

Prepared Statement
of
The Honorable Clifford L. Stanley
Under Secretary of Defense (Personnel and Readiness)

Before the
Senate Armed Services Personnel Subcommittee

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Mr. Chairman and members of this distinguished Subcommittee, thank you for inviting us to testify before you.

As I humbly assume my role as the new Under Secretary of Defense for Personnel and Readiness, I am resolute in my determination to honor, protect and improve the lives of U.S. Airmen, Soldiers, Sailors and Marines. I am here today to describe our mission as I see it and share my thoughts on how compassion, excellence and heightened sense of urgency will help me and my organization fulfill our duty.

I am mindful we are at war and we must prevail. We win when we help our troops succeed in combat, and be healthy and happy with their families when at ease. We win when our troops can be confident their families have easy access to the resources and support they need while their loved ones are deployed. Maintaining our incredible all-volunteer force is our highest priority as we strive to recruit, attract, retain, and reward American's best and brightest, and their families.

ACTIVE DUTY

Recruiting

After more than five years of the most challenging recruiting environment since the inception of the All-Volunteer Force (AVF) in 1973, the Services emerged in FY 2009 with the most successful recruiting year of the AVF era -- all four active Services and all six Reserve Components achieved both numerical and recruit quality targets for the first time, a banner year. Previous years were marked by a growing economy, low unemployment, reluctance of influencers of youth to recommend military service, propensity among youth themselves at an all-time low, and recruiting goals of the Army and Marine Corps increasing. Yet since 2005, the

Services met or exceeded recruiting goals -- the AVF concept has proven itself amidst some of the greatest stressors it could face.

The recruiting environment has now changed. Unemployment has risen considerably. Generally, times like this make recruiting less challenging, and a regrettable trend in national unemployment operates to the advantage of those who are hiring, including the U.S. military. In addition, interest in the military among young people has increased.

On the other hand, challenges remain – the lower likelihood of influencers of youth (e.g., parents and teachers) to recommend service, a large and growing proportion of youth population who are ineligible to serve in the military principally as a consequence of rising obesity, high numbers of youth going to college directly from high school, and the continuing concerns about overseas contingency operations with its concomitant high operations tempo, particularly the announced increases in force levels in Afghanistan. Therefore, we are in uncharted waters – with significant factors, both negative and positive, directly affecting military recruiting efforts.

As a result, we continually review our recruiting programs to align funding and policies with current realities, recognizing that stable and adequate investments in recruiting resources are necessary to maintain success, especially in the long term. These reviews have allowed the Services to reduce recruiting resources in FY 2010 and 2011. While this results in a decreasing reliance on bonus incentives to meet recruiting goals, each Service knows it must be judicious in its cuts – reducing budgets gradually, and in the right places – using those targeted incentives to ensure we attract high quality youth into our most critical skills. We are mindful of the past, when fluctuating resources – up in tough recruiting environments, down in favorable ones – jeopardized recruiting missions, often resulting in sporadic failures.

The recruiting environment is less challenging today, but we know that a tough recruiting environment will return. If we enter those difficult recruiting periods with insufficient resources and inexperienced recruiters, it will only exacerbate the problem and contribute to the “boom and bust” recruiting cycle which has characterized the past. Such a cyclical resourcing strategy also ignores the ongoing and significant role recruiting resources – particularly advertising – have on both youth and influencer awareness, attitudes, and propensity. Therefore, it is imperative that we stabilize necessary recruiting resources. We appreciate this committee’s untiring support of our recruiting programs and look forward to working together to ensure future success.

As previously stated, FY 2009 was a banner year for active duty recruiting. Altogether, the Services exceeded their goal of 163,880 accessions by 5,088, accessing 159,374 first-term enlistees and an additional 9,594 individuals with previous military service.

FY 2010 active duty recruiting efforts, to date, are even better. Through December, all Services met or exceeded both quantity and recruit quality objectives for the active force, with the Army achieving 13,977 of its 13,716 recruiting goal, for a 102% year-to-date accomplishment (Table 1). Especially notable is the fact that for the second year in a row, after four years of falling below the 90 percent DoD Benchmark for High School Diploma Graduates, the Army is now exceeding that measure, with an impressive 99.9% of new recruits holding that credential.

Table 1. FY 2010 Active Duty Enlisted Recruiting Through December 2009

Active Duty Enlisted Recruiting Through December 2009	Quantity			Quality	
	Accessions	Goal	Percent of Goal	% High School Diploma Graduate (HSDG); <i>DoD Benchmark = 90 percent</i>	% Scoring at / above 50th Percentile on Armed Forces Qualification Test; <i>DoD Benchmark = 60 percent</i>
Army	13,977	13,716	102%	99.9%	65%
Navy	6,217	6,217	100%	96%	78%
Marine Corps	4,640	4,623	100%	99.5%	71%
Air Force	5,092	5,092	100%	99%	84%
DoD Total	29,926	29,648	101%	99%	72%

We should not lose sight of the fact that, although the overall youth population is large, only a relatively small proportion of American youth is qualified to enlist. It is an unfortunate fact that much of the contemporary youth population is currently ineligible to serve. Medical disqualification, with obesity a large contributing factor, removes 35 percent, drug or alcohol abuse removes 18 percent, and another 23 percent do not meet our standards for reasons such as criminal misbehavior, have more dependents than can reliably be accommodated in the early career, or low aptitude scores. Another estimated 10 percent are qualified, but are attending college.

To expand the recruiting pool and assist the Services in meeting a special category of critical readiness needs, the Department initiated a one-year pilot program, Military Accessions Vital to National Interest (MAVNI), allowing the enlistment of up to 1,000 of a select group of non-immigrants who had been in the U.S. for at least two years. Enlistments under this pilot are open only to health care professionals in critically short specialties and individuals with language

skills and cultural backgrounds in a limited list of languages. We are currently reviewing results of this pilot program.

But, given the overall limited pool of eligible youth, our continuing recruiting success does not come easily. It remains the result of long hours and hard work by the 15,100 dedicated and professional, active-duty military recruiters. These recruiters often are the sole representative of our military forces in local communities, and they have both my and the Department's most sincere respect and gratitude.

This past August, we implemented the Post-9/11 GI Bill -- the most extensive restructuring of post-service education benefits since the introduction of the original World War II GI Bill. As I am sure you are aware, the Montgomery GI Bill (MGIB) has been a cornerstone of our active-duty military recruiting efforts since 1985. There is little doubt that the MGIB has met or even exceeded the expectations of its sponsors when it was enacted, and has been a major contributor to the success of the All-Volunteer Force.

This new Post-9/11 GI Bill should enhance our recruiting efforts even more. However, we remain cautious about the impact of such a major, new benefit on retention, particularly first-term retention. We hope that the provision in the new program that allows career Service members to share or transfer their GI Bill with immediate family members, long requested by both members and their families, will mitigate negative retention impacts. Early results look favorable, with over 100,000 career Service members already requesting authority to share their earned educational benefits with their family members. We are monitoring the effects of this implementation very closely.

Military Decorations and Awards

The Department continues to work in concert with the Services to appropriately recognize and laud the accomplishments, both valorous and non-valorous, of our Soldiers, Sailors, Marines and Airmen. In the AVF, appropriately recognizing the accomplishments of our Service members is fundamental to maintaining esprit-de-corps and a motivated force. It is most important that the Services recognize the significant acts and achievements of our Service members while simultaneously maintaining the time-honored prestige of our most revered military decorations such as the Medal of Honor, Distinguished Service Cross, Navy Cross, Air Force Cross, and Silver Star. I am aware of the concern from some members of Congress in regard to the award of valor decorations and will closely examine the results of the ongoing review and report on the Medal of Honor awards process as requested in the House Armed Services Committee report language that accompanied the National Defense Authorization Act of FY 2010.

Leave and Liberty Enhancements

Given the ongoing operations tempo associated with Operations IRAQI FREEDOM and ENDURING FREEDOM, the Department is acutely aware of the need to provide all Soldiers, Sailors, Marines and Airmen with adequate leave and liberty opportunities, especially during and after deployments, for respite and reintegration, respectively. Service members serving in Iraq and Afghanistan are provided a much needed break from combat through the Rest and Recuperation (R&R) leave program. This vital program provides Service members, who are on long deployments, government funded transportation to the airport closest to their leave destination, and allows them to take 15 days of respite leave in an area of their choosing. For those Service members serving in the most dangerous and arduous areas of the combat zone, the

R&R leave is not chargeable which not only recognizes their stressful duty but also provides more accrued leave to utilize upon redeployment for reintegration into their family and community . Additionally, the Post Deployment/Mobilization Respite Absence (PDMRA) program provides Active and reserve component members who are deployed or mobilized above and beyond the Secretary of Defense's established deployment - dwell time ratios with respite non-chargeable administrative absence upon return from deployment or mobilization.

I thank the Congress for passing legislation, through the FY 2010 NDAA, which allows our Service members to temporarily increase, from 60 to 75, the number of leave days authorized for carry over from one fiscal year to the next. This provision will reduce the frequency of lost leave for those Service members who have fewer opportunities to take longer leaves due to the persistent operational demands. The Department continues to monitor leave balances and lost leave to preclude avoidable loss of the benefit.

