

**DEPARTMENT OF DEFENSE AUTHORIZATION
FOR APPROPRIATIONS FOR FISCAL YEAR
2014 AND THE FUTURE YEARS DEFENSE
PROGRAM**

WEDNESDAY, APRIL 17, 2013

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

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

The subcommittee met, pursuant to notice, at 2:00 p.m. in room SR-232A, Russell Senate Office Building, Senator Kirsten Gillibrand (chairman of the subcommittee) presiding.

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

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

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

Staff assistant present: Jennifer R. Knowles.

Committee members' assistants present: Elana Broitman and Kathryn Parker, assistants to Senator Gillibrand; Marta McLellan Ross, assistant to Senator Donnelly; Karen Courington, assistant to Senator Kaine; Steve Smith, assistant to Senator King; Brad Bowman, assistant to Senator Ayotte; and Craig Abele, assistant to Senator Graham.

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

Senator GILLIBRAND. Good afternoon, everyone. The subcommittee meets today to receive testimony from the Department of Defense (DOD) on the Active, Guard, Reserve, and civilian personnel programs contained in the administration's National Defense Authorization Request for Fiscal Year 2014, and the Future Years Defense Program.

Today we will have two panels. The first panel consists of senior DOD leaders with whom we will discuss not only DOD personnel policy issues, but also specific budget items pertinent to our subcommittee's oversight responsibilities. Our witnesses are the Honorable Jessica Wright, Acting Under Secretary of Defense for Per-

sonnel and Readiness, the Honorable Jonathan Woodson, Assistant Secretary of Defense for Health Affairs and Director of the TRICARE Management Activity, Mr. Frederick Vollrath, the Acting Assistant Secretary of Defense for Readiness and Force Management, and Mr. Richard Wightman, Acting Assistant Secretary of Defense for Reserve Affairs.

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

As this is my first budget related hearing as chairman of this subcommittee, I want to begin by recognizing the hard work the subcommittee has done over the past decade. While we have more work to do, the committee has significantly improved the pay and benefits of servicemembers, enabling the Services to recruit and retain the very best, and maintain the highest caliber force, even during a decade of persistent armed conflict.

This subcommittee has supported numerous enhancements to the TRICARE benefit over the last decade as it has supported enhancements to pay, critical family programs, transition assistance programs, education benefits, morale and welfare programs, mental health counseling programs, and survivor benefits, all to ensure continued viability of the All-Volunteer Force during a decade of war.

The military health system delivers world class care to over 9.5 million beneficiaries, Active Duty members, Reserve members, retirees, and dependents, and has achieved unprecedented rates of survival from combat wounds. While we must continue to look at ways to expand TRICARE to cover autism treatment, on the whole TRICARE is an extraordinary program.

It is clear DOD faces significant budgetary and programmatic pressures. For the remainder of the fiscal year, DOD will operate under the sequestration imposed by the Budget Control Act (BCA), and, as a result, DOD will have to take extraordinary measures to deal with the across-the-board programmatic cuts of nearly 8 percent. The budget submitted by DOD for fiscal year 2014 does not account for any sequestration of funding in the fiscal year, which, if it remains in effect, would reduce DOD's budget by yet another \$52 billion.

Because of the current budget environment, the President's budget request reflects some difficult choices that this subcommittee will have to carefully examine as we begin consideration of the annual defense bill. The budget requests a 1 percent across-the-board pay raise for military and civilian personnel. This is regrettably below the annual rise of the employment cost index (ECI) of 1.8 percent. This hearing is our opportunity to hear from both our military and advocacy group panels about the impact of this pay raise level, as well as the housing and subsistence allowance increase of about 4 percent. The Department's budget request assumes savings of \$540 million based on holding pay raises to just the 1 percent.

The Department also proposes to establish or raise certain fees related to health care coverage for military dependents and retirees. Congress has not supported these proposals in the past years, and I personally remain very skeptical about increasing costs for military members and veterans. The Department's budget request

has assumed nearly \$1 billion in savings in fiscal year 2014 as a result of these health care proposals.

There is no greater responsibility for Congress and military leaders than to support our brave servicemembers, their families, and the civilian employees who are vital components of our military team. While the President has protected the military personnel pay accounts from sequestration, he could not do the same for DOD civilian workers, which gives me great concern. The furloughs that are planned for the rest of the fiscal year, while perhaps necessary, breaks our commitment to our civilian workforce.

Our defense civilians include an important support network as well as many of the experts in critical fields, such as cyber security. Even as DOD works to comply with the congressional mandate to reduce the size of the civilian workforce, civilians are in the midst of yet another year of pay freeze. DOD and Service leaders have expressed their concern not just about the short-term negative effects these furloughs will have on critical services for servicemembers and their families, but of the long-term effects, including damage to morale and the prospect of our most talented young people may no longer view national service as a viable career option. I share their concern.

A highlight in the last year of personnel issues, however, is the expansion of personal benefits to same sex partners: the opportunity to shop at commissaries, take emergency leave, and participate in family-centered programs. I know that the Department is waiting to implement additional benefits, such as health care and housing, until the Supreme Court decides the constitutionality of the Defense of Marriage Act.

I urge you all to be as forward leaning as possible in ensuring that all of our military benefits are as inclusive as possible.

Lastly, I want to say something about sexual violence in the military, an issue which I remain deeply committed to solving. I held my first hearing as chairman of the subcommittee last month on this topic. As I said then, a system where less than 1 out of 10 reported perpetrators are held accountable for their alleged crimes is not a system that is working. That is of just the reported crimes. The Defense Department itself puts the real number closer to 19,000. A system where in reality fewer than two out of 100 alleged perpetrators are faced with any trial at all is clearly inadequate and unacceptable.

This committee and DOD took some first steps on this issue as part of last year's National Defense Authorization Act (NDAA) that President Obama signed into law, including ensuring that all convicted sex offenders in the military are processed for discharge or dismissal from the Armed Forces, regardless of which branch they serve in, and reserving case disposition authority for only high ranking officers in sexual assault cases.

Secretary Hagel has made an important announcement by proposing changes to Article 60 of the Uniform Code of Military Justice so that courts martial cannot be overturned by the commanding officer. This is a good step forward, and I commend the Secretary for honoring the commitment he made to me by taking this issue head on. But it is not enough, and Congress must act to address this issue. I look forward to continuing to work with my

colleagues on the legislation to hold those who commit these violent crimes accountable.

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

It is now my privilege and honor to give the mic to Senator Graham. Thank you.

STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Thank you, Madam Chairman. I appreciate it.

I am very interested in TRICARE. We have had discussions in my office and this room, all over the building for years about what we can do in a rational, logical way to deal with the growth in TRICARE costs to the government. In 2001, it was \$19 billion. I am told in fiscal year 2014, it is \$49.4 billion.

To the beneficiary community, we certainly want to listen to your concerns about how to make the program more efficient. But I am looking for sustainability. I am looking for a generous benefit that is sustainable, because if it is not sustainable, it is a false promise. We cannot get ourselves in a situation where we are dealing with retiree health care and a shrinking military budget, and pit it against modernization, weapons, and Active Duty needs. There has to be some way to make this program more sustainable, and ask of some of us, like myself who will be retired in a couple of years, to have a gradual premium increase. I am certainly willing to do that. I just want to make sure that what we are asking of the retired community is rationale, is logical, affordable. So that is a big deal for me.

As to the pay increases, I wish it was more. I wish it was the 1.8 percent. But once we get sequestration behind us, replacing this \$1.2 trillion cut where half of it falls on the military over the next decade with a bigger deal, which I think we can do—at least I hope we can do—that will free up some money for discretionary spending.

To all the witnesses, thank you. To the organizations who support men and women in uniform, the retired force, I look forward to hearing from you.

I have to go to the floor at 2:20 p.m., but I shall return.

Thank you, Madam Chairman.

Senator GILLIBRAND. Thank you, Senator Graham.

You are each now invited to give your opening statement.

Secretary Wright.

STATEMENT OF HON. JESSICA L. WRIGHT, ACTING UNDER SECRETARY OF DEFENSE, PERSONNEL AND READINESS

Ms. WRIGHT. Chairman Gillibrand, Senator Graham, distinguished members of the subcommittee, I appreciate the opportunity to appear before you to discuss personnel and readiness programs in support of the President's fiscal year 2014 budget request.

You have heard from Secretary Hagel that the fiscal year 2014 budget is based on the defense strategic guidance, a comprehensive review of military missions, capabilities, security rules around the world. It is also a proposal made in face of extraordinary fiscal budget uncertainty caused by sequestration and the BCA of 2011.

In fiscal year 2014, the DOD budget, \$526.6 billion, includes \$137.1 billion for our military personnel, as well as \$49.4 billion for military healthcare, adding up to approximately a third of the base budget's request. As Secretary Hagel stated, our people are doing extraordinary work and making great sacrifices. Their dedication and professionalism are the foundation of our military strength. Therefore, it is our job to make sure that we take care of them.

We are here today to discuss how the fiscal year 2014 budget and plan will affect the Total Force, the Department's greatest asset. The Department's Total Force, Active, Reserve, National Guard members, government civilians, and contract service representatives, a carefully coordinated approach balances operational needs, and satisfies mission requirements, and recognizes fiscal constraints. After 11 years of intensive operations, our warriors and civilians are experienced and more proficient than ever to execute current operational missions and respond to emergent needs throughout the globe. We must build on the most appropriate total force by actively recruiting and retaining the right people for the mission with the appropriate level of compensation and benefits. Building and sustaining the right balance also requires constant vigilance of readiness.

Therefore, we want to thank Congress for the legislative authorities in the NDAA for Fiscal Year 2013, which provides flexibility to affect required drawdowns. These authorities allow the Department to avoid the loss of critical expertise and provide military Services the tools necessary to manage their force with the least impact on readiness.

Next, our mission to support servicemembers and their families by providing a network of services and programs which promote readiness and quality of life. This means the Department must keep pace with our servicemembers by doing all it can to protect the men and women from harm. This includes preventing and responding to sexual assault, working to lower the risk of suicides, and providing a reliable network of legal and health services in the time of need.

Finally, our responsibility continues as our men and women prepare to transition into civilian life and become a veteran. A new generation of servicemembers are coming home, and we must live up to our commitment to them because of their service and sacrifice. Whether it is on the battlefield, at home, or with their families, or after they have faithfully concluded their military service, we are committed to preparing servicemembers for whatever challenges they may face from warrior to veteran. They really deserve no less.

I will turn to Dr. Woodson, Mr. Vollrath, Mr. Wightman, to discuss their particular policy priorities under their purview.

Dr. Woodson.

**STATEMENT OF HON. JONATHAN WOODSON, M.D., ASSISTANT
SECRETARY OF DEFENSE, HEALTH AFFAIRS, AND DIRECTOR
OF TRICARE MANAGEMENT ACTIVITY**

Dr. WOODSON. Chairman Gillibrand, Senator Graham, and members of the subcommittee, thank you for the opportunity to present the President's budget request for military medical programs for fiscal year 2014, and for the distinct honor of representing the men and women of the finest military health care system in the world.

Over the last 11 years, men and women serving in the military health system have performed with great skill and courage. They continue to help advance military and American medicine as witnessed by many comments in the tragic aftermath of the Boston bombings. They continue to serve courageously and to simultaneously provide a service that engages in combat and medical operations, supports a comprehensive peace time health care system, and respond to humanitarian crises around the world. It is unique among all militaries on the globe.

The medical readiness of men and women in our Armed Forces remain at the center of our mission and strategy. We are using every tool at our disposal to assess our servicemembers' health before, during, and following deployment from combat theaters, and we are committed to improving the health and wellness of all who receive care in our system.

Concurrent with our mission of maintaining a medically ready force is our mission of maintaining a ready medical force, a force of medical professionals who are well trained, engaged in ongoing active clinical practice, and supported by military hospitals and clinics that are operating at optimal capacity. To sustain this active practice also requires beneficiaries to choose the military medicine system as their primary and preferred source of care.

As we maintain our readiness, we must also responsibly manage the budget we are given. In 2013, the Department and the Federal Government have encountered headwinds. Budget sequestration continues to present significant challenges to our system and would create potentially catastrophic effects if this approach to budgeting were sustained through 2014.

Still, we must be careful stewards of the taxpayers' dollars, and in this effort, the Department has proposed both internal and external reforms of military medicine.

Internally, we are undergoing a comprehensive set of reforms of how we are organized as a military health system. The overarching goal of this effort is to create an even more integrated system of care, better coordinating delivery of services in Army, Navy, and Air Force medical facilities, along with care provided by the Veterans Administration (VA) and the private sector medical community. Improved integration combined with more streamlined decision making will result in better health care, better care overall, and cost deficiencies.

We are in a collaborative and effective pathway forward to eliminate redundancies within the military health system, improved business practices, and clinical outcomes, and effectively managed care for servicemembers and their families. We have a strong, committed leadership team that includes senior civilian and military

leadership of all Services and the Joint Chiefs of Staff to ensure that we achieve these goals.

Externally, the administration is once again asking military retirees to pay more than they do today for health benefits that they have rightly earned and that they now receive, but proportionately less than when the health benefit was initiated. In an era characterized by more limited resources, we must make decisions and determine tradeoffs among a series of important mission requirements—military operations, training, research, and benefits—particularly the enormous and profound responsibility for lifelong care for our veterans who seek services and benefits for conditions related to their military service.

Our proposals will slow the growth in retiree health benefit costs to the Department over time, while keeping in place the comprehensive medical benefits that retirees receive, and ensuring that this program is there for future generations.

The proposals will not affect most Active Duty family members. Additionally, our proposals exempt the most vulnerable within our retired population from fee increases to include families of servicemembers who died on Active Duty and families of servicemembers who are medically retired.

Many other challenges remain ahead for the military and medical system. We are working to mitigate the harmful effects of sequestration involving civilian personnel and limit cuts in our vital military medical research programs. We will continue to identify approaches that curb unnecessary utilization of health care services, and we are increasing our emphasis on wellness, and we are deepening our collaboration with the VA.

I want to close by thanking Congress, and particularly this subcommittee, for its long support of our programs and its endorsement of our establishment of the Defense Health Agency to improve administration of the military health system.

Thank you for your time today, and I look forward to your questions.

STATEMENT OF HON. FREDERICK E. VOLLRATH, ACTING ASSISTANT SECRETARY OF DEFENSE, READINESS AND FORCE MANAGEMENT

Mr. VOLLRATH. Chairman Gillibrand, members of the subcommittee, thank you for the opportunity to join you today.

As we transition from a decade of war, the Department is challenged with managing a total force and maintaining our readiness and capability under significantly reduced funding. Sequester will have a great impact on the Department and will add new challenges in meeting national security needs. But it will also reinforce the need to take a hard look at our programs and our priorities in order to effectively and efficiently implement necessary reforms in order to maintain a ready force.

A tangible aspect of readiness remains our ability to recruit, train, and retain an All-Volunteer Force. We need to carefully manage scarce resources while supporting military compensation and benefits reform without breaking faith and while sustaining the All-Volunteer Force. As our combat operations are lessened, there remains a need for sustainment of family programs and wellness,

because the military experience remains one of selfless service and sacrifice, of long training exercises and family separations.

There will always be stress on the force and our families. Therefore, we must continue to monitor these programs carefully and strive to sustain those that remain critically important as we experience funding reductions in the years to come. For example, the Department's suicide prevention efforts will continue to be a top priority as we implement the provisions of the NDAA for Fiscal Years 2012 and 2013, as well as the President's executive order on this matter. Additionally, as we draw down our forces, we will continue to improve and enhance our transition assistance and licensing and credentialing efforts to better prepare servicemembers for transition to their civilian lives and the civilian labor force.

Given reduced resources and a smaller total force, we remain committed to recruit and train the most qualified candidates. Therefore, the Department remains focused on fully implementing the February 2013 Secretary of Defense decision to eliminate the 1994 policy that restricted women from being assigned to direct combat units, as well as open more military occupations to women.

Madam Chairman, this concludes my statement. I thank you and the members of the subcommittee for your steadfast support and leadership. I am happy to answer your questions.

Mr. Wightman.

**STATEMENT OF HON. RICHARD O. WIGHTMAN, ACTING
ASSISTANT SECRETARY OF DEFENSE, RESERVE AFFAIRS**

Mr. WIGHTMAN. Thank you. Chairman Gillibrand, members of the subcommittee, I thank you for your invitation to participate in this hearing. I welcome the opportunity to give an overview of some issues we are addressing in the Reserve components.

I would also like to thank the committee and your staff for all that you have done for the men and women in uniform, especially for those who it is my responsibility to serve, the 1.1 million members of the Reserve and National Guard and their families. Today I can report to you that we have over 55,000 mobilized members of the National Guard and Reserve supporting operations globally.

Current utilization and a combination of factors change the way we view future utilization of our Reserve component and constitute a new normal. Although major force commitments to Afghanistan are being reduced, there is a pivot of our national defense strategy towards the Asia-Pacific region. A volatile international security environment still persists, and a constrained defense budget for the foreseeable future will place additional burdens on manning, training, equipping, recruiting, and retention of the total force in fiscal year 2014 and beyond.

Therefore, continued use of the Reserve components as a part of the operational total force makes sound business sense. The Reserve component as part of DOD's total force provides the ability to preserve capability and capacity and reduce costs to manageable risk.

