

STATEMENT OF
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FOR FORCE MANAGEMENT POLICY
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SUBCOMMITTEE ON PERSONNEL
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Mr. Chairman and members of this distinguished subcommittee, thank you for the opportunity to be here today.

Ensuring the well-being of our men and women in uniform and maintaining the readiness of our Armed Forces remain the highest priorities of the civilian and military leadership in the Department of Defense. Today, I would like to outline the challenges we face in meeting these priorities as well as discuss the initiatives the Department has proposed in the Fiscal Year 2001 budget to address these challenges. I will cover a number of topics this afternoon such as recruiting and retention incentives, proposed changes in out-of-pocket housing expenses, funeral honors for our veterans, and improvements in our military healthcare system.

Recruiting

The extraordinary strength of the American economy has reduced unemployment and made it possible for more young people to attend college. However, those favorable

events challenge military recruiting. To meet its needs, the Department, with the strong support of the Administration and this subcommittee, has provided its recruiters with the widest range of enlistment incentives in the history of the All-Volunteer Force. The Services are committed to achieving numerical and quality goals, and the Department stands ready to adjust resources as necessary to accomplish its recruiting objectives.

During Fiscal Year 1999, the Department sustained its commitment to excellence in recruit quality, and all Services achieved goals. Moreover, the Navy and Marine Corps fully achieved numerical objectives, but the Army (92 percent) and Air Force (95 percent) fell short of their respective targets of 68,000 and 33,000. Department-wide, 93 percent of non-prior service recruits were high school diploma graduates; 66 percent scored above average on the Armed Forces Qualification Test (AFQT). Virtually all prior service recruits were high school diploma graduates with above-average aptitude.

Recruiters have been supplied with a very strong slate of enlistment incentives. The Army, Navy, and Marine Corps all offer college funds. When combined with the basic Montgomery GI Bill, the resulting package provides up to \$50,000 in education benefits. These college funds, or “kickers,” are targeted towards high-quality youth who enlist in shortage skills or for longer enlistment periods. All Services offer enlistment bonuses to encourage enlistment in critical skills. The Army offers up to \$20,000, the Navy and Air Force each offer up to \$12,000, and the Marine Corps offers enlistment bonuses of up to \$6,000. Further, the Army and Navy offer an option to help pay off student loans. The Army will repay up to \$65,000, and the Navy will repay up to

\$10,000. Finally, the Army and Navy also offer new recruits in extremely short skills a combination of both an enlistment bonus, and either a college fund or loan repayment.

Several initiatives are also planned or underway to address challenges and opportunities relating to recruiting. To create new market opportunities, DoD will pursue enhancement and expansion of its presence on the Internet, test civilian telemarketing technology, and explore innovative ways to penetrate the college and college-bound market. To improve recruiter efficiency and effectiveness, DoD will develop a prototype on-line recruiting station, test remote enlistment processing, evaluate the effectiveness of civilian administrative assistants in recruiting offices, automate fingerprinting capability at Military Entrance Processing Stations, and promote recruiter quality-of-life initiatives. Emphasis will be placed on development of "electronic" recruiting, to shift the focus to "cutting edge," Internet-based technologies and distributed approaches. Specific projects include development of a prototype on-line virtual recruiting station, and positioning of mobile kiosks offering Internet access at high-traffic locations, such as community colleges, malls, or youth-targeted community events.

Retention

We have no "bottom line" other than readiness, which we ensure through the retention of quality people. The military's personnel system relies on recruiting from the bottom; it is not conducive to lateral entry. Therefore, the loss of mid-career leaders cannot be replaced through "hiring actions." The experience such individuals bring to the position is lost until a replacement can advance with the comparable level of experience.

The new pay and retirement package is a great start towards improving retention, which in turn benefits recruiting; but pay improvements alone will not resolve all current concerns. It will take time and significant efforts in various areas, such as quality of life and managing the personnel tempo, to achieve our retention goals.

