

**Opening Statement of U.S. Senator Jack Reed
Ranking Member, Senate Armed Services Committee**

**Room SDG-50
Dirksen Senate Office Building
Tuesday, February 3, 2015**

**To receive testimony on the recommendations of the Military Compensation
and Retirement Modernization Commission
*(As Prepared for Delivery)***

Thank you, Mr. Chairman. I join with you today in welcoming the witnesses, and I thank you for holding this extremely important, and timely, hearing.

This hearing comes as the Department yesterday formally submitted its budget for fiscal year 2016. While we await the full details of the Department's proposals, there are a few immediate notable aspects to the request. First, the requested top line is some \$35 billion above the Budget Control Act spending caps for defense. The spending cap, which for FY16 is \$499.8 billion, represents no growth in real terms. That the Department has requested \$35 billion more than current law allows shows how deep the funding shortfalls run, particularly with respect to force structure and in the training and modernization accounts. Second, the Department has again requested measures to slow the growth of personnel costs, including a basic pay raise and housing allowance increase below the rate of

inflation, and increased health care fees and copays for working-age military retirees. The Department submitted these proposals last year; Congress supported some and elected to defer the others until after this Commission reported its recommendations.

Many members, on both sides of the aisle, have been reluctant to support compensation and benefit reforms requested by the Department the past several years while this Commission deliberated, and suggested we should wait until its report was submitted. This is the context in which, today, we hear from this very distinguished panel.

These issues are of paramount importance to the nation, and to military members and their families. We charge our military with fighting and winning the nation's wars. Implicit in that responsibility is recruiting and retaining the very best for military service, in sufficient quantities, and ensuring that they are trained and equipped for their mission, prepared for the arduous duty we ask of them. Usually when we talk about caring for our men and women in uniform, the discussion is focused entirely on their pay. But these other elements are equally important if we want our service members to accomplish the mission and come home alive.

It is important to state from the outset that the goal of this Commission is not to save money. It is to strengthen the All-Volunteer Force. It is to modernize a retirement system that is 70 years old. And, importantly, it is to ensure that service members and their families enjoy a quality-of-life, and a quality-of-service, that will enable the services to recruit and retain the very best men and women for military service needed to meet national defense objectives. Under the current budget situation, I fear we are quickly pricing ourselves out of having a military sufficiently sized and adequately trained to meet the myriad threats we face all over the world. As we heard last week from the Service Chiefs, the budget caps currently in law do not allow the Services to meet their national defense objectives. If these recommendations are enacted, savings achieved should be used to address force structure shortfalls and to reinvest in readiness and modernization.

Finally, I would like to highlight one inequity of the current retirement system. Only 17 percent of all service members will leave with any retirement benefit under the current system, with officers more than twice as likely to leave with these benefits than enlisted personnel, even while enlisted personnel have always, including in the most recent conflicts, sustained the vast majority of casualties. We are told now that under these recommendations, as many as 75

percent of all service members will leave the service with some retirement benefit, even if they do not serve a full 20 years on active duty, as most service members do not.

Thank you, Mr. Chairman, and thank you to our panelists for their important work.