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Mr. Chairman and Members of the Committee, on behalf of the men and women of the United States Army, I thank you for the opportunity to appear before you today to discuss the Active and Reserve Military programs of America's Army. Our Soldiers are bright, honest, dedicated and totally committed to the Army's mission and to defeating our enemy. The Army and its leaders continue their commitment to taking care of Soldiers and their families.

## **RECRUITING**

The Army is at war. The Global War on Terrorism and engagements around the globe are our first sustained combat operations since the end of conscription in the 1970's. Recruiting and retaining the Soldiers who will fight and win on the battlefield is critical. These young men and women must be able to handle the full complexity of 21<sup>st</sup> century warfare in a combined, joint, and expeditionary environment. We are in a highly competitive recruiting environment. Industry, post-secondary institutions and other services compete for prospects very effectively.

We have been successful. The active Army and Reserves met their recruiting goals in fiscal year 2003. The Active Army is at 100 percent of its fiscal year 2004 mission through January. On 1 October 2003 we began The National Call to Service Program; 153 recruits have already selected this program. The Reserve and National Guard are at 98.7 percent and 94.9 percent of their respective missions. We are recruiting a high-quality force; high school graduates are 96.5 percent of Active Army recruits, 94.0% of Reserve recruits, and 84.6% of National Guard recruits year to date. We remain confident we will meet the Fiscal Year 2004 mission due to our recruiting force and incentives.

Our recruiting force is the best in the world. Our accession mission is over 165,000 this year (Active 75,000, Reserve 34,804, and National Guard 56,000). Every day, recruiters are in our communities across the country, communicating the virtue of military service. They are recruiting young men and women who possess the potential to embrace the Army values and develop the character of the Soldier's Ethos.

Without the support of Congress in providing recruiting tools, advertising, and incentives we could not achieve this recruiting and retention mission. Incentives are a key enabler of the Army's accession mission in terms of military occupational skill (MOS) precision fill, quality, and quantity. Incentives include Enlistment Bonuses, Army College Fund, and Loan Repayment Program.

Bonuses are the most effective tool for MOS recruitment. The bonuses help us compete under current market conditions and beat competitors, but also best allow us the maximum flexibility to react to unanticipated changes in the economic and social environment of tomorrow. We are able to use the bonuses to target critical MOSs, and to target the college market to fill critical MOSs.

The Army College Fund is a proven expander of the high-quality market. College attendance rates are at an all-time high and continue to grow, with 67 percent of the high school market attending college within one year of graduation. The Army College Fund allows recruits to both serve their country and earn additional money for college.

The Loan Repayment Program, with a maximum of \$65,000, is another means of entry into the high-quality market. While the Army College fund primarily targets those who have not yet gone to college, the Loan Repayment Program is the best tool for those who have college credit and loans. This has proven to be a great tool to reach potential

recruits with at least some college credit. In Fiscal Year 2003, 24 percent of our recruits had some college credit.

The Army's most effective recruiting tools are its recruiters, incentives, and advertising. We have always selected our best soldiers to be recruiters and will continue to do so. We owe these recruiters and their families the resources, training, and quality of life that will enable them to succeed. The recruiting environment remains a challenge in terms of economic conditions and alternatives. The Army appreciates Congress's continued support for its recruiting programs and for improving the well being of our recruiting force.

#### **ENLISTED RETENTION**

The Army has achieved all retention goals for the past five years. This result can be directly attributed to the Army's Selective Reenlistment Bonus (SRB) program. The Army re-enlisted 54,151 Soldiers in Fiscal Year 2003, including 15,213 Soldiers whose enlistments would have expired before September 30.

Fiscal Year 2004 retention missions for the Active Army and the Army Reserve are below glide path and are being closely monitored. Thus far, the Active Army has achieved 94 percent of year to date mission, while the Army Reserve has achieved 90 percent of year to date mission. Meanwhile, the Army National Guard is more than holding its own in Fiscal Year 2004 and has reenlisted 160% of their year to date mission. In Fiscal Year 2004 alone, the Army must retain approximately 58,100 Soldiers to maintain desired manning; this equates to a retention mission increase of 2,000 Soldiers. We will depend upon a robust SRB Program to enable achievement of our retention goals.