Retention

For FY 2009, the Department was very successful in attaining enlisted retention goals. All Active Components met or exceeded their respective retention goals in every measurable category. The Services and the Department anticipate continued success in the upcoming year and are already meeting or exceeding the monthly goals for early FY 2010.

Despite the overall strength of enlisted retention over the last few years, there remain critical shortages in many low density / high demand skills and other "hard-to-retain" skills, such as explosive ordnance disposal specialists, linguists, intelligence and counterintelligence analysts, and pararescue operators, that justify the continuation and application of the statutory bonus authorities. The Selective Reenlistment Bonus (SRB) and the Critical Skills Retention

Bonus (CSRB) are among the most effective and are authorized by 37 U.S.C. 308 and 37 U.S.C. 355, respectively, as incentives to attract/retain qualified personnel in critical military specialties.

The Department's process to manage bonuses is very well defined. A skill is critical if it meets one or more of the following: (a) technical skills requiring high training and/or replacement costs; (b) skills in high demand in the civilian sector; (c) challenging to recruit into; (d) crucial to combat readiness or capabilities; and (e) low density / high demand (those skills that are in high demand for current operations yet are low density due to less requirements during peacetime). All requests from the Services must have a rigorous business case that clearly outlines the need for the bonus for that skill, payment amount and method, and expected retention results. Designations do not exceed three years, subject to congressional extension of the statutory bonus authority. The complementary authority of the CSRB is the Selective Reenlistment Bonus (SRB). The SRB is under the authority of the Service Secretaries and is not centrally managed by the Department. However, applications of the bonus authorities are reviewed at the Department and sent as an annual report to Congress.

Stop Loss

The Army is the only Service with members currently extended under the Stop Loss authority. From a peak of 15,758 in 2005, the Army reduced the number of Soldiers affected by Stop Loss to approximately 8,000 at the end of Dec 2009. The Department is progressing as planned to completely end the use of the Stop Loss authority. Army units deploying after January 1, 2010, are no longer using the Stop Loss authority. The Department further expects to reduce the number of Service members on Stop Loss to less than 6,600 by June 2010. This is a 50 percent reduction from February 2009 (date that the Secretary of Defense announced the milestones to end Stop Loss). All use of the Stop Loss authority will end by March 2011.

Two Stop Loss Special Pays have been enacted which allow a payment of up to \$500 per month for members whose active duty (retroactive to September 11, 2001) is or was extended by use of the Stop Loss authority. These Pays were appropriated and authorized by the Congress, with the Department's support, to mitigate the impact and disruption that extensive use of Stop Loss had and has on the lives of Service members and their families. The Department implemented both pays, active and retroactive, and appreciates the support of Congress to compensate members for the unique circumstances presented by the use of this policy, while still preserving our ability to react with discretionary authority as dictated by future circumstances.

Separation Policy

The Department continues to improve military discharge policies in response to conditions of the current war and its effects on those who serve. As we reported to Congress earlier, one such improvement is the addition of increased rigor when using a personality disorder as the basis for administratively separating Service members who had deployed to imminent danger areas. This more rigorous process now includes a review by the Surgeon General of the Military Department concerned, yielding greater confidence that Service members who should be separated due to post-traumatic stress disorder (PTSD) or traumatic brain injury (TBI) are appropriately processed for disability separation as opposed to personality disorder. The immediate evidence of the positive effect of the increased rigor is that the number of personality discharges has decreased from 81 at the policy's promulgation in September 2008 to an average of 16 per month in 2009. Also, in response to Section 512 of the FY 2010 NDAA , the Department is prescribing policy regarding a more in-depth medical examination to assess whether the effects of PTSD or TBI relate to the basis for an administrative separation for those

Service members who are pending discharge or who were discharged under conditions other than honorable.

End Strength Management

Meeting end strength is a priority of the Department. The table below depicts the FY 2009 Active Duty authorizations (prescribed and actual) and FY 2010 authorized levels which the Department intends to achieve. The Secretary of Defense has authority granted under the terms of the President’s national emergency declaration to increase statutory strength levels prescribed by the National Defense Authorization Act if needed. The Services have implemented recruiting, retention, and force shaping policies and programs to achieve end strengths for FY 2010. The Department appreciates the Congressional support of the FY 2010 end strength levels. These end strengths will provide the ground forces to meet strategic demands, eliminate the need for the use of Stop Loss, and mitigate persistent capability shortfalls which will reduce stress and demands on Service members and families by increasing dwell time.

Table 2. Active Component End Strength Summary

Component	FY 2009 NDAA/SecDef Prescribed End Strength	FY 2009 Actual End Strength	FY 2010 NDAA End Strength
Army	547,400	553,044	562,400
Navy	326,323	329,304	328,800
Marine Corps	202,000	202,786	202,100
Air Force	330,000	333,408	331,700

Force Development

The Department continues to emphasize joint officer development and has made great strides in implementing the extraordinary authorities authorized in the 2007 NDAA. Active and Reserve component participation continues to grow, and the adjudication of over 3,200 joint

experiences from non-traditional joint duty assignments attests to the Department's ability to recognize joint experiences whenever and wherever they occur.

Joint officer management is not the only area of significant improvement for the officer corps. We appreciate the authorities provided by Congress in the FY 2009 and 2010 NDAs that allow the development of general and flag officers with the joint knowledge and skills necessary to lead and counter emerging threats. This landmark general and flag officer management legislation apportioned general and flag officer authorizations between internal and external Military Service requirements, ensuring the statutory responsibilities of the Military Departments and the Joint Warfighter can be met.

The enactment of conforming legislation from the Department's 2010 legislative package is also serving to dramatically accelerate the development of joint experience in the reserve components. The legislation expanded on the previously enacted statutory framework affording the Military Departments the opportunities to purposefully develop officers from the reserve components for senior posts in joint warfighting organizations. This delivered on the promise of the charter Goldwater-Nichols legislation by institutionalizing joint officer development through the senior officer grades regardless of component.

Compensation

The Department and the Congress continue their strong commitment to provide a secure standard of living and quality of life to those who serve in uniform. Today, we find ourselves empowered with a never before seen set of flexible and targetable pay authorities which enable the Department to dynamically address recruiting and retention and achieve specific and desirable effects. We also find ourselves with large fixed costs encompassed in our entitlements, and the prospect of continued growth in that area. To secure sufficient personnel for the Armed

Forces, the Department must provide a compensation package comparable and competitive in the private sector while at the same time balancing the demands of an all-volunteer force in the context of growing equipment and operations costs.

The Department continues this commitment through the President's request for a 1.4% increase in military pay for all Service members in the FY 2011 budget – an amount that equals earnings increases in the private sector as measured by the Employment Cost Index. Of note, since January 1, 2002 through the January 1, 2010 pay raise, military pay has risen by 42%, the housing allowance has risen by 83%, and the subsistence allowance has risen by 40%. During this same period, private sector wages and salaries have only risen by 32%. General Accounting Office (GAO) is currently auditing the overall adequacy of military pay, as well as the appropriateness of the benchmarks used to measure any gaps relative to the private sector and its report is due April 2010. We are confident regular military compensation will compare favorably with pay in the private sector. While there is little question that those levels of increase were necessary in the past, the Department now finds itself at a point where discretionary spending offers the best ability to target specific skills, and the quantity and quality of those filling such positions.

Collateral to the GAO review, the President recently commissioned the eleventh Quadrennial Review of Military Compensation. The four themes he has asked the panel to focus on continue the thesis of tailoring pays beyond entitlements to target groups and behaviors. This review, in general terms, will be looking at the compensation package for service performed in combat of hostile areas; compensation for our reserve components in light of current and planned utilization; compensation benefits available to our wounded, those who care for them and the survivors of those fallen; and the pay and incentives for some of our most critical fields,

including mental health professionals, special operators, operators of remote systems and those with specialized linguistic skills. With the recently consolidated pay authorities, I am confident in saying Congress has given us the tools we need to address each of these areas; what remains is identifying the best combination of the pays to achieve the ideal combination of outlay to impact. The Department, as always, welcomes the continuance of these authorities, but would be generally opposed to continued entitlement growth beyond indexed levels in the absence of specific goals and outcomes supported by studies such as those just discussed.

Similar to our efforts to target and define the impacts of each pay with our active personnel, we must continue to ensure we support those who have already served, but again, we must do so in an equitable manner and one that is consistent with the overall demands of the Department. As an example, the Department continues to oppose efforts to eliminate the offset between the Survivor Benefit Plan (SBP) and Dependency Indemnity Compensation (DIC) programs. Allowing concurrent receipt of SBP and DIC without offset would create an inequity with one select group receiving two survivor annuities, while survivors of most military retirees and survivors of veterans who died of service connected cause, but were not retired, would receive only one or the other. At the same time, in seeking that broader equity and Department-wide impact, we see a win-win opportunity in expanding the concurrent receipt program to include military disability retirees with less than 20 years of service regardless of disability rating. This expansion would cover our most challenged retirees by allowing them to receive retired pay for their years of service performed and VA disability compensation for their future reduced earning capability.

