Service have been working together to implement innovative ways to address our shortfalls in medical recruiting, to include increasing the number of available health professions scholarships and developing a "Career Field Champions" network of medical professionals to assist with our recruiting effort.

RETENTION

In fiscal year 2007, we continued to manage and shape the force across and within skills. Maintaining acceptable retention levels through targeted programs continues to be critical to this effort. Force shaping ensured active duty end strength met our longer term requirements.

For fiscal year 2007, active duty Air Force officer retention finished 11 percent above goal (excluding force shaping losses), while enlisted retention fell below goal (92.7 percent of goal), still within acceptable margins. The AFRES fell short of its enlisted retention goal by 3 percent, attaining 97 percent and was .2 percent shy of the officer retention goal, attaining 99.8 percent. The ANG met their overall officer and enlisted retention goals for fiscal year 2007. Even with these successes, some enlisted specialties in the active Air Force did not achieve their overall retention goal, including Air Traffic Control, Mid East Crypto Linguist, Structural Civil Engineering, and Pavement and Construction Equipment Vehicle Operations, and Contracting.

Our most critical warfighting skills require a special focus on retention to maintain combat capability due to critical manning and the demands of increased operations tempo placed on career fields including Pararescue, Combat Control, and Explosive Ordnance Disposal. Budget support for retention programs is critical to effectively manage the force and preserve needed warfighting capability. These programs are judiciously and effectively targeted to provide the most return-on-investment in both dollars and capability.

Retention rate in the AFRESs is also becoming a concern although we missed our goal in fiscal year 2007 by only a slight margin (99.8 percent). However, this marked the second year in a row that we didn't reach our AFRES retention targets. We've seen an increase in the turnover rate via gradual decreases in First Term and Career Airmen reenlistments over the last 3 years with reenlistments dropping nearly 10 points. We believe this is partly due to fallout from BRAC and PBD 720, but will monitor closely to identify opportunities to influence our airmen's behavior as they reach key career decision points.

The Air Force's ability to retain experienced health care personnel past their initial commitment has declined—compounding our recruiting challenges. The retention at the 10-year point is ~26 percent for physicians, ~18 percent for dentists, ~34 percent for nurses, ~36 percent for biomedical sciences officers, and ~52 percent for administrators. The Air Force continues to develop both accession and retention incentives to ensure the right mix of health professionals.

Our warfighting airmen are committed to serving, including those experiencing high deployment rates. Combatant Commander (COCOM) requirements and the global war on terror levy a high demand for pilots, navigators, intelligence, civil engineers, and security forces officers as well as enlisted airmen in aircrew, special operations, intelligence, vehicle operators, civil engineering, and security forces. Despite an increased operations tempo and deployment rate, the Air Force continues to achieve acceptable retention levels across the officer and enlisted force.

Finally, we understand that support to families is a critical part of retention. Working together with their spouses and families, airmen make a decision to stay in the Air Force based on many factors, one of which is the quality of life they and their families deserve. With a strategic plan that highlights the importance of "Taking Care of People", Air Force recognizes that families are vital to retention.

FORCE DEVELOPMENT

As part of our Air Force Transformation, we are reviewing and synchronizing our development efforts to realize efficiencies in how we utilize developmental tools—educational, training or experiential—to produce airmen (military and civilian; officer and enlisted; Active and Reserve). We're dedicating resources to ensure our "most important weapon system" is prepared to deliver Air, Space, and Cyberspace power wherever and whenever it is needed. Synchronized, deliberate development relies on a common language, a common framework and enduring processes. We are finalizing this common language and framework by publishing our Institutional Competency List and Continuum of Learning framework. Next, we must review our developmental processes to ensure they describe requirements, align programs, and link investments with outcomes. As an example, we eliminated redundancies in legacy ancillary training reducing training time to 90 minutes per airman ultimately saving 8 hours, per year, per airman, for a total of over 6 million Air Force workhours per year.

We are synchronizing processes to meet requirements for the skills airmen need in an expeditionary environment. Starting in 2011 we'll send select airmen to the Common Battlefield Airman Training course to enhance the expeditionary skills they learned in Basic Military Training. We are teaching airmen self aid and buddy care so they can take care of each other when their bases take mortar fire or when teams come under fire while performing their duties "outside the wire." We've established a Center of Excellence for Expeditionary Ground Combat to ensure our predeployment training is responsive to the changing tactics and techniques used by our enemies in the AOR. We are extending Basic Military Training to 8.5 weeks, to teach airmen skills to defend an Air Base and to operate in the expeditionary environment of the 21st century.

We established the Air Force Culture and Language Center at Maxwell AFB, AL, unique in its mission to develop expeditionary airmen by synchronizing education and training across our Professional Military Education Schools and deployment training venues. We are teaching language training and enhancing regional studies at our Air Command and Staff College and Air War College. We've also implemented regional studies at our Senior Noncommissioned Officer (NCO) Academy, NCO Academy, and Airmen Leadership Schools. We are consolidating Air Force Specialty codes to provide broader skill sets and enabling flexibility in global war on terror and support of COCOM missions.

We have also placed a great focus on culture and language training at our officer accession sources, with the objective of developing officers with acute cultural understandings, able to forge partnerships and alliances. A majority of Air Force Academy and Reserve Officer Training Corps (ROTC) Cadets are enrolled in foreign language education and are now able to participate in study abroad programs, not only at foreign military academies but also local universities. One force development strategy is to target foreign language speakers, primarily focusing on Air Force ROTC detachments that sponsor foreign language programs. Currently, we have 54 cadets enrolled as Language Majors, with another 629 scholarship cadets majoring in technical degrees and taking languages as an elective. Another 100 cadets annually participate in foreign culture and language immersions in countries of strategic importance. Beginning with cadets contracted in August 2006, Air Force ROTC scholarship cadets majoring in nontechnical degrees must now complete 12 semester hours of foreign languages. Further, USAFA cadets who are technical majors are taking 6 semester hours in a foreign language and non-technical majors are taking 12 semester hours in a foreign language.

CARING FOR AIRMEN

I'm excited that my role as Air Force A1 enables me to be the Quality of Life champion for the Air Force. Quality of life is not merely a list of programs and services; it's the way we take care of our airmen through those programs, and how they know we're supporting them and their families who sacrifice for America. We know airmen focus more on their mission when they have positive ways to rejuvenate from stress, when they have the knowledge that their families are in good hands, and when they feel good about being part of the larger Air Force team.

The Air Force is shifting a portion of funding from manpower and base operating support to address our critical recapitalization requirements. However, we understand that to maintain combat capability we must continue to balance our modernization of our weapons systems with development of airmen who are ready, willing, and able to employ them. To that end, we are finding innovative ways to transform our community support services and programs while avoiding unnecessary impacts to services delivered. One way we are transforming is through the headquarters realignment of Air Force Services from Logistics to Manpower and Personnel. This transition opens the door to increased efficiencies and a more seamless approach to customer service. It also allows for a single point of oversight across the entire "people enterprise" and tightly linking the personnel, manpower, and services functions. We remain committed to ensure the needs of our airmen and their families are met.

Taking care of our seriously wounded, injured, or ill airmen is a top priority. We continue to expand the Air Force Wounded Warrior Program in an effort to provide the best possible care to these brave airmen and their families. The heart of the Air Force Wounded Warrior Program is the Family Liaison Officer (FLO) who is assigned to each patient for the duration of their need. The FLO serves as a single point of contact between the airman and the numerous helping agencies. Our FLOs provide a critical resource to deal with the unfamiliar routine of the recovery process and prevents the airman from being lost in the bureaucracy.

Similarly, the Air Force assigns a Community Readiness Coordinator (CRC) when a servicemember casualty notification is made. The CRC works closely with the FLO to ensure the combat related injured or ill servicemember and their family receives complete information and entitlements. Later, if the member is not returned to active duty, we assist with Federal employment, entitlements and benefits information, financial resources, family support, and more. The member is tracked monthly for 5 years after separation or retirement.

Our Fit to Fight program and food service operations are cornerstones of combat capability. Airmen who are well-fed and physically fit are healthier, think more clearly, handle more stress, and are better able to complete the mission despite reduced sleep and extended hours. This translates directly to increased combat capability from our most important weapon system—our people.

CHILD DEVELOPMENT PROGRAMS

Child care is the number 1 quality of life issue for our airmen and their families. We are focused on providing quality, available and affordable child and youth development programs to airmen and their families through an extensive system of programs and services both on and off Air Force installations. A recent national study highlighted the DOD child care program as leading the Nation in quality standards and effective oversight. We recognize that readily available, quality, and affordable child care and youth programs are a workforce issue with direct impact on mission readiness. We are proud of the Air Force's contribution to this program and believe our child care program is a critical factor in helping airmen remain focused on the mission.

Airmen must balance the competing demands of parenting and military service, particularly challenging in today's environment of higher operations tempo, increased mobilization, and longer periods of time away from home. We are committed to serving these airmen and their families by redoubling our efforts to reach out and assist all members of the total force through robust child and youth programs wherever the member resides, when they need care. Traditional child care is provided in on-base Child Development Centers (CDCs), School Age Programs housed in Youth Centers, and Family Child Care (FCC) Homes. The Air Force requires that CDCs be accredited by the National Association for the Education of Young Children and school age programs be accredited by the National After-school Alliance, and the National Association of Family Child Care also offers accreditation to FCC providers. A diverse array of approaches to provide airmen and their families with nontraditional child care are available to support our families outside of typical duty schedules, or in geographically separated areas.

The Air Force Extended Duty Child Care (EDC) Program provides 18,000 hours of extended child care each month in FCC homes at no-cost to the military member. The EDC initiative enables airmen and their families to obtain high-quality child care from Air Force licensed or affiliated providers at or near their base when parental workloads increase due to longer duty hours and exceed their typical 50-hours per week child care arrangements. Child care is provided for nontraditional hours, such as evenings and weekends at no additional costs to parents. This initiative also helps parents with "child care emergencies" when their regular source of child care is not available, and care is provided for spouses of deployed or TDY airmen needing child care created in part by absence of spouse. The EDC program is available to Active Duty, ANG, and AFRES members.

The Air Force Returning Home Care (RHC) Program supports airmen returning home from deployments lasting 30 or more days and for airmen who routinely deploy on a short-term basis (cumulative of 30 days in a 6-month period) in support of contingency operations. Airmen receive 16 hours of free child care upon their return to their home station and their family. The care is provided in one of the Extended Duty FCC homes on base that is currently under contract as part of an Air Force Services initiative to support airmen required to work extended hours. The RHC Program supports post-deployment by providing child care while airmen and spouses reconnect.

Our Airman and Family Readiness professionals are helping airmen and their families adapt to the realities of life in an Expeditionary Air Force. They do this through personal and family readiness counseling, personal financial management, Air Force Aid assistance, spouse career planning, and transition and relocation assistance. Experts in the Equal Opportunity and Sexual Assault Prevention and Response arenas help every Airman exercise positive and productive interpersonal relationships, in both professional and personal interactions. The Air Force is a family, and our clubs and recreation programs foster and strengthen those community bonds, and promote high morale and an esprit de corps vital to all our endeavors.

I'm also excited to serve as Chairman of the Board of Directors for the Army and Air Force Exchange Service. These exchanges exist in one form or another at every installation where soldiers, airmen, and their families need support, both at home station and in contingency or deployed environments. The Board acts on behalf of the Secretaries and Chiefs of Staff of the Army and the Air Force in directing the operations of this $8.7 billion per year retail operation that serves the needs of soldiers and airmen wherever they are stationed, providing goods and services and generating dividends to support morale, welfare, and recreation benefits. They do more than consistently provide affordable products for soldiers and airmen; they bring a sense of community and familiarity to the larger military family, and that carries over outside United States borders where exchanges also bring a sense of home to a deployed soldier or airman. Just recently, the Board approved 17 major construction and image update projects for a total of $169 million, all in an effort to ensure the highest levels of service and quality to our soldiers, airmen, and their families. Growing up in a military family, I've been a lifelong customer of both, and I'm dedicated to supporting both of them fully for our soldiers, airmen and their families.

Additionally, we are equally committed to ensuring that all airmen are well trained and provided with modern, safe and efficient equipment and facilities to complete their mission. We provide life-sustaining support, such as food service and lodging, to our troops in the field and essential community programs to our airmen and their families back home. Through innovative systems and programs and the hard work of our dedicated personnel we continue to provide critical mission capability for our commanders and vital support for our members and their families.

CONCLUSION

Today's airmen are doing amazing things to execute the Air Force mission, meet Air Force commitments, and keep the Air Force on a vector for success against potential future threats in an uncertain world. We are ready and engaged today, but we must continue to invest to ensure tomorrow's air, space, and cyberspace dominance. Our aim is to improve capability while maintaining the greatest combat-ready force in the world. We will accomplish this through dedication to my five focus areas: Manage end strength efficiently to maximize capability; Recruit and retain the highest quality airmen; Maximize continuum of learning throughout airman life cycle; Continue focus on quality of life programs for airmen and their families; and Maximize efficiencies of business processes through evolving IT solutions.

The Air Force is often first to the fight and last to leave. We give unique options to all Joint Force Commanders. The Air Force must safeguard our ability to: see

anything on the face of the Earth; range it; observe or hold it at risk; supply, rescue, support or destroy it; assess the effects; and exercise global command and control of all these activities. Rising to the 21st century challenge is not a choice. It is our responsibility to bequeath a dominant Air Force to America's joint team that will follow us in service to the Nation.

We appreciate your unfailing support to the men and women of our Air Force, and I look forward to your questions.

Senator BEN NELSON. Thank you.

Secretary Chu, we've spent time showing concern and looking for solutions to the sexual assault issues in the armed services today, because preventing those assaults in the military remains a high priority in Congress, and I'm sure it is with the military as well, and Congress is going to continue to monitor the DOD actions on this issue.

In that regard, in the Ronald Reagan National Defense Authorization Act for Fiscal Year 2005, Congress required the Secretary of Defense to expand the mission of the Task Force on Sexual Harassment and Violence at the Military Service Academies to examine sexual-assault matters throughout the entire Armed Forces, and to report findings and recommendations to the Secretary of Defense within 12 months of its initial meeting. The Secretary of Defense is then required to report to Congress.

In the statement of managers accompanying this legislative requirement, the conferees stated, "Given the urgency of the need for effective action to prevent and resolve sexual-assault offenses against military members, the conferees expect the task force will provide an independent assessment of the effectiveness of policies and programs developed by the Department, as well as the success of the military Services at all levels, in achieving their implementation."

What's the status of the task force, at this point?

Dr. CHU. Sir, thank you for that question. It is a very important issue. We agree with your presumption, that the first priority is prevention, not simply reaction after a terrible event has occurred.

The task force has been appointed. We are in the process of putting in place a more senior executive director to give it greater heft within the Department. It has held its first administrative meeting, which I believe, advised by lawyers, doesn't count as the "clock starting" that you mentioned.

I do think the task force at this time is helpful, because we've had time for the policies to be implemented across the force, as a whole, time to begin to assess their effects to see, are we in the right place? Are we doing the right things? What further steps should we pursue?

We have, of course, conducted the surveys that are required by statute. We have transmitted to you the academy surveys, specifically. I have spent some time perusing the focus-group report, which is part of the package we have sent you, at the military academies, in which the interviewers have sat down with the young men and women at those institutions.

I am encouraged by what those cadets/midshipmen have told us. It's a very different picture from what was true 3 or 4 years ago, when I think there was considerable fear in some quarters, and distrust. They may not use all the fancy bureaucratic terms that we employ, but they know we've put counselors in place, they know

the procedures for reporting incidents. I'm particularly struck by the comments of the women at these academies; at least in my judgment, they feel that we have created a safe environment for them with our various policies. They're not all the same—there are some amusing differences across the Services, about how they've addressed this issue, but I do believe substantial progress has been made.

Senator BEN NELSON. Do you have any idea of when we might expect a report from the group?

Dr. CHU. From the task force?

Senator BEN NELSON. Yes.

Dr. CHU. Since it's just getting started, I do think it's going to be toward the end of this year before we'll see substantive material.

Senator BEN NELSON. Will that report include more than the Service Academies?

Dr. CHU. Yes, sir, absolutely. As directed, it is to be an across-the-board look at all our policies. We have put, as I know you appreciate, a great deal of training emphasis on this issue, starting with basic training for both officers and enlisted personnel.

Senator BEN NELSON. Thank you.

In terms of suicide prevention, I know the Army has recently experienced an increase in the number of suicides, and some are holding up the Air Force suicide program as a successful model for the Army and other Services to emulate. General Newton, can you briefly describe the Air Force's suicide prevention policy and your assessment of its success to date? I realize you're new into it, but you may have some thoughts about it at this point.

General NEWTON. Yes, sir. Thank you for that question, and I'll be brief. But from a standpoint of where it starts in the Air Force, it starts down at the base level, down at the unit level. Other programs, much like the suicide programs that we've had in the past, or other similar programs, that's where we find a lot of success, down at the unit level; rather than being a top-down, it's a bottom-up, point one.

The second point is how we communicate. How do we convey to, not only our airmen—and, by the way, it's Active Duty, Guard, and Reserve, but also to our civilians, as well—communication showing that, not only at the unit-commander level, but again, now top-down, that we as a Service put a lot of great value. Again, I think the fact that we are able to communicate to people, to have them actually understand that we can discuss things that perhaps have been held back in years gone by, particularly in a very high operations-tempo environment, and with the expeditionary nature of Air Force today.

My last point on this is that we have discovered that, not only does it work in garrison or on base, in a traditional sense, but it also fits an expeditionary model.

Senator BEN NELSON. General Rochelle and General Coleman and Admiral Harvey, can you give us some idea of what your experience is with the programs you have in each of your Services, and how effective you think that they are at the present time?

General ROCHELLE. Happy to do that, Chairman Nelson.

First of all, I should mention that it's clear that the increase in suicide, as well as other measures that we track very, very closely,

are a reflection of the amount of stress that's on the force. There has been a task force—Suicide Prevention Task Force—in existence for quite some time. But, what the Secretary and the Chief have directed is greater Surgeon General, chaplain, Army G–1, Provost Marshal, and other specialist oversight and steerage of that effort, focused on four things:

First is removal of the stigma that is associated with seeking mental health counseling and support. Our most recent Military Health Advisory Team trip into theater has borne out some very good results of the elimination of that stigma—the reduction of that stigma.

The second is exactly what General Newton spoke to, sensitizing our junior-most leaders, not only of how to identify and respond to soldiers who are in danger, but, more importantly, reemphasizing that this is a part of our Army values, it's one of the tenets of our Army values, never leaving a fallen or falling comrade behind.

Third is increasing the mental health professionals in direct support of our soldiers.

Finally, providing commanders, at every level, actionable intelligence when prevention measures fail—with intelligence that they can use to then prevent—and ideally prevent the next one.

Senator BEN NELSON. Do you have any data that would establish the tracking of high tempo of operations (OPTEMPO) with the increase? In other words, are there any statistics, Dr. Chu, that would establish that there is some correlation between the high ops tempo and the increased suicide rate?

Dr. CHU. I do.

We have looked at suicide rates for all four, sir. We have tracked them for years, actually. The chairman has testified to the quality of DOD suicide prevention programs, which I think have been recognized in the civil sector, recently with some awards.

I do think it is still speculative to ascribe causality to "Why has the Army rate started to rise?" because the Marine Corps rate has not risen. So, it's not quite the same in each Service.

Also, the majority of the suicides really are here at home. Of those today, the majority of people are on their first deployment. So, it's a more complex picture. I would be very hesitant to ascribe to any one cause. We do know a fair amount about precipitating factors. Failed relationships are a key factor across the board. Financial difficulty is a key factor across the board. But, I think I would be careful about drawing any immediate conclusions about, "Why has the Army rate gone up?" and, "Why at this particular time?"

Senator BEN NELSON. My time is up, but, maybe, Admiral and General Coleman, you might briefly—General Coleman, I'll give you a chance to go first, because your numbers apparently are not increasing, at some level, even with a high OPTEMPO.

General COLEMAN. Yes, sir. That is correct, sir. Again, thanks for allowing me to answer the question.

Since about 2001, our numbers have remained relatively low; meaning, they did not increase. We do not see a correlation between OPTEMPO and suicide rate. Obviously, one suicide is one too many. Our ethos is a small unit—at the small unit level, and emphasizing that it's not weak to seek help or to seek assistance.

But, our main focus is on that small unit, small unit leader, the buddy system. We see no correlation between deployments. Whether a marine who committed suicide had been to the fight or had not been, there's no increase in the numbers since 2001, sir.

Thank you, sir.

Senator BEN NELSON. Thank you.

Admiral?

Admiral HARVEY. Yes, sir. Our suicide rate is—for details, since 2004, is about 10.3 or so per 100,000, down to about 9.5 per 100,000 now. So, fairly steady, with a robust operations tempo throughout that period of time. Our focus has been on unit training. Interestingly enough, if you look at the demographics of, sadly, those who are the most likely to take their own life, it is a relatively senior individual, not the young kid, the one who's been around for a while. It's that mid-grade petty officer, that chief petty officer, who are in positions of authority, which makes this a little more unique, because the traditional "looking after your people"—who's looking after those who's looking after the people? So, it's a matter of unit training on awareness, unit training on the ability to intervene, the concept of a shipmate as someone who will step forward at the right time in order to prevent something from happening, and not just react to something that's happening. It's intense training on this part, understanding the demographics, and making sure we're ready to put forward with the mental health professionals available to us to help guide those efforts.

Senator BEN NELSON. Thank you.

Dr. CHU. Mr. Chairman, could I add just one comment? It is, I think, useful to underscore that, although each one of these is a tragedy, our rate in the military is, and has been, at or below the gender and age-adjusted rate for American society, as a whole. We've also seen in civil society that's been reported in news media, where—in some ways, this parallels with Admiral Harvey—older suicide rates have been rising in civil society. So, again, I do not think we fully understand the causality of all these troubles. We are concerned by the fact that the Army's rate has been rising. Let me underscore that point.

Senator BEN NELSON. Thank you.

Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

Dr. Chu, I think you're pretty well aware of the fact that, last year, this committee and Congress as a whole passed a provision that would promote the Judge Advocates General to three-star rank, Lieutenant General or Vice Admiral, and I think that was effective January 28. Do you know the status of attempts to comply with that legislation? Are there any problems that I need to be made aware of?

Dr. CHU. No, sir, I don't believe there are any problems. We are very much aware of the provision. It has the Secretary's personal interest, and he is asking the Department to act in a unified way, since it affects all three Services.

Senator GRAHAM. Thank you very much. If you have any problems, please let me know.

Now, pharmacy costs. We've been trying to deal with ways to lower our pharmacy costs without hurting quality, and actually im-

proving access. Can you tell me where we stand now with trying to come up with a new pharmaceutical system?

Dr. CHU. We will, of course, implement the statutory provisions that you have enacted. We are looking at, again, the question, and we very much hope for partnership with Congress of, how do we address the overall TRICARE structure, as you signaled in your opening comments.

We do believe that the report of the task force that Congress required that we constitute does provide a roadmap for the way ahead. We can change the specifics, obviously, and that needs to be a constant process, and we're very glad that you have agreed to receive that briefing, because I do think it provides us with a set of guidelines as to how to think about other issues.

Senator GRAHAM. Thank you very much.

Admiral Harvey, one of the issues facing, I think, all Services is health care professionals. You're competing in a very tough market out there. Maybe just very briefly, each of you, starting with the Navy, could you tell me what your biggest challenge is, in terms of your health care costs and obligations in your health care professionals, of recruiting and retaining those professionals? Is there anything we can do?

Admiral HARVEY. Sir, I'm very pleased to tell you that this committee and this Congress have done an awful lot in the 2007 and 2008 authorization bills that have enabled us to, I believe, turn the corner, for the first time in 5 years, and put ourselves on a path to success in recruiting in every area for our medical professionals. Let me just give you a quick hit on what's come out of those bills that gave us the tools that we needed to have in what is a very, very tough market.

Our 4-year active nurse corps accession bonus has gone from $15,000 in 2005 to $25,000 in 2007. I'm going to make nurse corps accession goals this year.

Critical wartime specialty accession bonuses for medical corps, dental corps officers, up to $400,000; general surgeons, $300,000; psychiatrists, $175,000; emergency medicine, $175,000. I am 40 percent ahead of where I was last year on medical corps accessions. We have 80 accepted and 92 in process, against a goal of 358.

The dental officer accession bonus has increased to $75,000. I expect to make our goal of 141 for dental corps accessions this year.

The Health Professions Scholarship Program increased to a maximum amount of $30,000 per year, and the Health Professions Loan Repayment Program, critical action that you all put into the bills, increased to $60,000 a year.

So, I see that these tools are being received very well. We have made medical recruiting the number-one priority in our recruiting command, and it's my number-one priority in my job, as Chief of Naval Personnel. We have the Surgeon General and his team onboard. Doctors are helping us recruit doctors. Nurses are helping us recruit nurses. Our medical service corps are helping us recruit those health care professionals.

So, I'm not declaring victory, sir, but I am saying after 4 to 5 years of missing every goal in every year, I believe we have turned the corner on this one, and I'm really looking forward to when we get the results of medical school decisions here, in the next 2

months, that we'll be able to come back and tell you, yes, we are definitely on the path to success.

Senator GRAHAM. That's great. One of the unsung heroes of this war, that our men and women in uniform and, I guess, some contractors, but primarily men and women in uniform, who are handling combat casualties, it's just an amazing story.

General Rochelle?

General ROCHELLE. Senator Graham, I thank you for that question. I would like to echo Admiral Harvey's comments about the increases in incentives. But, I would take a slightly different tack with respect to where Congress has been most helpful, in terms of our medical recruiting, and that is, echoing Dr. Chu's comments about authorities, giving us the flexibility—the Army, in particular, in 2005—to pilot inventive and innovative programs that would allow us to be able to stretch out and do things in quite a different way.

Two examples—we are about to launch, in the Army, a program to grow our own nurses—registered nurses, bachelor of science in nursing graduates—in partnership with universities. The second is, we will soon launch, as part of our pilot authorities granted by this committee, by Congress, a waiver of the military service obligation that accrues to every commissioned officer in the Army—as a pilot. We think this will give us a huge increase, in terms of the challenges in the marketplace.

So, I would echo everything that Admiral Harvey has said; most especially, the Health Professions Scholarship Program and the increase in those incentives; but, the authorities, by far, have been the most effective.

Senator GRAHAM. I'll be very brief, here. I know Senator Webb has questions.

General Coleman, we're growing the Marine Corps; it seems to be we're on track to grow the numbers we need.

General COLEMAN. Yes, sir.

Senator GRAHAM. The quality is being maintained. Is there any major deviation in quality, here, as we try to grow our numbers?

General COLEMAN. Thank you, sir. Sir, we have not lowered our standards one bit. Our goal, last year, was 184,000 end strength. I believe we came in at 186,000-plus, and we have not lowered our standards in any way, shape, form, or fashion.

Senator GRAHAM. Is the Marine Corps generally in good shape, here?

General COLEMAN. The Marine Corps is in great shape, sir.

Senator GRAHAM. Personnel wise?

General COLEMAN. Yes, sir, great shape.

Senator GRAHAM. All right. Anything we can do for you, let us know.

General Newton, the Air Force has a sort of dilemma here. We're, I think, 5 percent short of where we need to be, in terms of personnel. Tell me your dilemma and what we can do to help you, here.

General NEWTON. Yes, sir. We made a conscious decision, as we look at striving to recapitalize our force and modernize our force, the average aircraft age—I'm sure you heard reported—is over 24½ years old. So, we've made the conscious decision, as we look

at our program force, of decreasing end strength by 40,000. So, we're on a glide slope, by the end of fiscal year 2009, to get down to about 316,600—the number for Active Duty end strength.

Senator GRAHAM. Is that wise, given the OPTEMPO?

General NEWTON. Sir, it's a balance between cost and risk. I'll tell you that we submitted a report to Congress, just several weeks ago, with regard to what—as I just indicated, the program force is, versus the required force. The required force, in order to meet our global commitments, with new emerging missions, with the growth of end strength, the United States Army and the United States Marine Corps, appears to be about 330,000 if you look at the Program Objective Memorandum starting around fiscal year 2010 and through 2015. If you're asking me the question, "Are we incurring more risk by staying on glide path to a reduced end strength for program force down to 316,000?" I would say, yes, sir, we are. But, again, it comes down to the challenge between the costs of—so forth and—as well as the overarching need at this juncture to recapitalize and modernize.

Senator GRAHAM. So, you're having to cut your personnel cost to pay for your capital needs, is that the deal, here?

General NEWTON. Sir, if you think of it in terms of the number of banks we went to, in this case we made the decision in Program Budget Decision 720 back in November 2005 to make that very tough recapitalization call and went into the personnel account.

Again, the backdrop of that is, with new emerging missions—I didn't mention, but we have a new combatant command standing up in U.S. Africa Command—not only are we striving to dominate in air and space, by cyberspace, as well, with our plans to stand up a new cyberspace command. But, if you look at the QDR report that came out around that same time period, which reports that the Air Force is to maintain 86 modern combat wings, it's the difference between, obviously the cost and the risk, but also the difference between where we are, programmatically, but also in terms of requirements.

Senator GRAHAM. Thank you.

Thank you, Mr. Chairman.

Senator BEN NELSON. Senator Webb.

Senator WEBB. Thank you, Mr. Chairman.

Gentlemen, first, I would like to just start by saying—listening to the reactions on the question about suicide prevention and your programs and the information that you have, I've been watching this for 6 years now, through three different family relationships, from the enlisted infantry company level, looking up, and I don't have the service-wide data that you have, but I do have a serious concern about this. The things that I have seen are admittedly anecdotal, but they kind of contravene all of the things you're just saying, in terms of age and OPTEMPO and these sorts of things. Because they are personal in nature, and because they're anecdotal, I don't think it's appropriate for me to go into it in a hearing, but I would like the opportunity to have you come and sit in my office for about 10 minutes and explain some of the concerns that I have. I don't believe I'd be doing my job if I didn't say this. We really have a responsibility to make sure we examine the potential as it exists. Sometimes, as data filters up to the top—having spent

5 years in the Pentagon, 4 of them with Dr. Chu, I know how that can go. So, at some point, I would enjoy being able to sit down and talk to you all about that.

Dr. CHU. Delighted, Senator.

Senator WEBB. One statistic that jumps out at me, David, from all the years that I've been involved in this, is this notion that fewer than 3 out of 10 of America's youth are deemed fully qualified to serve in the military. That just astounds me because when you look back, for instance, at the Vietnam era, one out of every three males in the age group actually served and there were many more who would have been physically qualified. To what do you attribute this number?

Dr. CHU. I think there are two principal factors, in my judgment. One is, in the military, we have set far higher standards, particularly for educational achievement than was true before and far higher standards than we set in the force in the early days of the volunteer force, when Congress rebuked us, as you recall, in the 1970s, for the low fraction of high school diploma graduates and the weak performance on the Armed Forces Qualification Test. So, we really have set ourselves to be Lake Woebegone. We have set a standard that 90 percent should be high school diploma graduates. The estimates—and they are only estimates—of the high school diploma graduation in the country hover between 70 and 80 percent. Everybody in the military, as I know you appreciate, is a high school graduate, either through diploma or General Equivalency Diploma. That didn't used to be true. Similarly, in the AFQT, we aim to have 60 percent or more—and three of the four Services are really in the 70 percent range—of scores above average. We limit mental category IV to 4 percent of accessions, for example, whereas Project 100,000 in the 1960s deliberately took mental category IV individuals, in the hopes that—often high school dropouts—we could rehabilitate them and put them on a more productive track.

Senator WEBB. Right, but just to recall the history of that 30 years ago, during the Carter administration, we redefined what category IV was. We created category IIIA and then category IIIB, and a whole lot of the IIIBs were category IVs previously.

Dr. CHU. Let me double check, but I think the category limits were kept more or less the same.

[The information referred to follows:]

The Armed Forces Qualifications Test (AFQT) Category definitions have remained the same since the inception of the Joint-Service enlistment test battery in the mid-1970s. However, in the late 1970s, we experienced a miscalibration (scaling error) of test scores when new forms of the enlistment test were implemented. The result, often called the "misnorming," was that AFQT scores ranging from 21 through 49 were particularly inflated. For example, a recruit with a reported score of 50 should have received a score of 41. When the error was discovered, the scores were adjusted and by 1980, new norms were implemented. But with all that going on, the AFQT Category definitions remained unchanged: an AFQT percentile score of 50 or better was, and remains, defined as AFQT Category I–IIIA: AFQT Category III is for scores from 31 through 64. with AFQT Category IIIA defined as scores of 50 to 64 and AFQT Category IIIB for scores from 31 through 49; AFQT Category IV is for scores of 10 through 30; and AFQT Category V includes scores 9 or lower.

Dr. CHU. The other big factor, I think—and this is something that is a national challenge—is the issue of physical fitness, and particularly obesity. A large fraction of the loss of the cohort that

is described in this study that has been done is because they're not medically qualified. This is not the draft-era failing the physical issue; these are recent standards for physical fitness and obesity that are sufficiently tight that large numbers of young Americans can't comply.

It doesn't necessarily mean—and this is one of the internal issues that we are examining (the Army is examining in pilot)—that we're necessarily in the right place on some of those standards. The Army does have a so-called ARMS experiment, where we're—instead of looking at the indicators, we ask the person to actually perform for us—do a step test, I think as one of the key ingredients. If they can do that well, even if they might be a larger girth than the rules would otherwise argue should be the case——

Senator WEBB. It would seem to me—I have a very limited amount of time here, and I know where you're going on this—that if you take, for instance, truly disqualifying conditions, such as disease or systemic disorders and those sorts of things, you still have a pretty large group of people that you're potentially missing out on, here. The Marine Corps used to have what we called "Fat Boy Platoons," where they would take people who were overweight, and run them through a pre-boot-camp conditioning program, and then in-process them. In terms of high school graduates, I've always been of a mind that if you take someone with a higher mental category on their testing, who happens to be a non-high-school grad, you can make very fine military people out of them, and help them redirect their life.

Walter Anderson, who's the CEO of Parade Magazine Enterprises, was a high school dropout who enlisted in the Marine Corps and became valedictorian of his college class after he got out.

I want to ask another question, here, so I don't lose all my time on this, but I would hope that you could find ways to expand the potential recruitment base and take advantage of that.

Dr. CHU. We agree, sir. And, just very quickly to say, the Army is running another pilot—so-called Tier Two Attrition Screen—where we are looking at other indicators—and, specifically, some combination of test scores and other attributes, to say, could they substitute for the diploma as a predictor of success in the military? So, we agree; we want to enlarge that pool.

Senator WEBB. General Rochelle, I'm interested in this notion that—and, actually, for Dr. Chu, as well, potentially—of transferability with the educational benefits. First of all, has that been costed? Has anybody put a cost on this?

Dr. CHU. If I may answer that part, sir—the specifics of the program are still being debated within the administration, issues of, "Should you have served a certain number of years before you can do this?" So the cost estimates depend on that set of answers.

Senator WEBB. So, we have a program that the President mentioned in his State of the Union Address, and Secretary Gates mentioned when he testified, that we really don't have a cost for. Is that correct?

Dr. CHU. No, we do have a cost for it, sir.

Senator WEBB. You do have? What's the projected cost?

Dr. CHU. It depends on the parameters of the program.

Senator WEBB. What's the low and the high?

Dr. CHU. The low ranges from $0.5 billion a year to above $1 billion a year, depending again on the parameter choices that you're making.

Senator WEBB. Just for the transferability.

Dr. CHU. Transferability, yes, sir.

Senator WEBB. Okay. Let me make two suggestions to you, here. Number one, having served on the House Veterans Committee for 4 years, there was a lot of wisdom over there when this idea came up, 30 years ago, that you have to be very careful because you're taking a benefit away from a veteran. There's one point in your life you may want to transfer this off to a family member and 9 years later you're divorced and you're out on the economy, and you want to get an education and your benefit's gone, then what do you do? That's point number one.

Point number two is, I've been working really hard to try to get the right kind of a GI Bill, instead of this Montgomery GI Bill, that would actually allow you to expand your potential recruitment base in an area where you're not really able to recruit that individual who has a propensity to come into the military, for family tradition, because they love their country, but not necessarily because they want to become a part of a career force, when they know they're going to get a full boat out of it, the same way that people in World War II got, if they get on the other end of it. That total cost is about—we're trying to get a firm estimate, but it's about $2 billion, to dramatically change the GI Bill and really help recruitment, here.

Dr. CHU. Sir, you raise two very important issues. Let me respond very briefly.

First, on your concern with the irrevocable nature of it and perhaps having deep regret at some later point, yes, that is one of the issues that we are, likewise, concerned with. We want to structure this so that we protect the servicemember from what might not always be a decision that he or she would sustain over time.

Senator WEBB. How do you do that?

Dr. CHU. I'd rather not comment yet, sir, if I may. [Laughter.]

But, we do have some ideas on that point.

Second, on the cost estimates, VA did testify last year when your bill was first introduced that, at least as then structured, it was more like $7.5 billion a year—$75 billion over a 10-year period, 2008 to——

Senator WEBB. What, my bill? S. 22?——

Dr. CHU. They also testified that it would be technically complex to carry out, when people did it in 1944 on the back of a memo pad——

Senator WEBB. The best estimate we have now from the Congressional Budget Office (CBO) is $2 billion.

Dr. CHU. Then, I believe you've revised the parameters, but I defer to CBO.

Senator WEBB. Okay. Well, we haven't an official estimate out anywhere. I don't know where the DVA got $7.5 billion, other than the fact that the administration opposes the program because they're saying that DOD believes it will affect retention.

Dr. CHU. I have looked at the VA's estimates for the bill, as then drafted. I understand you've made some proposed changes to it. I

do think the $75 billion number over 10 years is in the ballpark, so to speak. Now, one could structure a less expensive proposal, that's absolutely true.

Senator GRAHAM. Senator Webb, I don't mean to interrupt, but could you tell me what your bill does? I apologize, but I don't know.

Senator WEBB. The bill basically gives a mirror benefit to the people who have been serving since September 11 as those people who came back from World War II received. It pays tuition, buys their books, and gives them a monthly stipend. The bill, as originally introduced—and, Dr. Chu, you're correct on this—had a room-and-board provision in it, and also had a provision where all private schools would give a full tuition. We've modified it on that but I don't think that would in any way bring the bill to the cost that people say that it has.

I would just strongly urge you to take a look at what that might do, in terms of your potential recruitment pool.

My time's way up; thank you, Mr. Chairman.

Senator BEN NELSON. Thank you, Senator Webb.

I have a question from Senator McCaskill who had planned to attend, but she is presiding over the Senate from 3:00 to 5:00 today, and so she's asked that I ask the question on her behalf, which I'm happy to do.

This is her question: "I want to address the issue of administrative personality disorder discharges in DOD." My colleagues, Senators McCaskill and Lieberman, have taken particular leadership on these issues. They have raised concerns with the propriety of use of these discharges, which lead to a discharge of a servicemember for what is deemed a 'pre-existing' personality disorder. "The discharge, unlike a medical discharge, is not accompanied by a medical or a monetary compensation, and in some ways, may be viewed as a black mark on the servicemember's permanent military discharge file. In the case of combat veterans, it seems that a post-combat finding that a servicemember's mental health problems are not combat-related, but rather pre-existed service, may be suspect.

"In July 2007, Dr. Sally Satel, a resident scholar at the American Enterprise Institute, noted in her testimony before the House Veterans Affairs Committee that 'The controversy surrounding Chapter 5–13 discharges would suggest the need for a reevaluation of screening protocols currently used by DOD. Misapplication of the Chapter 5–13 discharge sets up the kind of Catch 22 for the DOD. First, the military deems a recruit sufficiently mentally fit to be sent into training and then into a war zone, but then when psychiatric problems arise, it turns around and claims that those problems were there all along, problems that should have shown up earlier in their tour of duty.

"Further, the summer 2007 report of the Mental Health Task Force found that servicemembers may be being pressured to accept personality disorder discharges instead of awaiting more thorough medical diagnoses and gaining compensation through the MEB and PEB process."

"Finally, it's my understanding that the DOD instruction on personality disorder charges has not been updated since 1982.

"Secretary Chu, are you concerned that the administrative personality disorder discharges are being misused in the DOD?"

Dr. CHU. The short answer, sir, is no. But, let me first underscore two points that I know you're familiar with. One, these are only reached upon the advice of fairly senior clinicians; this is not something cavalierly adopted. Second, it's basically a no-fault discharge for the individual. In a number of these cases, discharge could be on another basis, but it might not—but, it's an honorable discharge.

Senator BEN NELSON. It is, but doesn't it carry a stigma?

Dr. CHU. I'm not so sure. It depends whether people can read the codes and so on, so forth. I don't think that's the big issue.

That all said, we are looking at whether it would be wise to require yet more significant review before such a discharge is employed, and whether some of that review should be triggered if the person has served in a combat theater.

So, we agree it's an area we ought to relook at. We are engaged in that with our colleagues in the military departments. I would urge we be careful not to rule out the use of this discharge because in some cases for the individual it is actually a better basis for discharge than some of the alternatives.

Senator BEN NELSON. I don't think that there would be any expectation to rule it out altogether, just perhaps updating the 1982 approach.

Dr. CHU. We are in the process of doing that, yes, sir. That's appropriate to ask.

Senator BEN NELSON. Thank you.

There was a recent series in the Denver Post relating to deploying medically unfit soldiers. This would be to you, General Rochelle. Those articles reported that 79 soldiers, who were determined to be medical no-goes, were knowingly deployed to Iraq. The most recent article described the soldier being pulled out of a hospital, where he was being treated for bipolar disorder and alcohol abuse, so that he could be deployed to Kuwait. Thirty-one days later, he was returned to Fort Carson because health care professionals in Kuwait determined that he shouldn't have been sent there in the first place. These articles quote an e-mail from Fort Carson's 3rd Brigade Combat Team as saying, "We've been having issues reaching deployable strength, and thus, have been taking along some borderline soldiers who we would otherwise have left behind for continued treatment."

I suspect that catches all of us a little bit flatfooted, that that kind of a situation could be occurring. Have you been able to look into that? Because I'm sure it's been brought to your attention, since it was reported so widely in the papers.

General ROCHELLE. It has, Mr. Chairman. I am familiar with the incident. Let me say that that particular incident is under review—the Fort Carson case. Therefore, it would be inappropriate for me to comment on it.

But from a policy perspective, I will say two things that are significant.

First, every soldier who has a questionable deployability status, medical or otherwise, is reviewed not only by—certainly, medical is reviewed by a clinician and then that review, subject to the review also of the chain of command. We would not knowingly deploy a soldier into combat who should not be deployed.

Senator BEN NELSON. Excuse me. What about borderline? I mean, that was the from the combat team who had some borderline soldiers.

General ROCHELLE. "Borderline" may very well, in this case, mean an area of judgment within a range. But, I say again, sir, with absolute affirmation, that I have confidence that commanders would not knowingly deploy a soldier who would be dangerous to himself, to the unit, or the mission.

Senator BEN NELSON. As you complete the investigation and review of this current situation, could you get in touch with us to let us know what you found out?

General ROCHELLE. Yes, sir.

Senator BEN NELSON. I would imagine that the question would apply to all the other Services, as well. This might have been an example, citing the Army, but we'd want to make sure that there wouldn't be any situation like this for any of the Services. So, if we can be sure of that, that would be helpful.

General Coleman, during Secretary Gates' recent trip abroad, he made comments regarding NATO forces not being able to combat a guerrilla insurgency. The Marine Corps is now preparing to send an additional 3,200 marines to Afghanistan. Is the Marine Corps' end strength sufficient to send an additional 3,200 marines to Afghanistan—asking you the question without expecting to get crosswise with the Secretary of Defense, but you are here to give us your opinion. [Laughter.]

General COLEMAN. Thank you, sir.

Yes, sir, we are well prepared. Certainly, the plan has been done. Last week, I was in both Iraq and Afghanistan. We looked at some of the areas where our forces may go. There was a number of areas that we could not visit because of weather, but our 3,200, plus or minus, marines are ready—prepared and ready to go. They will be combat ready and 100 percent up round when it is time to deploy.

Senator BEN NELSON. That "combat ready" would mean that they would have the equipment, including body armor or whatever is required, to qualify them as combat ready. Is that correct?

General COLEMAN. That's correct, sir. We would say they were a full-up round, which means they were 100 percent prepared, sir.

Senator BEN NELSON. Do you have any thought on what the impact could be, of this deployment, on recruiting and retaining—the recruitment in the Marine Corps?

General COLEMAN. Sir, we're doing better than expected in our recruiting. We're not having—our goal is 189,000 at the end of September 30 for this year. We have every reason to believe that we will exceed 189,000 end strength, and that will be without lowering our standards. So, yes, sir, there are no concerns about how this will affect recruitment and retention.

Now, I would venture to say that there was a planned end date to this deployment. If that end date were extended, and other things weren't adjusted, then that may cause some concerns. But, as it stands right now with this mission, we're fully capable and fully ready to take it on, sir.

Senator BEN NELSON. Yesterday General Casey, in testifying before the Senate Armed Services full committee, stated that one of the top five areas that Army families expressed concern about was

access to quality health care. He said that soldiers and their families are dealing with an inundated health care system, and those stationed in more remote areas may not have access to as many providers as they would consider adequate.

Maybe Dr. Chu and General Rochelle, can you tell us a bit more about the problems that the Army families are having with health care coverage? Senator Graham made some reference to, maybe, splitting off the programs into different programs for retirees versus Active members and their families, but perhaps you could just tell us a little bit more, because this is obviously something very important, and General Casey has now raised it to attention, where maybe there's something we can do about it.

Dr. CHU. Yes, sir. Thank you for raising that issue.

We do poll our people repeatedly about their satisfaction with the health care that they receive. Generally, the system gets quite good grades.

It is the case, interestingly, that the Active Duty members, the younger members in the patient population, tend to be more critical. The retired population tends to be much more satisfied, even though it doesn't have quite the same access rights as the Active Duty population. There's an interesting relationship here as to how you perceive the world.

There is an issue, in some areas, with the ease of access to specialty care. I think, in general, access to primary care is quite good. The Services set high standards, in terms of primary care availability, and generally meet those standards. We will be looking at those posts where General Casey, and the Army, have identified issues as to whether we have enough uniformed providers in that area. Do we have a strong enough network for the TRICARE program, where we go to the civil sector—and that's particularly true for the specialty care—to support that?

Certainly, there have been issues in the past about reimbursement rates from the government under TRICARE. We're prepared to address those.

I have heard, more recently from Secretary Geren, that some providers in some areas of the country are distrustful of the government. So whatever the rates may be, that's not the issue; it's alleged that some providers simply don't want too many government patients in their practice for fear that a future set of decision-makers will be less generous, I presume. I don't know what it might be. If that's true, we need, together, to advocate to the Nation's clinicians that this is a national responsibility. You shouldn't be here. Several of your colleagues have been very gracious in doing that in their home States. We're prepared to work with the Governors through the National Governors Association, if that proves to be an important issue.

Senator BEN NELSON. General?

General ROCHELLE. Yes, sir. Please allow me to add just three fine points to that.

First of all, I'm pleased to report that the Secretary of the Army and General Casey have added, in fiscal year 2007, $1.4 billion, double what we submitted in the past to our Army Family Action Plan, recognizing that the resiliency of our families is not without

limits. In the 2009 budget which is currently before Congress—$1.2 billion to address family well-being needs.

Social work services is the number-one area in which General Casey and Mrs. Casey, as they traveled about, and Secretary Geren, as he travels now, as well, hear about, with respect to the pressures of deployment on children. We are aggressively, with the resources Congress has given us, increasing social work services coverage in and around our military installations, most especially with the schools that are attended by military youth.

The third and final point, the network, especially in specialty-care services, is sorely in need of some beefing up, and that's what our families tell us, sir.

Senator BEN NELSON. Admiral, do you have any particular points you'd like to make on family health care?

Admiral HARVEY. Yes, sir. The particular issue for us, in terms of this point, is the medical support to the Marine Corps bases that we routinely provide. So part of what I talked about in the medical recruiting, we've really gone after the psychiatrists, psychologists, social workers, et cetera. I'm pleased to see we're getting the same results there.

The issue for us has been keeping them once we get them. We saw over the last 3 years a higher loss rate than we'd like, and particularly in the areas that impact Camps Pendleton and Lejeune, with the tempo and the fight that they're sustaining in CENTCOM. So, I think we see the movement. We're getting in the right direction and getting them in there. We know where we have to get them to. We have some end strength issues that we're working through right now, in terms of the shape of the medical corps, the talent that we have in there, and the talent we need to keep. I think we have some road ahead on that. So I'm confident that we're going to improve in this area, but clearly we have improvements to make.

Senator BEN NELSON. General Coleman, here's your chance. The Navy doing well for you, or not?

General COLEMAN. The Navy truly is doing an outstanding job. But, a lot of that is because of the budgetary help that they're receiving. So, yes, sir, they're doing a fantastic job.

Senator BEN NELSON. Thank you.

General Newton?

General NEWTON. Mr. Chairman, in terms of medical recruiting and so forth, as well as retention, we have some challenges. I know the Navy mentioned that they're going to be pretty much on track, in terms of recruitment. Recruitment, overall in the United States Air Force, is in good shape. So is retention. But, if you look into our health professionals, we have some challenges with regard to both recruiting, as well as retention, the same issues that were just raised in the Navy. So, that's a prime focus for us.

I would also add the fact that we are, again, a very high operations tempo Air Force; we're also an expeditionary force. To go back to the mental health discussion we had, perhaps what would have been thought of in the past, in terms of the health environment or the health professionals, now needs to be added, certainly with our psychiatrists and psychologists, as well as our social workers.

What affects our airmen—Active Duty, Guard, and Reserve—to a degree, our civilians, but principally those in uniform affects our family members, as well. So the stresses that our airmen have can obviously have a dramatic impact, perhaps that we've not seen before.

I'll close on this point—we still have to continue to strive for and create an environment, either at our bases, at home or deployed, whereby mental health becomes something that is no longer the stigma, but it's something that we can all understand and relate to.

Senator BEN NELSON. I guess I'd ask this of all of you. If we are able to even out the time at home and the deployment, in terms of the number of months, so that there's less time deployed, more time at home, will that help some of the mental stress that we're seeing on the families, as well as on the servicemembers? Obviously, it's going to help some, but will we see anything appreciable coming from that?

Dr. Chu?

Dr. CHU. First, I should emphasize that again, we survey the military person about his or her perception of a family's support for that military career choice. We also do survey the spouses about their outlook. Those indicators have held up remarkably well across this period of time. Now, that's not to say there isn't stress there. I don't want to suggest that. But, when you take into account the kind of energy that, for example, General Rochelle described the Army is putting in some of these support programs, the military family is reasonably satisfied with where it stands.

Certainly, they would like to see the military person spend more time at home. That is a constant complaint.

I would not, however, overemphasize that attitude to the exclusion of what I think is an equally important factor, and that's predictability. I think the whole issue of expectations is a central element here. What do we promise—or what do we lead people to believe will be the compact between us and them? What do we deliver? I would hope that we'd pay equal attention to that issue. We ask our military persons, properly, to do a lot of tough, demanding things, spend a lot of time away from home. The military is there to be deployed, in the end. I don't think we want to shrink from that reality. We want to be honest with our families about it. But, we want to be constant, so much as world events permit us, in honoring whatever expectation we set. I think that's really the issue out there. Can we set a reasonable set of expectations? Can we honor those expectations? Can we avoid breaking our word to our people? That, I think, above all, is the most important thing.

Senator BEN NELSON. I'm trying to remember whether it was April, where the extension was put in place, and that many of the servicemembers in the war zone found out about it, because it came through the news back here at home, and they found out about it from their families.

Dr. CHU. Yes, and if you're going to have bad news, you're obviously right, sir, you want to communicate it to the affected parties first. We have tightened up those procedures. It is tough, given the time-zone differences, given notification requirements here on the

Hill, to tell everybody first. That is a challenging assignment, I would acknowledge.

General ROCHELLE. If I may, Mr. Chairman, we were particularly displeased with the way that announcement went, the way it occurred. We're striving very, very aggressively to make sure that never happens again, in terms of notifying families. That's leader responsibility, and that's exactly how we view it.

To your question, predictability is key. Predictability for the soldier, predictability for the family. I would not want us to perceive the lack of predictability as anything other than a stressor, in and of itself. So, the answer to your question is yes.

Senator BEN NELSON. Thank you.

In terms of the wounded warrior issues, Secretary Chu, the committee recently received a letter signed by your principal deputy, Secretary Dominguez, and Secretary Cooper, from the VA, saying that they couldn't meet the February 1 statutory requirement for an interim report on the policy, as required by the Wounded Warrior Act, and stating that the interim report would be submitted by February 15. I'm not going to quarrel over a few days, but can you tell us—since the 15th has passed, whether there's another extension that you're going to talk about, or you could tell us that there might be a date that we might expect it?

Dr. CHU. Let me go back and check why we're late against the late date. That's not excusable.

