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Prepared Statement of
The Honorable Michael Dominguez
Principal Deputy Under Secretary of Defense
Personnel and Readiness

Before the
House Armed Services Military Personnel
Subcommittee
and
House Veterans Affairs Economic Opportunity
Subcommittee

10:00 AM
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Michael L. Dominguez was nominated by the President as the Principal Deputy Under Secretary of Defense for Personnel and Readiness on November 21, 2005 and confirmed by the Senate on July 11, 2006. As a presidential appointee confirmed by the Senate, he is the primary assistant to the Under Secretary of Defense for Personnel and Readiness providing staff advice to the Secretary of Defense and Deputy Secretary of Defense for total force management as it relates to manpower; force structure; readiness; Reserve component affairs; health affairs; training; and personnel policy and management, including equal opportunity, morale, welfare, recreation, and quality of life matters.

Prior to this appointment, Mr. Dominguez served, from August 2001 until July 2006, as the Assistant Secretary of the Air Force for Manpower and Reserve Affairs. His responsibilities included developing and overseeing Air Force manpower and personnel policies, readiness, and Reserve component affairs.

Mr. Dominguez also served as Acting-Secretary of the Air Force from March 28, 2005 thru July 29, 2005. In this role, he was responsible for the affairs of the Department of the Air Force, including the organizing, training, equipping and providing for the welfare of its more than 360,000 men and women on active duty, 180,000 members of the Air National Guard and the Air Force Reserve, 160,000 civilians, and their families.

As an Air Force dependent, Mr. Dominguez grew up on bases around the world. After graduating in 1975 from the U.S. Military Academy at West Point, N.Y., he was commissioned a second lieutenant in the U.S. Army, reported to Vicenza, Italy, then worked varied assignments with the 1st Battalion, 509th Infantry (Airborne) and the Southern European Task Force. After leaving the military in 1980, Mr. Dominguez went into private business and attended Stanford University's Graduate School of Business. In 1983 he joined the Office of the Secretary of Defense as an analyst for Program Analysis and Evaluation (PA&E).

Mr. Dominguez entered the Senior Executive Service in 1991 as PA&E's Director for Planning and Analytical Support. In this position he oversaw production of DOD's long-range planning forecast and its \$12 billion in annual information technology investments. He also directed the PA&E modernization of computing, communications and modeling infrastructure. He joined the Chief of Naval Operations staff in 1994 and assisted in the Navy's development of multi-year programs and annual budgets. Mr. Dominguez left federal government in 1997 to join a technology service organization. In 1999 he began work at the Center for Naval Analyses where he organized and directed studies of complex public policy and program issues. In 2001 he rejoined the staff of the Chief of Naval Operations where he worked until his appointment as Assistant Secretary of the Air Force.

EDUCATION

1975 Bachelor of Science degree, U.S. Military Academy, West Point, N.Y.

1983 Master's degree in business administration, Stanford University, Stanford, Calif.

1989 Program for Senior Officials in National Security, Harvard University

CAREER CHRONOLOGY

1. June 1983 - September 1988, program analyst, Office of the Secretary of Defense for Program Analysis and Evaluation, Washington, D.C.
2. October 1988 - September 1991, executive assistant to the Assistant Secretary of Defense for Program Analysis and Evaluation, Washington, D.C.
3. October 1991 - September 1994, Director for Planning and Analytical Support, Office of the Assistant Secretary of Defense for Program Analysis and Evaluation, Washington D.C.
4. October 1994 - April 1997, Associate Director for Programming, Office of the Chief of Naval Operations, Washington, D.C.
5. April 1997 - September 1999, General Manager, Tech 2000 Inc., Herndon, Va.
6. September 1999 - January 2001, Research Project Director, Center for Naval Analyses, Alexandria, Va.
7. January 2001 - August 2001, Assistant Director for Space, Information Warfare, and Command and Control, Office of the Chief of Naval Operations, Washington, D.C.
8. August 2001 - March 2005, Assistant Secretary of the Air Force for Manpower and Reserve Affairs, Washington, D.C.
9. March 2005 – July 2005, acting Secretary of the Air Force and Assistant Secretary of the Air Force for Manpower and Reserve Affairs, Washington, D.C.
10. July 2005 – July 2006, Assistant Secretary of the Air Force for Manpower and Reserve Affairs, Washington, D.C.
11. July 2006 – Present, Principal Deputy Under Secretary of Defense for Personnel and Readiness, Washington, D.C.

AWARDS AND HONORS

1980 Army Commendation Medal

1988 and 1994 Defense Meritorious Civilian Service Medal

1993 Defense Civilian Service Medal

1997 Superior Civilian Service Medal, Department of the Navy

1998 Meritorious Executive Presidential Rank Award

January 2005, July 2005 and July 2006, Air Force Exceptional Civilian Service Medal

INTRODUCTION

Chairman McHugh, Chairman Boozman and committee members, thank you for the opportunity to testify about the three educational assistance programs that have been so effective in helping the Department achieve its force management objectives while providing our service members and veterans a valuable benefit that helps them achieve their educational goals. Each program is designed for a different purpose and has different eligibility requirements as prescribed in the respective governing statutes. But each program provides the Department with a valuable tool used to meet two critical force management objectives—recruitment and retention. While increasing benefit payments or eliminating eligibility requirements may be popular, such changes should only be undertaken if they also help shape and sustain the All-Volunteer Force.