Overall, the state of military compensation is healthy. We have improved our overall entitlements to the point that all of our personnel are paid at or above the 70th percentile of their

civilian counterparts. We have eliminated out-of-pocket expenses for housing to fully cover, on average, the costs of comparable civilian housing.. We have gained a new and dynamic set of authorities which we are in the midst of implementing. For the first time, we truly have the ability to target pay with pinpoint accuracy to achieve desired aims and maximize effects of dollars spent. Our challenge today is to maintain this position without imposing greater long term bills, while using our targetable tools to shape and manage our force.

Legislative Fellowship Program:

The Legislative fellowship program is a unique and excellent opportunity for members with great potential to serve to learn the day-to-day functions of the Legislative Branch of Government and is a valuable experience in the professional development of career military members or civilian employees in the Department. The Services and Components assign their Legislative Fellows to appropriate follow-on tours, which the Department monitors for each Fellowship cycle. Typical of the follow-on assignments are positions in: the House and Senate Liaison Divisions of the Services; the Office of the Secretary of Defense (Legislative Affairs); the Combatant Command Headquarters with duties associated with interacting with Congress; Service primary staffs responsible for legislation development and interaction with Congress; and the Staffs of senior leaders. The Secretary of Defense established the maximum number of Legislative Fellows at 100. The 100 Legislative Fellowships are broken out in CY 2011 as follows:

	Military	Civilians	Total
Army	24	1	25
Navy	20	2	22
Marine Corps	13	2	15
Air Force	32	4	36
Defense Agencies	0	2	2

Legislative Fellows serve no more than 12 months in the House or Senate. The Legislative Fellowship Program is the only program that authorizes Department of Defense personnel to work in Congress on a more than temporary basis and the program and policies are clearly promulgated in a DoD Instruction. Legislative Fellows are selected under Service competitive selection process and approved by the OUSD (P&R).

RESERVE COMPONENT

Achieving the defense strategy articulated in the Quadrennial Defense Review (QDR) requires a vibrant National Guard and Reserve seamlessly integrated into the Total Force. National Guard and Reserve units and individual members are heavily utilized across the full spectrum of current military operations, ranging from combat missions in support of the Global War on Terror to homeland emergencies. The Guard and Reserve have demonstrated their readiness and ability to make sustained contributions, and to prevail in today's wars, the Reserve components must serve in an operational capacity – available, trained, and equipped for predictable routine deployment- as well as a strategic capacity. Preventing and deterring conflict will likely necessitate the continued use of some elements of the Reserve Component (RC) in an operational capacity well into the future, especially in high-demand skill sets. Accordingly, the Department will use the Guard and Reserve where needed as an operational reserve, rather than the “force of last resort,” to fulfill requirements for which they are well suited in the United States and overseas. Today's Citizen Warriors have made a conscious decision to serve, with full knowledge that their decision means periodic recalls to active duty under arduous and hazardous conditions.

Consistently averaging about 140,000 National Guard and Reserve members mobilized to support ongoing operations on a daily basis, the Reserve components continue to make significant contributions to the National Defense. The FY 2011 budget provides about \$50 billion for pay, training, equipping, and facilities to support the Reserve Components of the Army, Navy, and Air Force in their respective Reserve components as operational Reserve forces. The budget includes an across-the-board pay raise of 1.4%, along with pay and

allowances for over one million personnel. Operating funds support necessary training requirements to ensure deploying personnel are fully mission-ready.

The FY 2011 budget request supports the Department's Ready Reserve totaling about 1.1 million members contributing about 43% of the total military end strength at a cost of about 9% of the total base budget. The Ready Reserve consists of the Selected Reserve (about 838,300), the Individual Ready Reserve (IRR) about (250,000), and the Inactive National Guard (ING) (about 2,000). This budget request includes about \$53.3 billion to fund pay and allowances and costs of Reserve component training, incentives, equipment operation and maintenance costs, and readiness training costs for eligible military personnel. This amount includes \$5.5 billion for Reserve component equipment procurement, which is funded by the Military Departments as a subset of their Active component procurement budget.

Managed as strategic and operational forces, the total Reserve component structure operates across the continuum of military missions performing both strategic and operational roles in peacetime, wartime, contingency, domestic emergencies and homeland defense operations. As such, the Services organize, resource, equip, train, and utilize their Guard and Reserve components to support mission requirements to the same standards as their Active components. The budget supports preparation of both units and individuals to participate in missions, across the full spectrum of military operations, in a cyclic or periodic manner that provides predictability for the combatant commands, the Services, Service members, their families, and civilian employers, while potentially increasing the Department's overall capacity and reducing costs.

To help reduce Active component "dwell to deployment" ratio, all Reserve components are moving towards a more rotational process, characterized by a period of active service thereby

relieving active force burden, and then followed by an extended period at home. The current mobilization policy issued in January 2007 by the Secretary of Defense mandated involuntary mobilizations be limited to no more than 12 months, which does not include individual skill training days required for mobilization or deployment or terminal leave. The Secretary of Defense also set a goal of not more than one year mobilized in any six year period for the Reserve components. The Services are moving toward this goal as quickly as possible given current operational requirements. Unlike before, when the RCs were usually funded at less than full readiness because they were not first to fight, specific units now must be fully resourced in any given year. This new train-mobilize-deploy construct means that the RCs must be ready, manned, trained, medically and dentally prepared, and equipped when their scheduled availability comes up, and they must be funded accordingly.

Resourcing Operational Reserve Forces

Managing the Reserve Components as operational forces affects training schedules and funding requirements, including medical readiness. In the past, normal training profiles meant training about two days per month plus 14-15 days of active duty for training annually, during which time RC personnel were required to train to the same standards as their Active counterparts. While that training profile remains for some units, current Department policy states that for those with planned deployments, training days prior to mobilization must increase. This training profile, with more training pre-deployment and less post-deployment, minimizes mobilized time away from families and civilian jobs and will require a different resourcing approach. In general, the land based (Army and Marine Corps) Reserve components train according to this new profile, meaning that funds which had been consumed after mobilization from the Active accounts are now required and expended prior to mobilization from the Reserve

accounts. This change in training profiles means a simple comparison to prior year execution funding models can be misleading. For FY 2011, Congress has authorized Reserve component military personnel budgets to be consolidated into a single budget activity, allowing much improved management of Reserve component assets and more agile fund allocation. This flexibility is especially crucial for managing funds for the new operational reserve, and the Department greatly appreciates this Congressional approval.

Equipping and Basing Operational Reserve Forces

The FY 2011 budget requests \$5.5 billion for Reserve component equipment, and provides greater transparency and more robust funding for vital equipment needs as the Department continues to ensure that deployed and next-to-deploy units, whether in the Active or Reserve component, receive the highest equipping priority. Effective and realistic readiness training at home requires that the National Guard and Reserve have access to equipment compatible with the Active components and used in the assigned operational environment. Modernization, mission transformation, equipment replacement due to the war losses, and homeland defense are all catalysts for a new approach to equip the Reserve components.

In the past, the Reserve components often relied on cascaded or “hand-me-down” equipment from the Active components and they often were short in their equipment inventories. The FY 2011 budget contains funds needed for Reserve component equipment procurement to continue that transition, repair and replace war-damaged equipment, and to correct longstanding deficiencies. The budget request includes funds for equipment that will not only improve combat readiness but will also allow the National Guard to further improve its ability to respond to local domestic emergencies.

Additionally, the Guard and Reserves previously have been a low priority for receiving

new equipment. But today that standard has changed and these Forces receive the same equipment as their Active counterparts. We have achieved major progress in programming funds and equipping our Reserve components for an operational role. With this operational role comes the requirement for equipment transparency in form of increased visibility and accountability for the National Guard and Reserve in the programming and budgeting process. Institutionalizing this process will ensure an adequate mission capability for foreign and domestic responses and we are proceeding in that direction.

The Reserve components request \$ 1.4 billion for military construction (MILCON) projects. These projects will meet both current and new mission requirements for RC operations, readiness, and training facilities.

READINESS AND TRAINING

Deployment and Dwell

Multiple deployments to Iraq and Afghanistan have certainly increased the stress on our Service members and their families. We have a number of initiatives underway to address this stress, and have set clear limits and goals for deployment lengths and the amount of time or “dwell” between deployments.

To that end, we have limited unit deployments to one year in theater, with a minimum of one year between deployments for our Active component. Our goal is to increase the time between deployments to two years for every year deployed, commonly called a 1:2 “dwell” ratio. For the Reserve Component, we have limited the mobilization period to one year, and strive to have a minimum three year break between mobilizations. The goal for Reserve component dwell ratio is one year mobilized with a five year break between mobilizations, or a 1:5 dwell ratio.

Dwell time is driven by the number of forces deployed for missions around the world against the supply of available forces. We have increased the supply of forces by increasing the end-strength for the Army, the Marine Corps, and Special Operations forces. We also expect to make progress toward meeting the dwell goals as we drawdown forces in Iraq.