[The information referred to follows:]

The Interim Report to Congress on the Policy on Improvements to Care, Management, and Transition of Recovering Servicemembers was delivered to the Senate and House Armed Services Committees on February 27, 2008.

Senator BEN NELSON. Okay.

The President, in his State of the Union speech, referred to the importance of implementing the recommendations of the Dole-Shalala Commission to improve the care and treatment of our wounded warriors. I believe that the Wounded Warrior Act, included in the National Defense Authorization Act that the President signed into law on January 28, addresses all but one of the recommendations of that Commission. The recommendation that the Wounded Warrior Act does not address is the recommendation to restructure the VA disability payments into three payments: transition payments, earnings lost payments, and quality of life payments. The VA Committees of the House and the Senate are holding hearings to address this recommendation.

First let me ask you, do you agree that the Wounded Warrior Act addresses all but one of the recommendations of the Commission? We have to establish some groundwork, first of all. Is there only remaining that hasn't been addressed?

Dr. CHU. I think the way I would see it, sir, is that the central proposition of Dole-Shalala was not addressed. That is this big issue, what should the annuity and disability system look like? As you have summarized, there would be several changes for VA. VA has launched the studies, even though Congress did not adopt the recommendation. Likewise, the other provision is that we would vastly simplify the medical retirement decision in Defense. If you're not fit for duty and you're medically retired, you get a much smaller annuity, but it would not be subject to concurrent receipt; you

would actually receive it, and we would end a lot of the quarreling that goes on about what your status is. I do think the Department's view of this is, this is the central provision, this is the heart of the other Dole-Shalala proposition. We hope Congress would enact it. We also recognize that one of its benefits is that it sets up a sharper division of labor between DOD and VA. Our job then becomes focused on, is this medical condition unfitting for military service? If the answer is yes, "Thank you for your service," you move over to the VA, and they deal with the remaining issues.

So, I do hope that Congress will act on this important issue.

Senator BEN NELSON. Of course, we're all going to call that "seamless," because it's going to happen automatically.

Dr. CHU. I do think part of the advantage of what Dole-Shalala has recommended is that it's a much simpler sort of decision, as far as DOD is concerned. There is some controversy about this, I would acknowledge—but, basically it removes DOD from the rehabilitation business. I think that's part of where some of the current issues arise.

Senator BEN NELSON. Your determination by DOD, versus VA, was, in many instances, for different reasons. We understand.

Dr. CHU. Yes, sir.

That's statutory in its foundation. Therefore, we need your action to clarify the roles.

Senator BEN NELSON. Now, as that legislation gets introduced, should I assume that the funding for it is already included in the DOD budget?

Dr. CHU. The way it would affect the DOD budget is through the normal cost percentage for the retirement account, which would change. That requires, under the laws that affect that account, the actuaries to pronounce—and I believe the situation is, until it's enacted, they won't actually make that change.

Senator BEN NELSON. Would they have some idea of what the net cost would be?

Dr. CHU. Yes, sir, we do have estimates of what the net cost would be.

Senator BEN NELSON. Okay.

Dr. CHU. Not necessarily sanctioned by the actuaries, I emphasize. This is what we have done.

Senator BEN NELSON. Question about the fiscal year 2009 budget of the Departments that includes 2,036 military-to-civilian conversions for medical military billets. It appears inconsistent with section 721 of the conference report for the National Defense Authorization Act for Fiscal Year 2008, which expressly prohibits the Department from converting any additional military medical and dental positions to civilian positions until September 30, 2012. Are we misreading this, or is this actually happening?

Dr. CHU. Sir, we, of course, will obey the law, as it's written. The budget was prepared before the enactment of the authorization bill, which didn't come until January, as you are well aware. We will also be submitting a legislative proposal to change back to the prior regime. Obviously, that would be ultimately your decision. So, we recognize that, unless the law changes, we can't actually make the conversions, but we would like to be able to pursue some of those conversions in the future.

Senator BEN NELSON. So, we won't have the conversions in the future unless we have the actual authorization, and have it handled by legislation.

Dr. CHU. We will be sending you a legislative proposal to reverse the action just taken. If it should receive favorable action by Congress, then we would be able to make some of these conversions.

Admiral HARVEY. Dr. Chu, may I add something on that?

Senator BEN NELSON. Oh, sure.

Admiral HARVEY. Yes, sir. We certainly got the message. It's been received and acknowledged, and we will carry out the law.

One thing I would just put on the table for you, sir, is that the appropriations to support the end strength that we're going to have to carry are not there. So in the short-term, we're going to do what we have to do to provide medical care across-the-board to where we have to do it, but in the long-term, we do have an issue here, in that the appropriations that we have do not match what is now going to be the end strength we need to carry with the current force structure. So, something either changes in our operational force structure, in terms of end strength to support the increased military end strength we'll carry, or we have to find some other means here. But, it is a significant issue for us, as we carry out the law.

General ROCHELLE. If I may, Mr. Chairman.

Senator BEN NELSON. Sure.

General ROCHELLE. Another nuance, not at all insignificant, to piggyback on my colleagues' comments, we may also require, in addition to the appropriations to accompany the reversal back military spaces, standard-of-grade relief, just to highlight something, because as we bring the military structure back in, we're going to bump—inside the same end-strength structure—against standard-of-grade ceilings. So, I mention that, if you please, for the record.

Senator BEN NELSON. Sure. Okay, thank you.

I was hoping that we didn't have the situation develop, where we now had a fourth branch of government. When I was Governor, I always knew we had three branches of government—executive, legislative, and judiciary—and then the fourth branch, the Department of Roads. [Laughter.]

They did whatever they felt they wanted to do. So, I didn't think we had that developing here. We'll find a way to smooth that out, to the best extent possible.

In terms of respite care, General Coleman, in your written statement, you said that the Marine Corps offers Active Duty families enrolled in the Exceptional Family Member Program up to 40 hours of free respite care per month to enable caregivers to get breaks while still nurturing the needs of family members with special needs. This sounds like a very important program for these families with special needs. Can you give us a little bit more about it and who it covers and how you are able to fund it?

General COLEMAN. Yes, sir. This is a great success and news story. The Commandant was able to procure some funds for this, and some given from the Office of the Secretary of Defense, some from within the Marine Corps, that allows these special needs to give the caregivers—to give the homemaker some time away. One of my dearest friends, his son has autism, and his wife is there all

the time. A thing like this allows her some downtime, some alone time, some "Let me get myself together" time. I believe it's in the 36- to 40-hours-a-month time, where she can get away and get some well-needed rest. It's a great program.

We stole it from the Army, because we weren't as involved in it as the Army was. Mrs. Conway, the Commandant's wife, read an article, where the Army was all over this, and she said, "Hey, Marine Corps, we need some of this, too." So, it's a great news story, sir.

Senator BEN NELSON. It certainly is family-friendly and in recognition of reality for people with families with those special needs. So maybe the other two Services—well, you stole it from the Army, so maybe you can give it to the Navy and give it to the Air Force. [Laughter.]

General ROCHELLE. I'd like to thank my colleague for the acknowledgment. [Laughter.]

Senator BEN NELSON. There is nothing better than to find good programs on what you would call the exceptional programs that are there. I am one of those; I commented about yesterday with Secretary Geren, and that is maternity leave, after delivering the baby, for the mother not to be deployed sooner than 12 months, I think is the Navy's standard; 6 months, the Marines; and, I think, 4 months for the Army and the Air Force, at the moment, and suggested that that be reviewed because of a variety of different reasons, all of which makes some sense. If we want to be a family-friendly force, the last thing we need to do is let a situation develop, or continue to be there, that might cause a choice between having a family and not having a family. That's the objective. We don't want to train people and then have those kinds of roadblocks or those kinds of hindrances that would cause people to say, "At some point, I guess I'll just have to hang it up, because I want to have a family, and 4 months is not enough in between deployments," not knowing what future deployments may be.

Dr. Chu, would you have some thoughts on that?

Dr. CHU. Let me comment on that, sir. I'd like to make several points. First of all, 4 months is a minimum. Services are free to adopt more. You've noted some have. Second, the Services—and I've spoken to both the Army and Air Force Assistant Secretaries for Manpower on this matter—will use waivers to deal with individual situations. I do think we need to be a little careful that we don't damage the standing of women as a key element of the force, in saying that they should not share their part of the overall force burdens, in terms of how we utilize them. That's the reason the Department has looked at it in the past, and I think in the end judges we should look at again, the notion of a sabbatic period, which I think may be a superior alternative for those who would like room within which to develop a family. The Navy has expressed interest in this before. The Department has never really come to a good conclusion about this. It would require statutory assistance, in my judgment, in order to have a successful program, so people could step out of their military role, maintain some degree of benefit support during that period of time—perhaps most important, health care—but not be part of the Active component for a period of 1 or 2 years. That may really be the solution, for those who need more

time off, whether it's to care for a relative or to start a family or for other purposes.

Senator BEN NELSON. That was going to be my next question. If you're going to have maternity leave, is it possible, without absolutely adversely affecting the possibility of a deployment of a person, other conditions where you might grant a waiver to keep them in the military; otherwise, they have a choice.

Dr. CHU. Right, and we don't want to lose the trained personnel.

Senator BEN NELSON. Right

Dr. CHU. On the other hand, I do think we have to remember, the military is there as a deployable force. That is its primary mission.

I should add, also into the record, that mothers all receive 6 weeks maternity leave.

Senator BEN NELSON. Yes.

Dr. CHU. It's a separate matter.

Senator BEN NELSON. We worked on that, so now I believe we have something for adoptive parents, as well, recognizing that it's not just the biological situation that we're recognizing, but also the family relationship that's developing and bonding that's required. Otherwise, we run into other issues. I was glad to find that particular situation that we could cite as a reason to change the policy.

General?

General ROCHELLE. Mr. Chairman, may I simply state, for the record, that at the direction of Secretary Geren and General Casey, our policy is actively under review.

Admiral HARVEY. Sir, this is a not a small issue. Seventeen percent of the Navy right now is made up of women, and our incoming classes in Reserve Officers' Training Corps and the Naval Academy is about 22–23 percent. I expect that the percentage of women in the Navy will grow steadily over the next few years. So, they'll be picking up a larger and larger contribution of our overall effort.

We have to be able to come up with the means and the manner in which we will also get the retention of this group that is equivalent to the male sailors that we now enjoy. The sad fact is that female retention in our surface warfare and aviation communities is about one-third of their male counterparts. So, we run up against this issue every day, and we have to keep pushing forward on this aspect of our service, and the nature of our service, to ensure that we reach all the talent we have to deliver the capabilities we must, and find a way to keep that talent with us, regardless of gender.

So, this is a very big issue, and I think it's going to get bigger for us over time.

Senator BEN NELSON. If we don't get it right, we lose our investment in personnel, the cost of training, and then we're faced with replacing those trained personnel. We don't have to perform miracles, we just have to figure out what works and what will keep us in the mix as they make decisions about family. If we have those things that are roadblocks or inhibitors, we're obviously going to pay the price of the loss in retention.

Admiral HARVEY. I think we can do this in a way to express the concern, that Dr. Chu so rightly expressed, that we can never forget, we are an expeditionary force. We are routinely forward deployed. We are expected to go forward and do hard things in hard

places. That's never going to change. That's the core element of who we are and what we do. But, I do believe that we can find a way to bring these two issues together that will result in the kind of outcomes we need to sustain this force in the future with the demographics that simply are before us.

Senator BEN NELSON. General Newton, I think you might have been at Strategic Command at the time that we found out about the Air Force couple that served as the example for why we were able to get this policy changed.

General NEWTON. Yes, sir. We constantly survey throughout our force, both Active Duty, Guard, and Reserve, to make sure that we are certainly in touch with the realities that our airmen and their families face. We also stand tall and not take for granted the fact that it's an All-Volunteer Force, and that it's just unique circumstances we have. So constantly, it's under review and assessment to make sure that we're on the mark.

Senator BEN NELSON. Thank you.

Those are generally the questions that I have. Would there be any comments that anybody would like to make before we adjourn the hearing?

Now, I would say thank you for what you do, day in and day out. Thank you for the members of your Service, for what they do.

Thank you, Dr. Chu, for what you, at the Pentagon, do to keep our country safe, to keep our military functioning as an expeditionary force and ready to go and deploy as the need requires.

I appreciate the fact that we don't ignore reality just to try to stay ready to go. There are other considerations about how we can go about doing it that will not get in the way. Moving toward programs of transferability of education, of other opportunities, just simply to enhance the ability of the military to stay an All-Volunteer Force. Competition is such that you're up against the corporate world, against the government, and others for the same young people, and to retain the ones you have. So, it just behooves us all to continue to work together to try to find ways to make it that much more friendly.

It's easy to say that in a hostile world, but that's what we have to do. We have to have this military-friendly demeanor for the people so we can protect ourselves from a hostile world.

Dr. CHU. Mr. Chairman, thank you for the actions you and your subcommittee members have taken in support of the military forces, the partnership that has allowed us, I think, to sustain this fine force over the course of the last 7 years.

Senator BEN NELSON. Thank you.

General?

General COLEMAN. Sir, I would like to jump onto your kind nature there, and also Senator Graham when you asked if there's anything you can do. My mother used to say, "If you want something fixed, you go to the people that can fix it." So, if I may, back in December, the Commandant, General Conway, discussed with me, in a one-way discussion where I was listening, that the Army—and I've already vetted this with my good friend and colleague, Lieutenant General Rochelle, so there's no hard feelings here—is having a little bit of concern with their company-grade officers staying on Active Duty. There's a couple of programs where they

give upwards of $30,000, depending on the specialty, so that they stay. We, in the Marine Corps, aren't having that problem—knock on wood—but, the Commandant, in December, said, "Ron, I'd like to reward our company-grade officers. Is there some way that I can say to those officers, to all the company-grade officers that are staying, 'Hey, here's $2,000; here's $3,000, go do something. Thank you for staying. No commitment.'"

Senator BEN NELSON. A reward, as opposed to, perhaps, an incentive?

General COLEMAN. Yes, sir. Or, sir, what it reminds me of, when I returned from Vietnam in 1970, the great State of Pennsylvania gave me a whopping $300 and said, "Thanks for your service." So, we vetted that, and we've come up against quite a few roadblocks. We were told that we could do that if we made them sign on for another 1, 2, or 3 years. That's not what we want to do. We don't—they're already staying for the 1 or 2 or 3 years that we want. All the Commandant would like to do is say, "Thank you for your service." So, if you could give us a hand there, sir, in either pointing me in the right direction or at least acknowledging to the Commandant that I said that, so I don't have any more one-way conversations, I certainly would appreciate it, sir. [Laughter.]

Senator BEN NELSON. I suspect he's going to know, by the end of the day. [Laughter.]

That is a worthy consideration, because we talk about incentives, but we ought to also think about it in terms of "thank you" recognition, as well. A pat on the back is helpful, but very often there are other things that you could do to make it even better. So, we will take that under consideration, under advisement, clearly.

Once again, thank you, everybody, for being here. I appreciate, so much, your input. As my colleague and I clearly indicated this is a bipartisan effort here. There's nothing partisan about making sure that our men and women in uniform are receiving the best and having the best opportunity to do their job, and to be able to do it well, and also for us to be able to say "thank you" in a number of different ways, all of which, I hope, are helpful and express our appreciation for what they do and what you do.

So, with that, unless there's anything else, this hearing is adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR EVAN BAYH

NATIONAL SECURITY EDUCATION PROGRAM

1. Senator BAYH. Secretary Chu, please describe the activities of the National Security Education Program's (NSEP) Flagship Program in 2007 and your projected activities in 2008 and 2009.

Secretary CHU. The Language Flagship is a cornerstone of the Department's Language Transformation Plan and the President's National Security Language Initiative (NSLI). The Flagship effort, since its inception, has had a major impact on the way many higher education institutions, as well as K–12 programs, organize and develop their approaches to language education. The central goal of Flagship is to reach a minimum of 2,000 students by the end of the decade. This effort provides the Department of Defense (DOD), as well as the entire national security community, with an opportunity to recruit from a more globally proficient pool of candidates. We are pleased to report that we are well on our way to meeting or exceeding this goal.

In 2007, Language Flagship provided funding primarily in the form of core institutional grants to domestic and overseas Flagship Centers and partners. During

2007, Flagship continued its major effort to transition its focus from post-graduate to primarily United States undergraduate education. In moving toward this goal, Flagship has endeavored to include more institutions in the movement through the launch of a Promoting the Diffusion of Innovation grant program. This grant program was held as an open national competition designed to increase collaboration within the Flagship framework while increasing the number of institutions, language programs, degree programs, and students involved in Flagship efforts. Through the grant program, the Language Flagship encourages individuals and organizations to work with currently funded Flagship Centers to propose ways of increasing the effectiveness and scope of the Language Flagship. Partners may include academic institutions, public sector and nonprofit sector agencies, school districts, businesses, or private sector organizations.

In October 2007, three new projects were funded under the Promoting the Diffusion of Innovation grant program: the Arizona State University Chinese Flagship Partner Program, which increased the scale and scope of Chinese offerings by teaming up with the Chinese Flagship Center at the University of Oregon; the Flagship "My China" project (also at the University of Oregon), which creates a virtual Flagship presence in the online world of "Second Life"; and, the American Councils for International Education's Flagship Online Russian Proficiency Test and Assessment, which provides online assessment tools for evaluating individual student performance. In addition to the institutional grants, the Language Flagship, through the Institute of International Education (IIE), provided significant funding to support students in the form of student scholarships, fellowships, and stipends.

The Diffusion of Innovation effort continues with a 2008 competition initiated in December 2007 with proposals due by March 14, 2008. The Diffusion of Innovation solicitation, managed by our nonprofit partner, IIE, was announced through all major communication channels. As in 2007, the grant program intends to provide funds to additional institutions of higher education who demonstrate a strong commitment to support innovative approaches to language education, including the diffusion of proven and effective practices. We expect to expand the reach of Flagship to as many as 10 to 15 more institutions through this innovative diffusion model.

In 2007, Language Flagship also introduced special initiatives as part of its overall approach to changing the way Americans learn languages. Flagship special initiatives provide a larger venue for discourse and action in areas that are important to language learning and that complement the core activities of Language Flagship. In June 2007, regional Language Summits were hosted by three Flagship Centers: Ohio State University, University of Oregon, and University of Texas at Austin. The summits resulted in highly innovative and "first of their kind" State Language Roadmaps for Ohio, Oregon, and Texas. With funding provided by Congress, the projects were overseen by NSEP with co-sponsorship from the Departments of Defense, Commerce, and Labor.

The Language Roadmaps were instrumental in identifying State and local needs for language learning and enhancing the capabilities of Flagship Centers to address the goals of the Language Flagship. They also introduced language education as an important element of the public policy debate, asking State policymakers and business leaders to examine their priorities and seek ways to identify the needs for a workforce with language and culture skills. The engagement of State and local government decision makers and the business community served as an important and necessary step in moving the national language agenda forward. Flagship Centers will continue to explore efforts to address key components of these Roadmaps and to facilitate opportunities for additional States to develop their own Roadmaps. Recently, Language Flagship announced a competition for an African Languages Flagship Center with a due date of May 2, 2008. This effort responds to the urgent need for a pipeline of students with increased knowledge and expertise in African language and culture. NSEP expects to make this award by early summer.

During 2009, Language Flagship will consolidate its efforts with its core Flagship Centers and its diffusion partners. Our focus will remain on transforming language learning in United States higher education so that, in the coming years, DOD, our colleagues in the entire Federal sector as well as business, will be able to identify and hire a new generation of global professionals.

2. Senator BAYH. Secretary Chu, please list the current Language Flagship Programs and the universities which have been identified as the lead institutions for those Flagship Programs.

Secretary CHU. The current Language Flagship Programs and universities identified as lead institutions are:

Arabic Flagship Centers
Michigan State University*

Dearborn Public Schools K–12 Flagship Program
University of Texas, Austin*
University of Maryland, College Park*
Alexandria University, Egypt
Damascus University, Syria
Central Asian Turkic Language Consortium
American Councils for International Education*
Indiana University
University of Chicago
Chinese
Arizona State University Flagship Partner Program
Brigham Young University*
Ohio State University*
Ohio Public Schools K–12 Flagship Program
University of Mississippi*
University of Oregon
Portland Public School K–12 Flagship Program
Nanjing University, China
Qingdao University, China
Eurasian Languages
American Councils for International Education*
Bryn Mawr College
Middlebury College
University of California, Los Angeles
University of Maryland, College Park
St. Petersburg University, Russia
Hindi/Urdu
University of Texas, Austin*
American Institute for Indian Studies, Jaipur, India (Hindi)
American Institute for Indian Studies, Lucknow, India (Urdu)
Korean
University of Hawaii, Manoa*
Korea University, South Korea
Persian/Farsi
University of Maryland, College Park *
Tajik State National University, Tajikistan

* Lead Institution

3. Senator BAYH. Secretary Chu, how were the institutions which have been identified as the lead for each Language Flagship Program selected?

Secretary CHU. Institutions designated as lead Flagship Language Centers have been chosen through open competition. For Flagship programs that focus on a more diverse set of language groups and which, typically, rely more on overseas immersion than domestic study (e.g., Eurasian and Central Asian Turkic Languages), a nonuniversity umbrella organization with extensive experience in the region, American Councils for International Education, has taken primary responsibility for the overseas effort while promoting and facilitating partnerships among academic institutions. Partner institutions have been actively encouraged to expand their programming and offerings through an annual competition, Promoting the Diffusion of Innovation grant program, which provides funding at the institutional level. A Diffusion of Innovation solicitation for 2008 was announced in December 2007 with proposals due by March 14, 2008.

4. Senator BAYH. Secretary Chu, did NSEP hold a competition for these designations? Please explain.

Secretary CHU. Competitions have been held for all Flagship grant awards since the inception of the program in 2000–2003 when the program was operated as a pilot under the NSEP institutional grants umbrella. Since 2003, when Flagship was formally established, all awards have been made through open national competitions administered by the NSEP nonprofit contractor, the Institute of International Education. The most recent solicitation is for an African Flagship Program. During 2003–2007, open competitions were held for the establishment of programs in Arabic, Chinese, Hindi/Urdu, and Persian/Farsi. In addition, through its Diffusion of Innovation process, NSEP has also held open competitions for new partner programs in all of these languages as well as Eurasian and Central Asian.

5. Senator BAYH. Secretary Chu, NSEP has been working with U.S. universities to provide critical language training to Reserve Officers' Training Corps (ROTC) cadets. What are your plans to continue this program in 2009 and beyond?

Secretary CHU. The DOD plans to continue the ROTC Language and Culture Project in 2009. This program was funded from fiscal year 2007 through 2013.

This project was developed based on guidance contained in the 2006 Quadrennial Defense Review (QDR), which charged the Department to increase investments focused on developing and maintaining appropriate language, cultural and skills relevant to the challenges of the 21st century. The QDR directs that the Department will, "Require language training for Service Academy and Reserve Officer Training Corps scholarship students, and expand immersion programs, semester abroad study opportunities."

The goal of the project is to provide cadets and midshipmen with opportunities to study languages and cultures of world regions critical to United States national security. We are beginning the review for the 2009 ROTC Language and Culture Project now.

6. Senator BAYH. Secretary Chu, not all of the Service Academies work in conjunction with their respective ROTC scholarship programs to ensure that applicants who are rejected from the academy have the opportunity to apply for an ROTC scholarship. Has DOD investigated whether to institute such a program? If not, why not? If so, how is the DOD looking to implement those programs?

Secretary CHU. While not all service applicant information exchange processes are formalized, all Service Academies exercise recruiting partnerships with their respective ROTC programs. Candidates are encouraged to apply to both the Service Academy and the corresponding Service ROTC. Oftentimes, applicants will apply to all Service Academies and ROTC scholarship programs with many highly qualified candidates receiving multiple acceptances and offers.

In recent years, the United States Military Academy (USMA) has created a more robust partnership with the United States Army Cadet Command (USACC) to formalize their procedures for exchanging applicant data. From September through January, they share candidate information on a monthly basis. In 2007, USACC conducted a centralized board to review USMA applicants who did not receive a USMA nomination. Forty-two percent of the 892 candidates considered will receive 4-year Army ROTC scholarship offers. USACC will conduct a similar board this month.

Since there is considerable crosstalk between the Service Academies and their respective ROTC programs, there is currently no DOD plan to institute a formal program for their partnerships.

QUESTIONS SUBMITTED BY SENATOR CLAIRE MCCASKILL

PATERNITY LEAVE POLICY

7. Senator MCCASKILL. Secretary Chu, I understand that most of the Services have indicated that they support instituting a paternity leave policy that would permit unit commanders to provide military members administrative paternity leave at the commander's discretion. It strikes me that such a policy would be supportive of military families, would be consistent with policies in the civilian sector, and would send a strong message to servicemembers about the respect their Services have for their personal lives. It also seems to me that such a policy can only prove helpful in retention efforts.

However, I have since been informed that the Department may have ordered that work on paternity leave policies be terminated and that the issue not be considered for a DOD-wide personnel policy initiative.

Can you discuss what consideration was given by the Office of the Secretary of Defense (OSD) of paternity leave issues and what decisions have been reached by OSD on instituting a Department-wide policy?

Secretary CHU. This legislative proposal is being worked within the Department. It would allow spouses up to 21 days of discretionary administrative absence after the birth of a child. The Department is weighing the proposal against operational readiness, cost, and equity factors. We anticipate a decision on proceeding with the present proposal by end of March 2008.

8. Senator MCCASKILL. Secretary Chu, has OSD directed the Services to cease work on instituting or considering paternity leave policies, and if so, why?

Secretary CHU. No. This legislative proposal is being worked within the Department. It would allow spouses up to 21 days of discretionary administration absence after the birth of a child. The Department is weighing the proposal against operational readiness, cost, and equity factors. We anticipate a decision on proceeding with the present proposal by end of March 2008.

9. Senator MCCASKILL. Lieutenant General Rochelle, Vice Admiral Harvey, Lieutenant General Coleman, and Lieutenant General Newton, what is your Service's current policy on paternity leave?

General ROCHELLE. The Army does not have paternity leave policy. However, soldiers may take up to 30 days of annual leave on the birth of a child.

Admiral HARVEY. Under current DOD guidance, Navy authorizes regular leave for paternity purposes, approved by each servicemember's commanding officer. DOD Instruction 1327.6, governing leave and liberty procedures, prohibits the use of administrative leave following the birth of a child.

General COLEMAN. Commanders may authorize up to 10-days administrative absence (Permissive TAD) for a married male marine when his spouse gives birth, dependent on the unit's mission, specific operational circumstances, and the marine's billet.

General NEWTON. The Air Force does not have a specific category of administrative absence (i.e., leave) that is designated for paternity. Military members accrue 30 days of leave annually (2.5 days/month). Military fathers may use this leave to assist mothers and newborns.

10. Senator MCCASKILL. Lieutenant General Rochelle, Vice Admiral Harvey, Lieutenant General Coleman, and Lieutenant General Newton, have you considered, at any time, instituting a formal paternity leave policy, and if so, when and what was considered and what was done?

General ROCHELLE. The Army has explored implementation of nonchargeable paternity leave for soldiers, through the Army Family Action Plan program. However, since paternity leave is another form of nonchargeable absence from duty like other forms of permissive temporary duty, implementation would require the support of the other Services and OSD.

Admiral HARVEY. In August 2007, Navy submitted a proposal to amend title 10, U.S.C., to authorize Military Department Secretaries to grant up to 21 days permissive temporary duty in connection with the birth of a new dependent. This initiative was intended to align the Department's policy for natural fathers with policy applicable to adoptive parents, as provided for in the National Defense Authorization Act for Fiscal Year 2006.

Based on a subsequent dialogue, it is my understanding that a paternity leave authority may be accomplished through policy without the need for new legislative authority. The issue is currently pending before the Under Secretary of Defense for Personnel and Readiness but a final decision has not been reached.

General COLEMAN. The Marine Corps implemented an official Permissive TAD policy for Paternity on 4 October 1995. We implemented it based on the guidance in the Presidential Memorandum on Supporting the Role of Fathers in Families, 16 June 1995, to promote family values and encourage fathers to be active and committed to their families.

General NEWTON. Yes, the Air Force considered a paternity leave policy after the Navy raised the issue of 21 days of paternity leave in fall of 2007. I have not implemented specific guidelines since the current leave authority (30 days/year) provides adequate leave for military fathers. However, we are still analyzing the various options available to us.

11. Senator MCCASKILL. Lieutenant General Rochelle, Vice Admiral Harvey, Lieutenant General Coleman, and Lieutenant General Newton, does your Service currently support instituting a paternity leave policy? If so, what are you considering? If not, please explain why not?

General ROCHELLE. The Army supports the DOD proposal to amend title 10, U.S.C., section 702, authorizing up to 21 days of permissive temporary duty (TDY) for servicemembers paternity leave in conjunction with the birth of a new child. The legislative proposal is consistent with recent congressional change to section 701 authorizing up to 21 days of administrative leave for a servicemember adopting a child. Paternity leave, as with all other leave categories, would be granted on an individual basis dependent on the unit's mission and operational circumstances.

Admiral HARVEY. Navy supports establishing a paternity leave policy that provides Service Secretaries discretionary authority to grant up to 21 days permissive TDY to be used in connection with the birth of a servicemember's natural child. Re-

quests for paternity leave would be considered on a case-by-case basis, and approved when possible; consistent with unit mission, operational circumstances, and each servicemember's billet.

General COLEMAN. The Marine Corps supports and implemented a paternity leave policy, under the authority of administrative absence, on 4 October 1995.

General NEWTON. Military members accrue 30 days of leave annually and the use of ordinary leave for military fathers to take time-off to be with the mothers and newborns is effective and meets the needs of families and the mission. Moreover, the average leave balance at the end of fiscal year 2007 was 34.75 days (enlisted) and 42.4 days (officer). The Air Force continues to study a policy proposed by the Navy for 21 days of paternity leave. We understand the rationale, but with over 15,000 new dependents born to Air Force families yearly we are considering the impacts of having those fathers out for 21 days each. We will continue to analyze all options.

MATERNITY LEAVE POLICY

12. Senator MCCASKILL. Lieutenant General Rochelle, Vice Admiral Harvey, Lieutenant General Coleman, and Lieutenant General Newton, I want to address the current post-maternity deferment from deployment policy for Active Duty military mothers and the disparity between the Services on the length of this deferment. I recently wrote to Secretary Gates about this matter and ask that my letter be entered into the record of this hearing. Further, I ask Secretary Chu to ensure that Secretary Gates' response to my letter also be submitted to this committee and entered into the record of this hearing.

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PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

February 19, 2008

Hon. Robert Gates
Secretary of Defense
1400 Defense Pentagon
Washington, DC 20301

Dear Secretary Gates,

On Monday, February 18, 2008 the *Washington Post* reported that Army soldiers who are recent mothers experience a disadvantage, as compared to recent mothers who serve in other services, in deferment of deployment orders following childbirth. Furthermore, the article appears to capture indifference to the recommendations of senior Army medical leaders and important mental health considerations in the establishment of and commitment to the current policy. I urge you to work with the military services to adopt a single, equitable policy and to ensure that any new policy on this issue is driven by medical, including psychological, considerations.

Just over one year ago, reporting by two *Post* writers uncovered the nightmare outpatients at Walter Reed Army Medical Center were experiencing. In the wake of those articles, among many other things, I learned that disability evaluation ratings given to war wounded for the exact same injuries often varied by service. The Army's rating, as you know, was almost always the lowest. The policy on post childbirth maternity deferment from deployment appears to offer another example of a perplexing variation in policy among the services and yet another where the Army – whose service members continue to bear the brunt of the sacrifice in the Iraq and Afghanistan wars – has the most unforgiving policy. This is troubling.

Further, the *Post* reports that former Army Acting Surgeon General Gayle Pollock had advised Army leaders that the Army policy ought to defer deployment of a recent mother for at least eight months following child birth. Pollock reportedly indicated to Army leaders that such a policy would be consistent with best medical practices on breast feeding and psychological considerations of mother and child bonding during infancy. Pollock thought a twelve month deferment ideal, but noted that an eight month policy would be acceptable. Nonetheless, the Army maintained its miniscule four month exemption – even as it upped deployments to fifteen months. While the strain of meeting manpower demands for the wars in Iraq and Afghanistan are clearly tremendous, maintenance of a policy that undervalues the health of a newborn infant is unacceptable.

Equally alarming, the above described exchange between Army leaders and MG Pollock appears to capture another instance of the undervaluing of medical and mental

health related advice in determining deployability of soldiers by Army leaders. As you know, several past reports from the news media as well as from veterans' advocacy groups have accused the Army of sidestepping medical recommendations in seeking to deploy Soldiers in questionable physical and mental health. The Department of Defense and Army leadership must continue to evaluate how it meets manpower requirements for the ongoing wars and cannot permit bias, mission demands or arrogance to outweigh medical considerations.

I fully appreciate of the enormous challenge the Department of Defense faces in meeting the requirements of the wars in Iraq and Afghanistan as assigned by the Commander in Chief. However, there is no excuse for unfair, unsafe and illogical personnel policies. Furthermore, it is wholly unacceptable for mission requirements to ever win out over medical necessities. Again, I urge you to review the Army policy, as well as the policy of each of the other services, and to implement a new, uniform policy driven by medical considerations as well as the best interests of the mother and infant. Our military needs today's heroic women service members. We cannot afford to maintain policies that penalize them in an area as sensitive as newborn infant care, nor in other facets of their careers, less we lose the ability both to retain these heroes and recruit new ones.

Sincerely,

CLAIRE MCCASKILL
United States Senator

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

PERSONNEL AND
READINESS

MAR 6 2008

The Honorable Claire McCaskill
United States Senate
Washington, DC 20515

Dear Senator McCaskill:

Thank you for your letter to Secretary Gates concerning the Washington Post article, "Short Maternity Leaves, Long Deployments." Department policy for post-partum deployment deferment is covered under DoDI 1315.18, "Assignment Policy," (Jan 15, 2005) and provides at least 4 months post-partum deferment from assignment to a dependent-restricted overseas tour as well as deferment from deployments on TDY or temporary assignment away from the permanent duty station or home port.

The 4-month minimum deferment period was established by the Department of Defense (DoD) to provide for medical recovery from child birth (normally 6 weeks) and to allow military mothers and their families with additional time to prepare family care plans and to establish a pattern of child care. All of the Military Services comply with the requirement for at least a 4-month post-partum deployment deferment.

Extensions for more than 4 months are at the discretion of the Secretary of the Military Department as he deems appropriate in support of force readiness, high operational demand, and deployable manpower. The Secretary of the Army is reviewing his Service's policy.

Our policies also recognize that there are limits on deployments before delivery, and acknowledge that too long a mandatory deferment post-partum may prove injurious to women's career aspirations. We are exploring whether a "sabbatic" option may be preferable for those who would like more time.

Your interest in the well being of our Service members is appreciated. Thank you for your continued support to the dedicated men and women of the Armed Forces who serve our great Nation.

Sincerely,

David S. C. Chu

David S. C. Chu

I would like each of you to briefly comment on your Service's deferment policy and to explain why the Service has followed such a policy. Please be specific about any medical considerations that have been taken into consideration in establishing and following the policy.

General ROCHELLE. Current Army policy requires a 4-month Postpartum Operational Deferment period for a female soldier after the birth of a child. The Army Postpartum Operational Deferment policy is based on and matches the designated guidelines established by OSD.

The Army recognizes the merit in lengthening the Postpartum Operational Deferment period, and intends to lengthen that period to 6 months once Active Army units return to a 12-month deployment rotation policy from the 15-month deployment rotation policy that is currently in place.

Admiral HARVEY. Following a 2-year medical readiness review, Navy modified its postpartum operational deferment policy from 4 to 12 months in OPNAVINST 6001.1C, and has received overwhelming positive feedback from the fleet. Our decision was based on extensive review of medical research on postpartum depression, Shaken Baby Syndrome (SBS), and the long-term benefits of breastfeeding. Our review informed that:

- 20 percent of postpartum women experience depression at some point in the year following delivery. Longer deferment resulted in fewer cases requiring personnel replacement as a result of late-onset depression in theater.
- 30 percent of SBS cases identified within DOD between 2004–2005 occurred in Navy or Marine Corps families. SBS cases were often the result of parental stress and lack of sleep in the early stages of infant development. By extending operational deferment, the risk of SBS is lowered because frequent training schedules necessitating time away from home and inconsistent sleep patterns are no longer factors.
- The American Academy of Pediatrics, American Academy of Family Physicians, Department of Health and Human Services, and the Surgeon General of the United States recommend breastfeeding infants exclusively for 6 months and continuing to breastfeed for 12 months while incorporating complimentary foods for the health and wellness of mother and child. In addition, a 2005 Navy Pregnancy and Parenthood Survey identified the 4-month deferment period as a key deterrent to continue breastfeeding. We believe that a 12-month deferment period will increase breastfeeding continuation rates and workplace productivity, thereby decreasing health care costs over time.

With respect to changing Navy demographics, the following is offered for consideration:

- In the last 15 years, the percentage of women serving in the Navy has risen from 10 to 15 percent of the total force. Women now account for 22 percent of the U.S. Naval Academy's freshman class and 25 percent of freshmen participating in the Naval Reserve Officers Training Corps Program. The proportion of women in each program is expected to reach 30 percent by 2018.
- As Navy becomes an increasingly technical force, retaining women in critical skill sets, such as surface warfare, aviation warfare, and health professions, is essential.
- According to Navy's 2008 Pregnancy & Parenthood Survey, a 12-month deployment deferment policy positively influences the retention decisions of women by 47 percent and those of men by 10 percent.

In summary, the 12-month deferment policy is based on a preponderance of medical evidence and the impact of changing Navy demographics on operational readiness. In order to assess the impact of this policy change, the Navy will continue to monitor retention rates as well as the physical and mental health and well-being of female sailors over the next several years.

General COLEMAN. Pregnant marines will not normally be transferred to deploying units from the time of pregnancy confirmation up to 6 months after the date of delivery. Pregnant marines are afforded a 6-month deferment from deployment after the date of delivery. The deferment option is provided to the marine, not the commander. The marine may waive the deployment deferment period. Commanders have the option of extending this deferment if, in consultation with the Health Care Provider (HCP), it is deemed necessary for the health of the mother or child. On 12 June 2007, we reduced the deferment period, from 12 months to 6 months, after extensively reviewing the former policy. Marine Corps policies are constantly reviewed to ensure their applicability to the force, and this review was no different. During the review and staffing process it was determined a 6-month deferment provided the best balance between ensuring the health of the mother and child and the requirements of a naval career. This change complies with DOD Instruction 1342.19 (Family Care Plans), which states "Military mothers of newborns shall receive a 4-month deferment from duty away from the home station for the period immediately following the birth of a child."

General NEWTON. Our Air Force Instruction guidance allowing a 4-month post pregnancy deferment for deployments is consistent with deferments for assignment. In fact, the guidance in our deployment instruction (10–403, Attachment 2, table A2.1, Note 6) references our assignments instruction stating that "members are deferred from deployments for 4 months after birth of baby" (extensions approved at unit/CC discretion) per AFI 36–2110, para 2.39.4 and Table 2.2 Rule 1. Both AFIs

are based on DOD Directive 1315.7, in Aug 91 that established a "4-month deferment after childbirth to duty away from the home station." We are unaware of what medical considerations may have been taken into consideration when DOD Directive 1315.7 was published.

QUESTION SUBMITTED BY SENATOR LINDSEY O. GRAHAM

NOMINATIONS

13. Senator GRAHAM. Secretary Chu, I was pleased to hear you do not anticipate any problems with implementation of the provision requiring The Judge Advocates General (TJAG) of the Army, Navy, and Air Force to serve in the rank of lieutenant general or vice admiral. In order to ensure the maximum effectiveness of the TJAGs, I believe this needs to be implemented quickly. Do you have an indication of when the nominations will be forwarded to the Senate for confirmation?

Secretary CHU. At this time, we do not have a clear indication of when the nominations will be forwarded to the Senate. The Department will immediately attend to these nominations upon receipt from the Secretaries of the Military Departments.

QUESTIONS SUBMITTED BY SENATOR SAXBY CHAMBLISS

BASE REALIGNMENT AND CLOSURE

14. Senator CHAMBLISS. Secretary Chu and Lieutenant General Rochelle, as you are well aware, both Fort Stewart and Fort Benning in the State of Georgia are in the process of growing as a result of the Grow the Army plan and the Base Realignment and Closure (BRAC) process, and we welcome that growth and look forward to having more Army soldiers and their families residing in the State of Georgia.

This growth does bring challenges, and one specific challenge that I've been aware of and working to address for several years now is the growth in the number of students at local school districts resulting from an influx of military-connected children. No school district is going to turn away additional students, and I know that the folks in Muscogee County, Chattahoochee County, and Liberty County are eager to accommodate new Army families and their children into their school districts—and they will do so.

I have had a very difficult time getting accurate estimates from the Army regarding how many soldiers and, consequently, how many school-aged children will be relocating to Georgia bases. The estimates have varied widely and have made it very difficult for local school districts to predict and plan how to accommodate this growth. However, everyone agrees that, at least at Fort Benning, they will experience a growth of several thousand students. But this is not just a Georgia issue. Bases and communities in Virginia, North Carolina, Kentucky, and Kansas will be affected as well.

As you can well-understand, any additional facilities and teachers required to accommodate additional students will need to be funded in advance of the students arriving. Local communities are challenged to pay for these expenses, especially when the tax base for doing so does not exist, or will likely be made up of nonresidents who may not be paying income and property tax.

I would appreciate your comments on what policies the Army and DOD have established to address this issue and how you are partnering with communities around bases experiencing this growth. I would also appreciate your assurances that making sure this transition is seamless and doing everything you can to help local communities prepare for this growth will remain a priority for DOD and the Army.

Secretary CHU. DOD clearly recognizes the importance of quality educational opportunities for all military families. We are working in close collaboration with all key stakeholders to engage affected communities and assist them in finding viable solutions to the projected school growth. Understanding that in order to prepare adequately, a community must first have reliable growth projections, the military Services have carefully identified the school-age growth projections for each community. Dialogue is continuous between the installation commanders and local educational agencies about timing, projected growth, and the dynamic nature of the challenge.

These projections will be provided to Congress in the very near future as directed in section 574 (c) of the John Warner National Defense Authorization Act (NDAA) for Fiscal Year 2007. In addition, the Office of the Under Secretary of Defense for Personnel and Readiness (Military Community and Family Policy), in coordination with the Army, the Department of Education's Offices of Elementary and Secondary

Education and Management, and the Department of Defense Office of Economic Adjustment, has conducted site visits to a representative sample (Fort Benning, Fort Bliss, Fort Drum, and Fort Riley) of growth locations to provide program stakeholders (Federal, State, and local) with on-the-ground knowledge of issues surrounding mission growth, improve communications among all partners, identify gaps/lags in capacities, and to more extensively document the specific requests for Federal action to assist communities and States responding to student migration.

Of note, the visit to El Paso and Fort Bliss, TX, highlights the strong set of partnerships in place to support Fort Bliss's mission, soldiers, and families. There is close cooperation between Fort Bliss and the surrounding community and the nine independent school districts. Representatives from the installation, community, and school districts meet regularly to discuss the impact of growth. An example of the consolidated planning process is the El Paso Independent School District. The voters of the most heavily affected of the region's school districts voted in favor of a $230 million bond, of which $101 million will go to support growth at Fort Bliss. Additionally, Texas has two State programs for funding construction: (1) an instructional facilities allotment that all Local Education Authorities (LEAs) are eligible to receive, and (2) an interest allotment for the lowest income LEAs that have the lowest (tax) bases.

Besides reporting school-age growth projections, the report to Congress will include recommendations from the Office of Economic Adjustment for means of assisting affected local educational agencies in accommodating increases in enrollment of military students as well as the DOD plan for outreach regarding information on the assistance to be provided to local educational agencies (LEAs) that experience growth in the enrollment of military students.

In order to effectively focus the DOD outreach effort, we have leveraged the expanded authority that DOD received in the NDAA for Fiscal Year 2007. The Secretary of Defense can now use funds of the DOD Education Activity (DODEA) to share its expertise and experience with LEAs as military dependent students transition from DOD schools to LEAs, including transitions resulting from the closure or realignment of military installations under a base closure law, global rebasing, and force restructuring. Under this expanded authority, DODEA is in the process of creating educational partnerships with LEAs who educate military students. Launched October 1, 2007, the DODEA Educational Partnership Directorate (EPD) promotes quality education and seamless transitions for military students. More specifically, EPD:

1. Develops partnerships with military-connected schools and districts that focus on research-based educational programs and best practices, seamless transitions, and deployment support services,
2. Facilitate agreements at the local and State levels to positively impact military children's education and wellbeing, and
3. Extend opportunities for student learning via online and other research-based models.

Finally, to support the transition of children impacted by permanent change of station moves, as well as moves promulgated by BRAC and force realignment, the Department has partnered with the Council of State Governments to develop an Interstate Compact designed to mitigate the difficulties children in military families experience when transitioning between school systems. Legislatures in 14 States are currently considering the Compact. Once adopted by 10 States, the Compact will be enforced.

General ROCHELLE. The Army and DOD are partnering with local communities to deal with community needs, such as schools, housing, and community activities, associated with Army stationing and growth. Garrison commanders and staff regularly engage with community leaders and have school liaison officers who facilitate communication with local education agencies to help communities deal with stationing and growth. The DOD, Office of Economic Adjustment regularly provides funding and planning support to communities experiencing growth from Defense actions. The planning connection between the installation, local education agency and the U.S. Department of Education for financial Impact Aid Assistance continues to be our most effective means to support seamless growth in communities around our installations.

15. Senator CHAMBLISS. Secretary Chu, in last year's National Defense Authorization Act we established the Yellow Ribbon Reintegration Program which I worked on with several other Senators. This is an extremely important program for the National Guard and Reserve and provides continuous support to our deploying servicemembers by creating a national combat veteran reintegration program to pro-

vide servicemembers and their families support services during their entire deployment cycle. I was pleased to see in your written statement that DOD is fully committed to implementing this program and that you are moving quickly to stand up an interim Office for Reintegration Programs.

Please provide additional detail on how this program is proceeding, the resources that you believe will be necessary to fully implement the program, and whether DOD has those resources and if you are requesting specific resources to carry out this program in the fiscal year 2009 budget.

Secretary CHU. We will have the Office for Reintegration Programs established by the end of March, with the Deputy Assistant Secretary of Defense for Reserve Affairs (Manpower and Personnel) designated as the director of that office. For interim staffing until we can establish the permanent manpower requirements, we have asked the Reserve components to assist by providing one person each. The NDAA for Fiscal Year 2008 also provides for an Advisory Board and a Center of Excellence. These organizations will be operational soon.

To support National Guard and Reserve members, and their families throughout the deployment cycle, we already have pilot programs in 15 States that provide services and support to Reserve component members and their families. We plan to expand the program to all 54 States and territories.

The Department is developing the funding requirements for the 2010 budget and future budget submissions. Since funding for this program was not included in the Defense appropriations for 2008 or in the President's budget submission for 2009, we must seek supplemental funding as a bridge to support this program. We do not have funds available in 2008 or the President's budget to fully implement the program without obtaining supplemental funding.

[Whereupon, at 4:57 p.m., the subcommittee adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2009

WEDNESDAY, APRIL 16, 2008

U.S. SENATE,
SUBCOMMITTEE ON PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

TESTIMONY OF MILITARY BENEFICIARY ORGANIZATIONS REGARDING THE QUALITY OF LIFE OF ACTIVE, RESERVE, AND RETIRED MILITARY PERSONNEL AND THEIR FAMILY MEMBERS

The subcommittee met, pursuant to notice, at 2:37 p.m. in room SR–232A, Russell Senate Office Building, Senator E. Benjamin Nelson (chairman of the subcommittee) presiding.

Committee members present: Senators Ben Nelson and Graham.

Committee staff member present: Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Jonathan D. Clark, counsel; Gabriella Eisen, counsel; and Gerald J. Leeling, counsel.

Minority staff members present: Diana G. Tabler, professional staff member; and Richard F. Walsh, minority counsel.

Staff assistants present: Ali Z. Pasha and Brian F. Sebold.

Committee members' assistants present: Andrew R. Vanlandingham, assistant to Senator Ben Nelson; Jennifer Cave, assistant to Senator Warner; Lenwood Landrum, assistant to Senator Sessions; Mark J. Winter, assistant to Senator Collins; and Andrew King, assistant to Senator Graham.

OPENING STATEMENT OF SENATOR E. BENJAMIN NELSON, CHAIRMAN

Senator BEN NELSON. Good afternoon. This Personnel Subcommittee hearing will come to order.

The subcommittee meets today to receive testimony from military beneficiary organizations regarding the quality of life of Active, Reserve, and retired military personnel and their family members in review of the National Defense Authorization Requet for Fiscal Year 2009 and the Future Years Defense Program.

This subcommittee is responsible for the most important aspect of the United States military system: our men and women and their families. These great Americans have volunteered to serve

our Nation, so we have a special responsibility to provide for their quality of life.

The repeated and extended deployments and the intensity of the conflicts in Iraq and in Afghanistan are taking a toll on the health of our troops and their families. This hearing will help us to learn about the concerns and needs of our military members and their families from the beneficiary organizations that stay in constant contact with them and represent their interests.

It's been an honor to be able to work with my ranking member, Senator Graham, in this effort. We have exchanged positions a time or two, but, we, along with the rest of the subcommittee, aim to do everything we can to ensure that our servicemembers and their families have a quality of life commensurate with the sacrifices they make on a daily basis.

I'd like to express my personal appreciation to the many organizations that assist and represent the interests of our military personnel and their families. You do a great service to our Nation, and you deserve to be recognized for what you do.

Although it would be ideal to hear the testimony of each of the organizations, that's not possible. That's why we reach out to The Military Coalition (TMC), a consortium of 33 service and veterans organizations, to present the collective views of the organizations.

We're pleased to welcome our witnesses here this afternoon: Colonel Steve Strobridge, U.S. Air Force (Ret.), and Master Chief Petty Officer Joseph L. Barnes, U.S. Navy (Ret.). They are the co-chairman of TMC. Colonel Strobridge is the Director of Government Relations for the Military Officers Association of America, and Master Chief Barnes is the National Executive Director of the Fleet Reserve Association.

We also welcome Kathleen Moakler, Director of Government Relations for the National Military Family Association. She also serves as the co-chair of the Survivor Committee of TMC. Michael Cline is the Executive Director of the Enlisted Association of the National Guard of the United States (EANGUS). He serves as the co-chair of the Guard and Reserve Committee of TMC. Ms. Meredith Beck is the National Policy Director of the Wounded Warrior Project, an organization devoted to the care and treatment of our wounded warriors.

We look forward to learning from our witnesses about the needs and concerns of our military personnel, their families, and their employers. I, again, want to thank all of the organizations that serve our military personnel and their families for your continuing support, especially the support to our wounded warriors and their families.

Senator Graham, it's been a pleasure to work with you over these years, and I look forward to being able to continue to do that. We serve as bipartisan as any group can serve, and, with that, maybe you have an opening statement you'd like to make.

STATEMENT OF SENATOR LINDSEY O. GRAHAM

Senator GRAHAM. Very briefly. What you said is absolutely true, it's been a pleasure working with you and your staff. I think the subcommittee has the right spirit about the way we should ap-

proach our job when it comes to the military community, and you've really been a pleasure and joy to work with.

I want to recognize Meredith. She did my defense work before she went on to bigger and better things, and has done a good job with the Wounded Warrior Project.

Thank you all for coming. Thank you all, all of you, for what you do every day.

I'm ready to listen and learn.

Senator BEN NELSON. Before we proceed to opening statements, we've received prepared statements from TMC, the Fleet Reserve Association, the National Military Family Association, EANGUS, the Wounded Warrior Project, and the Reserve Officers Association. Without objection, all of these statements will be included in the record.

Ms. Beck, would you like to begin the process today?

STATEMENT OF MEREDITH M. BECK, NATIONAL POLICY DIRECTOR, WOUNDED WARRIOR PROJECT

Ms. BECK. Yes, sir. Thank you.

Sir, before I begin, I'd like to recognize two people who are in the audience: Sarah and Ted Wade. Ted was injured in Iraq on February 14, 2004, and the two of them together have overcome just about every obstacle, and have created a success out of the program. So they have brought a tremendous amount of knowledge, expertise, experience, emotion, and devotion to this, and information to the Wounded Warrior Project, and I'd like to acknowledge them.

Senator BEN NELSON. Thank you.

Ms. BECK. Mr. Chairman, thank you for the opportunity to testify before you today regarding the needs of our Nation's most recent generation of wounded servicemembers. My name is Meredith Beck. I'm the policy director for the Wounded Warrior Project. As a result of our direct and daily contact with this most recent generation of wounded warriors, we have a unique perspective on their needs and the obstacles they face as they attempt to reintegrate into their communities.

