

**STATEMENT
OF THE
ASSISTANT
SECRETARY OF DEFENSE FOR
RESERVE AFFAIRS
HONORABLE THOMAS F. HALL
BEFORE THE
PERSONNEL SUBCOMMITTEE
OF THE
SENATE COMMITTEE ON ARMED SERVICES
IN CONNECTION WITH
RESERVE COMPONENT ISSUES**

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PERSONNEL SUBCOMMITTEE

Thomas F. Hall
Assistant Secretary of Defense for Reserve Affairs

Thomas F. Hall, a native of Barnsdall, Oklahoma, was sworn in as the fourth Assistant Secretary of Defense for Reserve Affairs on October 9, 2002. A Presidential appointee confirmed by the Senate, he serves as the principal staff assistant to the Secretary of Defense on all matters involving the 1.2 million members of the Reserve components of the United States Armed Forces. He is responsible for overall supervision of Reserve component affairs of the Department of Defense.



Mr. Hall is a retired two-star Rear Admiral having served almost 34 years of continuous active duty in the United States Navy. He is a distinguished and decorated Naval Aviator, who served a combat tour in Vietnam. He has performed in numerous high level staff, command, and NATO positions during his career. He commanded Patrol Squadron EIGHT, Naval Air Station Bermuda, and the Iceland Defense Force. His final military assignment was as the Commander/Director/Chief of Naval Reserve. His military awards include the Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit, Air Medal, and various other personal and unit decorations. He was awarded the Order of the Falcon, with Commander's Cross, by the President of Iceland in recognition of his accomplishments and service as Commander Iceland Defense Force. He has been inducted into the Oklahoma Military Hall of Fame.

Mr. Hall attended Oklahoma State University for one year before entering the United States Naval Academy in Annapolis, Maryland. In 1963, he graduated from the Academy with a bachelor's degree in Engineering and was named as one of the top 25 leaders in his class, having commanded both the top Battalion and Company. He was, also, awarded the Brigade Intramural Sports Trophy. In 1971, he received a master's degree in Public Personnel Management from George Washington University. He graduated with highest distinction from the Naval War College; with distinction, from the National War College; and from the National Security Course at Harvard University. He was selected as a Fellow and served on the Chief of Naval Operations Strategic Studies Group.

Mr. Hall has served on the Boards of Directors of numerous nonprofit organizations that are supporting the needs of our veterans and citizens in general. Prior to returning to government service, Mr. Hall served as the Executive Director of the Naval Reserve Association for six years. The Naval Reserve Association is a 501 (c) (3) nonprofit veterans' organization that represents over 23,000 Naval Reserve officers, members, and their families.

Mr. Hall is married to the former Barbara Norman and they have one son, Thomas David Hall.

RESERVE AFFAIRS POSTURE STATEMENT

FY 2005

INTRODUCTION

Good morning Mr. Chairman and members of the subcommittee, thank you for your invitation to testify today. I would like to provide information to assist you in making the critical and difficult decisions you face over the next several months. This committee has been very supportive of our National Guard and Reserve members and on their behalf; I want to publicly thank you for all your help in strengthening our Reserve components. The Secretary and I appreciate it, our military personnel are grateful, and we thank you.

THE ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS' MISSION

The mission of the Assistant Secretary of Defense for Reserve Affairs (ASD/RA), as stated in Title 10 USC, is the overall supervision of all Reserve components' affairs in the Department of Defense. I take this responsibility very seriously because our Guard and Reserve perform vital national security functions at home and around the world, and are closely interlocked with the states, cities, towns, and communities in America. Since I last saw you, I have made it my business to get out to the field—to see and listen to the men and women in our Guard and Reserve. My staff and I have spent time in the states and around the world with them and we have listened carefully to their comments and concerns. Again this year, we are continuing to closely monitor the impact of increased use on our Guard and Reserve members, and on their families and employers.

My “Acid Test for the Guard and Reserve” remains unchanged; that is to “Ensure that the Guard and Reserve are: assigned the right mission; have the right training; possess the right

equipment; are positioned in and with the correct infrastructure; are physically, medically, and operationally ready to accomplish the assigned tasks; are fully integrated within the active component; and are there in the right numbers required to help fight and win any conflict!”

RESERVE COMPONENTS ARE FULL PARTNERS IN THE TOTAL FORCE

Because the Reserve components (RC) now comprise 46% of the Total Force, they are an essential partner in military operations ranging from Homeland Defense and the Global War on Terrorism to peacekeeping, humanitarian relief, small-scale contingencies and major crises. The fiscal year 2005 Defense budget recognizes the essential role of the RCs in meeting the requirements of the National Military Strategy. It provides \$33.3 billion for Reserve component personnel, operations and maintenance, military construction, and procurement accounts, which is approximately 2.8% above the fiscal year 2004 appropriated level. Significantly, this is only 8.3% of the overall DoD budget, which represents a great return on investment. Included are funding increases to support full-time and part-time personnel, and the required sustainment of operations. It also continues last year’s effort toward RC equipment modernization and interoperability in support of the Total Force policy. These fiscal year 2005 funds support 870,900 Selected Reserve personnel. The Selected Reserve consists of the following: Army National Guard 350,000; Army Reserve 205,000; Naval Reserve 83,400; Marine Corps Reserve 39,600; Air National Guard 106,800; and Air Force Reserve 76,100; Coast Guard Reserve 10,000 (funded by the Department of Homeland Security). Our total Ready Reserve, which also includes the Coast Guard Reserve, Individual Ready Reserve and Inactive National Guard, is approximately 1.2 million personnel.

Maintaining the integrated capabilities of the Total Force is key to successfully achieving the Defense policy goals of assuring allies, dissuading military competition, deterring threats against U.S. interests, and decisively defeating adversaries. Only a well-balanced, seamlessly integrated military force is capable of dominating opponents across the full range of military operations. DoD will continue to optimize the effectiveness of its Reserve forces by adapting existing capabilities to new circumstances and threats, and developing new capabilities needed to meet new challenges to our national security.