Compensation

While it is too early to measure the impact of compensation and retirement changes since the first tangible results of the pay raise showed up in the paychecks in January of this year, and the targeted increases will take place in July, the promise of long-term, fair and equitable compensation could potentially stabilize aggregate retention patterns, allowing the Department to focus on retaining critical skills.

The January 1, 2000 pay raise of 4.8 percent for all military members was the largest since 1981. It was one-half percent higher than the Employment Cost Index as will be the raises through 2005. This ensures that military pay growth remains ahead of private sector wage growth. We must ensure our pay can compete against a wide array of civilian workforce opportunities and education alternatives in order to attract and retain high-quality personnel.

In addition to the January 1st across-the-board pay raise, we will implement targeted pay increases with pay table reform. These raises are targeted at the grades where experience, skills, and knowledge are most valuable to the Services. Increases to pay range maximums - as much as 5.5 percent - are on top of the 4.8 percent that all

military personnel received on January 1, 2000. This one-time restructuring of the pay table will help relieve compression between grades, shift the emphasis back to rewarding promotion rather than longevity, and better recognize non-commissioned officers and commissioned officers for their performance.

The military retirement system has also been dramatically improved for our younger service members. Reduced retirements no longer automatically apply to those entering service on or after August 1, 1986. However, members may voluntarily elect to remain under the reduced retirement system and receive a \$30,000 career-retention bonus at the 15th year of service anniversary. The combination of a cash bonus and a reduced retirement should be attractive enough so that many members will prefer it over the existing system that pays 50 percent of an average of the highest three years of basic pay. In January 2001, the first members to face the choice will receive information, and they will have to make their choice by August 1, 2001. In the interim, we will be educating members about the choice so they will have enough information to make an informed decision. We have already fielded a web site, including an interactive retirement calculator, to explain the implications of making this decision.

The Department's Fiscal Year 2001 budget proposes an array of additional enhancements to last year's major improvements. The major components of the Fiscal Year 2001 compensation package include a 3.7 percent military pay raise and improved housing allowances.

Pay raises send a clear signal that our nation recognizes the demands and sacrifices of military service. This pay raise ensures that service member pay growth is once again ahead of private sector wage growth. With this raise, combined with the January and July 2000 raises, average military pay will be more than ten percent greater than Fiscal Year 1999 pay levels. The proposed 3.7 percent across-the-board pay raise costs \$1.6 billion in Fiscal Year 2001 and has a total cost of \$10 billion over Fiscal Years 2001 through 2005.

Secretary Cohen recently announced a plan to increase housing allowances sufficiently to lower average out-of-pocket expenses in 2001, and to eliminate them altogether by 2005. This will result in increased housing allowances everywhere in the country. For example, E-6s will see their allowances increase \$35 next year and \$175 by 2005, in addition to any increases resulting from higher housing costs over that same period. When completed, this initiative will allow us to set housing allowances high enough to pay the median rent for each type of housing measured in every stateside location. This initiative is fully funded in the Department's Fiscal Year 2001 Budget. It will cost \$160 million in 2001, with the Fiscal Year 2005 cost growing to \$1.4 billion.

But, many people expressed concerns that this year's housing allowance rates inappropriately went down in some areas and members in these areas were being disadvantaged. After careful review and in light of his decision to significantly increase the allowances over the next five years, the Secretary of Defense announced that this year's housing allowances would be restored in locations where the 2000 rates were lower than the 1999 rates.

Increases to the housing allowance will improve quality of life in three significant ways. First, higher allowances will help those service members living off base better afford the cost of off-base housing. Second, higher allowances will have a positive effect on privatization initiatives. These initiatives can provide new housing in areas where available housing is limited. Privatization efforts also can significantly improve the quality of existing military housing by turning units over to a private developer to renovate and maintain. Finally, the benefits of both better allowances and increased use of privatization will allow for more efficient use of current Military Construction funding. Private developers will take over some housing, build new housing, and allow for demolition of high-maintenance, substandard housing. The Services then will be able to better maintain and renovate the remaining government quarters.