Developing ways to retain Soldiers directly engaged in the ongoing Global War on Terrorism (GWOT) is critical. We are now using a “targeted” bonus, the Targeted Selected Reenlistment Bonus (TSRB), as a tool to attract and retain quality Soldiers. The TSRB aggressively targets eligible Soldiers assigned to units in, or deploying to, the CENTCOM area of responsibility. Soldiers receive no less than a lump sum \$5,000 bonus to reenlist for their present duty assignment while deployed in support of Operations Iraqi Freedom or Enduring Freedom. Introduction of the TSRB on 1 January 2004 caused an immediate increase in reenlistments, however, did not make up the total Army shortfall from the 1<sup>st</sup> Quarter of the Fiscal Year. We anticipate another significant increase occurring in March/April coincident with the force rotation changeover from Operation Iraqi Freedom 1 to 2 and Operation Enduring Freedom 4 to 5.

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

All components are employing positive levers including Force Stabilization policy initiatives, updates to the reenlistment bonus program, targeted specialty pays, and policy updates to positively influence retention program. Ultimately, we expect to achieve Fiscal Year 2004 retention success in the Active, Guard, and Reserve.

## **OFFICER RETENTION**

The Army continues to monitor officer retention rates as an important component of readiness. Overall retention of Army Competitive Category officers improved in both

the company grade and field grade ranks with aggregate fill rate of 103.7 percent. There was a slight increase in attrition for Lieutenants and Colonels, but the loss rate for Captains decreased almost three percent from Fiscal Year 2002 to Fiscal Year 2003.

The Army has steadily increased basic branch accessions beginning in Fiscal Year 2000 with 4000, capping at 4,500 in Fiscal Year 2003 and returning to 4,300 for Fiscal Year 2004 and beyond, to build a sustainable inventory to support Captain requirements. We achieved 4,443 accessions in Fiscal Year 2003. The Army can meet current and projected active component officer accession needs through current commissioning sources (Reserve Officer Training Corps, Officer Candidate School, United States Military Academy, and direct accessions). Reserve component Lieutenant accessions present near and long-term challenges, but have improved significantly over the past few years, and are expected to continue to improve.

We continue to promote officers at all ranks at or above the Defense Officer Personnel Management Act (DOPMA) goals and expect these rates to continue for the next 2-4 years.

#### **END STRENGTH/STOP LOSS**

The Congressional mandated End Strength for Fiscal Year 2005 is 482,400. This consists of 78,500 officers, 399,700 enlisted, and 4,200 cadets at the United States Military Academy. However, due to the Global War on Terrorism and the ongoing actions to transform America's Army, we expect to have 500,830 on Active duty at the end of Fiscal Year 2005. The breakout by category will be: 81,630 officers, 415,000 enlisted and 4,200 cadets.

The recently announced force rotational plans will begin the monumental task of rotating forces in support of on-going operations in Iraq and Afghanistan. During this spring and summer the Army will have eight of its ten active duty divisions either deploying or redeploying from operations in support of the Global War on Terrorism. Consequently, the current and projected operational tempo continues unabated, placing enormous stress on units, Soldiers and their families. Based on the commitment to pursue the Global War on Terrorism for the foreseeable future, which means providing our combatant commanders the force to decisively defeat the enemy and ensure our formations are ready for warfighting we re-instituted the Active Army Unit Stop Loss program and maintained the Reserve Component Unit Stop Loss program currently in effect.

The two Stop Loss models being used in support of the Army's effort in the Global War On Terrorism are:

-- *Active Army Unit Stop Loss*. This applies to all Regular Army Soldiers assigned to Active Army units alerted or participating in Operation Iraqi Freedom (OIF) 1 and 2 and Operation Enduring Freedom (OEF) 4 and 5.

-- *Reserve Component Unit Stop Loss*. This applies to all Ready Reserve Soldiers who are members of Army National Guard or United States Army Reserve and assigned to Reserve Component units alerted or mobilized for partial mobilization or Presidential Selected Reserve call-up to participate in Operations Nobel Eagle, Enduring Freedom and Iraqi Freedom.