With respect to case management, many of our families state that they need a case manager to manage their case managers. Therefore, Wounded Warrior Project (WWP) was pleased that the Senior Oversight Committee (SOC) charged with resolving these issues created the Federal Recovery Coordinator (FRC) Program. However, with the limited number of individuals serving as FRCs, we must use our resources wisely and effectively. Currently, the FRCs seem to be focused on those in the hospitals, yet it is important to remember that this program was created as a result of the study of the Walter Reed scandal, and we must not only serve those who are injured tomorrow, but also those who were injured during the previous years of the conflict.

There's a common and dangerous misperception that if you are injured earlier on, then all of your problems have been solved. I can only tell you from personal experience, those families are often the ones in need of the most help. They are the bow wave, often finding the problems and facing them alone. WWP understands that the

SOC is reviewing a range of options to address this look-back issue, and we encourage the swift implementation of such a plan.

In addition, the FRC can only be successful if he or she has the authority to break through the current barriers of both agencies. Part of that authority would have to include the overlap of benefits and services, which, to a certain extent, was included in last year's defense authorization bill. A successful overlap would allow the recovery coordinator or case manager concurrent access to the Department of Defense (DOD) and Department of Veterans Affairs (VA) benefits necessary for the care and rehabilitation of severely injured servicemembers. In other words, the provision rightfully recognizes that an individual's care should be based on his medical condition and not on his status as Active Duty or retired. However, WWP is concerned that the regulations prescribed in accordance with the law will miss the spirit with which the provision was drafted. For example, the provision authorizes the Secretary to offer severely injured veterans the same medical care and benefits as those on Active Duty if they are, "not reasonably available to such a member in the VA." The VA offers excellent services for many, but, due to insufficient funding, inconsistency in service, and differences in generational needs, what is offered on paper may not, in some cases, be sufficient to meet the needs of our severely injured population. Therefore, we encourage strong oversight of the implementation of this provision to ensure its success, not only in policy, but also in practice.

Finally, with respect to case management, it is imperative that we take steps to promote the visibility of all of these case managers. Currently, there is a myriad of case managers both within DOD and VA that many times they're either overburdened or unused because the injured don't know where to begin. Without visibility, the servicemembers are lost and organizations like WWP, the Military Officers Association of America, the National Military Family Association (NMFA), and others are unable to plug those we find back into the system quickly and effectively.

With respect to deferment, unlike burn patients and amputees, those with severe brain injuries appear to be boarded out of the military very quickly, some within days or even weeks of their devastating injury. While this process has implications for all, for traumatic brain injury (TBI) patients the availability of options in their medical care is at stake. While they do have access to the VA in many cases, private therapies for which they were eligible while on Active Duty become unavailable once retired. Unfortunately, even though TBIs are considered the signature injury of the recent conflicts, once medically retired, TRICARE no longer covers cognitive rehabilitation, as it is considered unproven. While WWP is familiar with a number of families who disagree with such a characterization, following the successful rehabilitation of their loved ones—the Wades are a prime example—and strongly encourage the coverage of cognitive therapy, we must take steps in the short-term to facilitate the transition of our most severely injured. Therefore, WWP is seeking legislation to establish a 1-year deferment for the Marine Expeditionary Brigade (MEB)/Physical Evaluation Board (PEB) process, unless initiated by the family, for severe TBI patients.

Severe TBI is a devastating and life-altering wound that causes uncertainty and anguish to the affected servicemembers and their families. Delaying the MEB/PEB will allow the patient's condition to stabilize, provide a standard period of time for coverage under TRICARE, and allow the family to fully understand their options before being removed from the familiar military environment. It is the moral thing to do.

With respect to TRICARE eligibility for parents and next of kin, most agree that, due to the advances in medicine, we are able to save those we otherwise would not have been able to save in previous generations. However, we must now provide them with the most appropriate and best quality of care. In some cases, the most appropriate care at home includes parents and spouses who leave their jobs to become full-time caregivers. Family caregivers offer the severely injured love, continuity, flexibility, and dignity that cannot be found through a contract agency. Unfortunately, however, when family members leave their jobs, they often lose their health insurance. Fortunately, spouses are eligible for TRICARE through their injured servicemembers, but parents and next of kin are not included in this coverage; therefore, we are requesting legislation allowing the parents and next of kin to be fully eligible for TRICARE if they are providing those services.

It's our responsibility to ensure that the family members providing the care have the tools to maintain their health, giving the servicemember the best chance of recovery.

Lastly, with respect to DOD–VA collaboration, while there are still many issues to address, we've been very impressed with the level of involvement of the leadership of both agencies. However, with all of the legislative proposals and policy revisions, it is imperative that a joint permanent structure be in place within both agencies to evaluate the changes, monitor the systems, and make further recommendations for process improvement. It must be structured in a way not to be bogged down in bureaucracy, and must have a clearly defined mission with the appropriate authority to make changes and recommendations, as warranted.

These issues have received much attention over the past several months, but will likely fade from the national stage over time. Without such a joint structure in place, other issues will arise, and we may, though well-intentioned, find ourselves in the same situation, 3 to 5 years from now.

Finally, while the agencies share joint responsibility for resolving this problem, WWP strongly believes that Congress must also reevaluate its current means of addressing these issues. Due to the committee's jurisdictional boundaries, it is often difficult to address issues facing these injured and transitioning servicemembers. For example, under the Traumatic Servicemembers Group Life Insurance, a small portion of the servicemember's paycheck goes into the DOD and, if required, is paid out through the VA. Without overlapping jurisdiction, these injured brave men and women will continue to be stuck in limbo, because there's no mechanism to resolve problems. Therefore, WWP is proposing the creation of a Joint Select Subcommittee on Transition between both the Armed Services and Veterans Affairs Committees in both the House and the Senate. This subcommittee would not require additional members, simply

the shared jurisdiction and participation of those already in place. Such an action would signify to injured servicemembers and their families that Congress understands their needs and is willing to take the difficult steps to resolve their problems.

Thank you, and I'll look forward to your questions.

[The prepared statement of Ms. Beck follows:]

PREPARED STATEMENT BY MEREDITH M. BECK

Mr. Chairman, Senator Graham, and members of the committee, thank you for the opportunity to testify before you today regarding the needs of our Nation's most recent generation of wounded servicemembers. My name is Meredith Beck, and I am the National Policy Director for the Wounded Warrior Project (WWP). As a result of our direct, daily contact with this most recent generation of wounded warriors, we have a unique perspective on their needs and the obstacles they face as they attempt to reintegrate into their communities.

CASE MANAGEMENT

As many of our families state that they need a case manager to manage their case managers, WWP was pleased that the Senior Oversight Committee (SOC) charged with resolving these issues followed the recommendation of the Dole-Shalala Commission to improve the case management process through the creation of a Federal recovery coordinator (FRC). The FRC's serve as long-term oversight for the development and implementation of the individual's recovery plan, and we are pleased to report that most of the families who have come into contact with an FRC are very excited about the program.

However, with a limited number of individuals serving as FRC's, we must use our resources wisely and effectively. Currently, the FRC's seem to be focused on those in the hospitals. Yet, it is important to remember that this program was created as a result of the study of the Walter Reed scandal, and we must not only serve those who are injured tomorrow, but also those who were injured during the earlier days of the current conflicts.

There is a common and dangerous misperception that if you were injured earlier on, then all of your problems have been solved. I can only tell you from personal experience, those families are often the ones in need of the most help—they are the bow wave, often finding the problems and facing them alone. WWP understands that the SOC is reviewing a range of options to address this "lookback" issue, and we encourage the swift implementation of such a plan.

In addition, the FRC can only be successful if he/she has the authority to break through the current barriers within both agencies. Part of that authority would have to include the overlap of benefits and services which, to a certain extent, was included in section 1631 of the National Defense Authorization Act for Fiscal Year 2008. A successful overlap would allow the recovery coordinator or case manager concurrent access to the Department of Defense (DOD) and Department of Veterans Affairs (VA) benefits necessary for the care and rehabilitation of severely injured servicemembers. In other words, the provision rightfully recognizes that a severely injured servicemember's care should be based on his medical condition and not on his status as active duty or retired.

However, WWP is concerned that the regulations proscribed in accordance with the law will miss the spirit with which the provision was drafted. For example, the provision authorizes the Secretary to offer severely injured veterans the same medical care and benefits as those on active duty if they are, "not reasonably available to such former member in the VA." The VA offers excellent services for many, but, due to insufficient funding, inconsistency in service, and differences in generational needs, what is offered on paper may not, in some cases, be sufficient to meet the needs of our severely injured population. Therefore, we encourage strong oversight of the implementation of this provision to ensure its success not only in policy, but also in practice.

Finally, with respect to case management, it is imperative that we take steps to promote visibility of all the case managers who provide services to injured servicemembers. Currently, there is such a myriad of case managers both within DOD and VA that, many times, they are either overburdened or unused because the injured don't know where to begin. For example, the FRCs are VA employees who are based in Military Treatment Facilities. In addition, active duty servicemembers are being treated in VA facilities. Without visibility, the servicemembers are lost

and organizations like WWP, MOAA, NMFA and others are unable to plug those we find back into the system quickly and effectively.

DEFERMENT

Unlike burn patients and amputees, those with severe brain injuries appear to be "boarded out" of the military very quickly, some within days or weeks of their devastating injury. While this process has many implications for all, for traumatic brain injury (TBI) patients, the availability of options in their medical care is at stake.

While they do have access to the VA, in many cases, private therapies for which they were eligible while on active duty become unavailable once retired. Unfortunately, even though traumatic brain injuries are considered by many to be the "signature injury" of the recent conflicts, once medically retired, TRICARE does not cover cognitive rehabilitation, as it is considered unproven. While WWP is familiar with a number of families who disagree with such a characterization following the successful rehabilitation of their loved ones and strongly encourage the coverage of cognitive therapy, we must take steps in the short term to facilitate the transition of our most severely injured. Therefore, the WWP is seeking legislation to establish a 1 year deferment for the Marine Expeditionary Brigade (MEB)/Physical Evaluation Board (PEB) process unless initiated by the family for severe TBI patients.

A severe traumatic brain injury is a devastating and life-altering wound that causes uncertainty and anguish for the affected servicemember and his/her family. Delaying the individual MEB/PEB will allow the patient's condition to stabilize, provide a standard period of time for coverage under TRICARE, and allow the family to fully understand their options before being removed from the familiar military environment. In addition, this step will allow the VA to follow a path already initiated by the DOD to confer with private facilities, learn from successful models, and further enhance their services. Furthermore, allowing the family and the injured individual a period of time to adjust to their new, often tragically different situation, shows compassion, reflects the sacrifice of the most severely injured, and will result in a more positive environment for the entire family.

TRICARE ELIGIBILITY FOR PARENTS/NEXT OF KIN

Most agree that, due to advances in medicine, we are able to save those we otherwise may not have been able to save in previous generations. However, we must now provide them with the most appropriate and best quality of care. In some cases, the most appropriate care at home includes parents and spouses who leave their jobs to become full-time caregivers. Family caregivers offer the severely injured love, continuity, flexibility, and dignity that cannot be found through a contract agency.

Unfortunately, however, when family members leave their jobs, they often lose their health insurance. Fortunately, spouses are eligible for TRICARE through their injured servicemembers, but, parents/next of kin are not included in this coverage. Therefore, WWP is requesting legislation allowing parents/next of kin to be fully eligible for TRICARE if they are providing full-time caregiving services. It is our responsibility to ensure that family members providing this care have the tools to maintain their own health, giving the servicemember the best chance at recovery.

DOD/VA COLLABORATION

With respect to DOD/VA collaboration, while there are still many issues to address, WWP has been very impressed with the level of involvement of the leadership of both DOD and the VA in the previously mentioned SOC. However, with all of the legislative proposals and policy revisions, it is imperative, consistent with the recommendation of the Veterans Disability Benefits Commission that a joint, permanent structure be in place within the agencies to evaluate the changes, monitor the systems, and make further recommendations for process improvement. This office must be structured in a way so as to not get bogged down in bureaucracy and must have a clearly defined mission with the appropriate authority to make necessary changes or recommendations as warranted. In addition, to facilitate coordination, the office should absorb the functions of the other smaller offices that have arisen within both agencies over time. While the SOC has recently been working diligently on these issues there is no guarantee that this will continue to be the case as administrations and leadership changes. These issues have received much attention over the past several months, but will likely fade from the national stage over time. Without such a joint structure in place, other issues will arise, and we may, though well-intentioned, find ourselves in the same situation 3 or 5 years from now.

It is not only DOD and VA who need to collaborate more fully. Others such as the Social Security Administration, Medicare, the Department of Labor, and private entities need to be included in these discussions. For example, an injured

servicemember recently contacted WWP because he was understandably confused. He had been rated as unemployable by the VA but was told he did not qualify for Social Security Disability benefits because he was able to work. In addition, the Social Security Administration has had a difficult time getting medical records necessary for evaluation from DOD. These agencies must work together to resolve, where possible, inconsistencies in their policies or the goal of "seamless transition" will never be achieved.

While the agencies share joint responsibility for resolving these problems, WWP believes that Congress must also re-evaluate its current means of addressing these issues. Due to the committee's jurisdictional boundaries, it is often difficult to address the issues facing these injured and transitioning servicemembers. For example, under the Traumatic Servicemembers Group Life Insurance, a small portion of a servicemembers paycheck is designated each month for the fund. If an individual is injured, that insurance money is then paid through the VA, often while the servicemember is still on active duty. If a problem arises with the program, of which several have, which Congressional committee is charged with resolving it? Without overlapping jurisdiction, these injured brave men and women will continue to be stuck in limbo. Therefore, WWP is proposing the creation of a Joint Select Subcommittee on Transition Issues between both the Armed Services and Veterans Affairs Committees in both the House and Senate. This subcommittee would not require additional members, simply the shared jurisdiction and participation of those already in place. Such an action would signify to injured servicemembers and their families that Congress understands their needs and is willing to take the difficult steps to resolve their problems.

Mr. Chairman, thank you again for the opportunity to testify before you today, and I look forward to answering your questions.

Senator BEN NELSON. Thank you.

Master Chief Barnes?

STATEMENT OF MASTER CHIEF PETTY OFFICER JOSEPH L. BARNES, USN (RET.), NATIONAL EXECUTIVE DIRECTOR, FLEET RESERVE ASSOCIATION

Master Chief BARNES. Mr. Chairman, Senator Graham, thank you for this opportunity to present the concerns of TMC.

The extensive Coalition statement reflects the consensus of TMC organizations and extensive work by eight legislative committees, each comprised of representatives from the Coalition's nearly three dozen military and veterans organizations. I will briefly address key Active Duty and retiree recommendations, and my colleagues will then address other issues.

But first, I wish to thank you and the entire subcommittee for the steadfast and strong support of our military personnel, retirees, veterans, and their families and survivors, and particularly for recently enacted Wounded Warrior enhancements.

Sustaining adequate Active, Guard, and Reserve end strengths to effectively prosecute the war effort and other demanding operational commitments is vital to our national security, and TMC urges strong support for Army and Marine Corps end-strength increases in fiscal year 2009. Wearing down the force contributes to serious morale, readiness, and retention challenges.

Restoring military pay comparability remains a top priority, and TMC urges this distinguished subcommittee to authorize at least a 3.9 percent pay hike. We appreciate your leadership, authorizing past higher than the increase in the Economic Cost Index (ECI) Active Duty pay hikes. Despite significant progress on compensation levels, there's a significant lag between ECI data collection and the implementation date, and a 3.4 percent pay gap remains.

Housing standards determine local housing allowance rates, which need to be revised to more appropriately reflect where

servicemembers are living. For example, only E–9s, which comprise 1 and one-quarter percent of the enlisted force, are eligible for Basic Allowance for Housing (BAH) for single-family detached homes. TMC supports integrating the Guard and Reserve Montgomery GI Bill (MGIB) and the Active Duty MGIB laws under title 38, along with other MGIB reform initiatives.

In considering the transfer of education benefits to spouses, it's important to not forget the approximately 20,000 currently serving Veterans Education Assistance Program (VEAP)-era personnel who are not authorized to enroll in the MGIB.

The Coalition appreciates the extension of the combat-related special compensation to disabled retirees who were forced to retire before attaining 20 years of service, and for those rated unemployable by the VA. However, major inequities remain, and TMC urges this distinguished subcommittee to act on recommendations of the Veterans Disability Benefits Commission and implement a plan to eliminate the reduction of VA disability compensation for military retired pay for all disabled retirees.

Finally, the Coalition remains committed to adequate funding to ensure access to the commissary benefit for all beneficiaries, and moral, welfare, and recreation programs must be adequately funded, accordingly.

Providing adequate programs, facilities, and support services for personnel impacted by Base Realignment and Closure (BRAC) actions, rebasing initiatives, and global repositioning is very important, particularly during wartime, which alone results in significant stress on servicemembers and their families due to demanding operational commitments, repeated deployments, and other service requirements.

Thank you, again, for the opportunity to present our recommendations. Kathy Moakler will now discuss family readiness, military spouse, and survivor issues.

[The prepared statement of Master Chief Petty Officer Barnes follows:]

PREPARED STATEMENT BY MASTER CHIEF PETTY OFFICER JOSEPH L. BARNES, USN (RET.)

INTRODUCTION

Mr. Chairman, the Fleet Reserve Association (FRA) salutes you, members of the subcommittee, and your staff for the strong and unwavering support of programs essential to active duty, Reserve component, and retired members of the uniformed Services, their families, and survivors. The subcommittee's work has greatly enhanced care and support for our wounded warriors, improved military pay, eliminated out-of-pocket housing expenses, improved health care, and enhanced other personnel, retirement and survivor programs. This support is critical to maintaining readiness and is invaluable to our uniformed services engaged throughout the world fighting the global war on terror, sustaining other operational commitments and fulfilling commitments to those who've served in the past.

FRA's 2008 priorities include full funding for Department of Defense (DOD) and Veterans Administration (VA) health care, annual active duty pay increases that are at least a half percent above the Employment Cost Index, to help close the pay gap between active duty and private sector pay, full concurrent receipt of military retired pay and VA disability compensation, and enhanced family readiness via improved communications and awareness initiatives related to benefits and quality of life programs.

Additional issues include the introduction and enactment of legislation to eliminate inequities in the Uniformed Service Former Spouses Protection Act (USFSPA), streamlining the voting process for overseas military personnel, additional reform

of the Montgomery GI Bill (MGIB) to provide adequate funding to keep pace with rising college costs to improve benefits for reservists and push for an open enrollment for those who did not enroll in the Veterans Education Assistance Program (VEAP) or the MGIB. In addition to the Navy and Marine Corps, FRA also proudly represents the U.S. Coast Guard and closely monitors benefits and quality of life programs to ensure parity for Coast Guard personnel.

Excluding supplemental appropriations, the United States spent less than 4 percent of its GDP on national defense in 2008. From 1961–1963, the military consumed 9.1 percent of GDP annually. The active duty military has been stretched to the limit since September 11, and has expanded by only 30,000 personnel. FRA strongly supports funding to support the anticipated increased end strengths in fiscal year 2009 and beyond since the current end strength is not adequate to meet the demands of fighting the War on Terror and sustaining other operational commitment throughout the world. "Measuring governmental costs against the economy as a whole is a good proxy for how much of the Nation's wealth is being diverted to a particular enterprise."[1]

Over the past several years, the Pentagon has been constrained in its budget even as it has been confronted with rising personnel costs, aging weapon systems, worn out equipment, and dilapidated facilities.

For these reasons, FRA strongly supports H.J. Res. 26 sponsored by Representative Trent Franks, and S.J. Res. 67 sponsored by Senator Elizabeth Dole which would ensure that annual defense spending is maintained at a minimum of 4 percent of GDP.

This statement lists the concerns of our members, keeping in mind that the Association's primary goal is to endorse any positive safety programs, rewards, quality of life improvements that support members of the uniformed services, particularly those serving in hostile areas, and their families and survivors.

WOUNDED WARRIORS IMPROVEMENTS

FRA is especially grateful for the inclusion of the Wounded Warrior assistance provisions as part of the National Defense Authorization Act (NDAA) for Fiscal Year 2008. Key elements of the House and Senate-passed versions of the act, plus elements of the Dole-Shalala Commission recommendations establish new requirements to provide the people, training and oversight mechanisms needed to restore confidence in the quality of care and service received by our wounded warriors and their families. Maintaining an effective delivery system between DOD and VA to ensure seamless transition and quality services for wounded personnel, particularly those suffering from Post-Traumatic Stress Disorder and Traumatic Brain Injuries is very important to our membership.

FRA recommends that this distinguished subcommittee monitor the implementation of these wounded warrior programs to include periodic oversight hearings to ensure the creation and full implementation of a joint electronic health record that will help ensure a seamless transition from DOD to VA for wounded warriors, and establishment and operation of the Wounded Warriors Resource Center as a single point of contact for servicemembers, their family members, and primary care givers.

Unfortunately, legislation has been enacted addressing many of these issues during the past 20 plus years, and it took a major news organization's coverage last year to help advance these important support programs for our Nation's heroes. Authorization is one thing—full implementation is another. Regarding this—our members continue to ask what are the government's priorities?

HEALTH CARE

The Task Force on the Future of Military Health Care recently issued its final report with recommendations that urged Congress to shift higher health care costs to retirees, including TRICARE-for-Life beneficiaries, through higher fees, deductibles, and pharmacy co-pays that would be adjusted regularly to cover the cost of health care inflation. The initial TFL annual enrollment fee proposed is $120. The reference to "fairness to the American taxpayer" elicited bitter reaction by some of our older members who served before the recent and significant pay and benefit enhancements were enacted and receive significantly less retired pay than those serving and retiring in the same pay grade with the same years of service today. They clearly recall promises made to them about the benefit of health care for life in return for a career in the military with low pay and demanding duty assignments. Many believe they are entitled to free health care for life based on the gov-

[1] John Cranford, CQ Weekly, February 10, 2007; "Political Economy: High, and Low, Cost of War"

ernment's past commitments and are angered by reference to taxpayer fairness given their sacrifices in service to our Nation. (The same "fairness" sentiment can be easily understood in conjunction with how our wounded warriors have been treated.)

FRA reiterates TMC's appreciation to this distinguished subcommittee for refusing to allow the implementation of the Department of Defense's drastic health care fee increases during the past 2 years. As stated in FRA's testimony to the Task Force on March 7, 2007:

DOD, Congress and FRA all have reason to be concerned about the rising cost of military health care. But it is important to recognize that the problem is a national one, not military-specific. It's also important, in these times of focusing on benefit costs, to keep in perspective that military service is much different than work in the corporate world and the government's unique responsibility to provide health care and other benefits for a military force that serves and has served under extraordinarily arduous conditions to protect and preserve our freedoms and security.

Adequately funding health care benefits for all beneficiaries is part of the cost of defending our Nation.

HEALTH CARE SURVEY RESPONSES

FRA launched a web survey in March 2006, and obtained more than 800 responses. From these the Association learned that there is a strong opposition to the proposed fee increases within the senior enlisted and retiree communities.

- Over 90 percent of respondents opposed the administration's TRICARE fee increases.
- More than 84 percent would participate in a mail-order prescription program if it meant they did not have to pay a co-payment.
- More than 75 percent said that health care benefits influenced their decision to remain in the military.
- More than 57 percent said that health care benefits influenced their decision to join the military.
- One active duty survey respondent reflects these sentiments: "I am third generation Navy, and after 30 years of service, I am extremely concerned about the erosion of medical, as well as other benefits. I have a very unique historical view of how much benefits that were believed to be everlasting for both active and retired servicemembers have been decreased or terminated. The medical coverage was fundamental for my continued service after my initial enlistment. This once again is simply a break in the faith. This philosophy needs to be suspended and the faith reaffirmed for past present and future military generations."
- A retiree stated: "My spouse and I have relied on the Navy and the Military Health Care System to provide us with all our medical needs. We expect health care to continue without monetary increase, throughout our remaining years. We both provided our country with a valuable service in the defense posture of this country. We stood ready at the call without complaint. We now expect the high quality of care that we were led to believe would be available at no cost throughout our remaining years if we used the Military Health Care System and facilities. I do not expect to absorb increasing cost for health care, when my retired pay does not increase with the cost of health care increases."

TROOP MORALE

The proposed health care fee increases are a morale issue within the senior enlisted active duty communities who view this as reducing the value of their future retiree benefits. They are aware of the government's failures to honor past commitments and sensitive to threats to their retiree benefits. Eroding benefits for career service can only undermine long-term retention/readiness.

Today's sailors, marines, and coast guardsmen are very much aware of Congress' actions toward those who preceded them in service. Strong support for the enactment of TRICARE for Life was based in part on the fact that inadequate retiree health care was affecting attitudes and career decisions among active duty troops. Today, despite the significant progress in restoring retiree benefits, arguing that funding for retiree health care and other promised benefits negatively impacts military readiness is fueling resentment and anger in retiree communities and raising concerns within the senior career enlisted force about their future benefits.

The 8 percent increase in TRICARE Reserve Select premiums imposed within a short period after implementation of the program prompted similar reaction within

Reserve communities and FRA appreciates attention to addressing the cost projection formula for adjusting annual fees to ensure that future adjustments are based on more realistic actual cost data for this benefit.

LEGISLATIVE PROPOSALS

FRA strongly supports "The Military Health Care Protection Act" (S. 604) sponsored by Senators Frank Lautenberg (D–NJ) and Chuck Hagel (R–NB) that would limit annual TRICARE fee increases to the amount of the Consumer Price Index and "The Military Retiree Health Care Protection Act" (H.R. 579) sponsored by Representatives Chet Edwards (D–TX) and Walter Jones (R–NC).

CONCURRENT RECEIPT

FRA continues its unwavering support for the full concurrent receipt of military retired pay and veterans' disability compensation for all disabled retirees. Provisions of the NDAA for Fiscal Year 2008 reflect progress toward this goal. FRA's membership appreciates the support of this distinguished subcommittee in addressing the elimination of the Concurrent Retirement and Disability Pay phase-in for retirees rated less than 100 percent IU (retroactive to 1 January 2005) which will be effective on 1 October 2008, and expanding the Combat Related Special Compensation for Chapter 61 retirees that took effect when the bill became law and will be retroactive to 1 January 2008. As stated in the TMC statement, major inequities remain that require the subcommittee's attention.

BASIC ALLOWANCE FOR HOUSING IMPROVEMENTS

FRA's January 2007 online survey of enlisted active duty personnel indicates that 68.8 percent believe Basic Allowance for Housing (BAH) rates are inadequate, and housing allowances were rated second only to pay in order of importance of quality of life programs. The need to update the standards used to establish BAH rates is clear since only married E–9s now qualify for BAH based on single family housing costs and the Association continues to advocate for legislation authorizing more realistic housing standards, particularly for career senior enlisted personnel.

MGIB IMPROVEMENTS

A priority concern for senior enlisted leaders is ensuring that many senior enlisted personnel who entered service during the VEAP era (1977–1985), have an opportunity to sign up for the MGIB. Understanding the challenges of split jurisdiction over active and Reserve benefits, FRA urges authorization of an open enrollment period affording enlisted leaders the opportunity to sign up for MGIB benefits. FRA supports Rep. Tim Walberg's legislation, "The Montgomery GI Bill Enhancement Act", (H.R. 4130), which would allow retirees and active duty personnel who were on active duty before 1985 and did not participate in VEAP to sign-up for the more generous MGIB.

In 1976, Congress created the VEAP as a recruitment and retention tool for the post-Vietnam era. Congress greatly expanded education benefits in 1984 and allowed individuals with VEAP accounts to transfer their benefits to the new MGIB in 1996 (P.L. 104–275). Individuals who were on active duty before 1985 and did not participate in VEAP were not eligible to sign-up for MGIB, leaving a gap in available coverage for certain career military personnel. Congress has voted several times in the last decade to allow VEAP participants opportunities to transfer to MGIB. Yet, there has never been an opportunity for those who did not have VEAP accounts to sign up for the new program, excluding them from taking advantage of these improved educational benefits.

According to 2007 data, over 5,000 marines that were then on active duty were affected by this inequity.

FRA is also supporting "The Post-September 11 Veterans Educational Assistance Act" (S. 22), and salutes Senator James Webb for his leadership on this issue. The legislation would provide servicemembers who have served since 11 September 2001 with improved educational benefits similar to those provided to World War II-era veterans. Among other improvements, Senator Webb's bill would provide 4 years of full-time college benefits after personnel serve 36 months or more on active duty and eliminate the $1,200 enrollment fee. FRA believes this bill is a step in the right direction but is concerned about creating an entirely new MGIB program rather than making reforms in the current programs.

Other much needed education reform include in-State tuition eligibility for servicemembers and their families; integrating MGIB laws under title 38; and restoring Reserve MGIB rates to the intended levels.

VOTING

Only 47.6 percent of overseas military voters who requested an absentee ballot actually had their votes counted in 2006 according to a recent report of the U.S. Election Assistance Commission (September 2007). Despite efforts to remedy past problems, voting from overseas is a long and cumbersome process and paper ballots from military personnel are frequently contested because they arrive late and often without postage or a postmark date.

FRA is concerned about these statistics, since according to the New York Times, the Department of Defense has spent more than $30 million over the last 6 years to find an efficient way for servicemembers living abroad to cast their votes.

The Uniformed and Overseas Citizens Voting Act of 1986 and the Help America Vote Act of 2002 address voting rights of active duty military personnel and all citizens that are outside the country during an election. Despite these efforts serious challenges still exist that include interfacing and lack of uniformity with state and local election officials.

If electronic communications are secure enough for our Nation's most sensitive secrets and for transferring huge sums of money, then FRA asks why is it not possible to develop and implement a system for the military and Federal employees who are stationed overseas to vote by secure electronic means?

FRA appreciates the introduction of "The Military Voting Protection Act" (H.R. 5673) by Congressman Kevin McCarthy (CA) that directs the Secretary of Defense to collect the absentee ballots of overseas military voters, and deliver the ballots to state election officials via air transport. Although, the Association believes legislation could more effectively streamline the current process by allowing servicemembers to request and receive an absentee ballot electronically but continue to return the signed completed ballot by regular mail as is done now. The bill should also require states to identify one state official to administer absentee ballots from overseas military rather than county clerks and other local officials; limit participation only to military personnel and Federal employees overseas; and shift Federal responsibility away from DOD to another agency such as the U.S. Election Assistance Commission.

In recent years, Congress has recognized the need for electronic voting for servicemembers who are deployed overseas, and has mandated DOD's Federal Voting Assistance Program to administer a pilot program for internet voting since 2000. Unfortunately many states and local election jurisdictions refused to participate.

The Association seeks support for improved active duty voter participation in Federal elections and to expedite the military mail processing of overseas ballots.

PREDATORY LENDING PROTECTIONS

FRA has been in the forefront of ensuring active duty personnel and their dependents have adequate protections against predatory lenders who target military personnel and their families, and appreciates support from this distinguished subcommittee and the full committee to establish a 36 percent cap on pay day loans per provisions in the NDAA for Fiscal Year 2007. This is an important readiness issue and FRA is monitoring implementation of these requirements and recently expressed concern to DOD about press reports indicating that predatory lenders are making an end run around recently implemented DOD regulations (DOD–2006–0S–0216).

The regulation implementing the law excludes credit cards, overdraft loans, and all forms of open-ended credit from the 36 percent rate cap. The Navy Times (31 Dec. 2007), however, indicates that some predatory lenders are charging as much as 584 percent annual percentage rate (APR) on these type of loans to servicemembers.

The Association believes that the current regulation is too narrow and should include all loans to servicemembers and their dependents except for mortgages and loans secured by collateral.

UNIFORM SERVICES FORMER SPOUSES PROTECTION ACT

FRA continues to advocate for hearings and the introduction of legislation addressing the inequities of the USFSPA. The Association believes that USFSPA should be more balanced in its protection for both the servicemember and the former spouse and that Congress needs to review and amend so that the Federal Government is required to protect its servicemembers against State courts that ignore its provisions.

FRA has long supported several recommendations in the Department of Defense's September 2001 report, which assessed USFSPA inequities and offered rec-

ommendations for improvement. Last year, the Department sent a more extensive list of recommendations to staff of the House and Senate Armed Services Committees regarding amending the USFSPA that include the following FRA supported provision:

- Base former spouse award amount on member's grade/years of service at the time of divorce (and not retirement)
- Prohibit award of imputed income while still on active duty
- Permit designation of multiple Survivor Benefit Plan (SBP) beneficiaries
- Permit SBP premiums to be withheld from former spouse's share of retired pay if directed by the court

Few provisions of the USFSPA protect the rights of the servicemember and none are enforceable by the Department of Justice or DOD. If a State court violates the right of the servicemember under the provisions of USFSPA, the Solicitor General will make no move to reverse the error. Why? Because the act does not have the enforceable language required for Justice or the Defense Department to react. The only recourse is for the servicemember to appeal to the court, which in many cases gives that court jurisdiction over the member. Some State courts also award a percentage of veterans' compensation to ex-spouses, a clear violation of U.S. law; yet, nothing has been done to stop this transgression.

FRA believes Congress needs to take a hard look at the USFSPA with the intent to amend it so that the Federal Government is required to protect its servicemembers against State courts that ignore provisions of the act.

RESERVE EARLY RETIREMENT

FRA is disappointed that the effective date of a key provision in the NDAA for Fiscal Year 2008, the Reserve retirement age provision that is reduced by 3 months for each cumulative 90-days ordered to active duty is effective upon the enactment of the legislation and NOT retroactive to 7 October 2001 as addressed in the floor amendment to the Senate version of the bill. Consistent with TMC, FRA strongly endorses "The National Guardsmen and Reservists Parity for Patriots Act" (H.R. 4930), sponsored Rep. Joe Wilson (SC) and "The National Guard and Reserve Retired Pay Equity Act" (S. 2836) sponsored by Sen. Saxby Chamblis (GA).

MANDATE TRAVEL COST RE-IMBURSEMENT

FRA appreciates the NDAA for Fiscal Year 2008 provision (Section 631) that permits travel reimbursement for weekend drills, not to exceed $300, if the commute is outside the normal commuting distance. The Association urges the subcommittee to make this a mandatory provision. This is a priority issue with many enlisted reservists who are forced to travel lengthy distances to participate in weekend drill without any reimbursement for travel costs. Providing travel reimbursement for drill weekends would assist with retention and recruitment for the Reserves—something particularly important is to increased reliance on these personnel in order to sustain our war and other operational commitments.

CONCLUSION

FRA is grateful for the opportunity to present these recommendations to this distinguished subcommittee. The Association reiterates its profound gratitude for the extraordinary progress this subcommittee has made in advancing a wide range of military personnel benefits and quality-of-life programs for all uniformed services personnel and their families and survivors. Thank you again for the opportunity to present the FRA' views on these critically important topics.

Senator BEN NELSON. Thank you.

Ms. Moakler?

STATEMENT OF KATHLEEN B. MOAKLER, DIRECTOR OF GOVERNMENT RELATIONS, NATIONAL MILITARY FAMILY ASSOCIATION

Ms. MOAKLER. Chairman Nelson, Senator Graham, thank you for the many military-family-friendly provisions included in the National Defense Authorization Act (NDAA) for Fiscal Year 2008.

We are happy that you have recognized the important role that families play in supporting our servicemembers in all stages of deployment. Excellent support programs exist. It is important to find

out which programs families are finding most effective, and focus resources toward supporting those programs. The evaluation process and the reports required in the NDAA for Fiscal Year 2008 should help accomplish that.

Enhancements to the Family Medical Leave Act (FMLA) on behalf of the families of the wounded are most timely and have already been implemented. We also appreciate the FMLA changes proposed for families in the midst of deployment, and hope they, too, can be implemented soon.

You also recognized the excellence of the Yellow Ribbon Reintegration Program from Minnesota by calling for it to be implemented by the Reserve component in all States and territories. We recognize its excellence, as well, but feel the implementation would be carried out more thoroughly across the board if the program were adequately funded. The reintegration process, taking the initiative to educate families along with the returning servicemember, acknowledging the challenges of reconnecting as a family, and providing information and tools to accomplish this is too important to ask already thin financial resources to be stretched further.

As deployments continue, military families can be stressed to the breaking point. We emphatically ask that you recognize that greater access to mental health care and counseling for returning servicemembers and families is vital. Military children, the treasure of many military families, have shouldered the burden of sacrifice with great pride. Many programs have been created with the goal of providing support and coping skills to our military children during this great time of need. We appreciate this subcommittee's requirement to report from DOD on programs that touch military children and their caregivers, and hope the report results can be quickly transformed into more effective programs.

Family members with special needs require extra consideration. We recommend extending the Extended Care Health Option (ECHO) program for 1 year for eligible families who are retiring or being medically retired to aid in transition to civilian support programs.

A fully funded, robust family readiness program is crucial to military readiness. As deployments continue, families must know there is a secure, yet flexible, set of support services available to them to reinforce readiness and build resiliency.

While military childcare centers have consistently been ranked highest in national ratings, families still experience access problems. Despite new centers and funding provided last year, there is still a shortfall of over 30,000 spaces. Increased needs for respite care for both the families of the deployed and families with special needs also add new strains to the system. While some of the Services have broadened access to childcare for geographically dispersed families, especially for Guard and Reserve families, some have not. We ask the subcommittee remain committed to helping all military families access quality childcare.

Education is important in military families. The education of military children is a prime concern for their parents. The need for DOD-provided supplemental funding for Impact Aid is increasing, and we ask for that increased funding. We also ask this subcommittee to allow all school districts experiencing a significant

growth in their military student population due to BRAC, global rebasing, or installation housing changes to be eligible for the additional funding currently available only to districts with an enrollment of at least 20 percent military children.

Military spouses face unique employment challenges as they deal with deployments and relocations. We appreciate the partnerships being developed between DOD and the Services with the Department of Labor and employers. Extending military-spouse preference to all Federal agencies would expand employment opportunities for this most mobile of workforces. Spouses value education as a way to enhance their employability. We hope that ways can be found to implement a broader transferability of the GI Bill or tuition assistance for military spouses.

Despite the implementation of long-awaited full-replacement-value reimbursement, servicemembers still have concerns as they anticipate moving from one installation to another. Permanent change-of-station (PCS) allowances have not kept up with today's expenses. PCS mileage rates have not been adjusted since 1985. Temporary lodging expenses have not been increased in 7 years. If they are moving to an installation that is receiving a huge influx of troops and families, they may be confronted with insufficient housing capacity, both on and off the installations, overcrowded schools, and a shortage of other community support structures.

We hear from military spouses how they would like to have a professional equipment weight allowance, whether it is for the items they collect as they run much-needed in-home daycare or the paperwork and resources they accumulate as volunteer family readiness group leaders.

TMC urges the subcommittee to upgrade PCS allowances to better reflect the expenses members are forced to incur in complying with government-directed moves.

We also urge the subcommittee to closely monitor rebasing and BRAC plans and schedules to ensure sustainment and timely development of adequate family support, quality-of-life programs.

We appreciate your continuing attention to the needs of the families of those who have made the greatest sacrifice: the survivors of those who have died as a result of Active Duty service. TMC views the special survivor allowance as a first step toward the repeal of the Survivor Benefit Plan (SBP)-Dependency and Indemnity Compensation (DIC) offset. We would urge the subcommittee to expand eligibility for this allowance to all SBP–DIC survivors.

We hear from the survivors of retirees that the practice of recouping the final month's retired pay adds an unnecessary financial stressor at a time the survivor is dealing with reams of paperwork.

We thank you for your consideration of all these issues.

[The prepared statement of Ms. Moakler follows:]

PREPARED STATEMENT BY KATHLEEN B. MOAKLER

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 the many elements of the quality of life package for servicemembers and their families: access to quality health care, robust military pay

and benefits, support for families dealing with deployment, special care for the families of the wounded, and of those who have made the greatest sacrifice.

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:

I. Family Readiness
II. Family Health
III. Families and Deployment
IV. Wounded Families
V. Families in Transition
VI. Pay and Compensation
VII. Families and Community

FAMILY READINESS

Today's military families are required to be in a constant state of readiness. They are preparing for deployment, experiencing a deployment, or recovering from a deployment until it is time to prepare for another one. Family readiness calls for coordinated programs and the information delivery system necessary to create a strong foundation of family preparedness for the ongoing and unique challenges of military family life.

NMFA is most grateful for the provisions included in the National Defense Authorization Act (NDAA) for Fiscal Year 2008. This subcommittee listened to the family concerns presented in our testimony last year and provided legislative changes that will greatly benefit military families. NMFA maintains the Department of Defense (DOD) and the Services provide many great programs to support military families during all stages of deployment. It is imperative, as the conference language emphasizes, "support is continuously available to military families in peacetime and war, as well as during periods of force structure change and relocation of military units." NMFA appreciates the emphasis on a consistent support structure for both active duty and Reserve component, and the recommended inclusion of family support programs in the planning and budgeting process.

We are especially interested in the congressional mandate for DOD to measure the effectiveness and performance of these support programs. Developing standardized metrics and ensuring all programs are properly evaluated against those metrics will ensure only the most effective and necessary programs continue to receive funding while indicating any shortfalls in coverage where new or expanded programs may be required. We look forward to participating in the surveys and reading the outcome of the required reports.

The establishment of a DOD Military Family Readiness Council will elevate the importance of family readiness and the programs that support family readiness. We hope to work closely with the Council and to participate wherever possible in the formulation of its recommendations.

Since the beginning of the global war on terror, family programs have made great progress. Outreach to families is constantly evolving. We continue to hear from more and more families who access Military OneSource for information and counseling sessions. NMFA regards Military OneSource (www.militaryonesource.com), DOD's version of an employee assistance program, as a solid resource for servicemembers, military families and their extended family members, regardless of Service affiliation or geographical location.

The DOD web portal www.militaryhomefront.dod.mil and the Service Web sites continue to adapt to the changing needs of families. The Army, including the Army Reserve, has been promoting virtual family readiness groups as one way for the geographically dispersed units to come together for support and information. The DOD Office of Family Policy is reaching out to service providers with their traveling Joint Family Assistance Workshop highlighting DOD resources. They also train service providers—relocation managers, financial counselors, state family assistance coordinators and others—on the most effective use of resources, cross training them to be information and referral specialists.

While we often think of family readiness in terms of military readiness, recent natural disasters have placed military families in the position of literally running for their lives. We are all familiar with the devastation families impacted by Hurricane Katrina. The wildfires in California this year found many military installations in its path. It was encouraging to observe how the Navy and Marines used the lessons learned in Katrina to alert families to the fire danger and to establish safe locations for military families, with one-stop aid centers to help them. Quick coordination of services was apparent and lessened the blow to the military families who found themselves displaced because of the fires. Military families, like all American

families, should be ready for emergencies. Installation and command programs that foster emergency preparedness are another way to foster family readiness.

Child Care

The Services—and families—continue to tell NMFA more child care spaces are needed to fill the ever growing demand. We hear good news stories like this from Fort Irwin, CA.

> In recent months the Child Development Center (CDC) has extended hourly care on a trial basis to see if longer hours would be sufficiently used to warrant the changes. This resulted from requests from families for longer hourly care hours which typically were only available from 0900–1400. Longer free respite hours are now available for all deployed families and limited respite hours are available for Rear Detachment families.

But, we also hear other stories from families:

> We continue to struggle with the child care programs that were created to assist Guard and Reserve specifically. It is unfortunate that I will not even recommend the Operation Child Care benefit to my families any longer because they have actually been told that Air Force/ANG/AFR families do not qualify to use the program. Families who have been denied services or hit a brick wall when pursuing the program feel angry, let down and disappointed. This really hampers morale so why bother to add stress to an already stressful situation for them.

NMFA is very grateful for the additional Child Care Centers (CDC) Congress included in the Military Construction Appropriations Act for Fiscal Year 2008. However, the new Centers and funding will only provide 10 percent of the full time slots currently needed. There is still a shortfall of 31,500 spaces. These figures do not include drop-in and respite care shortages, which exist throughout the force. Multiple deployments have diminished the number of child care providers, both Center and home-based because Child and Youth Service (CYS) programs have historically counted heavily on the ranks of military spouses to fill these positions. Service CYS programs report a growing shortage of spouses willing to provide child care as the stress of single parenting and the worry over the deployed servicemember takes its toll.

The partnerships between the Services and the National Association of Child Care Resource and Referral Agencies (NACCRRA) are helping and have grown over the past 2 years; however, not all families qualify for the subsidies and not all programs are the same. NMFA was disappointed to learn the Air Force is no longer providing funding for Air Force families not currently enrolled in either Military Child Care in Your Neighborhood or Operation Military Child Care. Currently approximately 800 Air Force families receive assistance through these programs. However, over 375 families remain on indefinite wait lists due to lack of Air Force funding. In addition, Title 32 families are now eligible for NACCRRA programs, but Air Force families will continue to be denied these programs. Additional challenges to expanding the Military Child Care in Your Neighborhood program are related to accreditation. DOD CDCs are nationally accredited; as a result, civilian centers desiring to participate in the Military Child Care in Your Neighborhood program must be accredited. Earning accreditation is an expensive and complex procedure. Perhaps, an incentive could be provided to participating civilian child care centers to receive their accreditation. Not only would military children benefit, but all children using the Center would benefit as well.

As always, getting the word out to families that such programs exist is challenging. Military OneSource must do a better job of putting the NACCRRA programs at the top of their list when referring families to CDCs within their neighborhood. Too often, a family will call OneSource and receive the closest child care option to their home address, NOT the program that is currently working with the military and providing subsidies.

Innovative strategies are also needed when addressing the unavailability of after-hour child care (before 6 a.m. and after 6 p.m.) and respite care. The Army, as part of the funding attached to its Army Family Covenant is rolling out more spaces for respite care for families of deployed soldiers. Respite care is needed across the board for the families of the deployed and for special needs families. Families often find it difficult to obtain affordable, quality care especially during hard-to-fill hours and on weekends. Both the Navy and the Air Force have piloted excellent programs that provide 24/7 care. The Navy has Centers in Norfolk and Hawaii, which provide a home-like atmosphere for children of sailors working late nights or varying shifts. The Air Force provides Extended Duty Child Care and Missile Care (24-hour access to child care for servicemembers working in the missile field). These innovative pro-

grams must be expanded to provide care to more families at the same high standard as the Services' traditional child development programs.

NMFA urges Congress to ensure resources are available to meet thechild care needs of military families to include hourly, drop-in and increased respite care for families of deployed servicemembers and families with special needs members.

Working with Youth

Older children and teens must not be overlooked. School personnel need to be educated on issues affecting military students and be sensitive to their needs. To achieve this goal, schools need tools. Parents need tools too. Military parents constantly seek more resources to assist their children in coping with military life, especially the challenges and stress of frequent deployments. Parents tell NMFA repeatedly they want resources to "help them help their children." Support for parents in their efforts to help children of all ages is increasing but continues to be fragmented. New Federal, public-private initiatives, increased awareness, and support by DOD and civilian schools educating military children have been developed; however, many military parents are either not aware such programs exist or find the programs do not always meet their needs.

NMFA is working to meet this pressing need through its Operation Purple®summer camps. Unique in its ability to reach out and gather military children of different age groups (7–18), Services, and components, Operation Purple provides a safe and fun environment in which military children feel immediately supported and understood. Last year, 4,000 campers, primarily the children of deployed servicemembers, were able to attend camp. Our ultimate goal for 2008, with the support of private donors, is to send 10,000 military children to camp. Additionally, NMFA hopes to expand the camp experience to more children of the wounded and bereaved, and a program addressing the family as a unit.

NMFA appreciates the provisions in the NDAA for Fiscal Year 2008 instructing DOD to report on the effects of deployment of children of all ages. Through its Operation Purple camps (OPC), NMFA has begun to identify the cumulative effects multiple deployments are having on the emotional growth and well being of military children and the challenges posed to the relationship between deployed parent and child in this very stressful environment. Understanding a need for qualitative analysis of this information, NMFA contracted with the RAND corporation to conduct a pilot study aimed at the current functioning and wellness of military children attending Operation Purple camps and assessing the potential benefits of the OPC program in this environment of multiple and extended deployments. The results of this pilot study will be available later this spring. NMFA also plans an additional longitudinal study over the next several years.

Education of Military Children

As increased numbers of military families move into new communities due to Global Rebasing and Base Realignment and Closure (BRAC), their housing needs are being met further and further away from the installation. Thus, military children may be attending school in districts whose familiarity with the military lifestyle may be limited. Educating large numbers of military children will put an added burden on schools already hard-pressed to meet the needs of their current populations. Impact Aid has traditionally helped to ease this burden; however, the program remains underfunded. NMFA remains appreciative of the additional funding you provide to civilian school districts educating large numbers of military children. However, NMFA was disappointed to learn the DOD supplement to Impact Aid was once again funded at only $30 million for fiscal year 2008 for school districts with more than 20 percent military enrollment and only $10 million was provided to school districts experiencing significant shifts in military dependent attendance due to force structure changes, with another $5 million for districts educating severely-disabled military children.

While the total funding available to support civilian schools educating military children is greater than in recent years, we urge Congress to further increase funding for schools educating large numbers of military children. This supplement to Impact Aid is vital to school districts that have shouldered the burden of ensuring military children receive a quality education despite the stresses of military life. NMFA also encourages this subcommittee to make the additional funding for school districts experiencing growth available to all school districts experiencing significant enrollment increases and not just to those districts meeting the current 20 percent enrollment threshold. We also urge you to authorize an increase in the level of this funding until BRAC and Global Rebasing moves are completed. The arrival of several hundred military students can be financially devastating to any school district, regardless of how many of those students the district already serves. Because mili-

tary families cannot time their moves, they must find available housing wherever they can. Why restrict DOD funding to local school districts trying to meet the needs of military children simply because they did not have a large military child enrollment to begin with?

NMFA congratulates the DOD Office of Personnel and Readiness and the Council of State Governments (CSG) for drafting the new Interstate Compact on Educational Opportunity for Military Children. This compact is intended to bring States together to allow for the uniform treatment, at the State and local district level, of military children transferring between school districts and States. Since July 2006, CSG has worked with a variety of Federal, State, and local officials as well as national stakeholder organizations representing education groups and military families to create the new interstate compact. NMFA was pleased to participate on both the Advisory Group and Drafting Team for the compact. Currently, many States are considering joining the compact, and legislatures in several have already filed bills to allow their States to participate. NMFA is very excited to see this important State legislation going forward.

NMFA asks Congress to increase 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. We also ask Congress to allow all school districts experiencing a significant growth in their military student population due to BRAC, Global Rebasing, or installation housing changes to be eligible for the additional funding currently available only to districts with an enrollment of at least 20 percent military children.

Spouse Education

Since 2004, NMFA has been fortunate to sponsor our Joanne Holbrook Patton Military Spouse Scholarship Program, with the generosity of donors who wish to help military families. In 2007, NMFA published Education and the Military Spouse: The Long Road to Success, based on spouse scholarship applicant survey responses, identifying education issues and barriers specific to military spouses. The entire report may be found at www.nmfa.org/education.

The survey found military spouses, like their servicemembers and the military as a whole, value education and set education goals for themselves. Yet, military spouses often feel their options are limited. Deployments, the shortage of affordable and quality child care, frequent moves, the lack of educational benefits and tuition assistance for tuition are discouraging.

For military spouses, the total cost of obtaining a degree can be significantly higher than the cost for civilian students. The unique circumstances that accompany the military lifestyle have significant negative impacts upon a spouse's ability to remain continuously enrolled in an educational program. Military spouses often take longer than the expected time to complete their degrees. More than one-third of those surveyed have been working toward their goal for 5 years or more.

The report offers recommendations for solutions that Congress could provide. Some, like the recently announced partnership between the Department of Labor (DoL) and DOD to designate military spouses as an eligible group for DoL training and education funds have been implemented. Others include:

- Ensuring installation education centers have the funding necessary to support spouse education programs and initiatives,
- Providing additional child care funding to support child care needs of military spouse-scholars,
- Providing additional funding for education benefits under the "Spouses to Teachers" program,
- Helping to defray additional costs incurred by military spouses who ultimately spend more than civilian counterparts to obtain a degree. Some possibilities include:
    - Removing housing allowances from FAFSA calculations to allow more spouses to qualify for need-based financial aid programs,
    - Providing tuition assistance to spouses,
    - Providing an additional education tax credit to military spouses.

Also in the spouse suggestions was expanded eligibility for the transfer of Montgomery G.I. Bill education benefits. NMFA wishes to thank President George W. Bush for his recognition of the importance of educational opportunities to military spouses in his recent State of the Union address. NMFA hears often from military spouses who wish they had access to the unused Montgomery G.I. Bill education benefits of their servicemember. They feel this would greatly assist them in the pursuit of educational and career objectives. Expanding the existing G.I. Bill transferability pilot has been a top issue for the Army-wide Army Family Action Plan dele-

gates for several years. NMFA believes that expanding the Montgomery G.I. Bill benefit to eligible dependents would go a long way in making education more affordable for them.

