

**DEPARTMENT OF DEFENSE AUTHORIZATION  
OF APPROPRIATIONS FOR FISCAL YEAR  
2015 AND THE FUTURE YEARS DEFENSE  
PROGRAM**

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**WEDNESDAY, MARCH 26, 2014**

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

**THE ACTIVE, GUARD, RESERVE, AND CIVILIAN  
PERSONNEL PROGRAMS**

The subcommittee met, pursuant to notice, at 10:03 a.m. in room SR-222, Russell Senate Office Building, Senator Kirsten Gillibrand (chairman of the subcommittee) presiding.

Committee members present: Senators Gillibrand, Hirono, Kaine, King, Ayotte, Graham, and Lee.

Committee staff member present: Mary J. Kyle, legislative clerk.

Majority staff members present: Jonathan D. Clark, counsel; and Gerald J. Leeling, general counsel.

Minority staff members present: Steven M. Barney, minority counsel; Samantha L. Clark, minority associate counsel; and Allen M. Edwards, professional staff member.

Staff assistants present: Brendan J. Sawyer and Robert T. Waisanen.

Committee members' assistants present: Moran Banai, Brooke Jamison, and Kathryn E. Parker, assistants to Senator Gillibrand; Nick Ikeda, assistant to Senator Hirono; Karen E. Courington, assistant to Senator Kaine; Stephen M. Smith, assistant to Senator King; Bradley L. Bowman, assistant to Senator Ayotte; Craig R. Abele, assistant to Senator Graham; and Peter H. Blair and Robert C. Moore, assistants to Senator Lee.

**OPENING STATEMENT OF SENATOR KIRSTEN E. GILLIBRAND,  
CHAIRMAN**

Senator GILLIBRAND. The subcommittee meets today to receive testimony from the Department of Defense on the Active, Guard, Reserve, and civilian personnel programs contained in the administration's National Defense Authorization Request for Fiscal Year 2015 and the Future Years Defense Program.

Today we will have two panels. The first one consists of our senior Department of Defense leaders, with whom we will discuss not

only DOD personnel policy issues but specific budget proposals in furtherance of our Subcommittee's oversight responsibilities.

The Honorable Robert Hale, Under Secretary of Defense, Comptroller; the Honorable Jessica Wright, Acting Under Secretary of Defense for Personnel and Readiness; the Honorable Jonathan Woodson, Assistant Secretary of Defense for Health Affairs and Director of the TRICARE Management Activity; the Honorable Frederick Vollrath, Assistant Secretary of Defense for Readiness and Force Management; and Mr. Richard Wightman, Acting Assistant Secretary of Defense for Reserve Affairs.

Our second panel will consist of representatives from beneficiary groups who represent the interests of Active and Reserve component servicemembers, retirees, and their families. I will introduce them after the first panel concludes.

The Department submits its budget for fiscal year 2015 at a time of tremendous challenge and uncertainty for the Nation, the military, and our servicemembers, retirees, and their families. The Department will not be under sequestration in the coming fiscal year but nevertheless faces a constrained fiscal environment. The \$496 billion top line for the Department is unchanged from the funding levels in fiscal years 2013 and 2014 and remains more than \$30 billion below the funding provided to the Department in fiscal years 2010, 2011 and 2012.

Military personnel funding, including funding for health care for servicemembers, their families, and retirees, totals \$176.6 billion in the fiscal year 2015 request. This represents a slight decline over last year's total, although the portion of the total budget devoted to personnel has risen slightly.

The proposal before us includes numerous reductions in pay and benefits about which many, including myself, have serious concerns. The budget put forward by the Department of Defense proposes significantly lower end strengths for the ground forces through 2019, including a reduction of 50,000 more than had previously been planned in active duty Army end strength, with smaller reductions in the Guard and Reserve. The budget sets a pay raise for servicemembers below the rate of inflation, freezes pay for general and flag officers, begins a phased reduction in the growth of housing allowance that will result in servicemembers paying 5 percent out-of-pocket for housing costs, reduces support to commissaries that will result in higher prices, and makes significant and structural changes to the TRICARE benefit.

In all, the Department's personnel and compensation proposal seeks to save over \$2 billion in fiscal year 2015 and shifts that spending to the Operating and Modernization accounts. Each of these reductions is significant in and of itself, but I am extremely concerned about the cumulative effect of all of these cuts, especially on the junior members of the force and their families.

These benefit proposals are being made, I would note, while the Military Compensation and Retirement Modernization Commission, established in the 2013 defense bill, has yet to finish its work. The Commission was established to review all aspects of the military compensation and retirement systems, including health care, and how these systems might be reformed to modernize to enhance the

viability of the all-volunteer force. It will report its findings and recommendations next February.

The Department of the Services continued the process of removing barriers to service by women, an effort I strongly endorse. This past January, the Army notified Congress of its intent to open 33,000 positions to women that were previously closed due to their proximity to combat. These positions are military occupational specialties already open to women. The real challenge moving forward will be opening occupations such as infantry that are currently closed.

A little more than a year ago, Secretary Panetta and General Dempsey rescinded the Ground Combat Exclusion Policy and gave the Services and the Special Operations Command until January 2016 to open all positions to service by women or to request an exception to keep certain positions closed. I believe in the value of a deliberative and scientific approach in evaluating occupational standards for all military jobs, which I hope will be the Services' approach. I do expect that once these standards are properly validated, be they physical, mental or technical, that all servicemembers, men and women, will be able to serve and compete for any military job for which they meet the requirements necessary for the position.

I remain concerned about sexual assault in the military. I was disappointed that despite the support of the majority of my colleagues, we were not given an opportunity to vote on passage of my proposal to make sure that decisions to prosecute serious offenses are made by trained, professional, and independent lawyers rather than commanders who don't necessarily have the training or perspective to make these decisions objectively. But I have not given up on making this change that so many survivors have told us will make a difference when it comes to reporting the crime.

I will also continue my efforts to make sure that the changes that have been legislated are implemented in an effective manner and will continue to work towards initiatives to better address this scourge in our military.

I am also interested to hear more about the standard of care you are providing to our servicemembers and our families, something which must not be sacrificed in an era of belt-tightening. I believe that ensuring that servicemembers, retirees, and their families get the best care is fundamental to readiness. And, as you are aware, I am particularly concerned about your work in support of the developmentally disabled dependents of servicemembers.

I look forward to hearing your testimony about other important personnel programs and the overall morale and health of our military. As always, I encourage you to express your views candidly and to tell us what is working well and to raise any concerns and issues you may want to bring to the Subcommittee's attention. Let us know how best we can assist our servicemembers and their families to ensure that our military remains steadfast and strong.

So now I would like to turn it over. When Senator Graham joins us, he can use his opening statement at his discretion.

But, Secretary Hale, if you would like to start with your statement?

Secretary HALE. Madam Chairman, I'm going to defer to Secretary Wright to open up. Then I'll have a brief statement.

Senator GILLIBRAND. That's fine.  
Secretary Wright.

**STATEMENT OF HON. ROBERT F. HALE, UNDER SECRETARY OF DEFENSE (COMPTROLLER); ACCOMPANIED BY HON. JESSICA L. WRIGHT, ACTING UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS; HON. JONATHAN A. WOODSON, ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS; HON. FREDERICK E. VOLLRATH, ASSISTANT SECRETARY OF DEFENSE FOR READINESS AND FORCE MANAGEMENT; AND RICHARD O. WIGHTMAN, ACTING ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS**

Secretary WRIGHT. Madam Chairman Gillibrand, Senator Graham, distinguished members of the subcommittee, I appreciate the opportunity to appear before you to discuss personnel and readiness programs in support of the President's fiscal year 2015 budget request.

More than a third of the Department of Defense's base budget supports are military personnel pay and benefits package. As Secretary Hagel testified, the Department's priority for this budget is to balance pay and benefit compensation with force readiness.

We have planned for a capability favoring a smaller force that is trained properly and modernized to accomplish the mission. This budget reflects long and careful deliberations, and it came with some very, very sobering choices that we had to make.

This budget reflects a 1 percent pay raise in base pay for military personnel, with the exception of general and flag officers, whose pay will be frozen for a year. The Department is proposing to gradually slow the growth of the tax-free basic allowance for housing until BAH ultimately covers approximately 95 percent of the average servicemember's housing expense. We will also eliminate renter's insurance costs from the allowance. These changes will be phased in over several years to allow members to plan accordingly.

We propose a \$1 billion decrease over 3 years to the annual budget to operate the commissaries. Our plan does not direct the closure of any commissaries. Overseas commissaries and those commissaries in remote locations will continue to receive subsidies.

We will simplify and modernize our TRICARE health program by consolidating all of the plans and to adjusting deductibles and copays. These changes will encourage members to use the most affordable means of care, such as the military treatment facilities, preferred providers, and generic prescriptions. The proposed single TRICARE system consolidates the various TRICARE options into one plan.

We know that compensation and benefits are only part of what attracts and retains people in our military, and this is especially true when we talk directly to our servicemembers. Our members join our service to also learn and exercise their skills. We believe that readiness and training are clearly the ultimate care we can give our servicemembers. If we cannot afford to train, exercise, and operate, if the quality of their service is diminished, we will precisely lose those servicemembers we want to retain.

We have an obligation to ensure servicemembers and their families are fairly and appropriately compensated and that caring for them during their time and after their time in uniform is also on our radar scope. We also have the solemn responsibility to give our troops the finest training and the finest equipment possible. When America calls upon our servicemembers, they must be prepared with every advantage we can give them so they return home safely to their family and friends. The President's budget fulfills both of these promises to our servicemembers and their families.

Ma'am, thank you, and I look forward to your questions.

Ma'am, we were asked for only one statement, and Mr. Hale will follow.

Secretary HALE. So, Madam Chairman, Senator Graham, thank you for the chance to appear today. Secretary Wright has outlined the key personnel issues with the Department's 2015 budget. I would like to expand on a couple of them, with a focus on the budget.

Balance is the key goal in the 2015 DOD budget. We have made hard choices designed to create a force that can carry out the overall defense strategy, though with higher risk in some missions.

To minimize risk, we sought a balanced combination of military readiness, size, and technical capability, and we did this while meeting some pretty stringent budget limits. Achieving this balance required a lot of difficult decisions. I will focus on just two that are particularly related to personnel.

First, even under the budget proposed by the President, we had to reduce the size of our military forces. Compared to levels expected at the end of this year, total active-duty military personnel will decline by about 6 percent by fiscal year 2019. Guard and Reserve personnel decline by a lesser amount, 4 percent. Civilian personnel decline about 5 percent.

These planned cutbacks in personnel would be even larger if sequester-level budgets return. The President, as you know, has proposed budgeting at levels above the BCA caps, the sequester levels, by a total of \$115 billion in the years 2016 through 2019. If Congress does not increase the caps to accommodate the President's proposed budget levels, then military forces would have to decline by larger amounts. For example, instead of a 6 percent decline in active duty, it would go to 9 percent under sequester-level budgets.