Defense Mishap Reduction Initiative.

As Chair of the Defense Safety Oversight Council (DSOC), I have been chartered to ensure that the Department is making steady progress toward the Secretary’s goal of a 75 percent reduction in all accidents. The Department has made considerable progress to date due to the tremendous effort of our military and civilian leaders. From our 2002 baseline, we have reduced our civilian lost work day rate 41 percent, are down 31 percent in our private motor vehicle

fatality rate, and dropped our Class A aviation accident rate 56 percent.

The DSOC is supporting the Military Departments' pursuit of the Occupational Safety and Health Administration's (OSHA) Voluntary Protection Program (VPP) at more than 200 DoD installations and sites. We have 30 sites that have already attained OSHA's Star recognition and we expect 17 more sites by the end of 2010. Their OSHA Star status designates them as exemplary worksites with comprehensive, successful safety and health management systems, and improved labor/management relations.

We recently completed a comprehensive, data driven assessment to further prevent aircraft crashes, save military lives, and reduce the need for replacement aircraft. The task force, consisting of a variety of experts from across the Department, recommended that the military aviation communities acquire technologies for collision awareness, crash survivability, and risk management. As a result of this important work, the Military Departments are making further investments in hardware and software that will avert aircraft crashes. With your continued support, we can make further progress in preventing injuries, fatalities, and aircraft crashes; and be well on our way towards attaining the Secretary's accident reduction goal.

MILITARY HEALTH SYSTEM

Health Budgets and Financial Policy

The FY 2011 budget reflects several areas of continued emphasis, including the modernization of our medical infrastructure and full funding and support of our Wounded, Ill and Injured programs. The Unified Medical Budget, the Department's total request for health care in FY 2011, is \$50.7 billion. This includes the Defense Health Program, Military Personnel, Military Construction, and Medicare-Eligible Retiree Healthcare. Major increases in the budget request include \$0.8 billion for medical and general inflation; \$1.2 billion for private sector care costs due to an increase in users of TRICARE and an increase in utilization of the TRICARE benefit; \$0.6 billion for enhancements for the Direct Care system; and \$0.3 billion for modernizing the Department's electronic health record to enable data compatibility for the Virtual Lifetime Electronic Record, and correcting critical system problems, increasing user satisfaction, and improving system reliability and availability.

Our primary and enduring responsibility is to provide the highest quality care to our beneficiaries, using the most current medical evidence to drive our clinical decision-making; and one of our fundamental tenets is that quality of care is also cost-effective. In addition, there are a number of actions we have undertaken and will continue in FY 11 to continue to provide value to the Department and the taxpayer. The ways we are addressing cost effectiveness in FY 11 include:

- continued implementation of Federal Ceiling Pricing of retail pharmaceuticals (\$842 million savings);
- continued implementation of the Outpatient Prospective Payment System, which reduces the reimbursement paid for outpatient care at inpatient private sector care facilities (\$366 million savings)
- standardization of medical supply chain management across the full range of military health care operations (\$27 million savings);

- increasing efforts to identify and detect fraud, waste, abuse, and overpayments to civilian medical providers (\$68 million savings); and
- additional VA and DoD facilities sharing – most notably the first fully integrated Joint DoD/DVA healthcare collaboration consisting of the North Chicago Veterans Affairs Medical Center and the Navy Ambulatory Care Center, Great Lakes, Illinois.

Health Affairs/TRICARE Management Activity Strategic Direction

In 2002, the Assistant Secretary of Defense for Health Affairs (ASD/HA) aligned policy and program execution strategies under Health Affairs/TRICARE Management Activity (HA/TMA). In HA/TMA, as in most organizations, the bridge from strategy to execution was challenging, and the organizational alignment, still in effect today, was intended to streamline processes for faster and more effective execution of policies and programs. Under this arrangement, HA is setting clear strategic direction for the Military Health System (MHS) in partnership with the Services.

For the past twelve months, HA/TMA has worked closely with the Service Surgeons General on initiatives that have coalesced around a strategic initiative known as the “Quadruple Aim.” Borrowing liberally (and with permission) from the non-profit Institute for Healthcare Improvement’s (IHI) “Triple Aim,” the Department is focusing on four strategic imperatives:

- Readiness - Ensuring that the total military force is medically ready to deploy and that the medical force is ready to deliver health care anytime, anywhere in support of the full range of military operations, including humanitarian missions.
- Population Health - Improving the health of a population by encouraging healthy behaviors and reducing the likelihood of illness through focused prevention and the development of increased resilience.
- Experience of Care- Providing a care experience that is patient and family centered, compassionate, convenient, equitable, safe, and always of the highest quality.
- Responsibly managing the total health care costs - Creating value by focusing on measuring and enhancing quality healthcare; eliminating inefficiencies; reducing unwarranted variation; and emphasizing investments in health that reduce the burden and associated cost of preventable disease in the long term.

There are many important initiatives that will emerge from this strategic direction. One of the most vital, because it will have effects across all four components of the Quadruple Aim, is the “medical home” concept being piloted by all three Services. This approach takes the existing construct of a primary care manager and enhances it through improved access to care. Features will include 24/7 access to a provider through multiple avenues – that will include leveraging technology to avoid unnecessary visits or emergency room visits. More importantly, it will enhance continuity of care and greatly improve satisfaction with service. The early results from pilot sites are very encouraging, and we are applying lessons learned from these sites to improve the program as we proliferate it across the Department.

With the shared vision of the Quadruple Aim and a revised decision-making process, the MHS is laying the groundwork for a smooth transition under the BRAC-directed co-located medical headquarters in the National Capital Area (affecting HA/TMA and the Services’ Surgeons General staffs). The co-location initiative offers significant opportunities to achieve even greater unity of effort.

Mental Health Professionals

Significant effort has been made to recruit additional mental health personnel in order to meet the growing demand for behavioral health services in the Department. Since 2007, the number of active-duty mental health providers has remained relatively constant, yet we expect the Consolidation of Special Pay language (10 USC §335) recently implemented will have a significant effect on retention of psychologists and social workers.

Our work to recruit civilian mental health providers has been very effective. Table 3 shows the Services total mental health needs/requirements as compared to the number of providers on-hand as of the third quarter of FY2009. The Navy and the Air Force compare

assigned personnel versus requirements. The Army’s growing needs are not completely reflected by official requirement documents yet, and thus they are identified as “needs.” Table 4 shows the significant improvements in total Mental Health personnel that have been made since 2007, including in the TRICARE Network.

Table 3: Mental Health Personnel Gap analysis

Army	Needs	Authorized	Assigned	Assigned/Needs
Psychologist	1,013	595	926	91%
Psychiatrist	474	243	408	86%
Social Worker	1,297	520	1,123	87%
MH Nursing (including NP)	288	152	285	99%
Other Licensed MH Provider (Marriage Family Tech/Counselor)	48	-	46	96%
	716	654	586	82%
Total	3,836	2,164	3,375	88%

Navy	Requirements	Authorized	Assigned	Assigned/Requirements
Psychologist	331	331	300	91%
Psychiatrist	176	176	166	94%
Social Worker	176	176	166	94%
MH Nursing (include NP)	130	130	143	110%
Other Licensed MH Provider (OT)	39	39	35	90%
Tech/Counselor	507	507	433	85%
Total	1,359	1,359	1,243	91%

Air Force	Requirements	Authorized	Assigned	Assigned/Requirements
Psychologist	372	372	342	92%
Psychiatrist	145	145	149	103%
Social Worker	405	405	373	92%
MH Nursing (including NP)	102	102	74	73%
Other Licensed MH Provider	0	-	-	0%
Tech/Counselor	828	828	778	94%
Total	1,852	1,852	1,716	93%

Table 4: Total Mental Health Staffing

Location	2007	2008	2009*
Military Facilities**	4,129	4,373	6,061
TRICARE Network Providers***	39,587	45,215	49,807

*Data as of 2nd Qtr 2009

**Military, Civilians, and Contractors FTEs in MTFs

***Represents expansion of mental health providers in TRICARE network including psychiatrists, psychologists, social workers, licensed mental health counselors, and psychiatric nurse practitioners (community based providers)

Suicide Prevention

The Department’s civilian and military leadership remain focused on employing numerous strategies to reduce the incidence of suicide in the Armed Forces. In calendar year

(CY) 2009, there were a total of 312 suicides – 285 in Regular Components and 26 in Reserve Components – marking an increase from 268 in CY 2008. Suicides within the Regular Components increased from 235 in CY 2008 to 285 in CY 2009. Demographic risk factors are: male, Caucasian, E-1 to E-2, younger than 25 years old, GED / less than high school education, divorced, and in the Active Duty Component. Other factors associated with suicide, which are consistent with data from the civilian population, are: substance abuse, relationship problems, legal, administrative (article 15), and financial problems. Although the impact of role of deployment on suicide risk is still under investigation, a majority of suicides do not occur in the theaters of operation.