We have concerns, however, on how to ensure an equitable disbursement of this benefit and how the expansion of this program will be funded. We feel the sooner in a servicemember's career that spouses could avail themselves of this benefit, the greater the positive impact would be on the spouse's education. Although these benefits are currently available through some Services, we believe that all military spouses of eligible servicemembers should be eligible. In addition, we would hope transference of G.I. benefits would not preclude the servicemember from receiving re-enlistment or other incentive bonuses. It is difficult for families to make the choice between the short-term benefit of bonuses and the long-term effect of additional education of the spouse on the family. NMFA realizes that extending educational benefits to military children may have unintended effects on future recruitment of those same military children. It is a complex issue and we welcome a full discussion of any legislation that may be proposed with Congress and the Services.

Spouse Employment, Unemployment

NMFA applauds the DOD, and DoL, and the Department of Veteran Affairs (VA) for the new Military Spouse Career Advancement Initiative, which creates a more accessible education system for military spouses along with targeting careers in high-growth sectors. The Military Spouse Career Advancement Initiative will provide more than $35 million to military spouses in 8 States on 18 military installations, and set up accounts for eligible spouses in those States to cover expenses directly related to post-secondary education and training. NMFA believes this is an important first step to helping spouses advance their careers, but we would like to see this pilot program expanded. NMFA supports H.R. 2682 which expands the Workforce Opportunity Tax Credit for employers who hire spouses of active duty and Reserve component servicemembers, and to provide tax credits to military spouses to offset the expense in obtaining career licenses and certifications when servicemembers are relocated to a new duty station within a different State.

Expanding spouse hiring preference beyond the DOD to the entire Federal Government is another avenue to enhancing employment opportunities and career development for military spouses.

Financial Readiness

Financial readiness is a critical component of family readiness. NMFA completely supports the Military Lending Act (MLA) and is following its implementation and enforcement closely. This legislation was desperately needed to protect servicemembers and their families from unscrupulous business practices. Last year we expressed our concern that many lenders would attempt to exploit loopholes in the narrow definitions contained in the regulation to circumvent the intent of this important legislation. Unfortunately, our fears have been realized. Covered products are so narrowly defined, lenders have changed their product to fit the regulations. Payday loans have become revolving credit loans addressed in the MLA. The Refund Anticipation Loans (RALs) regulated in the MLA that were addressed were re-packaged as well by tax preparation companies. Although they meet the letter of the law, the new products use a debit card as a vehicle for the loan. One debit card has an expiration date of August. If the taxpayer fails to spend the entire refund by the expiration date a fee is charged to get the remainder of the tax refund back. Installment loans, rent to own, and credit cards are still not addressed.

While we fully recognize expanding this regulation could impede the ability of some servicemembers and their families to obtain short-term loans, we believe this risk is justified given the negative impact of the use of predatory loans. Military banks and credit unions have worked diligently to develop excellent alternatives to payday loans. Small dollar, short-term loan products are available to servicemembers through reputable lenders and should be marketed to pull families away from predatory lenders. We look forward to the congressionally-mandated DOD report on the MLA due in April 2008. We also believe better education about other available resources and improved financial education for both the servicemember and spouse will also reduce the risk. NMFA contends that legitimate lenders have no need to fear an interest rate cap of 36 percent. We encourage DOD to continue to make military families aware of the need to improve their money management skills and avoid high cost credit cards and other lenders. DOD must continue to monitor high cost, low value financial products targeted at military families.

NMFA asserts that the protections provided under the Military Lending Act must be strengthened to eliminate loopholes that will diminish the protection for service-

members and their families. We urge Congress to monitor DOD's implementation of the legislative provision to ensure full protections are made available to military families.

Family readiness is directly linked to servicemember readiness. NMFA asks Congress to direct DOD to maintain robust family readiness programs addressing child care, youth services, education of military children, spouse employment and education, and financial literacy and to see that resources are in place to accomplish this goal.

FAMILY HEALTH

Family readiness calls for access to quality health care and mental health services. Families need to know the various elements of their military health care system (MHS) are coordinated and working as a synergistic system. NMFA is concerned the DOD military health care system may not have all the resources it needs to meet both the military medical readiness mission and provide access to health care for all beneficiaries. It must be funded sufficiently, so the direct care system of military treatment facilities (MTF) and the purchased care segment of civilian providers can work in tandem to meet the responsibilities given under the TRICARE contracts, meet readiness needs, and ensure access for all military beneficiaries.

The Military Health Care System

Officials of the DOD often speak of "the MHS." There are annual MHS conferences, a MHS Web site (www.tricare.mil), and a MHS Strategic Plan. The current round of TRICARE contracts require coordination of many health care activities in markets with multiple MTFs and Memoranda of Understanding to govern the relationships between TRICARE contractors and individual MTFs. Battlefield medicine has never been more joint and is supported by the coordination of many elements. While NMFA believes DOD has made some progress in living up to the rhetoric regarding a military health "system", we still see too many separations between and within Services. We agree with the statement of the Task Force on the Future of Military Health Care that there is a "lack of integration (within the MHS, which) diffuses accountability for fiscal management, result (ing) in misalignment of incentives, and limits the potential for continuous improvement in the quality of care delivered to beneficiaries." NMFA feels there have been many missed opportunities resulting in inefficiencies, higher costs, and decreased beneficiary satisfaction. For example:

- In a market served by several military hospitals and clinics, one MTF decides to limit the items carried in its pharmacy. While this decision saves money for this particular MTF, it shifts pharmacy costs to other local MTFs or to DOD as a whole when beneficiaries opt to obtain their medications in the more expensive retail pharmacies.
- In another market with several MTFs, local commanders work together to share providers in order to keep care within the MTF direct care side of the system and avoid the costs of moving more patients to the more expensive purchased care side. This arrangement, while sucessful, depends on the individuals involved and could change when commanders are replaced.
- In Alaska, several factors are in play: different Services, geographical boundaries, and a lack of a robust civilian network specialty care. Currently, the solution is to fly the servicemember, family member(s), or retiree to the nearest MTF—Madigan Army Medical Center in Washington State rather than finding care close to home.

NMFA thanks this subcommittee for supporting continued funding to provide for a robust military health care system. This system must continue to meet the needs of servicemembers and the DOD in times of armed conflict. It must also acknowledge that military members and their families are indeed a unique population with unique duties, who earn an entitlement to a unique health care program.

The proposals by DOD and the Task Force on the Future of Military Health Care to raise TRICARE fees by exorbitant amounts have resonated throughout the beneficiary population. Beneficiaries see these proposals as a concentrated effort by DOD to change their earned entitlement to health care into an insurance plan. NMFA appreciates the concern shown by Members of Congress since the release of DOD's proposals regarding the need for more information about the budget assumptions used to create the proposals, the effects of possible increases on beneficiary behavior, the need for DOD to implement greater efficiencies in the Defense Health Care Program (DHP), and the adequacy of the DHP budget as proposed by DOD. We ap-

preciate the many questions Members of Congress are asking about these proposals and urge Congress to continue its oversight responsibilities on these issues.

TRICARE

In the ongoing debate about whether or not to raise TRICARE beneficiary fees, NMFA believes it is important for everyone participating in that debate to understand the difference between TRICARE Prime and TRICARE Standard and to distinguish between creating a TRICARE Standard enrollment fee and raising the Standard deductible amount. TRICARE Prime has an enrollment fee for military retirees; however, it offers enhancements to the health care benefit. These enhancements include: lower out-of-pocket costs, access to care within prescribed standards, additional preventive care, assistance in finding providers, and the management of one's health care. In other words, enrollment fees for Prime are not to access the earned entitlement, but for additional services. These fees, which have not changed since the start of TRICARE, are $230 per year for an individual and $460 per year for a family.

	Prime	Standard
Enrollment fees	$230/year for an individual; $460/year for a family.	None
Annual Deductibles	None	$150/individual; $300 for a family
Outpatient co-payment (Prime)/cost share (Standard) for individual providers.	$12	25 percent of allowed charges [1,2]
Inpatient co-payment/cost share for individual providers.	None	25 percent of allowed charges [1,2]
Daily inpatient hospitalization charge	Greater of $11 per day or $25 per admission.	Lesser of $535/day or 25 percent of billed charges if treated in non-network hospital [3]
Emergency Services co-payment/cost share.	$30	25 percent of allowed charges
Ambulance Services co-payment/cost share.	$20	25 percent of allowed charges
Preventive Examinations (such as: blood pressure tests, breast exams, mammograms, pelvic exams, PAP smears, school physicals) co-payments/cost shares.	None	25 percent cost share [1,2]

[1] Providers may charge 15 percent above the TRICARE allowable and the beneficiary is responsible for this additional cost, making the potential cost share 40 percent.

[2] If care is accessed from a TRICARE Prime/Extra network provider the cost share is 20 percent.

[3] If care is received in a TRICARE Prime/Extra network hospital, the daily hospitalization rate is the lesser of $250/day or 25 percent of negotiated charges.

(For a more detailed comparison of TRICARE costs, go to: http://www.tricare.mil/tricarecost.cfm)

TRICARE Prime

DOD's proposal to increase TRICARE Prime enrollment fees, while completely out-of-line dollar wise, was not unexpected. While Congress temporarily forestalled increases over the past 2 years, NMFA believes DOD officials continue to support large increased retiree enrollment fees for TRICARE Prime, combined with a tiered system of enrollment fees and TRICARE Standard deductibles. The Task Force on the Future of the Military Health Care report, recently recommended the same. NMFA believes DOD's tiered system based on rank was arbitrarily devised and failed to acknowledge the needs of the most vulnerable beneficiaries: survivors, wounded servicemembers, and their families. NMFA does consider the Task Force's tiered system to be more palatable since it is based on retiree pay rather than rank.

NMFA acknowledges the annual Prime enrollment fee has not increased in more than 10 years and that it may be reasonable to have a mechanism to increase fees. With this in mind, NMFA has presented an alternative to DOD's proposal should Congress deem some cost increase necessary. The most important feature of our proposal is that any fee increase be no greater than the percentage increase in the retiree cost-of-living adjustment (COLA). If DOD thought $230/$460 was a fair fee for all in 1995, then it would appear that raising the fees simply by the percentage increase in retiree pay is also fair. NMFA also suggests it would be reasonable to adjust the TRICARE Standard deductibles by tying increases to the percent of the retiree annual COLA.

TRICARE Standard

NMFA remains especially concerned about what seems to be the intent of DOD and the Task Force on the Future of Military Health Care to create a TRICARE Standard enrollment fee. TRICARE Standard, as the successor to CHAMPUS, is an extension of the earned entitlement to health care. Charging a premium (enrollment fee) for TRICARE Standard moves the benefit from an earned entitlement to an opportunity to buy into an insurance plan. We are pleased the Task Force did not recommend an enrollment fee for active duty family members. We note, however, Standard is the only option for many retirees, their families, and survivors because TRICARE Prime is not offered everywhere. Also, using the Standard option does not guarantee beneficiaries access to health care, which beneficiaries opting to use Standard rather than Prime understand. DOD or the Task Force has not linked any guarantee of access to a Standard enrollment fee.

We also ask what additional services beneficiaries who enroll in Standard will receive after paying the enrollment fee. Or, will they only be paying for the "privilege" of having to seek their own providers, often filing their own claims, meeting a deductible, paying a 20 to 25 percent cost share for their care (plus an additional 15 percent if the provider does not participate in the claim), and being liable for a daily hospitalization charge of up to $535? Because they recognize the cost liabilities of being in Standard, we know most will continue to bear the cost of a TRICARE supplemental insurance policy.

NMFA opposes DOD's proposal to institute a TRICARE Standard enrollment fee and believes Congress should reject this proposal because it changes beneficiaries' entitlement to health care under TRICARE Standard to just another insurance plan. However, we would be remiss if we did not ask the many questions beneficiaries have about how a Standard enrollment fee would be implemented and its implications regarding access to care:

1. How much will it cost to implement the enrollment fee, including the education efforts, additional tasks imposed on the TRICARE contractors, and the inevitable cost of handling appeals from beneficiaries whose claims were denied because they did not know they had lost their benefit?
2. What type of open enrollment season will be needed to provide retirees with the opportunity to coordinate coverage between TRICARE and their employer-sponsored insurance?
3. Will retirees who do not enroll in Prime and do not pay a premium (enrollment fee) for Standard be refused space available care in MTFs, including their emergency rooms?
4. Will these same retirees be refused pharmaceutical services at MTFs or be unable to use TRICARE retail network pharmacies and the TRICARE mail order pharmacy (TMOP)?
5. Will retirees who only use Standard as a wrap-around to their employer-provided health care insurance pay the same premium (enrollment fee) as those who will use Standard as their primary coverage?

NMFA is most appreciative of efforts by Congress to force DOD to improve TRICARE Standard. Congressionally-mandated surveys of providers have pointed out some issues related to providers' reluctance to treat TRICARE patients, including the perennial complaints of complicated paperwork and low reimbursement rates. We appreciate Congress' requirement of DOD to report on patient satisfaction.

Pharmacy

It has been theorized there is a relationship between medication co-payments and the use of generics by beneficiaries: as the difference in co-payment widens between two groups (generics and preferred-band named medication to non-preferred brand named drugs), beneficiaries will chose the lower costing medications. In fact, the Task Force used this assumption when designing their pharmacy tier and co-payment structure. However, some studies have shown a high co-payment does not necessarily drive beneficiaries to choose lower costing medications. One study found participants did not switch to the lower cost generics, finding there was a decrease in overall medication purchases by consumers. This decrease in drug utilization meant consumers were no longer adhering to or complying with their medication regime, which could lead to increased Emergency Room visits and in-patient hospital stays. It is believed the unexpected outcome resulted from the lack of education by the insurer to the beneficiaries. Results may have been different if they had been told the reason behind the large increases and provided information on ways to lower their drug costs through the purchase of generics and preferred-brand named drugs. As we all know, DOD infrequently contacts its beneficiaries, even though military associations have asked for years for this to be done. NMFA cautions DOD

about generalizing findings of certain beneficiary behaviors and automatically applying them to our Nation's unique military population. NMFA encourages Congress to require DOD to utilize peer-reviewed research involving beneficiaries and prescription drug benefit options, along with performing additional research involving military beneficiaries, before making any recommendations on prescription drug benefit changes such as co-payment and tier structure changes for military servicemembers, retirees, their families, and survivors.

NMFA appreciates the inclusion of Federal pricing for the TRICARE retail pharmacies in the NDAA for Fiscal Year 2008. However, we will need to examine its effect on the cost of medications for both beneficiaries and DOD. Also, we will need to see how this may potentially impact the overall negotiation of future drug prices by Medicare and civilian private insurance programs.

NMFA appreciates the establishment of the Beneficiary Advisory Panel (BAP), which gave beneficiaries a voice in DOD process to move medications to the Uniform Formulary's third tier. The BAP has played an important role, but, at times it has been limited in its ability to be effective. NMFA requests Congress require the BAP play a more substantial role in the formulary-setting process, have access to drug cost data on medications being considered, have BAP comments directly incorporated in the decisionmaking process, and require formal feedback by DOD addressing why recommendations by the BAP were not taken into consideration.

TRICARE for Life Enrollment Fees

NMFA applauds the congressional creation of TRICARE for Life (TFL). The reasons behind the creation of this benefit was to right an injustice. We should not let this get lost when the Task Force's recommendation, to include an enrollment fee for retired servicemembers over 65, is discussed by DOD. NMFA strongly believes an enrollment fee for TFL is not appropriate for many reasons. The fee will create additional financial burdens on a population who has limited income and is currently paying for Medicare Part B at $94 a month. The current system does not really encourage wellness and prevention. It is important to maintain continuity of care and access to prevention programs for Medicare eligible retirees because it will stabilize this group known for its co-morbidities and lead to more cost-effective care for both Medicare and TRICARE. Also, being part of TRICARE allows beneficiaries to access medications through MTFs and TMOP, which creates a lower individual out-of-pocket burden and provides significant costs savings for DOD and ultimately Medicare, making the beneficiary a good steward of our tax dollars. Certainly, a victory for everyone involved.

TRICARE Reimbursement

NMFA has been encouraged by the TRICARE contractors' efforts to speed payments, especially to providers who choose to file claims electronically. TRICARE is no longer the slowest payer, but it remains the lowest payer. TRICARE rates are tied to Medicare rates, which often mean providers are reluctant to accept too many TRICARE beneficiaries. The passage of the Medicare, Medicaid, and SCHIP Extension Act of 2007 in December was important to TRICARE beneficiaries because it prevented a scheduled 10.1 percent cut to Medicare physician reimbursement rate for 6 months and provided a half-percent update in payments. NMFA is concerned that continuing pressure to lower Medicare reimbursement rates will create a hollow benefit for TRICARE beneficiaries. As Congress takes up Medicare legislation this summer, NMFA requests consideration of how this legislation will also impact military families' health care, especially access to mental health services.

NMFA believes tying increases in TRICARE enrollment fees to the percentage increase in the retiree COLA is a fair way to increase beneficiary cost shares should Congress deem an increase necessary.

NMFA encourages Congress to direct DOD to continue efforts to gain real efficiencies, improve the quality of care, and access before passing additional costs on to beneficiaries.

NMFA believes Congress and DOD must address the reasons why providers do not accept TRICARE Standard. There should be NO enrollment fee for TRICARE Standard and TFL. Further research should be done on the pharmacy benefit's impact on beneficiaries.

Improving Access to Care

MHS funding shortfalls are experienced first-hand by military families enrolled in TRICARE Prime when they find their MTF cannot meet prescribed access standards. No one is more cognizant of the need for superior health care to be provided to servicemembers in harm's way than their families. However, a contract was made with those who enrolled in Prime. Beneficiaries must seek care in the manner prescribed in the Prime agreement, but in return they are given what are supposed

to be guaranteed access standards. When an MTF cannot meet those standards, appointments within the civilian TRICARE network must be offered. In many cases, this is not happening and families are told to call back next week or next month. In other cases, MTFs must send enrolled beneficiaries to providers in the civilian network, thus increasing costs to the system as a whole.

Because operational requirements have reduced the number of uniformed health care personnel available to serve in the MTF system, a more coordinated approach is needed to optimize care and enable MTFs to meet access standards. We continue to hear difficulties in the Service contracting process are preventing MTFs from filling open contract provider slots and thus optimizing care within their facilities or increasing the overall numbers of health care providers to help backfill forward deployed health care personnel. NMFA suggests DOD reassess the resource sharing program used prior to the implementation of the T-Nex contracts and take the steps necessary to ensure MTFs meet access standards with high quality health care providers.

MTFs must have the resources and the encouragement to ensure their facilities are optimized to provide high quality, coordinated care for the most beneficiaries possible. They must be held accountable for meeting stated access standards. If funding or personnel resource issues are the reason access standards are not being met, then assistance must be provided to ensure MTFs are able to meet access standards, support the military mission, and continue to provide quality health care.

DOD Must Look for Savings

The Task Force on the Future of Military Health Care, along with the Government Accountability Office, highlighted DOD had no single point of accountability for costs. In fact, the Task Force went as far as to say "DOD cannot provide financial statements that are reliable or that account with a high level of confidence the true and accurate costs of health care in the MHS." Given this information, how can we know what DOD's cost for beneficiary health care really is? We ask Congress to establish better oversight for DOD's accountability in becoming more cost-efficient.

We have two possible recommendations:

- Require the Comptroller General to audit MTFs on a random basis until all have been examined for their ability to provide quality health care in a cost-effective manner;
- Create an oversight committee, similar in nature to the Medicare Payment Advisory Commission, which provides oversight to the Medicare program and makes annual recommendations to Congress. The Task Force often stated it was unable to address certain issues not within their charter or the timeframe in which they were commissioned to examine the issues. This Commission would have the time to examine every aspect in a nonbiased manner.

According to the Task Force on the Future of Military Health Care, DOD's organizational structure is a large, inflexible, disintegrated system that leads to negative outcomes at the operational level. The Task Force noted fragmentation still exists within the MHS, which is unable to effectively leverage resources to meet common or shared requirements. The Task Force recommended DOD needed greater flexibility and alignment at all levels in order to provide better decisionmaking based on cost-effectiveness and to plan properly to manage prudently its direct versus purchased health care services. DOD and the Task Force have made recommendations for beneficiaries to pay enrollment fees, higher co-pays and deductibles. NMFA believes DOD must first make the health care side of its house run more efficiently. Large private sector Health Care Organizations have incorporated best business practices and centralized their resources. However, DOD continues to split health care resources between three Services, and within the Services and between the TRICARE contractors. Why should military families have to pay for DOD's inability to gain control of their health care costs through streamlining their organization? One solution would be to move toward a Unified "Joint" Medical Command structure, which was recommended by the Defense Health Board in 2006.

In recent years at the annual TRICARE conferences and other venues, DOD officials have discussed the benefits of disease management, especially for certain chronic illnesses. These benefits flow to the beneficiaries through better management of their conditions and to DOD through patients' decreased need for costly emergency room visits or hospitalizations. However, more needs to be done. NMFA does not support the recommendation of the Task Force on the Future of Military Health Care to carve out one regional TRICARE contractor to provide both the pharmacy and health care benefit. We agree a link between pharmacy and disease management is necessary, but feel this pilot would only further erode DOD's ability

to maximize potential savings through TMOP. NMFA was also disappointed to find no mention of disease management or a requirement for coordination between the pharmacy contractor and Managed Care Support Contractors in the Request for Proposals for the new TRICARE pharmacy contract. The ability certainly exists for them to share information bi-directional.

Despite the successes of the TRICARE Next Generation (T-Nex) managed care support contracts, NMFA remains concerned that efforts to optimize the MTFs have not met expectations in terms of increasing or even maintaining access for TRICARE beneficiaries. NMFA believes optimizing the capabilities of the facilities of the direct care system through timely replacement construction, funding allocations, and innovative staffing would allow more beneficiaries to be cared for in the MTFs, which DOD asserts is the least costly venue. The Task Force made recommendations to make DOD MHS more cost-efficient. NMFA supports: the MHS must be appropriately sized, resourced, and stabilized; and make changes in its business and health care practices.

NMFA is dismayed that DOD has taken only small steps to encourage migration to the TMOP. Its marketing effort to promote the use of the TMOP came only after NMFA and other associations raised the issue in congressional testimony in their push for the implementation of significant cost-saving measures prior to any increase in TRICARE fees. Promoting use of the TMOP makes sense, as it provides significant savings to beneficiaries, as well as huge savings to the Department. The creation of the Members Choice Center by DOD and Express Scripts in August 2007, to provide personal assistance in transferring beneficiaries' prescriptions from TRICARE Retail Pharmacies (TRRx) to TMOP, has provided more than $800,000 in savings to beneficiaries and $9.3 million to DOD. Significant savings have also been seen in the over-the-counter (OTC) demonstration project for select Proton Pump Inhibitors. In just 6 months, roughly 14,000 beneficiaries have participated with huge savings to beneficiaries and DOD. We are confident similar results will be seen with the second OTC demonstration project for select Antihistamine products. NMFA believes it is imperative all of the medications available through TRRx should also be made available through TMOP. Medications treating chronic conditions, such as asthma, diabetes, and hypertension should be made available at the lowest level of co-payment regardless of brand or generic status. We agree with the recommendations of the Task Force on the Future of Military Health Care that OTC drugs be a covered pharmacy benefit and there be a zero co-pay for TMOP Tier 1 medications.

NMFA strongly suggests that DOD look within itself for cost savings before first suggesting that beneficiaries bear the burden! We encourage DOD to investigate further cost saving measures such as: a systemic approach to disease management, a concentrated marketing campaign to increase use of the TMOP, eliminating contract redundancies, holding DOD more accountable, moving towards a Unified Medical Command, and optimizing MTFs.

Support for Families With Special Needs

NMFA is grateful to Congress for expanding health care and other support services to military dependent children with autism in the NDAA for Fiscal Year 2008. This complicated condition places a burden on many military families. Frequent military moves make it difficult for these children to receive a consistent level of services. Approximately 12 percent of military children have disabilities, of which autism is only one condition affecting military special needs children. While grateful for the increased support targeted at military children with autism, NMFA urges Congress and DOD to ensure a comparable level of support for all military special needs families. Deployment of a servicemember removes a caregiver from the home, making managing therapy and doctors' appointments, negotiating with school officials for suitable services, and caring for other children in the family difficult for the parent remaining behind.

In the NDAA for Fiscal Year 2002, Congress authorized the Extended Care Health Option (ECHO) to provide additional benefits to active duty with a qualifying mental or physical disability in recognition of extraordinary challenges faced by active duty families because of the servicemember's deployment or frequent relocations that often make accessing services in the civilian community difficult. We applaud Congress and DOD desire to create a robust health care and educational service for special needs children. But, these robust services do not follow them when they retire. NMFA has encouraged the Services to allow these military families the opportunity to have their final duty station be in an area of their choice. This will allow them to move up on waiting lists for local services before retirement. Because not all servicemembers can have such an assignment, NMFA suggests

ECHO be extended for 1 year after retirement for those who were already enrolled in ECHO prior to retirement.

We remain concerned that military servicemembers with special needs family members continue to battle a lack of information or support and are often frustrated by the failure of the military health care and family support systems to work together and with civilian agencies to support their families' needs.

Guard and Reserve Family Health Care

Despite increased training opportunities for families, the problem still persists of educating Guard and Reserve family members about their benefits. New and improved benefits do not always enhance the quality of life of Guard and Reserve families as intended because these families lack the information about how to access these benefits. NMFA is grateful to Congress for its initial efforts to enhance the continuity of care for National Guard and Reserve members and their families by creating TRICARE Reserve Select. We continue to monitor this new program closely, watching both premium increases and beneficiaries access to providers. Because TRICARE Reserve Select is basically the TRICARE Standard benefit, access to providers within certain standards is not guaranteed. Because Guard and Reserve members are paying premiums for this program, however, we believe they will expect DOD to ensure providers are available and willing to treat beneficiaries in this program.

TRICARE Reserve Select is not the complete answer to Guard and Reserve families' health care needs. Information and support are improving for Guard and Reserve families who must transition into TRICARE; however, NMFA believes that going into TRICARE may not be the best option for all of these families. Guard and Reserve servicemembers who have been mobilized should have the same option as their peers who work for the Department of Defense: DOD should pay their civilian health care premiums. The ability to stay with their civilian health care plan is especially important when a Guard or Reserve family member has a special need. We appreciate the provision in the NDAA for Fiscal Year 2008 that provided for a stipend for that purpose but the need is just as great for a family member with a chronic condition, or in the midst of treatment. NMFA also believes that paying a subsidy to a mobilized Guard or Reserve member for their family's coverage under their employer-sponsored insurance plan may also prove to be more cost-effective for the government than subsidizing 72 percent of the costs of TRICARE Reserve Select for Guard or Reserve members not on active duty.

Emphasis must continue on promoting continuity of care for families of Guard and Reserve servicemembers. NMFA's recommendation to enhance continuity of care for this population is to allow members of the Selected Reserve to choose between buying into TRICARE when not on active duty or receive a DOD subsidy allowing their families to remain with their employer-sponsored care when mobilized.

FAMILIES AND DEPLOYMENT

Families are impacted differently in all phases of deployment. They may be preparing for a first deployment. They may be in the first few months, adjusting to life without that all important partner, parent, son or daughter. They may be feeling the strain as months 6, 7 or 8 go by, as the tension of loved one in danger or the strain of keeping things "normal" begin to show. They may be experiencing the anticipation of reunion. But even with reunion there are worries, as we heard from one young man: "Will my dad still like me?" With return and reunion, families struggle to re-acquaint themselves with the member who has returned. Will she be the same as before? Did he suffer a traumatic brain injury (TBI)? How do we cope with his isolation or changes in personality?

Each deployment is different. The needs of each family are different as well. We hear from families that they are weary. A recent article in USA Today highlighted the burn-out of family readiness group leaders and commander's spouses, family members who support other families in the unit, dealing with the problems at the other end of the phone, expressed in the commissary line or shared at the child care center. We appreciate the emphasis by the Services on the importance of training these important volunteers. Having attended several regional training sessions, we have seen first hand the tools and training that these volunteers are equipped with. It does take a measure of individual insight to know when a family member needs a good listener and when they need more help than the volunteer is able to provide. Care for these caregivers is essential. It is difficult to mandate or legislate relief for volunteers. NMFA hopes that professional staff members and commanders at the unit and installation levels are aware of the stress that these volunteers live with and look for ways to relieve them of some of these responsibilities. We applaud the Army's infusion of family readiness support assistants to units down to the battalion

level to help relieve some of the overworked volunteers. But we want to make sure that there is a distinction between administrative help and the counseling that many of our deployed families need. We want to make sure that this additional staff support is available across all Services and components.

NMFA is pleased that DOD is reaching out to servicemembers and families to gauge their needs. Defense Secretary Robert M. Gates' recent visit with soldiers and families at Ft. Campbell revealed many of the same concerns that NMFA hears from families. The impact of extended deployments was a significant concern of families there. Secretary Gates stated "There is no question that 15-month deployments are a real strain, not only on the soldiers, but (also) on the families they leave behind." NMFA has said before, missing one birthday, one Christmas, one anniversary can be viewed as just part of the deployment. When two Christmases go by, or dad or mom has not been there for two birthdays in a row, the sacrifice can seem too great.

The Services are also reaching out to the families of individual augmentees, those "onesies and twosies" who often are far from the unit headquarters of the deploying unit or may get lost in the shuffle. The Navy has developed a number of new initiatives in support of individual augmentee (IA) sailors and their families. One such initiative is the new Fleet and Family Support Centers (FFSC) and Expeditionary Combat Readiness Center (ECRC) individual augmentee newsletter. This newsletter will be published monthly to inform augmentees and their families of programs and services available to them. The ECRC Care Line can be reached via phone at 877–364–4302, email at ecrc.fs.fct@navy.mil, or online at http://www.ecrc.navy.mil/.

Fleet and Family Support Centers (FFSC) have also created programs and services to keep IAs and their families informed. Among them are Virtual Individual Augmentee Discussion Groups hosted by Fleet and Family Support Centers worldwide. Discussion Groups will be available to help IA family members stay connected to other Navy families who are experiencing an IA deployment. Participation is via Internet and telephone.

Guard and Reserve

NMFA would like to thank Congress for authorizing many provisions within the NDAA for Fiscal Year 2008 that affect our Guard and Reserve families. We now ask Congress to fund these important provisions to help improve the quality of life for our Guard and Reserve families, who have sacrificed greatly in support of our Nation. In the recently released final report from the Commission on the National Guard and Reserves the commissioners stated "Reserve Component family members face special challenges because they are often at a considerable distance from military facilities and lack the on-base infrastructure and assistance available to active duty families." The report also stated "Military family members today believe that all families in the community should enjoy a comparable level of "purple" support services, regardless of Service or component—with adequate funding and staffing resources." The report recognized the importance of Military OneSource to Reserve component families. While citing a robust volunteer network as crucial, the report also stated that family readiness suffers when there are too few paid staff professionals supporting the volunteers. These findings resonate with support recommendations made by NMFA through the years. NMFA thanks the Commission for recognizing the importance of family support to the National Guard and Reserve.

The Yellow Ribbon Reintegration program was extremely successful in the State of Minnesota. Best practices always deserve to be shared. NMFA thanks this subcommittee for including provisions to implement the Yellow Ribbon program in all States and territories. This program should provide National Guard and Reserve members and their families with sufficient information, services, referral, and proactive outreach opportunities throughout the entire deployment cycle. We are well aware that members of the Reserve components face a host of unique challenges upon returning to their families, hometowns, and civilian jobs. NMFA is concerned, however, that a lack of funding may diminish the impact of this critical program. We urge Congress to fully fund this initiative supporting the men and women of our Reserve components and their families who have answered the call to protect our Nation. We must not forget that reintegration programs must address the needs of the entire family, including children.

NMFA supports the institution of the Yellow Ribbon Reintegration program in all States and territories but asks that the program be fully funded to be most effective.

Military Family Life Consultants

As this DOD program has matured, NMFA hears good things about the Military Family Life Consultant (MFLC) program. More servicemembers and families are fa-

miliar with the program and expect to see the counselors in their communities. We heard from one Marine family who said:

> As a Marine Corps wife and a medical provider at Quantico, I can tell you the family life consultants have been a God send. Quick access for marines to get counseling for combat operational stress, stress management and spouse education post deployment. They are so accommodating to the marines schedule and they work closely with deployment health issues and mental health clinic.

Installations and commanders are also recognizing them as resource multipliers. Said one family support professional:

> The MFLC program works hard to make services available to families. New MFLCs are announced in the post paper as she or he is assigned. MFLCs attend post activities to meet families, pass out phone numbers and make themselves available to families. I have personally met them on playgrounds, at workshops offered through MCEC, and through MOPs meeting groups.

MFLCs are also an integral part of NMFA's Operation Purple (OP) Camps. Through the support of DOD every OP camp, with the exception of the western region, has assigned an MFLC mental health consultant (NMFA wishes to thank the TriWest Health Care Alliance which supports OP camps in the west through a similar program).

MFLCs fill an important need in the overall support of military families. The program's success warrants its continued authorization and funding.

WOUNDED FAMILIES

Wounded Servicemembers Have Wounded Families

Post-deployment transitions can be especially problematic for injured servicemembers and their families. NMFA asserts that behind every wounded servicemember is a wounded family. Spouses, children, parents, and siblings of servicemembers 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 servicemember's return and reunion with their family, financial stresses, and navigating the transition process to the VA.

The system should alleviate, not heighten these concerns, and provide for coordination of care that starts when the family is notified the servicemember has been injured and ends with the DOD and VA working together to create a seamless transition as the injured servicemember transfers from active duty status to veteran status. NMFA congratulates Congress on the NDAA for Fiscal Year 2008 Wounded Warrior Act, in which many issues affecting this population were addressed. We also appreciate the work DOD and the VA have done in establishing the Senior Oversight Committee (SOC) to address the many issues highlighted by the three Presidential Commissions. However, more still needs to done. NMFA recently heard the SOC is now meeting monthly rather than weekly. There is certainly more work to be done. We urge Congress to establish an oversight committee to monitor DOD and VA's partnership initiatives, especially with the upcoming administration turnover and the disbandment of the SOC early this year.

It is NMFA's belief the government, especially the VA, must take a more inclusive view of military families. Those who have the responsibility to care for the wounded servicemember must also consider the needs of the spouse, children, and the parents of single servicemembers and their siblings. According to the TBI Task Force, family members are very involved with taking care of their loved one. As their expectations for a positive outcome ebbs and flows throughout the rehabilitation and recovery phases, many experience stress and frustration and become emotional drained. NMFA recommends care for the families of the wounded/ill/injured should include support, assistance, and counseling programs. NMFA recently held a focus group composed of wounded servicemembers and their families to learn more about issues affecting them. They said following the injury, families find themselves having to redefine their roles. They must learn how to parent with an injury and become a spouse/lover with an injury. Each member needs to understand the unique aspects the injury brings to the family unit. Reintegration programs become a key ingredient in the family's success. NMFA believes we need to focus on treating the whole family with programs offering skill based training for coping, intervention, resiliency, and overcoming adversities. Parents need opportunities to get together with other parents who are in similar situations and share their experiences and successful coping methods. DOD and VA need to provide family and individual counseling

to address these unique issues. A retreat for the entire family and for the couple provides an opportunity to reconnect and bond as a family again.

Caregivers of the severely wounded, ill, and injured services members, such as those with severe TBI, must be trained through a standardized program, certified, and compensated. Caregivers need to be recognized for the important role they play in the care of their loved one. Without them, their quality of life would be significantly compromised. Additional financial burdens would be placed on the DOD and the VA health care systems. NMFA has heard from caregivers the difficult decisions they have to make over their loved one's bedside following the injury. Many don't know how to proceed because they don't know what their loved one's wishes were. We support the recently released TBI Task Force recommendation for DOD to require each deploying servicemember to have a medical power of attorney and a living will. The NDAA for Fiscal Year 2008 authorized an active-duty TRICARE benefit for severely wounded/ill/injured servicemembers, but not for their family members. This needs to be rectified to include the servicemember's spouse and children. NMFA recommends an active duty benefit like the surviving spouse benefit for 3 years for the family members of those who are medically retired.

The impact of the wounded/ill/injured on children is often overlooked and underestimated. Military children experience a metaphorical death of the parent they once knew and must make many adjustments as their parent recovers. Many families relocate to be near the MTF or the VA Polytrauma Center in order to make rehabilitation process more successful. As the spouse focuses on the rehabilitation and recovery, older children take on new roles. They may become the caregivers for other siblings, as well as for the wounded parent. Many spouses send their children to stay with neighbors or extended family members, as they tend to their wounded/ill/injured spouse. Children get shuffled from place to place until they can be reunited with their parents. Once reunited, they must adapt to the parent's new injury and living with the "new normal." Brooke Army Medical Center has recognized a need to support these families and has allowed for the system to expand in terms of guesthouses co-located within the hospital grounds. The on-base school system is also sensitive to issues surrounding these children. Unfortunately, not all families enjoy this type of support. NMFA is concerned the impact of the injury is having on our most vulnerable population, military children. NMFA believes we need research to better understand this phenomenon and identify effective support programs for these children.

NMFA strongly suggests research on families, especially children of wounded/ill/injured servicemembers; standardized training, certification, and compensation for caregivers; individual and family counseling and support programs; and a reintegration program that provides an environment rich for families to reconnect. An oversight committee to monitor DOD's and VA's continued progress toward seamless transition.

Mental Health

As the war continues, families' need for a full spectrum of mental health services—from preventative care to stress reduction techniques, to individual or family counseling, to medical mental health services—continues to grow. The military offers a variety of mental health services, both preventative and treatment, across many helping agencies and programs. However, as servicemembers and families experience numerous lengthy and dangerous deployments, NMFA believes the need for confidential, preventative mental health services will continue to rise. It will also remain high for some time even after military operations scale down. Successful return and reunion programs will require attention over the long term, as well as a strong partnership at all levels between the various mental health arms of the DOD and VA.

The Army's Mental Health Advisory Team (MHAT) IV report links the need to address family issues as a means for reducing stress on deployed servicemembers. The team found the top non-combat stressors were deployment length and family separation. They noted that soldiers serving a repeat deployment reported higher acute stress than those on their first deployment and the level of combat was the key ingredient for their mental health status upon return. They found there was no difference in Services. Multiple deployers reported higher acute stress than first-time deployers, which is a difference from the MHAT III that found those who redeploy were better prepared due to improved pre-deployment training. They also acknowledged deployment length was causing higher rates of martial problems. Given all the focus on mental health prevention, the study found current suicide prevention training was not designed for a combat/deployed environment. Recent reports on the increased number of suicides in the Army also focused on tour lengths and relationship problems.

DOD's Task Force on Mental Health stated timely access to the proper mental health provider remains one of the greatest barriers to quality mental health services for servicemembers and their families. NMFA and the families it serves have noted with relief more providers are deployed to theaters of combat operations to support servicemembers. The work of these mental health professionals with units and individuals close to the combat action they experience have proved very helpful and will reduce the stress that impedes servicemembers' performance of their mission and their successful reintegration with their families.

While families are pleased more mental health providers are available in theater to assist their servicemembers, they are less happy with the resulting limited access to providers at home. DOD's Task Force on Mental Health found families are reporting an increase difficulty in obtaining appointments with social workers, psychologists, and psychiatrists at their military hospitals and clinics. The military fuels the shortage by deploying some of its child and adolescent psychology providers to the combat zones. Providers remaining at home stations report they are frequently overwhelmed treating active duty members who either have returned from deployment or are preparing to deploy to fit family members into their schedules, which could lead to compassion fatigue. Creating burnout and exacerbating the problem.

In the seventh year of the global war on terror, care for the caregivers must become a priority. NMFA hears from the senior officer and enlisted spouses who are so often called upon to be the strength for others. We hear from the health care providers, educators, rear detachment staff, chaplains, and counselors who are working long hours to assist servicemembers and their families. Unless these caregivers are also afforded respite care, given emotional support through their command, and effective family programs, they will be of little use to those who need their services most.

Thousands of servicemember parents have been away from their families and placed into harm's way for long periods of time. Military children, the treasure of many military families, have shouldered the burden of sacrifice with great pride and resiliency. Many programs, both governmental and private, have been created with the goal of providing support and coping skills to our military children during this great time of need. Unfortunately, many support programs are based on vague and out of date information.

Given this concern, NMFA has partnered with RAND Corporation to research the impact of war on military children with a report due in April 2008. In addition, NMFA held its first ever Youth Initiatives Summit for Military Children, "Military Children in a Time of War" last October. All panelists agreed the current military environment is having an effect on military children. Multiple deployments are creating layers of stressors, which families are experience at different stages. Teens especially carry a burden of care they are reluctant to share with the nondeployed parent in order to not "rock the boat." They are often encumbered by the feeling of trying to keep the family going, alongside anger over changes in their schedules, increase responsibility, and fear for their deployed parent. Children of the National Guard and Reserve face unique challenges as there are no military installations for them to utilize. They find themselves "suddenly military" without resources to support them. School systems are generally unaware of this change in focus within these family units and are ill prepared to lookout for potential problems caused by these deployments. Also vulnerable are children who have disabilities that are further complicated by deployment. Their families find stress can be overwhelming, but are afraid of reaching out for assistance for fear of retribution on the servicemember.

NMFA recommends research to:

- Gain a better understanding of the impact of war, especially multiple and extended deployments;
- Identify and fund effective programs to address this issue;
- Educate those who are at the touch point of our military children on how to provide support, such as clergy, child care providers, and teachers; and
- Encourage DOD to reach out and partner with those private and nongovernmental organizations who are experts in their field on children and adolescents to identify and incorporate best practices in the prevention and treatment of mental health issues affecting our military children.

National provider shortages in this field, especially in child and adolescent psychology, are exacerbated in many cases by low TRICARE reimbursement rates, TRICARE rules, or military-unique geographical challenges: large populations in rural or traditionally underserved areas. Many mental health providers are willing to see military beneficiaries in a voluntary status. However, these providers often tell us they will not participate in TRICARE because of what they believe are

timeconsuming requirements and low reimbursement rates. More must be done to persuade these providers to participate in TRICARE and become a resource for the entire system, even if that means DOD must raise reimbursement rates.

Many mental health experts state that some post-deployment problems may not surface for several months or years after the servicemember's return. We encourage Congress to request DOD to include families in its Psychological Health Support survey; perform a pre and post-deployment mental health screening on family members (similar to the PDHA and PDHRA currently being done for servicemembers as they deploy into theater); and sponsor a longitudinal study, similar to DOD's Millennium Cohort Study, in order to get a better understanding of the long-term effects of war on our military families.

NMFA is especially concerned not as many services are available to the families of returning National Guard and Reserve members and servicemembers who leave the military following the end of their enlistment. They are eligible for TRICARE Reserve Select, but as we know Guard and Reserve are often located in rural areas where there may be no mental health providers available. We ask you to address the distance issues families face in linking with military mental health resources and obtaining appropriate care. Isolated Guard and Reserve families do not have the benefit of the safety net of services provided by MTFs and installation family support programs. Families want to be able to access care with a provider who understands or is sympathetic to the issues they face. NMFA recommends the use of alternative treatment methods, such as telemental health; increasing mental health reimbursement rates for rural areas; modifying licensing requirements in order to remove geographical practice barriers that prevent mental health providers from participating in telemental health services; and educating civilian network mental health providers about our military culture.

Mental health professionals must have a greater understanding of the effects of mild TBI in order to help accurately diagnose and treat the servicemember's condition. They must be able to deal with polytrauma—Post-Traumatic Stress Disorder (PTSD) in combination with multiple physical injuries. NMFA appreciates Congress establishing a Center of Excellence for TBI and PTSD. For a long time, the Defense and Veterans Brain Injury Center (DVBIC) has been the lead agent on TBI. Now with the new Center, it is very important DVBIC become more integrated and partner with other Services in researching TBI. Also, we need more education to civilian health care providers on how to identify signs and symptoms of mild TBI and PTSD.

DOD must balance the demand for mental health personnel in theater and at home to help servicemembers and families deal with unique emotional challenges and stresses related to the nature and duration of continued deployments. We ask you to continue to put pressure on DOD to step up the recruitment and training of uniformed mental health providers and the hiring of civilian mental providers to assist servicemembers in combat theaters AND at home stations to care for the families of the deployed and servicemembers who have either returned from deployment or are preparing to deploy.

DOD should increase reimbursement rates to attract more providers in areas were there is the greatest need. TRICARE contractors should be tasked with stepping up their efforts to attract mental health providers into the TRICARE networks and to identify and ease the barriers providers cite when asked to participate in TRICARE.

FAMILIES IN TRANSITION

Survivors

NMFA applauds the enhancement of medical benefits included in the NDAA for Fiscal Year 2006 making surviving children eligible for full medical benefits to age 21 (or 23 if they are enrolled in college) bringing them in line with the active duty benefit for dependent children. To complete the benefit package, we ask Congress to allow surviving children to remain in the TRICARE Dental Program until they age out of TRICARE and, in cases where the surviving family had employer-sponsored dental insurance, treat them as if they had been enrolled in the TRICARE Dental Program at the time of the servicemember's death.

Because the VA has as part of its charge the "care for the widow and the orphan," NMFA was concerned about recent reports that many Vet Centers did not have the qualified counseling services they needed to provide promised counseling to survivors, especially to children. DOD and the VA must work together to ensure surviving spouses and their children can receive the mental health services they need. New legislative language governing the TRICARE behavioral health benefit may also be needed to allow TRICARE coverage of bereavement or grief counseling. While some widows and surviving children suffer from depression or some other medical condition for a time after their loss, many others simply need counseling

to help in managing their grief and helping them to focus on the future. Many have been frustrated when they have asked their TRICARE contractor or provider for "grief counseling" only to be told TRICARE does not cover "grief counseling." Available counselors at military hospitals can sometimes provide this service and certain providers have found a way within the reimbursement rules to provide needed care, but many families who cannot access military hospitals are often left without care because they do not know what to ask for or their provider does not know how to help them obtain covered services. Targeted grief counseling when the survivor first identifies the need for help could prevent more serious issues from developing later.

NMFA recommends that surviving children be allowed to remain in the TRICARE Dental Program until they age out of TRICARE eligibility. We also recommend that grief counseling be more readily available to survivors.

NMFA appreciates the work being done by DOD and the Services to provide training to casualty assistance officers and to make sure survivors are receiving accurate information in a timely manner. The survivor notebook provided by DOD and the Services, The Days Ahead: Essential Papers for Families of Fallen Servicemembers, has received praise from survivors and families and has enhanced the information being provided by the Services. The Army Long Term Family Case Management Office—the one-stop resolution and assistance for benefits, outreach, advocacy, and support—for their improvements to the case management system and continued communication with families to further refine their services and response time.

NMFA still believes the benefit change that will provide the most significant long-term advantage to the financial security of all surviving families would be to end the Dependency and Indemnity Compensation (DIC) offset to the Survivor Benefit Plan (SBP). Ending this offset would correct an inequity that has existed for many years. Each payment serves a different purpose. The DIC is a special indemnity (compensation or insurance) payment paid by the VA to the survivor when the servicemember's service causes his or her death. It is a flat rate payment of $1,091 for the surviving spouse and $271 for each surviving child. The SPB annuity, paid by DOD, reflects the longevity of the service of the military member. It is ordinarily calculated at 55 percent of retired pay. Military retirees who elect SBP pay a portion of their retired pay to ensure that their family has a guaranteed income should the retiree die. If that retiree dies due to a service connected disability, their survivor becomes eligible for DIC.

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 the children would receive the full SBP amount until each child turns 18 (23 if in college), as well as the individual child DIC until each child turns 18 (23 if in college). Once the children have left the house, this choice currently leaves the spouse with an annual income of $13,092, a significant drop in income from what the family had been earning while the servicemember was alive and on active duty. The percentage of loss is even greater for survivors whose servicemembers served longer. Those who give their lives for their country deserve more fair compensation for their surviving spouses.

NMFA appreciates the establishment of a special survivor indemnity allowance as a first step in the process to eliminate the DIC offset to SBP. As written, the NDAA for Fiscal Year 2008 only provides this allowance to survivors of military retirees who paid premiums for the Survivor Benefit Plan and survivors of gray area reservists who have signed up for SBP but had not yet begun paying premiums. The House version of the NDAA for Fiscal Year 2008 extended this allowance to all surviving spouses, including those survivors of active duty deaths. NMFA believes that eligibility for this special allowance should be extended to all survivors.

NMFA believes several other adjustments could be made to the Survivor Benefit Plan. These include allowing payment of the SBP benefits into a Special Needs Trust in cases of disabled children and allowing SBP eligibility to switch to children if a surviving spouse is convicted of complicity in the member's death.

NMFA has always emphasized that servicemembers and families understand there is a package of survivor benefits. While NMFA understands the impetus for allowing a servicemember to designate payment of the death gratuity in 10 percent increments to persons other than their primary next of kin, it begs the question "what is the purpose of the death gratuity?" The death gratuity was originally intended to act as a financial bridge, to help with living expenses until other benefits such as the Dependency and Indemnity Compensation (DIC) payment, the Survivor Benefit annuity, and Social Security benefits begin to be paid. The death gratuity is not an insurance payment, even though its $100,000 payment is bigger than many civilian life insurance plans. NMFA is concerned that families may be left

without that financial bridge if the servicemember designates someone other than their primary next of kin to receive the entire death gratuity. We do appreciate the provision language that requires notification of the spouse if the servicemember does change designees. We will monitor with interest the effects of this change on surviving families.

NMFA recommends that eligibility for the special survivor indemnity allowance be expanded to include all SBP–DIC survivors. We also ask the DIC offset to SPB be eliminated to recognize the length of commitment and service of the career servicemember and spouse

Families on the Move

NMFA is gratified that DOD has begun to implement the "Families First" program for Permanent Change of Station (PCS) moves with the launching of the full replacement value (FRV) component late last year. This program is long overdue. It will provide much needed protections to military families entrusting their most precious possessions to movers. We ask Congress to monitor additional issues related to Families First to ensure all components are brought online in a timely manner. NMFA will monitor the implementation of the provision included in the NDAA for Fiscal Year 2008 that requires the servicemember to comply with reasonable restrictions or conditions prescribed in order to receive payment for damaged or lost items. NMFA is concerned that this language, coupled with the small business language in the Conference Report, could be used to diminish or destroy this important benefit families have waited so long to receive. NMFA asks Congress to ensure full replacement value coverage is not diminished or lost now that families finally have the benefit.

We also ask Congress to recognize that military spouses accumulate professional goods over the course of a military career. Frequent moves make it difficult to establish and maintain professional materials used for a job or volunteer activities that will ultimately count against the family's weight allowance when the time to move arrives. Military members are permitted a professional goods weight allowance to compensate for the computers, books and equipment that must accompany them from duty station to duty station. We request that spouses be provided this professional courtesy as well.

NMFA was disappointed this subcommittee's recommendation for shipment of a second vehicle to non-foreign overseas duty stations was dropped in conference. A PCS move to an overseas location can be especially stressful. Military families are faced with the prospect of being thousands of miles from extended family and living in a foreign culture. At many overseas locations, there are insufficient numbers of government quarters resulting in the requirement to live on the local economy away from the installation. Family members in these situations can begin to feel extremely isolated; for some the only connection to anything familiar is the local military installation. Unfortunately, current law permits the shipment of only one vehicle to an overseas location, including Alaska and Hawaii. Since most families today have two vehicles, they sell one of the vehicles.

Upon arriving at the new duty station, the servicemember requires transportation to and from the place of duty leaving the military spouse and family members at home without transportation. This lack of transportation limits the ability of spouses to secure employment and the ability of children to participate in extra curricular activities. While the purchase of a second vehicle alleviates these issues, it also results in significant expense while the family is already absorbing other costs associated with a move. Simply permitting the shipment of a second vehicle at government expense could alleviate this expense and acknowledge the needs of today's military family.

NMFA requests that Congress ease the burden of military PCS moves on military families by authorizing a professional goods weight allowance for military spouses and by authorizing the shipment of a second vehicle for families assigned to an overseas location on accompanied tours.

Pay and Compensation

NMFA thanks members of this subcommittee for their recognition that servicemembers and their families deserve a comprehensive benefit package consistent with the extraordinary demands of military service. We ask you to continue to evaluate changing circumstances that may diminish the value of that package and threaten the retention of a quality force. We also ask you to recognize the interaction between the various elements of the compensation package and how they affect families' eligibility for certain State and Federal programs. Despite regular annual pay increases, in addition to targeted raises, over the past several years, military pay for some servicemembers still lags behind civilian pay. NMFA was dis-

appointed to see the additional one half percent above ECI provision was stripped from the NDAA for Fiscal Year 2008 during conference. We encourage Congress to consider extending the pay raise for 2009 by an additional one-half percent over the ECI.

Military Allowances and Safety Net Programs

In congressional testimony since 2003, NMFA has raised a longstanding 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 servicemember 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. NMFA understands this could increase the number of military families eligible for some of these programs, but believe this increase is justified given the need for equitable treatment of all servicemembers, 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.

Flexible Spending Accounts

Flexible Spending Accounts have done a great deal to help Federal employees and corporate civilian employees defray out-of-pocket costs for both their health care and dependent care needs. NMFA believes this important program should be extended to military servicemembers, and urges Congress to work with the Department of Defense to accomplish this much needed change. It is imperative that we include active duty and Selected Reserve members in this cost saving benefit.

