

Prepared Statement

of

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(Personnel and Readiness)

Before the

**House Armed Services
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**“Recruiting and Retention, and Military Personnel Policy,
Benefits and Compensation Overview”**

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INTRODUCTION

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

For a number of years we have talked about transformation at the Department of Defense. This effort continues and today I will review with you some initiatives we are working on within all components of the Total Force: active duty, reserve, DoD civilians, and the families who support our Armed Forces.

There is no disputing the fact that the Force is facing challenges. Where it does, particularly in the areas of recruiting, retention, and stress, we carefully monitor the current status and take measures to resolve problems. We continually review compensation packages to ensure that they are adequate to meet the needs of the recipients, whether the need be for basic pay, housing allowances, or survivor benefits. We work jointly in many areas to take full advantage of the strength that comes from combining resources and knowledge, for example in joint training, partnerships with state and local governments, and the new Military Severely Injured Joint Support Operations Center.

We are guided by the understanding that people are more than just numbers and budgets are more than just sums in columns. The decisions made about funding for the next fiscal year matter a great deal to real people. I am happy to be here to answer your questions and discuss the programs that we believe are essential to building and sustaining the Total Force that will meet our national security requirements.

TRANSFORMING THE TOTAL FORCE

End Strength and Relieving Stress on the Force

The Department of Defense continues to review its military end strength to ensure that the nation's security needs can be met and is making progress in alleviating the current high demand on U.S. forces caused by operations in Iraq, Afghanistan, and the Global War on Terror (GWOT). By focusing attention on efforts to reduce stress on our forces, we believe we can negate any need for an increase in military end strength above what is authorized in the FY 2005 National Defense Authorization Act (NDAA).

Transformation of how the U.S. military is structured – especially the increase in combat units in the Army and Marine Corps – is the biggest way in which the Department is working to reduce the demand on U.S. forces. The FY 2005 Quadrennial Defense Review (QDR) will further refine our strategy for future military operations and for a more responsive, lethal, and agile force.

The old force structure, designed to respond to Cold War threats, did not provide us with the best balance of capabilities in the active and reserve components. Rebalancing the force into one that is based on capabilities rather than threats improves responsiveness and eases stress on units and individuals by building up capabilities in high demand units and skills. This will be accomplished by converting capabilities in both the active and reserve components that are in lesser demand, to a higher priority structure.

As outlined in the report *Rebalancing Forces: Easing the Stress on the Guard and Reserve*, which was published January 15, 2004, the rebalancing effort also sought to establish a limit on involuntary mobilizations to achieve a reasonable and sustainable rate. This produced a

force structure planning goal of limiting the involuntary mobilization of individual reservists to one year out of every six years.

The Services are improving their posture with respect to active component/reserve component mix by rebalancing about 50,000 spaces between fiscal years 2003 and 2005. The Services have planned and programmed additional rebalancing initiatives for fiscal years 2006 through 2011. The amount and type of rebalancing varies by Service. The Army, as the largest Service and the one most stressed by the GWOT, will have the bulk of the additional rebalancing.

Military to civilian conversions are also helping to alleviate stress on the force. In FY 2004, the Department converted over 7,600 military billets to DoD civilian or contractor performance. The Department currently has plans to convert over 16,000 additional billets in FY 2005 and around 6,400 billets in FY 2006 and is identifying additional conversions for FY 2007 – FY 2011. Military end strength made available from these conversions is being used to reduce high demand/low density units, alleviate stressed career fields, demobilize National Guard units, and assist with Army modularity.

The Department is investing in new information age technologies, precision weapons, unmanned air and sea vehicles, and other less manpower intensive platforms and technologies to relieve stress on the force. This is already being utilized by the U. S. Air Force in meeting their demands for installation security throughout the world. We are also increasing the jointness of our forces, (creating capabilities that exceed the sum of the individual Services) to reduce stress. To ease the burden on some high demand, low density units and skills, we have employed innovative joint concepts to spread mission requirements across the force where possible in order

to meet mission requirements: for example, Navy and Air Force personnel are augmenting ground forces in Iraq.

The Air Force and Navy project decreases in their authorized military end strength. The Air Force plans to reduce its end strength by turning in military authorizations no longer needed as a result of military to civilian conversions. The Navy's reduction is attributable to technological advancements in the ships in the fleet, altering the workforce mix and instituting new manning practices. In summary, the Department does not see the need for additional permanent end strength at this time. The new statutory limits provided for in the FY 2005 NDAA, along with Service's stress reducing initiatives, provide adequate manpower to meet the national security requirements.

The Reserve Force

Purpose, Missions, and Policies of the Reserve Components

The purpose of the Reserve components has changed and a mission-ready National Guard and Reserve is a critical element of our National Security strategy. The Reserve components support day-to-day defense requirements and portions have been an operational force since they were called up for Operation Desert Storm. This force is not a strategic reserve that we use only during and after planned mobilization or in the event of a major war, but a force that has contributed between 12 and 13 million duty days each year since 1996 in support of operational missions.

The Reserve components support the Kosovo KFOR mission, the Guantanamo GITMO mission, the MFO-Sinai mission and, the most demanding of the operations, Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). OEF and OIF have resulted in the Reserve

components currently furnishing 46% of the troops in theater. The Reserve components are performing a variety of non-traditional missions in support of the GWOT, such as providing Command and Control and advisory support teams in support of the training that will allow Iraqi and Afghan forces to assume a greater role in securing their own countries. The National Guard will remain an integral player in Homeland Defense and Operation Noble Eagle and will remain dual-missioned under both Titles 10 and 32.

Personnel policy guidance published in September 2001 established the guidelines for using the National Guard and Reserve to support Combatant Commander requirements. In July 2002, the personnel policy guidance was expanded to require proactive management of Guard and Reserve members, particularly focusing on husbanding Reserve component resources and being sensitive to the quality of life of mobilized personnel and the impact on civilian employers of reservists. Our assessment is that adhering to these policy guidelines, specifically limiting the mobilization period to no more than 12 months and limiting the frequency with which Reserve component members may be involuntarily mobilized (e.g., to no more than one year in every six years), and completing the initiatives the Department has undertaken—particularly the rebalancing effort—will allow the Reserve components to sustain a utilization rate not to exceed 17 percent per year in the near future.

Under the old rules, constraints in end strength and grade accounting hindered the use of reserve volunteers. We are extremely grateful that last year Congress removed barriers to volunteerism with a new strength accounting category for reservists performing operational support. Because reservists were counted as active duty end strength and were required to compete for promotion against active duty personnel, reservists were reluctant to volunteer for extended periods of active duty. The new continuum of service construct maximizes the use of

volunteers, provides greater opportunities for reservists who are able to contribute more to do so, and offers accession and affiliation programs to meet specialized skill requirements.

These policies and initiatives were developed to preserve the nature of the “Citizen Soldier” while still allowing us to meet operational requirements. This will provide reservists with reasonable tour lengths and give reservists, their families and their employers a reasonable expectation of the reserve service requirements. We believe that with these parameters, we can sustain a viable reserve force and preserve the citizen-soldier. Predictability and reasonable limits on frequency and duration of mobilization are key elements of our policies, which are designed to not only support reservists, but also sustain the support of employers and families, and ultimately enable the components to meet recruitment and retention objectives. Similarly, the emphasis on volunteerism is designed to allow Service members who want to shoulder a greater burden of mobilization to do so.

Reserve and National Guard Utilization

There has been considerable discussion about the stress that the GWOT is placing on the force—both active and reserve. A repeated question is: what level of utilization can the Guard and Reserve sustain while still maintaining a viable Reserve force? Recognizing that the GWOT will last for a number of years, the Department established a strategic approach to ensure the judicious and prudent use of the Reserve components in support of the war effort. We will continue to assess the impact mobilization and deployment have on the Guard and Reserve and adjust our policies as needed to sustain the Reserve components.

There are two ways to look at rates of mobilization for the Guard and Reserve. The first is the cumulative approach which looks at all Reserve component members who have served since September 11, 2001. This approach includes gains but does not account for losses. Under

the cumulative approach, a total of just over 412,000 Guard and Reserve members have been mobilized between September 11, 2001 and November 30, 2004. That represents just under 36 percent of the 1,157,200 members who have served in the Selected Reserve during this period. Of the total number of Guard and Reserve members who have been activated, 63,700 (or 5.5 percent of all members who have served in the Selected Reserve force since September 11, 2001) have been mobilized more than once. Of the 63,700, a total of 52,800 (4.6 percent) have been mobilized twice, 8,400 (less than one percent) have been mobilized three times and just over 2,500 (two tenths of one percent) have been mobilized more than three times. However, no reservist has been involuntarily mobilized for more than 24 cumulative months.

The other way to look at mobilization is in terms of today's force—those who are currently serving in the force. This approach reflects gains and losses—the currently serving approach. Looking at today's force of 849,100 Reserve component members using the currently serving approach, we have mobilized 355,400 Reserve component members, representing 42 percent of the current force.

Compared to Operation Desert Storm when we mobilized 30,000 Individual Ready Reserve (IRR) members, we have not used the Individual Ready Reserve in an overly aggressive manner to support the GWOT. In the past three years, we have mobilized 8,000 IRR members. The further utilization of the IRR remains a viable option for meeting both near-term and long-term commitments. We must establish the proper expectations for our Reserve component members, their families, their employers, and the public in general. We are undertaking a program to establish those expectations: reasonable service requirements for the 21st century based on the frequency and duration of military duty and predictability to the greatest extent possible.

The National Guard is an integral part of the Air Force and Army total force mission capability, yet as evidenced by the three devastating hurricanes that hit Florida or the wildfires that blazed through our western states during 2004, the National Guard is a crucial element in a Governor's response to natural disasters. Similarly, the National Guard has a prominent role in supporting local and state authorities in their efforts to manage the consequences of a domestic terrorist attack. Their roles are vital to the survival of the nation and therefore the National Guard will remain a dual-missioned military force.

The centerpiece of responding to domestic terrorist attacks is the fielding of 55 Weapons of Mass Destruction Civil Support Teams (WMD CSTs), one in each State, Territory and the District of Columbia. These 55 teams are to support our nation's local first responders as the initial state response in dealing with domestic chemical, biological, radiological, nuclear, or high yield explosives (CBRNE) by identifying the agents/substances, assessing current and projected consequences, advising on response measures and assisting with appropriate requests for additional state support. Each team is comprised of 22 highly- skilled, full-time, well-trained and equipped Army and Air National Guardsmen. To date, the Secretary of Defense has certified 32 of the 55 congressionally authorized teams as being operationally ready. The WMD CST funding for FY2005 is \$214.2 million, and the budget request for FY 2006 is for \$214.6 million. The Department is preparing 12 teams for certification in FY 2005. The final 11 teams are being prepared for certification in FY 2006. Any of these planned certifications can be affected by lack of available equipment or fully trained personnel; however, we do not anticipate problems with either.