Table 5: Total Suicides

	2001		2002		2003		2004		2005		2006		2007		2008		2009		Year Total
	Number	Rate																	
Total/Year	160	10.3	171	10.3	190	11	194	11.3	189	11.3	213	13.1	224	13.8	268	16.3	311	18.5	1920
Regular	125	10.5	146	10.3	158	11	171	12	148	10.7	187	13.5	197	14.3	235	16.9	285	20.3	1652
Reserve	15	9.3	25	10.6	32	11.1	23	8	41	14.8	26	10.7	27	10.8	33	12.7	26	9.5	248
OEF	1	*	3	*	4	*	2	*	4	*	3	*	5	*	4	*	6	*	32
OIF	0	*	0	*	27	*	20	*	25	*	31	*	41	*	38	*	35	*	217

*Source: DoD Mortality and Surveillance Division (per 100K)

When a Service member has a problem, he or she can, in most cases, receive confidential help from military and other mental health providers. However, if the individual is unable to perform his/her duties, is homicidal or suicidal, or is in a sensitive duty, the commander will be notified for safety reasons. Resources available to Service members and their families include: confidential problem-solving counseling through Military OneSource, online information and tools at militarymentalhealth.org and afterdeployment.org, confidential pastoral counseling with chaplains, Military Family Life Consultants (active duty and families), military mental health providers, Service-level counseling centers, and access to information and referral to mental health professionals through the Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury (DCoE) Outreach Center.

The Department and Services recognize suicide prevention begins long before an individual exhibits suicidal ideation. Comprehensive programs focus on enhancing resilience and early identification designed to reduce psychological health issues or disorders that may contribute to suicide risk. Leadership at every level receives training on warning signs, resources, healthy lifestyle choices, and actions to take if an intervention is deemed necessary. The Suicide Prevention and Risk Reduction Committee (SPARRC) is a forum for developing/expanding partnerships among the Services, VA, federal and civilian partners. The SPARRC's goal is to improve policies, programs and systems across the Department while providing support for medical, line, and community leaders. Chaired by DCoE, the SPARRC includes representatives from all Services, VA, SAMHSA, CDC, Medical Examiners, Chaplains, Telehealth/Technology and National Guard/Reserves.

The Department also collaborates with VA and the Substance Abuse and Mental Health Services Administration (SAMHSA) on suicide prevention efforts. This includes an annual joint DoD/VA conference on reducing the rate of suicides in the Active Duty Components, Reserve Components, and veteran populations. The January 2010 DoD/VA Suicide Prevention Conference, "Building Strong and Resilient Communities," brought together over 900 Service members, family members, and mental health professionals throughout DoD, VA, and other Federal agencies. The conference highlighted practical tools, personal stories, and ongoing efforts in supporting the community.

The Department's mental health initiatives dovetail with both the Readiness and Population Health components of the Quadruple Aim. We have developed metrics that we closely monitor to determine if our programs are effective and if our policies are being effectively implemented. We are also broadening our view of readiness, to include perspective

on the “readiness” of an entire family for a Service member’s deployment. In 2010, we will expand our measures to include this more expansive view of readiness – and consequently, better manage pre-deployment, deployment, and post-deployment activities for the Total Force.

We recognize the number of suicides continues to increase and suicide has a multitude of causes, and no simple solution. There are many potential areas for intervention, and it is difficult to pinpoint the best approach because each suicide is unique. Recognizing this, DoD is tackling the challenge using a multi-pronged strategy involving comprehensive prevention education, research, and outreach. We believe in fostering a holistic approach to treatment, leveraging primary care for early recognition and intervention, and when needed, providing innovative specialty care. The areas of focus to reduce risk include: (1) conducting data collection and analysis to detect contributing risk factors; (2) facilitating partnerships across DoD, federal, and civilian organizations to increase collaboration and communication; (3) reducing stigma and increasing access to resources to provide needed care; and (4) using research to close gaps and identify best practices.

Health Informatics

The DoD’s Electronic Health Record (EHR) continues to be a key enabler of military medical readiness; giving healthcare providers secure, 24/7, worldwide access to medical records of our highly mobile patient population. Across the enterprise, the EHR supports uniform, high-quality health promotion and healthcare to more than 9.5 million MHS beneficiaries. Using the EHR, our healthcare providers access the electronic medical records of MHS beneficiaries from any point of care throughout the direct care system.

The MHS Information Management / Information Technology Strategic Plan for 2010 – 2015 provides the roadmap for improving the EHR, and lists EHR improvement as a top IM/IT priority. Using this roadmap, MHS will effectively execute its action plan to stabilize the current system while transitioning to a suite of EHR applications and supporting infrastructure that will improve reliability, speed, user interface and data integrity, and achieve higher satisfaction from all users. These improvements will enhance IT interoperability within the MHS and support planned improvements in electronic health data sharing with VA and our private sector care partners.

For future years, ICIB will prioritize additional health related sharing capabilities or usability enhancements to continue the advancement of DoD/VA interoperability in a manner that supports clinicians in healthcare delivery. The Departments will continue to work together to improve and expand upon the interoperability of appropriate healthcare data as appropriate and necessary.

Virtual Lifetime Electronic Record (VLER)

On April 9, 2009, President Obama announced that DoD and VA would work together to create of a "virtual lifetime electronic record" (VLER) for Service members and Veterans. While the Department and VA already share an unprecedented amount of health care information between the two systems, a very large portion of health care to our beneficiaries comes from private sector contract providers. The DoD, VA, and the Department of Health and Human Services are working together to promote access of electronic health care information for care provided in DoD, VA, and private sector facilities while DoD and VA continue to leverage work already done to improve our capabilities for sharing information.

VLER will rely on the Nationwide Health Information Network (NHIN) as the mechanism to share standards-based health data between DoD, VA, and private sector partners. Well-defined standards are the essential foundation for interoperability among systems. These standards will be guided by the Department of Health and Human Services (HHS) and will be consistent with the NHIN model based on the Federal Health Architecture.

DoD and VA have been active participants and among the leaders in the development of the NHIN working with the HHS Office of the National Coordinator for Health Information Technology. The NHIN will tie together health information exchanges, integrated delivery networks, pharmacies, government health facilities and payers, diagnostic laboratories, providers, private payers, and other stakeholders into a "network of networks." The NHIN provides a national standards-based mechanism for previously unconnected electronic health records and other sources of healthcare information to share information securely while respecting and enforcing mandates for guarding patient privacy.

Working together with HHS and private health care providers, DoD and VA are creating a capability that will take a huge step towards modernizing the way health care is delivered and services are administered for our nation. VLER will allow health care providers access to Service members' and Veterans' military medical records, providing the information needed to deliver high-quality care. VLER will do all of this with the strictest and most rigorous standards of privacy and security, so that our Service members and Veterans can have confidence that their medical records can only be shared at their direction.

VLER is not a large acquisition program nor will VLER result in one single DoD/VA Information Technology (IT) system. Rather, VLER builds on the electronic health care systems already in place in DoD, VA and the private sector. Even if DoD and VA were to embark on a

huge acquisition program to implement a single system, they would still not be able to access the critical information captured by the private sector. The VLER solution is viable for the entire health care community and enables each individual entity to develop and maintain their own internal systems. It creates an opportunity for competition since it uses well-documented standards that can be implemented through a variety of electronic health initiatives that can be linked to the NHIN.

MILITARY FAMILY SUPPORT AND WOUNDED WARRIOR CARE

This past year, due to the high level interest in supporting military families, resources were increased to institutionalize Service member and family support programs across the Department. A 41% increase in the Defense-wide family assistance baseline funding in FY 2011 from FY 2010 will provide lifelines of support for Service members and their families through outreach to Guard and Reserve members and families, Military OneSource 24/7 accessible family support assistance, referrals for counseling, financial education and training, and access to education, training certification opportunities leading to a portable career for spouses.

To ensure we are on-target in investing in programs needed by Service members and their families, we initiated an extensive strategic planning process to address the current issues facing family readiness programs, beginning with a thorough assessment of existing needs, programs, and related issues. A variety of methods were used to gain input from key players across the system, including family members, support professionals, non-governmental organizations, land-grant universities, and senior DoD leadership.

Child Care

Access to child care remains a top priority for the Department. Efforts are ongoing to meet the needs of our deployed families, including National Guard and Reserve families. We have expanded respite child care options through the YMCA program, offering opportunities for geographically isolated families to help mitigate the stress experienced by the parent at home. These efforts augment the respite child care provided by the Military Services.

We continue to reduce the unmet need for child care, yet are cognizant of the ongoing need to recapitalize our aging child and youth facilities. We need to eliminate barriers to hiring practices key to expanding our partnerships with community child care providers. The

temporary program to use minor military construction authority for the construction of child development centers provided a means to increase the availability of quality, affordable child care for Service members and their families. This authority expired at the end of FY 2009, and we have proposed legislation to reinstate the authority. The legislation would also expand age limit requirements from five years old to twelve years old to include children in school age care programs, broaden the authority to include other family support initiatives (e.g., family center, fitness facilities, etc.), and increase the funding authority to \$15M for all projects.