Our National Guard and Reserve is undoubtedly the most combat seasoned Reserve component force ever, and the Department is seeking ways to leverage the Reserve component to provide needed military capacity during current austere economic times. These fac-

tors necessitate use of the Reserve component across a broad spectrum in the future to include: continued routine use as a part of the operational force as we have over the past decade, fulfilling day-to-day operational missions at home and abroad, albeit on a smaller scale, and the use of a portion of the Reserve component in its traditional role as a strategic reserve.

The new normal use of the Reserve component as part of the operational force is enabled by a key principle of the 2012 Defense Strategy: emphasizing rotational presence versus forward station presence. This concept, combined with legislative changes under section 12304 Alpha and Bravo, enacted by Congress in the NDAA for Fiscal Year 2012, authorizes further use of the Reserve components.

The first permits the use of Reserve components in response to disasters in the United States as we recently witnessed during Hurricane Sandy. The second permits access to the Reserve components and opens the opportunity to participate in peace time overseas rotational posture and deterrence missions. However, the Department must also continue to preserve equality of the All-Volunteer Force and not break faith with our men and women in uniform, their families, and our civilians.

Despite these difficult economic circumstances necessitating budget reductions across all levels of government, the Department is committed to providing servicemembers and military families with support programs and resources and empower them to address the unique challenges of military life. With close to 1,700 events projected for this fiscal year, programs, such as the Yellow Ribbon Reintegration Program, continue to provide relevant, reliable information and resources to military members, their families, and designated representatives throughout the deployment cycle, and complements programs such as the Transition Assistance Program (TAP), by assisting servicemembers as they transition between their military and civilian roles.

Programs, such as the Hero to Hire, or H2H, provides a comprehensive approach aimed at enhancing career readiness and reducing unemployment of our Reserve component members. This program has helped facilitate over 1,000 placements per month since October 2012.

Today's citizen warriors have made a conscious decision to serve since September 11 with full expectation that their decisions might mean periodic recalls to Active Duty under arduous and hazardous conditions. They will continue to play a vital role as we move beyond the past decade of war, and the Department shapes the force to implement defense strategy and respond to the challenge of a new era.

Thank you again for the opportunity to testify, and I look forward to your questions.

[The joint prepared statement of Ms. Wright, Dr. Woodson, Mr. Vollrath, and Mr. Wightman follows:]

JOINT PREPARED STATEMENT BY HON. JESSICA L. WRIGHT, HON. JONATHAN WOODSON, MR. FREDERICK E. VOLLRATH, AND MR. RICHARD O. WIGHTMAN, JR.

INTRODUCTION

Chairman Gillibrand, Senator Graham, and distinguished members of the subcommittee, I appreciate the opportunity to appear before you to discuss Personnel and Readiness (P&R) programs in support of the President's fiscal year 2014 budget request. The President's plan implements and deepens the commitment to the new strategy, which meets the Department of Defense (DOD) needs in a complex security environment. The fiscal year 2014 DOD budget request of \$526.6 billion includes \$137.1 billion for our military personnel as well as \$49.4 billion for military medical care, which add up to approximately a third of the base budget request.

As you have heard from Secretary Hale today, the fiscal year 2014 budget is based on the Defense Strategic Guidance announced on January 5, 2012, "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense," a comprehensive review of American military missions, capabilities, and security roles around the world. It is also a proposal made in the face of extraordinary fiscal and budget uncertainty. The March 1 sequestration order called for a nearly \$41 billion reduction in DOD's fiscal year 2013 budget in the middle of the fiscal year, and we face substantial additional cuts (roughly \$52 billion per year in fiscal year 2014 and beyond) that could force major changes to the fiscal year 2014 President's budget. Sequestration in fiscal year 2013 would also have major effects in fiscal year 2014.

Given these challenges, we are here today to describe how we can sustain the All-Volunteer Force (AVF) for generations to come—a force that has a proven record of unprecedented success in operations around the world. Thank you for your continued support of our Active, Reserve component military members, their families, and our government civilians who serve with distinction every day.

BUILD, SUPPORT, AND TRANSITION THE TOTAL FORCE

The Department's Total Force of Active and Reserve military, government civilians, and contracted services represents a carefully coordinated approach that balances operational needs, satisfies mission requirements, and recognizes fiscal constraints. After over 10 years of intensive operations, our servicemembers and civilians are more experienced and proficient than ever to execute current operational missions and respond to emergent needs throughout the globe. Our people are the Department's greatest assets and we will continue to be the most powerful military force in the world by building and sustaining this extraordinary Total Force.

We must build the most appropriate Total Force by actively recruiting and retaining the best people for the mission with the appropriate level of compensation and benefits. Building and sustaining the right balance also requires constant vigilance of readiness—to ensure that our servicemembers are adequately trained and equipped to face whatever battle they face. Therefore, we want to thank Congress for the legislative authorities in the National Defense Authorization Act (NDAA) for Fiscal Year 2013 which provides flexibilities to affect required drawdowns. These authorities allow the Department to avoid the loss of critical expertise and provide the Military Services with the necessary tools to manage their force structure with the least impact to our readiness.

Next, it is our mission to support the servicemembers and their families by providing a network of services and programs which promote readiness and quality of life. This system of support extends from military medical care to family readiness services and includes support for National Guard and Reserve members and their families. Support also means that the Department keeps faith with our servicemembers by doing all it can to prevent and protect men and women from harm. This includes preventing and responding to sexual assault, working to lower the risks of suicides, and providing a reliable network of legal and health care services in a time of need.

Finally, our responsibility continues as our men and women prepare to transition to civilian life or veteran status. A new generation of servicemembers is coming home, and we made a lifetime commitment to them for their service and sacrifice. Thus, with Congressional support and strong commitment by the President, we have implemented the Veterans Opportunity to Work (VOW) to Hire Heroes Act of 2011, which provides the necessary tools for servicemembers to make a successful transition out of the military to the next phase of their careers and lives.

The P&R portfolio of policies and programs is extensive and we will attempt to highlight our recent accomplishments and future challenges in this statement. The first section provides updates to issues of significant congressional concern. It will be followed by overviews of the three major policy offices under P&R. Although this

lengthy statement does not cover all our programs, it is a reflection of our efforts to better build, support and transition our servicemembers.

Recent Military Personnel Policy Changes

Women in Service

Over the last decade of war, our military women servicemembers have put their lives on the line to defend the country with courage, patriotism and skill. It is in the interest of our national security to have the best and brightest person serving in any position based upon their abilities, qualifications and performance. This is consistent with our values and relevant to military readiness. Service should be based on ability not gender.

The 1994 DOD policy prohibited women from being assigned to “direct ground combat” units below the brigade level and permitted the military departments to restrict assignment of women based on privacy and berthing, physical requirements, special operations and long-range reconnaissance, and colocation with a direct combat unit (e.g. a medical unit with a direct combat unit). In February 2013, former Secretary Panetta completely eliminated the 1994 policy at the unanimous recommendation of the Joint Chiefs of Staff. Service implementation plans are due to the Secretary of Defense by May 15, 2013. The policy will be fully implemented by January 1, 2016.

Same Sex Partner Benefits

Following the repeal of Don’t Ask, Don’t Tell (DADT), DOD engaged in a review of the possibility of extending eligibility for benefits, when legally permitted, to same-sex domestic partners of military members. The benefits review group examined benefits available to servicemembers and their families and divided these benefits into three categories: (1) currently available member-designated benefits; (2) benefits not available based on current law; and (3) benefits that could be extended, under current law, to same-sex domestic partners and their children. The initial review extended 18 “member-designated” benefits. The Department later identified 24 additional benefits to extend to same-sex domestic partners by August 31, 2013 but no later than October 1, 2013.

The cost of extending benefits to same-sex domestic partners of military members is negligible. Many of the benefits selected for extension are programs designed to accommodate fluctuations in need and population, such as commissary and exchange privileges and MWR programs. Other benefits, such as dual military couple assignment opportunities and Emergency Leave, are provided to the servicemember regardless of relationship status therefore there is no additional cost anticipated.

Distinguished Warfare Medal

Secretary Panetta established the Distinguished Warfare Medal (DWM) on February 13, 2013, including its order of precedence directly below the Distinguished Flying Cross, to recognize the achievements of a small number of service men and women who have an especially direct and immediate impact on combat operations through the use of remotely piloted aircraft and cyber operations. Congress, veterans’ organizations, and the public have expressed strong opposition to the DWM’s precedence-level being above the Bronze Star and Purple Heart. After consulting with the Service Secretaries, the Chairman, and the other members of the Joint Chiefs of Staff, Secretary Hagel directed a review of the DWM. While the review confirmed the need to ensure such recognition, it found that misconceptions regarding the precedence of the award were distracting from its original purpose.

On April 15, the Secretary announced that the Joint Chiefs of Staff, with the concurrence of the Service Secretaries, recommended the creation of a new distinguishing device that can be affixed to existing medals to recognize such extraordinary actions of this small number of men and women. The Joint Chiefs also recommend further consultation with the Service Secretaries, the service senior enlisted leaders, and veterans’ organizations regarding the nature of the device as well as clear definition of the eligibility criteria for the award. The Secretary directed that within 90 days final award criteria and the other specifics of the distinguishing device be developed and presented for final approval.

Sexual Assault Prevention and Response

Sexual assault is a crime and has no place in the U.S. military. It is a violation of everything that we stand for and it is an affront to the values we defend. Our DOD-wide mission is to prevent and respond to this crime in order to enable military readiness and to reduce—with a goal to eliminate—sexual assault from the military. The Secretary of Defense is committed to this mission and to eradicating this crime from our Armed Forces. Combating a crime that stays mostly hidden

from view despite the terrible toll it takes on the victims requires a coordinated, Department-wide approach. Our strategy is to apply simultaneous effort in five areas that we call lines of effort: Prevention, Investigation, Accountability, Advocacy, and Assessment.

As you are aware, on April 8, 2013, the Secretary of Defense announced that after reviewing the assessment of Article 60 of the Uniform Code of Military Justice by military justice experts, the judge advocates generals, the Service Secretaries and Chiefs, as well as the recommendation from the Joint Chiefs of Staff, he is directing a legislative proposal to amend Article 60 to be submitted to Congress. First, the proposal would eliminate the discretion of the convening authority to change the findings of a court-martial except for certain minor offenses that would not, in and of themselves, ordinarily warrant trial by court martial. While convening authorities would no longer have the ability to dismiss charges for serious offenses like sexual assault, defendants would continue to have access to a robust system of appeals rights. Second, the proposal would require the convening authority to explain in writing any modification made to court-martial sentences, as well as any changes to findings involving minor offenses. These changes will apply to all court-martials, not solely to court-martials for sexual assault offenses. The convening authority's post-trial discretion with regard to sentencing will be preserved. The Service Secretaries, the Joint Chief of Staff, and the Service Judge Advocates General all support these changes.

The Department has also initiated and/or implemented a variety of initiatives to fundamentally change the way the Department confronts sexual assault. For example, we have issued policy, consistent with the NDAA for Fiscal Year 2012 and Fiscal Year 2013, establishing an increased document retention time of 50 years for sexual assault reports, which includes the sexual assault forensic exam form, and the victim's Reporting Preference Statement. The Department also issued new policy that provides victims of sexual assault who file an Unrestricted Report the option to request a transfer from their current assignment or to a different location within their assigned installation. This expedited transfer policy requires that victims receive a response from their commander within 72 hours of the request. If denied, the victim may appeal to the first general or flag officer in their chain, who also has 72 hours to provide a response. From policy implementation through December 2012, the Services approved 334 of 336 requests for expedited transfer.

The Department has aggressively pursued several avenues of change. In April 2012, the Secretary of Defense asked for the support of Congress in enacting the Leadership, Education, Accountability and Discipline (LEAD) Act to further codify into law specific reforms to advance sexual assault prevention and response. These six provisions were included in the NDAA for Fiscal Year 2013. The new law includes the following provisions:

- Establish a Special Victims Capability within each of the Services;
- Require all servicemembers to receive an explanation of all Sexual Assault Prevention and Response (SAPR) policies within 14 days of entrance into Active service;
- Require records of outcome of disciplinary and administrative proceedings related to sexual assault be centrally located and retained for a period of not less than 20 years;
- Require commanders to conduct an Organizational Climate assessment within 120 days of assuming command and an annual assessment thereafter;
- Allow Reserve and National Guard personnel who have alleged to have been sexually assaulted while on Active Duty to request to remain on Active Duty or return to Active Duty until a Line of Duty determination is made; and
- Mandate wider dissemination of SAPR resources.

Other initiatives the Department has carried out include:

- Elevated the initial disposition decision for the most serious sexual assault offenses to ensure that these cases are addressed by a "Special Court-Martial Convening Authority" who is in the grade of O-6 grade (an officer at the Colonel or Navy Captain level) or above;
- Expanded the DOD Safe Helpline, an anonymous and confidential crisis support service to help transitioning servicemembers who have experienced sexual assault;
- Implemented a DOD-wide review and assessment of all initial military training of enlisted personnel and commissioned officers following the incidents Joint Base San Antonio-Lackland;

- Achieved full deployment of the congressionally-mandated Defense Sexual Assault Incident Database (DSAID), enhancing our ability to collect data on sexual assault reports uniformly across the Department;
- Published the revised DOD-wide policy on the Sexual Assault Program that establishes and standardizes our prevention, health care, victim safety, training and response efforts, and clearly conveys the role of service-members and employees in sexual assault prevention and recovery.

Underpinning our effort is the need for enduring culture change—requiring leaders at all levels to foster a command climate where sexist behaviors, sexual harassment, and sexual assault are not tolerated, condoned, or ignored; a climate where dignity and respect are core values we live by and define how we treat one another; where victims' reports are taken seriously, their privacy is protected, and they are treated with sensitivity; where bystanders are motivated to intervene to prevent unsafe behaviors; and a climate where offenders know they will be held appropriately accountable.

We fully recognize we have a problem with sexual assault and will continue to confront the brutal realities until this problem is solved. The Department is firmly committed to this goal and that we remain persistent in confronting this crime through prevention, investigation, accountability, advocacy, and assessment so that we can reduce, with a goal of eliminating sexual assault from the military and the Service Academies.

Suicide Prevention

Suicides among servicemembers have risen from 160 in 2001 to 350 in 2012. While suicides leveled in 2010 at 299 and 2011 at 302, there were a record number in 2012 (350). Unfortunately, this trend mirrors the rise in national suicide rates. While the stressors associated with 10 years of war play a role, more than half of those who died by suicide had no history of deployment and few were involved in direct combat. In 2011, the Department of Defense (DOD) created the Defense Suicide Prevention Office (DSPO), which leads efforts to issue policies, evaluate programs, enhance training and access to care, reduce stigma, address lethal means, standardize death investigations and increase data fidelity.

DOD is also working with the Department of Veterans Affairs (VA) on a 12-month national suicide prevention campaign that encourages servicemembers, veterans, and their families to seek help for their behavioral health issues through the Veteran/Military Crisis Line. This campaign, which began September 1, 2012, is part of the implementation of the President's August 2012 Executive order aimed at improving access to mental health services for veterans, servicemembers, and their families.

The Department is responding to section 533 of the NDAA for Fiscal Year 2012, which calls for enhanced suicide prevention efforts with DOD partners; and implementing several policy and program requirements mandated by the NDAA for Fiscal Year 2013. These requirements will be met upon implementation of the first DOD-wide comprehensive suicide prevention policy, currently projected to be completed by October 2013. The policy will include: continuity to quality behavioral healthcare during times of transition; sustainable Service-wide suicide prevention education and training program; methods for standardized mortality data collection; and requirement for each Service to staff, fund and maintain a Department level Suicide Prevention Program Manager.

Tuition Assistance

The DOD off-duty, voluntary education program, Tuition Assistance (TA), helped approximately 286,000 servicemembers take over 870,000 courses last fiscal year which resulted in over 48,000 college degrees. This program enables the professional and personal development of our servicemembers and also facilitates their transition to the civilian workforce.

As you are aware, last month, several of the Services suspended new TA agreements as a cost-saving measure due to sequestration. Given the enactment of the Department of Defense Appropriations Act, 2013 (P.L. 113-6), we are fully funding TA for the remainder of fiscal year 2013, without any sequestrations-related reduction.

Transition Assistance Program

In compliance with the VOW to Hire Heroes Act of 2011, and at the direction of the President, the Departments of Defense, Labor and Veterans Affairs redesigned the Transition Assistance Program (TAP) to better prepare servicemembers to successfully transition to the civilian workforce.

The redesigned TAP curriculum, known as the Transition Goals Plans Success (GPS), complies with the VOW to Hire Heroes Act that mandates all eligible servicemembers being discharged or released from active duty after serving their first 180 continuous days or more under title 10, U.S.C., (including reservists and guardsmen) participate in Pre-separation Counseling, VA Benefits Briefings and the Department of Labor Employment Workshop. While some servicemembers may be exempted from attending the DOL Employment Workshop, as allowed by Congress, every servicemember will attend Pre-separation counseling and the revised VA Benefits Briefings—no exceptions.

These first components of the redesigned TAP are implemented at all 206 Active component installations. Additional components, including specialized tracks for servicemembers interested in Higher Education, Career Technical Training, or Entrepreneurship, will be phased in by October 2013. The bedrock of the redesigned TAP is that all servicemembers will meet Career Readiness Standards prior to separation.