MOBILIZATION, CONTINGENCIES, AND THE GLOBAL WAR ON TERRORISM

Today, we are in the midst of one of the longest periods of mobilization in our history. However, one certainty remains - that when called upon, the men and women of the National Guard and Reserve will respond promptly and perform their duty. From September 11, 2001, through December 31, 2003, we had mobilized 319,193 Reserve component personnel in the Global War on Terrorism (GWOT). We are managing these call-ups in a prudent and judicious manner, assuring fair and equitable treatment as we continue to rely on these citizen-soldiers.

As of December 31, 2003, 181,459 Reserve component personnel were on active duty - here at home and in every theater around the world supporting the Global War on Terrorism. They are providing a very broad range of capabilities, from Special Operations and Civil Affairs to personnel and finance support. The Service component breakdown is as follows:

- Army National Guard (ARNG): 91,079
- Army Reserve (USAR): 65,079
- Air National Guard (ANG): 6,420
- Air Force Reserve (USAFR): 9,376

- Navy Reserve (USNR): 1,562
- Marine Corps Reserve (USMCR): 6,774
- Coast Guard Reserve (USCGR): 1,169

Morale is high. Reservists are proud of their contribution and ready to serve. They will continue to respond to the call to active duty as long as there is meaningful work and we only keep them on duty for the absolute essential period of time. The men and women with whom I have spoken are proud of their service, fulfilling important missions and contributing to the needs of their country. We know there is a clear correlation between job satisfaction and proximity to the action and it is our intent to make sure when we call Guardsmen or Reservists we assign them to the full range of military missions.

MANAGING FORCE CAPABILITIES IN HIGH DEMAND

With the Global War on Terrorism and the ongoing mobilization of Guard and Reserve members, we are monitoring the capabilities in the Reserve components that have been in high demand and, where necessary, identifying actions necessary to reduce the demand on these capabilities. To assess the capabilities that are projected to be in demand as we prosecute the war on terrorism, the Department has conducted an analysis of what elements of the RC have been called-up—evaluating their usage in terms of:

- Frequency of call-up—the number of times members have been called to active duty since 1996.
- Percentage of available pool—what percent of the RC force has already been used to support current operations.
- Duration—how long the members served when they were called-up.

Frequency of call-up—empirical data have revealed that, to date, a relatively small number of RC members have been called up in support of the current operation who were called up for other contingency operations in the last eight years. Through December, 2003, overall, 27,784 Reserve members, or about 3.2% of our Selected Reserve force of 875,609, had been involuntarily called-up more than once since 1996 (11,802 called-up for more than one contingency operation – Bosnia, Kosovo, Southwest Asia, and ONE/OEF/OIF - and another 15,982 called-up more than once for the current contingency - ONE/OEF/OIF). This indicates that from a macro perspective the frequency of call-ups does not indicate an excessively high demand on the Reserve force at this time.

Percent of available pool—to mitigate the depletion of the available pool of reserve assets, the Department policy is that Reserve component members will not serve involuntarily more than 24 cumulative months and to utilize volunteers to the maximum extent possible. In viewing the available pool from the macro level, it might appear that the overall percentage of the RC force that has been used to support operations since 9/11 may be approaching a level difficult to sustain over a prolonged campaign. Through December 2003, about 37 percent of the Selected Reserve force was mobilized in just over two years of this operation. However, the usage rate is not consistent across the force. Some career fields—like force protection, civil affairs, intelligence and air crews—have been used at a much higher rate. And other career fields—like medical administration, legal, and dental—have been used at a much lower rate. Currently, the utilization is concentrated in about $\frac{1}{4}$ of the officer career fields and about $\frac{1}{3}$ of the enlisted career fields; furthermore, the highest utilization is concentrated in a relatively small number of selected career fields.

Duration—tour lengths for RC call-ups have increased for every operation since Desert Shield/Desert Storm. The average tour length for Desert Shield/Desert Storm was 156 days. For operations in Bosnia, Kosovo, and Southwest Asia, the average tour length was about 200 days. For those members who have completed tours of duty during the current contingency, tour lengths have averaged about 320 days.

We are taking steps to address the possible depletion of needed resources that include:

- Increasing international military participation in Iraq, and developing Iraqi capacity to conduct police and security tasks and increasing actionable intelligence to disrupt threats to stability in Iraq.
- Rebalancing the Active and Reserve force mix and capabilities. By identifying about 100,000 billets for possible restructuring over the next several years.
- Reviewing over 300,000 military positions for possible “civilianization,” thereby increasing the number of military in the operational force.

All these actions are high priorities for the Department since they will provide greater stability and predictability for reservists, their families and employers, and will optimize the forces available over what is anticipated to be a long war.

Predictability is an important key to using the Reserves. It is now routine for the Army Guard to plan and execute Bosnia and Kosovo missions. They are currently maintaining about 474 Guardsmen in the Sinai. The Army Reserve provides most of the logistics support in Kosovo. Future rotations in Iraq and Afghanistan will be planned in advance, providing more time for the RC to train at home in preparation.

Force protection continues to be an important requirement for the force in the Global War on Terrorism both at home and abroad. Reserve personnel provide the majority of force

protection to military personnel and installations worldwide. As of February 25, 2004, the Army National Guard had 6,021 soldiers augmenting Air Force security forces—providing support at Air Force bases for the second and final year of this mission. Approximately 9,000 soldiers provided force protection for the Air Force the first year. This initiative is one example of innovative solutions for force protection in the GWOT as the Air Force rebalances its security forces through an increase in training capacity, use of contractors and technological solutions.

The Guard and Reserve are important partners in daily military operations and will play a major role in any future operations while maintaining its traditional role as citizen soldiers. We must ensure that when we employ members of the Guard and Reserve, they are provided meaningful missions and we retain them on active duty for only as long as is necessary to accomplish the mission.

REBALANCING THE FORCE

The Reserve components continue to make significant and lasting contributions to the nation's defense and to the Global War on Terrorism while the Armed Services transform to be more responsive, lethal, and agile. However, it has become evident that the balance of capabilities in the Active and Reserve components is not the best for the future. There is a need for rebalancing to improve the responsiveness of the force and to help ease stress on units and individuals with skills in high demand.

Repeated mobilizations are not a major problem yet. Through December 31, 2003, just over 3% of the Selected Reserve force serving today had been involuntarily called-up more than once since 1996. Thus, force rebalancing is necessary in some areas, but in other areas innovative management actions may be sufficient to reduce the stress of over-use.