The fight against terrorism and the protection of our homeland will be protracted endeavors. To that end, many outside policy experts, independent panels, and analytic studies

have advocated expanded roles for the National Guard in homeland security. Some have even suggested that the National Guard should be reoriented, reequipped, and retrained solely for the homeland security mission. However, there has been no national strategy change to justify the need to establish a separate role for the National Guard to only perform homeland security related missions under new statutes and administrative guidelines. There are already sufficient legal mechanisms in place that enable state and territorial governors to employ their National Guard forces in support of local authorities to meet a wide range of these existing missions.

Reserve Component Recruiting and Retention

We have been monitoring the effects of reserve utilization and the stress on the force since 1996. The key factors we track are end strength attainment, recruiting results, retention, attrition, and employer/reservist relations.

As we have seen in the first four months of this year, this will be a very challenging year for recruiting in the Reserve components. The Reserve components, with the exception of the Marine Corps Reserve, got off to a slow start. But we are seeing steady improvements with overall attainment of recruiting objectives for the Reserve components increasing from 75 percent in October to 81 percent at the end of January. The Marine Corps Reserve and the Air Force Reserve led the components in recruiting with the Marine Corps Reserve at 101 percent of its goal through January, even though of the six DoD Reserve components, the Marine Corps Reserve has had the greatest percent of its force utilized since September 11, 2001 to support the GWOT. The Air Force Reserve exceeded its recruiting goals for each of the last two months.

To address the recruiting challenges the Reserve components, as a whole, are expanding their recruiter force and using the new incentive enhancements in last year's authorization act that best meet their needs. The Army National Guard is working closely with the various states

and territories to rebalance structure as needed to ensure the states are properly sized to meet their strength objectives. The Air Reserve components are taking advantage of the downsizing of the Regular Air Force, and they are examining their incentive structure to ensure that they can attract and retain sufficient manpower resources.

The Defense Advisory Commission on Military Compensation will be looking at incentive structures and may make suggestions for improvements that they believe will assist us in meeting our recruiting and retention objectives. The Commission on the National Guard and Reserves will review personnel pay and other forms of compensation as well as other personnel benefits. We look forward to working with these Commissions as they assess the compensation and benefits package needed to sustain a healthy National Guard and Reserve.

In FY 2004, the Reserve components recruited 59,187 first-term enlistees and an additional 57,494 individuals with previous military service for a total of 118,177 recruits, attaining 96 percent of the total Reserve component goal of 123,304 accessions. In addition, all of the Reserve components remained under their programmed attrition ceilings.

We anticipate that recruiting challenges will continue in 2005. The Army National Guard and the Army Reserve are at high risk of falling short of their recruiting objectives. They are addressing this problem with aggressive use of enhanced recruiting and retention incentives and large increases in their recruiting forces. The Army National Guard is adding 1,400 recruiters for a total recruiting force of 4,100, and the Army Reserve is adding 734 recruiters for a total force of 1,774. In addition, the Army is detailing 250 Active Army recruiters to Reserve recruiting while the new Reserve recruiters are being hired and trained. The other four DoD reserve components are projecting that they will achieve their 2005 objectives, even though three of the four got off to a slow start. However, we have seen steady improvement in results for

each of those three components and even the Army National Guard has steadily accessed more new recruits each month.

We are closely monitoring the effects of mobilization on recruiting and retention, especially for the Reserve components. In the aggregate, the Reserve components fell short of their end strength objective, achieving a strength of 851,395 against an authorized strength of 863,330, largely due to a significant shortfall in the Army National Guard. However, the recruiting shortfall was not as significant as it could have been due to very low attrition. This is quite remarkable given the increased use of the Reserve components in the Global War on Terrorism. A strong attrition posture continues through January.

The trend of an increasing percentage of Reserve Component recruits without prior military service continues. Approximately 50 percent are now expected to come directly from civilian life. This is a result of, among other factors, high Active Component retention contributing to a smaller Individual Ready Reserve population. For 2005, all Reserve components are continuing to focus their efforts on maintaining aggressive enlistment programs by using enhanced enlistment and re-enlistment incentives in critical skill areas. Emphasis on the prior service market will continue. The Reserve components will expand their efforts to contact personnel who are planning to separate from the Active component and educate them on the opportunities available in the Guard and Reserve. In addition, the Reserve components will continue their efforts to manage departures. All Reserve components are achieving success in retention, with year-to-date attrition at or below our base line year of 2000.

The mission of the National Committee for Employer Support of the Guard and Reserve (ESGR) is directly related to retention of the Guard and Reserve force. Employer support for employee service in the National Guard and Reserve is an area of emphasis given the continuing

demand the GWOT has placed on the nation's Reserve component and the employers who share this precious manpower resource. Nationwide support for our troops by employers has been and continues to be superb.

ESGR has established a Customer Service Center hotline (800-336-4590) to provide information, assistance and gather data on issues related to Reserve component employment. We have established the Civilian Employment Information (CEI) database so RC members may register their employers in the Defense Manpower Data Center (DMDC). The synergy derived from linking these databases enables ESGR to measure and manage employment issues.

Misunderstandings and conflicts between employers and RC members do arise. ESGR Ombudsmen provide "third party assistance" and informal mediation services to employers and RC members. Major initiatives undertaken by the ESGR National Staff include: a Defense Advisory Board (DAB) for Employer Support to provide advice on issues critical to shared human capital; employing information technology systems to create ESGR volunteer manpower efficiencies; initiating a scientific survey of employer attitudes; enhancing strategic relationships with employer organizations such as the U. S. Chamber of Commerce, National Federation of Independent Business, Society for Human Resource Management, and professional associations; implementing a follow-up process to promote the mission of "gain and maintain" employer support; building on marketing successes achieved in the National Employer Outreach program; gaining significant national exposure in traditional and new media with the singular focus of defining the American employers' role in national security.

The number of complaints filed with the Department of Labor under the Uniformed Services Employment and Reemployment Rights Act declined each year from 1995 through 2000. While complaints filed during the first three years we have been involved in the GWOT

have increased, the ratio of complaints compared to the total number of duty days of operational support provided by the Reserve components actually declined during the past three years. For example, between 1996 and 2001, reservists performed an average number of 15,500 duty days for every complaint filed with the Department of Labor. Compared to the last three years with the Reserve components supporting the GWOT, reservists performed an average of 43,000 duty days for each complaint filed with the Department of Labor. We are answering every call and complaint we receive from an employer, family member or individual Guardsmen or Reservist.

Reserve Component Health Benefit Enhancements

The Department is moving forward expeditiously to implement recent benefit enhancements for Reserve component members and their families. Recent legislative action dramatically improved health benefits. The Department has implemented the permanent earlier TRICARE eligibility (up to 90 days prior to activation) for certain Reserve component members and the extension of post-mobilization coverage for 180 days, and authorized waiver of TRICARE deductibles and higher provider payments for activated Reserve members and their families consistent with the approach in the Reserve Family Health Care Demonstration, in effect since 2001.

This coming April 2005, the Department will implement the premium-based “TRICARE Reserve Select” program, offering medical coverage to Reservists and family members who have served in support of contingency operations since September 11 and who commit to continued service in the Selected Reserve. DoD will offer the same coverage available to active duty families under TRICARE Standard, the fee-for-service option of TRICARE.

These new authorities give us the tools to fully address the health care needs of reservists and their families. Assuring the medical readiness of reservists when they are called to active

duty registers as one of our highest priorities. In addition, providing excellent benefits to the families of activated reservists and supporting them in the transition to and from active duty are vitally important responsibilities. It will be important to assess the effect of the new entitlement for reservists who are not on active duty. A key issue will be the effect of a new entitlement on recruitment and retention of both reserve and active duty component members.

The Active Force

Force Management

As with the Reserve Components, we look to recruiting and retention results, benefits packages, and force-shaping initiatives when measuring progress and shortcomings in the management of the active duty force. Some issues, such as the prevention of sexual assault and rest and recuperation, affect all Service members equally, whether they belong to an active or a reserve component; but there are also requirements unique to the permanent, all-volunteer Force. We strive to ensure that the men and women who have chosen to be a part of the active duty force are satisfied that their commitments are fairly rewarded and always appreciated.

Compensation

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

bonuses, and special and incentive pays send a clear signal that our nation values the courage and sacrifice required of our military members.

Since September 11, 2001, the Department and the Congress have worked together to increase military basic pay by more than 21 percent. The across-the-board 3.1 percent pay raise in this year's budget represents the last year in which the law calls for a military pay raise equal to ½ percent greater than the Employment Cost Index (ECI). The Department continues to bring military compensation closer to the 70th percentile of civilians with some college education. Pay raises of ECI + ½ percent coupled with increased housing allowances and the elimination of average out-of-pocket housing costs has brought us to 83 percent of this goal and we will reach 93 percent of our objective with the 2006 pay raise.

In addition to maintaining efforts to achieve competitive pay, the Department has accomplished its goal of eliminating average out-of-pocket housing costs by 2005. The success of this effort is a direct result of the close cooperation of the Department and the Congress, resulting in housing allowances that are more than 41 percent greater than they were in 2001. Service members view the housing allowance as one of the key elements of their total compensation package and can be confident they can afford adequate housing when they move in the service of their country. Further, the Department will continue its efforts to improve our data collection to ensure the allowance accurately reflects the current housing markets where Service members and their families reside.

The Department is committed to taking care of Service members and their families through appropriate compensation while members are deployed and serving their country in dangerous locations around the world. Military personnel serving in Operations Iraqi Freedom and Enduring Freedom in a designated combat zone, as well as members serving in direct

support of these operations, receive combat zone tax benefits that exclude all the income of our enlisted members from federal income tax. These Service members also receive \$225 per month in Imminent Danger Pay and \$250 per month in Family Separation Allowance, amounts made permanent in the FY 2005 NDAA. Additionally, these individuals qualify for Hardship Duty Pay-Location at the rate of \$100 per month and \$105 per month in incidental expense allowance. This results in pay increases for a typical married member of over \$700 per month and over \$500 per month for a typical single member, while deployed. These pays and allowances acknowledge the hardship and danger involved at these deployment locations as well as the sacrifice associated with tours away from family.

In recognition of deployment frequency and excessive duration, the Department has authorized payment of Assignment Incentive Pay to members serving longer than 12 months in Iraq or Afghanistan. These payments are as much as \$1,000 per month for members in units serving necessary but involuntary extensions beyond 12 months. The Department is grateful to the Congress for its substantiation of Assignment Incentive Pay as a flexible and responsive means for Services to appropriately compensate members who are called on to extend their service in demanding assignments. We again seek an increase in the ceiling for Hardship Duty Pay to further increase our flexibility with additional options to better address these pressing issues.