The Active Army and Reserve Component Unit Stop Loss program affects Soldiers upon a unit's mobilization/deployment date minus 90 days and continues

through the demobilization date, plus 90 days. The 90 days after demobilization is used to ensure sufficient time for Soldiers to complete mandatory transition, participate in the Army Career Alumni Program and finish deployment cycle events/activities. In addition the 90 days permits us to re-distribute the force to reduce risks to readiness, and distribute Soldiers across the Army to satisfy Department of Defense guidance to the Services to back out of Stop Loss policies as soon as operationally feasible. Consequently, our policy requires a quarterly review of the programs to determine continuation or termination.

As of February 2004, the Stop Loss program affects a total of 44, 535 Soldiers of all Components.

## **RESERVE COMPONENTS**

The exemplary performance of our Army this past year is testimony that we are One Army – an Army whose Components are practically indistinguishable from one another. Whether as volunteers or called up under partial mobilization, the soldiers of the Army Reserve and Army National Guard have come forward to serve proudly and honorably, I know our Nation is proud of their performance. The Army continues to rely on the Reserve Components to carry a significant portion of the load in the Global War on Terrorism. The capabilities they bring to the fight are indispensable, their skills are top notch, and their morale is high.

We have called nearly 250,000 Guard and Reserve Soldiers to active duty since 9/11 for operations spanning the globe. That is just over 35 per cent of the Ready Reserve. Today we have 160,000 Reserve Component Soldiers on active duty. That number is about 30,000 higher than we have been averaging in the past because we are in

the middle of exchanging units in Iraq and Afghanistan, which has caused an overlap of mobilized Soldiers. By the end of this calendar year we should have less than 125,000 Reserve Component Soldiers on active duty.

In addition to mobilizations in support of GWOT, we continue to have soldiers mobilized in the Balkans, the Sinai, Europe and the Pacific. The Reserve Components have performed missions in Bosnia for the past three years. Mobilized soldiers in Europe and the Pacific have proved invaluable in helping move active units in and out of their respective theaters on their way to and from the Central Command area of responsibility (AOR). The Army assisted the Air Force last year by providing security forces for Air Force installations both in the Continental United States (CONUS) and in Europe. At its peak, this program provided 9,000 Army National Guardsmen. We also have over 600 Guardsmen from Puerto Rico providing security to Military Sealift Command ships carrying cargo from the CONUS to Areas of Operation to areas of operation.

We must maintain the right balance of capabilities between our Active and Reserve Components. Our Reserve Components are embarked on a significant transformational process - one that will enhance jointness, responsiveness, and relevance to emerging missions. Last summer the Secretary of Defense gave the Military Departments guidance to structure the force to reduce the need for mobilization to no more than once every six years, and to reduce the need for mobilization within the first 15 days of a rapid response operation. In this President's Budget we have incorporated changes rebalancing AC and RC force structure in the amount of 10,000 spaces: 5,000 spaces are associated with critical early deployment capabilities from the Reserve to the Active force, and 5,000 spaces are to realign the current Active-Reserve Component mix

required for ongoing operations, Homeland Defense, and critical post-hostilities operations. At the same time, we are converting both the Active and Reserve Components Cold War structure to meet the capabilities required of the Army for the Global War on Terrorism.

## **PERSTEMPO**

The strategic and operational environment has significantly changed in light of the large-scale engagement of Army forces in Operation Iraqi Freedom and other expeditionary operations. Soldiers and their families who serve our Nation feel this increase of turbulence and uncertainty. The time soldiers spend away from home is directly related to the increase in unit and individual deployments and other operations.

The Army actively manages the effects of PERSTEMPO through force management options as well as working with the Office of the Secretary of Defense (OSD) to manage force requirements in response to the Global War on Terrorism. Army initiatives to reduce PERSTEMPO include resetting the force, force stabilization, modular reorganization, post deployment stabilization policy, use of contract civilians where possible, and rebalancing Active and Reserve Component forces. The Army is committed to managing force deployments with an emphasis on maintaining readiness, unit integrity, and cohesion while meeting operational requirements.