Easing or reducing the stress on the force requires a multifaceted approach by the Department--no single solution will resolve the challenges faced by the Services. To achieve this goal, the Department engaged in a cohesive rebalancing strategy consisting of the following points:

- Move later deploying Active component (AC) forces forward in operation plans and early deploying RC forces later in the plan and shift assets between combatant commanders. This would enhance early responsiveness by structuring forces to reduce the need for involuntary mobilization during the early stages of a rapid response operation.
- Introduce innovative management techniques such as enhanced volunteerism, expanded use of reachback, streamlined mobilization processes to improve responsiveness, and employment of innovative management practices such as the continuum of service and predictable overseas rotations.
- Rebalance capabilities by converting lower priority structure to higher priority structure both within and between the AC and RC.

Through this comprehensive rebalancing strategy the Department will gain added efficiencies from its existing force structure that may preclude any necessity to increase force end strength. This rebalancing strategy has already resulted in about 10,000 changes in military spaces both within and between the Active and Reserve components to address stressed career fields in fiscal year 2003, and about 20,000 more in fiscal year 2004. The fiscal year 2005 budget supports about 20,000 additional changes as well.

A breakdown of specific fiscal year 2005 Service-rebalancing initiatives includes:

- Army – 12,000 spaces converted to improve early responsiveness in the

transportation, quartermaster, medical and engineer career fields. Conversions will also reduce stress on military police, special operations forces and intelligence career specialties.

- Navy – 1,000 spaces converted to reduce stress in security forces.
- Marine Corps – 3,000 spaces converted to reduce stress in Air Naval Gunfire Liaison Companies, security forces and intelligence career fields.
- Air Force – 4,000 conversions to reduce stress in security forces, aircrews and maintenance career fields.

Additional plans embedded in the Future Years' Defense Plan (FYDP) include further conversions and major rebalancing efforts to improve readiness and capabilities. In total, the Services plan to rebalance about 100,000 spaces between fiscal years 2003 and 2009.

By employing innovative force management practices, the Services can perhaps achieve the greatest degree of flexibility in utilizing the Total Force, while reducing the stress on critical career fields and the need for involuntary mobilization. Each Service is unique. Approaches such as the continuum of service, reachback, improved predictability through rotational overseas presence, and improvements to the mobilization process, can help to ensure that the Services have access to individuals with the skills and capabilities required for both emergent operations and sustained, day-to-day activities.

In total, the initiatives described reflect a cohesive rebalancing strategy that will ease the stress on the Reserve Forces. Rebalancing efforts will not happen overnight. The process will be iterative and ongoing, as demands on the Total Force change and new requirements create different stresses on the force. By proceeding in this manner, the Department will be able to

achieve its transformational goals, ensure the judicious and prudent use of its Reserve components, and ultimately assure victory in the Global War on Terrorism.

TRAINING THE FORCE

The Guard and Reserve are preserving their well-earned reputation as the best trained and best led Reserve components in the world. However, our global environment has changed significantly since September 11th, and our approach to training and readiness has changed accordingly. As we prosecute the Global War on Terrorism, training to meet required readiness levels remains a Departmental priority and attention is focused on optimizing training effectiveness and efficiency.

Meeting these challenges requires both short-term and long-term solutions. As an example, we are finding that functions for which units and personnel are structured and trained do not always match the current and emerging mission requirements. While rebalancing efforts provide force structure solutions, immediate retraining of our Reservists provides a near-term solution. Once units are identified for future force rotations, retraining begins immediately to maximize time available prior to deployment. Currently innovative concepts such as employing four-week training venues, known as “2+2s” or “pop-ups” - that are comprised of two-weeks of Annual Training coupled with follow-on two-weeks of Active Duty Training (ADT) – are quickly and effectively meeting these challenges. Although our solution set is effective, it is not yet efficient.

We need additional tools, innovations and flexibility to better manage current training/retraining efforts. To this objective, a proposed legislative change requests removal of the “other than for training” exclusion from existing mobilization statutes. The ability to

schedule and conduct well-planned, phased training will yield maximum benefits in both the learning experience and skills retention. Coupled with the Department's "train, mobilize, deploy" approach to RC employment, we will capitalize on scarce resources, reduce "cross-leveling" and unit disruptions, and eliminate some "post-mobilization" training. This approach allows units to train together and deploy as cohesive, effective units. Ancillary benefits also include increased predictability, stability and relevance for RC members, and protections and benefits for members' families not previously available while participating in required training in a non-mobilized status.

Effective and meaningful training is only relevant if RCs are responsive and rapidly deployable in the joint strategic environment. Toward that end, we've worked to ensure the Reserve components are included in all training transformation initiatives and other joint training opportunities. These joint opportunities will result in a significantly improved overall capability of our Armed Forces.

Also included in the Training Transformation initiative is the use of cutting edge training technologies that will significantly improve members' access to required training – anytime, anywhere. When implemented, training transformation will deliver joint training worldwide and provide a major step forward for Reserve members, providing distributed learning with embedded simulations that will enable "see, learn, do" training. These and other technology-based initiatives will optimize use of training days, while limiting time away from employers and families.

Our part-time citizen soldiers, sailors, airmen and Marines have responded magnificently to their Nation's call. They have faced significant training challenges supporting the Global War

on Terror - challenges they have met head-on and overcome – and I am immensely proud of their accomplishments.

A CONTINUUM OF SERVICE

We are in our second year of transitioning to a new approach in force management called “continuum of service.” The continuum of service will facilitate varying levels of participation and enable members to more easily move between Active and Reserve service. Particularly for reservists, this approach would enable them to voluntarily move from the traditional reserve training regimen (or simply being available as part of the Individual Ready Reserve manpower pool) to full-time service for a period of time – or into a participation level somewhere between full-time and the traditional 38 days of reserve training each year. Or move in the other direction – fewer days of participation as their circumstances dictate. The continuum of service also applies to the active service member who could easily move into a Reserve component for a period of time, without jeopardizing his or her career and opportunity for promotion.

Just as the continuum of service encourages volunteerism in the standing force, it also creates opportunities for military retirees and other individuals with specialized skills to serve on a more flexible basis, if their skills are needed.