Finally, the Department continues to rely heavily on special and incentive pays, allowing us to directly target our most critical skills. For instance, we are closely reviewing potential adjustments to the ceiling for Special Duty Assignment Pay, and to the potential for an enlistment bonus for two and three year enlistments in the Navy as a means of enhancing its ability to attract qualified recruits.

Quality of Life

Americans' expectations for a suitable quality of life have risen dramatically in the last decade. As a microcosm of America, service members are no different. Our service members expect a standard of living with opportunities for individual and family

growth comparable to their civilian counterparts. Of the force, 58 percent is now married, making it more important to address the needs and desires of families. Health care, housing, dependent education, and spouse employment are all very important factors for retention and satisfaction with the military lifestyle. The pay raise will do much to improve life for service members and their families, but it is not enough. Therefore, the Department is committed to delivering a quality of life comparable to that we find in America today.

Our challenge is to address the most pressing issues affecting the ability of service members and their families to succeed. An essential element in this quality of life framework is financial stability. To achieve a high-level quality of life, service members must establish a solid track record of financial stability and economic security. This is especially important for our young troops. We seek to assist this very young population of inexperienced consumers to make sound financial decisions from the very beginning of their careers.

We wish to thank you for your support of the current raises in pay and housing allowances; they will certainly provide meaningful change in the financial stability of our troops. However, we can, and we should do more. Therefore, we are preparing a campaign to assist service members to maximize and manage earnings while also encouraging savings made possible by the pay raise. This Financial Stability campaign will be discussed more as our plans continue to unfold; however, a few initiatives under review for implementation include revolving loan funds, increased financial planning and

savings planning, expanded housing options, spouse employment initiatives, transportation cost reductions, and reduced costs of moving.

Morale, Welfare, and Recreation

Over 300 military communities around the world contribute substantially to the financial and emotional well being of our military families. They provide safe havens for our service members and young families through a wide-range of services. Family centers, childcare, and Morale, Welfare and Recreation (MWR) services offer comparable “hometown” support for service members separated from their extended families and traditional support systems.

In Bosnia and South West Asia, where troops are restricted to bases for force protection measures, the MWR services provided at base camps are vital for building unit esprit-de-corps, and provide outlets for troops to take a break and reduce the tensions of deployment. The \$50 million special congressional appropriation in this area did much to improve the morale of our deployed troops and to build Internet communication links for families of geographically separated members.

MWR programs include gymnasiums, recreation centers, libraries, sports, parks, and other programs normally found in civilian communities. This year, we continue our focus on physical fitness and libraries. Our physical fitness programs continue to be the most popular and used MWR activities on our installations. Similarly, libraries have proven to be essential programs for our military members and their families. To ensure

the quality of these services, the Department has established core standards, based on principles and benchmarks from national fitness and library science organizations. These standards enable the Services to establish minimum levels of staffing, training, equipment, facilities, and program content while also providing thresholds of performance.

Family Support

Access to a broad array of support services for our military members and their families is key to ensuring total force readiness. Particularly in the face of high OPTEMPO and PERSTEMPO, we know that family well-being is critical to the peace of mind of our deployed service members.

A major development in the family support arena that strongly conveys the Department's "Total Force" perspective is the Reserve Affairs Family Readiness Initiative. This initiative targets family support attention specifically to Reserve component families, bridging the gap between the active and reserve component, and connecting guardsmen, reservists, and their families to all the resources they are eligible to receive. This effort contributes to our goal of enhancing support to total mission readiness by ensuring reserve component family readiness.