These personnel cutbacks mean that we will have fewer forces available. Under the President's proposed budget, the Air Force will retire more than 300 aircraft, including all of its A10 and U2 fleets. The Navy will put 11 ships into phased modernization and eliminate crews while the ships are in this status. The Army will reduce the number of brigade combat teams and combat air patrols, and force reductions would be even larger under sequester-level budgets.

We believe that a smaller military force, even though it means accepting more risk in some missions, is necessary so that we can comply with the budget limits while still having enough funds to modernize and provide a high level of readiness. Smaller forces are one key to maintaining the balance that is the theme of this budget.

Balance also requires some reductions and rebalancing in the Guard and Reserve. The Reserve components have performed superbly over the past 10 years. I have watched this for 40 years. If you had told me we could have seen the Guard and Reserve in 13 years of war and still maintain recruiting and retention, I think I would have been very skeptical, but they did it. We intend to maintain the Reserve components as full war-time partners in addition to their homeland defense mission and the other important things they do.

However, there are some missions that are simply best suited for the Active Forces—for example, the “Fight Tonight” kinds of missions. And therefore, as we work towards balanced reductions in the size of the military, we plan some cutbacks in Reserve component forces, though by a smaller percent than the cuts imposed on the active forces.

Another key to balance is the difficult decisions we have made regarding military compensation. As Secretary Wright has reviewed those, I won’t go through them again. We made them in order to comply with budgetary limits while preserving enough funds for training and maintenance. We need that to return to a high state of military readiness.

Our compensation proposals follow some clear principles. No one’s pay and allowances will be cut. We will slow the growth, but we will not cut pay and allowances. We will ensure that compensation is sufficiently generous to attract and retain the people we need to man the military in a very demanding profession. We will make sure that we support the All-Volunteer Force. And the funds saved by slowing the growth in military compensation will all be reinvested in training and maintenance. That is a commitment we made to the Joint Chiefs when they developed these proposals, and we have kept it.

Secretary Wright, as I said, already reviewed the proposals. They have an important effect on the balance in this budget. Madam Chairman, you referred to this. If Congress turns down all of these proposals, most of which require legislation, then in order to live within the budgetary limits, Congress will have to find \$2.1 billion in other cutbacks in fiscal year 2015, and together we will have to identify \$31 billion of additional cutbacks over the next 5 years. These cuts are going to have to come out of readiness and modernization. There is nowhere else to go. And this will harm the balance that we believe is needed to minimize risk to national security.

Senator KING. Excuse me. What was the figure for the 5 years?

Secretary HALE. \$31 billion.

We know that this budget features difficult choices. They were difficult for us—I sat through I don’t know how many meetings on the budget as we went through this with the Chiefs and the Secretary—and they are also very difficult for you. But we believe we have created a balanced package of changes that meet budgetary limits while permitting us to carry out the current defense strategy, though with some added risks in certain missions. We ask for your support for these budgetary proposals.

With that I’ll stop, and I believe we are now ready for questions.

[The joint prepared statement of Secretary Hale, Secretary Wright, Secretary Vollrath, Secretary Woodson, and Secretary Wightman follows:]

Senator GILLIBRAND. Thank you very much for your testimony.

Senator Graham is going to submit his opening statement for the record.

[The prepared statement of Senator Graham follows:]

[SUBCOMMITTEE INSERT]

Senator GILLIBRAND. So I will start with Secretary Wright.

With the Military Compensation and Retirement Modernization Commission set to report out about a comprehensive approach next February, what is the rationale for the timing of these proposals? Why not wait until the Commission reports?

Secretary WRIGHT. Thank you, ma'am. Frankly, the proposals that we are submitting in this budget, we believe that—we know the Department has gone through enough rigor and enough analysis to submit them. We are looking to the Commission. We have submitted four retirement proposals to them. As you see, there is nothing in the budget that looks at retirement. We are waiting until they come back. We have submitted four different proposals to them. We are waiting for them to do the rigor and the analysis on those retirement proposals for us to look at moving forward on them.

But on the BAH, the commissary, and the pay, we really believe that we have looked at enough information, that we have gathered all of the data in order to make some of these very, very difficult choices to balance both between compensation and benefits, and readiness and modernization.

Secretary HALE. May I just add to that briefly? The reason part of the—as Secretary Wright said, we think we have the information. But the budget caps are in effect right now. If we wait two years until we have the Commission results, and it will take that long, then we are going to have to take all this money out of readiness and modernization, and we think that will destroy a balance and damage national security. So that is why we are doing this.

We would rather wait. We would rather not do it. But the limits are in effect, and we don't see them changing.

Senator GILLIBRAND. But there is no requirement that you have a certain amount of savings out of every aspect of spending within the military. You don't have to silo every budget and find savings in every budget. And you in your opening statement said that it was important that you offer pay packages that are sufficient that we keep an All-Volunteer Force.

But if you're looking at the E levels 2 through 9, you're talking about salaries from \$20,000 to roughly \$70,000, and so much of what you're cutting is considered compensation to men and women who serve. So, for example, having a pay raise that is equivalent at least to the cost of living adjustment. So, yes, we can cut the rate by which their pay increases, but if you cut it less than the cost of living adjustment, it just means their paycheck doesn't go as far. If you cut their housing allowance and have them have some kind of co-pay or a percentage, you're basically just undercutting how much is defrayed from the housing allowance. If you cut TRICARE through your modernization efforts, again that is out-of-

pocket money for retirees or for families. If you limit what places they can go to get services, what it means is you have much longer drive times. If you are no longer active duty or your family doesn't live near a base, you may have to drive 90 miles or 100 miles to get basic services.

So you are creating—and commissaries which, I can understand they had a need before that isn't necessarily true today. But again, average personnel, they see that as about a 30 percent savings for their weekly grocery bills.

So we offer a set of benefits and pay to incentivize our forces to take on these very tough jobs and make the sacrifices of having to relocate your family every 2 years, every 3 years, have to sacrifice that your spouse may not be able to work because of that relocation. So we really are changing the deal.

So my concern is, if we have this Commission and they are going to do a more balanced approach, it seems to be a missed opportunity to not wait to see what they can come up with as well, because these are, as you've said in your testimony, these are very tough cuts to figure out. This was not an easy process. But these are real cuts.

So if you're a family that's making \$20,000 a year, or \$30,000 a year, that 30 percent of groceries that you were just taking away, that savings, matters. So I would like to push back a bit that this is easy. I just don't think \$2 billion in one year is easy.

Secretary HALE. Let me start, and then I would ask Secretary Wright if she wants to add.

I agree with what you said. These are tough choices. The Chiefs set meeting after meeting debating these very points. But if we choose or if you choose to go back on these proposals, you're going to have to take it out of somewhere. I don't think you want to take it out of modernization. We could have the same debate about whether buying enough aircraft and ships. I don't think—I know, or I hope you don't want to take it out of readiness. But those are the choices you've got.

So we feel we have provided you a balanced proposal. Incidentally, you used the word "cuts." I respectfully disagree. They are slowing the growth. We are not cutting anybody's pay and allowances. We are slowing the growth to free up money so that we can keep them ready in case they have to put themselves in harm's way, and that is what the Chiefs have repeatedly said.

We feel strongly that we need to provide the training and maintenance and the equipment to give them the best opportunity if they have to be in harm's way, and we think our proposal does it. But these are difficult choices, and I'd fully agree with you in that regard.

Senator GILLIBRAND. Thank you, Mr. Secretary.

My time has expired. I have questions that I will submit for the record and if we have a second round, specifically about the TRICARE changes, the DFAS cuts, also concerns about benefits for families that have children with special needs, educational challenges, autism and other developmental disabilities. That is still an issue that Secretary Wright and I have worked on in the past that is a very important issue for me. So in the second round, if we have one, or for the record, I will submit those questions.

Senator Graham?

Senator GRAHAM. Thank you, Madam Chairman.

I want to associate myself with the Chairman's comments. I understand where you're coming from. You've got a budget cap, and this is the world we've created in a bipartisan fashion, which seems to me every day becoming more and more a bizarre world. I hope we'll reevaluate what we've done to the military and to some other vital programs and see if we can come up with a more sensible way to make budget cuts.

Secretary Wright, the commissaries, \$1.4 billion basically is salaries and transportation; is that right?

Secretary WRIGHT. Yes, sir.

Senator GRAHAM. The BX and the PX, base exchange, post exchange, most of that is non-appropriated fund activity; is that true?

Secretary WRIGHT. Yes, sir.

Senator GRAHAM. If you get people moving off base in terms of shopping, what effect would a change in commissaries have on the post exchange or the base exchange?

Secretary WRIGHT. So, right now, as I have indicated, we are not looking to close any commissaries, and we are looking for our commissary population to remain. I understand that our budget does bring it down from a 30 percent savings to somewhere around a 10 percent savings, but it is still a savings.

However, to your point, if people do not use the commissary, we suspect that they also won't come into the PX. We understand that, and so the PX savings and/or what they submit to MWR may go down. But at this point in time, with our research and what we're looking at, we believe that we are on firm ground.

Senator GRAHAM. Well, for the benefit of the committee here, in a prior life I dealt with appropriated fund and non-appropriated fund activities and spent a lot of legal time figuring out what account was the right one to be looking at and how you could move money around.

The post exchange and the base exchange, whatever money they make, about 40 percent of the people that work at these places are family members of active duty or retired veterans; is that correct?

Secretary WRIGHT. In the commissaries? Yes, sir.

Senator GRAHAM. And what about the BX or the PX?

Secretary WRIGHT. I'm going to defer to Mr. Vollrath for that, please, sir.

Secretary VOLLRATH. Sir, I don't have a specific number for you, but it's about the same.

Senator GRAHAM. Yes. So basically you've moving your families around a lot, and if you've got a teenage son or daughter, it's a place you can go be a bag person. Your spouse can work maybe part-time at the BX, and that's some money for the family, and I think that's what the Chairman is trying to say. The structural changes do have a ripple effect, and if the shopping becomes less at the commissary, eventually people are less likely to shop at the base exchange and post exchange.

I know you're shaking your head.

The MWR account, the quality-of-life issues that are pretty much funded by the servicemembers themselves take a hit. Could you maybe—what's your name, sir?

Secretary VOLLRATH. Vollrath. Excuse me. Vollrath.

Senator GRAHAM. Do you generally agree with what I'm saying as a concern?

Secretary VOLLRATH. Fundamentally, yes, because in the deliberations, in taking a look at the commissary reduction, we did have discussions about potential impacts on the exchange system.

Senator GRAHAM. Yes.

Secretary VOLLRATH. The leaders of the exchange system told us that if the patronage in the commissaries goes down, that they would expect the patronage in the exchanges to go down because of the habits of the patrons now.

Senator GRAHAM. And the auto hobby shop, and you can just name whatever MWR activities you might have on base, eventually get hit, right?

Secretary VOLLRATH. That depends on where the commanders and the local commanders want to spend the MWR dividend.