The “continuum of service” has a number of important advantages: in addition to capitalizing on volunteerism, it will enhance the ability of the Armed Forces to take advantage of the highly technical skills many reservists have developed by virtue of their experience in the private sector – while at the same time creating opportunities for those in the Active force to acquire those kinds of skills and experiences. It also improves our capability to manage the military workforce in a flexible manner, with options that currently exist only in the private sector. Finally, there are

certain skills that are hard to grow or maintain in the full-time force, but may be ideally suited for part-time service in a Reserve component, such as certain language skills and information technology specialties. The continuum of service can provide the opportunity for highly trained professionals to serve part-time and provide a readily available pool of these highly specialized individuals who would be available as needed.

We have two programs that started last year using this concept. In August 2003, the Army implemented an innovative new program to recruit Arabic speakers directly into the Individual Ready Reserve. The program focuses on recruiting American citizens or U.S. permanent residents (many of Iraqi origin) who are fluent in languages that are needed for the Global War on Terrorism. By the end of 2003, the Army had enlisted 144 heritage Arabic speakers. By the end of this year, we expect the number of volunteers participating in this program to exceed 250. Recruits include individuals skilled in the following languages: Arabic-Modern Standard; Arabic-Gulf-Iraqi; Pushtu; Pushtu-Afghan; Pushtu-Peshawari; Kurdish; Turkish; Dari/Persian-Afghan/Persian-Dari. Once they complete all training requirements, many will deploy to Iraq to assist in the reconstruction effort.

The second initiative now under way is a small pilot program aimed at leveraging people with a unique set of civilian skills that are hard to grow and maintain on active duty, but who can, in small numbers, have a dramatic impact on our military's success on the battlefield. This program, known as the Defense Wireless Service Initiative, is recruiting highly skilled wireless engineers and spectrum managers to help us better manage our increased use and reliance on the electromagnetic spectrum in the execution of combat operations and employment of smart weapons. Our office is working with the Army to imbed a total of eight reservists (4 officers and 4 enlisted) into an Army structure that will work in two four-person teams to analyze operational

scenarios and lay down networks for the Army. When called, these reservists will deploy to perform real-time operational spectrum management.

While we are making strides to implement the continuum of service, there are areas in which we need your assistance. They include:

- Providing more consistency in management and accounting of reservists serving on active duty.
- Providing greater flexibility in using inactive duty for reach-back and to perform virtual duty.
- Allowing for an alternative military service obligation and streamlined basic training for certain individuals accessed into the force with unique civilian acquired skills.
- Providing the authority to establish auxiliaries for the Army, Navy and Marine Corps, modeled after the very successful Coast Guard Auxiliary.

These changes will help the Department optimize the use of the force and facilitate volunteerism, thus reducing the need to involuntarily call-up Guard and Reserve members.

BALANCING CRITICAL NATIONAL SECURITY RESOURCES

To preclude conflicts between Ready Reserve members' military mobilization obligations and their civilian employment requirements during times of war or national emergency, the Department conducts a continuous "screening" program to ensure the availability of Ready Reservists for mobilization. Though once a mobilization is declared—as occurred on September 14, 2001, all additional screening activities cease and all Ready Reserve members are considered immediately available for active duty service. At that time, no new deferments, delays, or exemptions from mobilization are granted because of civilian employment.

However, due to the unique situation that was created by the events of September 11th, the Department immediately recognized that certain federal and non-federal civilian employees were critically needed in their civilian occupations in response to the terrorist attacks on the World Trade Center and Pentagon. Accordingly, the Department established a special exemption process to help accomplish overall national security efforts. As of December 31, 2003, we have processed 263 requests from civilian employers to delay or exempt a reservist-employee from mobilization. We approved 98 requests for exemptions, 90 reservists were authorized a delay in reporting to give the employer time to accommodate the pending mobilization of the employee, and 75 requests were denied. We continue to receive exemption requests as additional reservists are identified for mobilization and process them as expeditiously as possible.

RESERVE COMPONENT SUPPORT TO CIVIL AUTHORITIES

The National Guard has played a prominent role supporting local and state authorities in terrorism consequence management. At its core is the establishment of 44 Weapons of Mass Destruction Civil Support Teams (WMD CSTs), each comprised of 22 highly skilled, full-time, well-trained and equipped Army and Air National Guard personnel. To date, the Secretary of Defense has certified 32 of the 44 Congressionally authorized teams as being operational. The locations of the twelve new teams, designated in the FY04 National Defense Authorization Act, have not been formally released by the Assistant Secretary of Defense for Homeland Defense.

The WMD CSTs will deploy, on order of the State Governor, to support civil authorities at a domestic chemical, biological, radiological, nuclear, or high yield explosives (CBRNE) incident site by identifying CBRNE agents/substances, assessing current and projected consequences, advising on response measures and assisting with appropriate requests for additional state and

federal support. These 44 strategically placed teams will support our nation's local first responders as a state response in dealing with domestic incidents. The Reserve components WMD CST funding for FY2004 is \$184.4 million, and the budget request for FY 2005 is for \$189.9 million. In the 2004 NDAA, Congress directed the Secretary of Defense to field 12 new teams and to develop a plan to establish an additional 11 WMD-CSTs, in order to have at least one in each state and territory.

The Department is also leveraging the capabilities of existing specialized Reserve component units for potential domestic use in support of civil authorities. During FY 2001, DoD completed the training and equipping of 25 Army Reserve chemical decontamination companies and 3 chemical reconnaissance companies to support civil authorities in responding to domestic incidents. This enhanced training and equipment will improve the readiness of these units to perform their war-fighting mission, while allowing them to respond effectively to a domestic emergency, if needed. A budget request of \$12.4 million was approved for FY 2004 to continue training Army Reserve chemical soldiers to perform these domestic decontamination and reconnaissance missions and also to sustain specialized equipment. Some of this money will also be used to provide training to Army Reserve medical soldiers that will better enable them to support a domestic medical response to a chemical, biological, radiological, or nuclear incident.