NMFA asks that a flexible spending account benefit be extended to military families.

Commissaries and Exchanges

The commissary is a key element of the total compensation package for servicemembers and retirees and is valued by them, their families, and survivors. NMFA surveys indicate that military families consider the commissary one of their most important benefits. In addition to providing average savings of more than 30 percent over local supermarkets, commissaries provide an important tie to the military community. Commissary shoppers get more than groceries at the commissary. They gain an opportunity to connect with other military family members and to get information on installation programs and activities through bulletin boards and installation publications. Finally, commissary shoppers receive nutrition information and education through commissary promotions and educational campaigns contributing to the overall health of the entire beneficiary population.

NMFA is concerned that there will not be enough commissaries to deal with the areas experiencing substantial growth. The surcharge was never intended to pay for DOD and Service transformation. Additional funding is needed to ensure commissaries are built in areas that are gaining personnel as a result of these programs.

The military exchange system serves as a community hub, in addition to providing valuable cost savings to members of the military community. Equally important is the fact that exchange system profits are reinvested in important Morale Welfare and Recreation (MWR) programs, resulting in quality of life improvements for the entire community. We believe that every effort must be made to ensure that this important benefit and the MWR revenue is preserved, especially as facilities are down-sized or closed overseas. Exchanges must also continue to be responsive to the needs of deployed servicemembers in combat zones.

Military Housing

In the past few years, privatized housing has changed the lifestyle for the military families who live there. New or renovated housing with spacious floor plans, new appliances and amenities you would find the new suburban subdivisions have gone a long way to improving the quality of life for military families. However, there are still a few things that need to be addressed.

With rebasing, as more installations become joint, there is a need for a single unified definition of adequate housing. Currently some servicemembers are receiving refunds of part of their BAH while members of other Services living in identical units are not. The only difference is the individual Service definition of "adequate housing". This situation creates a disparity in benefit between servicemembers of equal rank. In addition, there are concerns that DOD is not adequately monitoring construction contracts. Air Force privatization contracts have fallen hopelessly behind schedule in some areas leaving sizeable wait lists for housing that should already be complete and occupied. Better oversight is absolutely necessary. NMFA appreciates the provision in the NDAA for Fiscal Year 2008 calling for a report on this issue.

Commanders must be held accountable for privatized communities. These housing areas remain the responsibility of the installation Commander even when managed by a private company. Military members should not be on wait lists while civilians occupy housing. While privatization contracts permit other occupants for vacant units, Commanders must ensure that privatized housing is first and foremost meeting the needs of the active duty population of the installation. In some cases this will require modification or renegotiation of contracts. On an aesthetic and health care note, NMFA asks that a minimum number of non-smoking quarters be designated at each installation. Non-smokers, especially in multi-family dwellings, are being forced to live with second hand smoke in far too many cases. NMFA has received complaints from families who are suffering health consequences of living with a neighbor's smoking habit. This is unacceptable.

NMFA feels there needs to be a review of BAH standards. While families who live on the installation are better off, families living off the installation are forced to absorb more out-of-pocket expenses in order to live in a home that will meet their needs. In the calculation for BAH there is no regard for family size. In addition, the standards are based on an outdated concept of what would constitute a reasonable dwelling. For example, in order to receive BAH for a single family dwelling a servicemember must be an E9. However, if that same servicemember lived in military housing, he or she would likely have a single family home at the rank of E6 or E7. BAH standards should mirror the type of dwelling a servicemember would occupy if government quarters were available.

FAMILIES AND COMMUNITY

Higher stress levels caused by open-ended and multiple deployments require a higher level of community support. Military families, especially those geographically dispersed, often look to support programs in their communities because of their proximity and familiarity.

A question is often asked about whether there is a sense of detachment between the civilian community and military servicemembers and their families. A small part of the Nation is being asked to assume duties and sacrifices while the rest of the Nation goes about their business, oblivious to the contributions of the few. To recognize the sacrifices and the day-to-day needs of America's military family members, NMFA worked with the U.S. Family Health Plan, a TRICARE provider, to implement a public service campaign urging citizens to "support, befriend, remember and appreciate" military family members. The campaign consists of national print, radio, TV, online and in-cinema public service announcements (PSAs). The messages are moving and emotional, designed to get people thinking about the families who contribute to the Nation's well-being every day, during war as well as peace. For example, the PSAs suggest having coffee with a soldier's parents, hiring a military spouse and mentoring a military child. Thirty- and 15-second video PSAs were shown to approximately 3.4 million moviegoers in 205 theatres this past summer. The videos along with four radio PSAs, may be downloaded from http://www.yearofthemilitaryfamily.org/.

NMFA often learns of other community programs that are reaching out to military families. Some of these are initiatives funded by other Federal agencies. Many of these programs are highlighted on the America Supports You Web site. In North Carolina, Essential Life Skills for Military Families is a 12-hour workshop series designed for National Guard and Reserve component couples. The sessions offer to help military families deal with the unique challenges they experience as a citizen

soldier family. Held in their own communities, the classes are taught by local Cooperative Extension Family and Consumer Sciences Agents. Funding for this project was provided by the United States Department of Health and Human Services, Administration for Children and Families. The program addresses marriage and family relationships, parenting, balancing military and family needs, financial literacy, legal issues and building a support network in your own community.

NMFA is also partnering with the United Way's 2–1–1 program. This hotline program provides health and human service information to callers around the United States. The program is robust in some areas, like Texas and still in the development stage in others. NMFA is offering military family friendly information and resources through webinars and conferences to the 2–1–1 information and referral operators so that they can send military families who call the hotline to already existent military resources like Military OneSource or State Joint Family Assistance Centers.

Military families share a bond that is unequaled in the civilian world. They support each other through hardship, deployments, PCS moves, and sometimes, the loss of a loved one. The military community is close knit and must be so. It is imperative that our Nation ensure the necessary infrastructure and support components are in place to support families regardless of where they happen to be located geographically. More importantly, we ask you and other Members of Congress to ensure that the measures undertaken today in the interest of cutting costs and improving efficiency do not also destroy the sense of military community so critical to the successful navigation of a military lifestyle. Educating families on what support is being provided helps reduce the uncertainty for families.

Preparation and training are essential in reaching families and making sure they are aware of additional resources available to them. While NMFA appreciates the extraordinary support that was made available to address the special needs of the families during deployment extensions and last year's "Surge", our Nation must ensure this level of support is available to all families day-in and day-out. Military family support and quality of life facilities and programs require dedicated funding, not emergency funding. Military families are being asked to sustain their readiness. The least their country can do is make sure their support structure is consistently sustained as well. Strong families equal a strong force. Family readiness is integral to servicemember readiness. The cost of that readiness is an integral part of the cost of the war and a national responsibility. We ask Congress to shoulder that responsibility as servicemembers and their families shoulder theirs.

Senator BEN NELSON. Thank you.

Sergeant Cline?

STATEMENT OF MASTER SERGEANT MICHAEL P. CLINE, USA (RET.), EXECUTIVE DIRECTOR, ENLISTED ASSOCIATION OF THE NATIONAL GUARD OF THE UNITED STATES

Sergeant CLINE. Thank you.

Mr. Chairman, Senator Graham, we thank you for holding these hearings on behalf of the men and women who make up our Nation's National Guard and Reserve component.

Thanks to the diligent work of Congress and this subcommittee, the National Guard and Reserves have proven they are a ready, reliable, and relevant force. Today, almost 700,000 National Guard and Reserve members have been called to Active Duty for Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF), and 173,000 have been deployed multiple times. More than 527 National Guard members have made the ultimate sacrifice for freedom.

Mr. Chairman, one of the most asked-about issues that faces the Associations of TMC is the early retirement provision passed last year. It was signed into law by the President in January of this year. However, this vital piece of legislation didn't provide retroactively back to October 2001, when our Guard and Reserve members began deploying. EANGUS and the member organizations of TMC are opposed to the lack of retroactivity. We believe it sends

a message, loud and clear, that the budget of the United States has a higher priority than the lives sacrificed in its defense.

Although the estimates by the Congressional Research Service (CRS) is in excess of $2 billion over 10 years, we believe the demographics used by the CRS are overinflated. Based on the Defense Advisory Committee on Military Compensation Report in 2005, only 47 percent of officers and 15 percent of enlisted will remain in uniform long enough to qualify for retirement. Of the Guard's end strength of approximately 460,000, only 5,227 of those will be eligible for early retirement. Even if you include the Federal Reserves, the costs will not amount to $2 billion over 10 years. We ask the committee to endorse Senator Chambliss' bill, S. 2836, to include retroactivity, those who have so proudly answered the call of our country. In this year of political chaos and debate over the war in Iraq, we don't ask that you endorse the war, but we do ask that you support those who have answered the call to duty. Please support our troops.

We are most grateful to Congress for adopting the 10-year post-service readjustment benefit for National Guard and Reserve veterans of Iraq and Afghanistan, and others who have served on Active Duty on contingency operations, but additional upgrades are needed to fully match the MGIB with the needs of all warriors who serve in the 21st century. We ask that you authorize a month-for-month MGIB entitlement for reservists who serve multiple Active Duty tours for up to 36 months; integrate our Reserve and Active Duty MGIB laws under title 38, restore basic Reserve MGIB benefits for drill service for 47 to 50 percent of the Active Duty rates, change the "14 years from date of eligibility" rule to "as long as you're a member in good standing" in the Guard and Reserve, and, last, authorize upfront reimbursement of tuition or training coursework.

The Commission on the National Guard and Reserves rendered their report on January 31 of this year. It made 95 recommendations. The majority of the document discounts the importance of the Reserves and a militia. The report recommends diminishing the full-time support workforce in the Guard and replacing them with Active component soldiers. Today, with heavier commitments and more deployments, full-time support is critical to the mission for success. This necessary full-time force pays dividends in preparing lives for war, and cannot be sacrificed on the economic altar. We oppose degrading the full-time support program for the Guard and Reserve.

EANGUS agrees with the Commission that the Chief of the National Guard Bureau should be promoted to general and have a seat on the Joint Chiefs of Staff. There is no representation that relates the homeland security mission so critical to America. The Chief of the National Guard Bureau brings that focus to the panel. Likewise, the top officers at Northern Command (NORTHCOM) need to be National Guard, due to the complexity of coordinating with individual States and their governments.

Duty status reform—either on Active Duty or not, the Commission considers in-Active Duty training as Active Duty, and therefore, recommends adjusting the pay from receiving 1 day's pay per drill period to 1 day's pay for 1 day's work. This will reduce the

DOD's liability for pay, benefits, and retirement, but it also reduces the financial benefit to Guard and Reserve members to include a reduction of retirement points and potential recruiting and retention problems. We stand opposed to this recommendation.

Mr. Chairman, Senator Graham, thank you for the opportunity to express the views of TMC. We look forward to working with your subcommittee.

[The prepared statement of Sergeant Cline follows:]

PREPARED STATEMENT BY MSG MICHAEL P. CLINE, USA (RETIRED)

Mr. Chairman, Senator Graham, and distinguished members of the subcommittee, the Enlisted Association of the National Guard of the United States appreciates the opportunity to submit our views regarding the Defense Department's budget submission for fiscal year 2009 and its possible effect on the National Guard.

The Enlisted Association of the National Guard of the United States is the only military service association that solely represents the interests of every enlisted soldier and airmen in the Army and Air National Guard. Our constituency base is comprised of over 414,000 soldiers and airmen, their families, and a large retiree membership. The Enlisted Association of the National Guard of the United States receives no Federal funds or Federal grants.

The Army and the Air National Guard are part of the "Reserve component," a term which is commonly used to refer collectively to the seven individual Reserve components of the Armed Forces. The role of the Reserve component as codified in law is to "provide trained units and qualified persons available for active duty in the Armed Forces, in time of war or national emergency, and at such other times as the national security may require, to fill the needs of the Armed Forces whenever more units and persons are needed than are in the regular components."

The war on terror has taxed the resources of the U.S military and, in particular, the Army. The Army has responded by relying very heavily on the citizen soldiers of the National Guard and Reserves. Currently, the Reserve component has over 95,000 service men and women on active duty. Since the beginning of the war on terror, 527 National Guardsmen have been killed in action or suffered disease or non-battle related mortality. Thousands more have been wounded and their lives have been changed forever. On the other hand, involvement of the Reserves in the war on terror has filled the ranks with the most combat experienced force since World War II.

We would like to highlight a few issues we hope will be taken into consideration during the committee's review of the fiscal year 2009 budget and the Future Years Defense Program.

EARLY RETIREMENT

We greatly appreciate the subcommittee's support for earlier retirement eligibility. In Public Law 110–181, signed by President Bush on January 28, 2008, the provisions for earlier retirement were a significant advance on this issue. This issue is the number one priority issue for our association, and the number one issue that the three senior enlisted leaders of the National Guard Bureau face as they travel and talk with Guard members. But as pleased as we are with the provisions in that law, we are deeply concerned that the provisions are not retroactive to the beginning of the war on terror. Over 600,000 reservists have served in the war, around the world, since September 11, 2001. Without the retroactivity, it screams to those veterans that their service doesn't count as much as it should.

We see the provisions as a tangible incentive for those members with 20 years of service or more, our most experienced force. They have no bonus or other incentives to stay, and they cannot retire and receive an immediate annuity. By allowing the possibility of earlier retirement, it incentivizes their service and they will stay with the Guard. When they stay, we all win, retaining their vast and important experience. The same senior enlisted leaders at the National Guard Bureau will tell you that they are losing that experience just after 20 years of service, and the earlier retirement eligibility is just the incentive needed to retain them in boots.

So we thank you for what you've done so far, and encourage you to continue to work on this issue to include the 600,000 who have valiantly served their country by making this law retroactive to September 11.

COMPENSATION

We thank the subcommittee for its work on raising the pay of military members above the ECI. We believe there is still a pay gap between what military members are paid and what their comparable civilian counterparts earn, despite what the Defense Department says. The Department includes in its calculations the intangible benefits a military member receives, which are difficult to quantify. For example, they include commissary privileges—quantifying that benefit will differ from person to person, depending on whether or not they use the commissary and if they do, how much. We do not believe the intangible benefits can be used in the metrics to compute the pay gap.

Our members are civilians when not in Federal service, and they experience that gap once they are ordered to active duty. For some, it has caused their families to rely on government programs and to even consider bankruptcy as avenues to solve their dire financial problems. We encourage the subcommittee to continue to strive to close the pay gap, which will have a profound effect in the lives of our members and their families.

Bonuses and other forms of cash compensation that the subcommittee has authorized not only attracted but motivated our citizen soldiers and airmen to serve their country and then remain in that service. Recruiting and retention of National Guard members is at an all time high, and all of them are volunteers. We don't view returning to conscription a viable alternative to the benefits the National Guard enjoys today.

We do ask the subcommittee to consider raising the amount of Family Serviceman's Group Life Insurance payable for children from $10,000 to $25,000, remaining at no cost to the military member. The cost of care and even funerals has risen, and $10,000 would be only a partial reimbursement against any costs for a child.

INACTIVE DUTY TRAVEL

Our association and its members greatly appreciate the subcommittee's authority for inactive duty travel that was in Public Law 110–181, amending title 37, U.S.C., to allow for payment of travel and expenses related to inactive duty training outside of normal commuting distances. The law allows for payment of up to $300 per round trip with conditions. It was a good first step. However, with the increasing cost of fuel, as well as the impact on airline tickets, this very issue alone could determine whether a Guard member decides to stay or leave the Service.

We would encourage the subcommittee to remove the restrictions and, for the most part, limit the determining factor to the normal commuting distance. In the case of the Virgin Islands and Hawaii, where the Guard is spread out over several islands, we would ask the subcommittee to place exceptions in title 37, section 408a, for those two geographic locations so that they don't have to meet the normal commuting distance restriction.

TRICARE FEE INCREASES

For yet another year, the Defense Department has provided Congress a budget with false assumptions regarding the savings that will be accrued to fund TRICARE, and have asked for increases in fees, co-payments and deductibles. As the Government Accountability Office (GAO) report on TRICARE Reserve Select shows, the Defense Department is really not a reliable source for estimating its costs for health care programs. The GAO report doesn't mention the initial $300 million that Congress gave the Department for TRICARE Reserve Select in fiscal year 2004 for a pilot project that never was. The GAO report says in fiscal year 2005, the Department estimated its costs for the program to be $70 million, and actual costs were $5 million. In fiscal year 2006, after raising rates for users 8.5 percent, the Department estimated the program costs to be $442 million, and their actual costs were $40 million. It is evident to the average person that the Department can't estimate costs for health care. The GAO report also said that the Department doesn't have a reliable or accurate accounting system.

We believe all military members, and especially our National Guard members, have paid the cost of health care with their service and their lives. The Future of Military Health Care Task Force reported that the military health care system needs to be very generous, and we agree. The Task Force reported that the military health care system should not be free, and we agree—and the price is being paid every minute of every day in the lives of our soldiers and airmen and their families. The Task Force reported that the military health care system should be fair to the American taxpayer, and we agree, once the American taxpayer makes the same sacrifices that members of the military make, and the numbers say that less than 1

percent of the American taxpayers are willing to serve their Nation in its military forces.

We thank the subcommittee for not raising the fees, co-payments and deductibles on TRICARE, and urge the subcommittee to require a greater accountability of the Defense Department before any other sacrifices, monetary or otherwise, are required of our members or veterans.

A related issue is the provider fee schedule, and its tie to Medicare rates. More than a legislative band-aid needs to be applied to revamp the provider fees, to prevent the decrease of fees and increase the pool of eligible providers, especially in rural areas. This affects TRICARE Standard and TRICARE Reserve Select. As an example, the TRICARE fee schedule is so little, most providers in the State of Alaska will not accept TRICARE (acknowledging there is a provider access problem in Alaska as well) rendering TRICARE Reserve Select a useless benefit to many of those Guard and Reserve members who live in the State.

We also suggest the subcommittee consider allowing gray area retirees the option to buy into TRICARE Reserve Select at the same rate as currently serving members. When our Guard members retire prior to reaching age 60 or in conjunction with the early retirement provisions in Public Law 110–181, they will have a lapse in health care. We propose the subcommittee consider allowing this small group of retirees the ability to buy into TRICARE at the same rate as those on TRICARE Reserve Select.

DENTAL FUNDING

One of the largest readiness needs, other than equipment, for the National Guard is dental treatment prior to mobilization and deployment. Currently authorized just prior to mobilization, during the alert period, there is still a problem with dental readiness and 90 days just isn't enough time to diagnose and treat our National Guard. In addition, dental insurance rates through the TRICARE Reserve Dental Program are steep. Family coverage for National Guard members is almost $84 per month, and our Individual Ready Reserve cousins pay over $101 monthly, and rates are set to increase in February next year another 5 percent. When added to TRICARE Reserve Select rates, our citizen soldiers and airmen and their families are paying $337 monthly for basic services. That's a lot of money for over a third of our members, and they will make an economic decision to self insure rather than to pay those premiums. When they decide to self insure, military readiness for deployment is severely degraded.

We seek your help in providing authority for the dental readiness of our members. Whether through additional government subsidizing of the dental contractor, space available treatment in military or veterans treatment facilities, or another idea that the subcommittee may have, something must be done to relieve this situation, and we request your assistance.

MONTGOMERY GI BILL

Education benefits were once the prime reason Guard members enlisted but at this particular time it is no longer is as much of a motivator. We are distressed by that fact, and have long been promoters of the educational benefits of military service. We recommend the subcommittee amend title 10, U.S.C., and move the entire Montgomery GI Bill program into Title 38. The Defense Department recently testified that they have no opposition to this action. Further, we recommend the subcommittee fix the inequities between active and Reserve benefits and reset the benefit to 47 percent of the active duty benefit—those benefits have shrunk to less than 29 percent of the active duty benefit in the last 8 years. Additionally, we recommend that the subcommittee authorize transferability of benefits from the servicemember to his/her spouse or family member should the servicemember be unable to use his/her educational benefit. We also recommend to the subcommittee that consideration be given to expansion of benefits based on cumulative periods of active duty due to multiple deployments of Guard and Reserve members. Finally, we recommend that the 14-year time limit on Chapter 1606 benefits be lifted, and eligibility for entitlements be extended to a set period of time (i.e. 15 years) after separation from service, without tying expiration of benefits to the date of initial eligibility.

REPORT, COMMISSION ON THE NATIONAL GUARD AND RESERVE

The Commission on the National Guard and Reserve rendered their report on January 31, 2008, and made 95 recommendations. In a macro sense, we disagree with the Commission's recommendations. The report takes a precarious step towards assimilating the National Guard into the Active Forces, losing its Constitutional mandate and charter, and relegating the Guard to limited roles and missions.

As a trade-off, the report recommends more joint assignments, commensurate rank with responsibility, and accountability of Active component commanders for Reserve strength and readiness. Although a few of the recommendations seem worthy of consideration, the majority of the document discounts the militia as nothing more than bill payers for active duty billets and structure.

One recommendation is for the Department of Homeland Security to determine civil support requirements, not the Defense Department. We do not believe that the Department of Homeland Security has the capability or expertise resident in the agency to determine the homeland security requirements for the Guard. We oppose the Department of Homeland Security determining or dictating requirements for the National Guard.

The report recommends diminishing the full-time support workforce in the Guard and replacing them with Active component soldiers. The Guard had such an arrangement in the early-1980s, when the Guard first started their Active Guard Reserve program. Today, with heavier commitments and more deployments with which to deal, full time support is critical to mission success. The Army Guard is funded for less than 60 percent of their full-time support requirements. The Air Guard is somewhat better. This necessary full-time force pays dividends in preparing lives for war, and cannot be sacrificed on the economic altar. We oppose any degradation of the full-time support program.

We agree with the Commission that the Chief, National Guard Bureau, should be promoted to General and have a seat on the Joint Chiefs of Staff. Traditionally, the Joint Chiefs have all been Active component officers, all fine men. However, they are combat-oriented, wartime focused officers. There is no representation that relates the homeland security mission so critical to America. The Chief, National Guard Bureau, brings that focus to the panel. Likewise, the top officers at Northern Command need to be National Guard, either Army or Air, due to the complexity of coordinating with individual States and their governments. An Active component officer knows little to nothing of communicating with State governments, especially for emergency planning and response.

The commission recommended revamping the retirement system, taking the views of the Defense Advisory Committee on Military Compensation from 2006. Although the recommendation is close to what the Guard currently has, it will be a tremendous culture change for the Active component. Without more specificity on the recommendation, it only causes confusion and distrust in the process and the system, two undesirable qualities in a time of war. We believe the parent Services, as well as the U.S. Coast Guard, Public Health Service, and National Oceanic and Atmospheric Administration, will all have concerns about this recommendation, even though the report was not inclusive of those organizations.

It recommends shifting capabilities currently resident in the Guard that are not required for its State missions but are required for its Federal missions either to the Federal Reserve components or to the active duty military, as appropriate. This means the Guard will do homeland security and civil support missions only and no longer have combat roles or missions. It would be impossible for the Army or Air Force to prosecute the war on terror without the Guard, and impossible for the Active components to recruit, train, and retain the thousands of people it would need to replace the Guard capability. We oppose this recommendation.

Another recommendation is for duty status reform—taking 29 statuses down to 2, either on active duty or not. The Commission considers inactive duty training as active duty, and therefore recommends adjusting the pay from receiving one day's pay per drill period to one day's pay for one day. The Commission recommends implementing this within 2 years and completing it within 5 years. This may reduce duty statuses and the Defense Department's liability for pay, benefits and retirement, but it also reduces the financial benefit for the Guard member, to include a reduction of retirement points and eventual retirement compensation (and possibly survivors benefit annuity payments to surviving spouses). We stand opposed to this recommendation.

We do agree that Basic Allowance for Housing, which pays a reduced housing allowance for periods of active duty of less than 30 days, can be eliminated altogether and any period of active duty would receive prorated housing allowance.

SPACE AVAILABLE TRAVEL PRIVILEGES FOR SURVIVING SPOUSES

When a military member passes away, the surviving spouse is no longer eligible to use the space available travel benefit since that spouse no longer has a sponsor with whom to travel. There is no cost to the government associated with this benefit—if there is a seat available on the military aircraft, the spouse fills the seat. If there is no seat, the spouse does not fly. If there is a small cost to fly, the spouse

pays the cost. The spouse would have to comply with all space available standards, such as carrying their own luggage, climbing stairs unassisted, and being financially responsible during their travel.

We believe this benefit is earned by the spouse with the years of sacrifice the spouse endured while their military member served our great nation. Such a small change in the law is the right thing to do for them, as they are one of the few classes of beneficiaries unable to travel on a military aircraft. We encourage the subcommittee to consider legislation to allow surviving spouses to fly on military aircraft space available.

EQUIPMENT SHORTAGES

Our soldiers and airmen will not remain in the National Guard if they have no equipment on which to train, either for sustainment after returning from deployment or in preparation for deployment. As much as TRICARE is a readiness issue, so is equipment and both have personnel implications in recruiting and retention of Guard members.

Within the last couple of weeks, you have heard the testimony of the Reserve chiefs, to include the Chief of the National Guard Bureau, with regard to equipment shortfalls in the Guard. Much of the Guard's equipment has been moved to Iraq, and we believe some of that equipment, which was supposed to come back from theater, has been given to the Iraqi Army. A major news source reported in mid-March that refurbished U.S. humvees, which have been used by U.S. forces and were scheduled to be sent home, had been transferred to the Iraqi Army. A total of 8,500 vehicles are part of this action.

Testimony has likened the Guard equipment problem to a local fire or police department being called for help, and not showing up with its required equipment to address the situation. Billions and billions of dollars have been authorized and appropriated by Congress, and the Department cannot accurately track those appropriations down to the end item being purchased. Indeed, there is doubt that the monies earmarked for Guard equipment were ever used for that purpose.

We want to go on record with our appreciation for the National Guard and Reserve Equipment Account, for without it our Guard would be seriously without any necessary supplies and equipment. We implore the subcommittee to work with the appropriators to ensure the accountability for equipment procurement has proper oversight.

We thank you for the opportunity to express the views of the Enlisted Association of the National Guard of the United States and look forward to working with the subcommittee. We know the subcommittee is well aware of the National Guard, the capabilities it brings to the table, and the undeniable devotion to this Nation the National Guard has in its citizen soldiers and airmen.

Senator BEN NELSON. Thank you, Sergeant.

Colonel Strobridge?

STATEMENT OF COL. STEVEN P. STROBRIDGE, USAF (RET.), DIRECTOR OF GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA

Colonel STROBRIDGE. Thank you, Mr. Chairman and Senator Graham. My portion of the Coalition testimony will address health care issues.

We certainly fully support the comments Meredith made on care for wounded warriors and their families, and we applaud what the committee did in first-step actions in this year's NDAA, but we do think that is only a first step, and we have a long way to go.

In that regard, continued collaboration between this committee and the Veterans Affairs Committee is going to be absolutely essential. We still have a lot of problems to deal with on that front.

Meredith mentioned some of the eligibility continuity problems encountered by families after disability retirement. We believe that members and families who are forced from Active Duty because of service-caused disabilities should retain Active-Duty-level TRICARE coverage for 3 years. The new law does that only for the

servicemember, and only when VA care is not available. That's too limited and too vague for troops and families facing extended rehab requirements after leaving Active Duty. Families shouldn't be caught between differing definitions of what VA care is available, as they are now. We allow 3 years Active-Duty-level coverage for survivors when a servicemember dies on Active Duty. To us, the severely wounded and their families deserve no less. Examples of those kinds of things—Meredith mentioned the cognitive therapy issue. We have people who are in the ECHO program who lose their benefits when they're retired, per diem for family caregivers, those kinds of issues.

We're also concerned that there's no central oversight to ensure that all departments and Services implement best practices from all the various ongoing military, VA, and civilian test projects on TBI and post-traumatic stress disorder. We urge including this responsibility under the newly legislated DOD–VA Interagency Program Office or establishing a related office for that purpose.

Finally, we support the disability retirement model in which DOD accepts VA-assigned disability ratings, but we still need to address interservice differences on what conditions are deemed unfitting or pre-existing. We oppose doing away with the DOD disability retirement system, as some have envisioned, which would substantially reduce retirement benefits for many wounded warriors, and we don't think that was the intent of this exercise.

On TRICARE fees, we oppose the large increases proposed by DOD in the recent task force report, and we urge restoring the $1.2 billion budget cut. We think it's wrong that the task force focused only on cost to the government, with barely a sentence on what military people earn for their career of sacrifice. In 2001, the new administration's officials praised TRICARE for Life, but now act as if no one expected that health care expenses for retirees over 65 would be very high. We can't see what changed during the past 6 years of war that makes the military community any less deserving of their benefit.

The plan to raise drug co-pays 100 to 400 percent would put them higher than most civilian plans. The Blue Cross/Blue Shield plan that the Military Officers Association offers every one of our employees has lower co-pays, across the board, than DOD proposes. DOD would quintuple the retail generic co-pay from $3 to $15. That's more than 87 percent of civilian plans charge. Wal-Mart offers generics to anybody who walks in the door, for $4 for 400 generic drugs.

The Coalition believes military benefits should be driven by standards and principles, not the budget. Just as we have statutory standards for most other major compensation elements, we urge the subcommittee to put some standards in this year's defense bill using S. 604 as the model. Fundamental among these are that military retirement and health benefits are the primary offset for the extraordinary sacrifices inherent in two or three decades of military service, that military people pay steep premiums for care, over and above the cash fees they pay in retirement, and pay them up front in service and sacrifice over multiple decades; and, finally, that the percentage increase in fees in any year shouldn't exceed the percentage increase in military compensation.

Two years ago, you met with us and DOD leaders to urge us to work together to find ways to reduce costs in ways that don't hurt military people. We took that very seriously, and we identified 16 ways, and have offered, repeatedly, to partner with the DOD on those. The DOD has refused, until just recently. Thanks to Dr. Casscells and General Granger, they're now looking at several of our proposals. We will be willing partners in that effort, if we're allowed.

One final item, a recent GAO report confirmed that Guard and Reserve members are overcharged for TRICARE Reserve Select by about $50 for single people and $175 a month for families. We urge the subcommittee to cut TRS fees and direct refunds. We continue to believe—and the Guard and Reserve Commission agreed—that the government will save money and Reserve families will be better served by authorizing an optional subsidy to continue their civilian family coverage when mobilized, just as we already do for DOD civilians who are mobilized as Guard or Reserve members.

That concludes my remarks. Thank you very much for your consideration.

[The prepared statement of The Military Coalition follows:]

PREPARED STATEMENT BY THE MILITARY COALITION

Mr. 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 statement provides the collective views of the following military and veterans' organizations, which represent approximately 5.5 million current and former members of the 7 uniformed services, plus their families and survivors.

- Air Force Association
- Air Force Sergeants Association
- Air Force Women Officers Associated
- American Logistics Association
- 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 Military Family Association
- National Order of Battlefield Commissions
- Naval Enlisted Reserve Association
- Naval Reserve Association
- Noncommissioned Officers Association
- Reserve Enlisted Association
- Reserve Officers Association [1]
- Society of Medical Consultants to the Armed Forces
- The Retired Enlisted Association
- United States Army Warrant Officers Association
- United States Coast Guard Chief Petty Officers Association

[1] The Reserve Officers Association supports the non-health care portion of the testimony.

- 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

Wounded Warrior Issues

Joint Transition Office

The Coalition is encouraged with the creation of a joint DOD–VA office to oversee development of a bidirectional electronic medical record. However, we strongly recommend that the subcommittee upgrade the scope of responsibilities and span of authority for the new DOD–VA Interagency Program Office to include top-down planning and execution of all "seamless transition" functions, including the joint electronic health record; joint DOD/VA physical; implementation of best practices for traumatic brain injury (TBI), post-traumatic stress disorder (PTSD), and special needs care; care access/coordination issues; and joint research.

The Coalition believes authorizing 3 years of their active-duty-level health care benefit for service-disabled members and their families after separation or retirement is essential to align stated "seamless transition" intentions with the realities faced by disabled members and families.

Disability Retirement Reform

The Coalition urges the subcommittee to ensure any legislative changes to the military disability evaluation and retirement systems do not reduce compensation and benefit levels for disabled servicemembers.

The Coalition does not support proposals to do away with the military disability retirement system and shift disability compensation responsibility to the VA.

The Coalition urges an expanded review of all administrative and disciplinary separations since October 7, 2001, for members with recent combat experience to assess whether the behavior that led to separation may have been due to service-caused exposure.

Active Force Issues

End Strength and Associated Funding

The Coalition strongly urges the subcommittee to sustain projected increases in ground forces and provide additional recruiting, retention, and support resources as necessary to attain/sustain them.

The Coalition urges the subcommittee to reconsider the consistency of projected reductions of Navy and Air Force forces with long-term readiness needs.

Compensation and Special Incentive Pay

The Coalition urges the subcommittee to propose a military pay raise of at least 3.9 percent for fiscal year 2009 (one-half percentage point above private sector pay growth) and to continue such half-percent annual increases over the employment cost index (ECI) until the current 3.4 percent pay comparability gap is eliminated.

The Coalition also urges the subcommittee to continue periodic targeted pay raises as appropriate to recognize the growing education and technical qualifications of enlisted members and warrant officers and sustain each individual grade/longevity pay cell at the minimum 70th percentile standard.

Access to Quality Housing

The Military Coalition urges reform of military housing standards that inequitably depress BAH rates for mid- to senior-enlisted members by relegating their occupancy to inappropriately small quarters.

Family Readiness and Support

The Coalition urges the subcommittee to support increased family support funding and expanded education and other programs to meet growing needs associated with increased ops tempo, extended deployments and the more complex insurance, retirement, and savings choices faced by over-extended military families.

Spouse Employment

The Coalition urges the subcommittee to support legislation which would expand the Workforce Opportunity Tax Credit for employers who hire spouses of Regular and Reserve component servicemembers.

Additionally, the Coalition supports providing tax credits to offset military spouses' expenses in obtaining career-related licenses or certifications when servicemembers are relocated to a different State.

Flexible Spending Accounts

TMC urges the subcommittee to continue pressing the DOD until servicemembers are provided the same eligibility to participate in Flexible Spending Accounts (FSAs) that all other Federal employees and corporate employees enjoy. Additionally, we support S.773.

Permanent Change of Station Allowances

The Military Coalition urges the subcommittee to upgrade permanent change-of-station allowances to better reflect the expenses members are forced to incur in complying with government-directed relocations, with priority on adjusting flat-rate amounts that have been eroded by years—or decades—of inflation, and shipment of a second vehicle at government expense to overseas accompanied assignments.

Base Realignment and Closure/Rebasing/Military Construction/Commissaries

The Coalition urges the subcommittee to closely monitor rebasing/base realignment and closure (BRAC) plans and schedules to ensure sustainment and timely development of adequate family support/quality of life programs. At closing and gaining installations, respectively—to include housing, education, child care, exchanges and commissaries, health care, family centers, unit family readiness, and other support services.

Morale, Welfare, and Recreation Programs

TMC urges the subcommittee to ensure that DOD funds MWR programs at least to the 85 percent level for Category A programs and 65 percent for Category B requirements.

Education Enhancements

TMC urges the subcommittee to work with the Veterans Affairs Committee to establish the benchmark level of Montgomery GI Bill (MGIB) education benefits at the average cost of attending a 4-year public college, and support continuous in-State tuition eligibility for servicemembers and their families in the State in which the member is assigned and the member's home State of record once enrolled as a student.

National Guard and Reserve Issues

Reserve Retirement and 'Operational Reserve' Policy

TMC strongly urges further progress in revamping the Reserve retirement system in recognition of increased service and sacrifice of National Guard and Reserve component members, including at a minimum, extending the new authority for a 90-day=3-month reduction to all National Guard and Reserve members who have served since September 11.

A Total Force Approach to the Montgomery GI Bill

TMC urges Congress to integrate Guard and Reserve and active duty MGIB laws into Title 38. In addition, TMC recommends restoring basic Reserve MGIB rates to approximately 50 percent of active duty rates and authorizing upfront reimbursement of tuition or training coursework for Guard and Reserve members.

Family Support Programs and Benefits

TMC urges Congress to continue and expand its emphasis on providing consistent funding and increased outreach to connect Guard and Reserve families with relevant support programs.

Tangible Support for Employers

The Coalition urges Congress to support needed tax relief for employers of Selected Reserve personnel and reinforce the Employer Support for Guard and Reserve Program.

Seamless Transition for Guard and Reserve Members

The Coalition urges the subcommittee to continue and expand its efforts to ensure Guard and Reserve members and their families receive needed transition services to make a successful readjustment to civilian status.

Retirement Issues

Concurrent Receipt

The Coalition urges the subcommittee to act expeditiously on the recommendations of the Veterans' Disability Benefits Commission and implement a plan to eliminate the deduction of VA disability compensation from military retired pay for all disabled military retirees.

Uniformed Services Retiree Entitlements and Benefits

TMC urges the subcommittee to resist initiatives to "civilianize" the military retirement system in ways that reduce the compensation value of the current retirement system and undermine long-term retention.

Permanent ID Card Reform

The Coalition urges the subcommittee to direct the Secretary of Defense to authorize issuance of permanent military identification cards to uniformed services family members and survivors who are age 65 and older.

Survivor Issues

Survivor Benefit Plan-Dependency and Indemnity Compensation Offset

The Coalition strongly urges the subcommittee to take further action to expand eligibility for the special survivor indemnity allowance to include all Survivor Benefit Plan (SBP)-Dependency and Indemnity Compensation (DIC) survivors and continue progress toward completely repealing the SBP–DIC offset for this most-aggrieved group of military widows.

Final Retired Paycheck

TMC urges the subcommittee to end the insensitive practice of recouping the final month's retired pay from the survivor of a deceased retired member.

Health Care Issues

Full Funding for the Defense Health Program

The Military Coalition strongly urges the subcommittee to take all possible steps to restore the reduction in TRICARE-related budget authority and ensure continued full funding for Defense Health Program needs.

Protecting Beneficiaries Against Cost-Shifting

The Coalition urges the subcommittee to require DOD to pursue greater efforts to improve TRICARE and find more effective and appropriate ways to make TRICARE more cost-efficient without seeking to "tax" beneficiaries and make unrealistic budget assumptions.

TMC Health Care Cost Principles

The Coalition most strongly recommends Rep. Chet Edwards' and Rep. Walter Jones' H.R. 579 and Sen. Frank Lautenberg's and Sen. Chuck Hagel's S. 604 as models to establish statutory findings, a sense of Congress on the purpose and principles of military health care benefits, and explicit guidelines for and limitations on adjustments.

- Active duty members and families should be charged no fees except retail pharmacy co-payments, except to the extent they make the choice to participate in TRICARE Standard or use out-of-network providers under TRICARE Prime.
- For retired and survivor beneficiaries, the percentage increase in fees, deductibles, and co-payments that may be considered in any year should not exceed the percentage increase beneficiaries experience in their compensation.
- The TRICARE Standard inpatient copay should not be increased further for the foreseeable future. At $535 per day, it already far exceeds inpatient copays for virtually any private sector health plan.
- There should be no enrollment fee for TRICARE Standard or TRICARE For Life (TFL), since neither offers assured access to TRICARE-participating providers. An enrollment fee implies enrollees will receive additional services, as Prime enrollees are guaranteed access to participating providers in return for their fee. Congress already has required TFL beneficiaries to pay substantial Medicare Part B fees to gain TFL coverage.
- There should be one TRICARE fee schedule for all retired beneficiaries, just as all legislators, Defense leaders and other Federal civilian grades have the same health fee schedule. The TRICARE schedule should be significantly lower than the lowest tier recommended by the DOD, recognizing

that all retired members paid large upfront premiums for their coverage through decades of arduous service and sacrifice.

TRICARE Standard Enrollment

The Coalition strongly recommends against establishment of any TRICARE Standard enrollment system; to the extent enrollment may be required, any beneficiary filing a claim should be enrolled automatically, without denying the claim. No enrollment fee should be charged for TRICARE Standard until and unless the program offers guaranteed access to a participating provider.

Private Employer Incentive Restrictions

The Coalition recommends Congress modify the law restricting private employer TRICARE incentives to explicitly exempt employers who offer only cafeteria plans (i.e., cash payments to all employees to purchase care as they wish) and employers who extend specific cash payments to any employee who uses health coverage other than the employer plan (e.g., FEHBP, TRICARE, or commercial insurance available through a spouse or previous employer).

Provider Participation Adequacy

The Coalition urges the subcommittee to continue monitoring DOD and Government Accountability Office (GAO) reporting on provider participation to ensure proper follow-on action.

Administrative Deterrents to Provider Participation

The Coalition urges the subcommittee to continue its efforts to reduce administrative impediments that deter providers from accepting TRICARE patients.

TRICARE Reimbursement Rates

The Coalition urges the subcommittee to exert what influence it can to persuade the Finance Committee to reform Medicare/TRICARE statutory payment formula. To the extent the Medicare rate freeze continues, we urge the subcommittee to encourage the DOD to use its reimbursement rate adjustment authority as needed to sustain provider acceptance.

Additionally, The Coalition urges the subcommittee to require a Comptroller General report on the relative propensity of physicians to participate in Medicare vs. TRICARE, and the likely effect on such relative participation of a further freeze in Medicare/TRICARE physician payments along with the affect of an absence of bonus payments.

Minimize Medicare/TRICARE Coverage Differences

The Coalition urges the subcommittee to align TRICARE coverage to at least match that offered by Medicare in every area and provide preventive services at no cost.

TRICARE Reserve Select (TRS) Premium

The Coalition recommends reducing TRS premiums to $48/month (single) and $175/month (family), as envisioned by the GAO, with retroactive refunds as appropriate. For the future, the percentage increase in premiums in any year should not exceed the percentage increase in basic pay.

The Coalition further recommends that the subcommittee request a report from the Department of Defense (DOD) on options to assure TRS enrollees' access to TRICARE-participating providers.

Private Insurance Premium Option

The Coalition recommends developing a cost-effective option to have DOD subsidize premiums for continuation of a Reserve employer's private family health insurance during periods of deployment as an alternative to permanent TRICARE Reserve Select coverage.

Involuntary Separatees

The Coalition recommends authorizing 1 year of post-Transitional Assistance Management Program (TAMP) TRS coverage for every 90 days deployed in the case of returning members of the Individual Ready Reserve (IRR) or members who are involuntarily separated from the Selected Reserve. The Coalition further recommends that voluntarily separating reservists subject to disenrollment from TRS should be eligible for participation in the Continued Health Care Benefits Program (CHCBP).

Gray Area Reservists

The Coalition urges the subcommittee to authorize an additional premium-based option under which members entering "gray area" retiree status would be able to avoid losing health coverage.

Reserve Dental Coverage

The Coalition supports providing dental coverage to reservists for 90 days pre- and 180 days post-mobilization (during TAMP), unless the individual's dental readiness is restored to T–2 condition before demobilization.

Restoration of Survivors' TRICARE Coverage

The Coalition recommends restoration of TRICARE benefits to previously eligible survivors whose second or subsequent marriage ends in death or divorce.

TRICARE Prime Remote Exceptions

The Coalition recommends removal of the requirement for the family members to reside with the active duty member to qualify for the TRICARE Prime Remote Program, when the family separation is due to a military-directed move or deployment.

Base Realignment and Closure, Rebasing, and Relocation

The Coalition recommends codifying the requirement to provide a TRICARE Prime network at all areas impacted by BRAC or rebasing. Additionally, we recommend that DOD be required to provide an annual report to Congress on the adequacy of health resources, services, quality and access of care for those beneficiary populations affected by transformation plans.

Pharmacy Co-payment Changes

The Coalition recommends deferral of any pharmacy copay increases pending assessment of the effects of the new Federal pricing law on usage and cost patterns for the different venues, and that the subcommittee instead urge DOD to pursue copay reductions and ease prior authorization requirements for medications for chronic diseases, based on private sector experience that such initiatives reduce long-term costs associated with such diseases.

Rapid Expansion of "Third Tier" Formulary

The Coalition urges the subcommittee to reassert its intent that the Beneficiary Advisory Panel (BAP) should have a substantive role in the formulary-setting process, including access to meaningful data on relative drug costs in each affected class, consideration of all BAP comments in the decisionmaking process, and formal feedback concerning rationale for rejection of BAP recommendations.

Referral and Authorization System

The Coalition recommends that Congress require a cost analysis report, including input from each Managed Care Support Contractor, concerning the referral process within DOD and reliance on Civilian Network Providers within an MTF's Prime Service Area.

Deductibility of Health and Dental Premiums

The Coalition urges all Armed Services Committee members to seek the support of the Finance Committees to approve legislation to allow all military beneficiaries to pay TRICARE-related insurance premiums in pre-tax dollars, to include TRICARE dental premiums, TRICARE Reserve Select premiums, TRICARE Prime enrollment fees, premiums for TRICARE Standard supplements, and long-term care insurance premiums.

OVERVIEW

Mr. Chairman, The Military Coalition (TMC) thanks you and the entire subcommittee for your continued, steadfast support of our active duty, Guard, Reserve, retired members, and veterans of the uniformed services and their families and survivors. the subcommittee's work last year generated ground-breaking, innovative improvements in military end strength, currently serving pay, survivor benefits, disabled retiree programs, and of most significance, improvements in wounded warrior benefits, care, and treatment. These enhancements will definitely make a positive difference in the lives of active, Guard and Reserve personnel, retirees, survivors, and families.

As our men and women in uniform continue to prosecute the global war on terror, the Coalition believes it is critical that the Nation support our troops with the appropriate resources. The services have reported that they are wearing out equipment at a record pace; however, the Coalition is concerned that we are wearing out

our people in uniform at even a faster pace. The current rate of deployments and the accompanied stress to our troops and their families put at risk the readiness of our servicemembers.

The men and women in uniform, active duty, Guard, and Reserve, are answering the call—but not without ever-greater sacrifice. Currently, over 615,000 National Guard and Reserve members have been called to active Federal service for the war on terrorism. Over 150,000 have had two or more deployments, putting particular stress on these members' civilian careers and employers. The "total force", with the support of their families, continues to endure mounting stress brought about by repeated deployments and ever-increasing workloads. Therefore, now is not the time to scrimp on the needs for our troops and their families.

Over the past several years, the Pentagon has repeatedly sought to curb spending on military personnel and facilities to fund operational requirements. In the process, the DOD has imposed dramatic force reductions in the Air Force and the Navy, tried to deter military retirees from using their earned health coverage by proposing large TRICARE fee increases, and cut back on installation quality of life programs.

The Coalition believes these efforts to rob personnel to fund operations will only make the uniformed services more vulnerable to future readiness problems. We agree with the Chairman of the Joint Chiefs of Staff, who has stated that 4 percent of gross domestic product (GDP) should be the "absolute floor" for the overall military budget. If we want a strong national defense, we have to pay for a strong military force as well as replace and upgrade aging, war-worn weapons and equipment.

The Coalition is encouraged by Congress' strong support for continued increases to Army and Marine Corps end strength, in recognition that our troops and families are dangerously overburdened. We believe the country must follow through on future planned increases, regardless of troop withdrawals from Iraq, and that these should be funded through permanent increases in the defense budget, not supplemental appropriations that undermine essential, long-term commitments. It's been proven that our military didn't have sufficient forces to meet the requirements of the current war. It would be inexcusable not to be better prepared for future contingencies.

In our statement today, The Military Coalition offers its collective recommendations on what needs to be done to address important personnel-related issues in order to sustain long-term personnel readiness.

WOUNDED WARRIOR ISSUES

Last February, a series of articles in the Washington Post titled "The Other Walter Reed" profiled shocking cases of wounded servicemembers who became lost in military health care and administrative systems upon being transferred to outpatient rehabilitative care.

Subsequently, the national media ran many stories of seriously wounded troops warehoused in substandard quarters, waiting weeks and months for medical appointments and evaluation board results, left pretty much on their own to try and navigate the confusing maze of medical system and benefit and disability rules, and low-balled into disability separations rather than being awarded the higher benefits of military disability retirement.

Interviews with family members—spouses, children, and parents—revealed heartbreaking real life dramas of those who quit their jobs and virtually lived at military hospitals to become caregivers to seriously wounded troops. Left with diminishing resources and unfamiliar with military benefit and disability rules, they were severely disadvantaged in trying to represent the interests of their wounded spouses and children who couldn't stand up for themselves.

These issues drew the attention of the President and Congress, leading to the immediate appointment of multiple special commissions and task forces charged with investigating the problems and identifying needed solutions. The Coalition is very grateful for the work of the Dole-Shalala Commission, the Marsh-West Independent Review Group, the VA Interagency Task Force on Returning Veterans, the Mental Health Task Force, and the previously authorized Veterans' Disability Benefits Commission. The Coalition endorses the vast majority of these groups' recommendations, and we're pleased that the subcommittee made a conscientious effort to address many of them in the Wounded Warrior Act provisions of the National Defense Authorization Act (NDAA) for Fiscal Year 2008.

Congress and TMC agree that our Nation's service men and women have earned first class care and assistance, both during recuperation and following separation or retirement from the military.

We are gratified at the sincere and unprecedented leadership efforts in the Departments of Defense and Veterans' Affairs and the Armed Services and Veterans'

Affairs Committees to transform the system to make this long overdue goal a reality.

But years of bureaucratic and parochial barriers can't be swept away as easily as we all would wish. The good work done in 2007 was only a modest first step on the path to transforming military and veterans programs to meet the pressing needs of wounded and disabled members and their families. We're still a long, long way from achieving the "seamless transition" goal.

Joint Transition Office

The Coalition believes one critical problem is bureaucratic stovepiping in each department. While both DOD and VA are making great efforts to cooperate, there is no permanent joint activity or office whose primary mission is to jointly plan and execute the seamless transition strategy and then exercise productive oversight over the longer-term process. There's no doubt about the good intentions of leadership, but to sustain the effort for the long term requires a change in organizational structure. Periodic meetings, after which the DOD and VA participants return to their separate offices on opposite sides of the Potomac, won't sustain the effort after the horror stories fade from the headlines.

This simply can't be someone's part-time job. It requires a full-time joint Federal transition office, staffed by full-time DOD, service and VA personnel working in the same office with a common joint mission: developing, implementing and overseeing the Joint Executive Council's strategic plan. This office's responsibilities should include:

- Joint In-Patient Electronic Health Record—The NDAA for Fiscal Year 2008 took the first step in authorizing a DOD/VA Interagency Program Office to oversee this specific initiative, which TMC has been seeking for years. But we believe the 2012 objective for implementing this system is too long to wait. Congress must press DOD and VA to speed delivery as soon as humanly possible, with concrete timelines and milestones for action. TMC also believes that the same logic that necessitates a joint office's oversight of this specific initiative is equally applicable in other areas, and that the interagency office's area of responsibility should be expanded accordingly.
- Special Needs Health Care—Polytrauma Rehabilitation Centers were established to meet the specialized clinical care needs of patients with multiple trauma conditions. They provide comprehensive inpatient rehabilitation services for individuals with complex cognitive, physical and mental health sequelae of severe disabling trauma. These centers require special oversight in order to ensure the required resources are available to include specialized staff, technical equipment and adequate bed space. This oversight must be a joint effort since it provides a significant piece of the health care continuum for severely injured personnel.
- PTSD, Traumatic Brain Injuries (TBI), and Mental Health/Counseling—The Coalition strongly supports the provisions in the NDAA for Fiscal Year 2008 establishing Centers of Excellence for these programs. We simply must have some central monitoring, evaluation, and crossfeed to take best advantage of the wide variety of current and planned DOD, Service, and VA programs and pilot projects aimed at destigmatizing, identifying, and treating TBI and PTSD. The Coalition believes it also is important to ensure that TBI and PTSD are identified and treated as combat injuries rather than mental health problems. The Coalition is doubtful whether these centers, by themselves, will be in a position to ensure coordination and implementation of best practices across all departments and Services.
- Caregiver Initiatives—Several wounded warrior provisions in the recently enacted NDAA provide additional support for the caregiver of the wounded warrior, typically a family member. However, we believe more needs to be done to strengthen support for families, to include the authorization of compensation for family member caregivers of severely injured who must leave their employment to care for the servicemember.
- Access to Care—A significant impediment to the "seamless transition" goal is that there are significant differences between health coverage and some other entitlements when a member transitions from active military Service to separated or retired status. TRICARE benefits for disability retirees and families are not the same as they were on active duty, and there are significant differences between coverage and availability of programs between TRICARE and the VA. When a member dies on active duty, Congress has deemed that the member's family should be eligible for 3 years of active-duty-level TRICARE coverage to assist in the family's transition.

TMC believes strongly that members who are disabled significantly by military service deserve equal treatment. The NDAA for Fiscal Year 2008 authorized continued active-duty level coverage, but only for the servicemember, and then only in cases where VA coverage is not available. TMC believes this limitation significantly undermines the seamless transition goal for wounded/disabled members whose rehabilitation and recovery may continue long after the time they leave active duty. Their needs—and those of their families—should not be inhibited by higher copays, deductibles, and coverage decreases the moment they are separated or retired from active duty. Allowing disabled members and their families to retain their active duty military health care benefit for 3 years after separation or retirement is essential to align our stated intentions with the realities faced by disabled members and families.