Child Care and Youth Programs

Availability and affordability of child care is a vital quality of life issue for Service members. We currently have child development programs at over 300 locations with over 800 child development centers and 9,900 family child care homes. The child

care system offers full-day, part-day and hourly child care, part day preschool, and before and after-school programs for school-age children. We are meeting 58 percent of the need with 171,385 spaces; the total need is 297,635. Our goal is to meet 65 percent of the need by Fiscal Year 2003.

The overall cost of providing military child care was reviewed by the General Accounting Office (GAO) and found to be only seven percent more per child hour than the cost of service in civilian centers. There are several reasons for this difference. First, DoD care giver wages are higher; second, DoD centers have a substantially higher level of national accreditation (89 percent versus 7 percent of civilian centers); and three, 48 versus 15 percent of the children in DoD centers are infants and toddlers, which drives a higher cost of service.

In order to address the unique needs of youth in military communities, we have established a partnership among the Departments of Defense and Justice, the Boys and Girls Clubs of America, and the International Association of Chiefs of Police. We are working together to provide programs and training designed to deter at-risk youth behavior in overseas locations.

Domestic Violence

Domestic violence is an offense against our institutional values. One incident of domestic violence is too many. To address this issue, DoD has made a substantial commitment of manpower and dollars to its Family Advocacy Program. However, like civilian communities, DoD can and should continue to improve its response to this national issue. We welcome the involvement of the Domestic Violence Task Force you

directed us to establish in last year's authorization bill and are totally committed to facilitating its work. As the nation's largest "employer based" domestic violence program, we believe we have the opportunity not only to improve our response, but to contribute substantively to the nation's overall effort in this matter.

Although we are late in meeting our deadline for the task force, I am pleased to report that the Department has shown great commitment to this effort. We have hired an executive director at the Senior Executive Service level and have identified staff resources for full-time support to the task force. We have consulted with the Departments of Justice and Health and Human Services on the civilian membership of the task force and have identified Department of Defense members at the general officer/senior noncommissioned officer/senior executive service level. We will shortly make a formal announcement of the task force members, and anticipate that the first meeting will be held in April.

Taking care of all members of the military family is an institutional value crucial to the success of every military commander. Providing a safe and wholesome environment for them is a key quality of life issue.

Voluntary Education

Participation in the off-duty, voluntary education program remains strong, with about 600,000 enrollments in undergraduate and graduate courses and 33,000 degrees awarded annually. Service members receive financial assistance to cover as much as

75 percent of the cost of tuition and related instructional expenses. Last fall, the Department completed its first year under a uniform DoD-wide tuition assistance policy. For the first time, all service members, regardless of branch of Service, received the same level of tuition assistance support. In the future, we hope to raise the maximum level of tuition assistance available to ensure our service members have access to the best possible opportunities for life-long learning and professional development.

For transitioning troops, the Troops-to-Teachers program has injected the talent, skills and experience of military service members into public school education. Over 3,400 participants have been hired in 49 states, and 24 states have established Troops-to-Teachers Placement Assistance offices. Very favorable media coverage, featuring stories on individual participants, has reflected positively on the program and the character of military personnel.

Commissaries and Military Exchanges

Military personnel continue to rate the commissary as one of their top non-compensation benefits. We have increased operating efficiency in order to preserve the level of benefits we provide and have continued to institute management reforms for commissaries to fine tune service delivery. Our practice of using exchange earnings to support MWR programs is well established. The exchanges provide over \$300 million annually in support of recreational facilities and programs. Military Departments continue to improve operating efficiencies within the exchange systems to increase customer service, ensure competitive pricing, and continue support for MWR.

Dependent Schools

The Department of Defense has 112,000 students in schools in 13 countries, 7 states, Guam, and Puerto Rico. Our students consistently rank at the top of the scale on national tests of academic performance. For example, the performance of DoDEA's minority students in the National Assessment of Educational Progress is particularly noteworthy. Throughout the country, African American and Hispanic students scored below expected levels, while minority students in DoD schools ranked number one and two when compared to their peers nationally.