Retention of Special Operations Forces presents another critical compensation challenge as a result of the war on terror. The United States Special Operations Command force structure is projected to increase through September 2008. Increased retention of current Special Operations Forces members, in the face of ever demanding requirements and lucrative alternatives, is critical to the success of that growth. In December, the Department authorized a

robust retention incentive package that includes extensive use of the Critical Skills Retention Bonus, Special Duty Assignment Pay, Assignment Incentive Pay, and the Accession Bonus for New Officers in Critical Skills. For example, we are offering bonuses of up to \$150,000 for highly skilled senior noncommissioned officers to serve an additional six years. The Department continues to monitor Special Operations Forces retention and review initiatives to leverage Special Operations Forces readiness through high return investments in military compensation and benefits designed to sustain these highly valued professionals.

Shaping the Force

As we transform to a more flexible, lethal force for the 21st Century, the Department of Defense is exploring various alternatives to ensure the force has the proper balance and mix of skills and experience. We are looking at developing an integrated package of voluntary separation incentives – we do not want to “break faith” for their loyal and dedicated service and create significant recruiting and retention risks. These voluntary incentive tools are of particular importance when the Air Force and Navy are decreasing in size while the Army is increasing operating strength.

In practice, we see the military departments implementing the least expensive tools appropriate to their circumstances, progressing to more expensive tools only as their force shaping requires. Only if voluntary separations did not suffice would the military departments, as a last resort, implement involuntary separation measures such as Selective Early Retirement.

Death and Survivor Benefits

We realize that no benefits can replace a human life; the lost presence of the family member is what survivors face. Nevertheless, we must address the difficult issue of how to compensate these survivors. Our system of benefits is generally good, but recent assessments

concluded that the overall package could be improved to honor properly the contributions and sacrifices of our Service members. We are working within the Department and with other agencies to address these deficiencies, primarily in the area of immediate cash compensation, for those whose death is the result of hostile actions. We are looking at ways to improve the lump sum payments through increased insurance and death gratuity payments. Our objective is to ensure that we fully support our Service members when we send them into harm's way, and that we properly support the family's needs if the Service member dies on active duty.

Benefits for survivors vary significantly in purpose and method of payment. Some are immediate cash payments or reimbursements for costs incurred; others provide long-term monthly income. These benefits are typically available whether the death is a result of hostilities, the result of non-hostile duty-related activities, or even the result of disease or off-duty injuries. Among the benefits currently available are: the Death Gratuity benefit, funeral costs reimbursement, Servicemembers Group Life Insurance (SGLI) proceeds, housing-in-kind or cash allowance for housing, continued medical benefits, continued military community privileges, VA monthly Dependency and Indemnity Compensation (DIC), monthly DoD Survivor Benefit Plan (SBP) payment, Social Security survivor benefit, education benefits from the VA, and financial counseling.

The FY 2004 NDAA included a requirement for the Department to study the totality of all current and projected death benefits for survivors of deceased members of the Armed Forces. The SAG Corporation completed the study in June 2004 and concluded that the system of benefits provided to survivors of members who die on active duty to be adequate, substantial and comprehensive. However, it identified areas where improvements could make the benefits more comparable to benefits provided by other employers. The General Accountability Office (GAO)

was required to conduct a similar study. The GAO report, dated July 2004, made no recommendations, but reached findings similar to the SAG report.

We agree with the findings of the SAG and GAO reports that our benefits, while substantial, do not provide specific recognition of deaths that occur when our members are sent into harm's way in the service of their nation; so we propose increasing the cash benefits for deaths that occur under these circumstances. We support the principle that a Service member be able to elect a benefits package that would provide up to \$500,000 to the surviving family. This compares to the approximately \$262,000 they are able to receive today. The Department's proposed death benefits enhancements include increased insurance, a government funded component of insurance, and/or a hostility-related death gratuity or recognition payment.

Active Duty Recruiting and Retention

The success of our All-Volunteer Force starts with recruiting. During FY 2004, the military Services recruited 176,026 first-term enlistees and an additional 6,799 individuals with previous military service into their active duty components, for a total of 182,825 active duty recruits, attaining over 100 percent of the DoD goal of 181,308 accessions.

The quality of new active duty recruits remained high in FY 2004. DoD-wide, 95 percent of new active duty recruits were high school diploma graduates (against a goal of 90 percent) and 73 percent scored above average on the Armed Forces Qualification Test (versus a desired minimum of 60 percent).

Through January, FY 2005, all Services continued to meet or exceed both quantity and quality objectives. The remainder of the year is expected to be challenging, particularly for the Army, with a distinct possibility of some monthly recruiting objectives being missed. Preliminary figures suggest that Army missed its February goal for active duty enlisted

accessions by about 1,900. However, the Army is aggressively attacking any potential shortfall through three avenues of approach: (1) growth in recruiters in all components, with an additional 250 active recruiters programmed over the next 60 days; (2) stronger incentives, with increased enlistment bonuses, and an increase in the Army College Fund; and (3) more targeted advertising, focusing on prospects and their influencers, particularly parents. With the Army aggressively shifting resources to respond to recruiting challenges, we remain optimistic that it will achieve its year-end recruiting and end strength goals. However, achieving these goals will require funding and policy adjustments such as targeted funding increases included in the supplemental budget and market expansion pilot programs now in effect. All Services met or exceeded their goals for active duty recruiting through December of FY 2005.

The Services accessioned 16,431 commissioned officers to active duty in FY 2004. The Army, Navy, and Marine Corps met their numerical commissioning requirements. The Air Force finished with a shortfall of 12 percent, almost exclusively in medical specialty direct appointments. In FY 2005, active duty officer accessions are on track in all Services for numerical success this year.

Army and Marine Corps met or exceeded FY 2004 retention goals. Navy and Air Force were retaining high at the outset of the year, but force shaping initiatives aimed at balancing manpower skills and assisting with force reduction caused them to retain fewer members during the last quarter of FY 2004.

For FY 2005, retention is on track. Over the past three years, the Department has worked to improve Service members' quality of life. We continue to work with Congress to achieve needed military pay raises and to develop flexible and discretionary compensation programs.

We have every confidence that funding and policy modifications will be sufficient to ensure continued success in achieving authorized strength levels.

FY 2005 Active Duty Enlisted Retention – Through December 2004

Service Retention Categories	<u>Reenlisted</u> (through Dec 04)	1st QTR FY05 Goal	1st Quarter Performance Measured Against Quarterly Goals	FY05 Goals
<u>Army*</u>				
- <i>Initial</i>	6,792	7,194*	94%	26,935
- <i>Mid Career</i>	5,935	6,180*	96%	23,773
- <i>Career</i>	3,904	3,497*	Exceeded	13,454
<u>Navy</u>				
- <i>Zone A</i>	62.3%	56%	Exceeded	56%
- <i>Zone B</i>	71.1%	70%	Exceeded	70%
- <i>Zone C</i>	86.8%	85%	Exceeded	85%
<u>Air Force</u>				
- <i>1st Term</i>	54%	55%	Short	55%
- <i>2nd Term</i>	50%	75%	Short	75%
- <i>Career</i>	92%	95%	Short	95%
<u>Marine Corps**</u>				
- <i>1st term</i>	4,122	1,427	Exceeded	5,710
- <i>Subsequent</i>	1,793	1,250	Exceeded	5,003

* Army, historically begins the fiscal year slow and finishes strong.

** Marine Corps does not provide quarterly goals. Goal is based on an OSD prorated projection using FY05 goals.

Stop Loss

The Army is the only Service currently executing Stop Loss. Active Army Unit Stop Loss program takes effect 90 days prior to unit deployment or with official deployment order notification 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 official mobilization alert deployment order notification, and continues through mobilization, and for a period up to 90 days following unit demobilization.

The Army will terminate Stop Loss as soon as it is operationally feasible. Army initiatives of Modularity, Restructuring and Rebalancing the Active/Reserve component mix, and Force Stabilization will over time eliminate any need for Stop Loss. Until those initiatives are

fully implemented, Stop Loss must continue if we are to meet strength, readiness and cohesion objectives for units deploying to Operations Iraqi and Enduring Freedom.

Joint Officer Management

The nature of war and warfighting has undergone significant change since 1986, when the Goldwater-Nichols Act was passed. Since that time, our warfighters have risen to meet new and increasingly complex challenges with superior joint doctrine, enhanced joint warfighting capabilities, and a new joint effectiveness enabled by the cultural revolution this visionary piece of legislation brought about. The data gives evidence that our officer corps has become more joint with each passing year. Likewise, Service missions are increasingly joint.

Unfortunately, we have a growing sense, supported by recent reports or studies, that joint officer management is following this trend more slowly. Just as our force structure was a legacy of the Cold War, joint officer management policies need to be updated to better serve the intent of Goldwater-Nichols in the 21st century. Some aspects of the current statutory management policies were designed to force jointness. In today's environment where the Department embraces jointness, the old rules are impeding progress. A 2002 General Accounting Office report and a 2003 independent study conducted by Booz Allen Hamilton, both suggested that the Department needed a strategic approach to joint officer management and joint professional military education to better address this issue.

In late 2003, the Department, in partnership with the Joint Staff and with the assistance of contractors, began a comprehensive, strategic review of joint officer management and joint professional military education in the active duty force. A strategic approach was developed for the active duty officer force, and an initial tactical analysis of the current joint duty assignment list was undertaken to better understand the "kinds" of joint that currently exist. This effort has

now progressed to the data gathering and analysis phase from which we hope, once completed, to better understand the need and availability of joint characteristics in the strategic environment.

We have also started down the path to develop a strategic approach to joint officer management in the Reserve Components to ensure our total force remains effective and able to seamlessly integrate. As a result of direction in the FY 2005 NDAA, we are further broadening the scope to include an assessment of, and recommendations to improve, the performance of senior Department of Defense civilians, senior noncommissioned officers, and senior Reserve Component leadership in joint matters.

Another area of emphasis is to ensure officers with skills specific to the joint environment are recognized with promotions commensurate with their potential. It is unreasonable to expect Military Department promotion practices will adequately address unique joint requirements. The Department is researching alternative methods to current promotion policies that will enhance our capabilities in this area.

Through all of these efforts, we hope to develop a comprehensive slate of legislative and policy initiatives that will change the way we manage human capital in the joint realm. Our goal is to build on the tremendous progress made since the Goldwater-Nichols Act was enacted and to ensure our management of the joint warfighter adequately prepares him or her to meet the challenges he or she will face in the future.