Senator GRAHAM. Well, they'll just have less choices because they'll have less money.

Secretary VOLLRATH. Correct. The money won't go as far.

Senator GRAHAM. It's not just one thing but they will have an inventory of MWR activities and they'll have to delete some of them.

I just bring that up to show that one thing is connected to the other.

Mr. Hale, we've had great discussions over the last several years about budgets. Would it be fair to say if the Congress could find \$2 billion outside of the Department of Defense to interject into this budget process this year, a lot of these choices that we're talking about, structural changes, could be delayed until the Commission reports back?

Secretary HALE. Well, if you find another way to offset it, yes. I'm not going to go to where you do that. I'll leave that up to you to do that. But if you find a way to offset it, I guess that's true. But given the budget caps and the seeming no chance of changing them, it's going to come out of defense.

Senator GRAHAM. I got you.

Here's the challenge for the subcommittee, for all the bright minds at this table, excluding myself. [Laughter.]

Could we find \$2 billion outside the Department of Defense, or even inside the Department of Defense, that would avoid us having to make structural decisions about commissaries, about TRICARE and other things, about compensation, which I will eventually probably support? I'd just like the Commission to do it. It's not that I don't trust your work product. We've got ourselves in a bind here. You've got a commission studying the same subject matter. You've got an administration that's got to come up with money in the budget caps. You're doing what we required you to do.

So if we could find a \$2 billion safety valve here, I think it would prevent them from having to just ignore the personnel account and raid other accounts and allow the Commission to do its work. To me, that would be a great exercise, because the structural changes that are going to come—and they will come—have to be better thought out, I think. And if you're going to ask people to give up housing allowances, pay 5 percent or whatever, I'd just like to make it a more thoughtful process and be able to go to these folks

and say we've had people, the best minds in the country outside of the administration, outside of the Congress, to look at this. I just think it would make sense and be easier for us to sell.

So that's my challenge to the Subcommittee, not to you all guys, to see if we can find \$2 billion.

Secretary HALE. Can I add two thoughts? One, I think these are well thought out. There were more than a dozen meetings the Joint Chiefs participated in fully. And in the end, with all due respect to the Commission, I think they have a great deal of expertise and they are the ones that you want to make recommendations to you.

Second, it's just not the \$2.1 billion in fiscal year 2015. If you delay all these, the whole budget slips. So we're going to have to take another \$10 billion or so out of the—I don't know the exact number, but if you delay it a year or probably 2—

Senator GRAHAM. I don't want to—you said just a few minutes ago that if you could find \$2 billion—

Secretary HALE. In fiscal year 2015. But then we will have to turn around in 2016 through 2020 and, because you've delayed it probably 2 years to wait for the Commission, probably another \$15 billion or so in that period. I don't know the exact number. I will supply it for the record. But what you're doing is forcing further cuts in perhaps numbers of personnel or modernization in the out years.

Senator GRAHAM. I look at it the other way. I'm looking at trying to make structural changes that will affect quality of life in a more reasoned way. That's what I'm looking at, and I think \$2 billion would help. Everything does affect the other. That's why I'm going with this thing. I will be your strongest advocate for structural changes because you're going to have to, but not this way.

Thank you.

Senator GILLIBRAND. Senator King?

Senator KING. Thank you, Madam Chair.

Mr. Hale, it would help me to understand the context of this if, for the record, you guys could produce a graph, an historic graph of compensation costs per capita, not compensation costs as a percentage of the defense budget, because that relates to the number of soldiers. I'm looking for what has been the growth over, say, a 10-year, 15-year period of compensation costs; and then secondarily, compensation costs per capita as a percentage of the Defense Department budget. Because I get 50 percent, 30 percent, 65 percent, and I'm trying to separate that from numbers of people to the package.

If you want to respond, that's fine. But I assume—

Secretary HALE. We can do that for the record. If it helps, I'll say that since 2001 the pay and benefits for military personnel have gone up about 40 percent more than the growth in the private sector. So we've seen—we created a new healthcare system, we had higher pay raises than the ECI, we phased out all the out-of-pocket costs in VA. So we've seen sharp growth.

Now, some of that was needed to make up for problems in the 1990s, but we do believe our analysis says we can recruit and retain the people we need even with these modest slow-downs in compensation that we're proposing now. But we will supply the details for you.

Senator KING. You understand what I'm looking for.

Secretary HALE. I do.

Senator KING. And, of course, the other question is, this is a business, a business that's very dangerous, but the real question is recruiting and are you able to recruit and retain the people you need based upon whatever the compensation schedule is.

Secretary HALE. And we believe we can.

Senator KING. I'd appreciate doing that, and I think it should be noted for the record that you didn't ask to be thrown into this situation, that this is a zero-sum game that you're in, in terms of the way the budget caps work, and that every dollar that stays in compensation is a dollar that comes out of readiness or modernization, and Congress has certainly had a major role in creating that situation, and I think we have to own up to that.

The other important thing, it seems to me, is to be thinking about prospective changes, because even though some changes—for example, on retirement—should only affect new people, and they may not take effect for 20 years. They may not save us money, but 20 years has a way of coming. We learned in the budget deal that changes in current retirees' structure isn't going to fly, at least not for more than about 42 days, I think.

But we really do need to think about prospective changes that will provide savings to future presidents and future Congresses.

Secretary Wright?

Secretary WRIGHT. Sir, I fully agree, and the Department agrees. The four proposals that we sent to the Commission went with the understanding that those individuals that are presently in the Service under the retirement system that they're in need to be grandfathered, because that's the retirement system that they signed up for. So we understand that the savings won't come immediately, or maybe there won't even be savings, but the retirement system can be different.

But the issue is that grandfathering, to use that term, is extremely important when we talk about the retirement system.

Senator KING. The other piece, and you alluded to this, is what do people sign up for. In other words, what are the expectations, and what is in writing when you sign that paper. Now, I realize 18-year-olds probably don't study the fine print of the enlistment form, but it seems to me that that's an area that deserves some thought in terms of bold print, this is what you're committing to, and this is what the likely compensation is, this is the retirement plan, so that we can have some clear understandings going forward for people, what it is they're committing to.

Secretary WRIGHT. And, sir, if I can add, I'm a retired officer, and I was an enlisted soldier, and when I signed up, you sign an oath of office. It doesn't, to my knowledge—and, of course, I was young when I did it, but it doesn't have on there what the retirement system is, what the healthcare system is, what the pay system is. It has that you will support and defend the Constitution of the United States against all enemies, foreign and domestic.

I will turn it over to Mr. Vollrath, who is also retired, to add if there is more to that than I remember.

Secretary VOLLRATH. You have a very good memory, but so do many other Americans.

Senator, I would agree with your point. The young recruit, in most cases, does not start out saying "I think I'm going to go for 20 years because it's just a knockout retirement." They primarily join for various other reasons. But in the back of their mind, we know that is also there.

Equally important, what we know is that the influencers of those young men and women understand what the long term means. I don't know what anybody's experience on the committee has been, but in my experience, I can't tell you how many people I have bumped into in my lifetime that had said "If I'd only stayed in the military," and they are referring to the retirement and the benefits, et cetera.

And so what we do know when it comes to recruiting is that the influencers understand the system, and that also drives that new recruit and the decision of that young man or woman. So it is an art, unfortunately. It's not a science.

Second, I would agree with your point. I think if and when we do change the retirement system, we need to be very clear, right up front with the new cohorts coming in, as to what that retirement system is, because those that are grandfathered will have one set of experiences and beliefs, and that will have an effect on the new cohort coming in.

Senator KING. Is there a potential issue or problem of recruiters making promises or assertions that may not turn out to be, or could—in other words, the paper doesn't say it, but the recruiter says 'sign here and you've got 20 years and lifetime.?

Secretary VOLLRATH. That is certainly a possibility, and over time we know that from time to time it does occur. But, frankly, we work overtime to make sure that the recruiters have the facts and only the facts and put forth that in their recruiting efforts.

Senator KING. Thank you.

Thank you, Madam Chairman.

Senator GILLIBRAND. Senator Lee?

Senator LEE. Thank you, Madam Chairman.

Thanks to each of you for being here. It's an honor to have you here with us.

Secretary Wright, I've got a few questions for you. I was alerted to a situation a few weeks ago that occurred at the Air Force Academy involving the removal of a Bible verse from a whiteboard outside of a cadet's dormitory room. Are you familiar with that incident?

Secretary WRIGHT. Yes, sir, I am.

Senator LEE. Okay. Let me just sort of restate the basic facts as I'm aware of them and then tell me what I'm missing.

Based on the information that I and my staff have been able to obtain from the Air Force, the cadets at the Air Force Academy use these whiteboards, according to the Air Force, in order to display "items, quotes, or other things that reflect their personality or from which they draw inspiration."

The cadet in question made this display, wrote this Bible verse up on his whiteboard, found himself being reported through his chain of command within the cadet structure, and also apparently the Air officer commanding became involved in the situation and

used it as what someone described as a teachable moment, and the cadet apparently took it down.

Now, those who have provided this account said that he took it down voluntarily, although I do find the use of the word “voluntarily” to be curious given that it occurred after intervention from those in his chain of command.

The Bible verse in question that he was quoting was not one that I would regard as offensive. It was from Galatians Chapter 2 Verse 20, which is fairly innocuous, as I read it. It says simply, “I am crucified with Christ, nevertheless I live, yet not I but Christ liveth in me, and in the life which I now live, in the flesh, I live by the faith of the Son of God who loved me and gave himself for me.”

Now, last year, this committee, meaning the whole committee, the Senate Armed Service Committee, passed an amendment that I introduced in connection with the National Defense Authorization Act for Fiscal Year 2014. Section 532(a) became that amendment, the amendment I introduced, and it was passed in this committee, survived the various iterations of the NDAA for Fiscal Year 2014, and it now appears in section 532(a). It says, “Unless it could have an adverse impact on military readiness, unit cohesion, and good order and discipline, the Armed Forces shall accommodate individual expressions of belief.”

Now, I regard this as an individual expression of belief. It’s also an expression of something from which this cadet apparently draws inspiration. So my question for you is how can this particular Bible verse quoted by this cadet from the Book of Galatians simply declaring his faith from which he draws inspiration, placed on a board that traditionally is used for that purpose, to reflect that cadet’s personality and sources from which the cadet draws inspiration, how can that be deemed inappropriate?

Secretary WRIGHT. First, sir, I am not as familiar with the case as it appears you are, and what I have heard from the members of the Air Force, I have a little conflicting information. So to address the case right now I think would be inappropriate, but I would like to come over or bring someone over specifically to address this case myself and/or somebody from the Air Force.

But globally, for the Department of Defense, we do support, one, freedom of speech, and we totally support the freedom to exercise your religion, whether it is—and I will be honest with you. On my desk I have—I’m of the Catholic faith. I have a mass card of St. Theresa on my desk which I use as my faith. I don’t start out my meetings that way because as a leader of 32,000 people, that would be inappropriate. But I use that.