## **PERSONNEL TRANSFORMATION**

Army personnel transformation will profoundly impact how the Army delivers Human Resources services to commanders, soldiers, government civilians, and families. More than improving information technology and systems, personnel transformation is about rethinking programs, policies, and processes to enable the Army to provide optimal

use of human capital including; the right information, with the right mix of individuals and units at the precise place and time with the correct skills. Personnel transformation initiatives directly support the goals of making the Army more “joint, “expeditionary,” and “modular.” These personnel transformation changes will enhance the individual and unit readiness of the Army across all components – Active Army, Army National Guard, and Army Reserve.

The *Enterprise Human Resources System* forms the information technology infrastructure and the knowledge architecture for personnel transformation. It includes the Defense Integrated Military Human Resources System (DIMHRS), an OSD-directed software capability that maximizes the potential of web-based technology and commercial off-the-shelf software. The Army is the first Service to undertake the implementation of DIMHRS and has dedicated resources to assist in the development and review of functional human resources requirements. The Army is counting on DIMHRS to replace its legacy systems with a single, multi-component, integrated database across the Defense Department, enabling management of Soldiers, Army civilians, and contractors.

The *Enterprise Human Resources* system will provide passive, full visibility across all services and components, and will enable visibility in support of joint partners. It will be composed of one single authoritative source database, and will serve all echelons of command and will include the individual Soldier and family member. The system will also provide access to leaders, individuals, and human resource providers. The system will allow leaders to manage their organization across components, and will be linked to the Army’s Command and Control operational architecture for battlefield

functions, such as casualty reporting and strength accounting. A transformed Human Resources Information System will provide the tools necessary *to make critical combat and non-combat human resources support relatively routine.*

*Force Structure* changes are already underway in the personnel community's workforce and organizations. From headquarters to unit level, a variety of modular, multi-functional units are being structured and redesigned to meet the future needs of a modular and expeditionary Army. For example, at Headquarters Department of the Army, the Army Reserve and Active Army Personnel Commands have merged into the United States Army Human Resources Command. The civilian equivalent, the Army's Civilian Human Resources Agency is now approved for inclusion within the command, and will be supported by the Human Resources Information System. Likewise, military personnel occupational specialties will be merged into a multi-skilled Human Resources specialty, providing more flexibility and support to an Army at war.

*Continuum of Service* is the idea of establishing a personnel system that spans operational possibilities from high intensity combat to weekend duty at a local armory. The continuum of service will break new ground for us. It has the potential to offer Soldiers more choices than they have today. Soldiers will be able to move back and forth between full-time and part-time service. Taken to its fullest, some Soldiers will be able to serve less than full time but more than the current reserve model of 39 days a year. Active Soldiers would be able to serve in a Reserve status for a portion of their careers. As a Soldier's personal circumstances change they will have more freedom of choice between Active or Reserve service and should be able to traverse the continuum in either direction as they progress through the rank structure. This type of movement is nearly

impossible today. If we are to continue to attract bright and ambitious people we need to offer them a range of opportunities comparable to what they could find in the civilian sector. It will open more career opportunities for Soldiers to optimize civilian training and will help our efforts to increase volunteerism within the Reserves and National Guard.

The continuum of service idea when implemented, will facilitate sustaining support to the Global War on Terrorism. It will give us the ability to use critical skills found in the Reserve Component with more precision. To name a few, information technology, civil affairs, and language skills are frequently needed during specific missions for limited periods of time. If we let these highly skilled people move between active and reserve duty on schedules that meet mission needs while permitting these Soldiers to maintain their skill on the cutting edge in the civilian sector the Army will benefit. This is good human resources management. It gives the Army additional agility and flexibility to fight the Global War on Terrorism with our most valuable resource – our people. I seek your support for the Department’s initiatives in this area.

### ***Force Stabilization***

The Army is transitioning to Force Stabilization, a personnel manning initiative designed to enhance unit readiness by increasing stability and predictability for soldiers and families. Force Stabilization places greater emphasis on building and sustaining cohesive, deployable combat-ready units for Combatant Commanders. Home basing and Unit Focused Stability are two new manning strategies that will keep soldiers in units longer and will serve the purpose of fostering cohesive and combat ready forces.

Under Home-basing, all initial entry Soldiers and their families assigned to selected installations in the continental United States will remain at that installation for six to seven years. The seven-year career mark was established because it is at that point the Army's manning needs outside tactical units significantly increases.