• Joint Research-Combined Research Initiatives would further enhance the partnership between VA and DOD. Since many of the concerns and issues of care are shared, joint collaboration of effort in the area of research should enable dollars to go much further and provide a more standardized system of health care in the military and veteran communities. Furthermore, research must also be performed jointly and across all military departments and with other practicing health care agencies to ensure timely integration of these findings in the diagnosis and treatment of wounded and disabled patients.

The Coalition is encouraged with the creation of a joint DOD–VA office to oversee development of a bi-directional electronic medical record. However, we strongly recommend that the subcommittee upgrade the scope of responsibilities and span of authority for the new DOD–VA Interagency Program Office to include top-down planning and execution of all "seamless transition" functions, including the joint electronic health record; joint DOD/VA physical; implementation of best practices for TBI, PTSD, and special needs care; care access/coordination issues; and joint research.

The Coalition believes authorizing 3 years of their active-duty-level health care benefit for service-disabled members and their families after separation or retirement is essential to align stated "seamless transition" intentions with the realities faced by disabled members and families.

Disability Retirement Reform—Several of the Walter Reed task forces and commissions recommended significant changes to the DOD Disability Evaluation System (DES), and the NDAA for Fiscal Year 2008 includes several initiatives requiring joint DOD/VA DES pilot programs; use of the VA Schedule for Rating Disabilities; review of medical separations with disability ratings of 20 percent or less; and enhanced disability severance pay. These changes will hopefully improve the overall DES and correct the reported "low-ball" ratings awarded some wounded warriors.

The Coalition is very supportive of the current DOD/VA disability rating pilot, which has the potential to help streamline transition from active duty into veteran/retired status. However, we believe further legislative efforts are required to curb service differences in determining whether a condition existed prior to service. To this end, language in the NDAA for Fiscal Year 2008 aimed at addressing this problem may actually have exacerbated it by amending only a part of the relevant provisions of law.

The Coalition does not support proposals to simply do away with the military disability retirement system and shift disability compensation responsibility to the VA. While this proposal seems administratively simple, and supports our long-standing "concurrent receipt" goal of ensuring proper vesting of service-based retirement for members who suffer from service-caused disabilities, it poses two significant risks that TMC deems unacceptable. First, it would cause significant compensation reductions for some severely disabled personnel—up to $1,000 a month or more in some cases, and even more for some Guard and Reserve members who suffer severe disabilities. Second, it would eliminate the 30 percent-disability retirement threshold that now establishes eligibility for retiree TRICARE coverage for disabled members and their families. TMC believes there must continue to be a statutory military disability threshold above which the member is considered a military retiree (not simply a separatee and veteran) and eligible for all the privileges of military retirement, including TRICARE coverage. The Coalition objects strongly to establishing disability ratings, compensation, or health care eligibility based whether the disability was incurred in combat vice non-combat.

The Coalition strongly supports the recent NDAA requirement for a case review of members separated with 20 percent or lower ratings since Oct. 7, 2001. There is evidence that many received "low-ball" ratings that did not adequately reflect the

degree of their disabilities and unfairly denied them eligibility for military disability retired pay and health coverage.

But we believe the subcommittee did not go far enough to correct past inequities. The Coalition is aware of many cases of "model troops" who fell into depression, drug use, and disciplinary situations after one or more combat tours, and who subsequently received administrative or disciplinary discharges.

The Coalition urges the subcommittee to ensure any legislative changes to the military disability evaluation and retirement systems do not reduce compensation and benefit levels for disabled servicemembers. The Coalition does not support proposals to do away with the military disability retirement system and shift disability compensation responsibility to the VA.

The Coalition urges an expanded review of all administrative and disciplinary separations since Oct. 7, 2001 for members with recent combat experience to assess whether the behavior that led to separation may have been due to service-caused exposure.

ACTIVE FORCE ISSUES

The subcommittee's key challenges will be to fend off those who wish to cut needed personnel and quality of life programs while working with DOD and the Administration to reduce the stress on the force and their families already subjected to repeated, long-term deployments. Rising day-to-day workloads for non-deployed members and repeated extensions of combat tours creates a breeding ground for retention problems. Meeting these challenges will require a commitment of personnel and resources on several fronts.

End Strength and Associated Funding

The Coalition was encouraged when the subcommittee ensured that the Army and Marine Corps authorized end strengths continued to grow in fiscal year 2008, and we are further encouraged that the DOD has asked for additional manpower increases for the Army and Marine Corps over the next 4 years.

Congress must ensure these increases are sufficient to ease force rotation burdens and the services are fully funded in order to achieve the new end strength. Increasing end strength is not a quick fix that will ease the stressors on currently serving servicemembers and their families.

Some already speculate that the planned increases may not be needed if we can reduce the number of troops deployed to Iraq. The Coalition believes strongly that the increases are essential to future readiness, regardless of force levels in Iraq. We know we didn't have enough troops to fight the current war without imposing terrible penalties on military members and families, and we must build our force management plans to avoid having to do so when the Nation is faced with another major unexpected contingency requirement.

For too long, we have planned only for the best-case scenario, which ignores our responsibility to the Nation to be prepared for unexpected and less-favorable scenarios, which could well arise anywhere around the globe, including the Far East.

A full range of funding is required to support this necessary end strength, including housing, health care, family programs, and child care. Having the services absorb these costs out of pocket is self-defeating.

Furthermore, as the Army and Marine Corps increase over the next 4 years, the Coalition remains concerned that ongoing Navy and Air Force active and Reserve personnel cuts are driven by budget considerations rather than operational requirements. We believe it is increasingly likely that future experience will prove these cutbacks ill-advised, and urge the subcommittee to reconsider their consistency with long-term readiness needs.

The Coalition strongly urges the subcommittee to sustain projected increases in ground forces and provide additional recruiting, retention, and support resources as necessary to attain/sustain them.

The Coalition urges the subcommittee to reconsider the consistency of projected reductions of Navy and Air Force forces with long-term readiness needs.

Compensation and Special Incentive Pays

The Coalition is committed to ensuring that pay and allowance programs are equitably applied to the seven uniformed services. In that regard, the Coalition urges the subcommittee to be mindful that personnel and compensation program adjustments for DOD forces should also apply to uniformed members of the Coast Guard, NOAA Corps, and Public Health Service.

Since the turn of the century, Congress and DOD have made significant progress to improve the lives of men and women in uniform and their families. Since 1999, when military pay raises had lagged a cumulative 13.5 percent behind the private

sector pay comparability standard, the subcommittee has narrowed that gap to 3.4 percent. Each year during that span, the subcommittee has ensured at least some progress in shrinking that disparity further. TMC is grateful for that progress, and believes strongly that it should continue until full pay comparability is restored.

DOD uses the 70th percentile of earnings of private workers of comparable age, experience and education as a standard to help rebalance the military pay table through special targeted pay increases depending on grade and longevity status. The Coalition believes this measure is useful as one tool in the process of establishing the proper progression of the pay table, and needs to be monitored and applied as necessary in the future. But it does not, by itself, supplant overall growth in the ECI as the measure of pay comparability, nor does it erase the remaining 3.4 percent gap between military pay raises and private sector pay growth.

The Coalition believes Congress will never find a better opportunity to phase out the remaining gap than today's conditions when private sector pay growth is relatively low. In assessing the proper amount to reduce the pay gap, Congress also should consider that today's troops are working much harder—and their families sacrificing much more—for their modest raises.

This year, we expect the Defense budget will propose a 3.4 percent raise for military personnel in 2009—a percentage equal to the growth in private sector pay 2 years earlier in 2007. The Coalition believes strongly that this is not the time to end Congress' steady path of progress in reducing the military pay comparability gap.

The Coalition urges the subcommittee to propose a military pay raise of at least 3.9 percent for fiscal year 2009 (one-half percentage point above private sector pay growth) and to continue such half-percent annual increases over the ECI until the current 3.4 percent pay comparability gap is eliminated.

The Coalition also urges the subcommittee to continue periodic targeted pay raises as appropriate to recognize the growing education and technical qualifications of enlisted members and warrant officers and sustain each individual grade/longevity pay cell at the minimum 70th percentile standard.

Access to Quality Housing

Today's housing allowances come much closer to meeting military members' and families' housing needs than in the past, thanks to the conscientious efforts of the subcommittee in recent years.

But the Coalition believes it's important to understand that some fundamental flaws in the standards used to set those allowances remain to be corrected, especially for enlisted members.

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 1.25 percent of the enlisted force (E–9) is eligible for BAH sufficient to pay for a three-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.

The Military Coalition urges reform of military housing standards that inequitably depress BAH rates for mid to senior enlisted members by relegating their occupancy to inappropriately small quarters.

Family Readiness and Support

A fully funded, robust family readiness program continues to be crucial to overall readiness of our military, especially with the demands of frequent and extended deployments.

Resource issues continue to plague basic installation support programs. At a time when families are dealing with increased deployments, they are being asked to do without. Often family centers are not staffed for outreach. Library and sports facilities hours are being abbreviated or cut altogether. Manpower for installation security is being reduced. These are additional sacrifices that we are imposing on our families left behind while their servicemembers are deployed.

In a similar vein, the Coalition believes additional authority and funding is needed to offer respite and extended child care for military families. These initiatives should be accompanied by a more aggressive outreach and education effort to improve members' and families' financial literacy. We should ensure members are aware of and encouraged to use child care, mental health support, spousal employ-

ment, and other quality-of-life programs that have seen recent growth. However, this education effort should also include expanded financial education initiatives to inform and counsel members and families on life insurance options, Thrift Savings Plan, IRAs, flexible spending accounts, savings options for children's education, and other quality of life needs.

In particular servicemembers must be educated on the long-term financial consequences of electing to accept the much lower-value $30,000 REDUX retention bonus after 15 years of service vice sustaining their full High–3 retirement benefit.

The Coalition urges the subcommittee to support increased family support funding and expanded education and other programs to meet growing needs associated with increased ops tempo, extended deployments and the more complex insurance, retirement, and savings choices faced by over-extended military families.

Spouse Employment

The Coalition is pleased that movement is being made to enhance the total force spouse employment opportunities through a test program and strong partnerships between DOD, Department of Labor, service organizations, employers, and others; however, more needs to be done.

More and more military spouses are in the workforce than in the past, but challenges in finding jobs after relocation adversely impact the military families' financial stability and satisfaction with military life. Spouse employment helps contribute to a strong military and helps in retention of our high quality, All-Volunteer Force. Defense leaders repeatedly acknowledge, "We recruit servicemembers, but we retain families."

One of the greatest frustrations for working spouses is the career and financial disruption associated with military-directed relocations. If we're serious about retaining more military families, we must get serious about easing this significant career and military life dissatisfier.

The Coalition urges the subcommittee to support legislation which would expand the Workforce Opportunity Tax Credit for employers who hire spouses of Regular and Reserve component servicemembers.

Additionally, the Coalition supports providing tax credits to offset military spouses' expenses in obtaining career-related licenses or certifications when servicemembers are relocated to a different State.

Flexible Spending Accounts

The Coalition cannot comprehend the DOD's continuing failure to implement existing statutory authority for active duty and Selected Reserve members to participate in FSAs, despite both Armed Services Committees' prodding on this subject.

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 DOD until servicemembers are provided the same eligibility to participate in FSAs that all other Federal employees and corporate employees enjoy. Additionally, we support S. 773.

Permanent Change of Station Allowances

Permanent Change of Station (PCS) allowances have continually failed to keep pace with the significant out-of-pocket expenses servicemembers and their families incur in complying with government-directed moves.

For example, PCS mileage rates still have not been adjusted since 1985. The current rates range from 15 to 20 cents per mile—an ever-shrinking fraction of the 50.5 cents per mile rate authorized for temporary duty travel. Also, military members must make any advance house-hunting trips at personal expense, without any government reimbursements such as Federal civilians receive.

Additionally, the overwhelming majority of service families consist of two working spouses, making two privately owned vehicles a necessity. Yet the military pays for shipment of only one vehicle on overseas moves, including moves to Hawaii and Alaska. This forces relocating families into large out-of-pocket expenses, either by shipping a second vehicle at their own expense or selling one car before leaving the States and buying another upon arrival. The Coalition is greatly disappointed that, for 2 consecutive years, a subcommittee proposal to authorize shipping two vehicles to non-foreign duty locations outside of CONUS has been dropped in conference.

The Coalition is grateful that the senior enlisted PCS weight allowance tables were increased slightly in the NDAA for Fiscal Year 2006; however, we believe that these modification need to go further for personnel in pay grades E–7, E–8, and E–

9 to coincide with allowances for officers in grades O–4, O–5, and O–6 respectively. The personnel property weight for a senior E–9 leader without dependents remains the same as for a single O–3 despite the normal accumulation of household goods over the course of a career.

Four years ago, the subcommittee authorized the Families First initiative. Among its provisions was full replacement value (FRV) reimbursement for household goods damaged during PCS moves. We are grateful that this first FRV phase has begun but will continue to monitor its implementation. The next phase, focusing on survey results and real time access to the progress of household goods in the moving process has yet to be fully implemented. We will continue to monitor the progress and hope that Congress will be doing the same.

Aside from that long-delayed initiative the last real adjustment in PCS expenses was 7 years ago in 2001, when this subcommittee upgraded PCS per diem (but not mileage) rates and raised the maximum daily Temporary Lodging Expense (TLE) allowance from $110 to $180 a day for a PCSing family, among certain other adjustments, including the increase in the junior enlisted weight allowances. That TLE amount is supposed to cover a family's food and lodging expenses while in temporary quarters at the gaining or losing installation. Today, after 7 years of inflation, it's hardly adequate to cover the daily expenses of a family of four or five anywhere in America, let alone a family ordered to relocate to San Diego or Washington, DC.

The Coalition also supports authorization of a dislocation allowance for servicemembers making their final "change of station" upon retirement from the uniformed services and a 500-pound professional goods weight allowance for military spouses.

We cannot avoid requiring members to make regular relocations, with all the attendant disruptions in their children's education and their spouses' careers. The Coalition believes strongly that the Nation that requires military families to incur these disruptions should not be making them bear the attendant high expenses out of their own pockets.

The Military Coalition urges the subcommittee to upgrade permanent change-of-station allowances to better reflect the expenses members are forced to incur in complying with government-directed relocations, with priority on adjusting flat-rate amounts that have been eroded by years—or decades—of inflation, and shipment of a second vehicle at government expense to overseas accompanied assignments.

Base Realignment and Closure/Rebasing/Military Construction/Commissaries

TMC remains concerned about inadequacy of service implementation plans for DOD transformation, global repositioning, Army modularity, and BRAC initiatives. Given the current wartime fiscal environment, TMC is greatly worried about sustaining support services and quality of life programs for members and families. These programs are clearly at risk—not a week goes by that the Coalition doesn't hear reports of cutbacks in base operation accounts and base services because of funding shortfalls.

Feedback from the installation level is that local military and community officials often are not brought "into the loop" or provided sufficient details on changing program timetables to plan, seek, and fund support programs (housing, schools, child care, roads, and other infrastructure) for the numbers of personnel and families expected to relocate to the installation area by a specific date.

We believe it is important to note that the commissary is a key element of the total compensation package for servicemembers and retirees. In addition to providing average savings of 30 percent over local supermarkets, commissaries provide an important tie to the military community. Shoppers get more than groceries at the commissary. It is also an opportunity to connect with other military family members and to get information on installation programs and activities through bulletin boards and installation publications. Finally, shoppers receive nutrition information and education through commissary promotions and educational campaigns contributing to the overall health of the entire beneficiary population.

The Coalition urges the subcommittee to closely monitor rebasing/BRAC plans and schedules to ensure sustainment and timely development of adequate family support/quality of life programs. At closing and gaining installations, respectively—to include housing, education, child care, exchanges and commissaries, health care, family centers, unit family readiness, and other support services.

Morale, Welfare, and Recreation Programs

The availability of appropriated funds to support MWR activities is an area of continuing concern. TMC strongly opposes any DOD initiative that withholds or reduces MWR appropriated support for Category A and Category B programs or that reduces the MWR dividend derived from military base exchange programs.

Servicemembers and their families are reaching the breaking point as a result of the war and the constant changes going on in the force. It is unacceptable to have troops and families continue to take on more responsibilities and sacrifices and not give them the support and resources to do the job and to take care of the needs of their families.

TMC urges the subcommittee to ensure that DOD funds MWR programs at least to the 85 percent level for Category A programs and 65 percent for Category B requirements.

Education Enhancements

Providing quality education for all military children is a key recruiting and retention standard that has been historically supported by the subcommittee.

The Coalition is concerned that there was no increase in the amount of the DOD Supplement to Impact Aid. The need for supplemental funding as school districts receive more military children as rebasing is implemented is increasing. We believe that the funding should reflect this greater impact.

Servicemembers have seen the value of their MGIB dramatically diminish due to double digit education inflation. The Coalition recommends tying the MGIB education benefit level to the average cost of a 4-year public college.

Furthermore, service families facing several duty location changes during a career often encounter problems establishing State residency for the purpose of obtaining in-State tuition rates for military children and spouses. The Coalition supports authorizing in-State college tuition rates for servicemembers and their families in the State in which the member is assigned and the member's home State of record. The in-State tuition should remain continuous once the military member or family member is established as a student.

TMC urges the subcommittee to work with the Veterans' Affairs Committee to establish the benchmark level of MGIB education benefits at the average cost of attending a 4-year public college, and support continuous in-State tuition eligibility for servicemembers and their families in the State in which the member is assigned and the member's home State of record once enrolled as a student.

NATIONAL GUARD AND RESERVE FORCE ISSUES

Every day somewhere in the world, our National Guard and Reserves are answering the call to service. Although there is no end in sight to their participation in homeland security, overseas deployment and future contingency operations, Guard and Reserve members have volunteered for these duties and accept them as a way of life in the 21st century.

Since September 11, 2001, more than 615,000 National Guard and Reserve service men and women have been called to active Federal service for the war on terrorism and more than 150,000 have served multiple deployments. They are experiencing similar sacrifices as the active-Duty Forces. However, readjusting to home life, returning to work and the communities and families they left behind puts added stress on Guard and Reserve members. Unlike active duty members, whose combat experience enhances their careers, many Guard Reserve members return to employers who are unhappy about their active duty service and find that their civilian careers have been inhibited by their prolonged absences. Further, despite the continuing efforts of the subcommittee, most Guard and Reserve families do not have the same level of counseling and support services that the active duty members have.

All Guard and Reserve components are facing increasing challenges involving major equipment shortages, end-strength requirements, wounded-warrior health care, assistance and counseling for Guard and Reserve members for pre-deployment and post-deployment contingency operations.

Congress and the DOD must provide adequate benefits and personnel policy changes to support our troops who go in harm's way.

Reserve Retirement and 'Operational Reserve' Policy

The assumption behind the 1948-vintage G–R retirement system—retired pay eligibility at age 60—was that these servicemembers would be called up only infrequently for short tours of duty, allowing the member to pursue a full-time civilian career with a full civilian retirement. Under the "Operational Reserve" policy, reservists will be required to serve 1-year active duty tours every 5 or 6 years.

Repeated, extended activations devalue full civilian careers and impede reservists' ability to build a full civilian retirement, 401(k), etc. Regardless of statutory reemployment protections, periodic long-term absences from the civilian workplace can only limit Guard and Reserve members' upward mobility, employability and financial security. Further, strengthening the Reserve retirement system is needed as an

incentive to retain critical mid-career officers and NCOs for a full Reserve career to meet long-term readiness needs.

The Coalition is grateful for the NDAA for Fiscal Year 2008 provision that would lower the Reserve retirement age by 3 months for each cumulative 90 days of active duty on contingency operation orders. TMC appreciates the importance of this small first step, but is very concerned that the new authority authorizes such credit only for service in 2008 and beyond—ignoring the extreme sacrifices of those who have borne the greatest burden of sacrifice in the war on terror for one, two, three or more combat tours in the past 6 years.

TMC strongly urges further progress in revamping the Reserve retirement system in recognition of increased service and sacrifice of National Guard and Reserve component members, including at a minimum, extending the new authority for a 90 day=3 month reduction to all National Guard and Reserve members who have served since September 11.

A Total Force Approach to the MGIB

The Nation's active duty, National Guard, and Reserve Forces are operationally integrated under the Total Force policy. But educational benefits under the MGIB do not reflect the policy nor match benefits to service commitment.

TMC is grateful that the NDAA for Fiscal Year 2008 addressed a major inequity for operational reservists by authorizing 10 years of post-service use for benefits earned under Chapter 1607, 10 U.S.C.

But this change will require the DOD, not the VA to pay the costs of readjustments for reservists. At a hearing on January 17, 2008, a senior DOD official acknowledged that the DOD no longer should control Chapter 1607.

In addition, basic Reserve MGIB benefits for initial service entry have lost proportional parity with active duty rates since September 11. These relative benefits have spiraled down from a historic ratio of 47–50 percent of active duty MGIB levels to less than 29 percent—at a time when Guard and Reserve recruitment continues to be very challenging.

TMC urges Congress to integrate Guard and Reserve and active duty MGIB laws into Title 38. In addition, TMC recommends restoring basic Reserve MGIB rates to approximately 50 percent of active duty rates and authorizing upfront reimbursement of tuition or training coursework for Guard and Reserve members.

Family Support Programs and Benefits

The Coalition supports providing adequate funding for a core set of family support programs and benefits that meet the unique needs of Guard and Reserve families with uniform access for all servicemembers and families. 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. This access would include:

- Web-based programs and employee assistance programs such as Military OneSource and Guard Family.org.
- Enforcement of command responsibility for ensuring that programs are in place to meet the special needs of families of individual augmentees or the geographically dispersed.
- Expanded programs between military and community religious leaders to support servicemembers and families during all phases of deployments.
- 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.

The Coalition recognizes the subcommittee's longstanding interest and efforts on this topic, including several provisions in the NDAA for Fiscal Year 2008. The Coalition will monitor the results of the surveys and increased oversight called for in the provisions and looks forward to working closely with the Family Readiness Council.

TMC urges Congress to continue and expand its emphasis on providing consistent funding and increased outreach to connect Guard and Reserve families with relevant support programs.

Tangible Support for Employers

Employers of Guard and Reserve servicemembers shoulder an extra burden in support of the national defense. The new "Operational Reserve" policy places even greater strain on employers. For their sacrifice, they get plaques to hang on the wall.

For Guard and Reserve members, employer 'pushback' is listed as one of the top reasons for reservists to discontinue Guard and Reserve service. If we are to sustain a viable Guard and Reserve Force for the long term, the Nation must do more to tangibly support employers of the Guard and Reserve and address their substantive concerns, including initiatives such as:

- Tax credits for employers who make up any pay differential for activated employees.
- Tax credits to help small business owners hire temporary workers to fill in for activated employees.
- Tax credits for small manufacturers to hire temporary workers.

The Coalition urges Congress to support needed tax relief for employers of Selected Reserve personnel and reinforce the Employer Support for Guard and Reserve Program.

Seamless Transition for Guard and Reserve Members—Over 615,000 members of the Guard and Reserve have been activated since September 11. Congressional hearings and media reports have documented the fact that at separation, many of these servicemembers do not receive the transition services they and their families need to make a successful readjustment to civilian status. Needed improvements include but are not limited to:

- 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" services in the hometown setting.
- Authority for mobilized Guard and Reserve members to file "FSA" claims for a prior reporting year after return from active duty.
- Authority for employers and employees to contribute to 401k and 403b accounts during mobilization.
- Enactment of academic protections for mobilized Guard and Reserve students including: academic standing and refund guarantees; and, exemption of Federal student loan payments during activation.
- Automatic waivers on scheduled licensing/certification/promotion exams scheduled during a mobilization.
- Authority for reemployment rights for Guard and Reserve spouses who must suspend employment to care for children during mobilization.

The Coalition appreciates the work of this subcommittee in seeking to address some of these needs in the NDAA for Fiscal Year 2008, but more remains to be done.

The Coalition urges the subcommittee to continue and expand its efforts to ensure Guard and Reserve members and their families receive needed transition services to make a successful readjustment to civilian status.

RETIREMENT ISSUES

The Military Coalition is extremely grateful to the subcommittee for its 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

In the NDAA for Fiscal Year 2004, Congress acknowledged the inequity of the disability offset to earned retired pay and established a process to end or phase out the offset for all members with at least 20 years of service and at least a 50 percent disability rating. That legislation also established the Veterans' Disability Benefits Commission and tasked the Commission to review the disability system and recommend any further adjustments to the disability offset law.

Now the Commission has provided its report to Congress, in which it recommended an end to the VA compensation offset for all disabled military retirees, regardless of years of service, percentage of disability, or source of the service-connected disability (combat vs. non-combat).

In the interim, congressional thinking has evolved along similar lines. The Coalition is thankful for the subcommittee's efforts in the NDAA for Fiscal Year 2008 to extend Combat-Related Special Compensation to disabled retirees who had their

careers forced into retirement before attaining 20 years of service, as well as ending the offset for retirees rated unemployable by the VA.

Despite this important progress, major inequities still remain that require the subcommittee's immediate attention. Many retirees are still excluded from the same principle that eliminates the disability offset for those with 50 percent or higher disabilities. The Coalition agrees strongly with the Veterans' Disability Benefits Commission that principle is the same for all disabled retirees, including those not covered by concurrent receipt relief enacted so far.

The one key question is, "Did the retired member fully earn his or her service-based retired pay, or not, independent of any disability caused by military service in the process?" The Coalition and the Disability Commission agree that the answer has to be "Yes." Any disability compensation award should be over and above service-earned retired pay.

If a service-caused disability is severe enough to bar the member's continuation on active duty, and the member is forced into medical retirement short of 20 years of service, the member should be "vested" in service-earned retired pay at 2.5 percent times pay times years of service.

To the extent that a member's military disability retired pay exceeds the amount of retired pay earned purely by service, that additional amount is for disability and therefore is appropriately subject to offset by VA disability compensation.

The principle behind eliminating the disability offset for Chapter 61 retirees with less than 20 years of service with combat-related disabilities is no less applicable to those who had their careers cut short by other service-caused conditions. It is simply inappropriate to make such members fund their own VA disability compensation from their service-earned military retired pay, and it is unconscionable that current law forces thousands of severely injured members with as much as 19 years and 11 months of service to forfeit most or all of their earned retired pay.

The Coalition urges the subcommittee to act expeditiously on the recommendations of the Veterans' Disability Benefits Commission and implement a plan to eliminate the deduction of VA disability compensation from military retired pay for all disabled military retirees.

Uniformed Services Retiree Entitlements and Benefits

The Coalition awaits the results of the 10th Quadrennial Review of Military Compensation, which was tasked with reviewing the recommendations of the Defense Advisory Committee on Military Compensation (DACMC). The Coalition does not support the DACMC (nor the Commission on the National Guard and Reserve) recommendations to modify the military retirement system to more closely reflect civilian practices, including vesting for members who leave Service short of a career and delaying retired pay eligibility for those who serve a career.

Many such proposals have been offered in the past, and have been discarded for good reasons. The only initiative to substantially curtail/delay military retired pay that was enacted—the 1986 REDUX plan—had to be repealed 13 years later after it began inhibiting retention.

The Coalition believes such initiatives to "civilianize" the military retirement system in ways that reduce the value of the current retirement system and undermine long-term retention are based on a seriously flawed premise. The reality is that unique military service conditions demand a unique retirement system. Surveys consistently show that the military retirement system is the single most powerful incentive to serve a full career under conditions few civilians would be willing to endure for even 1 year, much less 20 or 30. A civilian-style retirement plan would be appropriate for the military only if military service conditions were similar to civilian working conditions—which they most decidedly are not. The Coalition believes strongly that, if such a system as recommended by the DACMC existed for today's force under today's service conditions, the military services would already be mired in a much deeper and more traumatic retention crisis than they have experienced for many of the past several years.

TMC urges the subcommittee to resist initiatives to "civilianize" the military retirement system in ways that reduce the compensation value of the current retirement system and undermine long-term retention.

Permanent Identification Card Eligibility

The advent of TFL, expiration of TFL-eligible spouses' and survivors' military identification cards—and the threatened denial of health care claims—have caused many frail and elderly members and their caregivers significant administrative and financial distress.

Previously, those who lived miles from a military installation or who resided in nursing homes and assisted living facilities simply did not bother to renew their

identification cards upon the 4 year expiration date. Before enactment of TFL, they had little to lose by not doing so. But now, identification card expiration cuts off their new and all-important health care coverage.

Congress has agreed with the Coalition's concerns that a 4-year expiration date is reasonable for younger family members and survivors who have a higher incidence of divorce and remarriage, but it imposes significant hardship and inequity upon elderly dependents and survivors.

In the NDAA for Fiscal Year 2005, Congress authorized permanent ID cards for spouses and survivors who have attained age 75 (vs. the Coalition-recommended age 65), recognizing that many elderly spouses and survivors with limited mobility or who live in residential care facilities find it difficult or impossible to renew their military ID cards. Subsequently, Congress expanded that eligibility to permanently disabled dependents of retired members, regardless of age.

Coalition associations continue to hear from a number of beneficiaries below the age of 75 who are disabled, living in residential facilities, are unable to drive, or do not live within a reasonable distance of a military facility. The threat of loss of coverage is forcing many others to try to drive long distances—sometimes in adverse weather and at some risk to themselves and others—to get their cards renewed.

For administrative simplicity, the Coalition believes the age for the permanent ID card for spouses and survivors should coincide with the advent of TFL. To the extent an interim step may be necessary, the eligibility age could be reduced to 70.

The Coalition urges the subcommittee to direct the Secretary of Defense to authorize issuance of permanent military identification cards to uniformed services family members and survivors who are age 65 and older.

SURVIVOR ISSUES

The Coalition is grateful to the subcommittee for its significant efforts in recent years to improve the SBP. We particularly note that, as of April 1, thanks to this subcommittee's efforts, the minimum annuity for all SBP beneficiaries, regardless of age will be 55 percent of covered retired pay.

We also appreciate Congress' initiative in last year's defense bill that establishes a special survivor indemnity allowance that is the first step in a longer-term effort to phase out the DIC offset to SBP when the member died of a service-caused condition.

SBP–DIC Offset

The Coalition believes strongly that current law is unfair in reducing military SBP annuities by the amount of any survivor benefits payable from the VA DIC program.

If the surviving spouse of a retiree who dies of a service-connected cause is entitled to DIC from the Department of Veterans Affairs and if the retiree was also enrolled in SBP, the surviving spouse's SBP benefits are reduced by the amount of DIC. A pro-rata share of SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. This offset also affects all survivors of members who are killed on active duty.

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 his or her premature death. In such cases, the VA indemnity compensation should be added to the SBP the retiree paid for, not substituted for it. It should be noted 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 Federal civilian SBP benefits.

The Coalition is concerned that, in authorizing the special survivor indemnity allowance in last year's NDAA, the conferees did not use the precise language proposed by this subcommittee, but adopted a technical language change that had the effect of limiting eligibility for the new allowance to survivors of members who were either retired or in the "gray area" Reserve at the time of death. That is, it excluded survivors of members who died while serving on active duty.

The Coalition believes strongly that the latter group of survivors is equally deserving of the new allowance. Some have argued that relief should be allowed only for those who paid a cash premium in retirement. The Coalition strongly disagrees, noting that a severely injured member who dies 1 month after his military disability retirement and who paid 1 month of SBP premiums is little different than the case of a member who is more severely injured and expires more rapidly. Further, the new law authorizes coverage for "gray area" retirees who have paid no premiums, since their retired pay and SBP premiums don't begin until age 60.

But the Coalition believes the issue goes beyond any such hair-splitting. The reality is that, in every SBP/DIC case, active duty or retired, the true premium extracted by the service from both the member and the survivor was the ultimate one—the very life of the member—and that the service was what caused his or her death.

The Coalition knows that the subcommittee is aware that the military community (and especially the survivors concerned) view the amount of the new allowance—$50 per month initially, and growing to $100 over the course of several years—as grossly inadequate. We appreciate that the subcommittee could have elected to do nothing rather than incur the expected negative feedback about the small amount. In that regard, we applaud you for having the courage to acknowledge the inequity and take this first step, however small, to begin trying to address it.

But we also urge the subcommittee to work hard to accelerate increases in the amount of the allowance, to send the much-needed message to these survivors who have given so much to their country that Congress fully intends to find a way to address their loss more appropriately.

The Coalition strongly urges the subcommittee to take further action to expand eligibility for the special survivor indemnity allowance to include all SBP–DIC survivors and continue progress toward completely repealing the SBP–DIC offset for this most-aggrieved group of military widows.

Final Retired Paycheck

The Military Coalition believes the policy requiring recovery of a deceased member's final retired paycheck from his or her survivor should be changed to allow the survivor to keep the final month's retired pay.

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 her or his bank account.

The Coalition believes this is an extremely insensitive policy imposed by the government at a most traumatic time for a deceased member's next of kin. Unlike his or her active duty counterpart, a retiree's survivor receives no death gratuity. Many older retirees do not have adequate insurance to provide even a moderate financial cushion for surviving spouses. Very often, the surviving spouse already has had to spend the final month's retired pay 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 strains the surviving spouse's ability to meet the immediate financial obligations commensurate with the death of the average family's "bread winner."

TMC urges the subcommittee to end the insensitive practice of recouping the final month's retired pay from the survivor of a deceased retired member.

HEALTH CARE ISSUES

The Coalition very much appreciates the subcommittee's strong and continuing interest in keeping health care commitments to military beneficiaries. We are particularly grateful for your support for the last 2 years in refusing to allow the DOD to implement disproportional beneficiary health fee increases.

The Coalition is more than willing to engage substantively in TRICARE fee and copay discussions with DOD. In past years, the Coalition and the DOD have had regular and substantive dialogues that proved very productive in facilitating reasonably smooth implementation of such major program changes as TRICARE Prime and TRICARE for Life. The objective during those good-faith dialogues has been finding a balance between the needs of the Department and the needs of beneficiaries.

It is a great source of regret to the Coalition that there has been substantively less dialogue on the more recent fee increase initiatives. From its actions, it is hard to draw any other conclusion than the Department's sole concern is to extract a specified amount of budget savings from beneficiaries. The savings are intended to come from increased revenues from higher fees and less utilization by military retirees. The Coalition and Congressional Budget Office believe that DOD's approach will not achieve the projected savings.

The unique package of military retirement benefits—of which a key component is a top-of-the-line health benefit—is the primary offset afforded uniformed servicemembers for enduring a career of unique and extraordinary sacrifices that few Americans are willing to accept for 1 year, let alone 20 or 30. It is an unusual—and essential—compensation package that a grateful Nation provides for the rel-

atively few who agree to subordinate their personal and family lives to protecting our national interests for so many years.

Full Funding for the Defense Health Program

The Coalition very much appreciates the subcommittee's support for maintaining—and expanding where needed—the health care benefit for all military beneficiaries, consistent with the demands imposed upon them.

The DOD, Congress, and The Military Coalition all have reason to be concerned about the rising cost of military health care. But it is important to recognize that the bulk of the problem is a national one, not a military-specific one. To a large extent, military health cost growth is a direct reflection of health care trends in the private sector.

It is true that many private sector employers are choosing to shift an ever-greater share of health costs to their employees and retirees. In the bottom-line-oriented corporate world, many firms see their employees as another form of capital, from which maximum utility is to be extracted at minimum cost, and those who quit are replaceable by similarly experienced new hires. But that can't be the culture in the military's closed personnel, all volunteer model, whose long-term effectiveness is utterly dependent on establishing a sense of mutual, long-term commitment between the servicemember and his/her country.

Some assert active duty personnel costs have increased 60 percent since 2001, of which a significant element is for compensation and health costs. But much of that cost increase is due to conscious decisions by Congress to correct previous shortfalls—including easing the double-digit military "pay gap" of that era and correcting the unconscionable situation before 2001 when military beneficiaries were summarily dropped from TRICARE coverage at age 65. Additionally, much of the increase is due to the cost of war and increased operating tempo (OPTEMPO).

Meanwhile, the cost of basic equipment soldiers carry into battle (helmets, rifles, body armor) has increased 257 percent (more than tripled) from $7,000 to $25,000 since 1999. The cost of a Humvee has increased seven-fold (600 percent) since 2001 (from $32,000 to $225,000).

While we have an obligation to do our best to intelligently allocate these funds, the bottom line is that maintaining the most powerful military force in the world is expensive—and doubly so in wartime.

The Coalition assumes that DOD will again propose a reduction to the defense health budget based on the assumption that Congress will approve beneficiary fee increases for fiscal year 2009 at least as large as those as outlined last year. The Coalition objects strongly to the administration's arbitrary reduction of the TRICARE budget submission. DOD has typically overestimated its health care costs as evidenced by a recent GAO report on the TRICARE Reserve Select premiums. The Coalition deplores this inappropriate budget "brinksmanship", which risks leaving TRICARE significantly underfunded, especially in view of statements made for the last 2 years by leaders of both Armed Services Committees that the Department's proposed fee increases were excessive.

The Coalition understands only too well the very significant challenge such a large and arbitrary budget reduction would pose for this subcommittee if allowed to stand. If the reduction is not made up, the Department almost certainly will experience a substantial budget shortfall before the end of the year. This would then generate supplemental funding needs, further program cutbacks, and likely efforts to shift even more costs to beneficiaries in future years—all to the detriment of retention and readiness.

The Coalition particularly objects to DOD's past imposition of "efficiency wedges" in the health care budget, which have nothing to do with efficiency and everything to do with imposing arbitrary budget cuts that impede delivery of needed care. We are grateful at the subcommittee's strong action on this topic, and trusts in your vigilance to ensure that such initiatives will not be part of this year's budget process.

The Military Coalition strongly urges the subcommittee to take all possible steps to restore the reduction in TRICARE-related budget authority and ensure continued full funding for Defense Health Program needs.

Protecting Beneficiaries Against Cost-Shifting

The Task Force on the Future of Military Health Care had a great opportunity for objective evaluation of the larger health care issues. Unfortunately, the Coalition believes the Task Force missed that mark by a substantial margin.

The bulk of its report cites statistics provided by the DOD and focuses discussions of cost-sharing almost solely on government costs, while devoting hardly a sentence to what the Coalition views as an equally fundamental issue—the level of health

coverage that members earn by their arduous career service, the value of that service as an in-kind, upfront premium pre-payment, and the role of lifetime health coverage as an important offset to the unique conditions of military service. The Task Force focused on what was "fair to the taxpayer" and felt the benefit should be "generous but not free".

The Task Force gave short shrift to what the Coalition sees as a fundamental point—that generations of military people have been told by their leaders that their service earned them their health care benefit, and the DOD and Congress reinforced that perception by sustaining flat, modest TRICARE fees over long periods of time. But now the Department and the Task Force assert that the military retirement health benefit is no longer earned by service. They now say beneficiary costs should be "restored" to some fixed share of DOD costs, even though no such relationship was ever stated or intended in the past. The Task Force report acknowledges that DOD cost increases over the intervening years have been inflated by military/wartime requirements, inefficiency, lack of effective oversight, structural dysfunction, or conscious political decisions by the Administration and Congress. Yet they assert that the government should foist a fixed share of those costs on beneficiaries anyway.

The Coalition believes the Task Force's fee recommendations (see charts below)—which actually propose larger fee increases than DOD had—would be highly inequitable to beneficiaries and would pose a significant potential deterrent to long-term career retention.

Current vs. Proposed TRICARE Fees
(Recommended by DoD Task Force on Future of Military Health Care)

Retiree Under Age 65, Family of Three

TRICARE Prime*	Current	Proposed
Enrollment Fee	$460	$1,090 - $2,090***
Doctor Visit Copays	$60	$125
Rx Cost Shares**	$288	$960
Yearly Cost	***$808***	***$2,175 - $3,175***

TRICARE Standard*	Current	Proposed
Enrollment Fee	$0	$120
Deductible	$300	$600 - $1,150***
Rx Cost Shares**	$288	$960
Yearly Cost	***$588***	***$1680 - $2,230***

* Fully phased-in proposal; assumes 5 doctor visits per year.
**Assumes 2 generic and 2 brand name prescriptions per month in retail pharmacy
***Includes annual medical inflation adjustment recommended by the Task Force.

Retiree Over Age 65 and Spouse

TRICARE For Life*	Current	Proposed
Medicare Part B	$2,314	$2,314
Enrollment Fee	$0	$240
Rx Cost Shares**	$396	$1,260
Yearly Cost	***$2,710***	***$3,814***

*Assumes lowest tier Medicare Part B premium for 2008.
**2 generic and 3 brand name prescriptions per month purchased at a network retail pharmacy

Currently Serving Family of Four

TRICARE Standard*	Current	Proposed
Enrollment Fee	$0	$120 (??)
Deductible	$300	$600 - $1,150***
Rx Cost Shares**	$180	$660
Yearly Cost	***$480***	***$1,260 - $1,930***

*Fully phased in proposals. Spouse and 2 children use Standard.
(??) Task Force report unclear whether enrollment fee would apply to currently serving families who elect TRICARE Standard
**Assumes 2 generic and 1 brand name prescription per month purchased at retail pharmacy.
*** Includes annual military medical inflation adjustment as recommended by the Task Force.

The Task Force cited GAO and other government reports to the effect that DOD financial statements and cost accounting systems are not auditable because of system problems and inadequate business processes and internal controls. Despite those statements, the Task Force accepted DOD data as the basis for assessing and proposing beneficiary cost-sharing percentages. The Coalition has requested information concerning the 1996 calculation and has never received an adequate accounting as to what was included in the calculation.

The Task Force refers to its fee increases as "modest" and suggests the changes would be more generous than those offered by 75 percent to 80 percent of all organizations in the private sector that offer health care benefits. The Coalition finds it telling that the Task Force would be content that 20 percent to 25 percent of U.S. firms offer their employees—most of whom never served 1 day for their country—a better benefit than the DOD provides in return for two or three decades of service and sacrifice in uniform.

The Coalition is very grateful that Congress has expressed a much greater recognition of beneficiary perspectives, and has sought a more comprehensive examination of military health care issues. In that regard, the Coalition testimony will outline several specific concerns and address some principles that the Coalition believes need to be addressed in statute, just as there are statutory standards and guidelines for other major compensation elements—pay raises, housing and subsistence allowances, retired pay COLAs, etc.

People vs. Weapons

Defense officials have provided briefs to Congress indicating that the rising military health care costs are "impinging on other service programs." Other reports indicate that DOD leadership is seeking more funding for weapons programs by reducing the amount it spends on military health care and other personnel needs.

The Military Coalition continues to assert that such budget-driven trade-offs are misguided and inappropriate. Cutting people programs to fund weapons ignores the much larger funding problem, and only makes it worse.

The Coalition believes strongly that the proposed defense budget is too small to meet national defense needs. Today's defense budget (in wartime) is only about 4 percent of GDP, well short of the average for the peacetime years since World War II.

The Coalition believes strongly that America can afford to and must pay for both weapons and military health care.

Military vs. Civilian Cost-Sharing Measurement

Defense leaders assert that substantial military fee increases are needed to bring military beneficiary costs more in line with civilian practices. But merely contrasting military vs. civilian cash cost-shares is a grossly misleading, "apple-to-orange" comparison.

For all practical purposes, those who wear the uniform of their country are enrolled in a 20- to 30-year pre-payment plan that they must complete to earn lifetime health coverage. In this regard, military retirees and their families paid enormous "upfront" premiums for that coverage through their decades of service and sacrifice.

Once that pre-payment is already rendered, the government cannot simply pretend it was never paid, and focus only on post-service cash payments.

The DOD and the Nation—as good-faith employers of the trusting members from whom they demand such extraordinary commitment and sacrifice—have a reciprocal health care obligation to retired servicemembers and their families and survivors that far exceeds any civilian employer's to its workers and retirees.

The Task Force on the Future of Military Health Care acknowledges that its recommendations for beneficiary fee increases, if enacted, would leave military beneficiaries with a lesser benefit than 20–25 percent of America's corporate employees. The pharmacy copayment schedule they propose for military beneficiaries is almost the same—and not quite as good in some cases—as the better civilian programs they reviewed.

The Coalition believes that military beneficiaries from whom America has demanded decades of extraordinary service and sacrifice have earned coverage that is the best America has to offer—not just coverage that is at the 75th percentile of corporate plans.

Large Retiree Fee Increases Can Only Hurt Retention

The reciprocal obligation of the government to maintain an extraordinary benefit package to offset the extraordinary sacrifices of career military members is a practical as well as moral obligation. Mid-career military losses can't be replaced like civilians can.

Eroding benefits for career service can only undermine long-term retention/readiness. Today's troops are very conscious of Congress' actions toward those who preceded them in service. One reason Congress enacted TFL is that the Joint Chiefs of Staff at that time said that inadequate retiree health care was affecting attitudes among active duty troops.

The current Joint Chiefs have endorsed increasing TRICARE fees only because their political leaders have convinced them that this is the only way they can secure funding for weapons and other needs. The Military Coalition believes it is inappropriate to put the Joint Chiefs in the untenable position of being denied sufficient funding for current readiness needs if they don't agree to beneficiary benefit cuts.

Those who think retiree health care isn't a retention issue should recall a quote by then Chief of Naval Operations and now Chairman of Joint Chiefs of Staff, Admiral Mike Mullen, in a 2006 Navy Times:

"More and more sailors are coming in married. They talk to me more about medical benefits than I ever thought to when I was in my mid-20s. I believe we have the gold standard . . . for medical care right now, and that's a recruiting issue, a recruiting strength, and it's a retention strength."

That's more than backed up by two independent Coalition surveys. A 2006 Military Officers Association of America survey drew 40,000 responses, including more than 6,500 from active duty members. Over 92 percent in all categories of respondents opposed the DOD-proposed plan. There was virtually no difference between the responses of active duty members (96 percent opposed) and retirees under 65 (97 percent opposed). A Fleet Reserve Association survey showed similar results.

Reducing military retirement benefits would be particularly ill-advised when recruiting is already a problem and an overstressed force is at increasing retention risk.

Proposed Increases Far Exceed Inflation Increases

The increases proposed by the administration and the Task Force are grossly out of line with TRICARE benefit levels originally enacted by Congress, even allowing for interim inflation since current fees were established.

If the $460 family Prime enrollment fee had been increased by the same Consumer Price Index (CPI) percentage increase as retired pay, it would be $642 for fiscal year 2009—far less than either the $1512 envisioned in the fiscal year 2008 budget request or the $900-$1,700 cited by the Task Force as its ultimate target fees.

If the $300 deductible for TRICARE Standard were CPI-adjusted for the same period, it would be $419 by 2009—far short of the $1,210 in annual deductible and new fees proposed by DOD in 2007, or the $610-$1,080 Task Force target.

Further, both the administration and the Task Force propose adjusting beneficiary fees by medical cost growth, which has been two to three times the inflation-based increase in members' retired pay. The Task Force estimates the annual increase would be 7.5 percent.

Both methodologies would ensure that medical costs would consume an ever-larger share of beneficiaries' income with each passing year. The Coalition realizes that this has been happening to many private sector employees, but believes strongly

that the government has a greater obligation to protect the interests of its military beneficiaries than private corporations feel for their employees.

Pharmacy copay increases proposed by the Task Force are even more disproportional. They would increase retail copays from $3 (generic), $9 (brand), and $22 (nonformulary) to $15, $25, and $45, respectively. Those represent increases of 400 percent, 178 percent, and 100 percent, respectively. Despite citing experience in civilian firms that beneficiary use of preferred drugs increased when their copays were reduced or eliminated, the Task Force actually proposes the highest percentage copay increases for the medications TRICARE most wants beneficiaries to use. That huge increase for retail generics flies in the face of recent commercial initiatives such as Wal-Mart's offering of many generics to the general public for a $4 copay. If the purpose is to push military beneficiaries to use Wal-Mart instead of TRICARE, it might indeed save the government some money on those medications, but it won't make military beneficiaries feel very good about their military pharmacy benefit. It shouldn't make Congress feel good about it, either.

The Coalition particularly questions the need for pharmacy copay increases now that Congress has approved Federal pricing for the TRICARE retail pharmacy system.

Retirees Under 65 "Already Gave" 10 percent of Retired Pay

The large proposed health fee increases would impose a financial "double whammy" on retirees and survivors under age 65.

Any assertion that military retirees have been getting some kind of "free ride" because TRICARE fees have not been increased in recent years conveniently overlooks past government actions that have inflicted far larger financial penalties on every retiree and survivor under 65—penalties that will grow every year for the rest of their lives.

That's because decades of past budget caps already depressed lifetime retired pay by an average of 10 percent for military members who retired between 1984 and 2006. For most of the 1980s and 1990s, military pay raises were capped below private sector pay growth, accumulating a 13.5 percent "pay gap" by 1998–99—a gap which has been moderated since then but persists at 3.4 percent today.

Every member who has retired since 1984—exactly the same under–65 retiree population targeted by the proposed TRICARE fee increases—has had his or her retired pay depressed by a percentage equal to the pay gap at the time of retirement. That depressed pay will persist for the rest of their lives, with a proportional depression of SBP annuities for their survivors.

As a practical example, a member who retired in 1993—when the pay gap was 11.5 percent—continues to suffer an 11.5 percent retired pay loss today. For an E–7 who retired in 1993 with 20 years of service, that means a loss of $2,000 this year and every year because the government chose to cap his military pay below the average American's. An O–5 with 20 years of service loses more than $4,300 a year.

The government has spent almost a decade making incremental reductions in the pay gap for currently serving members, but it still hasn't made up the whole gap—and it certainly hasn't offered to make up those huge losses for members already retired. Under such circumstances, it strikes the Coalition as ironic that defense officials now propose, in effect, billing those same retirees for "back TRICARE fee increases".

Fee-Tiering Scheme Is Inappropriate

Both the administration and the Task Force have proposed multi-tiered schemes for proposed beneficiary fee increases, with the Administration's based on retired pay grade and the Task Force's based on retired pay amount. The intent of the plan is to ease opposition to the fee increases by introducing a means-testing initiative that penalizes some groups less than others.

The Coalition rejects such efforts to mask a fundamental inequity by trying to convince some groups that the inequity being imposed on them is somehow more acceptable because even greater penalties would be imposed on other groups.

Any such argument is fundamentally deceptive, since the Task Force plan envisions adjusting fee levels by medical inflation (7–8 percent a year), while retired pay thresholds would be adjusted by retiree COLAs (2–3 percent a year). That would guarantee "tier creep"—shifting ever greater numbers of beneficiaries into the top tier every year.

Surveys of public and private sector health coverage indicate that less than 1 percent of plans differentiate by salary. No other Federal plan does so. The Secretary of Defense has the same coverage as any GS employee, and the Majority Leader of the Senate has the same coverage as any Senate's lowest-paid staff member.

The Coalition believes strongly that all military retirees earned equal health benefits by virtue of their career service, and that the lowest fee tier proposed by either the Administration or the Task Force would be an excessive increase for any military beneficiary (see chart at appendix A).

TRICARE for Life (TFL) Trust Fund Accrual Deposit Is Dubious Excuse

According to DOD, most of the growth in defense health spending (48 percent) was attributable to the establishment of the accrual accounting methodology for the TFL trust fund (which doesn't affect current outlays). The next largest contributor is medical care cost inflation (24 percent). Increase in usage by retirees and their dependents under age 65 accounted for 7 percent of the increase. Other benefit enhancements weigh in at 5 percent while global war on terror and other factors account for the remaining 15 percent. However, the affect of shifting beneficiaries from military treatment facilities to the civilian network was not discussed.

When the DOD began arguing 3 years ago that the trust fund deposit was impinging on other defense programs, the Coalition and the subcommittee agreed that that should not be allowed to happen. When the Administration refused to increase the budget top line to accommodate the statutorily mandated trust fund deposit, Congress changed the law to specify that the entire responsibility for TFL trust fund deposits should be transferred to the Treasury. Subsequently, Administration budget officials chose to find a way to continue charging that deposit against the defense budget anyway.

In the Coalition's view, this represents a conscious and inappropriate Administration decision to cap defense spending below the level needed to meet national security needs. If the Administration chooses to claim to Congress that its defense budget can't meet those other needs, then Congress (which directed implementation of TFL and the trust fund deposit) has an obligation to increase the budget as necessary to meet them.

TRICARE For Life Enrollment Fee is Inappropriate

The Coalition disagrees strongly with the Task Force's recommendation to impose a new $120 annual enrollment fee for each TFL beneficiary. The Task Force report acknowledged that this would be little more than a "nuisance fee" and would be contrary to Congress' intent in authorizing TFL.

The Task Force report cites data highlighting that costs are higher for beneficiaries age 65 and older, as if neither the Administration nor Congress envisioned in 2001 that older beneficiaries might need more medications and more care.