Funeral Honors

Paying final tribute to our nation's veterans as they are laid to rest is a revered tradition within the Armed Forces. Over the past two years, the Department has worked hard to develop a system to render appropriate tribute to our veterans. This has been a challenge given the significant increase in veterans' deaths and the downsizing of the active and reserve forces. Working with the veterans and military service organizations and our colleagues at the Department of Veterans Affairs, the Department of Defense has developed and implemented a plan that will provide ceremonial funeral honors for our veterans.

In accordance with the National Defense Authorization Act for Fiscal Year 2000, the Services are now providing, upon request, a ceremonial flag folding and presentation and the playing of "Taps" at the funerals of veterans. The funeral honors detail consists

of two uniformed personnel with at least one from the parent Service of the deceased veteran who will present the flag to the family. We have organized a system in which units nation-wide can respond to military honors requests from funeral directors. In addition, we produced a military funeral honors kit that was sent to the nation's funeral directors. We have also established a toll free number and a website to support our funeral honors efforts. Lastly, the Department has established a system to collect data so that we can continually monitor our response to funeral honors requests. With these initiatives, we believe that we have made significant progress in providing final tribute to those veterans who have so honorably served our country.

Equal Opportunity

Achievement of our national security imperatives requires the full use of the talents of quality recruits, irrespective of race, ethnic background, and gender. Although challenges continue in terms of representation of women and minorities in senior grades and ranks, the United States military can justifiably present itself as a model of diversity and equal opportunity. When U.S. forces are deployed to countries around the world, both allies and foes alike see a strong, competent military power reflective of America's racial and ethnic diversity. The Department has become widely recognized internationally as a model of diversity.

The template for successful equal opportunity programs and training was developed by the Defense Equal Opportunity Management Institute (DEOMI), the "center of excellence" for equal opportunity training in DoD. DEOMI has become a

productive member of the Defense Committee working group supporting Vice President Gore's U.S.-South Africa Binational Commission. DEOMI provides training to South African military officers to assist in formulating equal opportunity policies within the South African National Defense Force. Military and civilian officials from the governments of Germany, New Zealand, Great Britain, the Netherlands, and Australia, who also recognize the challenge to resolve internal ethnic conflict, have arranged visits to the U.S. to discuss and to receive presentations on DoD equal opportunity policies and programs.

OPTEMPO and PERSTEMPO

Personnel tempo (PERSTEMPO), defined as the time an individual spends away from his or her home station, forms an important component of force stability. Statistical data would indicate that units deployed on initial contingency operations exhibit higher retention rates. Survey and anecdotal feedback indicate continued involvement in contingency operations adversely affect retention. Our efforts seek to ensure that service members are not driven from the military by excessive time away from home.

Deployments are a part of military life. The number and frequency of deployments, however, are increasing at a time when the size and permanent forward presence of the armed forces is declining. We need special attention to better synchronize the deployment demands on individuals with the planning for unit deployments. The Services are in the midst of designing the systems and policies required to comply with the deployment management provisions enacted in the FY00 NDAA. Meeting the legislated requirements without creating unwieldy administrative

burdens on already burdened operational units will be a challenge. Nevertheless, the improved visibility of individuals' deployed time will enable better management of the demands on our people.

Even with this system in place, the pace of peacetime operations, including exercises and contingencies, will remain particularly high for selected segments of the force. The high tempo of some low density/high demand systems accelerates wear and tear on equipment and places heavy demands on personnel. There is also the potential to lose proficiency in certain unit combat skills while engaged in current operations. To mitigate the negative impact of high OPTEMPO, Services have increased the use of simulation exercises, where feasible, to provide training for individuals, units, and staffs. Additionally, the Reserve Component (RC) is used where consistent with its missions, training, requirements, and capabilities to relieve Active component tempo burdens while enhancing RC readiness.