Montgomery GI Bill

The purpose of the Montgomery GI Bill (MGIB) is codified in chapter 30 of title 38. Like all earlier GI Bills, it serves to help ease the transition of service members as they return to civilian life; however, the MGIB also has the unique codified purpose of promoting and assisting the All-Volunteer Force program. Eligibility requires that the Active, Guard or Reserve member serve at least two consecutive years on active duty. While a service member who has met the service requirement may use the benefit while still serving on active duty, it is primarily a veteran's benefit, thus the program is funded and administered by the Department of Veterans Affairs (DVA), with oversight provided by the Veterans' Affairs committees.

Montgomery GI Bill for the Selected Reserve

The purpose of the Montgomery GI Bill for the Selected Reserve (MGIB-SR)—as codified in chapter 1606 of title 10—is to encourage membership in units of the Selected

Reserve. Eligibility requires that the member must agree to serve six years in the Selected Reserve. As an “in-service” program, it is funded through Defense appropriations with oversight provided by the Armed Services committees; although benefit payments are made by the Department of Veterans Affairs.

Reserve Educational Assistance Program

The purpose of the new Reserve Educational Assistance Program (REAP)—as codified in chapter 1607 of title 10—is to provide assistance to Ready Reserve members who have been ordered to active service in response to a war or national emergency. Eligibility requires that the member serve on active duty for 90 consecutive days and continue to serve in the Ready Reserve. It is also an “in-service program” and as such is funded through Defense appropriations with oversight provided by the Armed Services committees. And like the MGIB-SR program, benefit payments are made by the Department of Veterans Affairs.

The Proposed Total Force GI Bill

Advocate groups are calling for a consolidation of the three educational assistance programs in what is being called the “Total Force GI Bill.” As we consider consolidation options, we must ensure that any program changes would also strengthen recruiting and retention in the Regular and Reserve components. We don’t want to be in a position of having to ask Congress to enhance other incentive programs in order to counter changes that would encourage service members to separate by offering them a more attractive post-service benefit. We could end up competing with ourselves.

THE MONTGOMERY GI BILL

The Montgomery GI Bill program is vital to our recruiting efforts, particularly today with the stiff challenges in recruiting the Services are facing. “Money for college” consistently ranks among the major reasons young men and women give for enlisting. The number of high school graduates who are pursuing post-secondary education is at an all-time high, and young people are finding that financial assistance to attend college is available from many sources. While few of those sources match the benefits of the MGIB, they also do not require young men and women to delay their education for a term of military service, or possibly place themselves in harm’s way. Additionally, the Services use MGIB "Kickers" to expand the high quality recruit market and channel recruits into critical military specialties.

Program Utilization

The effectiveness of the MGIB program as a recruiting incentive is demonstrated in the enrollment rate. Enrollments increased from only 50 percent in its first year (1985) to nearly 97 percent starting in the early 1990s and has continued to this day at that level. A total of 2.8 million men and women, from an eligible pool of 3.8 million, have chosen to participate in the MGIB since it was implemented on July 1, 1985.

Mobilized Guard and Reserve Members also Benefit

Guard and Reserve members who have served in support of the Global War on Terror have also qualified for MGIB benefits. We have 7,269 Ready Reserve members who have gained MGIB eligibility and made the required \$1,200 pay reduction as a result of their Global War on Terror service. These reservists have the option of receiving monthly benefit payments at the “two year” rate (\$840) based on their two years of active duty with no further service commitment (unless they had already incurred a Selected Reserve service obligation), or they

may agree to remain in the Selected Reserve for four years and receive monthly benefit payments at the “three year” rate (\$1,034). Additionally, 1,716 Reserve component members who already held eligibility for MGIB benefits have opted to increase their benefit level by making the required \$600 pay reduction in order to receive an additional \$5,400 in benefit payments.

Are Changes Needed?

Despite a very challenging recruiting environment, all Services are achieving their recruiting objectives and as such, the current MGIB program continues to serve the Department well. While we are actively participating with the Department of Veterans Affairs in a review of the Total Force GI Bill, we have not identified areas in the current MGIB program that require correction.

THE MONTGOMERY GI BILL FOR THE SELECTED RESERVE

The Montgomery GI Bill for the Selected Reserve (MGIB-SR) has been a very effective recruiting and retention incentive. Moreover, the MGIB-SR Kicker is a valuable force shaping program that allows additional benefit payments of up to \$350 per month for members with a critical wartime skill who agree to serve in that skill in the Selected Reserve for six years. Not only does the MGIB-SR program help maintain consistently high retention rates, but it also increases the education level of the Reserve force.