Expanding Our Foreign Language and Regional Expertise Capabilities

The demand for increased foreign language and regional expertise capabilities is increasing and the skills are needed for the entire spectrum of the Department's operations. Current operations and the GWOT require capabilities in a growing number of languages and at higher proficiencies, not only in intelligence, but also in activities such as stability/reconstruction

operations and maritime intercept operations. At the same time, gaining knowledge of the psychology and cultures of those who oppose us is a mandate.

We are committed to creating foundational language and cultural expertise in the force; creating the capacity to surge foreign language and regional expertise skills to operational units on short notice; establishing a cadre of language specialists possessing a level 3 ability; and establishing a process to track the accession, promotion and separation rates of language professionals and Foreign Area Officers.

We have formed a committee of General Officer and senior civilians to oversee the Defense Language Program, address problems, and affect systemic changes. We have conducted several studies to inform our decisions. In response to Congress, we are conducting a study on how to integrate foreign language and regional expertise training into Professional Military Education curricula. To strengthen OSD oversight and improve management of our language assets, we have written a Defense Language Transformation Roadmap. The Roadmap is based on thorough review of lessons learned and research and was developed with the Services, Combatant Commands, and defense agencies having language requirements. It will serve as the guide to incorporate foreign language and regional/cultural competency into doctrine, operational planning processes, and readiness assessments. When completely implemented, the Roadmap will embed force language and regional expertise as a necessary skill set for the 21st century Soldier, Sailor, Airman and Marine.

In the FY 2006 budget, we increased the language training budget at the Defense Language Institute in Monterey, California by \$44.7M to improve language training. These funds sustain the budget increase in FY 2005, allowing us to continue improvement of testing, curriculum material, and “crash courses” for deploying forces. These funds will also allow us to

aggressively move forward to improve the proficiency of graduates from the DLIFLC (Defense Language Institute Foreign Language Center) to meet the identified needs of the Intelligence Community.

We also have an initiative in the Army to immediately enhance our language expertise. The Army is implementing a pilot program to recruit Iraqi-Americans into the Individual Ready Reserve for deployment with operational forces as translators and interpreters. To date, 44 soldiers have been deployed, 19 await deployment, and an additional class of 20 soldiers will graduate in March.

You have helped us in our efforts and I thank the Congress for raising the cap on Foreign Language Proficiency Pay (FLPP). We are now rewriting our FLPP policy to better incentivize foreign language learning within the force.

The need for language and cultural expertise is vital for a robust military, but we recognize this need reaches beyond DoD. Language and cultural expertise are necessary for national security, the ability to compete in a global economy, and the stability and well-being of our communities. We alone cannot fix the national shortfall in these necessary skills, but we can lead the effort. The Department convened the National Language Conference: A Call to Action this past year, bringing together federal agencies, academia, and business for the first time to address the need for greater foreign language capabilities in the U.S. workforce. With their help, we constructed a White Paper outlining a proposed national strategy. We are in continuing dialogue with leaders in other federal agencies and academia about ways to encourage more young Americans to learn a foreign language, particularly the less commonly taught languages. Such skills will serve our youth and our nation very well.

Sexual Assault

Sexual assault is a crime that tears at the bonds of trust and respect that unite men and women in uniform. The Department has taken aggressive action to combat this crime. Our efforts are paying off, as evidenced by the 1995 and 2002 congressionally mandated surveys. These indicate that sexual assaults within the military have decreased by almost half since 1995. Although we are making progress, even one assault is too many.

Over the past year, the Department has been working collaboratively with the Services, members of Congress, and national experts to address the crime of sexual assault within the Armed Forces. As a result, the Joint Task Force for Sexual Assault Prevention and Response was established in October 2004 as the single point of accountability for the Department's sexual assault policy. Its initial task was to develop policy incorporating the criteria set forth in the FY 2005 NDAA, which directed the Department to have a sexual assault policy in place by January 1, 2005.

I am pleased to report that the Department has made great progress. We have developed a comprehensive policy to strengthen our prevention efforts, enhance the support and care for victims of sexual assault, and increase system accountability. The Department's new Sexual Assault Prevention and Response policy demonstrates our commitment to building a climate of confidence, one that assures victims will receive the care they need, and one that instills in our Service members that this crime will not be tolerated.

Core areas of the policy include specific guidelines for how to investigate complaints; medical treatment and care for victims; a commander's checklist for response actions; enhanced reporting of sexual assault information; and expanding access to care through collaboration between military installations and local community support. The policy also incorporates the

recommendations from the Department's Joint Task Force on Care for Victims of Sexual Assault. The policy will ensure there is uniformity in the standards of care and support for all victims of sexual assault throughout the Military Services, as well as rigorous training and education on how to prevent it. To further improve the Department's response to this critical issue, we will soon send you our report containing recommendations for amending the Uniform Code of Military Justice for sexual assault offenses.

Additionally, the Department is committed to providing an avenue of confidential reporting of sexual assaults. This will allow victims to get needed care and support without the initiation of the official investigative process. This fundamental change will encourage more victims to come forward to receive needed medical care and support while providing commanders more situational awareness of the command climate.

The next steps for the Department will be conducting oversight and coordinating with the Services on the implementation and roll out of the different components of the new policy. The Joint Task Force on Sexual Assault Prevention and Response, under the direction of Brigadier General K. C. McClain, is actively engaged with the Services to develop implementation policies and programs to ensure success in the Department's efforts to meet the needs of people who experience a sexual assault, as well as preventing sexual assaults. We will keep Congress informed on the progress being made as we meet key milestones in the Department's effort to fully implement our new Sexual Assault Prevention and Response policy.

Citizenship

The Department works closely with the Department of Homeland Security's Citizenship and Immigration Service to expedite citizenship applications for immigrants who serve honorably as members of our Armed Forces. Approximately 30,000 active duty and 11,000

Guard and Reserve personnel are non-U.S. citizens. Over 20,000 military personnel have become US citizens since September 11, 2001 and approximately 5,000 military personnel have citizenship applications currently being processed. The average time for processing expedited citizenship applications has been reduced from 9 months to approximately 60 days. We have worked closely with the Citizenship and Immigration Service to conduct naturalization interviews and swearing-in ceremonies in Afghanistan, Iraq, Germany, Korea and Japan. The Department has also implemented a new policy to authorize emergency leave for Service members who need to finalize their naturalization.

Rest and Recuperation Leave (R&R)

Almost 160,000 Service members and DoD civilians have participated in the R&R Leave Program in support of OIF and OEF. The R&R Leave Program is vital to maintaining combat readiness when units are deployed and engaged in intense operations. Feedback from Service members participating in the R&R Leave Program indicates it is a successful program offering Service members a respite from hostile conditions, an opportunity to leave the Area of Responsibility (AOR), release stress, spend time with their family/friends and return reenergized. R&R Leave will continue to be offered to military members and DoD Civilians deployed in CENTCOM AOR in support of the GWOT at the discretion of the theater commander.

DoD Civilians

Human Capital Planning

It is only through the integration of DoD civilian employees that we can realize the potential of a total force. The Department continues to make strides in our strategic human capital planning, by ensuring that human capital investments are focused on long-term issues.

These guiding principles are continually reviewed and refreshed in the Department's Human Capital Strategic Plan. Our 2002-2008 plan identifies the tools, policies, programs and compensation strategies needed for the future. This allows us to position the Department as the employer of choice by identifying new ways of doing business based on new missions and technologies, thus ensuring the right programs are in place to develop the leaders necessary to meet evolving needs. This is reflected in the Department's 2004 President's Management Agenda scorecard results, where "green" (a "success" grade) was achieved in progress toward human capital implementation.

The role of the Defense civilian is changing. Thousands of civilian employees have voluntarily put themselves in harm's way to support the GWOT. Civilians are an integral and essential part of our total force structure. The Department depends on their skills and expertise. Agile military forces need agile support from DoD civilians. The Department will maximize this agility through implementation of the National Security Personnel System (NSPS). NSPS provides an opportunity to improve the effectiveness of the Department through a modern civilian personnel system that will improve the way we hire and assign, compensate and reward our employees. This modern, flexible, and agile human resource system will be responsive to the national security environment, while preserving employee protections and benefits, as well as the core values of the civil service.

The Department will begin to implement NSPS as early as July 2005. NSPS design and development has been a broad-based, participative process involving key stakeholders, including employees, supervisors and managers, unions, employee advocacy groups, and various public interest groups. Employees slated for conversion will be included in groupings called Spirals. Spiral One will include approximately 300,000 General Schedule, U.S.- based Army, Navy,

Marine Corps, Air Force, and other Department of Defense civilian employees and will be rolled out in three phases over an 18-month period beginning as early as July 2005. The labor relations and appeals provisions of NSPS will be implemented across the Department this summer as well.

Acquiring, Developing, and Retaining Civilians

The Department's civilian workforce is a unique mix of employees providing support to DoD's national security and military mission. The Department continues to face an enormous challenge in recruiting talent in a highly competitive labor market. Our challenge is not attracting sufficient applicants, but attracting the right applicants. Technological advances, contract oversight, and complex missions have generated the need for more employees with advanced education and greater technical skills. Inability to hire the right civilian talent quickly and efficiently would put at risk the vital capabilities needed to support our military.

Additionally, there must be a very active campaign for recruitment of a diverse workforce. We take seriously the responsibility to foster and promote an environment that is attractive to individuals from all segments of society. Our strategic plan focuses on the recruitment of entry-level, minority, disabled, and female applicants.

This year, the Department has launched a special campaign to reach the disabled men and women who bravely fought and served on behalf of our nation. We are committed to providing every disabled veteran who wants to serve our country as a DoD civil servant the opportunity to do so. The Department offers over 700 diverse, challenging, and rewarding occupations for those who want to continue to serve their country as a DoD civilian employee. We introduced a new Defense website especially for disabled veterans—www.DoDVETS.com. This web portal serves as a resource of employment information for veterans and their spouses as well for managers. We are also working with the Department of Labor's Veterans' Employment and

Training Service's (VETS) REALifelines initiative, which is designed to provide individualized job training, counseling, and reemployment services to veterans seriously injured or wounded in the GWOT.

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

Workforce planning takes on a special importance with the expected exodus of Federal employees over the next decade. Significant to this equation are DoD career Senior Executive Service (SES) members, 67 percent of whom are eligible to retire in 2008.

The Defense Leadership and Management Program (DLAMP) is important to DoD readiness, providing a vehicle to mature a cadre of future civilian leaders with a joint perspective on managing the Department's workforce and programs. Through a comprehensive program of Professional Military Education, formal graduate education, and courses in national security strategy and leadership, DLAMP ensures that the next generation of civilian executives has the critical skills to provide strong leadership in a joint environment in challenging times. To take maximum advantage of DLAMP results, DoD is working with OPM toward final approval to establish DLAMP as the DoD Candidate Development Program (CDP). This achievement will provide a major benefit to our SES candidate pool.