Congress authorized TFL in 2001 in recognition that, prior to that date, most older beneficiaries had to pay for all of their care out of their own pockets after age 65, since most had been summarily ejected from any military health or pharmacy coverage. Congress also required that, to be eligible for TFL, beneficiaries must enroll in Medicare Part B, which already entails a substantial and rapidly growing annual premium. Therefore, TRICARE only pays the portion of costs not covered by Medicare.

When the current administration came to office in 2001, military and civilian Defense leaders praised TFL, as enacted, as an appropriate benefit that retirees had earned and deserved for their career service. The Coalition asks, "What has changed in the 6 intervening years of war that has somehow made that service less meritorious?"

Alternative Options to Make TRICARE More Cost-Efficient

The Coalition continues to believe strongly that the DOD has not sufficiently investigated other options to make TRICARE more cost-efficient without shifting costs to beneficiaries. The Coalition has offered a long list of alternative cost-saving possibilities, including:

- Promote retaining other health insurance by making TRICARE a true second-payer to other insurance (far cheaper to pay another insurance's copay than have the beneficiary migrate to TRICARE).
- Reduce or eliminate all mail-order co-payments to boost use of this lowest-cost venue.
- Change electronic claim system to kick back errors in real time to help providers submit "clean" claims, reduce delays/multiple submissions.
- Size and staff military treatment facilities (least costly care option) in order to reduce reliance on non-MTF civilian providers.
- Promote programs to offer special care management services and zero copays or deductibles to incentivize beneficiaries to take medications and seek preventive care for chronic or unusually expensive conditions.

- Promote improved health by offering preventive and immunization services (e.g., shingles vaccine, flu shots) with no copay or deductible.
- Authorize TRICARE coverage for smoking cessation products and services (it's the height of irony that TRICARE currently doesn't cover these programs that have been long and widely acknowledged as highly effective in reducing long-term health costs).
- Reduce long-term TRICARE Reserve Select costs by allowing members the option of a government subsidy (at a cost capped below TRS cost) of civilian employer premiums during periods of mobilization.
- Promote use of mail-order pharmacy system via mailings to users of maintenance medications, highlighting the convenience and individual expected cost savings.
- Encourage retirees to use lowest-cost-venue military pharmacies at no charge, rather than discouraging such use by limiting formularies, curtailing courier initiatives, etc.

The Coalition is pleased that the DOD has begun to implement at least some of our past suggestions, and stands ready to partner with DOD to investigate and jointly pursue these or other options that offer potential for reducing costs.

TRICARE Still Has Significant Shortcomings

While DOD chooses to focus its attention on the cost of the TRICARE program to the government, the Coalition believes there is insufficient acknowledgement that thousands of providers and beneficiaries continue to experience significant problems with TRICARE. Beneficiaries at many locations, particularly those lacking large military populations, report difficulty in finding providers willing to participate in the program. Doctors complain about the program's low payments and administrative hassles. Withdrawal of providers from TRICARE networks at several locations has generated national publicity.

Of particular note is a 2007 GAO survey of Guard and Reserve personnel, also cited by the DOD Task Force on the Future of Military Health Care, in which almost one-third of respondents reported having difficulty obtaining assistance from TRICARE, and more than one-fourth reported difficulty in finding a TRICARE-participating provider.

That problem is getting worse rather than better. The Task Force report stated that all military beneficiary categories report more difficulty than civilians in accessing care, and that military beneficiaries' reported satisfaction with access to care declined from 2004 to 2006. The problem is exacerbated in areas like Alaska where a combination of physician shortages and an unwillingness to take TRICARE make it very difficult to find a physician.

The Coalition urges the subcommittee to require DOD to pursue greater efforts to improve TRICARE and find more effective and appropriate ways to make TRICARE more cost-efficient without seeking to "tax" beneficiaries and make unrealistic budget assumptions.

TMC Health Care Cost Principles

The Military Coalition believes strongly that the current fee controversy is caused in part by the lack of any statutory record of the purpose of military health benefits and the degree to which cost adjustments are or should be allowable. Under current law, the Secretary of Defense has broad latitude to make administrative adjustments to fees for TRICARE Prime and the pharmacy systems. As a practical matter, the Armed Services Committees can threaten to change the law if they disapprove of the Secretary's initiatives. But absent such intervention, the Secretary can choose not to increase fees for years at a time or can choose to quadruple fees in 1 year.

Until recently, this was not a particular matter of concern, as no Secretary had previously proposed dramatic fee increases. Given recent years' precedents, the Coalition believes strongly that the subcommittee needs to establish more specific and permanent principles, guidelines, and prohibitions to protect against dramatic administrative fluctuations in this most vital element of servicemembers' career compensation incentive package.

Other major elements of the military compensation package have much more specific standards in permanent law. There is a formula for the initial amount of retired pay and for subsequent annual adjustments. Basic pay raises are tied to the ECI, and housing and food allowances are tied to specific standards as well.

A 2006 survey of military retirees indicates that 65 percent of retirees under 65 have access to private health insurance. What the Task Force report does not measure is the percent of retirees that do not embark on a second career and thus depend solely on their retirement income. If fees are allowed to be tiered, up to one

third of retirees could see a large portion of their retirement eaten up by health care costs.

The Coalition most strongly recommends Rep. Chet Edwards' and Rep. Walter Jones' H.R. 579 and Sen. Frank Lautenberg's and Sen. Chuck Hagel's S. 604 as models to establish statutory findings, a sense of Congress on the purpose and principles of military health care benefits, and explicit guidelines for and limitations on adjustments.

- Active duty members and families should be charged no fees except retail pharmacy co-payments, except to the extent they make the choice to participate in TRICARE Standard or use out-of-network providers under TRICARE Prime.
- For retired and survivor beneficiaries, the percentage increase in fees, deductibles, and co-payments that may be considered in any year should not exceed the percentage increase beneficiaries experience in their compensation.
- The TRICARE Standard inpatient copay should not be increased further for the foreseeable future. At $535 per day, it already far exceeds inpatient copays for virtually any private sector health plan.
- There should be no enrollment fee for TRICARE Standard or TIRCARE For Life (TFL), since neither offers assured access to TRICARE-participating providers. An enrollment fee implies enrollees will receive additional services, as Prime enrollees are guaranteed access to participating providers in return for their fee. Congress already has required TFL beneficiaries to pay substantial Medicare Part B fees to gain TFL coverage.
- There should be one TRICARE fee schedule for all retired beneficiaries, just as all legislators, Defense leaders and other Federal civilian grades have the same health fee schedule. The TRICARE schedule should be significantly lower than the lowest tier recommended by the DOD, recognizing that all retired members paid large upfront premiums for their coverage through decades of arduous service and sacrifice.

TRICARE Standard Enrollment

Last year, the DOD proposed requiring beneficiaries to take an additional step of signing an explicit statement of enrollment in TRICARE Standard. The Department proposed a one-time $25 enrollment fee. The Task Force on the Future of Military Health Care also endorsed enrollment, and proposed an annual enrollment fee of $120.

The proposals are based on three main arguments:

- Enrollment is needed to define the population that will actually use the program
- Enrollment would allow more accurate budgeting for program needs
- The fee would help offset DOD's cost of implementing the enrollment system (DOD rationale) and "impose some personal accountability for health care costs" (Task Force rationale).

The Coalition believes none of these arguments stands up to scrutiny.

Department officials already know exactly which beneficiaries use TRICARE Standard. They have exhaustive records on what doctors they've seen and what medications they've used on what dates and for what conditions. They already assess trends in beneficiary usage and project the likely effect on those trends for current and future years—such as the effect of changes in private employer changes on the likely return of more beneficiaries to the TRICARE system.

The DOD does not have a good record on communicating policy changes to Standard beneficiaries. That means large numbers of beneficiaries won't get the word, or appreciate the full impact if they do get it. They have always been told that their eligibility is based on the Defense Enrollment Eligibility Reporting System. A single, bulk-mail communication can't be expected to overwrite decades of experience.

Hard experience is that many thousands of beneficiaries would learn of the requirement only when their TRICARE Standard claims are rejected for failure to enroll. Some would involve claims for cancer, auto accidents and other situations in which it would be unacceptable to deny claims because the beneficiary didn't understand an administrative rule change. DOD administrators who casually dismiss this argument as involving a relative minority of cases see the situation much differently if they found their family in that situation—as hundreds or thousands of military families certainly would.

Inevitably, most beneficiaries who do receive and understand the implications of an enrollment requirement will enroll simply "to be safe", even if their actual intent

is to use VA or employer-provided coverage for primary care—thus undercutting the argument that enrollment would increase accuracy of usage projections.

The arguments for a Standard enrollment fee also don't hold water. First, it's inequitable to make beneficiaries pay a fee to cover the cost of an enrollment system that's established solely for the benefit and convenience of the government, with no benefit whatsoever for the beneficiary. Second, the Task Force acknowledges that a $120 fee is more a "nuisance fee" than a behavior modifier, and existing deductibles and copays provide a much more immediate "accountability" sense to the beneficiary. Third and most important, one who pays an enrollment fee expects something extra in return for the fee. An enrollment fee for TRICARE Prime is reasonable, because it buys the beneficiary guaranteed access to a participating provider. TRICARE Standard provides no such guarantee, and in some locations it's very difficult for beneficiaries to find a TRICARE provider.

For all these reasons, establishing an enrollment requirement will neither better define the user population nor better define budget needs.

The Coalition believes the real intent of the enrollment proposal is simply to reduce TRICARE costs by allowing DOD to reject payment for any claims by beneficiaries who fail to enroll.

To the extent any enrollment requirement may still be considered for TRICARE Standard, such enrollment should be automatic for any beneficiary who files a TRICARE claim. Establishing an enrollment requirement must not be allowed to become an excuse to deny claims for members who are unaware of the enrollment requirement.

The Coalition strongly recommends against establishment of any TRICARE Standard enrollment system; to the extent enrollment may be required, any beneficiary filing a claim should be enrolled automatically, without denying the claim. No enrollment fee should be charged for TRICARE Standard until and unless the program offers guaranteed access to a participating provider.

Private Employer Incentive Restrictions

Current law, effective January 1, 2008, bars private employers from offering incentives to TRICARE-eligible employees to take TRICARE in lieu of employer-sponsored plans. This law is well-intended, but inadvertently imposes unfair penalties on many employees of companies that are not, in fact, attempting to shift costs to TRICARE.

The Armed Services Committees have tasked the Secretary of Defense for a report on the issue, which may not protect current beneficiaries and, even with a favorable response, in no way restricts future Secretaries of Defense who may impose a strict interpretation of the law.

In the meantime, Coalition associations have heard from hundreds of TRICARE beneficiaries whose civilian employers are using the new law to bar equal payments to TRICARE beneficiaries that are available to other company employees (e.g., if the company offers $100 per month to any employee who uses insurance available through a spouse's coverage or a previous employer).

TRICARE coverage is an extremely important career benefit that is earned by decades of service in uniform. TMC believes it is contradictory to the spirit of this earned benefit to impose statutory provisions that deny access to TRICARE by those who have earned it or that deny TRICARE beneficiaries the same options available to non-TRICARE beneficiaries who work for the same civilian employer.

The Coalition recommends Congress modify the law restricting private employer TRICARE incentives to explicitly exempt employers who offer only cafeteria plans (i.e., cash payments to all employees to purchase care as they wish) and employers who extend specific cash payments to any employee who uses health coverage other than the employer plan (e.g., FEHBP, TRICARE, or commercial insurance available through a spouse or previous employer).

TRICARE Standard Improvements

The Coalition very much appreciates the subcommittee's continuing interest in the specific problems unique to TRICARE Standard beneficiaries. In particular, we applaud your efforts to expand TRICARE Standard provider and beneficiary surveys and establish Standard support responsibilities for TRICARE Regional Offices. These are needed initiatives that should help make it a more effective program. We remain concerned, however, that more remains to be done. TRICARE Standard beneficiaries need assistance in finding participating providers within a reasonable time and distance from their home. This will become increasingly important with the expansion of TRICARE Reserve Select, as these individuals are most likely not living within a Prime Service Area.

Provider Participation Adequacy

We are pleased that Congress added the requirement to survey beneficiaries in addition to providers. The Coalition believes this will help correlate beneficiary inputs with provider inputs for a more accurate view of participation by geographic location.

The Coalition is concerned that DOD has not yet established any standard for the adequacy of provider participation. Participation by half of the providers in a locality may suffice if there is not a large Standard beneficiary population. The Coalition hopes to see an objective participation standard (perhaps number of beneficiaries per provider) that would help shed more light on which locations have participation shortfalls of Primary Care Managers and Specialists that require positive action.

The Coalition is grateful to the subcommittee for provisions in the NDAA for Fiscal Year 2008 that will require DOD to establish benchmarks for participation adequacy and follow-up reports on actions taken.

The Coalition urges the subcommittee to continue monitoring DOD and GAO reporting on provider participation to ensure proper follow-on action.

Administrative Deterrents to Provider Participation

The Coalition is pleased that Congress has directed DOD to modify current claims procedures to be identical to those of Medicare. We look forward to implementation with the next generation of Managed Care Support Contracts. Feedback from providers indicates TRICARE imposes additional administrative requirements on providers that are not required by Medicare or other insurance plans. On the average, about 50 percent of a provider's panel is Medicare patients, whereas only 2 percent are TRICARE beneficiaries. Providers are unwilling to incur additional administrative expenses that affect only a small number of patients. Thus, providers are far more prone to non-participation in TRICARE than in Medicare.

TRICARE still requires submission of a paper claim to determine medical necessity on a wide variety of claims for Standard beneficiaries. This thwarts efforts to encourage electronic claim submission and increases provider administrative expenses and delays receipt of payments. Examples include speech therapy, occupational/physical therapy, land or air ambulance service, use of an assistant surgeon, nutritional therapy, transplants, durable medical equipment, and pastoral counseling.

Another source of claims hassles and payment delays involve cases of third party liability (e.g., auto insurance health coverage for injuries incurred in auto accidents). Currently, TRICARE requires claims to be delayed pending receipt of a third-party-liability form from the beneficiary. This often delays payments for weeks and can result in denial of the claim (and non-payment to the provider) if the beneficiary doesn't get the form in on time. Recently, a major TRICARE claims processing contractor recommended that these claims should be processed regardless of diagnosis and that the third-party-liability questionnaire should be sent out after the claim is processed to eliminate protracted inconvenience to the provider of service.

Additionally, changes to the TRICARE pharmacy formulary are becoming increasingly burdensome for providers. The number of medications added to non-formulary status ($22 copay) has increased tremendously, and changing prescriptions has added to the providers' workload, as have increases in prior-authorization (Step Therapy) requirements. The increase in the number of third tier drugs and DOD's reliance on pharmacy medical necessity requests has increased provider workload to the extent that many now charge beneficiaries extra to complete this form. For others, it's yet another TRICARE-unique administrative hassle that makes them less likely to agree to see TRICARE beneficiaries.

The Coalition urges the subcommittee to continue its efforts to reduce administrative impediments that deter providers from accepting TRICARE patients.

TRICARE Reimbursement Rates

Physicians consistently report that TRICARE is virtually the lowest-paying insurance plan in America. Other national plans typically pay providers 25–33 percent more. In some cases the difference is even higher.

While TRICARE rates are tied to Medicare rates, TRICARE Managed Care Support Contractors make concerted efforts to persuade providers to participate in TRICARE Prime networks at a further discounted rate. Since this is the only information providers receive about TRICARE, they see TRICARE as even lower-paying than Medicare.

This is exacerbated by annual threats of further reductions in TRICARE rates due to the statutory Medicare rate-setting formula. Doctors are unhappy enough about reductions in Medicare rates, and many already are reducing the number of Medicare patients they see.

But the problem is even more severe with TRICARE, because TRICARE patients typically comprise a small minority of their beneficiary caseload. Physicians may not be able to afford turning away large numbers of Medicare patients, but they're more than willing to turn away a small number of patients who have low-paying, high-administrative-hassle TRICARE coverage.

Congress has acted to avoid Medicare physician reimbursement cuts for the last 4 years, but the failure to provide a payment increase for 2006 and 2007 was another step in the wrong direction, according to physicians. Further, Congress still has a long way to go in order to fix the underlying reimbursement determination formula.

Correcting the statutory formula for Medicare and TRICARE physician payments to more closely link adjustments to changes in actual practice costs and resist payment reductions is a primary and essential step. We fully understand that is not within the purview of this subcommittee, but we urge your assistance in pressing the Finance Committee for action.

In the meantime, the rate freeze for 2006 and 2007 along with a small increase for the first part of 2008 makes it even more urgent to consider some locality-based relief in TRICARE payment rates, given that doctors see TRICARE as even less attractive than Medicare. Additionally, the Medicare pay package that was enacted in Public Law 109–432 included a provision for doctors to receive a 1.5 percent bonus next year if they report a basic set of quality-of-care measures. The TRICARE for Life beneficiaries should not be affected as their claims are submitted directly to Medicare and should be included in the physicians' quality data. But there's been no indication that TRICARE will implement the extra increases for treating beneficiaries under 65, and this could present a major problem. If no such bonus payment is made for TRICARE Standard patients, then TRICARE will definitely be the lowest payer in the country and access could be severely decreased.

The TRICARE Management Activity has the authority to increase the reimbursement rates when there is a provider shortage or extremely low reimbursement rate for a specialty in a certain area and providers are not willing to accept the low rates. In some cases a State Medicaid reimbursement for a similar service is higher than that of TRICARE. As mentioned previously, the Department has been reluctant to establish a standard for adequacy of participation and should use survey data to apply adjustments nationally.

The Coalition urges the subcommittee to exert what influence it can to persuade the Finance Committee to reform Medicare/TRICARE statutory payment formula. To the extent the Medicare rate freeze continues, we urge the subcommittee to encourage the DOD to use its reimbursement rate adjustment authority as needed to sustain provider acceptance.

The Coalition urges the subcommittee to require a Comptroller General report on the relative propensity of physicians to participate in Medicare vs. TRICARE, and the likely effect on such relative participation of a further freeze in Medicare/TRICARE physician payments along with the affect of an absence of bonus payments.

Minimize Medicare/TRICARE Coverage Differences

A 2006 DOD report to Congress contained the coverage differences between Medicare and TRICARE. The report showed that there are at least a few services covered by Medicare that are not covered by TRICARE. These include an initial physical at age 65, chiropractic coverage, respite care, and certain hearing tests. We believe TRICARE coverage should at least equal Medicare's in every area and include recommended preventive services at no cost. As an example, the Army Medical department has implemented the "Adult Pneumovax" program and projects savings of $500 per vaccine given.

Our military retirees deserve no less coverage than is provided to other Federal beneficiaries.

The Coalition urges the subcommittee to align TRICARE coverage to at least match that offered by Medicare in every area and provide preventive services at no cost.

National Guard and Reserve Health Care

The Coalition is grateful to the subcommittee for its leadership in extending lower-cost TRICARE eligibility to all drilling National Guard and Reserve members. This was a major step in acknowledging that the vastly increased demands being placed on Selected Reserve members and families needs to be addressed with adjustments to their military compensation package.

While the subcommittee has worked hard to address the primary health care hurdle, there are still some areas that warrant attention.

TRICARE Reserve Select (TRS) Premium

The Coalition believes the premium-setting process for this important benefit needs to be improved and was incorrectly based upon the basic Blue Cross Blue Shield option of the FEHBP. This adjustment mechanism has no relationship either to the Department's military health care costs or to increases in eligible members' compensation.

When the program was first implemented, the Coalition urged DOD to base premiums (which were meant to cover 28 percent of program costs) on past TRICARE Standard claims data to more accurately reflect costs. Now a GAO study has confirmed that DOD's use of Blue Cross Blue Shield data and erroneous projections of participation resulted in substantially overcharging beneficiaries.

GAO found that DOD projected costs of $70 million for fiscal year 2005 and $442 million for fiscal year 2006, whereas actual costs proved to be $5 million in fiscal year 2005 and about $40 million in fiscal year 2006. GAO found that DOD estimates were 72 percent higher than the average single member cost and 45 percent higher than average family cost. If DOD were to have used actual fiscal year 2006 costs, the annual individual premium would have been $48/month instead of $81/month. The corresponding family premium would have been $175/month instead of $253/month.

GAO recommended that DOD stop basing TRS premiums on Blue Cross Blue Shield adjustments and use the actual costs of providing the benefit. DOD concurred with the recommendations and says, "it remains committed to improving the accuracy of TRS premium projections." However, GAO observed that DOD has made no commitment to any timetable for change.

The Coalition believes our obligation to restrain health cost increases for Selected Reserve members who are periodically being asked to leave their families and lay their lives on the line for their country is should be even greater than our obligation to restrain government cost increases. These members deserve better than having their health premiums raised arbitrarily by a formula that has no real relationship to them.

The Coalition believes strongly that TRS premiums should be reduced immediately to $48/month (single) and $175/month (family), with retroactive refunds to those who were overcharged in the past.

For the future, as a matter of principle, the Coalition believes that TRS premiums should not be increased in any year by a percentage that exceeds the percentage increase in basic pay.

The Coalition also is concerned that members and families enrolled in TRS are not guaranteed access to TRICARE-participating providers and are finding it difficult to locate providers willing to take TRICARE. As indicated earlier in this testimony, the Coalition believes that members who are charged a fee for their health coverage should be able to expect assured access, and hopes the subcommittee will explore options for assuring such access for TRS enrollees.

The Coalition recommends reducing TRS premiums to $48/month (single) and $175/month (family), as envisioned by the GAO, with retroactive refunds as appropriate. For the future, the percentage increase in premiums in any year should not exceed the percentage increase in basic pay.

The Coalition further recommends that the subcommittee request a report from the DOD on options to assure TRS enrollees' access to TRICARE-participating providers.

Private Insurance Premium Option

The Coalition thanks Congress for authorizing subsidy of private insurance premiums for reservists called to active duty in cases where a dependent possesses a special health care need that would be best met by remaining in the member's civilian health plan.

The Coalition believes Congress is missing an opportunity to reduce long-term health care costs by failing to authorize eligible members the option of electing a partial subsidy of their civilian insurance premiums during periods of mobilization. Current law already authorizes payment of up to 24 months of FEHBP premiums for mobilized members who are civilian employees of the DOD.

Congress directed GAO to review this issue and submit a report in April 2007—a report that, to our knowledge, has not been completed. We hope that report will address not only the current wartime situation, but the longer-term peacetime scenario. Over the long term, when Guard and Reserve mobilizations can be expected at a considerably lower pace, the Coalition believes subsidizing continuation of employer coverage during mobilizations periods offers considerable savings opportunity relative to funding year-round family TRICARE coverage while the member is not deployed.

In fact, the Department could calculate a maximum monthly subsidy level that would represent a cost savings to the government, so that each member who elected that option would reduce TRICARE costs.

The Coalition recommends developing a cost-effective option to have DOD subsidize premiums for continuation of a Reserve employer's private family health insurance during periods of deployment as an alternative to permanent TRICARE Reserve Select coverage.

Involuntary Separatees

The Coalition believes it is unfair to deny TRS coverage for IRR members who have returned from deployment or terminate coverage for returning members who are involuntarily separated from the Selected Reserve (other than for cause).

The Coalition recommends authorizing 1 year of post-TAMP TRS coverage for every 90 days deployed in the case of returning members of the IRR or members who are involuntarily separated from the Selected Reserve. The Coalition further recommends that voluntarily separating reservists subject to disenrollment from TRS should be eligible for participation in the CHCBP.

Gray Area Reservists

The Coalition is sensitive that Selected Reserve members and families have one remaining "hole" in their military health coverage. They are eligible for TRS while currently serving in the Selected Reserve, then lose coverage while in "Gray area" retiree status, then regain full TRICARE eligibility at age 60.

The Coalition believes some provision should be made to allow such members to continue their TRICARE coverage in gray area status. Otherwise, we place some members at risk of losing family health coverage entirely when they retire from the Selected Reserve. We understand that such coverage likely would have to come with a higher premium.

The Coalition urges the subcommittee to authorize an additional premium-based option under which members entering "gray area" retiree status would be able to avoid losing health coverage.

Reserve Dental Coverage

The Coalition remains concerned about the dental readiness of the Reserve Forces. Once these members leave active duty, the challenge increases substantially, so the Coalition believes the services should at least facilitate correction of dental readiness issues identified while on active duty. DOD should be fiscally responsible for dental care to reservists to ensure servicemembers meet dental readiness standards when DOD facilities are not available within a 50 mile radius of the members' home for at least 90 days prior and 180 days post mobilization.

The Coalition supports providing dental coverage to reservists for 90 days pre- and 180 days post-mobilization (during TAMP), unless the individual's dental readiness is restored to T–2 condition before demobilization.

Consistent Benefit

As time progresses and external changes occur, we are made aware of pockets of individuals who for one reason or another are denied the benefits that they should be eligible for. DOD and its health contractors were leaders in modifying policy and procedures to assist Katrina victims. Additionally, Congress' action to extend eligibility for TRICARE Prime coverage to children of deceased active duty members was truly the right thing to do.

Restoration of Survivors' TRICARE Coverage

When a TRICARE-eligible widow/widower remarries, he/she loses TRICARE benefits. When that individual's second marriage ends in death or divorce, the individual has eligibility restored for military ID card benefits, including SBP coverage, commissary/exchange privileges, etc.—with the sole exception that TRICARE eligibility is not restored.

This is out of line with other Federal health program practices, such as the restoration of CHAMPVA eligibility for survivors of veterans who died of service-connected causes. In those cases, VA survivor benefits and health care are restored upon termination of the remarriage.

Remarried surviving spouses deserve equal treatment.

The Coalition recommends restoration of TRICARE benefits to previously eligible survivors whose second or subsequent marriage ends in death or divorce.

TRICARE Prime Remote Exceptions

Longer deployments and sea/shore and overseas assignment patterns leave many military families faced with tough decisions. A spouse and children may find a

greater level of support by residing with or near relatives during extended separations from the active duty spouse. DOD has the authority to waive the requirement for the spouse to reside with the servicemember for purposes of TRICARE Prime Remote eligibility if the service determines special circumstances warrant such coverage. We remain concerned about the potential for inconsistent application of eligibility. The special authority is a step in the right direction, but there is a wide variety of circumstances that could dictate a family separation of some duration, and the Coalition believes each family is in the best situation to make its own decision.

The Coalition recommends removal of the requirement for the family members to reside with the active duty member to qualify for the TRICARE Prime Remote Program, when the family separation is due to a military-directed move or deployment.

Base Realignment and Closure, Rebasing, and Relocation

Relocation from one geographic region to another and base closures brings multiple problems. A smooth health care transition is crucial to the success of DOD and Service plans to transform the force. That means ensuring a robust provider network and capacity is available to all beneficiary populations, to include active and Reserve component and retirees and their family members, and survivors at both closing and gaining installations. It is incumbent upon the Department and its Managed Care Support Contractors to ensure smooth beneficiary transition from one geographic area to another. We stress the importance of coordination of construction and funding in order to maintain access and operations while the process takes place.

The Coalition recommends codifying the requirement to provide a TRICARE Prime network at all areas impacted by BRAC or rebasing. Additionally, we recommend that DOD be required to provide an annual report to Congress on the adequacy of health resources, services, quality and access of care for those beneficiary populations affected by transformation plans.

Pharmacy

The TRICARE Pharmacy benefit must remain strong to meet the pharmaceutical needs of millions of military beneficiaries. While we are pleased at the overall operation of the program, the Coalition has significant concerns about certain recent trends.

Beneficiary Migration

One issue highlighted by the Task Force report is that a large share of the growth in retail pharmacy use has been the result of beneficiaries migrating from military treatment facilities to local retail pharmacies. In that regard, the number of beneficiaries using only military pharmacies declined by 900,000 between fiscal year 2002 and fiscal year 2007, whereas the number of beneficiaries using only retail pharmacies increased by about 1,000,000 in the same period.

Some of the shift is because enactment of TFL and TSRx meant that Medicare beneficiaries who live some distance from military installations no longer have to make long treks to the military pharmacy.

But the change also coincides with the onset of increased wartime deployments and installation security measures. The deployment of large numbers of military medical professionals has forced shifting more beneficiaries of all kinds to see civilian providers, which reduces proximity access to the military pharmacy and ease the convenience of using retail stores. Increased installation security measures also increase the "hassle factor" for retirees to use on-base facilities. Finally, local budget pressures and DOD "core formulary" guidance removes many medications from the installation formulary that retirees use, leaving many no choice but to use alternative venues.

Coalition associations have heard anecdotal reports that some local commanders have actively discouraged retirees from using the military pharmacies, primarily for budget savings purposes. What's worse is that MTFs have failed to educate beneficiaries of the next most cost-effective venue—the TRICARE Mail Order Pharmacy (TMOP).

The point is that it is inappropriate to punish beneficiaries (through higher retail copayments) for migration that may be dictated more by military operational and budget requirements than by retiree preferences.

Pharmacy Co-payment Changes

The Coalition thanks the subcommittee for freezing pharmacy co-payments for fiscal year 2008. The Coalition believes strongly that uniformed services beneficiaries deserve more stability in their benefit levels, and that DOD has not performed due diligence in exploring other ways to reduce pharmacy costs without shifting such increased expense burdens to beneficiaries. The DOD Health Care Task Force would

dramatically raise most military pharmacy copays. For example, they'd raise the copay for generic drugs purchased in retail pharmacies from the current $3 to $15. But Wal-Mart is now dispensing generic drugs to the general public for $4. Shouldn't the military pharmacy benefit be better than what civilians can get through Wal-Mart?

One important consideration in the mail-order-vs.-retail discussion is that some medications are simply not appropriate or available for delivery through the TMOP. If the purpose of imposing higher retail copays is to incentivize beneficiaries to use military or mail-order pharmacies, application of this philosophy is inappropriate when the beneficiary has no access to those lower-cost venues.

The Coalition believes any further discussion of pharmacy copayment increases should be deferred pending review of the implications of requiring Federal pricing in the retail system. We believe that this action by Congress in the fiscal year 2008 has shifted the dynamic of pharmacy costs, and that the primary cost differential may no longer be the venue of dispensing.

Rather, the Coalition urges the subcommittee to consider the findings of RAND, Pharma, and others cited by the Task Force that considerable cost savings can be gained by establishing positive motivations for beneficiaries with chronic diseases to take any of the medications—regardless of generic, brand, or nonformulary—that reduce the adverse effects of their conditions over the long term. Those steps included eliminating copays for the lowest-cost and most effective medications, reducing copays for some effective nonformulary medications, and reducing prior authorization requirements that impede beneficiaries from using the medications they and their doctors believe are best for them.

We note with regret that the Department has declined to comply with Congress' urging to eliminate copayments for generic medications in the mail-order system—a recommendation echoed by the Task Force. In this case, the administrative cost of processing the co-pay actually wipes out a large percentage of the co-pay revenue.

The Coalition believes pharmacy cost growth concerns have missed the mark by focusing on current-year dollars rather than long-term effects. For example, the Task Force report highlights as part of the cost "problem" that some drugs, including medications to treat diabetes, grew more than 15 percent in a single year. Viewed in terms of long-term effects, it's a good thing to identify patients who have diabetes and a good thing for diabetes patients to take their medications. So growing use (and cost) of medications for such chronic diseases is a positive, not a negative, and the copay structure should be remodeled to incentivize beneficiaries and make it as easy as possible for them to take whatever medication will mitigate the effects of their condition through whatever venue they are most likely to be satisfied with and therefore will be most likely to take their medications.

The Coalition recommends deferral of any pharmacy copay increases pending assessment of the effects of the new Federal pricing law on usage and cost patterns for the different venues, and that the subcommittee instead urge DOD to pursue copay reductions and ease prior authorization requirements for medications for chronic diseases, based on private sector experience that such initiatives reduce long-term costs associated with such diseases.

Rapid Expansion of "Third Tier" Formulary

The Coalition very much appreciated the efforts of Congress to protect beneficiary interests by establishing a statutory requirement for a BAP to give beneficiary representatives an opportunity in a public forum to voice our concerns about any medications DOD proposes moving to the third tier ($22 co-pay). We were further reassured when, during implementation planning, Defense officials advised the BAP that they did not plan on moving many medications to the third tier.

Unfortunately, this has not been the case. To date, DOD has moved over 90 medications to the third tier. While the BAP did not object to most of these, the BAP input has been universally ignored in the small number of cases when it recommended against a proposed reclassification. The Coalition is also concerned that the BAP has been denied access to information on relative costs of the drugs proposed for reclassification and the DOD has established no mechanism to provide feedback to the BAP on why its recommendations are being ignored.

The Coalition believes Congress envisioned that the BAP would be allowed substantive input in the Uniform Formulary decision process, but that has not happened. In fact, BAP discussion issues and recommendations (other than the final vote tallies) are routinely excluded from information provided to the Assistant Secretary of Defense (Health Affairs) for decisionmaking purposes, and there has been no formal feedback to the BAP on the reasons why their recommendations were not accepted.

Although Congress has tasked GAO for a report on the effectiveness of the BAP process, that report has not been issued to date.

The Coalition urges the subcommittee to reassert its intent that the BAP should have a substantive role in the formulary-setting process, including access to meaningful data on relative drug costs in each affected class, consideration of all BAP comments in the decisionmaking process, and formal feedback concerning rationale for rejection of BAP recommendations.

TRICARE Prime and MCSC Issues

DOD and its health contractors are continually trying to improve the level of TRICARE Prime service. We appreciate their inclusion of Coalition associations in their process improvement activities and will continue to partner with them to ensure the program remains beneficiary-focused and services are enhanced, to include: beneficiary education, network stability, service level quality, uniformity of benefit between regions (as contractors implement best business practices), and access to care.

Referral and Authorization System

There has been much discussion and consternation concerning the Enterprise Wide Referral and Authorization System. Much time, effort, and money have been invested in a program that has not come to fruition. Is adding to the administrative paperwork requirements and forcing the civilian network providers into a referral system really accomplishing what DOD set out to do? Rather than forcing unique referral requirements on providers, perhaps DOD should look at expanding its Primary care base in the Prime Service Areas and capture the workload directly.

The Coalition recommends that Congress require a cost analysis report, including input from each Managed Care Support Contractor, concerning the referral process within DOD and reliance on Civilian Network Providers within an MTF's Prime Service Area.

Health-Related Tax Law Changes

The Coalition understands fully that tax law changes are not within the subcommittee's jurisdiction. However, there are numerous military-specific tax-related problems that are unlikely to be addressed without the subcommittee's active advocacy and intervention with members and leaders of the Finance Committee.

Deductibility of Health and Dental Premiums

Many uniformed services beneficiaries pay annual enrollment fees for TRICARE Prime, TRICARE Reserve Select, and premiums for supplemental health insurance, such as a TRICARE supplement, the TRICARE Dental and Retiree Dental Plans, or for long-term care insurance. For most military beneficiaries, these premiums are not tax-deductible because their annual out-of-pocket costs for health care expenses do not exceed 7.5 percent of their adjusted gross taxable income.

In 2000, a Presidential directive allowed Federal employees who participate in FEHBP to have premiums for that program deducted from their pay on a pre-tax basis. A 2007 court case extended similar pre-tax premium payment eligibility to certain retired public safety officers. Similar legislation for all active, Reserve, and retired military and Federal civilian beneficiaries would restore equity with private sector employees and retired public safety officers.

The Coalition urges all Armed Services Committee members to seek the support of the Finance Committee to approve legislation to allow all military beneficiaries to pay TRICARE-related insurance premiums in pre-tax dollars, to include TRICARE dental premiums, TRICARE Reserve Select premiums, TRICARE Prime enrollment fees, premiums for TRICARE Standard supplements, and long-term care insurance premiums.

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. The Coalition is eager to 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.

Senator BEN NELSON. Thank you very much, Colonel.

The first question I have—and we'll start with you, Colonel, and then open it up to the panel—is with respect to the co-pay. I know you're objecting to the amount of the increase. Would you oppose

any increase, or is it because this increase is such a high percentage increase—is there any room for negotiation here, between the DOD and the retired servicemember?

Colonel STROBRIDGE. Sir, I think we come back to the issue that—what we want to do is get out of the drill where the budget drives the negotiation, where all we're talking about is money. That's where we come down to the principles that we'd like to put in law to recognize that military people do pay more than cash. You'll notice, we have always supported S. 604, which does not say—we recognize that it's unrealistic to say "no fee increases, ever." What we're trying to do is establish reasonable principles. What S. 604 does is, it puts some constraints on the Secretary's authority, so you don't go 10 years recommending no increases and then try to quadruple them in 1 year. S. 604 says, we'll put that cap at saying the percentage increase in any year can't exceed the percentage increase in compensation.

Senator BEN NELSON. You certainly have a sympathetic ear——[laughter] with us, because we've been concerned about that steep increase all of a sudden after 10 years of nothing.

Colonel STROBRIDGE. Yes, sir.

Senator BEN NELSON. So, that's why I want to explore if there was any room for negotiation.

Would there be any other comments about that? Do you share Colonel Strobridge's view, or are we faced with the choice, doing what he's suggesting—TRICARE for Life, with no change?

Master Chief BARNES. Senator, I would concur with the Colonel's remarks. I would also expand on his comments with regard to career enlisted personnel that retired before the significant pay hikes that have been enacted since 1999. The drastic nature of these hikes after no adjustments, which DOD was authorized to implement since, I believe, 1995, has been met with serious concern.

Also, it's a morale issue within the ranks of those currently serving, and we hear a great deal of comment about that, and anxiety about what the future holds.

Ms. BECK. Sir, if I could, on a related issue, those who are medically retired and are so severely injured that they're actually eligible for Medicare, they not only have to pay these fees, they have to pay for Medicare Part B, as well. So, what it turns out is, the person who is the most severely injured ends up paying the most for their care, and I'm not sure that that's quite what we intended on that issue. So, that's a related issue to address.

Senator BEN NELSON. Ms. Moakler?

Ms. MOAKLER. You brought up TRICARE for Life. We do believe that those folks who are paying for TRICARE for Life are already paying more than those who are paying for the retiree care of TRICARE Prime. So we certainly would not like to see an extra payment for those folks for TRICARE for Life, because they're already paying in other ways.

We agree with TMC, that we would not like to see the drastic increase, but we do believe that there is a call for a certain increase to go along with rising medical prices. We wouldn't like to see increase in the co-payments at this time.

Senator BEN NELSON. In terms of access to health care, what are you hearing from your membership about access to health care

under TRICARE? Obviously, there may be some differences between Guard and Reserve and others, but generally what are you hearing?

Ms. Beck?

Ms. BECK. The access question coming from the doctors is that it's so difficult for them to take TRICARE, due to the bureaucratic issues, that they actually usually have to hire someone, in addition to the people that they have, just to process their bills for TRICARE. The servicemembers themselves are—it's not necessarily a question of the TRICARE, they—again, on the injured side; they get caught between the two systems, in that one is supposed to be paying for it; the other one's supposed to be paying for it, and then no one's paying for it. So, the question for them is—you can be in the most urban area and still be stuck without care.

The Wades are a good example, again. They live in Chapel Hill, in the Research Triangle, and they weren't able to access the care that they needed, because of the restrictions in TRICARE on cognitive therapy, and then due to certain restrictions within the VA. So, it's not a Guard and Reserve issue, but it's also an issue of regulations that are in place, and not allowing people to enjoy the benefits of that.

Senator BEN NELSON. Having a care-manager assigned, would that be beneficial in trying to smooth out those challenges that occur because you have a couple of different programs?

Ms. BECK. The recovery coordinators that have been established have been tremendously helpful to the families who have received them. It takes a very proactive person to understand both of these systems, as well as the private sector, and to understand how to maneuver between them. The problem is, there are currently only six Federal recovery coordinators, with approximately 50-some servicemembers that they're serving. While that has been very helpful, without that overlap of benefits that Steve mentioned and that was included, and the proper implementation of that, then we're not going to be giving them the authority they need to resolve the problems. Often, they run up against the law in providing the services.

Colonel STROBRIDGE. Sir, if I may comment on that.

One of the things that we've heard for years is anecdotal evidence—"Gee, I can't find a doctor to take either Medicare or TRICARE in this area or that area." We appreciate what the committee's done to try to help us survey participation. That's been a big help. But, because of this annual problem with the Medicare cuts, and because TRICARE is tied to those cuts, we're really seeing an escalation of that. It's ironic that you mention it, because last week we got a letter from my spouse's doctor saying, "We're dropping you." They had previously stopped taking new TRICARE patients, but had grandfathered her. Now we have a letter saying, "I'm sorry, we're just not going to put up with it, this sort of annual cuts is—and, plus, the administrative requirements—is too much of a hassle."

So, even in this area, where there are a lot of doctors, you can find people who accept TRICARE patients, but it can take some effort. More and more of those are saying—even military people, who are very sympathetic—"look, I just can't lose money this way."

Senator BEN NELSON. Sergeant?

Sergeant CLINE. Mr. Chairman, as you're aware—and I know Senator Graham is well aware of this—because of the remote locations of Guard and Reserve people, multiply that problem out there with them trying to gain access. We know for a fact that in Alaska most doctors will not accept TRICARE because of the bureaucracy that they have to go through.

Ms. MOAKLER. We're hearing from families about their problems with access to specialty care, because so many in the military treatment facilities, so many of the specialty care doctors are in theater, and there may not be robust enough support in the network to take care of those families.

Senator BEN NELSON. That might be true even in the Active Duty situation, as well?

Ms. MOAKLER. Yes.

Colonel STROBRIDGE. Sir, something that I meant to put in my testimony, and I just remembered it, and Meredith talked about the mental health issue, and we all know the terrible problem we had, the national problem with not enough mental health providers to see these folks. It's even worse with TRICARE, because, last year, you may know that Medicare, and thus TRICARE, actually cut the amounts they pay mental health providers. So it's tougher to get them than anybody else. We are going to have a real disaster coming up.

One of the things that I meant to ask you was to look at increasing payments, statutorily, for TRICARE for mental health providers. We have to do almost anything possible to try to find ways to get people the care that they're not getting now. If we have to increase it until we do something else—to me, that's something we really need to look at.

Ms. BECK. One last point. The question that Steve mentioned on mental health, one proposal would be to allow Active Duty to use some of the 200-and-some vet centers that are around the country to, not only get the help that they need, but also to avoid the stigma of having to report through the chain of command.

Senator BEN NELSON. There are efforts, in some areas to try to coordinate Active Duty care with veterans programs, veterans hospitals, clinics, and what have you, recognizing that many Guard and Reserve members are, in fact, stranded away in remote locations by comparison. So making that available seems to be one of the answers to the problem that we ought to take under advisement to make sure that the mental health care is being adequately compensated.

Master Chief BARNES. Senator, if I could also expand on the Guard and Reserve remote access issue, this is also a serious issue for personnel serving on Active Duty on recruiting duty, also with members of the United States Coast Guard that rely on the system for care. Many of them are assigned some distance from military treatment facilities, and this is a big challenge for them.

Senator BEN NELSON. Well noted, thank you.

Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman. As always, this is very informative.

What did people do before TRICARE?

Colonel STROBRIDGE. They used CHAMPUS and had similar problems.

Senator GRAHAM. Okay. Right, and before CHAMPUS?

Colonel STROBRIDGE. That was before my time, Senator. [Laughter.]

Senator GRAHAM. Basically, what we're talking about is third-party payer coverage has worked its way into the military community, which has been a good thing. Because if you go back before CHAMPUS, you'd go to a VA center or some other DOD facility; if you were lucky, you would get in. So, the whole idea of expanding the network to include private hospitals and private physicians has been a good idea. The problems you're talking about are just endemic to third-party payment—the coverage issue.

There are a thousand anecdotal stories about chelation therapy. Now, Medicare may not authorize that, there may be a body of people saying, "That sounds good, but we don't think it's something we want to invest in." So, that's why this is important for you to tell us the type of services that are available out there and you're not getting covered, and we can look at it and see whether or not, from our point of view, it should be added to the mix.

In 1987, when TRICARE came along, you're right, there have been no premium increases. We have to deal with it. But, I agree with you, they've just dumped it all over, all at one time.

In terms of a good deal, in 1987 9 percent of the Services were covered by the patient. Now, that ratio has changed to where it's not 9 percent anymore, it's a lot less. So, from the government's point of view, the amount of coverage being offered is out of kilter with the private sector, but, at the same time, you don't make it all up at once, and you don't put a burden on people that 400 percent premium increase.

It is budget-driven, to some extent, I'll be honest with you. Since there's not unlimited resources to run every program in the government, 12 percent, 14 percent of the budget in DOD's going to be health care in the next 20 years, and that competes with all the other things that are important to families and readiness.

So, what I want to do is take your 16 suggestions about how to save money, sit down, go over it myself with DOD, then come up with a way to implement some premium changes that are not draconian, look at how you can save money and how you can expand services. The one thing I want to look at TRICARE is how to make it—not just from the costs—a better quality benefit. There are probably some things that could be offered in TRICARE that are not being offered that would keep you out of the hospital. There are some things that we could do.

Now, when it comes to coordinating between the DOD and the VA, that is being a military lawyer for 25 years, one of the big things you want to do is keep everybody on Active Duty who wants to stay on Active Duty. One of the big fights that most servicemembers have is, they don't want to leave the military. So, we want to make sure that those medical boards that are held give people a chance to make the case that, "I can still serve." Then, to those who obviously can't serve, to make it just as painless as possible, not get caught up in this bureaucracy.

The committees coordinating is never going to happen, I think, until you get a seamless system out there that works, because the committee oversight probably just makes no sense.

So, I'm going to focus on trying to make sure that, from the moment you leave the battlefield, injured, that there is no gap in coverage, and that you have as much access as possible from every available system, whether it be DOD, VA, or the private sector, and you get what you need, because that's the whole point of the Wounded Warrior Act.

Now this idea of GI benefits, that's going to be a big issue in this Congress. The one thing that I've been thinking of for quite a long time is, how can you take that GI benefit and use it to the maximum benefit of the servicemember and their families? That's where transferability needs to be put in the mix. I am convinced that a lot of people would stay on Active Duty if their benefit could be transferred to their spouse or their children. After 3 years, you get 36 months of tuition assistance at $1,100. The average cost of a State school now, Mr. Chairman, is $1,500. So, we need to bump it up. We need to bump up the benefit.

I think what we need to add into the mix is maybe after 6 years of Active Duty service, you could transfer half your benefit to your spouse or your child; and after 12 years, you could transfer all of it. Half the people eligible for VA educational benefits never avail themselves of it. So, my program may actually be more expensive than some other ideas out there, but I think it would make the program more meaningful.

The goal is that, if you'll serve our country to the 12-year point, that, when it comes time to send a kid to college, that you'll have that college paid for through your VA benefits; you may not use it, but your child can use it, and I think that would really help families out there a lot.

So, those are the type of things that we're talking about, and the VEAP—who mentioned that?

Master Chief BARNES. I did.

Senator GRAHAM. We're not going to leave those people behind.

Master Chief BARNES. Thank you.

Senator GRAHAM. Now, that's just the right thing to do. Whatever I do is going to include a benefit for those folks. Going back to 2001 is a good idea in terms of the early retirement.

But, having said all of that, every benefit that we build into the system has an out-year cost, and the goal is to treat people fairly, to get the best health care we can as soon as we can to those who are the most severely injured, to make it an attractive endeavor to stay in the military—that a rewarding career that has a benefit to you and the ones that you love most, and that when your 20 years are up, or your 30 years are up, you can look back with pride and say, "Not only did I serve my country well, but I'll have a lifetime annuity and access to decent health care." That's the goal.

So your testimony, as far as I'm concerned, Mr. Chairman, is invaluable, and we're going to deal with the growth of medical costs in the budget; we're going to phase in some increases that have to be confronted in a way that's not draconian, so we can get this back on a sustainable field.

Just as important to me is to, maybe, expand TRICARE, in terms of what's available out there, to make it a more robust benefit, a benefit that keeps people well. I think we could do more there.

So, I just appreciate your testimony, and we'll be rolling out a veterans GI enhanced benefit bill here soon that will have transferability in it, something I think will help families out there.

God bless you.

Senator BEN NELSON. Thank you.

Master Chief BARNES. Thank you for your leadership on all these issues, Senator. Very much appreciated.

Senator GRAHAM. I think Senator Nelson and I understand that we have this job at an unbelievable time. No one has ever envisioned a war like this. It's an All-Volunteer Force. There are more contractors in theater, in many ways, than our Active Duty people. We've never gone to war with a contract force like this. We've never gone to war with this much participation by the Guard and Reserve over a sustained period. So it's now time to reshape the benefit package to meet the reality of a war that is forever changed the Guard and Reserve. I think it's forever changed the family service component of the volunteer force. We're going to get more soldiers and more marines. That's coming, and that will help.

Ms. BECK. Sir, if I could, one point on that, this is a different type of warfare than we've ever experienced, and we have far fewer casualties than we've had in the past, and this is an opportunity to take those families who are injured and who are so severely injured, and treat them as individuals, and not as a statistic or a number or a category.

Senator GRAHAM. Absolutely.

Ms. BECK. It'll save money in the long term to do it right the first time.

Senator GRAHAM. That's the least we can do, and the casualties that we have sustained have been, in many cases—there are people living in this war that would have never lived through any other war. That is the great news, and hats off to the doctors and nurses and health care providers who have pulled them off the battlefield, and back home. But, some of them are coming back home in really, really bad shape. So we'll do our part to help them.

Sergeant CLINE. Senator, if I can add something—while you're looking at the health care benefit, one of the things that has recently come to light is—the Task Force on Health Care said that they could save $24 million for every 1 percent that move to the TRICARE mail-order pharmacy program. What we would like to see is that that mail-order pharmacy be at no cost to the member, and it would save TRICARE an immense amount—currently, only 8 percent of the people out there are using the mail-order pharmacy.

Senator GRAHAM. I've heard that. A lot of pharmacies push back. But it makes sense to me, particularly about some average, everyday drugs, that you just go get them refilled.

Thank you all.

Senator BEN NELSON. Thank you, Senator Graham.

Clearly, the stress on the families, as well as the servicemembers, has been incredible. Changing the Guard and Reserve to an operational force, as opposed to their previous capacity, I think,

has changed, significantly, the nature of the military for the future. Obviously, the TRICARE program and other benefits programs have to be patterned to deal with the reality of where the Guard and Reserve, for example, are, as well as the Active Duty. So, I think that we have a lot to do, but I think we have some sort of a blueprint as to how to go about doing this.

In that regard, if I could move from talking about the health care portion and go more to the cumulative effect of being at war for over 6 years, and what the implications are to the family. Both the Army Chief of Staff and the Commandant of the Marine Corps have referred to what they call, "brittleness" of military families because of this cumulative effect of 6 years. I'd ask you to comment on what your members tell you about the impact on military families of 15-month deployments, although we're seeking to have that changed.

Ms. MOAKLER. I think the 15-month deployments, we were hearing from families that the servicemember was missing two Christmases or two birthdays or two anniversaries. Somehow that just made that second iteration that much more poignant and harder to deal with, and families are getting tired. They were resilient in the first deployment. They figured, "We've already been through it once, so we can certainly get through another deployment." But, each deployment is different, because the families are not in the same place. The couple with no children the first deployment might have toddlers the second deployment, or you might have an elderly parent that now the spouse that's left behind has to shoulder the burden for. So, it's a continual learning experience, because it's never the same.

I can attest to this, because my daughter had two deployments—the burden is still there. The burden is always there. But, the way that you have to react to different things that happen to the deployment is always a challenge.

Colonel STROBRIDGE. Sir, I think we're almost in a surreal situation. We've been in situations in the past, back when we were capping pay raises and everybody was saying, "Gee, you can't keep doing this. You're going to have a problem, sooner or later," and everybody would say, "Gee, retention is fine." That's kind of what we're hearing now. Everybody says, "Gosh, retention is fine, and it's even higher in the deployed units." It's almost as if they're saying people like being deployed. Well, that just defies common sense. To us, it's sort of like driving in the rearview mirror. If you're only measuring what's happened in the past, and not listening to people about what they're saying they're going to do, you're headed for a problem. I realize it's very difficult to do much about it. You either have to deploy less or get a much bigger force, and either of those is pretty hard to do in the short term, but I just can't help feeling we're whistling past the graveyard on retention.

Senator BEN NELSON. We had a letter: this is the most unusual letter that I can recall, saying, "Please deploy my son." [Laughter.]

That is the exception, and for obvious reasons. Some of the rest of you might have some thoughts about this, from your own experience and talking to your members.

Master Chief BARNES. Mr. Chairman, I just want to comment on the impact to the individual augmentees with regard to the Navy. I believe the total is in the 10,000 to 11,000 range.

When these individual augmentees receive orders, they are pulled out, and that impacts staffing, manning, based on their job specialty and what have you, certain job specialties, ratings in the Navy are significantly more impacted than others. It's my understanding that the Navy's continuing drawdown does not take that into effect, and that's a concern, and I've heard it voiced informally in interaction with uniformed senior enlisted leaders. So, I just wanted to make that point with regard to the Navy, and the Coalition—it's referenced in our statement—the Coalition remains concerned about the ambitious continuing drawdown with both the Air Force and the Navy, given the challenges associated with bringing personnel back, should the drawdown have to be reversed. It's impossible to just grow these folks with technical skills overnight.