RECRUITING AND RETENTION

Historically, the recruiting market for the Reserve components has been a mix of prior service personnel who recently separated from active duty and individuals with no previous military experience. Both market segments now present significant recruiting challenges. A smaller active force means a smaller number of prior service military members available for the

Reserve force. In the non-prior service market, the propensity of 17-25 year olds to consider military service is lower than in the past. Compounding these difficulties, all Services and their Reserve components are trying to recruit from essentially the same non-prior service market—the same population from which civilian employers recruit.

However, even in the face of these challenges, in the aggregate, the Reserve components exceeded their authorized end strengths for FY 2003, which is the ultimate objective of the recruiting program. Where recruiting difficulties occurred, retention was more than sufficient to offset potential strength shortages. Where retention was lower than hoped for, recruiting missions were exceeded. Overall, we are well positioned to recruit and retain sufficient Reserve component personnel to meet currently projected force levels for the immediate future.

The Reserve components have not experienced a significant exodus of personnel as a result of the recent relatively high use of the Reserve and National Guard. Attrition was lower than expected in almost every component. Only in the Air National Guard did attrition exceed the established ceilings (12.7 % versus a ceiling of 12.0%). Although this is an issue that the Air National Guard is monitoring closely, it is not considered to be a significant problem, as recruiting was well above program goal and the Air National Guard exceeded its end strength objective.

Although the Reserve components achieved 2003 strength objectives and are continuing that success thus far in 2004, we remain vigilant about the possible impacts of an improving economy and high operations tempo on our ability to sustain desired strength levels.

To assist the RCs in their recruiting and retention efforts, we are proposing an accession/affiliation bonus for officers. This will provide an incentive for officers leaving active duty who possess skills that are critically short in the Selected Reserve and individuals with no

prior military experience who can fill junior officer shortages to join the Guard or Reserve. This would be the first bonus designed to fill the officer ranks in the Selected Reserve, other than bonuses for officers in the health professions, and will provide the Reserve components with a much needed recruiting tool that targets both experienced, trained, prior service officers and non-prior service individuals.

COMPENSATING GUARD AND RESERVE PERSONNEL

As requested in the Senate report that accompanied the National Defense Authorization Act for Fiscal Year 2003, we examined compensation programs for Reserve component members. That report was recently sent to the Committees on Armed Services, and includes not only those items that the committees specifically requested, but also addresses areas of interest and concern to Reserve component members. The compensation system must support the current employment of the Reserve force and it must be flexible enough to respond to any emerging or future trends that result from the increased use of the Guard and Reserve. We strongly believe that pay and benefits must be focused on those members who are bearing the burden of mobilization and deployment, and that the Department must have the tools to respond quickly and decisively with a compensation and benefits package that supports our mobilized and deployed troops. There are many Guard and Reserve members who have been affected by the current mobilization and more will be affected in the future. The review that was conducted and the report that was forwarded to both Committees on Armed Services identifies some areas where action is required to ensure the equitable treatment of Reserve component members.

Some of the topics identified in the report have already been resolved with your assistance, such as lodging expenses for mobilized reservists when they are in a leave status, providing the

spouse of a reservist who dies while performing inactive duty training with an annuity, and authorizing hazardous duty pay for members who perform duty in the polar regions. We are also proposing legislation that would authorize an officer accession/affiliation bonus for service in the Selected Reserve and a provision to correct a flaw in the method that the high 36-month average is calculated for Reserve component members who are retired because of a disability. However, more is needed and we will continue to address those areas where reservists are disadvantaged by the compensation system, such as a different, generally lower, housing allowance for reservists on active duty for less than 140 days.

One area of continuing interest is the reserve retirement system. There have been a number of proposals that would lower the age at which reserve retirees would be able to begin drawing retired pay. While the Department is not opposed to making changes to the reserve retirement system, it is important to ensure that retirement reforms are consistent with the overall goals of reserve personnel management, maintain equity between active and reserve personnel, are cost-effective and contribute to improved force management.

Before undertaking a new reserve entitlement that imposes a large cost burden on the Department, the federal government and ultimately the taxpayers, we need to be assured that such a change is necessary and that it will not only benefit reserve retirees, but also ensure that we are able to maintain sufficient numbers of high quality reserve personnel with the requisite mix of skills and experience. Retirement benefits help shape the force, creating a reserve force with certain characteristics and a specific distribution of personnel by rank and years of service.

While we recognize that the frequency and length of deployments have increased over the past two years for a portion of the reserve force, maintaining equity in the DoD retirement system must consider such demands in conjunction with those of a full-time active duty career.

The readiness levels, frequency of deployments, permanent change of station moves, the impact on families, the reduced employment opportunities for spouses and the need to start a second career at an advanced age are just a few of the considerations in providing an immediate annuity for active duty force members who complete at least 20 years of active service.

Reducing the retirement age for reserve personnel, however, does not provide immediate compensation to those who are currently bearing the burden of mobilization and deployment. Only about 24 percent of Reserve component members in the force today will actually qualify for retirement. With an average Reserve component career of just over 10 years and the mean age of those who are mobilized at about 35, many who are actually bearing the burden of mobilization and deployment will never benefit from such changes.

RAND, which is in the second year of a study to develop a predictive model on the effects that possible changes to the reserve retirement system will have on recruiting and retention, has provided some preliminary views on the proposals that would lower eligibility for receipt of retired pay to age 55. They project that such a change would have very little effect on force management. RAND notes that the value of retirement benefits is heavily discounted by new recruits and junior reserve personnel. The result of such a change would cost the Department nearly \$7B over the next 10 years and the federal government over \$13.6B with no appreciable influence on force management since the immediate beneficiaries are almost exclusively those who have already made a retirement decision and are no longer serving. While the proposals to reduce the retirement age based on additional years of service may provide a more direct effect on retention, increased retention of our most senior members could inadvertently undermine retention of mid-grade personnel by limiting promotion opportunities.

The bottom line is that we must compensate our Guard and Reserve members fairly, ensuring comparability, that is, equal pay for equal work, for those who are currently sustaining the burdens of reserve service. Increasing the overall present value of reserve retirement will have little impact on recruiting and retention. However, increasing such lifetime entitlements can limit our ability to provide appropriate incentives for recently deployed and deploying personnel, to enhance force readiness and to improve force management.