As we work toward an environment where safety is paramount for our employees, the Department is establishing the Pipeline Reemployment Program. The program enables partially

recovered employees with job related injuries and illnesses to return to work. The program supports the President's Safety, Health, and Return-to-Employment (SHARE) initiatives by assisting each Department installation in reducing lost days resulting from injuries. DoD organizations will have resources and funding to reemploy partially recovered injured employees for up to one year. Returning injured employees to suitable productive duty, as soon as they are able, improves that employee's sense of value to the organization while minimizing the cost of workers' compensation disability payments.

Civilian Force Shaping

A number of initiatives are and will impact the size and shape of the Department's Civilian workforce. The most significant items are upcoming Base Realignment and Closure (BRAC), global repositioning of deployed military and civilians, competitive sourcing, and military to civilian conversions. To mitigate the impact of these force-shaping initiatives on our civilians, we are reviewing our transition initiatives to ensure drawdowns and reorganizations are handled strategically, not only to take care of our employees, but to make sure we maintain and continue to recruit the talent needed to support the Department's mission.

To date, the Department has accounted for the vast majority of the downsizing of the Federal workforce. Between the beginning of FY 1989 and through the end of FY 2004, DoD has reduced its civilian employment by over 421,000 positions. In support of these upcoming initiatives the Department will build and improve upon current transition tools, including the Priority Placement Program, Voluntary Separation Incentive Pay, the Voluntary Early Retirement Authority program, and Voluntary Reduction in Force authority.

The Department will continue to seek regulatory and legislative changes to assist employees affected by these actions in transitioning to other positions, careers, or to private life.

We are establishing employment partnerships with Federal agencies, state, county and local governments, trade and professional organizations, local Chambers of Commerce, and private industry. Our goal is to provide comprehensive transition tools and programs that take care of our employees and their families.

KEEPING THE FORCE HEALTHY AND READY

A Service member's career in the Armed Forces is book-ended by his or her accession and separation (or retirement). In between, while a part of the force, the Department is responsible for planning for his or her health, safety, readiness, and training. The preparation, forethought, and funding required to see that every soldier, sailor, airman, and marine is fit and ready to fulfill his obligation, is absolutely essential.

Readiness and Training

Readiness Assessment and Reporting

Today we face the challenge of sustaining a significant demand for our forces without inflicting undue stress. To do so effectively, we need visibility into the current status and capabilities of forces across the Department. This year we deployed the first spiral of our new Defense Readiness Reporting System (DRRS) that provides the first step toward this visibility. DRRS contains near real time assessments of military capabilities in terms of the tasks or missions that they are currently able to perform to the availability of specific personnel and equipment. Our partnerships with United States Joint Forces Command (JFCOM), United States Pacific Command (PACOM) and the Navy have produced working, scalable versions of measurement, assessment and force management tools over the past year. This year we will

continue to add more data describing the structure, status and location of military forces. DRRS will integrate inputs from the Training Transformation initiative's Joint Assessment and Enabling Capability to capture joint training readiness. We will also expand our force management tool suite including more robust capability query tools. Development of DRRS will continue through 2007.

Secretary Rumsfeld's Mishap Reduction Initiative

Since taking office, Secretary Rumsfeld has sought to change how the Department of Defense views the safety of its military personnel and civilian employees. Our goal is zero preventable mishaps and we have taken a major step in that direction. In a May 2003 letter to the Department's leadership, Secretary Rumsfeld challenged the Department to reduce the number and rate of mishaps by 50 percent by the end of fiscal year 2005.

The USD(P&R) chairs the Defense Safety Oversight Council. The Safety Council is an assembly of the Department's upper management focusing on reducing preventable accidents and increasing the Department's operational readiness. Our Council meets bimonthly to provide governance to our accident reduction efforts and ensures that the senior leadership is personally involved.

The direct cost of accidents in the Department is over \$3 billion per year. These costs are attributable to aviation and ground accidents, civilian workers' compensation claims, and military injury treatments. Even modest reductions in the mishap rate provide enormous savings across the board. For example, in FY 2004, 26 fewer aircraft were destroyed than in FY 2002; saving both lives and millions of dollars. We still have more work to do in reducing military injuries, and have a special focus on our number one category of military non-combat fatalities, i.e., private motor vehicles.

With your support, we strive to provide the best military equipment in the world and ensure that it is safe to operate. We believe that body armor, helmets and protective vests, are reducing both hostile and accidental serious injuries. Historically, about half of the Army 's wartime losses were due to accidents; in OIF, about 26% of the losses result from preventable mishaps. I believe our goal of zero preventable mishaps is achievable and we will continue to pursue an accident free culture. We are a world-class military and preventable accidents will not be tolerated.

Range Sustainment

Continued and assured access to high-quality test and training ranges and operating areas plays a critically important role in sustaining force readiness. Urban sprawl, loss of frequency spectrum, restrictions on air space, and expanding environmental regulations on training lands increasingly restrict test and training flexibility. Over the past several years, we have discussed these problems with Congress, and we appreciate your concern and assistance in achieving meaningful solutions. We will continue to work closely with you as we grapple with how best to sustain our training capabilities at the same time we seek to transform our Armed Forces.

The DoD Range Sustainment Integrated Product Team (IPT), a cooperative defense-wide effort, is pursuing a comprehensive agenda to relieve encroachment pressures on test and training ranges and ensure their long-term sustainability. Through the IPT, DoD is developing policy, overseeing range programming, assessing organization and leadership challenges, conducting outreach, and pursuing legislative and regulatory clarification. In addition, by partnering with state and local governments, conservation groups, and other like-minded organizations, the Department is committing energy and resources to creating buffers and ensuring compatible land use around our ranges to provide lasting protection against incompatible development. This

work is beginning to show results, and the Department is committed to following through on this cooperative approach.

Transforming DoD Training

Our ability to successfully defend our nation's interests relies heavily upon a military capable of adapting to rapidly changing situations, ill-defined threats, and a growing need to operate across a broad spectrum of conventional and unconventional missions. The operational environment of the 21st century demands that we build upon these capabilities in a joint environment. Joint training reflects our expanding efforts to train more effectively with interagency, intergovernmental and multinational partners.

The Department's training efforts must be focused on melding world-class individual Service competencies into a cohesive, joint capability. Training is a key enabler of force transformation and the Training Transformation (T2) Program is vital to the Department's overall transformation efforts. We have implemented three supporting joint capabilities which, when mature, will enable DoD to build unparalleled, knowledge-superior and adaptable, joint forces.

First, the Joint National Training Capability (JNTC) is preparing forces by providing command staffs and units with an integrated live, virtual, and constructive training environment, with joint global training and mission rehearsals in support of current operational needs. We achieved Initial Operational Capability in October 2004 and our 18 FY 2005 events will keep us on track to achieve Full Operational Capability in 2009. We completed our first overseas JNTC mission rehearsal exercise in January in U.S. European Command.

We have conducted JNTC training events since January 2004. The top priority for JNTC events is mission rehearsal training. As a result, the training is replicating the real-world,

increasing the number and diversity of opposing threats (civilian insurgents, improvised explosive devices); adding missions of increasing importance (joint information operations); and incorporating higher fidelity training environments through the use of Arab speaking role-players and other enhancements. Through the leadership of U.S. Joint Forces Command's Joint Warfighting Center, we are adaptively inserting lessons learned from Operations Enduring Freedom and Iraqi Freedom into events. During our next JNTC event, our forces will hone their joint warfighting skills in joint fire support operations, joint air and missile defense operations and other challenging joint training tasks that were and are being used on the battlefields of Afghanistan and Iraq.

Second, the Joint Knowledge Development and Distribution Capability (JKDDC) is working to prepare individuals for assignment to Combatant Commands by developing and distributing joint knowledge via a dynamic, real-time, global-knowledge network that provides access to joint education and training. JKDDC's foundation is anchored in the successes we have achieved with our Advanced Distributed Learning initiative and the Sharable Content Object Reference Model (SCORM) standard. We declared Initial Operational Capability this January. The JKKDC Joint Management Office will distribute our initial 12 courses in August 2005 and complete another nine courses by this December. Two representative courses are COCOM (Combatant Commands) Staff Officer 101 and Joint Task Force (JTF) 201—the Combatant Commands two top priorities for Fiscal Year 2005.

Third, the Joint Assessment and Enabling Capability (JAEC) will enable us to determine the training value provided by JNTC and JKDDC with regard to Combatant Commander needs; how well T2 is integrated with Defense-wide policies, procedures, and information systems; and, to what degree are the outcomes of T2 aligned with the Department's strategic force

transformation goals. In 2005, we will conduct the first of three block assessments to determine the state of our initial T2 efforts. The assessments will evaluate training and management initiatives and activities, and recommend strategic and programmatic changes to better enable training readiness.

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

The Military Health System

Funding

Defense Health Program (DHP) costs will continue to grow during FY2006 when eligible beneficiaries who previously did not use the Military Health System (MHS) start to use the TRICARE benefit. This increase in new users will be coupled with increases in health care inflation, increases in the utilization of health care services by DoD beneficiaries, and new benefits enacted in the FY 2005 NDAA.

The Department has initiated several management actions to use resources more effectively and thus help to control the increasing costs of healthcare delivery. The MHS is implementing performance-based budgeting that focuses on the value of health care provided instead of the cost of healthcare delivered. An integrated pharmacy benefits program, including a uniform formulary based on relative clinical and cost effectiveness, is being established. Discounted Federal pricing of pharmaceuticals in the TRICARE retail pharmacy program will be used to generate cost avoidance. We have established new TRICARE regional contracts to

streamline our managed care support contracts and reduce administrative overhead. Utilization management programs continue to ensure that all provided care is clinically necessary and appropriate.

We need your assistance by restoring the flexibility to manage DHP resources across budget activity groups. Our new healthcare contracts use best-practice principles to improve beneficiary satisfaction, support our military treatment facilities (MTFs), strengthen relationships with network providers and control private sector costs. Our civilian partners must manage their enrollee healthcare and can control their costs by referring more care to our MTFs in the direct care system. In concert with the new contracts, we are implementing a Prospective Payment System to create the financial incentive for our MTFs to increase productivity and reduce overall costs to the Department. Funds will flow between the MTFs and the private sector based on where the patient care is delivered. Currently, MTFs' enrollee care funds (revised financing funds) are in the private sector budget activity group. Fencing DHP In-House Care funds inhibits the Department's ability to provide the TRICARE benefit in the most accessible, cost effective setting, particularly during time of war when MTFs frequently lose health care providers to support contingency operations. We understand and appreciate the Congressional intent to protect direct care funding; however, Congressionally imposed restrictions fencing the DHP funds adversely affects both the MTFs and care in the private sector. We urge you to allow the MTFs and the Military Health System to manage the DHP as an integrated system. Funds must be allowed to flow on a timely basis to where care is delivered.