So I think that common sense needs to clearly be applied when we talk about whether or not they can have an article of faith or something like that on their desk or on their wall. But when you’re a leader, you have to understand that you have all faiths that you command, and you must respect everybody’s faith.

So again, I don’t know the very specific facts of the Air Force. I don’t want to get into that in public.

Senator LEE. You said a moment ago that your understanding of it is a little bit different than mine. Can you enlighten me as to how it was different?

Secretary WRIGHT. Sir, I heard that it wasn't he that wrote the verse. I heard it was his roommate. But I need to make sure that I am getting the correct information if it conflicts with your information. I think the bottom line is we both need to know exactly the end state.

Senator LEE. Right, right.

Secretary WRIGHT. And so, if you don't mind, sir, if I can come over and bring the Air Force A1, the person in charge of personnel, that would be great.

Also, Mr. Vollrath, do you have anything to add on the religious—

Secretary VOLLRATH. No, I don't, Secretary Wright, except just to reinforce what she said. We certainly are trying to comply with the law, and intend to. It is fundamental to free speech and the exercise of religion. It is part of what makes America America.

Senator LEE. Certainly, and I definitely agree with that. And my time is winding down, and so I appreciate the offer to come by and inform me as to what the facts were.

Secretary WRIGHT. Yes, sir.

Senator LEE. As to whether it was this cadet or whether it was the cadet's roommate, somebody wrote it—

Secretary WRIGHT. Yes, sir.

Senator LEE.—as an expression of their faith, and somebody took it down. The fact that it was taken down is itself alarming, much as it would be alarming, I would think, if someone came to you and removed something from your desk that is a source of faith and inspiration from you. This is exactly the kind of scenario we had in mind when we adopted this amendment, certainly when I introduced this amendment.

And I would also note that on the Army's website can be found a very inspiring statement from General Eisenhower sent just prior to the invasion at D-Day in which he concluded his remarks by saying to the soldiers, sailors, airmen, and marines who were about to embark on this very dangerous mission, "And let us all beseech the blessings of almighty God upon this great and noble undertaking." If that's not offensive, then I find it difficult to understand how the decision by this cadet at the Air Force Academy, placed on a whiteboard outside his dormitory for the purpose of expressing something about his personality and about sources from which he draws inspiration, how that could possibly be deemed offensive, how that could require a teachable moment, and how that could require those in his chain of command to give him encouragement that would result in him taking it down.

Thank you very much.

I see my time has expired. Thank you, Madam Chairman.

Senator GILLIBRAND. Secretary Wright, did you want to respond?

Secretary WRIGHT. I was only going to say that I totally understand and would be more than happy to come over with the Air Force and clear up the facts as they are.

Senator LEE. Thank you. That would be wonderful.

Senator GILLIBRAND. And I would be grateful for a report on it, as well.

Secretary WRIGHT. Yes, ma'am.

Senator GILLIBRAND. Thank you.

Senator Hirono.

Senator HIRONO. Thank you, Madam Chair.

I have a follow-up question regarding the commissary changes. The testimony indicates that prices in the commissaries will go up. So my question is, would these increase in prices to servicemembers, retirees, and families be the same across all locations? Would there be some differentiation that would occur in these price increases?

Secretary WRIGHT. Ma'am, if I could, I'm going to turn to Mr. Vollrath. The commissary comes under his direct supervision.

Secretary VOLLRATH. Thank you, Senator, a very good question. The intent in this change is to have common pricing throughout all commissaries, be they overseas, remote sites, or in metropolitan areas such as Fort Bragg or here in Washington, DC, common pricing, not differentiated based on rank or Active or Reserve or retired status. It would be the same.

Senator HIRONO. Right now, the difference between the prices at commissaries and what the prices would be outside, although we have a lot of competition for lower prices through Costco and other places, is about 30 percent right now, isn't it?

Secretary WRIGHT. The savings in the commissary?

Senator HIRONO. The savings in the commissary.

Secretary WRIGHT. Yes, ma'am.

Senator HIRONO. So if the savings becomes only about 10 percent, would you expect to lose a lot of commissary customers to these other places? And what would that do to the entire commissary system?

Secretary VOLLRATH. It is a possibility that that would occur. The probability we don't know yet until we embark on it. But in working with some of the other retail organizations, when your price goes up, the patronage tends to go down. So we would expect a reduction in patronage.

Senator HIRONO. Yes.

Secretary VOLLRATH. And again, that's not just based on working with other retail organizations. We know that some of the patrons, particularly retirees, will drive a long distance because of the current savings, and then they may not if the savings drop. They may not drive two hours from where they are retired to come in to get those savings. So there is a probability that the patronage will go down, yes.

Senator HIRONO. If it goes down very significantly to the point where we may be having to close some commissaries, that might happen, that could happen?

Secretary VOLLRATH. It's a possibility. I don't know what the probability is. Our hope in working this, which is an art, that we will still offer enough benefit that the servicemembers and their families will value that.

Senator HIRONO. Well, I hope so.

Regarding recruitment and retention, on page 12 of your testimony I note that there's a reference to only 14 percent of youth are inclined to serve in the military, and I recall that of those—so there is already just a small percentage of the young people who want to serve in our military, and that even for those who want to join, a huge percentage of them are not able to join. Maybe 75

percent—that's a number that I came across in some other setting—are not qualified, a lot of them due to the fact that they may not have high school degrees.

While this may not be in your wheelhouse, we're talking about a very small number of people who would even be able to qualify. So what are your thoughts on what we can do to enhance graduation from high school as a start?

Secretary VOLLRATH. You have your facts right. About 75 percent of the youth 18 to 24 in America do not meet the basic qualifications for enlistment because of weight or lack of schooling or some other run-in with the law, for example. So that leaves us with about 25 percent of the youth that can qualify to our standards.

The 14 percent propensity is within that, and of course the key to recruiting is to increase that propensity and get as many as we can out of the 25 percent that are eligible. So that's the challenge in recruiting, is to expand from the 14 up.

We have been very successful with our recruiting incentives and with our quality of life and with the challenging lifestyle to attract sufficient people from that small population in America over the last 10 years. All of the Services last year met their recruiting numbers except for the Army Reserve, which went down slightly for the first time in years, and the quality standards that we have have been far exceeded, to the degree that 95.9 percent of all of the recruits last year had a high school diploma and were graduates, or the equivalent of that. So we're taking the best of the best given the current conditions that we have.

We are, however, cognizant of the fact that as the economy improves—and thank goodness for America, it is improving—as the economy improves, it may present us with greater challenges in recruiting. Therefore, we are vigilant now to make sure that we have enough recruiters and we're not going down that force, and we have enough recruiting incentives and we're not taking any great shots at that, because we have learned our lesson from the 1990s, the last time the Department of Defense had a significant drawdown. We're concurrent with the drawdown. We cut recruiters, we cut advertising budgets, we cut incentives and, of course, hit the wall at the end of the 1990s in trying to recruit.

So we are cognizant of the fact that we don't need to make those mistakes twice.

Senator HIRONO. I think, as a general proposition, that it behooves all of us to care about the graduation rates throughout our country, and clearly whatever the military can do, what you all can do to support the education efforts across the board, that would be a good thing.

My time is running out, but I do have a question also about the GI bill. There have been some concerns about certain, basically, for-profit colleges that recruit heavily among veterans, and the outcomes may not be all that terrific. They rely a lot on loans and all that.

Do you have any concerns about the recruitment tactics used by some of these schools? And what are you doing about it if you have such concerns?

Secretary WRIGHT. First, yes. We do. We're working with a lady named Holly Petraeus, who also has a huge concern over this par-

ticular issue. We're also working with the education centers that we have throughout our DOD that are on the post camps and stations that people come into to apply for college to let them understand that there are for-profit colleges that, one, you can get a degree, but the degree is very expensive and not marketable once you get it. So you've spent all this time, energy, and money for a degree that's not marketable if you choose to not stay in the military and potentially use that degree.

So we're working to make sure our servicemembers understand that there are great institutions throughout this nation that will not only take your money but also give you a great education and a very marketable degree.

Mr. Vollrath?

Secretary VOLLRATH. We have also instituted a document that all institutions of higher learning have to sign up to which has in the document principles of excellence, how they will conduct the education and how they will treat the students, and we have more than 3,200 already signed up. So they have to meet standards going in; second, coming out.

We have set up a system with other agencies in the Federal Government for students to report, both by phone or electronically, any problems they have with the school, and then we will take them on in the Department; or if they appear to be criminal in some way, we do pass them over to the Department of Justice, because we understand that there may be people who are not that well intentioned.

Senator HIRONO. Thank you.

And I do thank the Chair for her indulgence. I went over my time.

Senator GILLIBRAND. Your questions were so good, I didn't want to interrupt you.

Senator HIRONO. Thank you.

Senator GILLIBRAND. Senator Ayotte?

Senator AYOTTE. Thank you, Madam Chairman.

I wanted to, first of all, thank you all for being here and for the work that you're doing.

I wanted to ask you, I was just in Afghanistan last week, and one of the things that I think is our challenge and has been our challenge, I met a New Hampshire soldier who has been in the Army for 8 years, and he's done five deployments in those 8 years, and I can tell you some of the personal experiences he's had with his personal life have been very difficult as a result of being deployed so many times.

I think it's also a very difficult challenge for our Guard and Reserve because they're being deployed multiple times, and then they come back to a civilian setting where they're not on a base where other people have had the similar experiences that they've had, and that presents unique challenges for us as the Guard and Reserve have been operational.

We have a program in New Hampshire that I've mentioned before that I'm very proud of. It's called the Deployment Cycle Support Program. It's really a public-private partnership where we've partnered state resources with Easter Seals in the non-profit sector

that has raised money for it, and then taken some of the Yellow Ribbon money from DOD and really leveraged it.

In our state we just last year served New Hampshire 523 servicemembers. We intervened in 10 suicides where there was a suicide risk; 102 participants previously unidentified for mental health issues were diagnosed and received treatment. We got 77 people to work, 55 people prevented from homelessness, 62 people were going to lose their homes and we stopped them. We referred over 1,000 participants overall to other care providers, and raised a lot of money on the local level from the private sector to really kind of maximize the Federal dollars.

So although I'm supportive of the Yellow Ribbon program, the way we've done it, frankly, I'm quite proud of, of being able to really leverage those dollars.

So I wanted to ask you, all of you who—certainly Secretary Wright, Secretary Woodson, Secretary Wightman, what you think of this program, and if you haven't had a chance to see how it's working, we would love to have you in New Hampshire because I think it's a model to leverage scarce Federal dollars in a way that brings the entire community in.

Secretary WRIGHT. Yes, ma'am. First, your panel members up here are comprised of a Guardsman and two reservists that we have spent our careers. So we do understand what the National Guard and Reserve has done, particularly in the last years, and I am very familiar with your program from the standpoint of hearing about it. I have not had the pleasure of going up and seeing exactly what they do.