Program Utilization

The number of Selected Reserve members who participate in the program illustrates its effectiveness. Between 1984 and 2005, over 1,526,000 Selected Reserve members gained eligibility for MGIB-SR benefits, and over 636,000, or 42 percent, have applied for educational

assistance. Thirty percent of the Reserve component members who are currently eligible for the MGIB-SR benefits have applied for the benefit. This represents a two percentage point increase in the past two years. This fiscal year, through August 31, 2006, almost \$184 million in benefits have been paid to 62,463 Selected Reserve members participating in the MGIB-SR program. This is a slight decline from last year, but that decline is due to members who are using the Reserve Educational Assistance Program, which is described in the next section.

Are Changes Needed?

The MGIB-SR program continues to fulfill its intended purposes with 32,669 reservists entering into a six year Selected Reserve service agreement this year in order to receive MGIB-SR benefits. This has occurred in a very challenging recruiting environment. We have not identified any significant shortcomings in the structure and utility of the MGIB-SR program.

RESERVE EDUCATIONAL ASSISTANCE PROGRAM

Recognizing the tremendous contributions that Guard and Reserve members are making to fight the Global War on Terror, the President proposed a new, richer education benefit for Ready Reserve members who have been activated. The President also recognized that incentives play an important role in retaining service members and that a variety of incentives is important. With the strong support of Congress, the Reserve Educational Assistance Program (REAP) was enacted in October 2004. The design of this program aligns with the Department's force management objectives and its goals of focusing benefit and entitlement enhancements on those who are bearing the burden of mobilization and deployment and who continue to serve or serve for longer periods.

Program Utilization

This program was fully implemented last year and is working well. Under a memorandum of understanding between the Departments of Defense, Veterans Affairs, and Homeland Security, program payments began in early December 2005. As of August 31, 2006, the Department of Veterans Affairs has received 57,526 benefit claims, and paid 47,354 claims, for a total disbursement of over \$70.3 million. Ongoing changes to electronic data systems have greatly improved the application approval process and accelerated benefit delivery procedures.

Are Changes Needed?

We sincerely appreciate Congress's support for technical amendments requested by the Department last year to improve the management of the program and allow members who have a short break in Selected Reserve service to retain their eligibility for the REAP benefit. These members may begin using the benefit again upon their return to the Selected Reserve. This modification to the program strengthens its value as a retention tool. We are continuing to review this new program to determine if there are other areas which would help strengthen the program.

THE TOTAL FORCE GI BILL

Certainly almost any program, or group of programs, can be improved and we are interested, as are your committees, in ensuring that the educational assistance programs available to service members are robust and provide the Department of Defense with the tools needed to meet our force management objectives. Because of the Department's increased employment of the Guard and Reserve to support defense missions and the closer alignment of the Regular and Reserve forces, the question has naturally been posed about integrating the three separate

educational assistance programs into a single program for Active, Guard and Reserve members. The concept is to create a single program from the best attributes of the three programs while continuing to meet the requirements of the Department of Defense and the needs of veterans and service members.

Under the direction of the DoD/DVA Joint Executive Council, staff members from both Departments have been working diligently as a special task force to review this idea. The task force has nearly completed its review and is in the process of determining the resource implications. Until the task force completes its report and presents its findings to the DoD and DVA leadership, it is premature for DoD to take a position on any changes to the programs.

CONCERNS

As stated in the introduction, I must stress that the MGIB, the MGIB-SR and the REAP programs were designed for and serve different purposes and, accordingly, have different eligibility requirements. The MGIB program was designed with dual purposes—to assist service members in transitioning to civilian life, and to assist in the manning of the All-Volunteer Force. In contrast, the MGIB-SR program was designed solely as a recruiting and retention incentive for serving in the Selected Reserve. A critical element of the REAP program is its retention aspect—providing a rich incentive for Guard and Reserve members to continue to serve who might otherwise separate after having been mobilized. In examining the potential for a Total Force educational assistance program, we must be certain that the design of any alternative program would not deviate from those fundamental objectives that the current programs serve. We are particularly sensitive to any changes that could adversely affect Reserve force recruiting and retention, particularly retention among Guard and Reserve members who have been

mobilized, and that would have a significant budget impact, particularly since any changes to the basic benefit would result in an increase in mandatory spending.

CONCLUSION

Today, the volunteer military stands ready, willing, and able to defend our great nation, as well as its values and principles. Credit for our success in attracting high-quality people to serve in uniform belongs in large measure to Congress and to your committees for providing military members with the benefits embodied in these educational assistance programs. Few areas, if any, are more important to the Secretary of Defense and the Secretaries of the Military Departments than recruiting and retention. We recognize our duty to man the All-Volunteer Force with high-quality, motivated, and well-trained men and women. Education benefit programs have been a major contributor to recruiting and retention achievements over the past 20 years. It is our desire that any changes to these programs would only be undertaken if they improve recruitment, retention and force shaping. As we move into the 21st Century, we must continue to build on the remarkable legacy of the visionaries who crafted preceding versions and improvements in the GI Bill.

I look forward to working with your committees to ensure that these programs remain robust. I would again like to thank the committees for their dedicated support to the men and women who currently serve, and those who have served, our great nation.