TRICARE

The TRICARE military health plan is a key component in the Department's readiness mission, providing essential services to ensure continuity of healthcare services to all beneficiaries as the needs of the military and the nation change.

Throughout 2004, we successfully completed the consolidation of 12 geographic regions and seven regional managed care contracts into three regions and three managed care contracts. We "carved out" some of the major elements of the old TRICARE contracts into separate contracts to take advantage of contractors' core competencies. Specialized companies with extensive experience in pharmacy, dental, marketing and claims processing have successfully assumed these responsibilities from the old legacy regional contracts. These changes allowed us to streamline our management and put performance improvements in place.

This design introduces an even stronger customer service focus, provides beneficiaries with easier access to care through expanded networks, addresses portability issues, applies best commercial practices, supports optimization of our medical treatment facilities and strengthens relationships with network providers, bringing world-class benefits to more than 9 million beneficiaries.

Military medical facilities remain at the core of the MHS, and the new TRICARE structure promotes increased involvement of the military commanders in determining the optimum approach to healthcare delivery within each region. Military commanders' accountability has been enhanced with increased responsibility for patient appointing, after hours assistance, and local telephone advice lines. The three new Regional Directors have been appointed, either a Flag officer or a Senior Executive, and are actively engaged in managing and monitoring regional healthcare 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.

Although during the transition to the new contracts, TRICARE experienced some initial start-up problems, all of the contractors worked diligently to ensure that beneficiaries continued to have access to healthcare. I am happy to say that performance in all critical aspects of healthcare delivery is returning quickly to the high standards our beneficiaries deserve and have come to expect.

We believe that with these improvements in our healthcare delivery system, we can continue serving our beneficiaries with increasing efficiency to meet the growing health demands of active duty members, the retiree population, the Reserve components and all eligible family members.

Force Health Protection

Force Health Protection has a broad compilation of programs and systems designed to protect and preserve the health and fitness of our Service members from their entrance into the military, to their separation or retirement, and follow-on care by the VA. Preventive measures, environmental surveillance and advances in military medicine have supported our worldwide operations with remarkable results. Despite deployments to some of the most austere environments in the world, we have seen far-forward surgical care save many lives, as well as the lowest rates of non-battle illnesses and injuries in the history of warfare. This is the result of increased focus, resources, line commitment and Service member education.

Health Assessments. We ensure a healthy force through high medical standards at the time of accession, periodic medical and dental examinations, routine and special-purpose immunizations, and ready access to high quality healthcare. Service members receive pre-

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

Immunization Programs. Protecting our forces involves countering potential health threats. The most important preventive health measures in place for our Service members today – immunization programs – offer protection from diseases endemic to certain areas of the world and from diseases that can be used as weapons. These vaccines are highly effective and we based our programs on sound scientific information that independent experts have verified. They are essential to keep our Service members healthy.

Medical Technology on the Battlefield. Last year we introduced elements of the Theater Medical Information Program and Joint Medical Work Station to Operation Iraqi Freedom. These capabilities provide a means for medical units to electronically capture and disseminate near real-time information to commanders. Information provided includes in-theater medical data, environmental hazards, detected exposures and critical logistics data such as blood supply, beds and equipment availability. New medical devices introduced to OIF provide field medics with blood-clotting capability while light, modular diagnostic equipment improve the mobility of our medical forces, and individual protective armor serves to prevent injuries and save lives.

Medical Hold. We are committed to deploying healthy and fit Service members and to providing consistent, careful post-deployment health evaluations with appropriate, expeditious

follow-up care when needed. A consequence of this commitment is more Service members under medical treatment focused on returning them to a medically-qualified status for military service.

Individual Medical Readiness. Among the many performance measures tracked within the MHS is the medical readiness status of individual members, both active and Reserve components. For the first time, the MHS will track individual dental health, immunizations, required laboratory tests, deployment-limiting conditions, Service-specific health assessments, and availability of required individual medical equipment.

Mental Health Services. Care is available for all Service members and to their families before, during, and after deployment. Service members are trained to recognize sources of stress and the symptoms of depression, including thoughts of suicide, in themselves and others that might occur during deployment. Combat stress control and mental health care is available in theater. Before returning home, Service members are briefed on how to manage their reintegration into their families, including managing expectations, the importance of communication and the need to control alcohol use. During redeployment, the Service members are screened for signs of mental health issues, including depression and Post Traumatic Stress Disorder (PTSD). The screening process will be repeated at 3-6 months after return; Service implementation plans are due in mid June 2005 and the survey process is expected to begin by mid August 2005. After returning home, help for any mental health issues that may arise, including depression and PTSD, is available through the Military Health System for active duty and retired service members, or through the VA for non-retired veterans. TRICARE is also available for six months post-return for reserve and guard members. To facilitate access for all service members and family members, especially Reserve Component personnel is the Military

One Source Program - a 24/7 referral and assistance service available by telephone or on the Internet.

Transition to VA. After Service members return from deployments, healthcare is available through military and VA providers. While our collaborative efforts with the Department of Veterans Affairs span the entire military health system, there is no greater imperative than to ensure we successfully manage the transition of Service members from active to veteran status. Increasing advances have been made with the establishment of the Federal Health Information Exchange, allowing for the electronic transfer of selected medical data. We hope to be able to expand the scope of the exchange in the near future. To date, we have electronically transferred more than 2.5 million records to the VA. Improved communication and education for Service members, as well as enhanced case management for patients, have improved the transition to veteran status.

DoD-DVA Sharing

DoD works closely with the Department of Veterans Affairs (VA) at many organizational levels to maintain and foster a collaborative federal partnership. We have shared healthcare resources successfully with the VA for 20 years, but many opportunities remain. In the past year, DoD and VA have developed and improved a number of joint planning efforts. For instance, the 2005 Joint Strategic Plan (JSP) builds upon success of the April 2003 JSP. Each goal, objective and strategy in the previous plan was reviewed to reflect the current climate of DoD/VA joint collaboration.

DoD and VA are implementing the Demonstration Site Projects and the Joint Incentive Fund (JIF) required by Sections 721 and 722 of the FY 2003 NDAA. The demonstration sites are submitting quarterly interim project reviews to the VA/DoD Joint Utilization/Resource

Sharing Work Group and are finalizing their business plans. In this past year, the Financial Management Work Group under the VA DoD Health Executive Council (HEC) recommended 12 projects to the HEC for JIF funding for a total combined cost of \$29.9M.

To ensure Operation Enduring Freedom and Operation Iraqi Freedom veterans experience continuity of care, DoD participates on the VA's Seamless Transition Task Force. DoD is coordinating with VA's Seamless Transition Office to finalize a Memorandum of Understanding to define protected health information data sharing activities between DoD and VA.

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

TAKING CARE OF THE FORCE AND THEIR FAMILIES

The Modernized Social Compact

The first Social Compact, published in 2002 reiterated the compact between the Department, its war fighters, and those who support them – it affirmed the Department's commitment to underwrite family support. Since the Social Compact is a living document, we continue to identify and address emerging American social changes where support to Service members and their families must be redefined. Now the updated Modernized Social Compact is the first effort to measure and publish outcomes for troop and family support programs. These measures are in support of the Secretary's Balanced Scorecard.

The GWOT places new demands on every aspect of military life. From the anxieties of nation building in hostile environments to the significant increase in family separations, the stress currently impacting the military has not been of this magnitude since the inception of the all-volunteer force. We rely more heavily on the Reserve and Guard components and stress relationships with employers, and families in an unprecedented fashion.

The Social Compact lays out a 20-year strategic plan for DoD to ensure that quality of life keeps pace with the changing expectations of the American workforce and addresses the needs of the two-thirds of military families living off the installation as well as the Reserve component. DoD is refocusing family support with state-of-the-art technology to connect to a wide array of quality of life support programs and organizations. One of the most exciting new developments is Military OneSource, a toll-free telephonic, Internet and e-mail information and referral service available 24 hours a day, every day of the year, from anywhere in the world.

Support to the Severely Injured and Their Families

Each of the Services has initiated an effort to ensure that our seriously injured Service members are not forgotten – medically, administratively, or in any other way. To facilitate a coordinated response, the Department has established a Joint Support Operations Center. We are collaborating, not only with the military Services, but also with other departments of the federal government, nonprofit organizations, and corporate America, to assist these deserving men and women and their families.

The center, operated under the aegis of the Office of Military Community and Family Policy, provides personalized assistance, tailored to meet an individual's unique needs during recovery and rehabilitation, to include:

- Education, training and job placement

- Personal mobility and functioning
- Medical care & rehabilitation
- Home, transportation and workplace accommodations
- Personal, couple and family issues counseling
- Financial resources

Twenty-four hours a day, seven days a week, 365 days a year, we are a toll-free phone call away. We provide a venue for each of the separate programs to be successful, while ensuring that there is no gap – that all severely injured Service members and their families receive the necessary support. The Center provides a central point of contact for information and support.

In addition to the support provided through the operations center, advocates are assigned at or near major military and Veterans Affairs medical facilities to provide any hands-on assistance with their transition. These advocates are available to the severely injured and their families as they make their transition into communities, helping them connect with local agencies and community groups.

A number of our severely injured Service members will be able to return to duty, thanks to their dedication and commitment, and the phenomenal quality of military medicine. Some, however, will transition from the military and return to their hometowns or become new members of another civilian community. These are capable, competent, goal-oriented men and women – the best of our nation. We are ensuring that during their rehabilitation we provide a “case management” approach to advocate for the Service member and his or her family. From the joint support operations center here, near the seat of government, to their communities across

America, we are with them. This will continue through their transition to the Department of Veterans Affairs, and the many other agencies and organizations providing support to them.

Military Casualty Assistance

When a military member dies, our first concern is to inform the next-of-kin in a manner that is accurate, timely, efficient, and highly respectful. Our military casualty assistance program is highly developed and well suited to perform this difficult task effectively. Notification is made in person by Casualty Assistance Office personnel who are customarily accompanied by a chaplain.

Casualty Assistance Office personnel stay with the family following notification of the loss, through funeral preparations, burial, and the entire process of determining benefits and compensation. They provide valuable counsel and support to the families, arranging for the military funeral (if desired), offering solutions when problems arise, and ensuring that the families receive the benefits and compensation due them. The families know that they can contact their Casualty Assistance Office representative at any time, even long after the Service member's death. We often hear from the families that they consider their Casualty Assistance Office representative "part of the family."