Military Overseas Voting

The Department provided extensive voting assistance for the 2012 General Election. An active, comprehensive outreach program that included print and online ads and email “blasts” to all servicemembers (more than 18 million emails sent during 2012 for primary and general elections) informed voters of their right to vote and the tools and resources available to them. The automated “wizards” at FVAP.gov, the Federal Voting Assistance Program’s information-rich website, provided an intuitive, step-by-step process to help servicemembers, their families, and overseas citizens register to vote, obtain an absentee ballot, and if necessary, complete the Federal back-up ballot.

FVAP proactively continues to engage with the Services to ensure that the Installation Voter Assistance (IVA) Offices are operational and available to assist servicemembers. Current IVA Office contact information is maintained and available at the FVAP.gov website. Over 200 IVA offices have been established and are just one of the many resources that the Department and Services use to reach military voters and their voting age family members.

In advance of the 2012 elections, the Department awarded grants on a competitive basis to States and localities to research the effectiveness of new electronic tools for voter registration, blank ballot delivery, and ballot marking. It is important to note that no grant award funds were used for the electronic return of a voted ballot in a live election. Awardees are to submit detailed, quantitative reports on the effectiveness of their systems over the next 5 years. The Department is continuing the grant program this year in preparation for the 2014 elections.

READINESS AND FORCE MANAGEMENT

As we transition from a decade of war, the Department is challenged with managing a Total Force under significantly reduced funding, while maintaining overall operational readiness and capability. Potential furloughs, a current hiring freeze and reduced end strength will create additional challenges and reinforce the need to take a hard look at our programs and priorities and implement reforms and initiatives that achieve the ultimate goal of maintaining operational readiness during this period of fiscal uncertainty.

Military compensation and our military family programs, many of which were created to support a war-time operational tempo (OPTEMPO), will be closely examined for potential reforms. Likewise, we will continue to ramp up our transition assistance and licensing and credentialing efforts to prepare servicemembers for the civilian labor market as we reduce military end strength.

Although we are coming out of a decade of war and our OPTEMPO is lessened, there remains a need and a sustainment of family programs and wellness because the military experience remains one of selfless service and sacrifice, of long training exercises and family separations. There will always be stress on the force and on our families, therefore we must continue to monitor these programs carefully as we experience the funding reductions in the years to come.

Readiness

Our forces are postured globally conducting counterterrorism, stability, and deterrence operations; maintaining a stabilizing presence; conducting bilateral and multi-lateral training to enhance our security relationships; and providing the crisis response capabilities required to protect U.S. interests. The investments made in technologies, force protection, command and control, and Intelligence, Surveillance, and Reconnaissance (ISR) have helped maintain our military’s standing as the most formidable force in the world.

Regrettably, the impact of sequestration will likely reduce readiness through reductions in maintenance, operations and training, and indirectly through effects on the accessions and training for personnel and the production pipeline for equipment. This is especially worrisome as it may take years to recognize the shortfall, and even longer to mitigate or correct. Specific concerns include:

- Managing stress on the force: Over 10 years of high operations tempo have stressed our equipment and our people across the board.
- Return to full-spectrum training: While our ground forces are now experts in counterinsurgency, other skills have lagged. For example, the Army and Marine Corps are only just beginning to train units for unified land and amphibious operations. Most mid- and junior-grade members have never conducted these missions. We must relearn these skills without forgetting how to conduct counterinsurgency operations.
- Preparing for ongoing operations: While the demand for our ground forces will likely decline after operations in Afghanistan conclude, the tempo for Navy and Air Force is less certain. Navy deployments, for example, are likely to remain longer and more frequent than pre-September 11. Likewise, the Air Force has maintained a continuous forward presence in the Middle East for over 20 years and may do so for years to come.
- Resetting our equipment: DOD will need OCO funding for at least 2 years post Afghanistan in order to reset our equipment. This is a particularly serious concern for our ground forces.
- Budget austerity and uncertainty: The budget austerity and uncertainty under sequestration is complicating our efforts to mitigate readiness deficiencies.

A high operational tempo over the past decade, coupled with the recent budget cuts magnified the risk of an imposed mismatch between the size of our military force and the funding required to maintain readiness. Over the next year, the Department will identify the critical readiness deficiencies and articulate risks, identify and implement associated mitigation options, and identify the significance of any unmitigated risk

Language and Culture Training

The President directed the Department to sustain U.S. global leadership as we transition from a long-term engagement in two wars toward a more global presence focused on the Asia-Pacific and the Middle East. Currently, about 10 percent of military personnel have tested or self-professed foreign language skills. However, Spanish accounts for 45 percent of the Department's foreign language capability which does not meet current strategic language requirements. Thus, new and enhanced training, as well as program and policy developments will expand the language, regional and cultural breadth and depth of the Total Force.

The National Language Service Corps, a civilian corps of U.S. citizen volunteers with certified proficiency in languages important to U.S. security and welfare, grew from 2,407 in 2011 to over 4,000 members in 2012 speaking more than 260 languages and provided over 15,000 hours of support to Federal agencies. The NDAA for Fiscal Year 2013 authorized the Secretary of Defense to transform the National Language Service Corps from a pilot to a permanent program and also enhanced the ability of Federal agencies to hire National Security Education Program awardees that possess strategic foreign language and cultural skills.

Active Duty Personnel

Active Duty Recruiting

Recruiting is critical to ensuring each Service and component is manned with a sufficient number of qualified people able to be trained and carry-out the missions that are asked of them. Over the last several years, the Services have recruited the highest quality recruits in the history of the AVF.

Generally, a slow economy makes recruiting less challenging, and operates to the advantage of those who are hiring, including the U.S. military. As we see signs of economic improvement, we must remain vigilant and continue to monitor impacts on our recruiting efforts. Despite the positive effect of the economy on recruiting, there remain other factors counterbalancing our ability to attract bright, young Americans into the Armed Forces—57 percent of influencers (e.g. parents and teachers) are not likely to recommend military service; a large and growing proportion of youth are ineligible to serve in the military; a higher number of youth going to college directly from high school; and continuing concerns about the multiple deployments and the high operations tempo.

In order to continue to sustain the AVF, the Department must rely on a significant and consistent recruiting effort across the Department. The consequences of sequestration increase risk for fiscal year 2013 recruiting and may result in fiscal year 2014 recruiting falling below levels needed. There is a possibility of a significant reduction in our ability to screen youth for military service during the potential civilian personnel furlough since the Military Entrance Processing Stations are manned to a large extent (approximately 80 percent) by civilian staff. The reductions to advertising and recruiting support will also likely be significant.

Active Duty Retention

During fiscal year 2012, the Active Force consistently exhibited strong retention numbers with Army, Navy, Air Force, and Marines meeting their 2012 retention goals. Since the start of fiscal year 2013, through the fifth month of the fiscal year, the Army, Air Force, and Marine Corps have continued to exhibit strong retention numbers. The Navy has also exhibited strong retention numbers in the Mid-Career and Career categories, however, the Navy's achievement of 86–88 percent (during the first 5 months of fiscal year 2013) in the Initial category results from reduced accessions 4–6 years ago. The Navy's Initial category will continue to be monitored.

Reserve Officers' Training Corps (ROTC)

The Department's largest single source of commissioned officers is the Reserve Officers' Training Corps (ROTC). In 2012, ROTC had 21,323 cadets and midshipmen on scholarship and commissioned 6,200 officers. This was accomplished while each Service also simultaneously reduced scholarship funding. The Services are currently working to further streamline their ROTC programs.

In order to continue these successes and sustain the officer corps, the Department must rely on consistent recruiting and scholarship programs. Almost 80 percent of the Services' ROTC budget is O&M. The consequence of sequestration is increased risk for fiscal year 2013 officer recruiting and scholarships programs. The reductions to civilian personnel, scholarships, advertising, and recruiting support may be significant.

Military Compensation

Military Compensation and Retirement Modernization Commission

The NDAA for Fiscal Year 2013 established a Military Compensation and Retirement Modernization Commission, which is required to undertake a comprehensive review of all forms of military pay and benefits. The Secretary of Defense will transmit his recommendations to the Commission and to Congress by November 2013. Then the Commission will make its appropriate recommendations to the President by May 2014. We remain committed to ensuring any proposed changes to the mix of pay and benefits keep faith with those who are serving today and with those who have served in the past, our retirees. Changes to the military compensation and retirement system should be considered along with military operational requirements and supporting our servicemembers and their families.

Military Pay Increase

In the fiscal year 2014 budget, DOD proposed increasing military basic pay by 1.0 percent, 0.8 percent less than the authorized increase in law. The pay raise proposal was a difficult decision reached by the senior leaders of the Department. The adjustment will save \$540 million in fiscal year 2014 and \$3.5 billion through fiscal year 2018. Military compensation compares favorably with compensation for American workers. Therefore, a 1.0 percent military basic pay increase should not significantly affect recruiting and retention. The foregone portion of the 0.8 percent increase to the member would be as follows:

- Corporal with 4 years of service, \$23.05 per month (\$277 ann.) before taxes.
- Captain (O-3) with 6 years of service, \$53.60 per month (\$643 ann.) before taxes.

We ask for Congress to support the administration's request of a 1.0 percent increase to military basic pay.

Basic Housing Allowance

The purpose of the Basic Allowance for Housing (BAH) program is to provide fair and equitable housing allowances to servicemembers. The \$20 billion annual program impacts more than 1 million servicemembers and their families. The 2013 BAH rates were set for every U.S. location based on measured housing costs in 363 military concentration areas. The Department conducted a comprehensive review of the size and number of areas surveyed to assess housing costs and set BAH rates.

Area boundaries have been modified to reflect current housing concentrations. Areas which no longer have a sizeable uniformed presence have been removed, and areas with overlapping populations have been combined, improving efficiency of the data collection process. Data collected in 2013 in these revised housing areas will be used to set 2014 BAH rates.

The Department is currently conducting a study to answer a congressionally-directed reporting requirement on the feasibility and appropriateness of paying BAH, rather than an Overseas Housing Allowance, in the U.S. territories. The Department is on track to submit its report by July 1, 2013.

Military Family Support

Family Advocacy Program

Managing relationship stress within married couples, domestic partners and between parents and children is challenging. Military service, with deployment, redeployment, and separation often exacerbates this stress which sometimes manifests as physical maltreatment and neglectful behavior. To meet the needs of our service-members and their families, the Family Advocacy Program (FAP) supports a coordinated community response strategy, which includes adequate funding, trained personnel, and an oversight framework.

Family Advocacy experts teamed with SAPRO and other DOD professionals in the development of a Special Victim Response capability to address the most serious domestic abuse and maltreatment incidents. Taking advantage of the expertise and research across government, the FAP convened a special working group in February 2013 with the Military Services and Federal partners to develop a 5-year Prevention Strategic Plan that identifies risk factors and strategies that will help stop domestic violence and child abuse and neglect before it starts.

In fiscal year 2012, we established a Multi-Functional Domestic Violence Data Working Group to develop a comprehensive management plan to track domestic violence incidents and address deficiencies in the Defense Incident-Based Reporting System, and other current systems, in response to the NDAA for Fiscal Year 2011 requirements.

Child Care

On December 20, 2012, then Defense Secretary Panetta ordered a thorough review of criminal background check and adjudication documentation for all DOD Child and Youth Services personnel in response to concerns raised at the Joint Base Myer-Henderson Hall Child Development Center. The audit indicated the background check and adjudication process would benefit from standardizing the criminal background check adjudication process and adding a review of the installation's adjudication processes as a permanent part of the inspections of Child and Youth Service programs conducted annually per current policy. The Department is currently updating our policy instruction, DODI 1402.5 Criminal History Background Checks on Individuals In Child Care Services, which is currently under review. In order to expedite the process, we are working closely with law enforcement experts and with the Defense Civilian Personnel Advisory Service. The update will provide consistent guidance in regards to standardizing the procedures and adjudication of background checks for child care workers.

The Department has focused efforts on improving the quality and oversight of its child development and school age care programs. In cooperation with the military Services, a standardized framework of common standards is under development and planned for implementation in fiscal year 2014. The delivery of research-based training for child care staff and school-age program staff through web-based systems is in early implementation with piloting scheduled for the summer of 2013 and roll out in the fall of 2013.

Spouse Education and Career Opportunities

The DOD Spouse Education and Career Opportunities (SECO) program is a comprehensive suite of services, resources and connections for military spouses that provides assistance for their career lifecycle to include career exploration, education and training, and employment readiness, and career connections. Military spouses can receive information and counseling about careers, education, license and credentials, resume assistance and interview preparation from career counselors through the SECO Career Center. During fiscal year 2012, the Career Center for SECO supported more than 121,000 requests for SECO assistance.

Additionally, through the Career Center, spouses can create a career plan and directly connect with 162 corporate employers now participating in the Military Spouse Employment Partnership (MSEP). Since the launch of MSEP in June 2011, more than 40,000 military spouses have been hired by MSEP Partners.

Military OneSource

Military OneSource provides call center and web-based information, non-medical counseling, and educational materials. Services are available worldwide, 24 hours a day, at no cost to the user. In fiscal year 2012, Military OneSource responded to more than 750,000 telephone calls, distributed more than 3.7 million educational materials and assisted servicemembers and families with well over 200,000 Federal and State tax filings. Other services include relocation assistance, document translation, education resources, special needs consultation, elder care consultation, on-line library resources, and health and wellness coaching. Wounded warrior consultation services, accessed via Military OneSource, provide immediate assistance to recovering wounded, ill, and injured servicemembers, their families, and caregivers. In 2012, this service processed more than 17,000 calls and resolved more than 2,400 cases for wounded warriors.

Morale, Welfare, and Recreation Program

Morale, Welfare, and Recreation (MWR) programs throughout the Services provide a comprehensive network of quality support and recreation services to enhance the readiness and resilience of our servicemembers and their families. The following include some noteworthy updates to these services:

MWR Internet Café: Military spouses indicate that communication is the number one factor in coping with the stress of deployment. The Department now funds over 426 free MWR Internet Cafes in Afghanistan and the Middle East and 152 portable satellite units (known as MoraleSat or Cheetahs) to support remote combat locations. In fiscal year 2012, more than 82 million minutes of “talk time” were used to keep families in touch with deployed loved ones.

Tutor.com: Tutor.com has been a tremendous success with children and youth and their families, allowing students to be in touch with a live tutor to answer questions, as well as talk through the process of problem solving until students grasp the principle and concepts of whatever academic challenge they request assistance with. Tutor.com reports more than 600,000 tutoring sessions over the 3 years the program has been in existence.

Servicemember and Spouse Credentialing and Licensing Efforts

DOD is leading a government-wide effort to help servicemembers earn civilian credentials and licenses in order to receive appropriate recognition for their military training and experience. Currently, more than 3,000 servicemembers in approximately 25 military occupational codes are participating in credentialing and licensing initiatives.

The challenge in credentialing and licensing is that most national, State, and local credentialing and licensing agencies do not always recognize equivalent military training, education, and experience because they are unaccustomed to assessing these areas. They also often lack access to information that would allow them to better understand and evaluate military education, training and experience. The Department is working closely with the White House, and other Federal agencies such as: Veterans Affairs, Department of Labor, Department of Transportation and Department of Education; State governments; professional organizations, and affinity groups to address these challenges.

During the last 12 months we have made significant progress. For example, 37 States now grant waivers of the Commercial Drivers Licenses driving skills test for veterans and servicemembers. Currently more than 24 States are pursuing legislative changes which will further reduce barriers to licensing at the State level. The First Lady and Dr. Biden, through Joining Forces, have been key proponents of licensure and credentialing for both separating servicemembers and military spouses. They presented both the military spouses and separating servicemember licensure issue at the National Governor's Association (NGA) meeting in February 2013. As of March 2013, 29 States have passed legislation expediting the professional licensing process for military spouses. Another 13 States currently have active legislation in expediting licenses. Professional licensing generally covers most occupations, with the exception of teachers and attorneys. Health related professions (physicians assistants, nurses, radiologist, dentists and dental techs), and commercially oriented professions (CPAs, architects, engineers) are also included. Seventeen States have statutes allowing credit for military education (credit towards licensing and academic degrees for substantially equivalent military education, training and experience), training and experience towards professional licensing for transitioning servicemembers; another 22 States have active legislation in this area.

Defense Commissary Agency

The Defense commissary system enhances the quality of life of members of the uniformed services, retired members, and their dependents while supporting military readiness, recruitment and retention. The commissary continues to be one of the most valued non-pay compensation benefits enjoyed by our military members and families, be they Active, Guard and Reserve, or retirees. Commissary shoppers save an average of 30 percent on their purchases compared to commercial retailers. This equates to a potential savings of about \$4,500 per year for a family of four, or more than \$1,500 annually for a single servicemember.

Beyond grocery savings, the commissary system provides a paycheck to many military families. Military spouses account for more than 4,000 of DeCA's 15,130 civilian employees in the United States, about 27 percent of the commissary's U.S. workforce. Military dependents, Guard and Reserve members, retirees, and other veterans provide an additional 37 percent of the U.S. workforce.

Challenges from sequestration would reduce military families' access to commissary savings, because commissaries may need to accommodate potential furlough of its civilian employees. While we believe most commissary patrons will move their shopping trips to other available days, we estimate that military families who migrate their shopping to commercial retailers would spend significantly more on their food bills during the remainder of fiscal year 2013.

Dependent Education

Ensuring excellence in the education of military children is a top priority for the Department of Defense. There are approximately 1.2 million school-aged children with a parent serving in the military. More than 84,300 of these children attend one of the schools operated by the Department of Defense Education Activity (DODEA). To this end, DODEA is leaning forward to provide an educational experience that challenges each student to maximize his or her potential and prepares them to be successful, productive and contributing citizens in today's global economy. Highlighted below are some significant accomplishments to transform schools.