Senator AYOTTE. Well, we'd love to welcome you if you'd like to come up.

Secretary WRIGHT. And I will take you up on that.

But to your point, the program funded with Beyond the Yellow Ribbon money is excellent, and it does do exactly what you have said, and potentially more, because those individuals who either get housing or get jobs or are taken care of then affect tons of people that are their immediate and also extended family. So it does support many more than just the Guardsman and the reservist.

I'd like Mr. Wightman also to add information. He is responsible for the Reserve components.

Mr. WIGHTMAN. Thank you. Senator, this is a great program. I have not been there as well, and I would love to come out there and see the program in action.

It appears that the Beyond the Yellow Ribbon is an extension of the Yellow Ribbon program, and what you've done out there is fantastic. The Yellow Ribbon program goes up to a point through the entire deployment cycle, and then this program gets down with a care coordinator, with the family in the community, and that seems to be the full spectrum from one end to the other.

So I would commend the program. I know you've got \$1.2 million coming your way as a result of the work that's been done in the past.

Senator AYOTTE. Well, thank you. I appreciate it. I think it also gets the community more involved, which is really important, I think, to provide that support structure back in the community.

Let me just ask about the proposed benefit changes. I want to associate myself with the comments of the chairman, as well as the ranking member, about really looking at this in a holistic manner with the Commission. I'm concerned about moving on this now.

But here's one of my big concerns. It's usually the junior military personnel who are going to spend a higher percentage of their total income on housing, food, and health care. As I see these changes, they're going to be hit the biggest because, frankly, they're the junior enlisted soldiers that make the least. As I understand it, unfortunately, some of our soldiers are even having to be on food stamps.

So when I think about those soldiers having to pay whether it's more at the commissary or, if they have to live off base, a reduction in housing allowance, I'm very concerned for our enlisted soldiers, not that I'm not concerned for all of our soldiers because I am, but it seems that we're also hitting our enlisted disproportionately here as we look at the economic challenges that these families face.

So can you help me understand what is going to be the impact on the junior enlisted, and do you agree with me that they're likely to get hit, looking at how much they make and how much they just logically have to spend on housing and food, that they're going to get hit the biggest on this? And they already have a lot of challenges, so I'm worried about this.

Secretary HALE. Perhaps I can start. First off, I think we did look holistically. The Joint Chiefs designed this program personally, and I have great respect for the Commission and I understand why you set it up, but I would hope you would listen to them.

In terms of the overall design, I haven't done the numbers by grade, but I can tell you that we have benchmarks that suggest that we can recruit and retain the people that we need. The enlisted now are around the 90th percentile or in the 90s in terms of their pay and allowances, and the officers in the 80s. So our benchmarks suggest we can do it.

If we're wrong and we find that we have created retention and recruiting problems with these really fairly modest changes overall, then we'll reverse them. I mean, we're going to support the All-Volunteer Force. We have a strong commitment to do that. But we don't think we'll have to do that. We think we can do this and free up the money to help their training. I keep asking you to come back to that because that's why we're doing this. If you don't mind cutting readiness, then I suppose that we can do away with these proposals. But none of us want to do that.

Senator AYOTTE. Well, let me just be straight. I voted against sequestration, and I think that we should work together to address sequestration, especially since the world is in a very challenging time, not only with the Ukraine, Syria, every other risk we face in the world. So I understand the challenges you're under.

What I would like to hear from the panel—it doesn't have to be an answer but I would submit it for the record—I would very much like to know what will be the financial impact and what analysis you did, particularly looking at the enlisted junior officers and how much your average junior enlisted officer, what the financial impact—I assume before you proposed this, you all ran these numbers

and really looked at rank versus how much that person will pay more.

I think that that's really important for us to see the numbers that you relied on and the underlying data, because this, to me, is, again, I think of deep concern to the greatest asset we have in our military, our people. We can have all the greatest equipment and everything else, but without the people, as I know you all agree, we can't do anything.

So I'm just going to submit that for the record, just to get the numbers, and I'm sure that all of us would like to see what was the analysis done, and also by rank and what your average person makes and how this would impact them.

Thank you.

Senator GILLIBRAND. I'd like to associate myself with Senator Ayotte's comments. I would like that report as well. I think she's exactly right.

Senator AYOTTE. Thank you.

Senator GILLIBRAND. Senator Kaine?

Senator KAINE. Thank you, Madam Chairman. I know we've got a vote call, so I'll try to move quickly.

First, to pick up, Senator Lee asked some important questions, I think, about accommodations of religious expression. I know that it is a very challenging and subjective issue, often, for a leader to determine what is expression and what is proselytization or pressure that makes others feel uncomfortable, and that's something you can't write a rule for.

But here's something that is pure expression, and it's a particular passion of mine, and I know of the chairman's as well, and that's the treatment of Sikhs who serve in the military. Sikhs could serve in the military and wear their traditional hair, beard, garb, up through the late 1980s, but then there's been a change to make that more difficult.

The chairman and I have written a couple of letters about this and we want to continue it, continue our focus on this issue. For me, this is not just an issue of the protection of an individual's religious rights, which is extremely important, but in a world now where so many of the conflicts we are seeing are conflicts driven by sectarian religious intolerance, one of the best things we can do as a nation is demonstrate that we are welcoming and open and we tolerate different religious practices that don't go over the line into proselytization.

So I think actually a change in accommodation for Sikhs would serve an important purpose of showing how we as a society can model this. So I am just really putting that on the radar screen. It's something I'm going to continue to focus on with others here.

Secretary Wright, I want to ask you a question. Part of the testimony deals with a brief report about the success of the military in eliminating gender exclusions in military MOSs in the last year. Could you just talk about progress there?

Secretary WRIGHT. Yes, sir. As you know, the Services have—Secretary Panetta and Chairman Dempsey are the ones that eliminated the 1994 Ground Combat Exclusion. The Services have until 1 January 2016 to thoughtfully and deliberately integrate women into those closed positions. The Services are continuing to review

to come up with gender-neutral standards which will allow women to then come into these otherwise closed occupations.

The Army and the other Services have opened up and, frankly, I will have to turn to Mr. Vollrath for the specific number, but many different jobs for women, and they have also opened up—the Army in particular I can use as an example. If you are, say, for example, a medic, which women can go into, they have opened up units that were previously closed, an infantry battalion if you will, so that female medic can be in those units.

Senator KAINE. Can I just say, something that I would ask you to pay attention to, and we will, and I hope this isn't a concern but just history being a guide. In Virginia and in many states, when the Federal Government changed via Constitution the ability of a state to exclude voters on the grounds of race, my state said, okay, we can't exclude voters on the grounds of race, but we can come up with new requirements that have never been imposed before to basically exclude those voters, and that might trip up some others as well.

I would just hope in this effort, and I assume good faith, and I was so excited with this announcement last year, in the effort to come up with the neutral criteria to use to determine suitability for MOSs other than gender, I hope that there is some scrutiny to what those criteria are in an effort to make sure that they really are fair and objective and they're not an attempt to exclude women from MOSs without having a specific gender exclusion.

Secretary WRIGHT. Yes, sir, they are. In fact, we have hired scientists to do this. We are not doing this on our own as an organization. We need to pay attention to the occupational standards that are required to perform these jobs, and that's why I used the term "thoughtful and deliberate," because, one, we have to continue to do the mission in the fashion that the mission needs to be done, and we can't negate that mission or lower that mission or lower standards to perform that mission.

But saying that, we need to also have the standards be scientifically reviewed and established for anyone to perform those particular jobs.

Mr. Vollrath?

Secretary VOLLRATH. The only thing that I would add, Senator, is that in addition to the scientific approach to make sure that any bias isn't there, if perchance there is, and we don't think there is honestly, we also know that implementation has to be done in good fashion. You can't just dictate this. And given the military assignment-reassignment system, that process has already begun, and we are very cognizant of the fact that there will always be the first in some of these units. So we are cautioning commanders and senior non-commissioned officers that they need to understand and make sure that they are prepared for this, because it needs to be successful for the proper defense of this country.

Senator KAINE. I'm extremely supportive of this effort, and I recognize that human beings are human beings, so there are going to be some glitches along the way. But our best in this effort, and we'll continue to dialogue on it.

One last question, briefly, for Secretary Wright. My first legislation got wrapped up and included in the NDAA last year, which is

the Troop Talent Act, largely about the credentialing of military members during active service with the skill sets they obtain, when they obtain them, and I know that there's been a pilot project on this, and the DOD evaluation of the pilot was very positive. It found in the pilot MOSs that the cost of credentialing, about \$285 a person, was significantly less than trying to go in and deal with people's employment needs once they were veterans or much later as they're getting ready to transition out. The cost of DOL programs, the cost of unemployment insurance that the military pays, these are significant costs, and much better to give somebody a civilian translatable skill set for \$285 than have to pay costs down the road.

What more can we be doing to facilitate DOD and service branch-wide acceleration of credentialing initiatives?

Secretary WRIGHT. Sir, we have someone that is clearly working that aspect, credentialing and licensing, from the DOD job, from the military job to a civilian job. Frankly, yesterday I met with financial people to see what their standards were to see if we can move forward on that. So we are doing it all the time.

The individual's name is Mr. D—we call him D9. I apologize.

Secretary VOLLRATH. DiGiovanni.

Secretary WRIGHT. DiGiovanni, yes. He works for Mr. Vollrath, so if you want to add a little bit?

Secretary VOLLRATH. Senator, we're right in line with your philosophy and direction, and it's a two-way street. It is not just focused on the individual and trying to get the individual credentialed for life after. What we've learned in the process is we, the Department of Defense, get benefit from this, too. So, for example, if a medic can be credentialed as an EMT, we in the Department gain, as does that individual, and they can take it with them through life. So it increases our professionalism in those particular skills.

What we've also learned is that members who drive vehicles can begin to move toward the CDL, the Commercial Driver's License, that they become more professional and more turned on, if you will, about their job.

we've also discovered that we can take this into some other areas that people generally don't think about—for example, human resources. There is a professional body that licenses civilian human resource professionals. So we're going to move in that area and improve professionalism there.

So it is a win-win proposition from our perspective.

Senator KAINE. Thank you.

Thank you, Madam Chairman.

Senator GILLIBRAND. Thank you for your testimony.

Because we will vote, and Senator Kaine and I only have about 5 minutes to get there before the close, we need to close this panel. But I do have additional questions that I will submit for the record.

I am very grateful for your service and your testimony. I know how hard you've worked on this issue. I know it's not easy. But as you can see, there's a lot of concern among the committee about doing this because we somehow have to pay for all our cuts within personnel, and I think there's a push-back on that within the committee, and we may be waiting for the larger-scale, longer-term

structural reforms that come with the Commission's recommendations.

So, thank you for your work. Thank you for your service.

We will reconvene this hearing at 12:10, which will accommodate the votes—we have four votes—for the next panel. But you are dismissed. Thank you very much. [Recess.]