HEALTH CARE ENHANCEMENTS

Since the events of September 11, 2001, the Department has made a number of improvements in access to healthcare for the 319,193 Reserve component members mobilized through December 31, 2003, in support of the Global War on Terrorism and their dependents. First, TRICARE Prime has been made available to the families of reservists ordered to active duty for more than 30 days, a significant reduction from the previous 179-day threshold. At the same time, Reserve component eligibility for TRICARE Prime Remote has been expanded to include eligible family members who resided with the Reserve component member prior to mobilization and deployment.

The Department has continued the TRICARE Demonstration Project, approved by the Secretary, specifically to assist the families of mobilized Reservists with the transition to TRICARE. The demonstration project reduces out of pocket expenses for Reserve family members and makes it easier for them to maintain continuity of care with their existing healthcare providers. Under this ongoing project, the annual deductible (up to \$300 per family) for those members who do not or cannot enroll in TRICARE Prime is waived. Second, the requirement to obtain a non-availability statement to receive inpatient care outside a military

treatment facility is waived so Reserve family members can maintain continuity with their existing local providers, if they wish. Finally, the Department will pay up to 15% above TRICARE maximum allowable charges for family members receiving care from providers not participating in TRICARE and who bill in excess of TRICARE maximum allowable charges.

In addition to assisting the families of mobilizing and deploying Reserve component members, the Department is focused on ensuring and enhancing the medical readiness and deployability of reserve members. Reserve component dental readiness remains a challenge, although we have made considerable progress. DoD policy requires an annual dental examination for all active duty and Selected Reserve members. The TRICARE Dental Program (TDP) offers members a comprehensive dental option. A standard dental screening form has been approved by the Department for use by a Reservist's civilian dentist to assist the Reserve components in tracking the dental readiness of members.

Certain of the enhancements enacted in the National Defense Authorization Act for FY 2004 directly affect mobilized and mobilizing Reserve component members. The authority to provide medical and dental screening and necessary care for members who have been alerted for mobilization allows us to ensure members are fit for active duty, meet deployment standards, and are provided any necessary treatment when a deficiency is detected. In addition, Reserve component members may now be eligible for TRICARE upon receipt of a "delayed effective date active duty order" of greater than 30 days in support of a contingency or 90 days prior to mobilization whichever date is later. The period of transitional medical assistance for Reserve members separated from active duty of more than 30 days in support of a contingency operation—previously 60 or 120 days—has been extended to 180 days.

We intend to implement the provision that allows certain Reserve component members who are eligible for unemployment benefits or who are not covered by an employer-sponsored healthcare benefits plan to enroll in TRICARE. To assure effective implementation we propose a demonstration project to determine the impact of these benefits on Reserve medical readiness and Reserve component recruiting and retention.

Another area worth exploring may be how to expand the TRICARE provider network, since 52 percent of reservists don't live within a TRICARE catchment area. With a larger TRICARE provider network, the number of families that would have to change providers could be reduced, thus making the transition into and out of TRICARE much more transparent for reserve families.

Assuring the medical readiness of activated reserve members remains a priority, as is providing continuity of care for reserve families transitioning to active duty dependent status. However, it is important to proceed carefully when considering costly new entitlement programs. Any new permanent healthcare enhancements must consider their cost-effectiveness with respect to recruiting, retention and readiness benefits for the Reserve components.

FAMILY READINESS

Taking care of our Guard and Reserve members and their families continues to be a top priority for the Department. We constantly are examining our policies and programs to ensure that our reservists do not feel disenfranchised and that we have systems in place that support their families. The partnership my office established with the DoD Office of Family Policy continues to reap dividends as every program and every initiative is examined from a total force perspective. We are making extensive use of technology to reach out to Guard and Reserve members and their families about their benefits and how to access them. And, we are continually looking for opportunities to improve and expand our outreach efforts to ensure Guard and

Reserve members and their families receive the support they richly deserve. A robust family support network is particularly critical when Guard and Reserve members are mobilized and deployed. While each component manages its own family program, there are many challenges that are common to all families regardless of the Service or component of the member. To bridge possible gaps between Service unique programs and common challenges, the Department has worked with the Services and their Reserve components to evolve family readiness and support programs to achieve Joint Service Total Force capabilities. The goal of this initiative is for any service member or family member to receive assistance and support at any family service activity, regardless of the member's Service or component affiliation. To accomplish this, we have found that it is valuable to bring together those responsible for family readiness planning, programming, managing, and implementing family programs from all Services and components at all levels. This is the only way we can truly achieve a Total Force perspective in providing family readiness training and services to enhance mission readiness. The Services and the OSD staff have embraced this approach and are working collaboratively to support our men and women in uniform and their families.

Family assistance center personnel and unit family support groups are on the front lines when it comes to assisting service members and their families. That is why the National Guard established 400 family assistance centers that service more than 400 communities in the States and Territories—to ensure there is local support not only for Guard members, but any service member and any family.

We have also taken positive actions to “get the word out” about entitlements and benefits available to the Reserve community, and how to access them. We know that information and communication are essential to Reserve families. We published a “Guide to Reserve Family

Member Benefits” which is designed to inform family members about military benefits and entitlements, including medical and dental care, commissary and exchange privileges, military pay and allowances, and reemployment rights of the service member—to name just a few of the topics covered. Additionally, we published a family readiness “tool kit” that is available to assist commanders, service members, family members and family program managers in preparing Guard and Reserve members and their families for mobilization, how to cope with deployment and how to handle redeployment/demobilization and family reunions. These events can be very stressful for the service member and the family, as they must adjust to each step in the mobilization, deployment, redeployment, demobilization and reunion process. These publications are available on the Reserve Affairs website, which can be accessed through DefenseLink.

We are constantly looking for opportunities to improve the support that our Guard and Reserve members and their families need and deserve. We expect the best from them and they should expect and get no less from us.

PERSONNEL AND PAY INFORMATION TECHNOLOGY

We are all acutely aware that the existing personnel and pay systems are not necessarily compatible and do not support our human resources objectives for the 21st century. We need a system that provides a single source for personnel and pay management of service members throughout their career, regardless of service, component or duty status. The Defense Integrated Military Human Resource System (DIMHRS) will provide the Department with the capability to effectively manage service members across the full operational spectrum—during peacetime and war, capturing accurate and timely data as members move between duty statuses to include

mobilization and demobilization. The system will support the full range of personnel life-cycle activities from accession through separation or retirement. Key functions include ensuring proper pay and benefits, tracking personnel in theater, and transferring individuals to other Services or components.