- **Common Core State Educational Standards:** DODEA joins 46 States and the District of Columbia in adopting the Common Core State Educational Standards. For our military-connected students, these standards will change the education experience from a patchwork of various State standards as they move from State to State to one that will be as close to academically seamless as possible.
- **Digital Conversion:** To prepare classrooms for the infusion of technology into teaching and learning, DODEA upgraded the bandwidth and wireless infrastructure in all 194 schools.
- **College and Career Readiness:** DODEA increased the mathematics graduation requirements, expanded course offerings in the areas of Science, Technology, Engineering, and Mathematics (STEM), foreign language and Advanced Placement. The Virtual High School has increased course offerings by an average of 13 courses per year.
- **Early Reading Success:** DODEA adopted a goal to ensure all students are reading on grade level by grade 3. This included the implementation of a new early childhood reading assessment which now is administered in kindergarten versus third grade, past longstanding practice. First year reading results showed promising gains.
- **School Facility Recapitalization and Repair:** In 2009, 134 of DODEA's 194 schools were rated below the DOD acceptable facility condition standard. The substandard schools were safe but too costly to maintain with routine improvements. Of the original 134 substandard schools, DODEA has completed 9 schools, has an additional 12 schools under construction, and 51 schools in design. DODEA is on target to meet the goal of bringing all schools to the DOD acceptable condition standard by the end of fiscal year 2018.
- **Educational Outreach:** Since 2008, DODEA awarded nearly \$200 million in grants to over 150 military-connected public school districts reaching more than 280,000 military-connected children in 900 public schools. These grants help non-DOD schools improve educational opportunities for military children in public schools.

The effects of sequestration could potentially delay the educational transformations, resulting in significant implementation delays, in some areas by as much as 2 years, e.g., in the area of new curriculum adoptions, digital classroom conversions, and employment reform (e.g. new processes for recruiting, hiring, evaluating, interviewing and on-boarding of new educator hires). However, the Depart-

ment is making every effort to ensure military-connected children attending DOD schools are provided full academic years and that schools maintain accreditation standards.

Total Force Management

We are committed to ensuring the Department's mix of Active and Reserve military, government civilians, and contracted services provide our commanders with the capabilities and readiness they require. The Department recently issued guidance that reiterated and re-enforced key total force management concepts. Specifically, the Department is committed to precluding inappropriate transfer for work to the private sector from government performance (especially work that is inherently governmental or critical). As the Department executes civilian workforce reductions, implements a hiring freeze, releases term/temporary employees, and faces civilian potential furloughs our managers and commanders must ensure that workload is not being inappropriately absorbed by the private sector in violation of our title 10 obligations.

The Department's implementation of NDAA for Fiscal Year 2013, section 955, requiring reduction in funding for civilians and contract support commensurate to reduction in funding associated with end-strength reductions, will be done in a manner that reduces mission impact and mitigates risk to programs and operations, while maintaining core capabilities and support to our warfighters and their families. We will ensure that our Total Force is sized and shaped to perform the functions and activities necessary to enable our capabilities and achieve our missions.

Civilian Hiring Freeze and Furloughs

One of the highest profile effects of sequestration is the potential furlough of the majority of the Department's 800,000 civilians. Notification of the Department's intent was sent to Congress and to the civilian workforce on February 20. The Department will apply furlough actions in a consistent and equitable manner, with few exceptions based on unique mission requirements.

The potential furloughs will be disruptive and damaging to our ability to carry out the defense mission. We anticipate morale and financial effects on our valued civilian employees, a decline in productivity, and a potential loss of critical civilian talent in high demand fields; e.g., cyber, intelligence, and information technology.

In order to address the severe across the board cuts, the Department has also implemented, with limited exceptions, a civilian hiring freeze and has started releasing temporary and term employees. These actions put the Department further at risk of competency gaps and critical skill shortages in key mission critical areas. In fiscal year 2012, the Department hired almost 60,000 new employees to meet mission requirements. Of these employee hires, approximately 47 percent were veterans, a community with unique skills sets valuable to the Department. This hiring does not occur just in the Washington, DC, area, therefore the ramification of these actions ripples beyond the walls of the Pentagon and will be felt well outside the Beltway. In fact, the vast majority of the Department's civilian workforce, almost 86 percent, works outside the Washington, DC, area. The loss of key skill sets effect our communities throughout the country.

Strategic Human Capital Plan and Critical Skills Gaps

The fiscal year 2010–2014 DOD Strategic Workforce Plan (SWP) was submitted to Congress in March 2012. The plan detailed progress made, present and future challenges, and strategies in place for shaping the demographics of a ready civilian workforce. The fiscal year 2014–2018 DOD SWP, in development, expands the SWP framework and functional community structure to cover all 274 major occupations covering over 90 percent of the workforce.

The Strategic Workforce Plan is an integral tool for informing the Department's policies and procedures for recruitment, retirement and accession planning, professional training and education, and retention in order to guard against a skill shortfall or erosion of competencies as workforce actions are implemented.

Contractor Services Accountability and Integration

Contracted Services represent the efforts of private firm employees performing identifiable tasks for the Department rather than producing/manufacturing end items of supply. In 2010, Secretary Gates issued a directive to reduce certain staff augmentation contract services, particularly at headquarters staffs, by 10 percent a year over the next 3 years. The NDAA for Fiscal Year 2012 limited contract spending to fiscal year 2010. While the NDAA for Fiscal Year 2012 directed reductions in spending on those services performing closely associated with inherently governmental work and staff augmentation, section 955 of the NDAA for Fiscal Year 2013 further requires reductions in total funding.

The Department is currently able to estimate, through its Inventory of Contracts for Services, a like unit of measure of contractor effort to compare to civilian full-time equivalents and military end strength. The inventory for fiscal year 2011, submitted to Congress this past summer, was the most comprehensive to date. The most recent inventory estimates approximately 710,000 contractor full-time equivalents and \$144.5 billion. We are now further improving visibility into, and accountability of, contract services by collecting direct labor hours and associated cost data from contractors, which can then be compared to our civilians and military workforce planning factors.

HEALTH AFFAIRS

We are committed to providing the quality healthcare to our beneficiaries while ensuring fiscal responsibility. Our highest priority is to keep our servicemembers healthy and medically ready for deployment anywhere in the world. We must also ensure a ready medical force that can provide contemporary healthcare wherever it is required. We have a special obligation to our wounded warriors and their care will continue uninterrupted regardless of any fiscal challenges.

Healthcare Costs

Rising health care costs are a serious challenge for the Department. In 1996, when TRICARE was fully implemented, a working age retiree's family of three contributed, on average, roughly 27 percent of the total cost of health care. Today that percentage has dropped to less than 11 percent. Health care costs have grown substantially since 1996, while retiree's family's out of pocket expenses, including enrollment fees, deductibles and cost shares, has only grown by 30 to 40 percent. The Department seeks to rebalancing the cost-sharing borne by military retirees. Even with our current proposals, cost-shares borne by retired military families are still less than what they experienced in 1996.

Therefore, the Department is seeking further changes to the TRICARE program in the fiscal year 2014 budget as follows:

- Increase the TRICARE Prime enrollment fee (using a fee ceiling/floor structure), instituting an enrollment fee for TRICARE Standard/Extra, and increasing Standard/Extra deductibles, and adjusting the catastrophic cap to exclude enrollment fees. These changes will affect only retirees.
- Increase co-pays for pharmaceuticals (excludes Active Duty service-members).
- Implement an enrollment fee for new TRICARE-for-Life (TFL) beneficiaries (grandfathers those already Medicare-eligible at enactment).

These fee changes will be phased-in over several years, and fees/deductibles/Rx co-pays/catastrophic cap levels will be indexed to growth in annual retiree cost-of-living adjustment (COLA). Even after the proposed changes in TRICARE fees, the TRICARE benefit will remain one of the best medical benefits in the United States, with lower out-of-pocket costs than most other employers. We ask for congressional support for our proposed cost savings initiatives in the fiscal year 2014 President's budget that require legislation in order to be implemented.

The Department is also working on other ways to ensure the financial viability of TRICARE for far into the future. In 2008 and 2009, with the support of Congress, the Department instituted a number of changes that have had positive effects in slowing the rise of health care costs. We established "Federal Ceiling Prices" that required pharmaceutical manufacturers to provide the Department discounts for drugs provided to TRICARE beneficiaries through retail network pharmacies (saving almost \$800 million annually) and we changed how we reimburse private hospitals for outpatient services provided to TRICARE (saving over \$900 million annually by 2014 when this is fully implemented).

The Department is in the process of revising its payment rules to reimburse inpatient care claims at sole community hospitals by using Medicare rates (saving \$100 million annually when fully implemented). To further reduce costs, the Department is changing how it buys medical products, by leveraging the bulk buying power of the military health system. A series of strategic price reduction initiatives are being implemented, saving the Department on average, \$60 million annually. The Department is reducing administrative overhead in the military health system by streamlining its processes; reducing the number of unnecessary reports, studies and Commissions; and initiating other actions which will result in over \$200 million in reduced personnel and contract costs annually.

The Department has instituted an active and ongoing process designed to prevent, detect, and control fraud and abuse. We expect these efforts on average will avoid costs and recover overpayments of \$50 million annually over the next 5 years. In

effort to control long-term costs, the Department is pursuing a multifaceted strategy to invest in initiatives that keep beneficiaries well, promote healthy lifestyles, and reduce inappropriate emergency room visits and unnecessary hospitalizations while improving patient satisfaction. In the short term, we expect savings on average of over \$25 million over the next 5 years.

Also with Congress' support, we have made small strides in ensuring our health benefit, while remaining one of the finest health benefits provided by any employer in the country, is managed in a manner that ensures the long-term strength of the Military Health System. We now require new enrollees to the U.S. Family Health Plan to move to the TRICARE for Life (TFL) Program upon becoming eligible for Medicare, like all other military retirees (saving \$600 million annually); Congress has permitted small increases in the TRICARE Prime enrollment fees for working age retirees and some adjustments to retail and mail-order pharmacy co-pays.

Defense Health Agency

In 2013, the Department will move forward with significant changes in how we govern the Military Health System, consistent with the direction provided by the Deputy Secretary of Defense in 2012 and by Congress in the NDAA for Fiscal Year 2013. The following three major steps are now being formalized within the Department.

First, we are establishing a Defense Health Agency (DHA) with responsibility for administering shared services across the Department's military health portfolio. We will achieve Initial Operating Capability for the DHA by October 1, 2013.

Second, we are providing enhanced authorities for military medical leaders in our largest, multi-Service medical markets (National Capital Region; Portsmouth, VA; Colorado Springs, CO; San Antonio, TX; Puget Sound, WA; and Honolulu, HI) to ensure we best utilize our military medical resources in the community, improve access to care, and lower costs. We will also use these medical readiness platforms to identify best practices and institute more standardized approaches to both clinical and administrative processes.

Finally, we are also transitioning the Joint Task Force-National Capital Regional Medical to a directorate within the Defense Health Agency. This transition will sustain the joint organizational structure of the two inpatient medical facilities in the NCR, clarify accountability for comprehensive market management, and allow the MHS to reduce intermediate headquarters overhead for managing the market.

Collectively, we believe the actions will have a substantive effect on improving readiness, improving the health of our population, improving the health care delivered in our medical facilities, and reduce the rate of growth in our health care costs.

Post-Traumatic Stress Disorder and Traumatic Brain Injury

An estimated 13 to 20 percent of over 2.6 million servicemembers who deployed have or may develop Post-Traumatic Stress Disorder (PTSD) symptoms. From 2000 to 2012, 125,592 servicemembers were formally diagnosed with PTSD in military treatment facilities. PTSD is treatable, and servicemembers can expect to recover with appropriate medication and/or psychotherapy. Current surveillance approach to identify servicemembers with PTSD includes annual periodic health assessments, pre-deployment health assessments, and post-deployment health assessments and reassessments. Treatment of PTSD is most effective with early and accurate diagnosis. The DOD has increased mental health staffing by 35 percent over the last 3 years, and has moved to embed mental health providers within primary care clinics and line units to increase access. New PTSD virtual reality tools, web-based and mobile applications, have expanded tele-health services to increase access to care.

Not all those with PTSD symptoms are diagnosed. Estimates suggest that 23–40 percent of those who need services do not receive care. While symptoms of PTSD usually present shortly following a traumatic event, for some individuals, PTSD symptoms will present months or years later. To address this, DOD is integrating behavioral health at the primary care level through system-wide expansion of screening through the Re-Engineering Systems of Primary Care Treatment in the Military (RESPECT-Mil) program and care provision through the Behavioral Health Optimization Program (BHOP).

The DOD is actively engaged with the VA and HHS in support of the implementation of Executive order, "Improving Access to Mental Health Services for Veterans, Servicemembers, and Military Families" (August 2012). The DOD/VA Integrated Mental Health Strategies (IMHS) continues to serve as a mechanism to identify joint actions to address common mental health needs.

Traumatic Brain Injury (TBI) is a signature injury of the Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) conflicts. TBI occurs on a continuum from mild TBI, or concussion, to severe and penetrating; severe TBIs are relatively

easy to detect, whereas mild TBIs are usually less obvious. DOD mandated the new in-theater DOD Instruction 6490.11 (DODI), "DOD Policy Guidance for Management of Mild Traumatic Brain Injury/Concussion in the Deployed Setting," in September 2012. This new policy emphasizes the importance of the early detection of servicemembers with concussion, while providing clear and specific guidelines for the management of acute concussions.

Since implementation of theater-wide policies, approximately 14,226 servicemembers were screened for concussion following potentially concussive events in theater (August 2010 to July 2012). Of those screened, approximately 15.2 percent (2,162) were diagnosed with concussion/mild TBI, which has been a consistent percentage over last 5 years. The Department emphasizes access to and quality of TBI care and TBI research (\$674 million invested since 2007), with focus on development of tools, treatments, and studies that follow TBI patients over time to understand the course of the condition.

Wounded Warrior Care

The care of our wounded warriors and the support they and their families receive as they recover and transition back to military or civilian life is our highest priority. Despite any fiscal constraints, the Department faces due to sequestration, our continued focus on their world class medical treatment, mental health, rehabilitation, and when feasible entry to military service, will continue unabated. We will work together with Services, advocates, and non-medical care managers to ensure we better identify and address non-medical needs of recovering servicemembers, their families, and caregivers. Our wounded warriors and their families who care for them deserve the very best, no matter what, for their sacrifice.

The Integrated Disability Evaluation System

The Integrated Disability Evaluation System (IDES) integrated two large, separate, and sequential systems, which had existed since the 1940s and required more than 540 days for a servicemember to navigate. The DOD and VA completed fielding IDES at 139 Military Treatment Facilities in September 2011. The Departments met all IDES objectives: the new process is fairer, faster, and provides VA benefits more quickly than before. We took several steps in 2012 to improve performance, including increasing IDES staff by 127 percent (676 personnel), testing information technology capabilities that eliminate mailing paper records, increasing policy flexibility and pilot testing the use of cohort groups to accelerate simpler cases.

The Department recently concluded a preliminary study of the feasibility of consolidating the disability evaluation system across all Services to further ensure consistency of ratings and determinations. Additional analysis is required to fully understand implications to servicemembers, Service missions and resource impacts. In addition, we recently concluded a study of Physical Evaluation Board Liaison Officers (PEBLOs) addressing responsibilities, standard training objectives, and workload. Further analysis will provide insight into the necessary ratio of PEBLO to servicemember to improve communication and servicemember satisfaction with the disability evaluation system.

DOD is working closely with VA to better integrate processes, tools, and share lessons learned. As an example, DOD and VA are piloting an electronic case file transfer capability to eliminate mailing hardcopy records between departments. With the implementation of Health Artifact Image Management System, DOD and VA will electronically share Service treatment records. The Army, which represents 76 percent of the disability caseload, has committed to issuing electronic DD 214 for all their cases by December 31, 2013.

RESERVE AFFAIRS

Today, a combination of factors change the way we view the utilization of our Reserve component (RC) in the future and constitute a "new normal." A volatile international security environment still persists, and a constrained Defense budget for the foreseeable future will place additional burdens on the training, equipping, recruiting and retention to the Total Force in fiscal year 2014 and out. Therefore, use of the Reserve component as part of the operational total force makes business sense.

The Reserve component, as part of the Department's Total Force, provides the ability to preserve many capabilities and capacity at reduced long-term cost within manageable risk. Over the last decade the Reserve and National Guard units have clearly proven the ability to accomplish any assigned mission overseas or at home. During that time the Reserve component has become an integral part of the Nation's military force participating in nearly every mission worldwide. Today's Reserve component is a force multiplier which provides access and flexibility at an in-

credible value allowing the Services to utilize full capabilities in an operational capacity while retaining strategic depth. Today's Citizen Warriors have made a conscious decision to serve since September 11, with full knowledge that their decisions mean periodic recalls to active duty under arduous and hazardous conditions. They will continue to play a vital role as we move beyond the past decade of war in Iraq and Afghanistan and the Department shapes the force to implement defense strategy and to respond to the challenges of a new era.

The Department's National Guard and Reserve servicemembers totaling about 1.1 million contribute 43 percent of our total military end strength at a cost of 9 percent of the total base budget and continue to fulfill their vital national security role. The National Guard and Reserve provide trained, ready, and cost-effective forces that can be employed on a regular operational basis, while also ensuring strategic depth for large-scale contingencies or other unanticipated national crises. As of mid-March 2013, there are 53,658 servicemembers activated. Over the past decade, over 869,877 Reserve and National Guard servicemembers have deployed.