Welcome, everyone. Our second panel has convened. We have members of the Military Coalition, a consortium of nationally prominent uniformed service and veteran organizations. Retired Colonel Michael Hayden is the Director of Government Relations, Military Officers Association of America. Mrs. Kathleen Moakler is the Government Relations Director of the National Military Family Association. Mr. John Davis is the Director of Legislative Programs, Fleet Reserve Association. And retired Captain Marshall Hanson is the Director of Legislative and Military Policy, Reserve Officers Association.

I invite you all to give an opening statement, to keep your oral statement to under 5 minutes, and I invite John Davis to speak first.

**STATEMENT OF JOHN R. DAVIS, DIRECTOR, LEGISLATIVE PROGRAMS, FLEET RESERVE ASSOCIATION**

Mr. DAVIS. My name is John Davis and I'm Director of Legislative Programs with FRA. I want to thank you for allowing me to speak with you today.

At the heart of the budget challenges facing the Department of Defense is the devastating effect of sequestration. FRA and our coalition partners insist Congress should exclude Defense from sequestration. We agree with Secretary of Defense Hagel, who stated at his February 24th press conference that continued sequestration cuts will create a hollow force.

While debt reduction is a national priority, we believe that such a disproportionate share of this burden must not continue to be foisted on the Department of Defense, especially on the backs of military members and families who sacrifice so much for their country.

Adequate pay increases are needed to at least in part offset the extraordinary demands and sacrifices expected in a military career. We want to thank the chairman for her mentioning junior enlisted families regarding pay cuts and benefit cuts. FRA advocates that to sustain a first-class career military force requires a strong bond of mutual commitment between the servicemember and his or her employer. Pay and allowances remain the top retention choice for active duty military personnel since the beginning of the all-volunteer force. The highest rated benefit for active duty in FRA's online survey done in February and March 2014 was base pay. Ninety-three percent of active duty believe base pay is very important, the highest rating.

The active duty community is disappointed that Congress capped the 2014 active duty pay raise at 1 percent, which is 0.8 percent less than the growth of the private sector pay measured by the Employment Cost Index, and is the smallest pay increase in recent memory.

In 1999, it was determined that there was a 13.5 percent pay gap between military and private sector pay, and Congress made a commitment then to gradually close that gap. FRA believes that Congress should hold fast to that commitment. The gap was reduced to 2.4 percent, but it is now headed in the other direction with the 2014 pay increase.

Basic allowance for housing is an allowance paid to active duty servicemembers based on pay grade, dependency status, and geographic location within the United States. The fiscal year 2015 budget eliminates compensation for renter's insurance and cuts the average payment by 5 percent.

BAH is the third highest priority for active duty members in FRA's online survey, indicating that 83 percent of active duty see BAH as very important. In 2000, BAH payments provided 80 percent of housing costs. Congress at that time made a commitment to increase the benefit to 100 percent as part of the overall effort to enhance pay and other benefits to improve retention and recruitment. FRA is concerned that Congress has not learned from past mistakes that pay caps and other benefit cuts eventually impact negatively on retention and recruitment.

Also, adequate military end strength is vital in sustaining our national security. The strain and inadequate dwell time of repeated deployments are significant and related to end strength levels. This is reflected in troubling stress-related statistics that include alarming rates of suicide, prescription drug abuse, alcohol use, and military divorce rates.

For the last 13 years, servicemembers and their families have endured unprecedented sacrifices, often having less than a year at home before returning again for another year in combat. Roughly 1 percent of the population has volunteered to shoulder 100 percent of the responsibility of our national security. Now with these even greater end strength reductions, many servicemembers worry if they will be able to continue serving their nation.

I'll be glad to answer any questions. Thank you.

[The prepared statement of Mr. Davis follows:]

Senator GILLIBRAND. Thank you.

Colonel Hayden?

**STATEMENT OF COLONEL MICHAEL F. HAYDEN, USAF (RET.),  
DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS  
ASSOCIATION OF AMERICA**

Colonel HAYDEN. Madam Chair, MOAA, along with our coalition partners, disagree strongly with the budget proposal to shift billions more in health care costs to military beneficiaries. Fortunately, Congress rejected last year's TRICARE fee proposals, and we thank you for that.

Yet this year, TRICARE fee proposal is much more than a regurgitation of last year's. It includes similar disproportionate pharmacy fee increases and means-tested TRICARE for Life enrollment fees, both rejected by Congress. But it also includes a plan to consolidate the three major elements of TRICARE—Prime, Standard and Extra—to what is being characterized as streamlining or modernization, which you heard this morning. Actually, this proposal will have families and retirees paying more and getting less. It re-

tains the TRICARE Prime enrollment fee by relabeling it as a participation fee, yet eliminates the one major element that the enrollment fee assured, and that was guaranteed access standards.

But even more concerning is that this includes fees where fees never existed before and provides no additional discernible value. For the first time, this proposal would have working-age retirees paying to be seen in the military treatment facilities. The Pentagon's proposal would also have military families paying more for their health care when they have limited or no access to military facilities.

A main argument of this year's budget submission is to slow the growth of personnel costs to include health care. Critics continue to make claims of unsustainable health care cost growth since 2000, as if that was some type of reasonable starting point. But it's not. Congress enacted TRICARE for Life in 2001 to correct the ejection of older retirees from military health care in the six years before that. There was a spike as they returned to coverage in 2002 and 2003, but cost growth has been declining ever since, and since 2010 the combination of military personnel and health care cost growth has been slowed to less than 2 percent per year.

I do want to make one thing clear. The military TRICARE benefit is, by and large, an excellent one, but it has to be to help induce large numbers of top-quality people to accept the extraordinary demands and sacrifices inherent in a multi-decade military career. That's why assertions that military retirees pay far less for health care than civilians are so aggravating to those who wear the uniform or who have worn the uniform. Military people already pay far steeper premiums for health care coverage than any civilian ever has or ever will.

We realize DOD is in a very difficult situation with sequestration's arbitrary and disproportionate cuts, cuts that need to be eliminated. However, we also believe that DOD can look at making the system much more efficient instead of simply shifting costs onto the beneficiaries. For example, there is no single point of responsibility for budgeting or delivery of DOD health care. The Defense Health Agency is a small step in the right direction, and the jury is still out on the projected savings. However, this fiscal year 2015 proposal does nothing to improve the benefit. It simply shifts DOD's cost onto the families and retirees because it's easier to do.

We have worked with this Subcommittee and the House counterparts for the past several years to put what we think are reasonable fee standards in law, including annual adjustments tied to the retiree pay COLA percentage. We have accepted mail order requirements in lieu of higher pharmacy co-pays. All of these changes we accepted will save DOD billions in the coming years and have slowed the growth of health care costs. Now we think it's time to develop management efficiencies that won't impact beneficiaries, access to care, or delivery of quality of care.

In closing, Secretary Hagel stated before the fiscal year 2015 budget release that "continuous piecemeal changes will only magnify uncertainty and doubt among our servicemembers about whether promised benefits will be there in the future." We couldn't agree more. Any changes to pay, compensation and benefits to include health care should be looked at comprehensively, not piece-

meal. Since the congressionally directed Military Compensation Retirement Modernization Commission has been tasked to take a holistic and comprehensive look at the entire compensation package and propose even broader reforms next year, these piecemeal budget-driven changes are even more inappropriate.

Finally, we believe the budget will require balance, but we are concerned that the Pentagon is heading down a previous path, repeating some of the very same mistakes that led to significant retention problems the Nation experienced by the late 1990s. History shows comparability can't work unless it is sustained through both good times and bad budget times. We are still a nation at war. Capping pay and forcing troops and their families to pay more for their housing, health care and groceries sends the wrong message.

Thank you, and I look forward to your questions.

[The prepared statement of Colonel Hayden follows:]

Senator GILLIBRAND. Thank you.

Captain Hanson?

**STATEMENT OF CAPTAIN MARSHALL HANSON, USNR (RET.),  
DIRECTOR, LEGISLATIVE AND MILITARY POLICY, RESERVE  
OFFICERS ASSOCIATION**

Captain HANSON. Thank you, Madam Chairman. I am Marshall Hanson. In addition to my legislative job at the Reserve Officers Association, I am also a co-chair for the TMC's Guard and Reserve Committee. We appreciate the opportunity to testify this afternoon.

All of us have heard how the Army expects to reduce its numbers to below the manning levels prior to World War II. What is missing from this explanation is a back-up plan if DOD's strategy is wrong. Between 1924 and 1939, while the active Army was small in size, the plan was to mobilize 1.3 million men within four months of any crisis. No such fallback plan exists today, placing the full onus onto the Reserve and National Guard to provide any surge.

While there is an increasing number of studies supporting the Reserve and Guard cost efficiencies, the Army is pushing back against the role of the Reserve Force. Using the QDR as a reference, the Army is now challenging how quickly the Reserve or Guard can be mobilized to respond to a crisis. Over the last 13 years, nearly 900,000 Reserve and Guard members have been mobilized.

TMC believes that the Nation needs to continue to use the Reserve components as an operational force and sustain this number as a surge capacity for unexpected contingencies. As DOD is willing to accept risks, as we heard this morning, the Reserve and Guard are the only insurance policy. It is important to retain the combat experience of veterans in the Reserve component during a reduction in the total force. Cutting the Reserve and Guard, as well as the active forces, will make achieving readiness goals even more difficult.

This is why there needs to be caution before making compensation cuts to the Reserve Force. Compensation needs to keep pace with the Nation's ever-increasing reliance on the Reserve and the Guard. Yet DOD wants to reduce monthly reimbursement, has suggested changes to retirement and cost increases for benefits.

If you calculate the number of days worked against current pay, the ratio for both active and Reserve are the same. Reducing monthly pay will drive away the best, as they can reap higher rewards elsewhere. Suggested changes to retirement will actually pay Reserve Force retirees less over their lifetime.

A fiscal year barrier exists, denying reservists a 90-day credit if their service crosses between two fiscal years. The TMC supports S. 240 by Senators Tester, Chambliss, and Blumenthal to retroactively fix this problem in U.S. Code. The TMC also advocates expanding the early retirement to the warriors who served since September 11, 2001. As many senior officers and enlisted are performing duty without pay, TMC also endorses crediting all inactive duty toward Reserve retirement.

Several years ago, DOD reassured beneficiary associations that TRICARE Reserve Select would not be included in fee increases that DOD had requested. This year, however, if fees are increased, DOD leaders say they will be the same for TRICARE Reserve Select as it will be for TRICARE Standard beneficiaries. The Pentagon views TRS not as a health program for Reserve and Guard, but as a health insurance option. Reserve Force members have proven themselves over the last 13 years and should have a health care program fit for warriors.

Undesirably, transitions between different military health care programs are not seamless. Serving members need to re-enroll at various points as they transition on and off active duty. This has caused many Reserve members to be uncertain about TRICARE Reserve Select. TMC supports an option to pay a stipend to employees during mobilization periods, permitting family members to continue on their civilian medical insurance.