The Department continues to explore new methods and procedures to better support family members during the most tragic of times, the loss of their loved one in service to our Nation. One initiative is the expedited claims process in partnership with the Social Security Administration. It has been extremely successful in providing swift financial assistance to our families. A special toll free number allows applicants and casualty assistance officers to call when they are ready to file. The final results of the pilot program show the average claims processing time dropped from several weeks to an average of just over two days time. We

established a similar arrangement with the Department of Veterans Affairs several years ago. That program, has also significantly expedited the delivery of compensation and benefits to our families who have suffered the greatest loss.

Taking Care of Families of the Deployed

The FY 2005 emergency supplemental funding request includes \$83 million to provide family support to active duty members and their families and to assist severely injured Service members and their families during recovery and rehabilitation. The Department received \$108 million in emergency supplemental funding in FY 2003 and FY 2004. This funding was combined with other funds to support families in a variety of ways.

As the number one service families require during deployment, the Department provided \$53 million, over two years to help thousands of families manage work schedules while one parent was gone, to extend child care to cover additional work shifts, and to offer a parent time to take care of other family business.

In the past two years, the Department used \$64 million of supplemental funding to institute non-medical counseling for Service members and their families experiencing the normal stress of frequent deployments, family separation and reunion. Access to counseling assists Active Duty and Guard and Reserve family members during this time of high perstempo and lengthy deployments. Families who need face-to-face assistance can schedule counseling from a licensed counselor within their immediate geographic area in CONUS. This is particularly important for remote families of mobilized Guard and Reserve units who may also have a deployed Service member and may live a great distance from the programs provided on installations. We were flexible enough to also deploy teams of professional counselors to ten OCONUS locations as we did to support the families of the 1st Armored Division. In FY 2004,

when families from the 1st AD were informed their spouses would be extended in theater, \$1.9 million in supplemental funding was provided to help ameliorate the stress on families. Funding was used to provide family group support, youth programs, family day care, extended hour child care, and youth summer hire program.

Military OneSource

“Military OneSource” provides a customized approach to individual information and referral services for military families. “Military OneSource” is an augmentation, not a replacement, for the family centers, and it brings services to all members of the Armed Forces. This includes Reserve and National Guard members and families who do not live on military installations, and often can’t take advantage of what DoD has to offer. This service provides all of our Service members and families with immediate information concerning support available on the installation or in their community. The toll-free telephone, e-mail and web site, all include information and referrals on parenting and child care, education, deployment and reunion, military life, health, financial, relocation, everyday issues (i.e. pet care, plumber), work and career, to name a few. Each of the military Services has fully implemented the service. The Marine Corps was first to stand-up the program and now all the Services enjoy positive feedback and results.

Family Assistance Centers

Most of the stress faced by military families prior to and during deployment involves expectation management and revolves around accurate and timely information. To address the stress of mobilization, deployment and reunion, the Services have developed web sites, provided information materials, and reached out to families through family center staff, chaplains, and unit-based volunteers.

Each of the military departments has a highly responsive family support system to help families cope with the demands of military life. The cornerstone is a worldwide network of installation family centers. Located at roughly 300 active military installations worldwide, the centers provide a wide range of services supporting commanders, military members, and families. There is information and education on family well-being, assistance for families with special needs, resources for spouse employment, and support during deployment.

Today, families have multiple sources that may support them while their Service member is deployed. Thanks to the National Guard Bureau, over 400 family assistance centers provide outreach not only to Guard and Reserve families that are not located near an installation, but they also support the large number of active service and family members who reside off the installation. Unit Family Readiness Groups, staffed by volunteers, actively maintain communication with families in outlying areas through newsletters, websites, and direct communication to enhance unit-to-family communication

In my travels, I make it a point to meet with family support staff and volunteers. Across the board, whether talking to Army Family Readiness Groups, Air Force Readiness Non-Commissioned Officers in the Family Support Centers, Navy Ombudsmen or Marine Corps Key Volunteers, I find a cadre of dedicated professionals who can address the needs of family members.

Domestic Violence/Victims Advocacy

Domestic violence will not be tolerated in the Department of Defense. It is a crime and an offense against our institutional values and commanders at every level have a duty to take appropriate steps to prevent it, protect victims, and hold those who commit such acts accountable. We have initiated implementation of 82 of the nearly 200 Domestic Violence Task

Force recommendations, focusing first on recommendations pertaining to victim safety and advocacy, command education, and training key players who prevent and respond to domestic violence such as law enforcement personnel, health care personnel, victim advocates, and chaplains.

We worked closely with Congress to create or change legislation pertaining to transitional compensation for victims of abuse, shipment of household goods for abused family members, and a fatality review in each fatality known or suspected to have resulted from domestic violence or child abuse. During the past year the Department issued additional domestic violence policy including protocols for establishing effective command and law enforcement responses to domestic violence and established protocols for the Domestic Abuse Victim Advocate program.

In partnership with the Office on Violence Against Women of the Department of Justice, we accomplished several joint initiatives that include training for literally hundreds of law enforcement professionals, victim advocates, chaplains, and fatality review team members who will positively influence the lives and behavior of thousands of individuals. As a part of our collaboration with the Department of Justice, we are conducting demonstration projects in two communities near large military installations. The goal of the projects is to develop a coordinated community response to domestic violence focusing on enhancing victim services and developing special law enforcement and prosecution units. MacDill Air Force Base and Lackland Air Force Base are participating in the President's Family Justice Center Initiative. We know that military and civilian collaboration is critical to an effective response to domestic violence since the majority of military members and their families live off the installations.

We are also working with the Family Violence Prevention Fund to develop a general domestic violence public awareness campaign and with the National Domestic Violence Hotline to increase awareness of the Hotline as a resource for victims and their families. Finally, \$7.5 million (FY 2004) was used to provide access to on-call victim advocates and emergency shelters to assist victims of domestic violence.

We are pleased with the progress we have made but realize there is more work to be done. We are working to ensure that the policies we implement are viable across all Services in the continental United States and overseas, and minimize the possibility of unintended consequences that compromise the safety of domestic violence victims and their children. We collaborate closely with those who are responsible for implementing the policies we write to maximize their effectiveness across the Department.

Financial Stability

DoD has embarked on an initiative that combines educating Service members and their families on using their finances wisely with expanding employment opportunities for military spouses. Designed to enhance education and awareness, with the support of 26 Federal agencies and non-profit organizations we have begun to see positive changes in the self-reported assessment of the financial condition of Service members. The lessons learned through this campaign will be shared with the National Commission for Financial Literacy and Education to assist the Commission in developing a financial literacy strategy for the nation.

In addition to these collaborative efforts, we have worked with state representatives and several have introduced legislation to protect Service members and their families from the predatory and usury aspects of payday lending. For example, in 2004, Georgia enacted legislation that limits the maximum annual percentage rate that can be charged, prevents payday

lenders from using out of state bank charters to go around interest rate limits, and protects Service members and their families from certain predatory collection practices. Legislation has passed the Virginia Assembly that will parallel the Service member protections enacted in Georgia. The California Department of Corporations has instituted a program called “Troops Against Predatory Scams,” to assist Service members and their families residing in the state avoid predatory activities and assistance if they become involved.

We are employing a similar collaborative approach to improve employment opportunities of military spouses by partnering with federal, state and local governments to address legislative and regulatory barriers that may inhibit financial stability and portability of jobs, and developing partnerships with government, non-profit and private sector organizations to increase the number of opportunities available to spouses to develop careers. Through these initiatives the Department seeks to enhance financial stability by promoting consistent reliable sources of income and the ability to use it wisely to support quality of life needs and for attaining future life goals.

Spouse Employment

Spouse employment is important to both family finances and spouse career aspirations, not unlike non-military families. Military spouses are required to frequently relocate, making flexibility and reciprocity that honors licensing from other states all the more critical. Many of our spouses are qualified teachers and nurses and can meet a growing need for these professionals. The Department is engaged on numerous fronts to assist spouses in their careers, but states can propel and create links within this effort to ensure mutual success.

Military families often require two incomes to achieve their aspirations, similar to the needs of American families as a whole. Frequent moves can inhibit military spouses’ ability to

start and sustain a career, even though approximately 80 percent of military spouses have some college experience. Differing state requirements can limit advancement or deter re-entry into the workforce at a new location. Spouses often suffer long periods of unemployment and, therefore, loss of income. The Department has identified where there are licensing barriers and is developing policy recommendations for licensing/credentialing requirements across states for high demand, or shortage of, careers and jobs.

Quality of life for our military families is also defined by the successful employment of spouses. To succeed we will need the help of corporate America. Sixty-one percent of the 700,000 spouses of active duty personnel are active in the workforce contribution to the family income.

An historic partnership agreement, signed by Secretary of Defense Rumsfeld and Secretary of Labor (DoL) Elaine Chao in July 2003, affords both Departments a unique prospect to increase employment opportunities for military spouses while enhancing the competitiveness of the American work force. DoD and DoL have made great strides in collaborative use of DoL's One-Stop Career centers and in creating a broad spectrum of Web-based services exclusively for military spouses, including the online Military Spouse Resource Center, www.milspouse.org. Additional enhancements are planned as a new "Military Spouse Career Center" will bring the vast job bank of Monster.com to the easy use of military spouses. Employers with a military-friendly focus, especially those that see military spouses as an important talent pool, will have their jobs spotlighted here. We are especially focused on teaching, nursing, real estate and medical assistant fields careers of choice for many military spouses. Through Military OneSource, spouses will now have access to career counseling and

personal assessment that will encourage them to reach for their dreams, as they identify their opportunities for more education, training or a new or advancing career options.

State Liaison

The Department has been collaborating with the Council of State Governments, the National Governors Association and others to address the needs of the military, Guard and Reserve members and families. Many states have recognized school transition and in-state tuition policies, spouse employment, and financial well-being as important to Service members and families, and have enacted legislation to better accommodate their needs.

Over half of the military is married and has children. Consequently, military often weigh assignments based on the quality of education offerings from the local school systems for their children. The mobile lifestyle creates tough challenges for children who often attend as many as six high schools or thirteen schools in 12 years. This, added to the anxiety of parental separation during deployments, challenges us to ease transitions from school to school.

Support of children of military families is about ensuring educational opportunities are available to all and that current policies and practices do not penalize them. For example, providing some flexibility in accepting academics achieved in other school systems and in tryout times for teams and extra curricular activities. Transferring students need their records in a timely manner so that class assignments are properly made and the road to graduation is not interrupted. We are looking for collaboration between states, school districts and military communities to facilitate these opportunities.

Since the mission of the military requires frequent moves, Service members come under numerous state policies that may hinder their educational choices. The cost of college attendance can be as much as four times in-state rates making education progression

unaffordable. Twenty-five states (up from ten) currently have adopted state education policies for troops and families that allow in-state tuition to continue for children after military parents depart. In-state tuition is a great incentive to encourage Service members and their families to engage in higher learning.