Recruiting

Success in recruiting is essential to maintain the strength necessary for the Reserve components to achieve their assigned missions. Like the Active component, the Reserve component also continues to access high quality recruits. Each of the six Reserve components has exceeded departmental benchmarks for recruit quality. For the remainder of the fiscal year, these trends are expected to continue. Five of the six Reserve components have met their fiscal year-to-date accession missions through February 2013. However, as the economy improves, competition for high quality Reserve recruits will increase and recruiting missions will become more difficult to achieve. Although as the Active component continues to reduce end strength, some Active component members may choose to continue service in the Reserve component.

Attrition

Retention of high quality Reserve component servicemembers continues to remain a high priority. While the Reserve components have seen a slight increase in attrition over fiscal year 2012, all Reserve components are currently within the departmental targets. The aggregate fiscal year-to-date departmental attrition rate was 5.12 percent in fiscal year 2012 and is currently at 5.97 percent. Improved opportunities in the civilian world affect our ability to retain some of our best and brightest. We will continue to monitor our Reserve component attrition posture closely.

Family and Transition Support

Yellow Ribbon Reintegration Program

In the past 12 months, the Services conducted 1,855 Yellow Ribbon Reintegration Program (YRRP) events that provided vital family deployment, non-medical mental health, and family readiness support resources to 233,820 servicemembers, family members or designated representatives. The Services are projecting 1,691 events for fiscal year 2013 in support of continued operations in Afghanistan and other theater security and humanitarian missions around the globe.

YRRP continues to develop policies, tools, and resources necessary for the Services to address challenges faced by Guard and Reserve families, as well as those stemming from the evolving nature of military operations. YRRP is developing online curriculum to assist event planners with the unique challenges of multiple deployments, geographically dispersed families and reintegration/unemployment issues; refining metrics collection and analysis to continually measure and improve the long-term effectiveness and efficiency of the program. We are also working with partners like the Defense Suicide Prevention Office, to include the VA and the NIH's Substance Abuse and Mental Health Services Administration to expand suicide prevention resources and community healing opportunities; and working with the Services to develop flexible, long-term policies for the future of deployment cycle support.

The YRRP compliments Transition Assistance Program (TAP) by assisting National Guard and Reserve members as they transition between their military and civilian roles. YRRP events provide National Guard and Reserve members with access to local information on health care, education/training opportunities, and financial/legal benefits. In addition, up to 30 resource providers also participate at YRRP-sponsored events, including the Departments of Veterans Affairs and Labor, the Small Business Administration, Military Family Life Consultants, Chaplains, certified financial planners, Military OneSource consultants, Red Cross representatives, and employment transition coordinators.

Hero2Hired (H2H.jobs)

Hero2Hired (H2H) is a comprehensive YRRP career readiness program with both a high touch and a high tech approach designed to connect Reserve component members with potential employers. A robust IT platform supports Guard and Reserve members with significant features including a Military Occupational Specialty skills translator, a case management feature, job search capabilities (by profession, geographic location, company), resume builder, mobile application and a career skills assessment. Since its launch in December 2011, H2H.jobs has signed up more than 113,383 job seekers and more than 15,517 employers. The program engages the Employer Support of the Guard and Reserve network of 4900 volunteers along with 56 contracted Employment Transition Coordinators (ETC) within all 50 States, Territories, and the District of Columbia to provide servicemembers with employment assistance in their local communities.

Partnership and Outreach

Employer Support of the Guard and Reserve

Employer Support of the Guard and Reserve (ESGR) is a DOD organization created in 1972 to foster a culture in which all employers support and value the employment and military service of members of the National Guard and Reserve in the United States. ESGR's mission is particularly relevant in an era of increased reliance on the Reserve Component to conduct worldwide combat operations and provide humanitarian response. The ESGR Customer Service Center (CSC) provides Uniformed Services Employment and Reemployment Rights Act (USERRA) information and mediation support to servicemembers and their civilian employers. In fiscal year 2012, ESGR answered more than 21,000 USERRA inquiries and mediated almost 2,800 USERRA cases resolving over 77 percent of the cases in less than 9 calendar days. As a result of sequestration, there may be a reduction in awareness of ESGR programs and USERRA rights and responsibilities due to a reduction in outreach efforts.

National Guard Youth Challenge Program

The Department includes funding for the National Guard Youth Challenge Program in fiscal year 2014. The budget request will support 35 programs located in 27 States, the District of Columbia, and Puerto Rico. The 17-month program consists of two phases (residential and post-residential) and serves 16–18-year olds who are not attending high school and unemployed. The residential program is 22 weeks long and it stresses academic excellence, leadership and followership, citizenship, community service, life coping skills, job skills, physical fitness, and health and hygiene. The post-residential mentoring period is 12 months long. It is designed to assist/support the residential graduates as they return to secondary school, continue on to college or vocational learning institutions, or enter the job market. Since the program's inception in 1993, over 120,000 participants have graduated, contributed over 8 million hours of service to communities that is valued at over \$155 million and approximately 70 percent of the program graduates have earned academic credentials such as a GED, High School diploma, or high school credit recovery certification. The budget request plans to support DOD's cost share of 75 percent of the program's operating costs in order to graduate approximately 9,000 program participants annually.

DOD–VA COLLABORATION

To fulfill the sacred responsibility of caring for those who have fought for our country, close and effective collaboration between DOD and the Department of Veterans Affairs (VA) is essential. While there is no doubt that DOD and VA are working more closely together than ever before, it is also clear that we need to reach an even deeper level of cooperation to better meet the needs of those who have served our Nation in uniform, especially our wounded warriors. It is a great priority for P&R to continue to strive to achieve our joint vision of a seamless “single system experience of lifetime services.”

Working together, our Departments have already made many important changes to our system of care for wounded warriors, servicemembers, veterans, and their families. But clearly, there is considerably more work to be done, particularly to meet the needs of the post-September 11 generation of warriors. It is critically important that we overcome the bureaucratic processes of the past—and therefore we are working to implement major changes in several areas that together will dramatically improve the quality of the services DOD and VA are able to provide.

Integrated Electronic Health Records (iEHR)

The DOD and VA remain committed to implement full health data interoperability. The DOD and VA together support more than 17 million beneficiaries. Transitioning health care for servicemembers from one large health care system to the other involves the precise exchange of data. Therefore, in order to accelerate availability of seamless health care information, DOD and VA will modify the strategy for developing the iEHR. To reduce the cost and technical risk that an entirely new system would present, DOD and VA agreed to use a “core” set of applications from existing EHR technology, which could be added to additional modules or applications as necessary. The Department is committed to the implementation of iEHR and will work with VA fast-track standardized technical and clinical capabilities.

We believe our current strategy will achieve our goals for the electronic health record system: reduce costs, shorten the timeline, reduce risk, and increase capability. We remain focused on healthcare data interoperability between the DOD and VA to ensure that we improve the quality of care per dollar spent for our servicemembers, veterans, and beneficiaries as they move within the DOD, VA, and private sector health care systems.

VA Claims Backlog

Veterans’ benefits are a vital extension of a holistic benefits package to sustain an AVF. Therefore, we are fully engaged in the issue of Veterans Disability Benefits Claims backlog. We will provide VA with any information we have which will assist them with processing claims and help eliminate the backlog. We currently provide approximately 98 percent of the required personnel data for claims adjudication with VA electronically, and we continue to seek how to close the gap on the remainder. We have provided VA access to all personnel (including available DD Form 214) records through a DOD web portal, and we have agreed to provide Veterans Benefits Administration employees with direct access to our electronic medical record system. We will continue to look for ways to assist VA in lowering the backlog.

We have taken several steps to reduce backlog such as having a team of DOD subject matter experts at the Veterans Benefits Administration to analyze problematic cases in the VA backlog and conducting a uniform Separation Health Assessment for all servicemembers at the time of separation from the military. VA will conduct the assessment for those who request disability benefits at the time of separation; DOD will conduct the assessment for all others. We have already begun to implement this at some locations, and we will complete implementation by the end of fiscal year 2014. This will assist VA down the road as it will establish a baseline medical condition at the time of separation which the VA can use to determine service connection of future disability claims.

CONCLUSION

During the past decade, the men and women who comprise the All-Volunteer Force have shown versatility, adaptability, and commitment, enduring the constant stress and strain of fighting two overlapping conflicts. Throughout it all, we were able to build, support and transition the finest military ever known. We understand that in order for us to continue on this path, we must be vigilant in our efforts and resources to ensure that we provide all the necessary recruiting, training, support and transition tools for success. The Department is committed to our servicemembers’ success. Whether it is on the battlefield, at home with their families, or after they have faithfully concluded their military service, we are committed to preparing servicemembers for whatever challenges they may face from warrior to veteran. They deserve no less.

Senator GILLIBRAND. Thank you to each of you for your testimony and for your service. I am extremely grateful to all of you.

I would like to start with Dr. Woodson first. Last year, several of us fought very hard to have TRICARE cover the applied behavioral analysis (ABA) therapy. It is a behavioral therapy for autistic children and children with development disabilities. I am disappointed that the pilot program we funded is delayed by 3 months by sequestration, but in any case, I have not seen details on how it will be rolled out.

A number of the children covered in the Extended Care Health Option (ECHO) Program for Active Duty do not receive adequate

services due to caps on funding. Will the pilot program have caps on services?

Dr. WOODSON. Thanks very much for the question and your support of the men and women in the service and retirees and beneficiaries.

As it relates to the ABA pilot, a couple of things need to be brought forward. First of all, we could not start the pilot until we have an appropriations bill, and that did not happen until March 26. But almost virtually on that day we pushed out information to providers so that they could start answering questions from potential beneficiaries relative to this service.

We have mapped out the program. We have started writing the contracts for the program, and just the contracting issues require time, and because we could not start the program before March 26, 2013, there is that obvious delay.

But let me just say that since last summer, non-active duty beneficiaries have been able to receive ABA therapy through the TRICARE basic medical program. That is not capped, so that has been available since last summer. Of course now we are setting up the pilot.

So the bottom line is we have multiple ways of paying for ABA, and, in fact, historically, we have been in front of the pack. We have been providing this for Active Duty family members for over 10 years. So we are moving with all due haste to set up the program, but we did have some limitations relative to the appropriation.

Senator GILLIBRAND. ECHO currently only covers certified consultants, leaving many locations without adequate coverage. Will the pilot program cover ABA technicians and assistant behavioral analysts?

Dr. WOODSON. The pilot certainly will cover the technicians. These are the non-certified tutors, which is the other name that is used, the pilot will cover those individuals.

Senator GILLIBRAND. The last piece, in July 2012, we provided a lot of the data that the military was asking for, medical data, demonstrating the benefits of ABA coverage. When this review of data is complete, can we then ensure that there will be permanent ABA coverage under TRICARE?

Dr. WOODSON. Well, right now it is covered under TRICARE basic medical program. Since we always follow the law, if the law says we have to provide it, we will provide it irrespective of what the data says. So that is not an issue.

Senator GILLIBRAND. That is contrary to what we heard in the last hearing on this topic. They said it was not a medical treatment. They said it was an educational treatment, and so, therefore, they were able to cap the access to the number of therapies that could be received because it was not considered medical.

Dr. WOODSON. Good question, and we should draw the point of clarification that if it was left to our discretion, we would probably define it still as an educational benefit. But the law says that we have to provide it, so we will provide it.

Senator GILLIBRAND. But if it is defined as educational, it only requires a certain number of therapy sessions. So what the families have told us is that they were literally doing second mortgages on

their homes or going through bankruptcy because to be able to afford all the therapies their doctor prescribed for their children. It was a financial burden that they could not cover.

Dr. WOODSON. Once again, since this summer, under the basic program, families can receive ABA therapy. That is not capped if a certified provider delivers it. So it is there for them right now.

Senator GILLIBRAND. Okay. Turning to Secretary Wright, we held our last hearing on sexual assault in the military. There has been a lot of attention drawn to the issue, largely because of the Invisible War documentary. One of the things that we discussed in the hearing was that when reporting is made, it is made throughout the chain of command, and the disposition authority sits within the chain of command, and that that may, in fact, undermine reporting, because if we have 19,000 sexual assault cases and only 2,500 roughly are reported, and of that 2,500, only 240 going to trial, and only 190 convictions, you are really seeing only one out of 100 convictions happening for every 100 alleged cases.

So my question to you is, if we shift the disposition authority away from the chain of command and actually make that decision-making process be a responsibility of, let us say, the JAG corps, the specific prosecutors who are trained on sexual assault, what do you think the impact of that will be? Do you think it would affect good order and discipline?

Ms. WRIGHT. Well, ma'am, you are right. The 19,000 is an extrapolation from the survey that we did in 2010, I believe. We are soon to send to Congress the new sexual assault report which will be the end of the month, which will clarify more recent numbers. So the 19,000 and the chain of command, I would say that the chain of command is really for good order and discipline, and I speak from experience because I am a retired general officer.

I do understand the issues with sexual assault, and I think the reporting could have something to do with the chain of command, but I also think it has something to do with the stigma or the risk of reporting, so I think it is not just an area related to the chain of command. I would hazard to say to take it out of the chain of command, though I will tell you that Secretary Hagel is taking this extremely seriously. I have a meeting with his office tomorrow morning to talk about more measures that we can take—remember he just did the Article 60—more measures that he could take to put more teeth into what the Department is doing.

So I will tell you, ma'am, that everything is on the table because I think his aperture is wide to solve this problem.

Senator GILLIBRAND. I have a concern that you just said having 19,000 sexual assaults a year represents good order and discipline.

Ms. WRIGHT. No, ma'am. I think the chain of command is what represents the good order and discipline.

Senator GILLIBRAND. But we have the chain of command, and it is the disposition authority, and you still have 19,000 sexual assaults.

Ms. WRIGHT. That is an extrapolation from the survey—

Senator GILLIBRAND. Okay. So maybe you have 15,000. Maybe you have 12,000. Maybe you have 10,000. Maybe you have 5,000. Maybe you have the 2,400 that are reported. I do not believe 2,400 sexual assaults and rapes every year is good order and discipline.

Honestly, I think if you are going to stick to that line, you will undermine your credibility enormously because you are not getting it done. You are not assuring the safety of men and women who are serving and giving their lives for this country from rape from their colleagues. So you cannot say the chain of command is assuring good order and discipline because you are failing.

Ms. WRIGHT. Yes, ma'am, I agree with you that 19,000, to 1, is way too many, and that we have a problem, and that we need to do better. I agree with you 100 percent, and that I am doing everything in my power, and the Joint Chiefs are also working very diligently to correct this problem.

Men and women join our ranks to serve our country, and they join our ranks because they want to protect this country. This is a place where they should feel safe. This is a place where they should never, ever, ever have a problem of feeling unsafe. They should never have a problem of wondering whether they would be sexually assaulted, whether they were a man or a woman. I agree with you 100 percent. Whether the number is 19,000 or one, that is way too many for any period of time in our military.

I do believe that the chain of command is a worthwhile organization.

Senator GILLIBRAND. We are not talking about the chain of command. I am talking about them having a specific responsibility called disposition authority. Already Secretary Hagel feels very comfortable taking away the responsibility of the disposition authority to be able to overturn a verdict. That is a big change. He feels no problem making that change.

What I am asking you to consider is if we make the change to say, you also are no longer going to have the ability to decide whether the facts that are put before you are worthy of going to trial because, number one, you are not trained as a prosecutor. Number two, you may not have any background in sexual assault and rape. Number three, you may have a relationship with a perpetrator or the victim. Number four, you are not in the position to be objective.

Ms. WRIGHT. Ma'am, all of those are very good points. To my initial comment, Secretary Hagel has everything now on the table since he decided on Article 60, which was a very big step, and a very important step, and a very needed step. Since he decided on that, I have a meeting with him tomorrow morning to give him more ideas, and that is on the table to take it away from the chain of command.

So we are—yes, ma'am.

Senator GILLIBRAND. My time has expired, but I will leave you with this. Senator Graham made very good points in our last hearing on sexual assault. He went through the number of cases when, in fact, Article 60 was used to overturn a case. It was extremely rare. It was one out of many, many, many cases. It was so uncommon.

If Secretary Hagel believes that that made a difference, I think that is a very good first step. But if it is so rare, I do not think that alone will change people's interest in reporting. I do not think it will change people's assessment of whether they will receive jus-

tice. I do not think it will change people's assessment of whether they think it is safe to report to their commanding officer.

I would like you to make sure when you say everything is on the table that you really mean it.

Ms. WRIGHT. Yes, ma'am.

Senator GILLIBRAND. Because so far every person in the military that I have spoken to defends this one little responsibility that has not—that has only recently been elevated to someone higher up the chain of command, so it is not as if this person has had this authority for very long. It is really since the last NDAA we passed. So it is not something that has been set in stone forever and a day.

I think if you say everything is on the table, you should look at the whole structure because that is really what needs to be looked at.

Ms. WRIGHT. Yes, ma'am.

Senator GILLIBRAND. There is a reason why people are not reporting.

Ms. WRIGHT. Yes, ma'am. I will guarantee you that we are looking at the whole structure.

Senator GILLIBRAND. Thank you.

Senator Ayotte?