Our recent Kosovo experience - over 40,000 sorties without a single combat casualty - demonstrated that our armed forces are ready, trained, and able to carry out any mission assigned to them. However, our global commitments and pace of contingency operations have resulted in our operations tempo remaining high. We continue to search for ways to ease the strain on our weapon systems and our people.

Readiness and Force Integration

Readiness remains a central focus in the Fiscal Year 2001 budget. Our budget request seeks to maintain the momentum in reversing readiness deterioration, while

increasing the procurement funding necessary to replace aging equipment. It also adds considerable funds for spare parts and other material readiness needs.

The Department of Defense continues to implement a new readiness reporting system that will better capture many of the trends I have discussed throughout this statement. This system will ensure more detailed reporting on material readiness, crew proficiency, and some unit training ratings. In addition, there are ongoing updates being made to readiness reporting software and databases.

Total Force Integration

This statement would be incomplete without my highlighting the contributions made by the National Guard and Reserve to the total force last year. The Reserve Components continued to support U.S. military operations worldwide, providing over 12.5 million mandays of effort in the areas of contingency support in Bosnia, Kosovo, and Southwest Asia; counter-drug operations; domestic emergency support; exercises; and CINC/service operational support. This high level of effort has remained relatively stable over the past four years, even as the Reserve Component force has continued to draw down in size.

The decrease in National Guard and Reserve strength during the drawdown has enabled the Department of Defense to reduce Selected Reserve accessions from an average of 250,000 per year from Fiscal Year 1985 through Fiscal Year 1989 to just under 144,000 total officer and enlisted gains in Fiscal Year 1999. The Reserve Components also continue to emphasize quality in their non-prior service accessions. Combined, the Reserve components met or exceeded the DoD quality benchmarks,

attaining 90 percent high school diploma graduates and over 68 percent who scored above the 50th percentile on cognitive aptitude testing.

However, in Fiscal Year 1999, the Army Reserve, Naval Reserve and the two Air Reserve components did experience end-strength shortfalls. The Reserve components are responding to this challenge by offering the Montgomery GI Bill "kicker," employing the non-prior service enlistment bonus at the new maximum limit of \$8,000, devoting more funds for advertising, and increasing the number of field recruiters.

Overall Reserve enlisted attrition dropped in Fiscal Year 1999 from an average of 23 percent over the previous four years to about 21 percent. Although overall retention is showing a positive trend, we are carefully monitoring attrition in our high demand, low-density units, which are starting to experience higher attrition rates.

Completing full Active Component - Reserve Component integration remains a top priority. The Army has already made significant progress towards integrating the force as evidenced in March as elements of the TX ARNG 49th Armored Division replace the 10th Mountain Division as the command and control headquarters of Stabilization Force (SFOR)/7 Task Force Eagle in Bosnia. This will involve 1,000 personnel and continue until relief by another National Guard unit, the 29th division from Virginia. Naval Reserve units and personnel continue to provide CONUS support, combat operations in Yugoslavia and Kosovo, and counter-drug and multinational operations. The Air Force is developing and designing a fully integrated Air Expeditionary Force

(AEF); Air National Guard and Air Force Reserve will provide 10 percent of all aviation and combat support assets for each AEF. Some Marine Corps integration efforts include reorganization of the Marine Expeditionary Force Augmentation Command Element and assignment of a Reserve regimental headquarters to Marine Rear Area Operations Group. Finally, "Team Coast Guard" has integrated all active and reserve personnel into its units at all levels.

I have covered only some of the many total force decisions that are being implemented. We are also working to enhance the Reserve component's capability to respond to homeland attacks involving Weapons of Mass Destruction (WMD). We have been developing policy initiatives designed to leverage existing capabilities and will train and equip up to 170 decontamination and reconnaissance units. The National Guard is currently forming and adding 17 National Guard WMD Civil Support Teams, formerly known as Rapid Assessment and Initial Detection (RAID) teams, to the 10 teams already fielded and undergoing operational certification. These 27 teams, each consisting of 22 highly skilled, full-time members of the National Guard, are strategically placed throughout the country to provide timely and effective support to assist local first responders in the event of a domestic WMD incident.