For those reservists who are wounded or injured, many are not receiving the same disability rating as their active duty counterparts. If any warrior is asked to take a risk, their benefits should not be discounted, because no one is part-time in a war zone. Similarly, if they make the final sacrifice in the line of duty, Reserve and Guard surviving family memories should receive the same level of survivor benefits as their active duty counterparts.

The Military Coalition looks forward to working with this committee on these and other issues highlighted in the written testimony. I thank you, and I await your questions.

[The prepared statement of Captain Hanson follows:]

Senator GILLIBRAND. Thank you.

Mrs. Moakler?

**STATEMENT OF KATHLEEN B. MOAKLER, GOVERNMENT RELATIONS DIRECTOR, NATIONAL MILITARY FAMILY ASSOCIATION**

Ms. MOAKLER. Good afternoon, Madam Chairman. I am Kathleen Moakler, Government Relations Director of the National Military Family Association and a proud military family member. I also co-chair two committees for the Military Coalition.

Thank you for allowing me to speak to you on behalf of military families this afternoon, and thank you for your eloquent words about military families in your comments before the first panel this morning. My statement will reinforce your words.

While some families still have loved ones deployed, many families felt the hardships were over for a while. For 13 years, they have experienced repeated deployments, worried about a loved one in harm's way, parented on their own, and put their lives on hold year after year. They know this is what their servicemember had signed up for, but they also felt their government was there to support them, to have their backs, and had provided them the tools they needed to get through it, many provided by this subcommittee.

Servicemembers and their families have kept trust with America through over 13 years of war. Unfortunately, that trust is being tested. Recent national fiscal challenges have left military families confused and concerned about whether the resources contributing to their strength, resilience and readiness will remain available to support them. We know that looming cuts mandated by sequestration threaten these programs and services they rely on.

The administration's proposals to cut pay increases, reduce housing allowances, eliminate commissary savings, and increase health care costs, all at the same time, pose significant risk to the financial well-being of military families.

We ask Congress to oppose shifting health care costs to active duty family members. The proposed consolidated TRICARE health plan would create a barrier to accessing care by making military families pay more when they need to see a doctor outside the military hospital or clinic.

We have been successful over the past few years in reducing the stigma associated with military families seeking behavioral health counseling. Because of the shortage of military behavioral health providers and the appropriate focus on first providing care to the servicemember in the MTF, our families often have no choice but to seek counseling outside the military hospital. Special needs families face the same limited choices for most of their specialty care. Let's not prevent military families from seeking the help they need because they have to pay out-of-pocket.

Military families tell us they rely heavily on the commissary savings and appreciate the good deal they get. We believe that the 30 percent savings available to military families who regularly shop at the commissary is an important part of compensation. In 2013, for every dollar spent from appropriations, military families realized two dollars in savings. Why are we messing with a successful system?

We repeat and reiterate what we told this committee last year. We need Congress to end sequestration once and for all, which places a disproportionate burden on our Nation's military to reduce the deficit.

We also want to speak for those who have been affected the most by these past years of war. We ask you to correct inequities in survivor benefits by eliminating the DIC offset to the survivor benefit plan. We agree with the recommendations of the 11th Quadrennial Review to ensure SBP annuities for the family of a reservist who dies while performing active duty training are calculated using the same criteria as for a member who dies while on active duty.

Servicemembers and their families must be assured that our Nation will provide continued, unwavering support to the wounded, ill, and injured. This support must also include programs and serv-

ices that help military caregivers, typically spouses or parents, successfully navigate their new role. Please continue to support these important resources and ensure that the resources adapt as the needs of these families change.

In order to keep the trust of military families, the Nation must keep its promises. Reject budget proposals that threaten military family financial stability as a way to save money for the government. Military families continue to do their part to ensure the readiness of our fighting force. We ask the Nation to do their part in providing for the readiness of military families. And our highest priority, as is yours, is a ready force.

Thank you, and I await your questions.

[The prepared statement of Ms. Moakler follows:]

Senator GILLIBRAND. Thank you for your testimony. I think it's vital that each of your testimonies is part of this debate because you are the voice for so many who have served our country, who are still serving our country, and those who really rely on the support that benefits and wages actually provide for these families.

So I have three questions for all of you to answer in whatever measure you prefer.

The first is, do you support any of the proposals that the administration has offered?

Second, if you don't, do you have any proposals that could yield savings that could be used to restore readiness and modernization?

And third, do you believe that we should wait for the Military Compensation and Retirement Modernization Commission to report next February so we can consider these proposals more holistically? Some of you said that in your testimony.

But those are the three questions.

Mr. Davis, you can start if you like.

Mr. DAVIS. I'm not sure where you'd want me to start with as far as what the proposals are for the—

Senator GILLIBRAND. Wherever you like.

Mr. DAVIS. Okay. We certainly don't have any problem with them looking at the merger of the TRICARE as long as it's done in an adequate way, just that per se. We do oppose them shifting the cost of TRICARE to the beneficiaries, as Colonel Hayden mentioned in his statement.

Senator GILLIBRAND. Do you have concern about the fact that you have to travel to a hospital or medical services on a base for those who are retired? I thought that might be an issue for a lot of people.

Mr. DAVIS. It is. We have a considerable number that are near military MTFs, military facilities, but it is for a lot of our members as well the travel that they want to save money. But we have come forward with some proposals with that. For example, the direct mail, which I know is being implemented for the TRICARE for Life, and I know it's been talked about for extending that to other beneficiary groups as well, and I think that's important.

But I think the main thing is I think we've painted ourselves into a corner with sequestration, and we need to look at how we can get around that, not only just with the benefits for enlisted people and for the retirees but also just for our national security. I think you could probably, when you see the cuts coming down the

road in the coming years, we could cut all kinds of benefit programs and we still wouldn't have enough, and we'd end up cutting significant end strength and weapons programs and other parts of the military that would really jeopardize our national security.

Senator GILLIBRAND. Thank you.

Colonel HAYDEN. Senator, if I could, it's an interesting question, line of questioning when you take a look at it. But I'm going to actually try to answer the last one first, because it really comes down to piecemeal approaches.

It appears that the budget proposal this year, especially when you're talking about the overall impact on what it would be for military members and their families, as well as the retiree population, this is kind of like Jello on a wall. We just kind of threw as many things as we could, and we've had to do some things, we've had to assume some risk, and the Department is basically saying here are the areas where we can assume some risk, and we may or may not impact recruiting and retention.

From our perspective, those piecemeal approaches should be the last thing that we should be looking at. If you're going to look at broader reforms and you've got a commission that Congress directed to do, that's what we should be looking for, is much more broader reforms.

I'm encouraged that the Coalition has had an opportunity to meet with the members of the Commission, as well as with their staffs, and we're encouraged that they're looking at it from more of a perspective of how do we provide the same level of benefits, or even much better benefits, which potentially could be at a lower cost. The idea there is that this is the way this should be approached. Unfortunately, what we see, and at least from MOAA's perspective, that these are really budget-driven decisions.

This overall impact of the E5, as we've got on the chart there, it shows it's about \$5,000 annually. When you start looking at our pay caps of just 2 years, and the proposal is actually for pay caps of what would be 6 years, and all of those just repeat the same bad behaviors that we did in the 1990s. When I was in the service, I was a recruiter in the 1990s, turn it around, was the chief of personnel policy in the Air Force in 2003 to the 2005 time period, and all of the drawdown aspects we were doing at the time, these are starting to be some of the same repeat bad behavior that I was involved with in the 1990s. So we're capping pay, we're cutting back on a commissary benefit, and all of this has a direct impact.

So the first question that you asked, I'd say no. I'd say that we have to take a look at this. How can we do this much more efficient? That's what the Commission is supposed to be doing and provide those holistics, as well as much more streamlined.

We even offered that a single budget authority could be one of the ways we look at it just in the health care delivery. There are other things that can be done as you look forward and going on to provide the benefit structure.

But these that they've proposed right now, again, I get back to, is just Jello on the wall.

Senator GILLIBRAND. Thank you.

Captain HANSON. Thank you. I'm going to be the one who says it. The proposals for TRICARE that the Department of Defense is

coming up with is just slapping a label onto a bottle of wine that already exists. There aren't really new proposals. They just want to re-identify things, and one of the best examples is the fact that they're changing what used to be called "enrollment fees" to "participation fees."

When a group of the beneficiaries were on a teleconference call with DOD leadership, they got confused on what term to use. When it was pointed out that they were confusing enrollment fees with participation fees with premiums, they said, oh, it's all the same.

Senator GILLIBRAND. It's how much money are you going to pay, how much money can we get from you.

Captain HANSON. Right. So the whole purpose of this repackaging is to find ways to shift the cost burden from DOD onto the backs of the beneficiaries.

On to the question of travel to hospitals and military treatment facilities, it should be remembered that the Guard and the Reserve for the most part are outside of the normal TRICARE network. And because of this, they have long distances to travel, and they also have challenges to get doctors to accept their TRICARE. So, one, they have longer distances to probably find someone, a provider who accepts it. And two, with a relabeling, you're going to see the same confusion occur in the civilian area that occurred when CHAMPUS changed to TRICARE, and those two terms are still being used interchangeably today. So we may actually drive providers out of the system because things get relabeled.

As to the question on alternatives, I can share with you that when the COLA minus 1 percent issue came up, and we thank Congress for having fixed that so quickly, the associations got together and started considering certain options to find offsets to help correct that problem. You managed to do that on your own, and I can share with you that we do have some in our pocket to discuss with the committee if we have to find these offsets in the near future.

Now, one example that I can share with you that we tend to agree with, a big area that can be improved upon within DOD is their acquisition programs. Purchasing of weapons systems is not the most efficient, and a lot of dollars are being lost in how things are occurring, and that money could be used to save some of the benefits that occur.

Now, we are working, as was mentioned, with the MCRMC, and what concerns the Reserve Officers Association the most is DOD's white paper that they submitted to the Commission already. What we found is this white paper is a patchwork of utilizing previous studies and throwing out a lot of different choices to the Commission. And again, these aren't well thought through. I mean, I describe it as Jello on the wall, but it's definitely a patchwork, and this is a concern that we have to go through and analyze these things thoroughly.

If people are going to submit things to the Commission, they should do the full staff work in advance rather than relying on the MCRMC to do the work for them.

Thank you.

Senator GILLIBRAND. Ms. Moakler?

Ms. MOAKLER. First off, I agree with the previous panelist that we cannot stress how important it is for the Commission to finish their work. We agree that they have been most open in speaking with us. We have had chances to submit testimony, to speak with the different commissioners. So they are really doing due diligence to try to look at the entire compensation picture.

Military families know that there are budget cuts coming down the pike, and they have already experienced them, and they've seen the agencies that provide programs and resources for them trying to do more with less, with the people in the brick and mortar buildings wearing multiple hats. They kind of expect that.

But what they didn't expect was the volley of hits to their pocketbook that were the budget proposals, the less-than-ECI pay raise, the slowing of the growth of the BAH, the attack on the savings from the commissary. The commissary is such an important part of life and the source of such savings to really help the financial stability of our military families, something that they rely on.