Youth Programs

We are also deeply committed to addressing the needs of our military youth. More than 350 dynamic, innovative and successful youth programs serve more than 500,000 military connected children and youth between the age of 6-18 worldwide. Programs promote positive youth development and prepare pre-teens and teenagers to meet the challenges of military life, adolescence, and adulthood. Partnerships with other youth-serving organizations enable the Department to offer resources in a variety of domains, including physical fitness and sports; arts and recreation; training in leadership; life skills; career/volunteer opportunities; mentoring; intervention; and support services. Programming supports character and leadership development, sound education choices, healthy life skills, the arts, and sports and recreation. Many programs offer summer day camp and youth employment opportunities. Twenty- two youth facilities were funded in 2008 and 2009, totaling \$145.6M in non-appropriated funds; this support constitutes a critical aspect of family support. Six youth facilities are funded for FY2010 and FY2011, totaling \$49.7M.

Family Advocacy Programs

The DoD Family Advocacy Program (FAP) plays a key role in addressing familial physical, sexual, and emotional abuse and neglect involving military personnel in the active component as victims and abusers. On each military installation with command-sponsored families, there is a FAP that provides services in prevention, identification, intervention and treatment of child abuse and neglect and domestic abuse. Two key programs, the New Parent Support Program and treatment programs for substantiated spouse abusers have been tied to outcomes for prevention.

Casualty and Mortuary Affairs Programs

The Department remains committed to providing the highest quality of compassionate and caring assistance to families of fallen Service members for as long as they determine assistance is needed. After which, additional assistance can be obtained by a simple phone call or letter written to the appropriate Service Casualty Office. Since early 2006, the Department has worked extensively with the Military Services; the Department of Veterans Affairs; the Social Security Administration; family support organizations; non-profits groups, and more importantly, survivors, to ensure our policies and procedures are standardized to the maximum extent possible, more customer focused, and flexible enough to address unique situations.

While the Department has made many enhancements to the Casualty Assistance Program, we recognize there is always room for improvement and therefore we strive every day to make it better, simpler, more respectful, and more compassionate. As the Secretary stated, “When young Americans step forward of their own free will to serve, they do so with the expectation that they and their families will be properly taken care of should anything happen to them.” We listen to those we serve and to those organizations who have dedicated their existence to providing valuable support and services to survivors of the fallen. Together, our collaborative efforts will

ensure our program will continue to be enhanced and our families provided the very best assistance possible.

Military OneSource

Military OneSource (MOS) continues to have a positive impact on Service members and their families. One Source offers a 24-hour/365 day centralized assistance program to provide diverse information and referral services by credentialed counselors to Active Duty, Guard, Reserves and their family members, regardless of physical location or activation status. Assistance can be provided in many languages. Since inception, Military OneSource has experienced exponential expansion. Over 739,000 telephone calls were received in FY 2009, more than doubling the number of calls received in FY 2008. The website received over 4 million visits, almost doubling the number of visits received during the prior year. Nearly one in three Service members uses Military OneSource.

In general, the most common reasons for which a person sought MOS counseling were marital and intimate relationships, stress management, family relationships, and anger management. In addition, MOS financial counseling support is offered in-person and telephonically. In FY 2009, MOS conducted 4,501 financial counseling sessions. The most common reasons for which a person sought financial counseling support from MOS were budgeting and money management, overextension with bills, credit management, loans and consolidating loans, and mortgages and refinancing. In FY 2009, OneSource assisted members and families with almost 600,000 tax filings at no cost to the family.

The Wounded Warrior Resource Center (WWRC), accessed via Military One Source, provides immediate assistance to the wounded and their families with issues related to health care, facilities, or benefits. The WWRC works collaboratively with the Military Services'

wounded warrior programs and the Department of Veterans Affairs to ensure callers are promptly connected to the resources that can help address their needs. In FY09, 1,200 cases for wounded warriors were handled.

Dependents' Education Programs

A key quality of life issue is the education of military children. Service members often make decisions about assignments based on the availability of quality educational opportunities for their children. The Department of Defense Education Activity (DoDEA) provides quality pre-kindergarten through 12th grade educational opportunities and services to eligible military dependents around the globe where DoDEA schools are located. Of the approximately 1.2 million military dependent children, DoDEA educates nearly 85,000 in 192 schools in 12 foreign countries, seven states, Guam, and Puerto Rico with 8,700 educators. DoDEA also assists eligible military dependent students through a tuition reimbursement program for military assigned to overseas locations without a DoDEA school.

The ongoing relocation of military dependent students through force structure changes created a need to enrich and expand partnerships with military-connected communities to ensure the best possible educational opportunities for military dependent children. Through its Educational Partnership Initiative, DoDEA was given expanded authority to assist local education agencies (LEA's) who educate military dependent students through efforts focused on highest student achievement. DoDEA works collaboratively with the Department of Education to ease the transition of military students by sharing experience and expertise with LEAs who educate larger populations of military dependent students.

Data from the Department of Education reports that there are 300 LEAs with a military child enrollment of 5% or more. Of the 300 LEAs with 5% military child enrollment, 153 of the

LEAs are not meeting the state academic standards in reading/language arts and/or math using annual tests aligned to academic indicators. In addition, there is significant research surrounding the psychosocial effects of multiple deployments on school performance and student behavior. In FY 2009, DoDEA extended support through grants focusing on enhancing student learning opportunities to 44 school districts serving approximately 77,000 military children in over 284 schools.

Through new technologies, DoDEA is developing additional academic opportunities for its students. The focused efforts are to expand access to education and provide curricular options to eligible students within DoDEA through the expanded use of distance learning. DoDEA plans to transition its distance learning program into a virtual school program beginning with the implementation of fully accredited virtual high school in School Year In 2010-2011. These tools include real-time audio and video, document sharing, screen sharing and web collaboration to stimulate active teacher-student, student-student and student-content interaction. A “virtual hub” model has been put into place that puts the teachers in locations closer to the students to facilitate interaction that simulate traditional classroom discussion and one-on-one tutoring.

Beginning in 2008, DoDEA implemented a new process for advising decision-making that focuses on highest student achievement and a thorough review of data, implementation, and effectiveness of programs. Part of the advisory process includes educator-led task groups which review and analyze data. DoDEA task groups are convened for various reasons such as instructional and curricular topics, issues of interest from the field, or management needs. All task groups spend considerable time reviewing and analyzing information and data on a specific issue and then, through consensus, developing systemic recommendations sent to the Director to guide future educational actions. Currently, DoDEA has seven on-going task groups.

Korea Tour Normalization

United States Forces Korea (USFK), through the Tour Normalization Program, is aggressively increasing command-sponsored military families on the Korean peninsula for the primary purpose of establishing a higher quality of life for military families. In addition to the housing needs, this impacts educational needs. DoDEA anticipates adding 25 schools in Korea over the next ten years, providing an end state program by 2020 of 31 DoDEA schools in Korea. Student growth is expected to grow from 4,422 DoDEA students currently in the Republic of Korea to 21,758 at the end state. This is approximately a 500% increase in the student population. DoDEA is actively working programmatic details with USFK and local Military Service communities to support this effort.

MWR Support to Troops in Combat

The ability to communicate with family and friends is the number one factor in being able to cope with longer and more frequent deployments. We continue to balance the most effective use of available bandwidth between mission and personal requirements, including wireless access. Currently, Service members have free access to the non-secure military Internet by using their military e-mail address, including aboard ships. They also have free Internet access at over 1,008 MWR Internet Cafes in Iraq and Afghanistan with 9,241 computers and 4,101 Voice Over IP phones (with call rates of less than 4 cents a minute). Another 197 cafes, 2,191 computers and 1,154 phones have been funded for FY10 for use in Afghanistan. To enhance MWR provided services, the Exchanges provide personal information services for a usage fee for this customer convenience. Back home, computers and Internet service located in our family support centers, recreation centers, libraries, and youth centers help ensure families can connect.

DoD-State Initiatives

The Department continues to work with state governments to educate their policy makers on the life-challenges faced by Service members and their families and to ensure that state-level policies do not disadvantage military families' transient life style. States have addressed several key quality of life issues, to include the impact of frequent school transitions experienced by military children, the loss income by military spouses as a result of military moves, and the enforcement of the Congressionally-mandated DoD predatory lending regulation. The response from states has affirmed their commitment to supporting the well-being of the Nation's fighting force. For example, 27 states have joined the Interstate Compact on Educational Opportunity for Military Children, 36 states now provide eligibility for unemployment compensation to military spouses, and 30 states enforce the DoD predatory lending regulation. The Department is continuing this effort in the 2010 session and has added child custody to the slate of issues. In this regard, the Department is asking states to appropriately balance the interests of Service members who are absent due to military service with the best interests of the child by ensuring absences caused by military deployments are not the sole basis for permanent custody decisions and addressing delegation of visitation rights while the Service member is deployed.

Special Needs

The establishment of the Office of Community Support for Military Families with Special Needs was mandated by NDAA 2010. The purpose of the Office is to enhance and support Department of Defense support for military families with special needs to ensure parity across the Services. The Office will be headed by a member of the Senior Executive Services. It will be staffed with personnel in the fields of medicine, education, early intervention, social work, personnel and information technology, as well as members of the armed services to ensure

appropriate representation by the military departments. Currently, plans are underway to identify the specific mix of staff and to create an umbrella Office of Community and Family Support with an emphasis on special needs, which will synchronize all family support needs with those of families with special needs.