Senator GRAHAM. Mr. Chairman, I don't mean to interrupt, but that's a good point. The Air Force and the Navy—the Air Force is running, for the most part, Camp Bucca, the largest military prison, probably, ever in history. You have an Air Force where a lot of enlisted guys are driving trucks from Kuwait. Then, there's just a ton of Navy people out there, doing things to augment the Army and the Marine Corps. That's why I share your concern about drawing the Air Force—the Air Force gave up on end strength so they could just have some money to put into an aging air fleet. The bottom line is, Mr. Chairman, the country doesn't spend enough on defense. We're at about 3.6 of GDP; historically, it's been over 5 percent since Vietnam; it was 18 or 19 percent during World War II. Part of the problem, I think, is we just don't have enough money to meet all of our defense needs.

Sergeant CLINE. Mr. Chairman, while we see in the Guard and Reserve some pushback from first-time enlistees who have been mobilized, and it may have some impact on our career guardsmen and reservists, but where we're starting to see problems arise now is with the employers. When a soldier is gone for 2 or 3 years, it has a definite impact, and we're starting to see more and more of that as employers are not hiring Guard and Reserve people, and are starting to give them more hassles where they've had to turn to the Department of Labor to get resolved.

Senator BEN NELSON. There certainly has been a lot of forbearance on the part of employers in many cases, but it has to wear thin at some point when you have the multiple deployments, and not very clear on whether there'll be another deployment in the near future, having gone through the military as much as the deployments have.

Ms. Moakler, you stated that the NMFA held a summit on military children in a time of war, and I think that's an excellent amount of research that, I'm sure, was compiled. Can you tell us more, from your perspective, about that project?

Ms. MOAKLER. We have piggybacked the research, as it is, on our Operation Purple Camps. It provided a perfect area to look at the children. We surveyed not only the children but also the parents. The children, on how they felt that they were dealing with deployment; and the parents, on how they felt the children were dealing

with deployments. The survey was done, the research is being done by the RAND Corporation, and the results will be released within the next week or two. But, overall, we're concerned about what the impact is going to be on these children.

Senator BEN NELSON. What age of children did they test?

Ms. MOAKLER. They were campers, 6 or 7 years old, to 18 years old.

But, we're also working with the 0–3 folks, looking at the impact of deployments on very young children, and that they are also included when we are looking at the overall effects of deployment on children.

Senator BEN NELSON. Will the study tell us whether there are differences between the reaction of younger children versus older children?

Ms. MOAKLER. The study that's coming out right now will not. We expect to do expanded research. We just received funding to do that over the next several years, and we're hoping to include the effect on younger children in that research.

Senator BEN NELSON. In terms of childcare, Ms. Moakler, you stated that the NMFA was disappointed to learn that the Air Force is no longer funding Air Force families that are not currently enrolled in either Military Child Care in Your Neighborhood or Operation Military Child Care, leaving over 375 Air Force families on an indefinite wait-list. Can you tell us more about the programs and what the lack of funding is depriving these families of?

Ms. MOAKLER. The Military Child Care in Your Neighborhood is a program that is available to folks who are located near military installations. It's a program that's available in the capital region. It would be available outside of any major installation, to accept the overflow or the inadequacies of the spaces that are available at the Child Development Center on the installation. What it does is, it subsidizes the children of mostly Active Duty servicemembers for childcare in civilian child development centers.

The Operation Military Child Care is a program that is specifically for activated Guard and Reserve, and gives a subsidy to those families and allows them to have childcare when the servicemember is deployed.

Just recently, we learned that the Air Force is not funding this program. They are continuing to fund those families that were already in the program, but they are not allowing any new families to take part in the program, causing a lot of consternation with folks who read about the programs, understand that they're out there, and then suddenly find the door shut in their face. The Air Force has piggybacked on the Navy program to pay for those positions that are already occupied by families, but we are concerned that we have an unequal benefit for those families, and we're not offering the same benefit to those Air Guard, Air Force Reserve, and, indeed, Active Duty Air Force families that are available to the families of the other Services.

Senator BEN NELSON. So, the other Services are making those funds available.

Ms. MOAKLER. Yes. Originally, it was a DOD program run out of global war on terrorism funds, and then those funds went away, and the other Services absorbed that cost.

Senator BEN NELSON. Sounds like one of those budget issues, Colonel, that you referenced earlier.

The service requirement for members who leave service short of 20 years and delay the date at which a servicemember may draw retired pay, the Commission believes the current generation of young people today would prefer and expect such a retirement system. You've already raised the question about the retirement program. What, besides extending Senator Chambliss's bill, should be done for military retirement? Is there anything, beyond what's currently before us?

Colonel STROBRIDGE. Sir, the things that are out there now, I think we have a lot of doubts about. The things that are coming out of the Defense Advisory Committee on Military Compensation and the Guard and Reserve Commission, where they're talking about merging the retirement systems and having early vesting and delay payment of retired pay on immediate annuity until 57 to 62, I think those of us who have been force managers in the past have a lot of concern. I look at today's force and try to put myself in the shoes, as hard as it would be, of a person with 10 years of service who's facing orders for their third or fourth tour in Iraq, and they have a choice between saying, "I'll let you take part of your retirement if you walk, but if you stay and serve a career, you have to stay until age 57 and keep doing this to get an immediate annuity"—we don't see that as a positive retention tool.

Senator BEN NELSON. More of a disincentive for retention, isn't it?

Colonel STROBRIDGE. Exactly. Historically, sir, over the last several decades, we've had lots of retirement proposals. For very good reasons, most of them have been looking to save money, one way or another. The thing we're concerned about is, if you have a new proposal that essentially pays a lot of money to people who voluntarily leave, who don't get money now, that money is probably going to come from the pockets of the people who stay for a career, and we're very concerned about that.

Senator BEN NELSON. In the corporate world when they do that, it's usually considered a buy-out for a reduction in the number of personnel; whereas, with the military, we're constantly looking for ways to retain more, with bonuses and other incentives, and then you face certain disincentive programs. It's in conflict.

Colonel STROBRIDGE. Right. The concern we have about the health care, very frankly, one of the big ones, is, it's tantamount to a reduction of a couple thousand dollars a year in retirement benefits, which reduces the pull to retirement. So to us, any of these things—the retirement system is the big force-management tool, the 20-year "cliff vesting," there's no doubt, it's a very blunt instrument. But somebody from the CRS used a phrase I like what it lacks in subtlety, it makes up for in impact. [Laughter.]

It's a very powerful tool, and I think we have to be very careful to mess with it. I think one of the reasons we're still seeing the retention we are, despite all these terrible things we're imposing on people, is the power of the 20-year retirement system.

Master Chief BARNES. Mr. Chairman, I just wanted to expand on Steve's comments.

There's a really strong emphasis on comparing military benefits to civilian benefits. A point we continually make is that service in the military is much different than working in the civilian world.

The second point is, there's also a dollars-and-cents aspect of cost analysis that is usually predominant, not taking into consideration the importance of military service, and the value of military service, in conjunction with maintaining our national defense and security.

Sergeant CLINE. Mr. Chairman, I would like to just reflect on the Guard and Reserve. Going to age 62, I believe, with the increased operational tempo (OPTEMPO) of the Guard and Reserve, the fact that, just a few short years ago, we mobilized 50,000 national guardsmen to serve down in the Gulf Coast for Hurricane Katrina, there is not a day that goes by that the National Guard isn't being mobilized for one thing or another, and the OPTEMPO keeps getting bigger and bigger and bigger. What we're doing is, we're saying, "Well, we're not going to give you an early retirement, we're going to defray it for another 2 years." I think it would be a big dissatisfaction to our Guard and Reserve members.

Senator BEN NELSON. Yes, we should not lose sight of the fact that the Guard, in particular, is under the direction of the Governor for domestic issues such as disasters and, like in your State—having been a Governor and having had a TAG report to me, I'm very much aware, and very sensitive to making sure that our Guard is able to be responsive to the needs of the State when those needs arise. So, we absolutely need to keep that in mind, because that's potentially part of the OPTEMPO that can be faced. You can be deployed back, you can be deployed domestically in your State for 2 or 3 or more weeks to respond to a national disaster. That's not necessarily on the drawing board of the Guard planning here in Washington, at the Pentagon.

Sergeant CLINE. Yes, sir.

Senator BEN NELSON. What about full-time staffing? Sergeant Cline, you state in your testimony that with the heavier commitments and more deployments, the Guard's full-time support program is critical to mission success and the Army Guard is funded for less than 60 percent of their full-time support requirements. The last Baseline Requirements Assessment performed by the Army Guard, according to the information provided to the subcommittee, was completed back in 1999. Would you agree that the Army and the Air Force should complete a top-to-bottom reassessment of full-time manning requirements before Congress increases these levels beyond the agreed-upon ramp that DOD is currently considering?

Sergeant CLINE. I don't think you can stop the ramp, sir. The reason I say that is, when you already have an understaffed force, that you need to get up to this 90 or 95 percent level of full-time manning. You have to remember these are the people that work day-in and day-out to support these guardsmen. They're the ones that are at the armories helping to recruit soldiers and airmen. When the call from the Governor comes, they're the ones that are on the phone getting these soldiers and airmen to report in so that we can deploy. They're also the ones that are making sure that our equipment is maintained at a level that we can deploy, whether it

be for a domestic mission or OEF or OIF. So, I think while we wait for a study, I think we have to continue on the Army's ramp to bring that full-time manning level up.

One of the things that we're concerned with is, back in the 1970s and 1980s we used to have an Active-Duty Army advisor in a lot of units. We find that most Active component soldiers do not understand the National Guard. Then you also have the problem that if the Governor calls, what's this Active-Duty soldier to do? Can he deploy with the unit? Then you have the rotational problem. You don't have that history of somebody being in that unit that knows the people, knows the unit, knows the mission.

Senator BEN NELSON. So, bringing in Active-Duty personnel to fill those slots is not the answer to the staffing issue.

Sergeant CLINE. Not in our opinion, it's not, sir. I think the Active Guard Reserve program that we currently have, and the military technician program we have, have been a huge success. These people are overworked; in my opinion, underpaid; and they continue to perform, day-in and day-out.

Senator BEN NELSON. Any other thoughts with regard to that? I guess, primarily, the Army-Air Force.

One other subject in the prepared testimony by TMC, it advocates the adoption of flexible spending accounts for servicemembers. Since TRICARE covers and pays for many types of care that traditional civilian health plans don't, perhaps somebody could explain the benefits that a servicemember and/or his dependents could realize from a flexible spending account.

Colonel STROBRIDGE. Yes, sir. It's really ironic that just about the only people in America who don't have access to flexible spending accounts are military people—Active-Duty, Guard, and Reserve. When you look at the military program, people have expenses for things like eyeglasses, contacts, copayments on braces, copayments on pharmaceuticals—childcare is a big one. We deploy a parent; obviously, they need more childcare, which is one of the elements of the flexible spending account. Yet these folks are the only people in America that we don't allow this tax deduction for. We realize that is not under your jurisdiction. We appreciate the support that the committee has given us on this. The odd thing is, it doesn't take a law change. DOD has the authority to do it. They have just chosen not to, for some unknown reason. To us—we just can't understand why military people shouldn't be able to use the same benefit that everybody else in America has.

Senator BEN NELSON. At least we ought to write a letter to DOD and ask them why they draw a distinction between TRICARE beneficiaries and the rest of the population.

Colonel STROBRIDGE. But, please remember, it's not just health care, it is childcare, as well.

Senator BEN NELSON. Sure.

Ms. BECK. Sir, and there are, again, a number of things that TRICARE does not cover, that could be helpful in this arena. Medicare—there are certain prosthetics that Medicare will cover and TRICARE won't. The co-pay for that is $20,000. So, to be able to accommodate that with that type of care would be helpful.

Senator BEN NELSON. Have you developed any idea of what level the flexible spending account should be? From what figure to what

figure would you be recommending? Or have you looked at it, at that level?

Colonel STROBRIDGE. Sir, all we've proposed is, make them eligible for the same program that is currently available to Federal civilians, just like we've done with the Thrift Savings Plan. To us, that would be perfectly acceptable.

Senator BEN NELSON. One further thing. Chief Barnes, in your written testimony, you advocate a larger role for the DOD in providing the opportunity for overseas servicemembers to vote. Obviously, with this election coming up, it's important for us to have more information about your thoughts. How can Congress or DOD improve the current system, keeping in mind that, under the U.S. Constitution, voting is primarily a matter of State law and that DOD is somewhat limited in what it can require of servicemembers? So, we're at somewhat of a disadvantage, but do you have any thoughts about how we might be able to overcome that disadvantage?

Master Chief BARNES. Yes, Mr. Chairman. Thank you for that question.

We are very concerned about statistics that indicate that less than half of the absentee ballots that were cast in the last presidential election were actually counted, because of various challenges associated with casting those ballots, with requesting absentee ballots, with regard to postmarks, with regard to how the ballots are handled, as you say, at the State level. We believe that there's an opportunity to perhaps explore using technology more effectively, to request ballots and communicate the need for ballots, and then submit them via regular channels or cast the ballots via the mail service. We are working with the Pew Charitable Trusts on this issue, trying to learn more about this. We're also mindful that considerable resources have been committed to demonstrations of voting via the Internet, and there have been security concerns, and those have not been successful. So, thank you for that question. We continue working that issue.

Senator BEN NELSON. I think it's legitimate to continue to work on it. I really do, and I hope that you're able to come up with some suggestions that will work. There are security issues, obviously. There are States that are moving away from the voting machines, going back to paper ballots. So, the U.S. mail probably will continue to be a significant part of the process. But, I hope that we could find a way to facilitate, so that you don't end up with, as many as you are suggesting, maybe half of the ballots not getting counted because of technical deficiencies, which are important and can't be ignored, but how do we get the process streamlined to where we don't run into those, where you have a postmark problem or delay in getting the ballot? Technology may be able to help us in that regard, at least.

Master Chief BARNES. Yes, sir. The participation in the process is very important. It's a high priority for the Association and our Coalition partner organizations. We appreciate your attention to that, and we will continue working this issue and share any additional information we may have on that, or recommendations, to yourself and the staff.

Senator BEN NELSON. Sure. Thank you.

We're coming close to the time to end. But, before we do, what have we not asked that we should have? What do we not know that we should know, from your perspective? Please feel free.

Colonel?

Colonel STROBRIDGE. I think the only comment that I would like to add when Senator Graham was talking about the relative share of DOD costs, one of the things that we think is essential to recognize on that—and, very frankly, when DOD talks about that, we have a great deal of problem with it—is not to recognize that costs have an increase, but the other part of that equation, whenever you're dealing with a fraction, you have a numerator and a denominator. That denominator is influenced by procurement holidays—if the denominator goes down, all of a sudden the percentage that's consumed by health care is bigger. The other part is that the DOD health care system is not built for efficiency. It says, very frankly, that the retired customer is last. They get whatever is left. The DOD health care system is built for readiness. When we deploy people overseas, we deploy the doctors, and that means that the patients have to go downtown, which is more expensive. We have commanders robbing money from the hospitals to meet their readiness costs; that means you reduce the number of drugs in the formulary, people have to go downtown. The commander doesn't care, because that cost goes to DOD.

We have three different Services competing for money, we have three contractors competing for money—four contractors, with the pharmacists. A lot of them don't talk to each other. A lot of them don't like each other. The last thing they do, really, is work together effectively.

So to us, a big share of the cost increases that DOD talks about are readiness-driven cost increases, they're costs of doing military business. To us, the beneficiaries should not share any percentage of that. So, talking about percentage of DOD cost, to us, doesn't make any sense. That's why we come back to the standard of saying it should be tracked to their income increases, not to DOD costs. We've pushed a lot of initiatives to try to reduce DOD costs. DOD has resisted them.

Master Chief BARNES. Mr. Chairman, an issue that is very challenging is reform of the Uniformed Services Former Spouses Protection Act. We're mindful that, I believe, for the second year in a row, the Department has forwarded some recommendations from the study to look at that issue. So, I'd just bring that to your attention. That's addressed in our statement also.

Senator BEN NELSON. Okay.

Ms. MOAKLER. I agree with Joe Barnes on that. We do believe that there are inequities, and that both sides would be well served by implementing the recommendations of the DOD report.

I just want to remind the committee about expectations of military families. We have wonderful programs out there. We want to fulfill the expectation of military families, that they be able to access them, no matter where they go, no matter what installation they're at, no matter the state of that installation because of BRAC or reorganization, or depending on the component to which they belong. The President, in his State of the Union Address, established an expectation for military families on this transferability of the GI

Bill. We hope that if and when it is included in a new GI Bill, or changes to the GI Bill, that we consider all the ramifications so that we don't disappoint any of those spouses and children who are expecting to be able to access that across the board.

Ms. BECK. I was just going to touch, one last time, on the idea of the oversight. Since September 11, we have changed our force structure, we've changed how we go to war, but we haven't structurally addressed how we treat these servicemembers when they come back either injured or severely injured. While we debate back and forth over whose responsibility they are to take care of, they fall through the cracks. Starting with Congress having that joint committee, that Joint Subcommittee on Transition, or something similar to it, would be hugely beneficial to the servicemembers directly. It may not be the most interesting topic in the world to them, and they not know it, but having that joint oversight would really help to address a number of the near misses as we discuss this.

Senator BEN NELSON. It would be wonderful if we can implement the changes that will be necessary to make sure that it is seamless.

Ms. BECK. These agencies are blurring the lines, and now we're asking Congress to do the same thing.

Senator BEN NELSON. It's not that there's no interest or that there's no effort, because there is both interest and effort, it's just that it's a herculean task to be able to overcome it and accomplish that desired seamless service.

Sergeant Cline?

Sergeant CLINE. Sir, one of the biggest problems that we're having in the mobilization process is dental funding and readiness. Ninety days is just not enough time to get a soldier ready to go, or an airmen ready to go, before they actually deploy. The current Delta Dental Program will not take somebody who's enrolled in a program from a category 3 to a category 2 for mobilization purposes. So, we need to improve that dental program, but we also need to give the Services the ability—and they know, a year out now, what units are going to go. In rare cases, some units don't have that flexibility. But, we need to start allowing dental readiness as soon as we know a unit's going to deploy, start the process then, not wait until 90 days out, where we have to pull somebody's teeth to get them to be able to deploy.

Colonel STROBRIDGE. Sir, I'm a little concerned that we may have talked about a couple of things so often that I want to make sure that I foot-stomp a couple of specific examples, and they entail mandatory spending, which I know is difficult for the committee. We'll be dealing with amendments, I'm sure. But, a couple of specific examples.

The committee did a wonderful thing last year in taking care of the combat-related special compensation for the people under 20. We are very grateful for that. The Disability Commission, though—and most of us have recognized that making a distinction between combat-related and noncombat-related is an awfully tough thing to do. We have a case of a person who pre-flighted a combat mission in an aircraft in bad weather, slipped on the wing, fell off and broke his back on the equipment. That was deemed noncombat-re-

lated. It was a weather condition. These are the kinds of distinctions that we make.

We have, now, under current law, with all the good things that Congress has done, a person who is early-retired with 15 years of service and a 50 percent disability is now a noncombat disability and is on their way to have that phased out over a period of about 4 more years.

A person who has a 10 percent combat-related disability with 20 years, gets their full retired pay.

But, a person who is in that circumstance, a person with 19 years, 7 months of service, has to lose their full disability, full retired pay. We just think that's wrong. We need to do something for the high-disability people who are forced into retirement before 20 years of service for noncombat reasons. We have to do something to ease that inequity.

The other thing is the survivors. We realize that Congress did the $50 last year. You didn't have to do that, and we have spent a lot of effort trying to make sure that the survivors who see that as a slap in the face, very frankly, understand that this was done by people who are trying to take a step to help.

One thing I ask you to be aware of, just because it was brought forcefully to us, that even with that, and with the modest increases that go forth, just the COLA adjustments on the current DIC means they're losing another $20 a month every year that goes by. We would ask you, in your deliberation in conference and on the amendments, to be sensitive to that. We're hoping, now that Congress has recognized the inequity, to get to the point where we can look ahead and see an end to that, or see significant progress, where the amount of money those widows are losing every month isn't increasing. We need to make real progress toward eliminating the offset.

Senator BEN NELSON. Anything further?

Sergeant CLINE. I'd like to add something to surviving spouses, something that won't cost the government anything. That's to give surviving spouses space-A privileges. The airplane is going to go to a location. If there's a seat available on there—that spouse has made the ultimate sacrifice. Why not give them the seat on that aircraft, if it's available? Knowing that if they have to pay their own way home, they know that. Chances are, most of them won't take the benefit, but it's Congress, the DOD saying, "We recognize your sacrifice, and we're going to make this available to you as a benefit."

Senator BEN NELSON. Sounds like something that should be considered. I'm sure there's a bureaucracy associated with that sort of thing that will have an idea or two about it.

Sergeant CLINE. Leave it up to DOD, sir. There's always a bureaucracy.

Senator BEN NELSON. Thank you, everybody. I appreciate your candor, your suggestions, and we will take them under consideration.

[The prepared statement of the Reserve Officers Association follows:]

PREPARED STATEMENT BY THE RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

INTRODUCTION

The Reserve Officers Association (ROA) thanks the chairman and members of the committee for the provisions passed in the National Defense Authorization Act for Fiscal Year 2008. With over 100 provisions that help serving members and their families, at least 24 directly affected ROA members. ROA further applauds the ongoing efforts by this committee to address recruiting and retention as this will be an ongoing challenge as we continue to fight a war.

EXECUTIVE SUMMARY

The ROA tries to look beyond just benefits for our members with a focus on building a Reserve component for the 21st century. In keeping with our Congressional Charter we attempt to "promote the development and execution of a military policy for the United States that will provide adequate national security."

The ROA Calendar Year 2008 Legislative Priorities are:

- Assure that the Reserve and National Guard continue in a key national defense role, both at home and abroad.
- Reset the whole force to include fully funding equipment and training for the National Guard and Reserves.
- Providing adequate resources and authorities to support the current recruiting and retention requirements of the Reserves and National Guard.
- Support citizen warriors, families, and survivors.

Issues supported by the ROA are:

Recommendations on the Commission on the National Guard and Reserves' Final Report.

- A report by the Department of Defense (DOD) on how to develop a framework for an Integrated Total Force utilizing a continuum of service for both Active and Reserve components.
- A study by DOD on what statutory and policy changes would be required to create an Operational Reserve that is sustainable.
- Reports from Departments of Defense and Homeland Security further developing the framework of homeland security and defense, clarifying statutory responsibilities, and further defining the roles of the National Guard and Reserve in the homeland.
- A need for hearings about the Reserve Force Policy Board structure and authority.
- Various other provisions.

Changes to retention policies:

- Continue to support incentives for affiliation, reenlistment, retention, and continuation in the Reserve component.
- 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 correct and improve legislation on reducing the Reserve component retirement age.
- Permit mobilized retirees to earn additional retirement points.

Pay and Compensation:

- Ensure Army policy on mobilization and allowances doesn't destabilize retention.
- Seek differential pay for Federal employees.
- Provide professional pay for Reserve component 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.

Education:

- Place all GI Bill funding and administration belongs under the jurisdiction of the Senate and House committees on Veteran Affairs.
- Include deployed reservists under MGIB-Active to allow qualification by accumulating active duty time; earning up to 36 months of benefit at 100 percent.

- Extend MGIB–SR, chapter 1606, eligibility for 10 years following separation or transfer from the Selected Reserve in paid drill status.
- Return the MGIB–SR (Chapter 1606) payment rate to 47 percent of MGIB-Active.
- Include 4-year as well as 6-year reenlistment contracts to qualify for a prorated MGIB–SR (Chapter 1606) benefit.
- Stipulate that Reserve component personnel can use their education benefits while mobilized.
- Transfer unused benefits for career servicemembers to family members.
- Allow use of the MGIB benefit to pay off student loans.

Spouse Support:

- Repeal the SBP-Dependency Indemnity Clause (DIC) offset.

Health Care:

- Medical and Dental Readiness
- Continuity of Health Care
- Parity of Care for Reserve Component Wounded
- TRICARE Fee Recommendations.

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.

FINAL REPORT: COMMISSION FOR THE NATIONAL GUARD AND RESERVES

The ROA was extremely pleased with much of what we found in the final report from the Commission on the National Guard and Reserves (CNGR). The Commission got the big issues right.

ROA has participated in this process since its inception over 2 years ago, and are gratified to see many of our ideas and recommendations reflected in today's report. While there may be some differences in opinion on specifics, ROA certainly concurs with the Commission's main conclusions:

- That a strong Reserve component is essential to sustaining the All-Volunteer Force.
- That since 2001, the availability of the Reserve and National Guard for worldwide missions has saved the country from a draft.
- That the men and women of the Guard and Reserve have performed magnificently.
- That the Reserve component is an extraordinary "bargain" for the taxpayers.
- That the Nation needs both an "Operational" and a "Strategic" Reserve, and that an effective "continuum of service" policy is essential to achieving the right balance between these two parts of our Reserve.
- That the Nation's employers play a critical role in the success of the Reserve components and deserve additional support.

ROA is concerned about how some others are reading the report. ROA believe that some may be drawing the wrong conclusions on three very important issues.

1. Should the National Guard should be exclusively a homeland defense force? ROA believes that the National Guard and Reserves should be trained and equipped for service both at home and abroad. This is not a big change from today, except that the Department of Defense (DOD) has not bought enough equipment or provided enough training. What the CNGR report recommends is that DOD expressly recognizes that both home and overseas missions are important, and that equipment and training decisions must reflect that reality.

2. Does the report propose to cut the pay of reservists? It says exactly the opposite. What the Commission did say was that the old way of calculating reservists pay was a problem, and should be simplified. Anyone who has served in the Reserves knows that to be the case. The Commission expressly says this simplification should be done ". . . without reducing compensation for current servicemembers."

3. Is the concept of a sustainable "Operational" Reserve achievable? ROA believes that it is. ROA likes the Commission's idea of carefully identifying units and individuals in the operational portion of the National Guard and Reserve, while others are identified as being in the "Strategic" Reserve. Some units can fill both roles depending on where they are in the readiness cycle. ROA agrees with the idea that these different parts of the Reserve

could be equipped and funded in accordance with their missions, and that Congress should put controls in place to make sure that is happening.

ROA also supports.

- The office of the Assistant Secretary of Defense for Reserve Affairs must be strengthened. We don't favor eliminating that office. We continue to recommend the appointment of an Undersecretary, perhaps combining the responsibilities of Reserve Affairs and Homeland Defense. (#95)
- That all Reserve component chiefs should be appointed from the Reserve component of that Service. (#93) USNR and USMCR are current exceptions.
- The Reserve Force Policy Board needs to be examined. Section 1823 of the National Defense Authorization Act of 2008 mandated that the Secretary of Defense reports to Congress on the organization, membership, functions, procedures and legislative framework of the Reserve Forces Policy Board (RFPB) no later than July 1, 2008.

To assist in the information gathering process for this report, the ROA recently held a forum on the Reserve Forces Policy Board that reviewed all major aspects of its role, organization, membership, functions, and procedures. The forum participants reached the following conclusions—most of them on a unanimous basis:

(1) The RFPB must report directly to the Secretary of Defense. The present system of reporting "through" other offices in the DOD has caused the Board's advice to be less effective than if received by the Secretary of Defense directly.

(2) The RFPB must function as a truly independent Board, with all members being free to give their unvarnished opinions without regard to those of their superiors.

(3) The role of the RFPB is primarily to provide Secretary of Defense with policy advice. In accomplishing this purpose it has an information gathering and dissemination role as well as, in a more limited way, an action role, primarily in sharing its findings.

(4) A majority of the participants thought the current membership on the RFPB should be maintained and augmented. This would include continuing representation from all the Reserve components, regular officers, representation by each Service's Assistant Secretaries for Manpower and Reserve Affairs, and an appointment of a chairman. Noncommissioned officers be added to the Board.

(5) The Commission on the National Guard and Reserves recommended composing the Board entirely from persons ". . . from civilian life." Forum participants unanimously disagreed with this view, but a minority did believe that augmenting the Board with some non-DOD civilians was appropriate.

(6) The participants believed that the RFBP annual report the to the Secretary of Defense should continue to be transmitted to the President and Congress as provided in 10 U.S.C. 113(c)(2).

- As different groups have differing opinions, congressional hearings on the RFPB should be conducted at the earliest possible time this year. ROA's hope is that early hearings will permit legislative action on this topic this year.

The CNGR has made a number of additional recommendations which can be included in this year's National Defense Authorization Act. ROA supports the following.

- Requiring total force equipment requirements to be included in service and joint planning and delivery. CNGR recommendation (#42)
- Requiring the active services should conduct a baseline review of Reserve component equipment requirements. (#44)
- Amending the mobilization statutes to involuntarily mobilize for 60 days in 4 months, 120 days in 2 years for natural or manmade disasters. (#8)
- Directing a report on current Reserve component systems for developing and maintaining a civilian skills database and recommend methods of standardization between the Services. (#19)
- Removing Reserve designators from all titles, signature blocks, and unit designators. (#85)
- Eliminating the 30 day minimum on Active Duty for receipt of Basic Allowance for Housing. (#52)
- Reimbursing servicemembers for travel expenses in excess of 50 miles at discretion of Service Secretaries, delegatable to Reserve component Chief (#53).

• Amending law to permit Reserve component members to use MGIB–SR after their discharge, as long as they are subject to recall. (#54).
• Expanding DOD's authority to pay a stipend or tax credit as reimbursement for cost of keeping employer health care. (#63).
• Increasing DOD funding to family support services to include paid staff. (#65)
• Implementing an information campaign to educate Reserve component members and families about Military OneSource (#66)
• Expanding efforts to educate families about benefits, health care, family support programs, potential demobilization issues, and other family concerns. (#67) * Directing all Federal agencies to follow guidance on appropriate behavior with regard to employees who are reservists: compliance to USERRA. (#70)
• Revising pre-deployment health assessment to establish baseline health data on psychological as well as physical health. (#74).
• Resuming monthly drills immediately after demobilization. (#75)
• Providing transition assistance information not just at TAMP but at first several post demobilization drills, and include family members. (#79)
• Tracking post-deployment health reassessments to ensure they are completed within 90–180 days. Provide appropriate counseling and health care. (#76)
• Developing protocols to ensure needed services are available to Reserve component members who do not demobilize at their home or who are [Individual Mobilization Augmentees or] Individual Ready Reserve members. (#77)
• Providing demobilized Reserve component members with one year of dental care coverage through military treatment, Veteran Affairs Hospitals, or contracted civilians. (#78)
• Establishing a single reintegration standard of care, regardless of frequency of tours, or Service/Reserve component component category. (#80)

The DOD should be directed to study the following on how to:

• Qualitatively assess and credit proficiency based on knowledge, skills, and abilities on Active and Reserve joint duty. (#16)
• Implement a combined pay and personnel system. (#21)
• Remove all vestiges of cultural prejudice between Reserve component and AD which remain in law. (#84)
• Resolve problems in providing family health support to families outside of Military Treatment Facility networks. (#61)
• Replacing Social Security Numbers as a DOD unique identifier. (#60)
• Develop an expanded joint family assistance program via Internet and phone. (#64)
• Expand ESGR mission to help employers find information on a wide range of topics including: Department of Labor, Small Business Administration, Department of Veterans Affairs, health issues including traumatic brain injury and post-traumatic stress disorder. Also, to hire more ombudsmen, and if any changes to the reporting path to the Secretary of Defense are needed. (#68)
• Have the Reserve Forces Policy Board Employer Advisory council report directly to Secretary of Defense. (#69)
• Have DOD explore creating and implementing a "contracted Reserve," seeking volunteer civilian employers and employees to provide the U.S. Government with specialized skills in the Reserve Force. (#72)

ROA concurs with the Commission that creating a Reserve and National Guard for the 21st century is essential. The country cannot have an All-Volunteer Force unless it has a strong and capable Reserve component—unless we want to go back to the draft.

PAY AND COMPENSATION DISCUSSION—PROPOSED LEGISLATION

Retirement:

ROA would like to thank the committee for passing the early retirement benefit in the National Defense Authorization Act for Fiscal Year 2008, as a good first step toward changing the retirement compensation for serving Guard and Reserve members.

1. ROA endorses S.2836, the National Guard and Reserve Retirement Pay Equity Act, which is a corrective measure to the National Defense Authorization Act for Fiscal Year 2008, including those Guard and Reserve members who have been mobi-

lized since September 11, 2001. Over 600,000 were excluded. ROA recognizes the expense of this corrective measure scored by CBO at $1.8 billion over 10 years, but some times fair trumps fiscal.

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. While Congress took action to extend the military Mandatory Retirement Age (MRA) to 62 years, services aren't necessary electing to increase their MRA policies.

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 commissioned service they find they may have only 15 good Federal years. Current policy allows these individuals to have only 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.

Differential Pay for Federal Reservists:

The Federal Government is one of the largest employers of Guard and reservists. While DOD 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. 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 than the agency's budgeted pay, there will be a net savings. Because of this, ROA feels that each Federal agency, and not the DOD, 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.

Education:

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 6 years in the Selected Reserve to 4 years in the Selected Reserve plus 4 years in the Individual Ready Reserve, thereby remaining a mobilization asset for 8 years.

MEDICAL AND DENTAL READINESS

Medical and dental screening and care in advance of mobilization were authorized in section 701 of the National Defense Authorization Act (NDAA) for Fiscal Year 2004 for 90 days prior to activation. This has not solved the problem as medical and dental readiness is still the number one disqualifier preventing mobilization.

ROA supports legislation introduced this week by Senator Clinton (NY) that was entitled "National Guard and Reserve Medical Readiness Act" which lengthens the eligibility period for medical and dental screening and care.

Because of the changing status of Guard and Reserve members between inactive and active status, health care for reservists is a complex challenge. Prior to mobilization some members are without coverage, many have opted into the new TRICARE Reserve Select, still others covered by employment health coverage. Once alerted, these individuals are covered by TRICARE.

Currently, the burden to maintain such readiness falls upon the individual reservist. Even individuals who participate in TRICARE Reserve Select and the TRICARE Dental Plan have to pay premiums for these health plans. Unit commanders are hesitant to direct individuals to maintain certain medical and dental standards because the individual would carry the cost of corrective measures.

The Commission on the National Guard and Reserves recommends that in order to enhance medical readiness, and sustain an Operational Reserve (#34) DOD must:

- Have annual dental and medical screening
- Adopt policies for individuals to be medically ready
- Hold units responsible for medical & dental readiness.

CONTINUITY OF HEALTH CARE

Some Reserve component members who have taken TRICARE Reserve Select Health coverage are nearing retirement, and have recognized that once they leave the Selected Reserve that they will not have TRS coverage.

• ROA recommends a Gray area retiree buy-in to TRS. TRS buy-in would be at the full monthly cost, but at least this would provide a continuity of coverage for those waiting for TRICARE retirement.

PARITY MEDICAL CARE FOR WOUNDED RESERVISTS

Suggested Enhancements:

• The DOD needs an electronic medical records system that is compatible with the systems from the Veterans Affairs.
• The interagency DOD and DoVA connectivity and cooperation needs to continue to be enhanced to better serve those that have served.
• Reservists need proper education and counseling in benefits, allowances, and assistance that are offered to wounded service personnel. A reservist returns to a civilian community that may not have a nearby military installation.
• Wounded warriors should be assigned to units local to their homes for the purpose of accountability and tracking their progress through the medical system. The military needs to take responsibility for monitoring and advocating for their people until they are fully integrated into the Veterans Affairs system.
• Reservists should have the option to return home while awaiting surgery, physical therapy or other medical treatment. They should also have the choice to receive these services from local TRICARE medical professionals at DOD expense.
• Line of duty determinations must be made in a timely manner, with the ability to perform home status duty, while waiting the outcome from medical or physical evaluation boards.
• Long waits for medical or physical evaluation boards, in some cases a year or more, without drilling can cause reservists to lose a satisfactory year. These non-qualifying years can affect promotion opportunities and retirement eligibility.
• Benefits must be equal for all wounded warriors. All disparity in annual disability payments between the Active and Reserve components must be eliminated.
• Extensive mental health assessments should be given immediately upon return to home units with follow-up assessments as prescribed by mental health officials. When reservists return to their civilian lives they may develop mental complications not previously noticed.
• Traumatic Brain injury is the signature wound from Iraq. Predeployment baseline tests should be taken to measure changes in returning warriors.

TRICARE FEE RECOMMENTATIONS

Encourage hearings on recommendations and fee structures made by the Task Force on the future of Military Health care.

TRICARE Prime:

• Adjustments to the enrollment fee are acceptable if tied to true health care costs.
• It is important to review the independently evaluation of the current total cost of DOD health care benefits. Such an audit will permit Congress to validate proposals made by all parties.
• Cost-sharing adjustments should be spread over at least 5 years to permit household budgets to adjust.
• Annual increases should not be tied to the market-driven Federal Employee Health Benefits Plan (FEHBP).

TRICARE Standard:

• ROA does not endorse an annual enrollment fee for either DOD or VA beneficiaries.
• If TRICARE Standard requires beneficiary enrollment, it should be only a one-time minimal administrative fee.
• Adjustments to TRICARE Standard should be made to the deductibles.
• Because of larger co-payments of 25 percent after the deductible, the costs of TRICARE standard must to be analyzed from a total cost rather than initial cost perspective. TRICARE Standard's cost deductible automatically adjusts with escalating health care costs.
• TRICARE standard deductible increases should not be rolled over into TRS as reservists pay more upfront. Family Premiums and deductible for

an operational reservist are $3,336 per year for calendar year 2007 compared to a proposed combined cost of $1,120 for TRICARE Standard in fiscal year 2008.

TRICARE Reserve Select (TRS):

- Review and reduce the TRS premium structure found to be excessive by GAO.
- Continue to improve health care continuity to all drilling reservists and their families by:
  - providing the individual reservist an option of DOD paying a stipend toward employer's health care.
  - allowing demobilized reservists, involuntarily returning to IRR, 1 year of TRS coverage for each 3 months of service.
  - allowing demobilized Retirees to qualify for coverage provided the IRR.
  - allowing demobilized FEHBP the option of TRS coverage.
  - extending military coverage for restorative dental care following deployment as a means to insure dental readiness for future mobilization.
  - requiring physicians who accept Medicare must accept TRICARE.

Pharmacy Co-payments:

- ROA believes higher retail pharmacy co-payments should not apply on initial prescriptions, but on maintenance refills only.
- ROA supports DOD efforts to enhance the mail-order prescription benefit.

CONCLUSION

ROA reiterates its profound gratitude for the progress in providing parity on pay and compensation between the Active and Reserve components, yet the subcommittee also understands the difference in service between the two components.

ROA looks forward to working with the personnel subcommittee where we can present solutions to these and other issues, and offers our support in anyway.

Senator BEN NELSON. This subcommittee is now adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR HILLARY RODHAM CLINTON

MENTAL AND DENTAL READINESS OF THE RESERVE COMPONENT

1. Senator CLINTON. Colonel Strobridge and Sergeant Cline, in your prepared testimony, you identified medical and/or dental care as a major readiness challenge. Indeed, lack of medical or dental readiness often means that our Guard and Reserve units must deploy with less than 100 percent of their personnel or reach into other units to fill their empty positions. Earlier this year, the Commission on the National Guard and Reserves found that "five of the seven Reserve components are not satisfactorily meeting the Department of Defense (DOD) medical readiness standards," defined as 75 percent of personnel being rated fully medically ready.

The DOD's own assessment identifies only the Air Guard and the Navy Reserve as meeting medical readiness standards in the second half of fiscal year 2007. The Reserve components that have been most stressed by the wars in Iraq and Afghanistan—the Army National Guard, Army Reserve, and Marine Corps Reserve—are the first, second, and fourth least medically ready of the five Reserve components, according to DOD. The problem is particularly acute among the Army National Guard and Army Reserve where only 21.3 percent and 23.7 percent of soldiers were rated fully medically ready in the first quarter of fiscal year 2008.

Ensuring individual medical readiness among our National Guard and Reserves is both a quality of life issue for our brave citizen-soldiers and a national security imperative. The era of the weekend warrior—of service in the National Guard and Reserves meaning a commitment of 1 weekend a month and 2 weeks a year—has ended, and we must step up to ensure that the benefits, including medical and dental care, to which they are entitled, are adequate to meet their needs.

Considering this deeply concerning National Guard and Reserve medical and dental readiness data, what steps has DOD taken to improve readiness levels among the Guard and Reserves?

Colonel STROBRIDGE. MOAA and the Coalition don't feel qualified to try to detail the Defense Department's actions in this area, and would defer to the Department to do so. We note, however, that DOD itself and the Commission on the National Guard and Reserves acknowledge significant shortcomings in medical readiness especially in Reserve component ground forces. For one example, DOD created a joint partnership Federal Strategic Health Alliance (FEDS–HEAL), a joint initiative of

support services between the DOD, Veterans Health Administration and Federal Occupational Health. More information is available at http://fhp.osd.mil/about.jsp?topic=6#feds-heal and http://www.navy.mil/search/display.asp?story—id=33268.

Sergeant CLINE. Enlisted Association of the National Guard of the United States (EANGUS) cannot speak for the Defense Department, and we believe this question should be directed to the Department for a definitive answer.

As stated in a recent news article (http://www.ngb.army.mil/news/archives/2008/03/032008-dental—health.aspx), the Army National Guard and the Department of the Army signed a memorandum of agreement on February 11, 2008, which is likely to result in $107 million for dental treatment for all soldiers who are non-deployable due to dental issues. Currently, only soldiers whose units have been alerted for mobilization are funded for dental treatment. 55 percent of all Army Guard members fall into non-deployable readiness status due to dental issues, either because they have not been examined recently or need corrective dental measures. The funding for the dental work is expected to arrive in fiscal year 2009 but added treatments could begin sooner. The memorandum signed in February will allow for treatment for all Guard members regardless of their alert status. The $107 million earmarked for dental treatment would represent an increase of about $50 million from the current $50–$60 million spent annually on dental exams and treatment during alerts. The vast majority of the corrective dental procedures would be contracted out to civilian dentists and clinics. The Army National Guard currently has only 156 dentists in its ranks out of a total of about 350,000 soldiers. We commend the Army for its efforts, but believe this effort should have begun in March 2003 and not March 2008.

As evidenced in a recent Government Accountability Office (GAO) report (http://www.gao.gov/new.items/d08104.pdf), the Defense Department has a history of overestimating its medical costs and overcharging its beneficiaries, and then disregarding the recommendations to change their processes. In this particular study, the GAO found that TRICARE Reserve Select (TRS) beneficiaries were overcharged for their portion of the health care premiums due to overestimates of costs by DOD. In our opinion, DOD has received literally millions and millions of taxpayer dollars to operate TRS, beginning in fiscal year 2004 with a $300 million down payment, and has not provided any greater access to providers or increase in quality of care for our National Guard members. TRS is not a viable program at all in the State of Alaska, where almost 4,400 Guard members (about 9.5 percent of the National Guard) (http://www.gov.state.ak.us/omb/results/view—details.php?p=190) are assigned, due to restrictions in the TRICARE Operations Manual. This practice of overestimation and overcharging continues today without relief from DOD.

TRICARE Reserve Dental program is expensive, especially when the premiums are combined with TRS premiums. For member and family coverage, the cost is about $84 per month, and is scheduled to increase another $4 per month in February 2009. Coupled with TRS family rates, Guard members must pay about $337 per month for medical and dental premiums using TRICARE, not including co-payments and deductibles. In times of financial stress and difficulty, TRICARE dental is one of the first expenses to be jettisoned from the family budget. Without dental coverage, dental readiness suffers.

2. Senator CLINTON. Colonel Strobridge and Sergeant Cline, have those efforts produced any results?

Colonel STROBRIDGE. MOAA is not satisfied with the results as reported by DOD. It is inconsistent to tout an "operational Reserve" policy but not provide the resources and authority for members of the National Guard and Reserve Forces to maintain Active Duty medical readiness standards. In our view, it's not enough simply to expect reservists to meet deployment health standards without underwriting the cost to do so.

Sergeant CLINE. It is too early to determine if the limited efforts of the Defense Department or the Department of the Army have produced any results. Results have to be quantifiable, and there are no quantitative standards for medical or dental readiness for homeland security or homeland defense. In the 6 years of its existence, Northern Command (NORTHCOM) has yet to fully embrace the National Guard or set any quantitative measures on which to base individual or unit readiness for homeland security or defense missions.

3. Senator CLINTON. Colonel Strobridge and Sergeant Cline, what efforts should DOD be taking that they have not taken?

Colonel STROBRIDGE. MOAA would recommend:

(a) Making the Department responsible for facilitating correction of dental readiness issues identified while on Active Duty. That is, the Department should pay the cost of care for at least 90 days pre-mobilization and 180 days post-mobilization, unless the individual's dental readiness is restored to P–2 condition before demobilization.

(b) Holding leaders accountable for their unit medical and dental readiness (e.g., issuing reminders of 6 month dental exams, annual/physicals).

(c) Authorize more mobile medical/dental units that can deploy to serve Reserve units and locations far from military installations.

(d) Increase partnership with the VA to allow servicemembers to use VA facilities for medical and dental care.

(e) Maximize participation in TRS health coverage by reducing premiums, as recommended by the GAO. The GAO indicated premiums are 72 percent too high for single members and 45 percent too high for family coverage.

Sergeant CLINE. In our opinion, the Defense Department is relying on either the civilian health care system or the individual reservist's financial solvency to maintain combat readiness. It would seem to the casual observer that if the Defense Department wanted to ensure combat readiness medically and dentally, they would provide adequate providers and services to achieve that goal, which they do not for Guard members who do not live close to Federal enclaves. If they provide medical and dental combat readiness to the Active Forces at no cost, they should provide parity with their operational Reserves, which they do not.

In addition, DOD and NORTHCOM have yet to determine any quantitative measures on which to base individual or unit readiness for homeland security or defense missions. The Commission on the National Guard and Reserve recommended the Department of Homeland Security (DHS) determine these metrics, but DHS is not suited nor staffed nor able to adequately determine standards or metrics for homeland security. In the absence of action by DHS, NORTHCOM should have already developed these standards and metrics by utilizing the extensive expertise of the National Guard, but has shunned anything but cursory involvement from the Guard.

4. Senator CLINTON. Colonel Strobridge and Sergeant Cline, what legislative steps could be taken in the near-term to improve the medical and dental readiness of our reservists?

Colonel STROBRIDGE. MOAA would recommend statutory adjustments as necessary to implement the initiatives mentioned in response to the previous question, especially the pre- and post-mobilization dental coverage and the adjustment of the TRS premiums.

Sergeant CLINE. We support Senate Bill 2854 that would extend TRICARE benefits to Guard members upon receipt of alert orders, which is typically happening about 1 year out from the date of mobilization. However, this only really helps Army Guard members, and not Air Guard members. The Air Guard is already incorporated into the Air Force AEF cycles, and they don't receive alert orders. Refining the legislation to allow for TRICARE 1 year out from date of AEF rotation for the Air Forces will solve that discrepancy in the bill.

TRAUMATIC BRAIN INJURY PATIENTS

5. Senator CLINTON. Ms. Beck, in your testimony, you noted that medical boards are initiating the process of medical retirement too quickly for the most severely injured traumatic brain injury (TBI) patients, limiting access to critical services. You reported that TRICARE does not cover cognitive rehabilitation services for the medically retired, leading to a dangerous termination of care. In a study released April 17, 2008, the RAND Corporation found a lack of coordination between the DOD and the Department of Veteran's Affairs (VA) for those servicemen and women with severe TBI, leaving families to "navigate these systems alone," severely impacting quality of life for servicemembers and families. For those most severely impacted by TBI as a result of their service to our country, we should make a full range of service options available.

Considering the current situation for severely injured TBI patients, what is the demonstrated impact on their health as a result of rushed medical retirement?

Ms. Beck is no longer with the Wounded Warrior Project and therefore no answers have been provided for the record.

6. Senator CLINTON. Ms. Beck, what services did they lose access to immediately?

Ms. Beck is no longer with the Wounded Warrior Project and therefore no answers have been provided for the record.

7. Senator CLINTON. Ms. Beck, how were their families and caregivers impacted?
Ms. Beck is no longer with the Wounded Warrior Project and therefore no answers have been provided for the record.

8. Senator CLINTON. Ms. Beck, what legislative steps could be taken in the near-term to improve health care options for severely wounded TBI patients?
Ms. Beck is no longer with the Wounded Warrior Project and therefore no answers have been provided for the record.

QUESTION SUBMITTED BY SENATOR SAXBY CHAMBLISS

RESERVE RETIREMENT SYSTEM

9. Senator CHAMBLISS. Colonel Strobridge, Master Chief Barnes, and Sergeant Cline, first let me express my gratitude to all your organizations for the service and dedication you invest in continuous support to our military and military communities. Colonel Strobridge, in your testimony, you urge the subcommittee to continue to progress towards revamping our Reserve retirement system and continue to provide adequate compensation to our National Guard and Reserve Forces. The National Defense Authorization Act (NDAA) for Fiscal Year 2008 included a provision that reduces the age at which Guard and Reserve members can receive retired pay by 3 months for every 90 days a member serves in a deployed status per fiscal year. Also, just recently I, along with a dozen other members of the Senate, introduced the National Guard and Reserve Retired Pay Equity Act of 2008 which would make the provision in the NDAA for Fiscal year 2008 retroactive to September 11, 2001.
From your associations' perspective, I would appreciate your feedback on how these provisions will help shape and incentivize our Reserve component forces, and any additional ways that you think we should craft the Reserve retirement benefit that would help best shape and incentivize our servicemembers.
Cololonel STROBRIDGE. MOAA and The Military Coalition strongly support your National Guard and Reserve Retired Pay Equity Act, Senator Chambliss. We believe we must, at a bare minimum, credit all activated service since September 11, 2001, for retirement age recalculation purposes. To say that future service warrants adjustment to the Reserve retirement age, but multiple combat tours already served do not, is just a miscarriage of justice. As for other ways to properly incentivize our servicemembers, one way would be to credit all activated service since the onset of Gulf War I, for the same reason. We believe that interim service in Iraq, Kuwait, Kosovo, et cetera, is no less worthy of recognition for this purpose.
Master Chief BARNES. FRA believes that reform of the Reserve retirement program is an equity issue given the significantly increased reliance on these personnel to support of the war on terror and other demanding operational commitments. Reform of the Reserve retirement system is overdue and a top concern for Reserve senior enlisted leaders. This is also essential to retaining critical mid-career personnel for a full careers. The Association appreciates the NDAA for Fiscal Year 2008 provision that would lower the Reserve retirement age by 3 months for each cumulative 90 days of Active Duty on contingency operation orders and views this as a first step on this issue. At a minimum, the new authority should be expanded to include all Reserve personnel who've served since September 11, 2001. Regarding other ways to improve the Reserve retirement benefit package, FRA strongly supports the improvements to other retention and retirement related programs including Reserve health care coverage and options, increased MGIB program funding, improving family readiness, and ensuring adequate transition support when reservists transition to retiree status.
Sergeant CLINE. We at EANGUS see the early retirement provisions as an incentive for those who have the most experience in the Guard, those with over 20 years of honorable and selfless service. Currently, those in this category have no bonuses or special incentives to remain in our forces, and are leaving us prematurely. Early retirement provisions that Senator Chambliss championed give them an incentive to remain until they are closer to age 55 or 60, and the Guard retains their skills, talents, abilities, and valuable experience, and we thank him for his leadership and tenaciousness in this issue.
The 2006 Defense Advisory Committee on Military Compensation reported that, of all who serve in the military, only 47 percent of the officers and 15 percent of the enlisted force serve long enough to achieve eligibility for retirement at 20 years.

In addition, of those who achieve retirement eligibility at 20 years service, only 10 percent of officers and less than 5 percent of enlisted remain until 30 years service. http://www.defenselink.mil/prhome/docs/dacmc—retirement—705.pdf (page 4).

When applying these metrics against National Guard demographics, only 5,227 of a possible 460,000 force will reach 30 years service and possibly be eligible for early retirement. Of those 5,227, a certain percentage of those will be dual-status military technicians who will want to serve until age 60 or beyond to reach full annuity status for their civil service retirement, reducing the number below 5,000 for certain.

Those with over 20 years service need and deserve an incentive to remain in service to their Nation, beyond their patriotism, that is tangible and materially affects them and their families. We support such legislative efforts to make the provisions in Public Law 110–181 retroactive to September 11, 2001. With well over 600,000 National Guard and reservists who already have mobilized and deployed in the war on terror, not making the provisions retroactive totally discounts their courageous service and sends the wrong message. This wrong message to them will definitely have an effect on future retention and recruiting, for as the Army Guard and now the Army have discovered, the best recruiters for the military are those serving in the military. Word of mouth and individual referrals are the key to successful recruiting and retention. By intentionally excluding those who have already served, the price to raise and maintain an All-Volunteer Force will be steep. We believe it is key to include this group in the provisions, and applaud the legislation for retroactivity.

[Whereupon, at 4:12 p.m., the subcommittee adjourned.]