Is it 8 years ago that we finally opened it to the Guard and Reserve so they could shop there as often as they wanted to? So that was a great resource for them, as well.

But I think the most egregious is forcing active duty families to assume some of their costs for health care. When we were on that same phone call with the leadership, it was implied that families have a choice whether they want to go to a provider in the network or out of the network, as opposed to going to the military treatment facility, the military hospital or clinic. As I spoke to in my statement, sometimes they don't have a choice.

Senator GILLIBRAND. Is that because the military provider doesn't exist, or because—

Ms. MOAKLER. No, because you may be the family of a recruiter. You may be a family of someone doing ROTC duty. You may be attached to a Reserve unit. We were reminiscing earlier. When my husband was in grad school, that was the first time I had to use treatment for my children that was outside the military treatment facility back in the days of CHAMPUS, and that was quite a hit to our pocketbook then.

Senator GILLIBRAND. And that's because your kids weren't covered under your husband's—

Ms. MOAKLER. No, because we weren't near a military hospital.

Senator GILLIBRAND. Oh, logistically.

Ms. MOAKLER. Logistically, and that's what it's going to be tough for our families.

Senator GILLIBRAND. That's what I'm worried about. I mean, if your kid is sick, you can't drive 90 minutes to get him antibiotics. That is not going to work with your schedule. There is not going to be time in the day to do that. I mean, I think it's crazy.

Ms. MOAKLER. But it's not good health care.

Senator GILLIBRAND. It's terrible health care.

Ms. MOAKLER. It's not good practice, even for our retirees. To think that they're going to drive two hours just because they're going to be able to access the MTF is a fallacy. They should have health care close to where they live.

Senator GILLIBRAND. Right.

Ms. MOAKLER. Plus, we are wondering how they are going to address capacity issues, because they're talking about giving preference to those folks who are already enrolled in TRICARE Prime so that they would be able to stay in the military hospital. But one of the beauties of the TRICARE system was that it allowed the military hospitals to ebb and flow, for them to make sure that there was room in the hospital or in the network, before they had to pay, that they would be able to be seen.

Now we don't know what capacity there will be for military families as they move from place to place because we have a mobile society with our military families, and how are they going to know when they move from one station to another whether there is going to be room in the military hospital for them? So that's a big concern that we have.

It's just an awful lot for families to take considering the sacrifices that they've made over the past few years, and I think there is some other way that DOD could come up with to make these cuts. We don't have any suggestions on our part, but we're hoping that they would be able to come up with those.

Senator GILLIBRAND. Let me ask you specifically, for all of you who have an answer on this. I am very worried. Our last hearing we had was on suicide rates, and as you know, there has been a horrible increase in the number of both active duty and veteran status personnel who have committed suicide, and family members, because of the strains with multiple deployments, because of the nature of the deployments, and because of a lot of untreated issues like sexual assault in the military.

So my concern is, under these new proposals for health care, that we won't have the access that we need for specialists, particularly mental health specialists, for family members, or for veterans, or for retired, or for active duty, and I'd like you to speak to that to the extent you know how these proposals could impact that access.

Mr. DAVIS. Well, one of the things that I could tell you, and this is from not only hearings regarding Armed Services but also the Veterans Affairs Committee, is there is a shortage of mental health professionals.

Senator GILLIBRAND. Yes.

Mr. DAVIS. So we can mandate that we can hire more mental health professionals, but literally there may not be enough out there to take care of everyone. So that's a major concern that we're very concerned about.

We are concerned about, like I said, with the reduction in end strengths, that that can cause a lot of stress on the families. That includes the kids and the spouse and the servicemember, and this can cause a lot of problems with regard to suicide, but also alcoholism and other bad behavior that just exacerbates that situation.

So we're very concerned about it, but we're very concerned that there may not be enough mental health counselors out there to fill that void.

Senator GILLIBRAND. I would like each of you in your advocacy—I think you have to be very aware, and we heard that from the statements by Senators today, that the recommendations of this panel will be taken very seriously, and you have to recognize that it could include every single one of the administration's rec-

ommendations. So I think, in order to prepare and to actually give them access to the information that they need, you must document what the impact of these administration proposals are for the panel, because these are minor compared to, I think, what the panel will come up with.

I think while we're resting on this panel is going to look at everything, it's going to be more holistic, we're very hopeful—well, if we see what this panel recommends and it's all of these cuts plus 10 more, we are going to be in a very, very concerned place.

So I think this is an opportunity for you to heighten your advocacy, to get more specifics, and I think even begin to document not only the suicide rate but the increase in domestic violence rate, the increase in divorce rate. You can show the trauma that is going on amongst these active duty retirees, veterans and family members that is not being addressed. And when you change the access to mental health services and other health care services, you're going to continue to degrade the force, because ultimately this is about military readiness, and you will not have the force you have today if you can't meet their medical needs, and that includes their family members. If you have increases in divorce rates and domestic violence rates, you're not going to have a ready force.

So I really think you need to look into this issue. we've never seen suicide rates as high as we've seen in the military today. we've never seen family members committing suicide at the rate we've seen today. And it's because of the pressure we're putting on the force.

So I really think, to the extent you can spend a lot of time and effort investigating and actually coming up with this is the impact of these kind of cuts on every single constituency that you represent, it will be very meaningful, because people are thinking these are just numbers.

I can tell you how Washington works. When they look at budgets, they think it's just a number, and we know from the Administration's proposal how much every single one of these budget proposals add up to. This one is \$400 million, that one is \$600 million. We know it's a number, and it adds up to \$2.1, and they're going to just see it as a number, and we have to change that reality and see it as a consequence to real people, real families, men and women that we ask everything from and who deserve better from this country. So I will request your help.

Does anybody else want to speak to mental health while we're still on that topic?

Captain HANSON. Mental health is a challenge for those that are in the Guard and Reserve because, as I mentioned before, they're further away from the network, and some of the tele-counseling programs have been cut back on that were experimented with a couple of years ago under demonstration projects.

The suicide rate for the Guard and Reserve is a challenge. And oddly enough, what brings it about is employment, or I should perhaps say unemployment, relationships because of the stresses that you pointed out, and in some ways deployment. Ironically, it's not so much having been deployed but not having been deployed to where we have young reservists and Guard members who are now

left out of the cadre of the people who went over and fought overseas.

One thing that I know we support is a mental evaluation program done up-front when an individual affiliates. One, it can filter out personality disorders, which has been a challenge for the Services; and two, create a benchmark so that if someone is indeed deployed, you know what their mental state was before they went, and then you can measure it again when they come back, and I think that would help on the mental health side to see these changes so you can target those people who need to be counseled the most.

Senator GILLIBRAND. Well, certainly that would be helpful in benefits, because for a lot of those who have been sexually assaulted or raped in the military, one of the ways some of these personnel were retaliated against was giving them a mental disability, literally saying we're kicking you out of the military because you have now displayed emotional problems, which these members of the military did not have coming in, that they were created because they were subjected to the worst kind of treatment, not only by the assailants but then by their command structure that should have protected them but allowed retaliation and didn't allow proper reporting and justice being done.

So it's a dual betrayal which is undermining so much of their ability to be able to continue to thrive in the military, and many have been forced out with, now, emotional or personality disorders. So, yes, I think that would be a very useful thing to be able to have a baseline, because it's been a tool, unfortunately, used to get rid of members of the military who have been so bold to report a sexual assault or a rape.

Ms. MOAKLER. Madam Chairman, I just want to highlight the recent study that DOD provided to Congress that was congressionally mandated on the feasibility of tracking suicides of family members, and to encourage you to encourage DOD to take the next step and start tracking the suicides of family members so we can help analyze what's causing it and what tools are needed to help stop it.

Senator GILLIBRAND. We will try to get that in the next NDAA, because it would be very useful.

The last question I want to talk about is, particularly for military families, what are the most useful programs we have now for our military families? What are the things that support them the most? Do the reintegration programs after military deployments meet the needs of our military families? Is there sufficient transition assistance? And what should be done to improve on these programs?

Ms. MOAKLER. Well, I think one of the most helpful programs that has far-reaching effect on all military families, no matter where they live, is Military OneSource. That was an innovative program at the beginning of the war to address the needs of Guard and Reserve families, geographically dispersed families. The website is available for those non-ID-card-holding families.

The counseling session of it was amazing and really helped a lot of folks cope with the challenges that they met during deployments. So we really, really appreciate Military OneSource and feel that it was money well spent.

In our testimony we highlighted the fact that the Yellow Ribbon program, the folks at the headquarters are working on a plan for the future, and they've come up with a plan for the future on how to adapt the Yellow Ribbon program to the ebb and flow of how we're using the Guard and Reserve and how to adapt it. They offer three different ways to reach everyone, whether they're drilling, whether they're being deployed, however they're being used.

Senator GILLIBRAND. I would like to work with you on that because I think that's very important.

Ms. MOAKLER. Yes, it really is. And we are very concerned with downsizing and how we are going to help our families transition, because they have been used to a very robust set of support services, and the challenges that they have aren't going to go away just because their servicemember is out of uniform.

Senator GILLIBRAND. Correct.

Ms. MOAKLER. And how we can educate them on the services that are available in their community, and educate communities on meeting the challenges that these families are going to have.

Senator GILLIBRAND. Well, I want to thank all of you for your testimony.

Yes, Mr. HANSON?

Captain HANSON. Thank you, ma'am. One of the things that was covered in the Reserve Officers Association written testimony is the fact that support for families is one of the Reserve gaps that we found. I think Kathy has given a good summary of efforts that are occurring to help the Guard and Reserve in family support. But the big challenge you have, of course, is the geographic dispersment, unlike military active duty organizations where families are close together.

So I think it's going to take very much a public-private partnership to accomplish building additional programs to help the Guard and Reserve in this area because there is still a void to go there.

One area I know that the Reserve Officers Association is working on is School Kits, as we call it, because when you have active duty children going on-base to school or just off a base to school, the teachers are very familiar with deployments and things like this, but you could very much have a Reserve child as an individual within a school with the teachers not realizing the type of stresses that they face.

We've been working with the National Military Family Association on developing this kit, and we've been trying to get partnership in the private sector so that we can beta test this.

Senator GILLIBRAND. I'd be delighted to work with you on that. And I think we should also try to engage the Governors Association because, obviously, the governors are supposed to have a responsibility towards National Guard and Reserve. So maybe a collaborative effort between Federal Government and State government could be beneficial in that.

But again, thank you all for your testimony. You can submit any additional testimony that you want for up to a week. I think it's been very important that you're here to be part of this debate. But as I mentioned, this is going to be a very long debate, and so I urge constant advocacy in every State because I think people have to see the face and understand the family impacts of these types of deci-

sions. If it's just a number, it's very easy to cut. If it's families and people and real lives, it is less easy to cut.

Thank you.

[Whereupon, at 1:09 p.m., the subcommittee adjourned.]