Unit Focused Stability synchronizes a Soldier's assignment to the unit's operational cycle. Under Unit Focused Stability all members of a unit arrive at the same time and remain in that unit for three years. This strategy sets the conditions for achieving higher levels of training effectiveness, deployability and combat readiness. By synchronizing Soldier's assignments based on the operational cycle of their unit, personnel turbulence will be reduced.

*Military to Civilian Conversions* are a way to improve the efficiency of manpower and make more military deployable by moving military personnel out of positions that can be prudently performed by civilians. As part of the Army's long-term transformation strategy, it is essential that we start realigning military positions from existing infrastructure organizations to staff field units. This effort relieves stress in the operating forces and facilitates the formation of additional combat brigades. Although we are still working out the details of implementation and funding, we intend to convert at least 10,000 to 15,000 military over the next three to four years starting in Fiscal Year 2004, as we increase to 10 Active Brigades.

#### **NATIONAL SECURITY PERSONNEL SYSTEM (NSPS)**

We want to take this occasion to thank again the committee and the Congress for enacting the National Security Personnel System (NSPS) in the fiscal year 2004 National Defense Authorization Act. The Act authorized a more flexible civilian personnel

management system for the Department that allows the Department to be a more competitive and progressive employer at a time when our national security demands a highly responsive system of civilian personnel management. The legislation ensures that merit system principles govern any changes in personnel management, whistleblowers are protected, discrimination and nepotism remain illegal, and veterans' preference is protected. The Department will collaborate with employee representatives, invest time in trying to work our differences, and notify Congress of any differences before implementation. In January, Department officials met with union representatives to begin the development of a new system of labor-management relations. Later this year, the Department plans to begin implementing NSPS following an intensive training program for supervisors, managers, human resources specialists, employees, as well as commanders and senior management.

#### **ARMY REVIEW BOARDS AGENCY (ARBA)**

Army Review Boards Agency has taken the lead for all the Services in developing an online application program for the Army Board for Correction of Military Records and the Army Discharge Review Board. This is an initiative to comply with the Government Paperwork Elimination Act. The electronic online application will allow the applicants to apply securely online through the Internet. The Army Review Boards Agency online application process will be an important tool in fulfilling the vision of improved customer service and governmental efficiency through the use of information technology. The online application is expected to be fully operational by May 2004.

#### **WELL BEING**

For an Army at War, the Well-Being of Soldiers, civilians, and their families

is inextricably linked to the relevance and readiness of the force. As Army Chief of Staff, General Peter Schoomaker so eloquently puts it, “The Army has to invest in the Soldier.” His statement recognizes that people are the heart and soul of The Army and their preparedness to carry out the Army’s mission is directly linked to their sense of well-being. Much has been done to ensure that the Soldier remains the centerpiece of Army Transformation. But as we move into the 21<sup>st</sup> century, the needs and aspirations of our people continue to evolve along with the changes in the operational and societal environments. Every effort must be made to ensure the Army’s investment in its people is in keeping with the commitment and sacrifices expected of them. As part of the Army’s Well-Being initiative, efforts are ongoing to expand the scope of people-oriented initiatives beyond a traditional active Army focus to include consideration of the Veterans, Retirees, Civilians, and associated Family Members.

### ***Deployment Cycle Support Program***

We have demanded levels of excellence from soldiers and they have risen to the Task. Deployment Cycle Support (DCS) assists Soldiers and Department of Army (DA) civilians redeploying from combat or other operations, and their family members, in meeting the challenges of returning to “home station. For deployed Soldiers and DA civilians, the DCS process begins in theater and continues at demobilization sites and home station. For family members, training is conducted at home stations for reunion with the soldier. Additionally, health care, and an individual assessment is conducted by the unit leadership. The key element of DCS is the re-establishment of soldier readiness to include personnel readiness, deployment readiness and family readiness. During the development of DCS, the Army identified areas that needed enhancements in providing

necessary assistance to deployed Soldiers, DA civilians and their families. To resolve those shortfalls the Army has funded a program called Army One, an information and referral resource that has been readily available to soldiers and their families.