Senator AYOTTE. Thank you. I appreciate your passion on this really important issue, Madam Chairman. This is an issue that is a bipartisan issue that we are concerned about making sure that when our men and women in uniform are victims of sexual assault, that they understand that when they come forward, they will receive justice. They will receive support. It seems that they should—to make sure—my background is as a prosecutor before this, so I appreciate your passion for this and really the pursuit of this in open hearings and having a very important dialogue on how we can address this problem.

I wanted to ask you, Secretary Wright, about the National Guard Youth Challenge Program. I think the National Guard Youth Challenge Program is very important. We—Senator Landrieu, myself, and three other Senators—sent you a letter that cited concerns we have about the Office of Secretary of Defense's (OSD) role in managing the National Guard Youth Challenge Program.

One of the concerns that we have is that I do not understand why, when we had a good program run by the National Guard Bureau (NGB) that OSD felt the need to enter into a technical assistance contract from OSD rather than letting that control remain in the NGB. So can you help me explain why you did that?

Second, I also want to understand why we are not really looking at sufficiently funding to maintain national training standards as required by the cooperative agreement.

Ms. WRIGHT. I can tell you that the Youth Challenge Program is a phenomenal program. I agree with you totally. It takes youth at risk and it turns them into clearly prosperous citizens, and have been doing it for years.

The NGB was in that decision to have that technical contract at OSD. It was a gentleman that was part of the program named Lou Cabrera who works with the Chief of the NGB. He was working with the OSD staff for that technical contract, and we kept it in OSD Reserve Affairs.

We have an oversight role in OSD Reserve Affairs for the Youth Challenge Program, and so that is why we kept it there. But we did not do it independently at all. We did it in concert with the NGB.

Senator AYOTTE. So the NGB actually supported basically reducing—I mean, one of the responsibilities we have is to provide staff training. If you look at the fiscal climate that we are in, to have OSD now have control over this instead of having the NGB have control, that, when we look at some of the training gaps, I see that as almost the same amount of money that you entered into on the spectrum contract for what the needs are on the training of the NGB level.

Can you help me understand the thinking there, because I am actually shocked to hear that our NGB would want to give, with all due respect to all of you, more control in Washington than at the State level. That is not usually what I hear from them. Can you help me understand that?

Ms. WRIGHT. Well, ma'am, I would have to go back and research it. May I take it for the record—

Senator AYOTTE. Yes, please.

Ms. WRIGHT.—because I will certainly talk to Mr. Cabrera, who is our point of contact in the Guard Bureau for the Youth Challenge Program, and I will get back to you.

[The information referred to follows:]

The amount of money (\$1 million) entered into on the Spectrum contract was provided to help us understand why a number of Youth Challenge sites were reporting sub-optimal results. While training is very important, we have found that sites fail to achieve their best results due to a plethora of reasons beyond just training, e.g., such as travel restrictions, staff turnovers, state personnel requirements, and various other issues. Additionally, there are no certified training standards adapted nationwide. We are continuing to work on developing these types of standards with the National Guard Bureau to ensure success.

We intend to continue our strong partnership of the National Guard Youth Challenge Program and further assist the National Guard Bureau in optimizing this very important program.

Senator AYOTTE. I really appreciate that, because this is a very important program. Obviously the study that was done assessing this program said for—the program earned \$2.66 in benefits from every dollar spent for the students. We are empowering the future leaders of this country with that program, so I really appreciate it very much.

I also wanted to ask about military voting. I am very concerned about what I have heard about concerns of our military getting the right and access to voting, and given the sacrifices they are making, I think we can do a lot better within DOD.

In fact, in August 2012, the DOD Inspector General basically attempted to contact the voting assistance offices, and 50 percent of the time when they tried to contact the voting assistance office, they got no answer. I cannot even imagine what sometimes our men and women in uniform go through in trying to exercise their right to vote.

I would ask you, there are other examples like the way that DOD treats a servicemember group life insurance. When someone moves from base to base or duty station to duty station, and in-processes and out-processes, you actually reconfirm their status in that sys-

tem. Is there any system in place to reconfirm with the service-member when they are being in-processed or out-processed. You are moving? This is how you register to vote. This is your right to exercise your right to vote. What are we doing to make sure that our men and women in uniform, whatever—whoever they decide to vote, have that right?

Ms. WRIGHT. Ma'am, we know that, and I think it was August that you said that there was a problem. We really upped the game. We put a full court press in on the voting assistance office because we recognized that that was an issue throughout the military system.

We are in full compliance with the MOVE Act. We enhanced the Federal Government with voting with automated tools. I am reading here because I want to get this right. We provide guidance and support to the Military Services and the designated installation voting assistance officers. We provide guidance and training to the State and local election officials to ensure that they are aware of the laws and requirements, and we execute the enhanced voter education and outreach campaign. Yes, ma'am?

Senator AYOTTE. I do not want to interrupt because I know my time is almost up—but one thing I am trying to understand is when someone either out-processes or in-processes, is that part of their in-processing? Are they told along with an array of everything whether this is what you need to do for your life insurance, this is what you need for that, if you would like to exercise your right to vote, here is information on that. Do we do that?

Ms. WRIGHT. I would have to go back and check, but I will also tell you, ma'am, that oftentimes in the Active component military, an individual has a home of record. So the home of record could be Oregon because they entered and they live—they do not live, but they have their voting rights in Oregon. They may move all over the country, but they vote in Oregon. So that would not change based upon their Permanent Change of Station to another duty camp or station.

I can go and look to see if when we transition we ask them, but most times the Active component member continues to vote in the State of his or her home of record.

Senator AYOTTE. I understand that, and I am not asking you to inquire into whether they vote or not. Just making sure that they have the tools at their hands to understand how to exercise their right to vote.

For example, one of the big issues I heard a lot of concerns about when they were stationed overseas, whether in Afghanistan or other places overseas, a real difficulty of getting the ballots in time, all of those issues. That is another whole separate conversation we can have.

If you can at least get back to me on an answer of what—if I am now in the military and I move, or if I am stationed overseas, I am in Korea, wherever I am, what am I told, and what information am I given?

Ms. WRIGHT. How do you go about getting that?

Senator AYOTTE. I just want to make sure it is standardized in an appropriate way—

Ms. WRIGHT. Yes, ma'am.

Senator AYOTTE.—not to infringe, but to give people information.

Ms. WRIGHT. Yes, ma'am.

Senator AYOTTE. I appreciate it. Thank you.

[The information referred to follows:]

In compliance with Federal law, and as guided by the Department of Defense Instruction 1000.04 (issued September 13, 2012), the Military Services provide information and direct assistance on voter registration and absentee ballot procedures to uniformed servicemembers and their family members when a servicemember undergoes a permanent change of duty station; deploys overseas for at least 6 months, returns from such a deployment; and/or requests such assistance.

The Department ensures that every servicemember, especially those stationed overseas, has the information needed to exercise their right to vote. As part of the 2012 election cycle, the Federal Voting Assistance Program (FVAP) supported the voting process by:

- Providing online tools that produced a completed Federal Post Card Application or Federal Write-in Absentee Ballot to be signed and submitted by the voter.
- Providing training to the Services and completed assistance visits to 25 percent of the established IVA Offices (43 offices).
- Conducting in-person and “train-the-trainer” workshops at 83 locations worldwide.
- Sending emails to every member of the military with a .mil email address. (More than 18 million sent.)
- Enhanced FVAP.gov to provide more direct-to-the-voter assistance, including links to local election official information and State-specific information and forms.
- Conducted comprehensive communications and outreach campaigns.
- Developing new online training modules for local election officials and Voting Assistance Officers.
- Working with State legislatures to enact reforms benefiting military and overseas voters, including the Uniform Military and Overseas Voters Act.

FVAP is working closely with the Services, State and election officials and advocacy groups to ensure voting assistance in support of the 2014 elections is even better. Although voting is an individual's choice and personal responsibility, the Department works to ensure that all members of the Uniformed Services, their families and overseas citizens are aware of their most fundamental right—and have the tools and resources to vote, if they so choose.

Senator GILLIBRAND. Senator Kaine.

Senator KAINE. Thank you, Madam Chairman. Good afternoon to all of you. One of the measures of whether, I guess, a budget or a policy is working with respect to personnel is just kind of the big picture. How is it going with respect to recruiting, and how is it going with respect to retention? What are strengths and successes, and what are challenges that you face right now on the recruiting and the retention side? Please, Mr. Vollrath.

Mr. VOLLRATH. Thank you. Let me take that one. First, I would make the point that currently recruiting is on track and in good shape.

Senator KAINE. Quickly, you are not having to do anything unusual or extra in order to—

Mr. VOLLRATH. That is correct.

Senator KAINE. Okay.

Mr. VOLLRATH. That is correct. But having said that, let me project out because that is really what I believe we are all about here, to manage the future and make sure we are prepared. We are very cognizant of the fact that by all means we hope that the economy in the United States continues to improve and that the unemployment rate continues to go down. That is our fondest wish along with every other citizen. But as that occurs, and we believe that

will occur, then we know by experience that we have to be attuned to the fact that recruiting is probably going to get a little more difficult as we move.

The second point I would make, as we look to the future, because we should learn from the past from the last drawdown in the mid-1990s, it is sometimes hard to explain to America that you are letting people go, but we still would like to hire somebody. So it is counterintuitive.

Those are two things that we, as we look to the future, we want to make sure that we do not become complacent and say, well, we can take more money out of recruiting, take more money out of recruiting and advertising because it might be just the wrong thing to do at the wrong time. So we are watching it like a hawk.

Retention is equally as good, and we do not see any clouds out there right now.

Senator KAINE. Have you noticed any change in the morale around recruiting and retention because of budgetary challenges, things like sequester, or just the steady drumbeat of we have to be about cutting, cutting, cutting?

Mr. VOLLRATH. Not on the military side. We have seen some concerns on the civilian recruiting side because of a 20 percent cut in pay. We have a hiring freeze. We are cognizant of that one, and it is not a major issue yet, but we are watching that, because that is probably going to occur earlier than the military issue.

Senator KAINE. Yes. On the pay side, there is an authorization to allow for an increase in salary of 1.8 percent, and the salary increase proposed in this authorization budget is 1 percent. I gather the difference there is about \$540 million first year and some escalator as it goes by. Was that decision made purely as a result of trying to deal with challenging budget realities that we would be at the 1 percent rather than at the 1.8?

Ms. WRIGHT. Yes, sir, it was. That was an extremely hard decision because our men and women really do yeomen's work for us. But with the budget the way it is, we had to strike an even balance. So it will be a savings of about \$540 million this year, and so we wanted to make sure that we certainly got them a pay raise, and so it was a collective decision within the Department that 1 percent was a good balance.

Senator KAINE. Just to make sure I understand because this is my first personnel hearing dealing with salary and benefit issues, the 1.8 percent figure that was authorized was a measure of sort of what comparability of what people were getting outside the military? Is that sort of a best judgment or best—it is like a CPI index of what salary increases are in the broader—

Ms. WRIGHT. Employment Cost Index, sir.

Senator KAINE. Okay.

Ms. WRIGHT. Yes, sir.

Senator KAINE. Okay. I very much applaud in the submission the focus on credentialing and training, and this is an area with my first piece of legislation I am trying to deal with this. I want to do it in a way that is coordinated with you.

My experience talking to Virginians as Governor and then as a candidate was so many folks having a challenge getting traction back in a civilian workforce, and there are a variety of reasons for

that. But one of the reasons seems to be this lack of understanding among the civilian hiring officials about what it is that somebody brings to the table if they are from the military, especially enlisted.

We appreciate that you serve, but in a day of an all-volunteer military, where only 1 percent of adults serve, they do not understand what a gunnery sergeant does or what an E-5 does, and so we like you. We are glad you served. You are a patriot. But we do not know what you bring and the work that you are doing. I very much look forward to working with you on credentialing along the way so that people are getting credit for the skills they obtain at the moment they obtain them rather than trying to recreate it in the last 30 days of an active service. I applaud the work you are doing in that area.

The better it is, the better recruiting technique as well. I look forward to working with you on that.

As we are wrestling with potential force drawdowns, what is the current strategy about this scope of officer training, especially Reserve Officer Training Corps (ROTC) programs, and how have you factored that in going forward in terms of the numbers of people you are taking into those officer training programs? Because I hear a little bit about people getting out and getting commissioned, but then kind of being backed up going in, or being put into Reserve status for a long time, or potentially even being told, well, now we may not need you. So how are you factoring that into your planning?

Mr. VOLLRATH. Senator, right now it is, we would say, steady as she goes, okay. Navy term. I am not Navy.

Senator KAINE. Yes. Is that wise? Is it wise to be steady as you go if it looks like the overall—

Mr. VOLLRATH. We do. We know the force is drawing down, so we have turned off slightly, the ROTC program. We commission about 6,000 a year, heavily for the Active component. We have 21,000 or so in the program, most of them on scholarship or some type of help. We believe that we have the math about right based on the propensity to not overproduce, particularly given the fact that we are going to reduce the size.

We have worked with the various Services. Army, for example, they have already reduced the input, and they have planned on it for well over a year. They believe, Army in this case and all the Services because we have regular meetings about it, that they are not going to wind up with a surplus.

Your point is well taken. Again, back in the good old days where we have the tee shirt, we had too many coming through the pipe. That has already been factored in, and we think we have it about right. We have not had to turn anybody down yet.

Senator KAINE. Great.

Mr. VOLLRATH. We think we have it.

Senator KAINE. Okay, thank you Madam Chairman.

Senator GILLIBRAND. Senator Donnelly.

Senator DONNELLY. Thank you, Madam Chairman. This would be for any of you. I wanted to talk to you about a specific situation that has arisen recently, and that is over 1,000 National Guard members from Indiana—my home State—570 of them were preparing to deploy to the Horn of Africa this month, 446 preparing

to deploy to Egypt in June, others preparing to deploy as well, were just off-ramped and notified that they were being replaced by Active component forces.

This is the only State that this happened to. Two of these units it has happened to less than 6 weeks from deployment date. Now these are people who cancelled leases, quit jobs, took extraordinary steps in their lives to prepare to get things squared away. This off-ramp has been extraordinary painful to them, to their families. I know that there was a policy put in place that was, okay, we will not do this unless somebody is at least over 120 days out. That was after this occurred because these folks were 6 weeks away.

Over 1,000 soldiers and their families will lose TRICARE in 4 days, 4 days from today. A hundred and forty-two of the soldiers that re-enlisted, re-enlisted and/or offered bonuses because they were going on a deployment. So they are being terminated. Then they are going to be asked to re-enlist, but there will be no bonus included with them as they do.

Sixty of the soldiers left their employment. Others were denied a job due to the short time between and the mobilization date where they could not get a job. Some went back and their employer had already hired and were training a replacement for them. A number had terminated housing leases.

We have no objection in Indiana to doing our share, to taking our share of the hit, but this is over and above what took place. What we are asking for is just a—it is not much. In terms of the pain and the suffering that these families are going through, it is next to nothing. But this is the Hoosier way. They said, look, we are willing to take a shot. We are willing to stand up for our country and help out and reduce costs. Can you help us with a couple of things? Number one, continue the bonus that they were promised. That is not much. It is a \$500 a month bonus. It is the total of less than \$1 million at the end of the day. Enable these soldiers to have 180 days of additional TRICARE because in 4 days, they are off of TRICARE. These are minimal things that are really, in my mind, keeping our promise.

I spoke to Secretary Hagel and one of the things he has always said, people are central to everything we do. Well, it is time for us to show that in this case. I would like a comment from any of you.

Ms. WRIGHT. Sir, I understand completely. My last job was adjutant general of Pennsylvania, so I know General Umbarger very well, and know—

Senator DONNELLY. He is not in a good mood.

Ms. WRIGHT. No. I can only imagine. I have spoken to him. I know Marty, and rightly he should not be in a good mood. This was done for financial reasons, but we need to take care of the soldiers that it was done to.

I know that the Army is working through the Guard Bureau with General Umbarger. There is a group of those soldiers that were catastrophically harmed because of this. There are some of those soldiers that may think this is okay. There are people in all categories. But our job is to take a look at all of the requests that you gave Secretary Hagel and to get back to you about where we go from here and how we can affect these soldiers' lives for the betterment.

Senator DONNELLY. I am here to try to make sure that this is made right because what was done is not.

Ms. WRIGHT. Yes, sir, and I know how terribly difficult it was not only on the soldier because it was very hard on the soldier, but on the family members of these soldiers.

Senator DONNELLY. Okay. We will stay in very close contact with you on that.

Ms. WRIGHT. Yes, sir. Thank you.

Senator DONNELLY. Thank you. Thank you, Madam Chairman.

Senator GILLIBRAND. Thank you very much, each of you, for your service and your testimony. If any of the senators have a second round, we will permit it now. Otherwise, we will go to the next panel.

Senator Kaine?

Senator KAINE. Just one question, Mr. Wightman, on Guard and Reserve issues, really a comment more than a question. I imagine the manpower, as you are dealing with a time of tough resources, some of the manpower issues you are having to decide, the Guards, and we all relied on them so heavily as governors, they were primarily a Reserve Force. Then we built them up into essentially an operational tempo (OPTEMPO) force. As Iraq and Afghanistan are drawing down, some of the occasion for the OPTEMPO will drop.

Nevertheless, that training is such good training to have in the system right now. So as you are wrestling with manpower questions, what do you do with your Active Duty component? That has a cost. Might it be better to maintain a big chunk of your guard at an OPTEMPO type training? That may be a more cost effective way to do it.