Disability Evaluation System (DES)

The DES Pilot simplifies and restructures how Service members are evaluated for continued service and compensation as a result of a wound, injury, or illness. Based on the recommendations of several commissions and task forces, DoD and VA implemented the DES Pilot on November 26, 2007, at three National Capital Region (NCR) locations (Walter Reed, Bethesda, and Malcolm Grow). Since November 2007, this program has been administered jointly by the DoD and VA. The Pilot eliminates duplicate disability examinations and disability ratings by the Departments. The DoD determines fitness for duty; the VA examines and rates for disability. The rating is used by DoD for unfitting conditions and by VA for all service-connected or aggravated conditions. After March 2010, the DES Pilot will operate at 27 locations across the continental United States and Alaska and encompass 47% of all potential Service members' cases. Compared to the legacy system, case processing time has been nearly cut in half (46% decrease) for Active and Reserve Component Service members. The Pilot will be expanded to encompass 100% of the DES by December 2012. The DES Pilot Final Report which includes the results and recommendations for the DES Pilot-model worldwide implementation will be forwarded to Congress by May 31, 2010.

Transition Initiatives

The Department has several initiatives relating to the Department of Defense (DoD) Transition Assistance Program (TAP). We began this fiscal year by convening the first Joint

Interagency Strategic Working Group on the Transition Assistance Program in November 2009. We are also working on several employment initiatives with our partners at the Department of Labor. As an ex-officio member of the Secretary of Labor's Advisory Committee on Veterans Employment, Training and Employer Outreach (ACVETEO), the Department is looking at more efficient ways to connect employers with transitioning Services members, veterans and their spouses. We are also looking at revamping the Department of Labor (DOL) TAP Employer Workshop to make it more dynamic and ensure it is meeting the needs of our warriors. Finally, we continue to collaborate with DOL on how to ensure our wounded, ill and injured are being prepared for and get meaningful jobs.

In addition to our work with DOL, this office assisted with the Office of Personnel Management (OPM) strategic plan as well as an Executive Order signed by the President in November 2009, which directed all Executive Branch Federal Agencies to increase the hiring of veterans. We are pursuing other initiatives like our work with the United States Interagency Council on Homelessness. The Department is assisting the council in developing a Federal Strategic Plan on Homeless. The plan will address ideas and ways to end homeless for our veterans, families, and youth.

One of our most exciting initiatives was joining the social network community with the launching of the DoD TAP Facebook. We are taking advantage of the popularity of social media as another communication resource to promote transition services and benefits to military personnel and their families.

Finally, we have are working to improve outreach and education to all Service members to increase their participation in the Benefits Delivery at Discharge and Quick Start Programs.

These programs allow eligible Service members to submit their application for disability compensation prior to separation or retirement.

CIVILIAN PERSONNEL

National Security Personnel System Transition

The National Defense Authorization Act for Fiscal Year 2010 (NDAA 2010) repealed the authority for the National Security Personnel System (NSPS) and requires the Department to transition out all employees and positions from NSPS to the appropriate non-NSPS personnel and pay system no later than January 1, 2012. The law provides no employee will suffer any loss of or decrease in pay upon conversion from NSPS.

Planning for terminating NSPS is well under way with the goal of transitioning employees and organizations from NSPS back into their pre-NSPS personnel and pay system during FY 2010. The rules of the gaining pay and personnel system will be followed in determining placement of NSPS employees. Since the majority of the 226,000 employees covered by NSPS will transition to the General Schedule system, government-wide rules issued by the Office of Personnel Management (consistent with title 5, United States Code) are applicable. Until the transition takes place, organizations and employees currently covered by NSPS will continue to follow NSPS regulations, policies, and procedures. While the Department did not transition any bargaining unit employees into NSPS, approximately 900 employees organized after their organizations moved into the system. The Department plans to meet with representatives of national unions representing these NSPS bargaining unit employees to discuss transition issues and will ensure that local collective bargaining obligations are fully satisfied as these employees transition from NSPS back to the General Schedule.

Transition timelines are being determined based on organizational readiness as evidenced by avoidance of undue interruption to mission and hardship to employees; established processes to classify NSPS positions into the appropriate non-NSPS personnel system; existence of an

appropriate performance management system; and information technology capability. Prior to their transition out of NSPS, employees will be informed of their position classification under the non-NSPS personnel system. With limited, approved exceptions, no new appointments to NSPS will be made after March 1, 2010. The Department is tracking transition costs as it did with NSPS implementation costs.

The organization that is guiding and directing transition planning and execution is the National Security Personnel System Transition Office (NSPSTO). The Director, NSPSTO is responsible for the development, coordination, and dissemination of supporting procedures, policies, and tools; and for developing training products and services for use by the Components in training employees and supervisors on all aspects of the transition. In addition, the Department is committed to providing open and frequent communications during the transition. The NSPSTO has redesigned its Web site to publicize up-to-date information on the transition, including transition toolkits that contain a variety of products such as conversion guides, fact sheets, brochures, articles, frequently asked questions, performance management guidance, timelines, and town hall briefings on the transition. The website and communications will be updated periodically as new information becomes available and new products are developed. In addition, the Department will deliver a report to Congress at the end of April 2010, as required by NDAA 2010, that covers the steps taken for the reclassification of NSPS positions and the initial plan for transitioning employees and organizations from NSPS; semiannual reports that cover transition progress will also be provided until all organizations and employees are out of NSPS.

Civilian Strategic Human Capital Planning and Forecasting

With over 760,000 civilian employees, in over 600 occupations, supporting a myriad of critical missions, it is essential the Department have a structured plan to ensure civilian talent is in place to meet current and future mission requirements. To meet this demand, the Department is leading an enterprise-wide effort to establish a more structured, standard approach to Strategic Human Capital Management (SHCM), based on a combined effort of competency assessment and workforce analysis trending. The Department recognizes the need for a civilian workforce with the attributes and capabilities to perform seamlessly in an environment of uncertainty and surprise, execute with a wartime sense of urgency, and create tailored solutions to multiple complex challenges. We are institutionalizing an updated, integrated human capital strategy for the development of talent, that is consistent with 21st century workforce demands and a new generation of workers, and that is competency-focused, performance-based, agile, responsive to mission impacts, and focused on employee engagement and respect.

Civilian Expeditionary Workforce

The Department is working to better employ the talents of our civilian workforce to meet expeditionary mission challenges, especially those not directly related to war fighting. Global security challenges require adequate civilian capacity to conduct complex operations, including those missions that require close military-civilian planning and cooperation in theater. Since 2001, more than 43,000 Department civilians have been involved in contingency operations around the globe. Currently, approximately 5,100 civilian employees are serving in theater.

In response to these imperatives, the Department institutionalized the Civilian Expeditionary Workforce (CEW) to provide deployable civilian experts to support military operations, contingencies, emergency operations, humanitarian missions, disaster relief, and

stabilization and reconstruction operations. The CEW is designed to enhance the Department's ability to work alongside and help build the capacity of partner defense ministries and provide surge support where needed. The CEW encompasses a pre-identified subset of the Department's emergency essential and volunteer civilian workforce by skill sets and capabilities, who are trained, ready, cleared, and equipped for rapid response and quick assimilation into new environments.

Civilians deployed under the CEW receive general and theatre-specific, urban training, and are eligible for the same health care benefits as deployed military personnel, including medical evacuation and access to hospital services in-theatre. With the support of Congress, the Department has obtained important incentives and benefits to help compensate for the inherent risks of deployment. The Department continues to identify pertinent issues and propose fully integrated solutions to ensure force health protection, surveillance, deployment benefits, and medical care for civilians who have been injured, wounded, or have contracted diseases while deployed in support of contingency operations. We have worked in partnership with the Office of Personnel Management, the Department of State, and the Department of Labor to ensure all similarly-situated Federal civilians receive consistent and equitable benefits commensurate with the risks of deployment.

Civilian Leadership Development

The Department is currently working on the recruitment and development of entry-level leaders in conjunction with Section 1112 of the FY 2010 NDAA, which requires the establishment of a DoD Civilian Leadership Program. The Department recognizes the need for an improved model to attract, retain, and deliberately develop civilian leaders to support pipeline readiness and enhance bench strength. In FY 2010, the Department will fully develop the entry-

level program to grow emerging leaders. We will launch an initial program pilot in FY 2011 and expand the pilot and implementation in FY 2012. Our communities of initial focus for this effort include acquisition and finance specialists to meet the Department's needs.

Recruitment for Critical Positions and Competencies

The Department has an aggressive approach for identifying mission critical recruitment requirements, to include health, acquisition, linguists and emerging mission-essentials such as IT specialists in cyber warfare. We have a plan in place and a robust forecasting model that indicates those areas where recruitment surges may be needed. Where such surges are indentified, we craft staffing strategies, such as expedited hiring authority and scholarship programs, to meet those needs. Our integrated approach to Strategic Human Capital Management (SHCM) will prove to enhance our ability to analyze demographic trends, forecast requirements, assess gaps, and further define recruitment and hiring strategies.