### ***Disabled Soldiers Support System***

The Disabled Soldier Support System consists of a centralized management program operated at the Department of the Army Headquarters. The program will expand to include placing a representative at each of the seven Installation Management Regions to further facilitate and follow-up with severely Disabled Soldiers in their communication and connections to local, federal, and national agencies and organizations. The Disabled Soldier Support System will provide personal liaison support between soldiers, families, commands and communities regardless of the component. It is the Army's intent to monitor disabled Soldiers as individuals, while monitoring trends to ensure their needs are met.

### ***Rest & Recuperation Leave Program***

At the present time, the Rest and Recuperation (R&R) Leave Program is a highly visible and critical component of the Army Well-Being Program. Rest and Recuperation opportunities are vital to maintaining combat readiness when units are deployed and engaged in intense, sustained combat operations. The R&R Leave program provides a means whereby soldiers deployed in the CENTCOM AOR are able to temporarily lay aside the stress and rigors of service in a combat zone and focus critically needed attention on their own physical, emotional and spiritual well-being as well as that of their families and loved ones. To date more than 46,500 soldiers and Department of Defense civilians have participated in program.

## **SOLDIER EDUCATION INITIATIVES**

### ***In State Tuition Initiative:***

As part of the Army's well-being programs, we continue to expand the scope of people-oriented initiatives beyond a traditional focus to a more inclusive consideration of the entire Army Family. Making post-secondary education affordable for our soldiers and their families is one example. The difference between paying in-state or out-of-state tuition to go to college is a significant factor in whether soldiers can afford to send their families to college. The mobility of the military community, coupled with the state-specific criteria for determining eligibility for in-state tuition, results in the military spouse/family member facing a variety of rules and procedures that may not result in designation as in-state residents for tuition purposes. The Army is still working with our Sister Services to encourage states to grant in-state tuition in both the place of official residence and the place of assignment. The program also establishes continuity of the benefit until graduation for the children and spouses of Soldiers who transfer overseas or to another state following matriculation. We are making progress; Texas and Georgia recently passed legislation to provide both in-state tuition and continuity of the benefit upon reassignment. We have also created an In-State Tuition website to serve as a valuable source of information for military members and their families, educators and state legislators alike.

### ***eArmyU***

Launched in 2001, the eArmyU program has enhanced traditional Army distance learning programs and services with an anytime, anywhere program that ensures eligible enlisted Soldiers have access and support to fulfill their educational goals. The key

objectives of eArmyU are to improve well-being, increase retention, and enhance readiness by providing learning opportunities that develop the critical thinking and decision-making skills required on today's battlefields. By leveraging the technology provided through the world's largest education portal - eArmyU.com - Soldiers currently access curricula at 28 regionally accredited universities offering virtual classrooms and libraries, academic counseling, administrative, and technical support. Together, these institutions offer Soldiers a choice of 143 degree programs. eArmyU is currently offered at 14 installations, and more than 43,400 Soldiers are enrolled. As of February 5, 2004, more than 10,196 Soldiers have permanently changed duty stations from their original enrollment installations and are now participating in eArmyU from locations worldwide, to include 50 countries, four U.S. territories, and 50 states. We are now assessing the feasibility of deploying eArmyU to Soldiers in the CENTCOM AOR. The program has made education viable for Soldiers; 27 percent of Soldier-students have never enrolled in post-secondary education. Of those Soldiers who signed participation agreements, 21 percent have reenlisted or extended to take advantage of eArmyU. As of February 2004, 3418 Soldiers have earned degrees through eArmyU. eArmyU is a streamlined and effective learning opportunity that, due to its unique portal technology, advances the Army into the rapidly developing e-learning market.

### ***Education Support to Deployed Soldiers***

Two mobile teams from the Army Continuing Education System (ACES) in Europe have administered Army Personnel Tests (APT) in Iraq and Afghanistan to Soldiers eligible for reenlistment. Mobile team APT tests will continue until Army Education Centers are established in theater. Soldiers in Iraq and Afghanistan are also

currently enrolled in distance learning college courses using tuition assistance. The Army's goals for FY 2005 are to (1) expand eArmyU enrollment to deployed soldiers, (2) continue installation reachback support for Soldier continuing education and (3) to open education centers in Afghanistan Uzbekistan, and Iraq.