Training

We continue to focus on several important initiatives to enhance the training of our forces. These include advanced distributed learning and an array of joint training systems, instrumentation, and simulators. Also, the Services are developing training at,

or near, the operational unit rather than sending personnel to centralized training in classrooms at locations away from their home units.

New learning technologies are being developed and applied on a broad scale through the Advanced Distributed Learning (ADL) Initiative. This is a collaborative effort to expedite production of learning materials and tools that are reusable, can run on a broad range of hardware platforms, and can be accessed and modified through communications networks.

We continue to implement and enhance the Joint Training and Joint Simulation Systems, with increased emphasis on preparing Joint Task Force staffs to conduct operations worldwide. Using common defense-wide architectures and infrastructures, these initiatives will support training in all phases of military operations, and will help reduce operating tempo, ease PERSTEMPO demands, allow for more efficient use of resources required to train our personnel, and improve readiness.

As our existing training infrastructure and instrumentation rapidly approaches the end of its serviceable life, we are developing joint capabilities that will allow us to train more jointly and flexibly to meet the full spectrum of 21st century threats.

Civilian Training

The Defense Leadership and Management Program (DLAMP), for our senior defense civilians, is now in its third year. More than 1,100 employees are participating in

the program, including 258 who were admitted in January 2000. DLAMP has developed and taught over two dozen graduate-level academic courses with a Defense focus. This includes a three-month course of professional military education, with an emphasis on national security decision-making; the ten-month Senior Service School Personnel Management for Executives programs; and year-long rotational assignments. The first graduates should complete the program during the coming year.

Health Care

There is no other health system like the Military Health System, with just under 100 hospitals and over 500 clinics worldwide serving an eligible population of 8.2 million. We ensure the health of our forces and care for them when ill or injured anywhere around the globe. We provide comprehensive health coverage to the families of our service members, our retirees and their families, and the surviving family members of those who have died in service to our country. Four important aspects of our health care system that I will briefly address are force health protection, TRICARE, health care benefits, and performance

Force Health Protection

The Department is deeply committed to protecting the health of all service members while at home and during deployments. Force Health Protection is our unified strategy that protects service men and women from health and environmental hazards associated with military service through their continuum of service from accession, training and deployment(s), to separation or retirement, and beyond.

We face a new era in our efforts to prevent casualties. In the battlefield of the future, rogue nations, extremist groups, or terrorists could use weapons of mass destruction against our forces. To counter these threats, ongoing application of the latest technology for Chemical and Biological Warfare detection, prevention, and immunization (pre-treatment) are now employed to assure the protection of our forces. The Department's Anthrax Vaccine Immunization Program is one example. The Department has identified anthrax as a known threat, a weapon at least ten enemy countries are capable of using. The anthrax vaccine is highly effective against this dangerous threat. On the advice of the Chairman of the Joint Chiefs of Staff, the Secretary of Defense directed implementation of the total force vaccination program. To date, over a million vaccinations have been given to nearly 400,000 service members.

The Reserve Components are participating more frequently in our operational missions. Consequently, we have taken steps to facilitate their meeting their medical readiness requirements. Through agreements with the Department of Veterans Affairs (DVA), Reserve Component members now may obtain examinations and immunizations at DVA facilities. Both Reserve Component members and their families will be able to participate in the Department's family dental program beginning in February 2001. Finally, we have developed a dental health documentation form that will allow Reserve Component members to have their personal dentists conduct their annual dental health examinations.

TRICARE

TRICARE is an integrated health care delivery system that has enabled the Department to provide better access to high-quality care for more of our beneficiaries

more cost effectively than the previous health care delivery modalities available in the Military Health System. As a health plan, TRICARE offers a triple-option health benefit package providing beneficiaries a choice of: TRICARE Prime, an enrolled HMO- like option; TRICARE Extra, a preferred provider option; and TRICARE Standard, the previous standard CHAMPUS option. All active duty service members are enrolled in TRICARE Prime.