Increasing Veterans Opportunities

The Department values the experience and commitment of our Service members and places special emphasis on supporting transitioning Service members, wounded warriors, and veterans in their search for employment. We continue our efforts to actively reach out to our veterans to assist them in their civilian employment search with aggressive outreach programs, transition assistance programs, career and job fairs, and benefits counseling and assistance.

The Department continues this tradition in support of Executive Order 13518, the Veterans Employment Initiative. In January 2010, the Department stood up the DoD Veterans Employment Program Office to promote veterans recruitment, training and development throughout the Department. We are promoting the Veterans Initiative through DoD's Hiring Heroes Program, through which we conduct eight to ten Hiring Heroes Career Fairs throughout

the U.S. for wounded, ill and injured service members, transitioning military, veterans, and their families.

In-sourcing

The Department is on track to reduce the level of contracted support service from the current 39% of our workforce to the pre-2001 level of 26%, and perform those services with full-time government employees. Over the next five years, DoD expects to hire up to 33,400 new civil servants to fill positions established as a result of in-sourcing contracted services. This includes 5,000 acquisition personnel over FY 2010/2011 and 10,000 through FY 2014. On January 4, 2010, the Department submitted to Congress a report on “FY 2010 In-sourcing Initiative and Plans.” DoD Components estimated they would establish nearly 17,000 new civilian authorizations in FY 2010 to perform currently contracted work.

There are no artificial limits placed on DoD Components’ identification of in-sourcing candidates (i.e., contracted services that would more appropriately be performed by government employees). The Department considers in-sourcing as a well-reasoned part of Total Force management that:

- Rebalances the workforce and rebuilds organic capabilities.
- Ensures that inherently governmental functions that support the readiness/management needs of the Department are performed by government employees.
- Implements Congressional direction on in-sourcing (FY08 NDAA).

Contractors remain a vital part of the Department’s Total Force. The Department is not "replacing" or "converting" contractors but rather in-sourcing contracted services – contractors remain a vital source of expertise to the Department and are an integral part of our Total Force.

OTHER PERSONNEL CONCERNS

Foreign Language, Regional, and Cultural Capabilities

The Department is continuing its work to ensure our Commissioned and Non-Commissioned Officers are prepared for a full range of varying and complex missions that our current and future security environment requires which includes building expertise in foreign languages, regional and cultural skills. The FY 2011 budget focuses on sustaining gains achieved in previous years and continuing to build a solid infrastructure in which to meet future demands. Baseline funding of \$793 million in FY 2011 supports redirected language and culture instruction to achieve higher proficiencies for the Total Force in these skills. During the most recent programming cycle, the Department committed an additional \$29 million in FY 2011 to establish Language Training Detachments to provide and sustain commanders' needs, support the Afghanistan/Pakistan Hands program, and expand the role of English language training for partner nation personnel. The Department's continuing efforts feature the following significant initiatives and accomplishments.

Military Leadership Diversity Commission

As mandated by NDAA 2009, the Department established the Military Leadership Diversity Commission (MLDC) to conduct an independent review and comprehensive evaluation and assessment of policies that provide opportunities for the promotion and advancement of minority members of the Armed Forces, including minority members who are senior officers. Led by General Lester Lyles (ret.), the Commission consists of 26 appointed members to include retired and active duty officers, enlisted, and civilian representation from all the service components and the Coast Guard. The Commission will expand to 32 members.

The Commission conducted its first meeting in Washington, DC in September 2009. Several monthly meetings are planned throughout the country during the independent review, culminating with a written report to the President and Congress no later than September 2010. The report shall include the Commission's findings and conclusions, recommendations for improving diversity within the Armed Forces, and other relevant information and proposals considered appropriate.

Sexual Assault Prevention and Response

The Department's position on sexual assault is a simple one: Sexual assault is a crime that is incompatible with service in the United States Armed Forces. It undermines core values, degrades military readiness, subverts strategic goodwill, and forever changes the lives of victims and their families. To address this crime, the Department has put numerous broad-based programs in place to achieve our vision of enhancing military readiness by establishing a culture free from sexual violence.

The Department's goal is to prevent sexual assault through institutionalized prevention efforts that influence the knowledge, skills, and behaviors of Service members to stop a sexual assault before it occurs. We have developed a comprehensive prevention strategy built around the concept of bystander intervention. Throughout the Department – from the newest recruits to the most senior leaders – Service members are getting educated on the role they can play as individuals in preventing this crime.

In conjunction with prevention, we are working to increase awareness so when a crime does occur, it is reported. We want any victims within the military to come forward, first and foremost, to get treatment, and if so desired, provide details of the crime so the perpetrator can be held accountable.

The Department is committed to ensuring the sexual assault prevention and response program works as intended. This “system accountability” is achieved through data collection, analysis, and reporting of case outcomes. In order to improve data collection, analysis, and case management, the Department initiated the development of the Defense Sexual Assault Incident Database (DSAID). In January 2010, a Request for Proposal was issued to identify a vendor for the database, with selection expected by the fall.

The Department has participated in several external reviews in recent years, most recently by the Government Accountability Office (GAO) and the Defense Task Force on Sexual Assault in the Military Services (DTF-SAMS). DTF-SAMS released their report in December 2009 and GAO released their report in February 2010. We are currently reviewing and responding to their recommendations.

Child Custody

The Department believes the States are in the best position to balance the competing interests within the context of their own domestic relations laws. Approximately 30 States have passed legislation that addresses the special circumstances facing military parents who have custody of children but who are not married to the other parent.

The American Bar Association, National Military Family Association, and the Senate support the Department’s position. Although the Senate has continued to reject Federal child custody legislation, it did include language in the FY10 NDAA that requires a report to Congress on military child custody issues by March 31, 2010. Senate Armed Services Committee staff indicate this report will form the basis for hearings anticipated in April 2010.

The Department has committed to several efforts to address the unique challenges facing military members who have custody of a child but are not married to the other parent. The

Department is working with its State liaisons to encourage those 20 States who have not addressed military child custody issues in their domestic relations laws to do so. The Department is also looking for opportunities to increase participation in and support of the American Bar Association's Military Pro Bono project, which provides free in-court representation to military members for domestic relations cases (and other cases). Finally, the Department is updating and reissuing its Family Care Plan instruction, which can, if used properly, significantly reduce custody problems without the detrimental effects of the proposed Federal law.

Federal Voting

The Department vigorously assists our men and women in uniform, their voting-age dependents and U.S. citizens residing overseas to successfully participate in the 2010 primary and general elections. Initial indications are that the Department's programs are having a significant impact: for the 2008 general election, the active duty military voter registration rate exceeded that of the general population's: 77% for the military as compared to 71% for the general population.

Unfortunately, while more than 91% of absentee ballots were successfully returned by general electorate voters in the 2008 general election, only 67% of uniformed services and overseas voter absentee ballots were successfully returned. Unsuccessful return of ballots represents the single greatest point of failure for military and overseas voters, and is largely due to absentee ballots being sent out too close to the election, with insufficient time for the voter to successfully receive, vote and return the ballot by the States' mandated deadlines. In fact, more than 81% of all the voting failure suffered by military and overseas voters was because of ballots transmitted to them, but never returned.

The Department is focusing its voting assistance programs to address the overwhelming point of failure by focusing on those programs that will expedite both the delivery and return of ballots from military and overseas voters. First, the Federal Voting Assistance Program is developing an online wizard that will allow military and overseas voters to receive and mark their complete federal, State and local ballot online, and then print it out for voter verification, signature of the voter's oath, and postal mail return of the paper ballot. Second, the Military Postal System is also preparing an expedited ballot return system which will return ballots by Express Mail, as well as provide the voter with an online tracking system all the way to delivery to the local election official. The Military Postal System's desired delivery time is no more than seven days from receipt of the ballot from the voter to delivery to the local election official.

The Department is also taking full advantage of the authority granted it under the Military and Overseas Voter Empowerment (MOVE) Act of 2009 to designate all military installation voting assistance offices as National Voter Registration Act voter registration agencies. This will allow the Department to also collect from and mail in for those voters (who desire the assistance), the FPCAs or other registration forms completed by those voters.

The Department has been working closely with States to identify those changes in State law necessary to achieve the requirements of the MOVE Act, and to provide sufficient opportunity for military and overseas voters to successfully complete the absentee voting process.

Conclusion

We face two fundamental, and related, challenges. First, we must continue to attract and retain high quality, motivated individuals for Active and Reserve military service and we must maintain an enthusiastic and skilled civilian workforce. Second, we must weigh sufficiency

against the risks of an uncertain future. As we invest in our human capital, we must do so judiciously. While our future challenges may often seem without bounds, our resources are not. We must make hard choices, as a Department and as a Nation, of allocating our resources the best we can to win the war at hand while taking care of our most valuable asset – our men and women in uniform. I look forward to working with this Congress in this effort.