I am curious as to how you wrestle with those kinds of manpower challenges. In particular, with respect to the Guard, is there an intention to go back to the old days, to have the Guard be a Reserve, primarily a Reserve Force, or is there, as part of the DOD strategy going forward, is the sense that we ought to keep the Guard, continue to harvest the value of that training and keep it in a component where there is an OPTEMPO capacity there that may obviate the need for some of the manpower or training over on the active side?

Mr. WIGHTMAN. Thank you for that question. It is a very difficult situation, as you said, when you have men and women who have been out there over the last 10 to 11 years and have acquired the skills and got to the level that they have, to be told that they are going to be on a shelf.

As you heard from our opening comments, our position is that the intention is not to use them simply as a strategic reserve, that we still want to keep them as a part of the operational force, and we still strive to push that as much as we can.

Now, along those lines, there are three or four studies going on within the building, and you heard Secretary Hagel the other day talk about when somebody asked him about the Active component, Reserve component mix, he said, hang on, that was just one of many factors. Then he went through general purpose, Special Operations Forces. We have to look at that mix. We have to look at the mix of conventional and unconventional, and then we also have to look at the capability of our allies. So all of this weaves in, in

addition to whether or not they are forward stationed, or rotationally deployed, or home site. So all of this is sort of underway in the building at this time.

As you probably are also aware, there are several costing studies going on, and Chairman Arnold Punaro of the Reserve Forces Policy Board has a cost methodology study. In fact, he is briefing it to Representative Walls right now. So there is that one.

There is one that we are doing as well. Arnold is looking at the individual cost of Reserve versus Active. The Cost Assessment and Program Evaluation folks over there are looking at more of a unit in the course of a year, how much it costs to maintain a unit. Then ours is sort of a mixture, and we are looking at different alternatives to come out of that in terms of costing.

So I guess my answer to your question is, there is a lot going on. I think the sentiment from my superiors in the building is that, yes, we need to maintain the Reserve component, maybe at a lesser OPTEMPO, but certainly keep them a part of that operational force.

Senator KAINE. Thank you.

Senator GILLIBRAND. Thank you, members of the panel. We appreciate your testimony very much.

We will now turn to the second panel. The second panel, we have members of The Military Coalition (TMC), a consortium of nationally prominent uniformed service and veteran organizations.

Master Chief, Retired, Joseph L. Barnes, is the National Executive Director, Fleet Reserve Association (FRA). Ms. Kathleen Moakler is the Government Relations Director, National Military Family Association. Colonel, Retired, Steven P. Strobridge is the Director of Government Relations, Military Officers Association of America (MOAA). Captain, Retired, Marshall Hanson is the Director, Legislative and Military Policy, Reserve Officer's Association (ROA).

Before you give your opening statements, I do want to recognize Mr. Barnes and Mr. Strobridge, both of whom will be retiring soon. You have both appeared before this subcommittee numerous times, and the staff informs me that this is quite likely the last time that you will come before us. I want to publicly thank you for your service in uniform and your service in support of those in uniform in your second careers.

Mr. Barnes spent over 20 years in the Navy before retiring as master chief, and then served another 20 years with the FRA. Mr. Strobridge served 24 years in the Air Force, retiring as colonel, and then spent another 19 years at the MOAA.

You have served the men and women of the armed services well in your time at FRA and MOAA. I thank you for your service and wish you well in retirement.

I now invite you to present your opening statements, but ask that you keep your oral statement to 3 to 5 minutes. Yes, Mr. Strobridge, please.

STATEMENT OF COL. STEVEN P. STROBRIDGE, USAF, RETIRED, DIRECTOR OF GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA

Colonel STROBRIDGE. Madam Chairman, distinguished members of the subcommittee, we are grateful for the subcommittee's long-standing efforts to ensure fair treatment for the entire uniformed services community. We deeply appreciate this opportunity to present our views on the personnel related issues. My portion of the statement will cover health care.

The coalition disagrees strongly with the budget proposal to shift billions more cost to beneficiaries. Claims of exploding military health care costs cite growth since 2001 as if that were a reasonable starting point, but it is not. Congress enacted TRICARE For Life in 2001 to correct the ejection of older retirees from military health care in the 6 years before that. There was a spike as they returned to coverage in 2002 and 2003, but the cost growth has actually been declining ever since. It was less than 1 percent growth in 2012, and will likely decline in 2013 because of recently approved fee increases and benefit changes directed by this subcommittee and also implemented by DOD.

So the exploding cost claim is actually based on a 10-year old data point. The truth is combined personnel and health costs are the same share of the defense budget, a little less than one-third, that they have been for the last 30 plus years. In fact, DOD has used the health accounts as a cash cow to fund other needs: diverting \$700 million in surplus funds last year and \$2.5 billion over the last 3 years.

I want to make it clear that the TRICARE benefit is by and large an excellent one. We certainly recognize that. But it has to be to help induce large numbers of top quality people to accept the extraordinary demands and sacrifices inherent in multi-decade military careers. That is why assertions that military retirees pay far less for health care than civilians do are so aggravating to the military community.

When someone gives me that argument, I ask if the military deal is so great, are you willing to pay what they did to earn it? Would you sign up to spend the next 20 years being deployed to Iraq, Afghanistan, or wherever the next fight is? That is when people realize military people already pay far steeper premiums for health care than any civilian, and most of it is paid in kind, not in cash.

That is why when Congress enacted TRICARE For Life in 2001, it required no cash enrollment fee. Defense leaders say they will keep faith with the currently serving on retirement reform, and would apply any retirement changes only to new entrants. But if it is breaking faith to change the rules for someone with 10 years or even 1 year of service, it is doubly so to impose a four-figure TRICARE fee hike on those who already completed 20 or 30 years, whether they will retire next year, or whether they are already retired.

After retirees kept their part of the bargain, defense leaders, in effect, are saying their service is no longer worth so much as they were told it would be. They should pony up another \$1,000 or \$2,000 each year for the rest of their lives. They blame the budget crunch, but balk at changes to make the system more efficient.

Many studies document the inefficiencies of DOD's fragmented health systems, but DOD's recent review made minimal changes, in part because one of the key decision criteria was how hard change would be. So the first choice was to make retirees pay more because it was easier.

There is still no single point of responsibility for budgeting or delivery of DOD health care. As for the plan to means test retiree health fees, that is patent discrimination against the military. No other Federal retiree has their health benefits means tested, and it is rare in the civilian world. Under that perverse system, the longer and more successful you serve, the worse your benefits are. The coalition believes that proposed rates are significantly too high for all grades.

We have worked with this subcommittee and its House counterpart for years to put what we think are reasonable standards in law for health fees and other benefits. We now have statutory rules and guidelines, not only for the fee levels, but for future adjustments that were put into law only 5 months ago. Now DOD wants to go change those again.

We have accepted mail-order refill requirements into high pharmacy co-pays. We accept higher rates for TRICARE prime, higher co-pays for pharmacy co-pays, and statutory adjustments to future increases. This year, DOD will drop nearly 170,000 beneficiaries from TRICARE prime. All those changes will save DOD billions of dollars. Now, we think it is time to hold DOD leaders accountable for developing management efficiencies that do not impact beneficiary fees or delivery of quality care.

That concludes my statement. Thank you very much for your consideration.

[The prepared statement of The Military Coalition follows:]

PREPARED STATEMENT BY THE MILITARY COALITION

Madam chair and distinguished members of the subcommittee, on behalf of The Military Coalition (TMC), a consortium of nationally prominent uniformed services and veterans' organizations, we are grateful to the committee for this opportunity to express our views concerning issues affecting the uniformed services community. This statement for the record provides the collective views of the following military and veterans' organizations, which represent approximately 5.5 million current and former members of the 7 uniformed services, plus their families and survivors.

Air Force Association
 Air Force Sergeants Association
 Air Force Women Officers Associated
 AMVETS (American Veterans)
 Army Aviation Association of America
 Association of Military Surgeons of the United States
 Association of the U.S. Army
 Association of the U.S. Navy
 Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard
 Commissioned Officers Association of the U.S. Public Health Service, Inc.
 Fleet Reserve Association
 Gold Star Wives of America, Inc.
 Iraq and Afghanistan Veterans of America
 Jewish War Veterans of the United States of America
 Marine Corps League
 Marine Corps Reserve Association
 Military Chaplains Association of the United States of America
 Military Officers Association of America
 Military Order of the Purple Heart
 National Association for Uniformed Services

National Guard Association of the United States
 National Military Family Association
 Naval Enlisted Reserve Association
 Noncommissioned Officers Association
 Reserve Officers Association
 Society of Medical Consultants to the Armed Forces
 The Retired Enlisted Association
 U.S. Army Warrant Officers Association
 U.S. Coast Guard Chief Petty Officers Association
 Veterans of Foreign Wars
 Vietnam Veterans of America
 Wounded Warrior Project

The Military Coalition, Inc. does not receive any grants or contracts from the Federal Government.

EXECUTIVE SUMMARY

MILITARY PERSONNEL AND HEALTHCARE COSTS IN PERSPECTIVE

For decades, critics have claimed military personnel costs are “rising out of control” and, if left unchecked, would consume future defense budgets. But those charges have proved unfounded.

- Defense spending as a percentage of GDP during wartime is much lower than during past conflicts
- Personnel and healthcare costs today are the same share of the defense budget today (less than one-third) that they’ve been for more than 30 years
- Personnel/health costs are a lower share of the budget for DOD than for many most-similar corporations (61 percent for UPS, 43 percent for FedEx, and 31+ percent for Southwest Airlines)
- At 10 percent of the defense budget, DOD healthcare costs are a bargain compared to the health cost share of the Federal budget (23 percent), the average State budget (22 percent), household discretionary spending (16 percent) and GDP (16 percent)
- Far from “exploding out of control,” Pentagon documents show military healthcare account surpluses have been raided to fund other programs (\$708 million diverted in fiscal year 2012 and total of nearly \$2.5 billion over last 3 years)
- Reprogramming document acknowledged retiree health costs went down 2.5 percent for fiscal year 2012
- DOD projections of future defense health care costs have declined steadily for the last 3 years, and will decline further based on recent law/policy changes
- Claims of “cost growth since 2001” overemphasize 10-year-old data. Growth peaked in 2002–2003 with the enactment of TRICARE For Life, and has been declining fairly steadily ever since. It was less than 1 percent for fiscal year 2012, and will decline further in the future based on administrative and statutory changes taking effect in fiscal year 2013
- Rather than seeking to raise beneficiary costs, defense leaders should be held accountable for improving efficiency and consolidating redundant, counterproductive health systems. Options to reduce costs include:
 - Establish a single authority over the three separate military systems and multiple contractors that now compete counterproductively for budget share
 - Stop ignoring multiple studies urging consolidation of healthcare budget and delivery
 - Revamp an archaic healthcare contracting system that doesn’t obtain the best value
 - Restructure accounting and record systems that cannot be validated
 - Optimize use of military treatment facilities (25 percent cheaper but 27 percent underused)
 - Eliminate pre-authorization requirement that incentivizes emergency room visits over far-less-costly urgent care clinics
 - Establish coordinated care programs for all beneficiaries with chronic conditions
- Decades of dire predictions about “unaffordable” personnel costs have proved consistently wrong
- The only times the All-Volunteer Force has been jeopardized have been due to budget-driven benefit cuts failed to offset the extraordinary demands and sacrifices of a service career

- Congress has consistently recognized the cost of sustaining the current military career incentive package is far more acceptable and affordable than the alternative
- For all of these reasons, TMC does not support the additional array of proposed TRICARE fee increases proposed in the fiscal year 2014 defense budget. In view of fee increases and statutory and policy benefit limitations already imposed in 2011 and 2012, TMC believes it is time to hold Defense officials accountable to implement efficiencies that don't affect fees or care.

CURRENTLY SERVING ISSUES

Force Levels

- Ensure adequate personnel strengths and associated funding in order to meet national security strategy requirements and dwell time needs.

Compensation

- Sustain fully-comparable annual military pay raises (1.8 percent for 2014) based on the Employment Cost Index as specified in current law.

Family Readiness and Base Support

- Ensure sustainment of Family Readiness and Support programs and base facilities
- Continue support for child care needs of the highly deployable, operational total force community
- Press the Defense Department to implement flexible spending accounts to enable military families to pay health care and child care expenses with pre-tax dollars
- Maintain much-needed supplemental funding authority for schools impacted by large populations of military students
- Encourage greater military spouse and surviving spouse educational and career opportunities, and ensure existing programs are accessible, effective, and meet the needs of all military spouses
- Direct a DOD report on Family Support and Readiness programs as well as MWR category programs to include a list of all programs, an assessment of their effectiveness, and recommended policy changes

DOD Resale Operations

- Oppose attempts to consolidate or curtail DOD resale systems in ways that would reduce their value to patrons
- Sustain necessary appropriated funds to support the commissary system and military exchanges

Military Sexual Trauma

- Sustain rigorous oversight to ensure the health, safety, readiness, and confidentiality of military personnel who have been victims of sexual assault.

HEALTHCARE ISSUES

Service vs. Beneficiary Needs

- Hold Defense leaders accountable for their own leadership, oversight, and efficiency failures instead of simply seeking to shift more costs to beneficiaries
- DOD to pursue any and all options to improve efficient and cost-effective care delivery in ways that do not disadvantage beneficiaries

Military vs. Civilian Cash Fees Is "Apple to Orange" Comparison

- Reject simple comparisons of military-to-civilian cash healthcare fees as grossly devaluing career servicemembers' and families' extraordinarily steep non-monetary contributions through decades of service and sacrifice.

DOD-VA Oversight, Accountability and Integration

- Appoint the Deputy Secretaries of DOD and VA as co-chairs of the Joint Executive Council (JEC)
- Hold joint hearings with the Veterans Affairs Committee addressing the Joint Executive Council's (JEC) effectiveness in daily oversight, management, collaboration, and coordination of the Departments' wounded warrior programs
- Continue to press for creation and implementation of a joint, bi-directional electronic medical record
- Provide permanent funding, staffing, and accountability for congressionally mandated Defense Centers of Excellence and associated mental-behavioral

health, suicide prevention, alcohol and substance abuse, caregiver, respite, and other medical and non-medical programs

- Continue aggressive oversight of the Integrated Disability Evaluation and legacy disability evaluations systems to ensure preservation of the 30-percent threshold for medical retirement, consistency and uniformity of policies, ratings, legal assistance, benefits, and transitional services Defense-wide
- Standardize terminology, definitions, eligibility criteria, roles and responsibilities around policies, programs, services, and administration of medical and non-medical support (e.g., recovering warrior categories, all categories of case managers, caregiver support and benefits, power of attorney, and a comprehensive recovery plan)
- Standardize the coordination of DOD-VA care, treatment and benefits of all Departments' case management programs, and medical and non-medical programs and services

Continuity of Health Care

- Secure the same level of payments, support and benefits for all uniformed services' wounded, ill, or injured in the line of duty
- Create a standardized curriculum and training programs for all DOD-VA mental-behavioral health providers and educational institutions in the diagnosis and treatment of PTS/PTSD/TBI
- Increase and improve the quality and timeliness of access to initial and follow-on appointments, treatment and services in DOD-VA systems, ensuring seamless transition of mental-behavioral health services are maintained for wounded, ill, and injured, their families and caregivers across the Departments
- Ensure Guard and Reserve members have adequate access and treatment in the DOD and VA health systems for Post-Traumatic Stress Disorder and Traumatic Brain Injury following separation from active duty service in a theatre of operations

Mental Health Care Engagement and Destigmatization

- Continue efforts to promote engagement in and destigmatization of mental health care
- Continue to press for research on most effective treatments, coordination of programs, and measures of efficacy.