Voluntary Educational Opportunities

We are proud of our commitment to fund to the fullest extent possible voluntary educational opportunities for Service members and their families. For military personnel, increased levels of coverage for the traditional off-duty, voluntary education program helped fund just under 900,000 enrollments last fiscal year and generated over 33,000 diplomas and college degrees. DoD reduced voluntary education out-of-pocket costs for troops attending college in their off duty time. Service members now have up to 100% assistance or about \$250 per semester hour of credit. Working with major book distributors, we have launched an effort, to reduce expenditures for the ever-increasing cost of books, which average about \$800 to \$900 annually per student.

To help spouses attend college at a reduced cost, we are working closely with the colleges and universities that provide degree programs for DoD overseas, to offer more scholarships, grants and reduced tuition to spouses who would like to pursue a degree while in theater. Collateral efforts continue to encourage existing relationships with the Service aid organizations and United Services Organization (USO).

Spouses want access to educational opportunities that generate degree and certificate programs that prepare them for enduring professional careers rather than just jobs. Frequent moves often preclude military spouses from achieving career advancement. DoD partners with the private sector and other government agencies to enhance spouse employment and career

opportunities. The new “Spouses-to-Teachers” program, which is similar to the very successful Troops-to-Teachers program, helps military spouses achieve career goals, and helps local school districts meet their hiring needs. DoD works with states to expand reciprocity for credentialing requirements. A Spouses-to-Teachers test program provides information on degree and certification requirements from state-to-state, guidance on reciprocity for currently held certification, access to certification programs on line, information on teaching jobs in the states their family will be transferring to, as well as sources to contact for grants and scholarships to pursue a teaching career or recertification. If this test program proves as successful as we think it can be, we plan to expand it into new states this coming year.

Department of Defense Education Activity

The Department of Defense Education Activity (DoDEA) has been an active partner in supporting students and families during the war. All schools within DoDEA have Crisis Management Teams to assist students and teachers during stressful times. Working in collaboration with military and civilian communities, they provide support before, during and after each deployment. Summer school was customized to meet the needs of the children of deployed members, and parents were very appreciative of the video-streaming of high school graduations for deployed members to view in Iraq. DoD schools are a model for the nation and have embraced the President’s “No Child Left Behind” initiative. Our students continue to perform well above the national average on standardized tests in all subjects (reading, language arts, math, science, and social studies).

The Department is proud of our school system and we continue to address quality issues in the areas of curriculum, staffing, facilities, safety, security and technology. Our dependent schools comprise two educational systems providing quality pre-kindergarten through 12th grade

programs: the DoD Domestic Dependent Elementary and Secondary Schools (DDESS) for dependents in locations within the United States and its territories, possessions, and commonwealths, and the DoD Dependents Schools (DoDDS) for dependents residing overseas. Today, approximately 8,800 teachers and other instructional personnel serve more than 101,000 students in 223 schools. They are located in 13 foreign countries, seven states, Guam, and Puerto Rico. Students include both military and civilian federal employee dependents. To meet the challenge of the increasing competition for teachers, DoD has an aggressive U.S. recruitment program. The program emphasizes diversity and quality, and focuses on placing eligible military family members as teachers in its schools.

Elementary and Secondary Education Outside the Gate

The Department recognizes that quality education is a key factor in decisions to accept assignments for Service members and their families. There are approximately 692,000 school age children in active duty families (1.3 million including the reserves) – more than 101,000 in DoDEA and 590,000 in a variety of schools in America. Military children move on average 2.5 times more often than their civilian counterparts.

The Department plans to work with Johns Hopkins University to identify and disseminate proven educational best practices and policies that can respond to the academic and affective needs of mobile military children. Further, educational consultants are building an information resource of educational options, such as home schooling, public, private and charter schools, around military installations to provide military families a wide array of quality educational choices.

DoD has worked with renowned experts on terrorism, trauma and children, regarding publications, website information and program development for students of deployed families,

their parents and teachers. All publications are on a special website designed to meet the needs of children of deployed parents, www.MilitaryStudent.org. We continue to work to provide national, state and local education agencies, schools, parents and health professions with an awareness of the issues, current best practices, and services to promote academic success.

Child and Youth Development Programs

The Department of Defense is the model for the nation on employer supported child care. Child care is the number one service that families require in order to deploy and is also needed to allow spouses to pursue their own careers. The Department of Defense works constantly to ensure high quality child care is available and seeks ways to meet the child care need.

With the return of troops for rest and relaxation or the end of deployment, military installations with high deployment rates are experiencing an increase in births. Analysis of the infant population at military installations with high numbers of deployed Service members indicate births have increased 15 percent to 53 percent as a result of Operation Enduring Freedom/Operation Iraqi Freedom. As a first priority, the needs of families living in high personnel tempo and high deployment locations will be addressed. The Services identified 4,403 spaces at 14 of these locations. The plan is to use temporary facilities as a stopgap measure.

To support families impacted by rebasing and to reduce the total child care shortfall, the Department is reviewing public private partnerships with civilian child care providers and providing incentives for in-home care providers on and off the installation. This approach has a potential to yield as many as 9,000 spaces by FY 2011. Families are a critical deciding factor in retention and reenlistment decisions. The Department recognizes an investment in child care is also an investment in readiness and retention.

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

Each youth responds differently to the challenges of military life and a variety of programs provide positive outlets and help youth channel feelings into personal growth rather than violent or destructive behavior. One supportive outlet is camping experiences, with an emphasis on leadership and understanding the military better. Private organizations such as National Military Family Association, with funding from SEARS, created a series of camps throughout the country, specifically for youth with a parent deployed. Boys & Girls Clubs of America have opened their doors to our military youth and provided wholesome recreation designed to help young people succeed in school, stay healthy and learn important life skills. A partnership between the Services and U.S. Department of Agriculture Extension Services/4H provides outreach to those youth whose parents are Reserve or National Guard or are not geographically located near a military installation.

Morale, Welfare, and Recreation Initiatives

The Services have implemented a broad assortment of Morale, Welfare and Recreation (MWR) program initiatives specifically for forces deployed to fight the GWOT and their family members. These include 170 free, MWR operated, Internet cafes in Iraq, computers and Internet service at home station libraries and youth centers to ensure families can send and receive e-mails from their loved ones who are deployed. Additional recreation packages include library book and periodical kits, recreation kits that with large screen televisions, DVD/CD players, up-

to-date video games and game CDs, exercise equipment, sports equipment, pool and ping pong tables and first run movies.

Keeping in touch with family and friends is an important quality of life consideration for the deployed. It is a longstanding DoD practice for Service members to be able to make subsidized or free telephone calls home. The FY 2005 NDAA extended the requirement that prepaid phone cards, or equivalent telecommunications benefit, be provided without cost to Service members serving in OEF/OIF until September 30, 2006. The frequency and duration of calls using official phones for Health, Morale, and Welfare calls are determined by the commander so as not to interfere with the mission. On average, 32,000 Health, Morale, and Welfare calls are made each day; Service members in the OEF/OIF theaters generally average two calls per week.

The Armed Services Exchanges have mounted an information campaign to assist Service members, their families and friends to understand the unique challenges of communications during deployment, special programs supporting HMW and unofficial telecommunications, and lowest cost options available for communication during deployment. Service members will continue to receive current service and rate information throughout their deployment. Similarly, family members may access updated information through various military channels, including web sites and family support programs. We expect that the *“Help Our Troops Call Home”* program will increase the donated support that the Secretary of Defense may accept in order to increase opportunities for calls home.

AT&T is under contract to the Armed Services Exchanges to supply the prepaid calling cards used in OIF/OEF and shipboard. On February 23, the FCC rejected a petition from AT&T to exempt its “enhanced” telephone calling cards from Universal Service Fund (USF)

contributions and intrastate access charges. However, nothing in the FCC ruling requires increases in the prices paid by consumers for prepaid calling cards. In fact, the FCC pointed out that other companies contribute to the USF and offer competitive rates.

Armed Forces Entertainment, in cooperation with the USO, continues to provide much welcomed celebrity and professional entertainment to our forces engaged in the GWOT. Since May of 2002, the Robert and Nina Rosenthal Foundation has worked closely with the Country Music industry to provide celebrity entertainment at U.S. military installations at no cost to military personnel and their family members. The Spirit of America Tour provided five shows in 2002, 18 shows in 2003, and 21 performances in 2004. This initiative has been greatly appreciated by the bases that have received Spirit of America Tour performances, which are planned to continue through 2005.

Field Exchanges and Commissaries

There are 53 Tactical Field Exchanges, 33 exchange supported/unit run field exchanges, and 15 ships' stores in the OIF/OEF theaters providing quality goods at a savings, and quality services necessary for day-to-day living. Goods and services offered include phone call centers, music CDs, DVDs, laundry and tailoring, photo development, health and beauty products, barber and beauty shops, vending and amusement machines, food and beverages, and name brand fast food operations. Goods and services vary by location based on troop strength and unit mission requirements.

Our Reserve and Guard personnel have taken advantage of the full commissary benefits extended to them by the FY 2004 NDAA. The commissary benefit is an important and valued component of non-pay military compensation and it is vital to the quality of life of all of our Service members.

Quality of Life in the Integrated Global Presence and Basing Strategy

The quality of life of military members and their families is considered a priority as the Department moves forward with rebasing and BRAC. Unlike previous drawdowns when the Department lost almost a million troops, this integrated global and basing strategy will not reduce the number of troops.

To maintain the Department's commitment to families, the Secretary, in a March 2003 memorandum to the Secretaries of the Military Departments, directed that "Candidate strategies must not concentrate on the operational dimension alone, but also on how to best improve quality of life." Service strategies must consider access to schools, education centers/libraries, family support, child care, youth programs, morale, welfare and recreation and fitness programs. From a quality of life perspective, DoD's planning approach for rebasing and BRAC is based on two principles: first, adequate quality of life funding will be reprogrammed from the losing to the gaining installations; and second, the military will look to civilian communities to augment programs and services (since two-thirds of families live in off-base communities). Service plans at the losing and gaining installations will be evaluated using a model that takes into account program specific operational funding requirements (baseline and enhancement per capita), capital investment, deficiencies, community support structures, unique Service characteristics, and civilian manpower requirements. The Department's goal is to ensure quality of life for Service members and families is not diminished during transformation efforts.

CONCLUSION

Mr. Chairman, in conclusion, I want to thank you and members of this Subcommittee for your advocacy on behalf of the men and women of the Department of Defense. Whether the

career of a member of the Total Force is measured in months or years, whether that career is spent in a Reserve component, an Active component, a combination of the two, or as a Department of Defense civilian, the nation's gratitude for dedicated service is proved in your continued support and funding for the programs that keep the force strong and healthy.