## **MILITARY COMPENSATION AND BENEFITS**

A competitive compensation package is critical to ensuring we are able to recruit and retain a high quality force. The Fiscal Year 2004 budget contains an average 4.1 percent pay raise. The Fiscal Year 2005 President's budget if enacted would provide pay raises at Employment Cost Index plus 0.5 percent, which helps the Army to compete with the civilian sector employment. This equates to 3.5 percent for Fiscal Year 2005.

The President's Fiscal Year 2005 budget puts us on track to eliminate average out-of-pocket housing costs for our men and women in uniform by 2005 and is reflected in the Basic Allowance for Housing portion of the MPA budget request. This initiative improves the well being of our Soldiers and families and contributes to a ready force by enhancing morale and retention.

With your support, we have undertaken a number of initiatives to provide special compensation for our Soldiers who serve their country under hazardous conditions and we continue to look for ways to compensate our Soldiers for the hardships they and their families endure during time of war. We will continue to emphasize fair and equitable compensation and benefits for our Soldiers and their families and thank you for continued support for the men and women of the Army.

## **MILITARY RETIREES**

Our Army retirees and their families are highly valued partners with our active duty and reserve component soldiers. Their rich legacy of sacrifice and service inspires today's soldiers. Many continue to serve America in a wide variety of positions both in and out of government and are a strong link between the Army and their communities.

Soldiers, past and present, continue to serve selflessly. In the same tradition, the Army remains committed to serving the survivors of soldiers who die on active duty and paying special compensation to retirees who are severely and combat-disabled.

## **MEDICAL HOLDOVER**

The Army has been intensively managing the health care and disposition of Reserve Component Soldiers in a medical holdover status. Of particular interest are the Soldiers who have been in an Medical Holdover (MHO) status since before November 1, 2003, such as those at Fort Stewart and Fort Knox. Although the soldiers were being provided quality medical care, the timeliness of the health care was not sufficient. Similarly, medical holdover soldiers were housed in transient billets, which were not suitable, nor in some cases, met their medical conditions. The Army has taken the following actions since November 2003 to provide more timely medical service and better support to soldiers in Medical Holdover status.

- Acting Secretary Brownlee directed standards for more rapid delivery of care (e.g. screening, specialty appointments, surgery). The delivery of these standards is monitored at every Medical Treatment Facility (MTF), and emphasis is place on timely delivery of medical services.

- The Army increased medical infrastructure (e.g. increased numbers of physicians, case managers, diagnostic capability) to provide more readily available, high quality treatment in MTFs.

- We upgraded billets in which MHOs are housed to ensure that facilities will accommodate Soldiers' medical conditions and are commensurate with Active Component Soldiers on the same installations. In some cases MHOs have been re-located off the installation until adequate quarters can be provided on the installation. The Army is spending an estimated \$15.7 million to ensure facilities are adequate so that Soldiers in an MHO status are housed in a manner that is commensurate with permanent party Soldiers on the same installation.

- We established a dedicated chain of command at each installation to monitor progress and provide necessary support for Soldiers in an MHO status.

- Finally, the Army authorized Reserve Component Soldiers mobilized after October 25, 2003 to be released from active duty if found medically unfit to deploy within the first 25 days of mobilization. These actions have resulted in a reduction in the number of pre-deployment medical holdovers, and have postured the Army to more effectively deal with this problem. On February 20, 2004 there were 4,135 Soldiers in MHO status. .

During the period of the rotation of units to and from Iraq, Afghanistan, and the Balkans, the largest number of Active and Reserve Component Soldiers since World War II will rotate through Army installations. The Army is committed to ensuring that Soldiers are medically qualified for service in a theater of operations, and provided comprehensive care and treatment to Soldiers who have served and incurred illness or

injury. By law, each Soldier is required to undergo a health assessment before deployment and upon returning from deployment to the theater of operation. The Army anticipates that the health assessments on the large numbers of forces rotating in and out of theater will increase the number of MHOs. However, it is not possible to anticipate the exact number.

## **CLOSING**

Our Army's commitment to the future is certain. We remain dedicated to training and equipping our Soldiers and growing leaders so they can win the fight against the global terrorism. We fully appreciate the Congressional support provided to us this past year. With your support and the support of the American people, we will continue to carry the fight to our enemies to provide security here at home.

Again, thank you for the opportunity to appear before you today.