TRICARE implementation began in 1995, and in three short years the new system has become operational throughout the United States and in our overseas locations. While the quality of health care in our system is consistently rated very high by our beneficiaries, we have experienced problems with the business practices of TRICARE. Problems in these areas have reduced customer satisfaction with TRICARE and made the program at times difficult for our customers to access and use. We have developed an aggressive action plan to correct problems with access, enrollment, and claims processing. We are working closely with the Joint Chiefs of Staff, the members of the Defense Medical Oversight Committee, and the Services, to ensure these improvements will make TRICARE more accessible and customer-friendly, simpler, and more uniform throughout the country.

The Military Health Care Benefit

Secretary Cohen and General Shelton have identified healthcare and housing as key quality of life issues for our service members and their families that must be addressed this year. The President's budget adds funding for two important expansions of the TRICARE benefit that will lower out-of-pocket medical costs for service members

and their families. The budget proposal includes funding to expand TRICARE Prime Remote to cover family members. TRICARE Prime Remote was launched to reduce out-of-pocket co-payments in areas far from Military Treatment Facilities. The budget request also includes funding to eliminate co-pays for all active duty family members enrolled in TRICARE Prime when they receive care from civilian health care providers. This proposal will stop service members from having to pay out of their own pockets for health care simply because there is no appointment available for them in a military hospital or clinic.

Secretary Cohen and the Chairman have also expressed their strong commitment to expand health care access to our military retirees. The President's budget includes funding for the demonstrations we currently have underway, or will soon begin, to test alternative means of expanding health care benefits to our Medicare-eligible retirees, their spouses, and survivors. The Department is conducting several demonstration programs to test the best means to expand health care to Medicare-eligible retirees.

Military Health System Quality and Performance

Military medicine has always aimed to provide the very best, the highest quality healthcare possible. That goal continues today with our efforts toward ensuring patient safety, examining our quality programs, and gaining maximum efficiency of the Military Health System.

Since the Institute of Medicine (IOM) issued its report, *To Err Is Human*, in December 1999, the nation has expressed increased interest in patient safety. In fact the Military Health System has had a number of programs underway

prior to the IOM report that serve to improve patient safety. Among them are numerous computer systems, medication bar-coding, participation in the National Patient Safety Partnership, and concerted efforts to reduce errors in high hazard environments such as Emergency Rooms and Intensive Care Units. We have joined with other federal agencies in accepting the challenge of the IOM report to do more. We participate as a member of the Quality Interagency Task Force and use their recommendations to implement measures that will reduce errors and improve patient safety within military medicine.

Additionally, responding to Congressional direction, we established the Department of Defense Healthcare Quality Initiatives Review Panel (HQIRP), to look into and report on the Military Health System quality initiatives begun in 1998. When they make their final report to the Secretary of Defense and Congress later this spring, the HQIRP will offer their assessment, conclusions, and recommendations. Finally, in the past year we have identified needed policy and created the tools necessary for our military medical facilities to begin implementing a strategy for a High Performance Military Health System.

Conclusion

The President's budget request funds a number of important initiatives that are essential to recognizing the outstanding job done by the men and women in our armed forces. We face many challenges in sustaining our quality force owing to high deployment tempo, much-improved employment, and schooling opportunities outside of the military. We proactively are working to ensure success in sustaining the quality of the force. We face retention challenges that are more acute than in recent years.

Improvements to Special and Incentive Pays, other pay and retirement improvements, continued focus on health care reform, improved management of individual personnel tempo, and our ongoing quality of life efforts will ensure the continued capability of the Armed Forces.

Mr. Chairman, this concludes my statement. I thank you and the members of this Subcommittee for your outstanding and continuing support for the men and women of the Department of Defense.