DIMHRS is scheduled to be fielded in the Army starting during the first quarter of FY-06 and be fully operational in all Services by the end of FY07. But any problems we are experiencing in paying our mobilized Guard and Reserve members must be addressed now. The Defense Finance and Accounting Service (DFAS)—recognizing that the current Defense Joint Military Pay System (DJMS) is aging, limiting the responsiveness, efficiency, and high quality customer Service that our members deserve—is developing an interim system called Forward Compatible Military Pay or FCP. Forward Compatible Pay will be a bridge to correct the problems currently being encountered by our mobilized reservists until DIMHRS is fully implemented. Implementation of FCP will begin no later than March 2005 and be completed by March 2006. While we would like to have the system in place today, we can all appreciate the complexity of launching a new system, even an interim one, and I would like to acknowledge DFAS for taking on this initiative.

EMPLOYER SUPPORT OF THE GUARD AND RESERVE

Employer support for employee participation in the National Guard and Reserve remains an area of great concern. Employer support is absolutely critical to recruiting and retaining quality men and women for our Reserve component forces. Building employer support requires a strong network comprised of both military and civilian-employer leaders, capable of fostering

communication, education and an exchange of information. Employers' understanding of their legal requirements concerning support for Guard and Reserve employees is imperative.

The National Committee for Employer Support of the Guard and Reserve (ESGR) is the Department's primary office for outreach and education to employers. ESGR coordinates, trains, funds and directs the efforts of a community based national network of over 4,200 volunteers, organized into 55 committees located in every state, the District of Columbia, Guam, Puerto Rico, the Virgin Islands and in Europe. ESGR has developed and implemented new training programs for their volunteers, planned new industry symposia to bring together industry segments with military and Department leaders, expanded their presence at industry conferences, and further developed and enhanced their partnerships with the National, state and local Chambers of Commerce, and local and national human resource organizations.

Although we established a Guard and Reserve Employer Database in late 2001 in which reservists could voluntarily provide information about their civilian employers, we were having limited success in populating the database. However, information about the civilian employers of reservists is necessary for the Department to meet its statutory responsibilities to consider... "civilian employment necessary to maintain national health, safety, or interest" (10 USC, Sec. 12302) ... when determining members to be recalled, especially members with critical civilian skills, and to inform employers of reservists concerning their rights and responsibilities under the Uniformed Services Employment and Reemployment Rights Act.

Last year, we began laying the groundwork for a mandatory reporting program. That effort will culminate with the rollout of a new Civilian Employment Information (CEI) Program by late spring of this year. Under the CEI program, reservists will be required to provide information about their employers. We have been working closely with the Services and the

Reserve components in the development of this program to ensure we protect the privacy of reservists with respect to the use of this information about their civilian employers. For example, we would not directly contact an employer about an individual reservist unless the reservist asked for our assistance with an employer issue. But we could work with an employer as part of our broader outreach efforts to inform all employers about the Guard and Reserve.

Populating the Guard and Reserve Employer Data Base is critical in order to clearly focus employer outreach efforts. It will enable us to work closely with the civilian employers who are directly affected by the mobilization of reservists. The use of this program will also assist in other research projects we have undertaken to determine if and when significant problems with employers are emerging. Understanding the challenges civilian employers must address will help us identify steps we can take that will be most beneficial to them—strengthening our employer support program and making service in the Guard and Reserve easier for our members.

In addition to these efforts, other major initiatives include:

- Determining employer attitudes through surveys.
- Developing personal relationships with employers.
- Supplying systems to create ESGR volunteer manpower efficiencies.
- Developing follow-up processes to sustain employer support.
- Providing support at all mobilization and demobilization locations.

The tens of thousands of man-hours from the ESGR volunteers each year determines the success of the program as measured by the employer's understanding of their role in the Nation's defense, as well as their continued strong support of their National Guard and Reserve employees. Those volunteer efforts are true patriotism at work!

CIVIL MILITARY PROGRAMS

In support of the President's call for Americans to serve, the Department continues to fund two youth outreach programs, Challenge and STARBASE. Both programs help improve the lives of children by surrounding them with positive civilian and military role models and helping them not just dream big dreams, but achieve them. The budget request for FY 2005 is \$66.1M for Challenge and \$15.1M for STARBASE.

Operating in 24 states, the Challenge program has successfully given young high school dropouts the life skills, tools and guidance they need to be productive citizens. The STARBASE program, operating at 48 military facilities located in 29 states, the District of Columbia and Puerto Rico, has enhanced military-civilian community relations and reached approximately 350,000 young children. Active and Reserve component members volunteer their time to the STARBASE program in order to provide a military environment/setting in which local community youth, especially the disadvantaged, are provided training and hands-on opportunities to learn and apply mathematics, science, teamwork, technology, and life skills. These two successful DoD outreach programs were identified in support of the USA Freedom Corps effort to provide opportunities for Americans to become more involved with serving their communities.

The third Civil Military program is the Innovative Readiness Training (IRT) program. IRT is similar to the overseas deployment exercise program in that it provides valuable military training that is compatible with mission essential training requirements. IRT projects help address serious community needs within the 50 states, U.S. territories and possessions. The program is a partnership effort between local communities and Active and Reserve component units. Individuals and units involved are primarily from medical, dental, and engineering career fields.

All IRT projects are compatible with mission essential training requirements. IRT projects must be conducted without a significant increase in the cost of normal training and are designed to enhance training in real world scenarios without deploying overseas. Program expenditures for FY 2004 are \$24.7 million. The budget request for FY 2005 is \$20.0 million.

EQUIPMENT AND FACILITY READINESS

National Guard and Reserve Equipment

The FY 2005 budget includes \$1.6 billion to procure needed equipment for the Reserve components (RCs). In the past, the RCs relied on cascaded equipment from the Active components (AC) to help the shortfalls, however, given the fact that the majority of the support functions are in the RCs, there is little equipment available to flow from the AC. In addition, the equipment that has been recently deployed from both the AC and RC has been exposed to extreme heat and a very sandy environment that is taking its toll on engines, generators, compressors, etc. The normal peacetime usage rate for ground equipment is 3 to 4 thousand miles a year and in the wartime environment it is currently being used 3 to 4 thousand miles a month, a 12 fold increase. With the combination of these two major factors, the life of the equipment is being shortened dramatically from what was programmed in peacetime. We are convinced that only by modernizing the equipment of our Reserve forces will the Department reap the full potential of a capabilities based force in the future. Key equipment items planned for the RCs included in the FY 2005 President's Budget request are:

- Army National Guard and the Army Reserve: Global Air Traffic Management, aircraft modifications, air traffic control, HMMWV, Family of Medium Tactical Vehicles

(FMTV), Family of Heavy Tactical Vehicles (FHTV), float ribbon bridges, tactical bridging, generators, and MLRS launcher systems.

- Air National Guard and Air Force Reserve: Aircraft modifications for the F-16, C-5, C-130, KC-135 and HH-60, common aircraft support equipment, tactical communications – electronics equipment, and base information and communications infrastructure.
- Naval Reserve: C-40 aircraft, tactical vehicles, aircraft modifications for the C-130, H-53, adversary, and C4ISR equipment.
- Marine Corps Reserve: High mobility artillery rocket system, night vision equipment, and amphibious assault vehicle.

NATIONAL GUARD AND RESERVE FACILITIES

Military Construction

The FY 2005 military construction investment for new facilities affecting all Reserve components is \$590 million and represents approximately 6.2 percent of the Departments overall Military Construction and Family Housing requests of \$9.4 billion. The President's Budget request provides new Armed Forces Reserve Centers, vehicle maintenance facilities, organizational maintenance shops, and aircraft maintenance facilities for the Reserve component missions. These new facilities begin to address the needed replacement of the Reserve components' infrastructure in support of military transformation programs. The FY 2005 budget request continues the Department's efforts to improve the quality of life for the Guard and Reserve which for the Reservist is not normally housing and barracks but rather where they work and train.

Sustainment, Restoration, and Modernization

The Reserve components' FY 2005 facility sustainment, restoration, and modernization (SRM) request is approximately \$950 million. The Department continues its commitment toward restoring and modernizing existing facilities. The Reserve components were allocated 95% of their requirements. The recapitalization rate will be continually reviewed to meet the 2008 goal of a 67 year rate. The FY 2005 request reflects a concerted effort by the Department to reduce the SRM backlog and improve the Guard and Reserve facility readiness rating.

Environmental Program

The installation environmental programs managed by each Reserve component continue to be a good news story of professionalism and outstanding efforts to protect, preserve, and enhance the properties entrusted to the Reserve forces. The FY 2005 environmental programs are budgeted at \$253.6 million, which includes \$125.2 million for environmental compliance requirements that provide 75 percent of the overall validated Reserve and National Guard environmental requirements for FY 2004.

Joint Construction Initiatives

The Reserve components are at the forefront of creating innovative ways to manage scarce MILCON dollars. They continue to pursue land exchanges and joint construction, wherever practicable. Joint construction is the practice of building one consolidated facility that fills the needs of two or more components. If we are to organize as a capabilities-based force, then our infrastructure should be designed to support that concept, also. Jointly constructing facilities of similar functions and eliminating the need for multiple buildings in the same geographic area helps to transform our infrastructure toward operational capabilities and efficiencies. The savings and benefits of joint construction go far beyond concepts. Intuitively, most would agree

one building costs less than two of similar size and function, but the benefits extend to reductions in force protection, sustainment dollars, contracting costs, and cross-service cultural understandings.

I thank the Congress for their support of this effort and will continue pursuing more land exchanges and joint construction opportunities in the future.

LEGISLATIVE INITIATIVES INCLUDED IN THE OMNIBUS SUBMISSION

Sec. 402. New title for the Vice-Chief of the National Guard Bureau.

Sec. 411. End strengths for Selected Reserve.

Sec. 412. End strengths for Reserves on active duty in support of the reserves.

Sec. 413. End strengths for military technicians (dual status).

Sec. 414. Fiscal year 2005 limitation on number of non-dual status technicians.

Sec. 415. Special rule for computing the high-36 month average for Reserve component members.

Sec. 509. Length of terms for the Assistants to the Chairman of the Joint Chiefs of Staff for National Guard and Reserve Matters.

Sec. 521 Revised concept of inactive duty and repeal of funeral honors duty.

Sec. 522. Authorized strengths of Navy and Marine Corps reserve flag and general officers.

Sec. 523. Mandatory retention on active duty to qualify for retirement pay

Sec. 524. Amendment to the purpose of the reserve components.

Sec. 525. Accounting and management of National Guard and reserve personnel performing active or full-time duty.

Sec. 526. Waive requirement that reserve chiefs and National Guard directors must have significant joint duty experience.

Sec. 527. Extending age limits for reserve and National Guard general and flag officers.

Sec. 528. Expanded use of reserve component members to perform developmental testing and new equipment

Sec. 581. Release of taxpayer addresses to help locate individuals with military service obligations.

Sec. 582. Alternate initial military service obligation for persons with specialized skills.

Sec. 583. Basic training requirement for certain members with specialized skills.

Sec. 611. One-year extension of certain bonus and special pays for reserve forces.

Sec. 612. Bonus for officers to serve in the Selected Reserve in a critical skill or manpower shortage.

Sec. 905. Chain of succession for the Chief, National Guard Bureau.

Sec. 1042. Establishment of auxiliaries within the military departments.

Sec. ????. Improved involuntary access to Reserve component members for enhanced training

Sec. ????. Extension of payment for FEHBP for mobilized federal employees.

CONCLUSION

This Administration views a mission-ready National Guard and Reserve as a critical element of our National Security Strategy. As a result, our Reserve components will continue to play an expanded role in all facets of the Total Force. While we ask our people to do more, we must never lose sight of the need to balance their commitment to country with their commitment to family and to their civilian employer. That is why rebalancing of the force is so critical, the continuum of service is so crucial, and relieving the stress on the force is absolutely essential.

Thank you very much for this opportunity to testify on behalf of the greatest Guard and Reserve force in the world.