DOD-VA Integrated Disability Evaluation / Legacy Systems (IDES)

- Preserve the statutory 30 percent disability threshold for medical retirement in order to provide lifetime TRICARE coverage for those who are injured while on active duty
- Reform the DOD disability retirement system to require inclusion of all unfitting conditions and accepting the VA's "service-connected" rating
- Ensure any restructure of the DOD and VA disability and compensation systems does not inadvertently reduce compensation levels for disabled servicemembers
- Eliminate distinctions between disabilities incurred in combat vs. non-combat when determining benefits eligibility for retirement
- Tightening the Integrated Disability Evaluation System (IDES) (as recommended by the Recovering Warrior Task Force (RWTF)) to include:
 - Create a "joint" formal physical evaluation board in order to standardize disability ratings by each of the Services
 - Mandate in policy that all servicemembers entering into a Medical Evaluation Board (MEB) be contacted by the MEB outreach lawyer to help navigate the board process upon notification that a narrative summary will be completed
- Pursue improvements in identifying and properly boarding (medical evaluation and physical evaluation boards) Guard and Reserve members (to include the IRR) who have been wounded or incurred injuries or illnesses while activated but have had their conditions manifest or worsen post deactivation such as establishing policies that allow for the rapid issuance of title 10 orders to affected Reserve component (as recommended by the RWTF)
- Seek legislation to eliminate legacy DES so that that servicemembers who are placed on the Temporary Disability Retirement List (TDRL) are afforded the opportunity to have the VA rate their disability by the IDES upon their removal from the TDRL
- Revise the VA schedule for rating disabilities (VASRD) to improve the care and treatment of those wounded, ill, and injured, especially those diagnosed with PTSD and TBI

- Bar the designation of disabling conditions as “existing prior to service” for servicemembers who have been deployed to a combat zone

Caregiver/Family Support Services

- Ensure wounded, ill, and injured families and caregivers are an integral part of the rehabilitation and recovery team and be included in and educated about medical care and treatment, disability evaluation system processes, development and implementation of the comprehensive recovery plan, and receive DOD–VA support and guidance throughout the process
- Provide enhanced training of DOD and VA medical and support staff on the vital importance of involving and informing designated caregivers in treatment of and communication with severely wounded, ill, and injured personnel
- Provide health and respite care for non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage while the injured member remains on active duty, commensurate with what the VA authorizes for eligible caregivers of medically retired or separated members
- Ensure consistency of DOD and VA caregiver benefits to ensure seamless transition from DOD to VA programs
- Extend eligibility for residence in on-base housing for up to 1 year for medically retired and severely wounded, ill, and injured members and their families, or until the servicemember receives a VA disability rating, whichever is longer

Guard and Reserve Health Care

- Authorize TRICARE for early Reserve retirees who are in receipt of retired pay prior to age 60
- Authorize premium-based TRICARE coverage for members of the Individual Ready Reserve after being called to active service for a cumulative period of at least 12 months
- Permit employers to pay TRS premiums for reservist-employees as a bottom-line incentive for hiring and retaining them
- Authorize an option for the government to subsidize continuation of a civilian employer’s family coverage during periods of activation, similar to FEHBP coverage for activated Guard-Reserve employees of Federal agencies
- Extend corrective dental care following return from a call-up to ensure G–R members meet dental readiness standards
- Allow eligibility in Continued Health Care Benefits Program for selected reservists who are voluntarily separating and subject to disenrollment from TRS
- Allow beneficiaries of the FEHBP who are Selected reservists the option of participating in TRICARE Reserve Select
- Improve the pre- and post-deployment health assessment program to address a range of mental/behavioral health issues such as substance abuse and suicide
- Allow for access to a full range of evidenced-based care and services for Reserve component members and their families, particularly during periods of re-integration back into the community

Special Needs Families

- Authorize ABA coverage as a permanent benefit under the TRICARE basic program;
- Include eligibility to other developmental disabilities that may benefit from ABA;
- Ensure permanent funding for this critical therapy; and
- Ensure any further adjustments to TRICARE eligibility apply equally to all seven uniformed services.

Additional TRICARE Prime Issues

- Authorize beneficiaries affected by Prime Service Area changes to be grandfathered in their present arrangement until they either relocate or change their current primary care provider
- Require reports from DOD and the managed care support contractors on actions being taken to ensure those affected by the Prime Service Area reductions will be able to maintain continuity of care from their existing provider or receive an adequate selection of new potential providers
- Require increased DOD efforts to ensure electronic health record consistency between MTFs and purchased care sectors and provide beneficiaries with information to assist in informed decisionmaking

Additional TRICARE Standard Issues

- Bar any further increase in the TRICARE Standard inpatient copay for the foreseeable future
- Insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation to meet the threshold
- Require a specific report on provider participation adequacy in the localities where Prime Service Areas will be discontinued under the new TRICARE contracts
- Increase locator support to TRICARE Standard beneficiaries seeking providers who will accept new Standard patients, particularly for primary care and mental health specialties

NATIONAL GUARD AND RESERVE ISSUES

Operational Reserve Retention and Retirement Reform

- Eliminate the fiscal year limitation which effectively denies full early retirement credit for active duty tours that span the start of a fiscal year (October 1)
- Modernize the Reserve retirement system to incentivize continued service beyond 20 years and provide fair recognition of increased requirements for active duty service
- Authorize early retirement credit for all active duty tours of at least 90 days, retroactive to September 11, 2001

Yellow Ribbon Reintegration Program

- Immediately implement the 2-year pilot for providing TAP services ‘outside the gate’ of active duty bases and broader expansion as soon as possible.
- Hold oversight hearings and direct additional improvements in coordination, collaboration and consistency of Yellow Ribbon services between States.

Reserve Compensation System

- Credit all inactive duty training points earned annually toward Reserve retirement
- Authorize parity in special incentive pay for career enlisted/officer special aviation incentive pay, diving special duty pay, and pro-pay for Reserve component medical professionals
- Authorize recalculation of retirement points after 1 year of activation
 - The 2010 NDAA authorized certain flag officers to recalculate retirement pay after 1 year of active duty, and we recommend this authority be extended to all ranks

Guard/Reserve GI Bill

- Work with the Veterans Affairs Committee to restore basic Reserve Montgomery GI Bill benefits for initially joining the Selected Reserve to the historic benchmark of 47–50 percent of the active duty MGIB
- Integrate Reserve MGIB benefits currently in title 10 with active duty veteran educational benefit programs under title 38
- Enact academic protections for mobilized Guard and Reserve students, including refund guarantees

Guard/Reserve Family Support Programs

- Review the adequacy of programs to meet the special information and support needs of families of individual Reserve augmentees or those who are geographically dispersed
- Foster programs among military and community leaders to support servicemembers and families during all phases of deployments
- Provide preventive counseling services for servicemembers and families
- Authorize child care for family readiness group meetings and drill time and respite care during deployments
- Improve the joint family readiness program to facilitate understanding and sharing of information between all family members

RETIREE ISSUES

Military Retirement Reform

- Oppose any initiative that would “civilianize” the military retirement system, ignore the lessons of the ill-fated REDUX initiative, and inadequately recognize

the unique and extraordinary demands and sacrifices inherent in a military career.

Cost-of-Living Adjustments (COLAs)

- Reject the chained CPI as a basis for adjusting military retired pay
- Ensure the continued fulfillment of congressional COLA intent, as expressed in House National Security Committee Print of title 37, U.S.C.: “to provide every military retired member the same purchasing power of the retired pay to which he was entitled at the time of retirement [and ensure it is] not, at any time in the future . . . eroded by subsequent increases in consumer prices”
- Ensure equal treatment of all uniformed service personnel, to include NOAA/USPHS/USCG personnel, with respect to any retirement/COLA legislation

Concurrent Receipt

- Continue seeking to expand Concurrent Retirement and Disability Payments (CRDP) to disabled retirees not eligible under the current statute, with first priority for vesting of earned retirement credit for Chapter 61 retirees with less than 20 years of service.

Fair Treatment for Servicemembers Affected by Force Reductions

- Enact temporary legislation that would allow members separated during periods of significant force reductions to deposit part or all of their involuntary separation pay or voluntary separation pay into their TSP account.

SURVIVOR ISSUES

SBP-DIC Offset

- Continue pursuing ways to repeal the SBP-DIC offset
- Authorize SBP annuities to be placed into a Special Needs Trust for permanently disabled survivors who otherwise lose eligibility for State programs because of means testing
- Reduce the age for paid-up SBP to age 67 for those who joined the military at age 17, 18, or 19
- Reinstate SBP annuities to survivors who transfer benefits to their children when the children reach majority, or when a subsequent remarriage ends in death or divorce

Final Retired Paycheck

- Authorize survivors of retired members to retain the final month’s retired pay for the month in which the retiree dies.

INTRODUCTION

Mr. Chairman, The Military Coalition thanks you and the entire subcommittee for your exceptionally strong support of our Active Duty, Guard, Reserve, retired members, and veterans of the uniformed services, their families and survivors. Your efforts have had an enormously positive impact in the lives of the entire uniformed services community.

We specifically wish to thank the committee for its good actions in adopting the 2012 NDAA provisions recognizing that healthcare is an earned benefit for service rendered during a lengthy career and in securing more reasonable TRICARE pharmacy co-pay adjustments.

We are truly grateful for your unwavering commitment to men and women who defend our fine nation.

We appreciate that personnel issues have been a top priority for Congress in the past few years. There have been difficult choices associated with bolstering a weak economy and addressing record-breaking budget deficits. The past few years have been exceptionally arduous, with our military winding down operations in Afghanistan.

Despite extraordinary demands, men and women in uniform are still answering the call—thanks in no small measure to the subcommittee’s strong and consistent support—but only at the cost of ever-greater personal sacrifices. We have seen dramatic increases in suicide rates which reflect the continued stress placed on servicemembers and their families. In addition, there are reports that the military divorce rates are at the highest level since 1999.

MILITARY PERSONNEL AND HEALTHCARE COST OVERVIEW

For decades, critics have claimed military personnel costs are “rising out of control” and, if left unchecked, would “consume future defense budgets.” They’ve at-

tacked pay, retirement, health care, and other military benefits in hopes of diverting funds to hardware or non-defense programs.

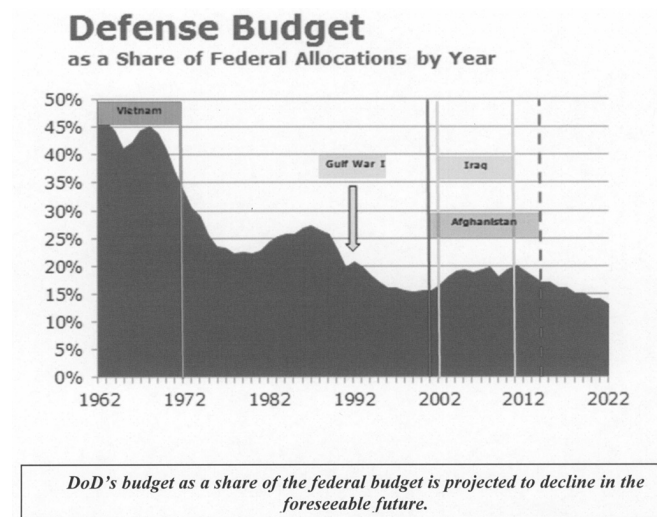
But hard experience proved such claims wrong in the past—and they're still wrong today.

Check the Record, Not Misleading Projections

Over the past 50 years, the defense budget has consumed a progressively smaller share of Federal outlays.

In 1962, defense consumed nearly 47 percent of Federal outlays; today it's at its smallest share in 50 years and will drop further—below 12.5 percent—by 2017.

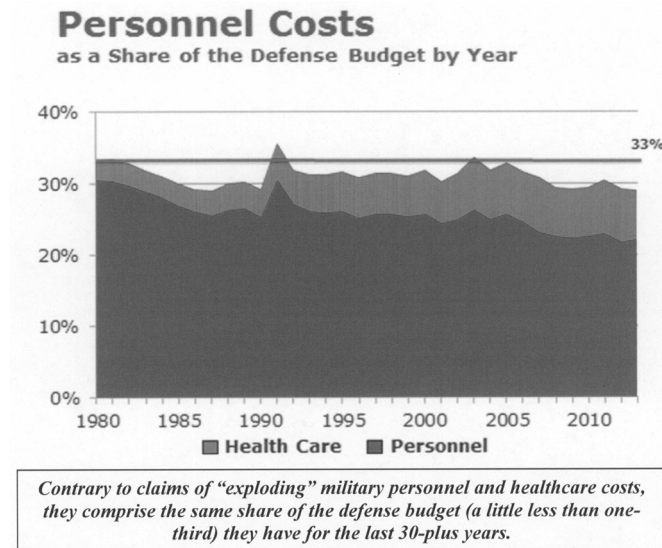
Today's wartime share of GDP is lower than for any past conflict, as shown in the following chart.



Some argue that's all the more reason to worry about the rising cost of military people programs.

Last year, Defense and service leaders decried military personnel and health costs as consuming about roughly one-third of the defense budget—implying this represents a dramatic increase.

The truth is the same one-third of the defense budget has gone to personnel and health care costs for the last 30 years. These programs are no more unaffordable now than in the past.



Who Says One-Third Is Too Much?

Is it good or bad if these costs are one-third of a big organization’s annual budget? There’s no civilian counterpart to the military, but let’s consider corporations with big air fleets. Personnel costs comprise:

- 61 percent of United Parcel Service’s budget.
- 43 percent of FedEx’s budget.
- 31 percent of operating revenue (which includes profit, so the percentage of expenditures is higher) for Southwest Airlines—recognized as among the most cost-efficient air carriers.

Military Health Costs Are NOT “Eating DOD Alive”

Defense leaders complain these costs approach 10 percent of the (non-war) defense budget.

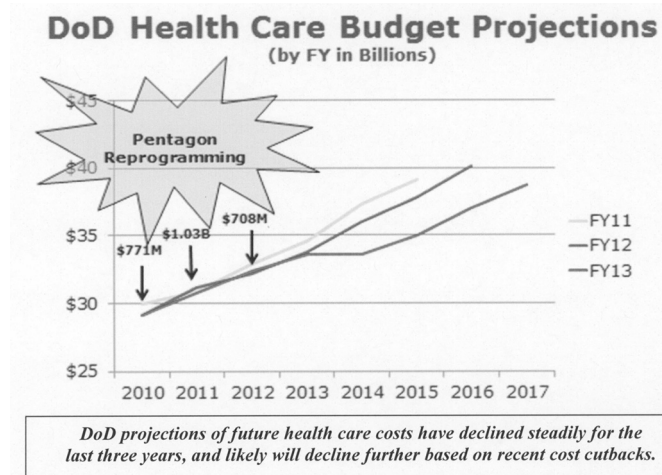
But health costs comprise:

- 23 percent of the Federal budget
- 22 percent of the average State budget
- 16 percent of household discretionary spending
- 16 percent of U.S. Gross Domestic Product

Put in proper context, DOD’s 10 percent is a bargain.

In fact, Pentagon documents show DOD has used the military healthcare account as a “cash cow” to fund other programs.

- Diverted \$708 million surplus in fiscal year 2012
- Diverted total of nearly \$2.5 billion over fiscal year 2010–2012
- Fiscal year 2012 reprogramming request acknowledged retiree health costs went down 2.5 percent
- Budget projections have reduced outyear cost estimates 3 years in a row
- Changes included in National Defense Authorization Act for Fiscal Year 2013 will reduce them even further



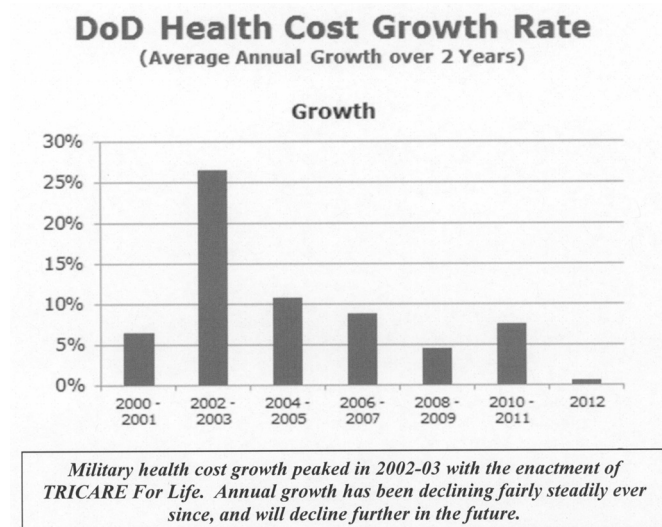
“Cost Growth Since 2000/2001” Is a Red Herring

Citing such statistics implies personnel/health costs in 2001 represented a reasonable standard. Nothing could be farther from the truth.

In fact, cutbacks in pay, healthcare, and retirement throughout the 1980s and 1990s caused retention problems in the late 1990s that Congress has worked hard to fix over the last decade.

Charting growth from a starting point in 2000 or 2001 inappropriately inflates apparent trends by including one-time changes made early last decade that won't be repeated in the future.

The chart below illustrates how citing health cost growth since 2001 is misleading. The reality is that cost trends have moderated significantly in more recent years, and that is far more important for projecting future trends than what happened more than a decade ago.



The rate of health cost change will only decline further in the outyears, due to:

- Significant pharmacy copay increases starting this year
- Significant savings from requiring mandatory mail-order/military pharmacy refills of maintenance medications for Medicare-eligible beneficiaries starting this year
- Savings associated with shrinking TRICARE Prime service areas.

The bottom line: the “military health cost growth since 2001” argument is based on 10-year old data that’s irrelevant to the future.

The Real Health Cost Issue: Inefficiency, Oversight Failures

Rather than seeking to blame beneficiaries (and raise beneficiaries’ costs), defense leaders should focus on fulfilling their responsibilities to provide efficient oversight of DOD health programs.

They should be held accountable for correcting real sources of excess costs – fixing known problems and consolidating redundant, counterproductive health systems.

Options to reduce excess costs include:

- Establish a single authority over the three separate military systems and multiple contractors that now compete counterproductively for budget share
- Stop ignoring the plethora of studies since 1947 which have consistently recommended the consolidation of medical budget oversight and execution
- Revamp an archaic healthcare contracting system which doesn’t obtain the best value
- Restructure accounting and record systems that cannot be validated
- Optimize the use of military treatment facilities, which are 25 percent less costly but 27 percent underutilized
- Eliminate pre-authorization requirement that incentivizes emergency room visits over far-less-costly urgent care clinics
- Establish coordinated care programs for all beneficiaries with chronic conditions

It’s important to recognize that the military’s healthcare system is built for readiness and service convenience, not for the beneficiary’s needs.

When the Services deploy or cut medical professionals, beneficiaries are forced into costly civilian care. Attempting to shift the costs of readiness or inefficiencies onto the beneficiaries is just simply wrong.

For all of these reasons, TMC does not support the additional array of proposed TRICARE fee increases proposed in the fiscal year 2014 defense budget. In view of fee increases and statutory and policy benefit limitations already imposed in 2011 and 2012, TMC believes it is time to hold Defense officials accountable to implement efficiencies that don’t affect fees or delivery of quality care.

Military Retirement: Neither Unfair nor Unaffordable

Whenever military budgets get tight, analysts, task forces and commissions come forth proposing military retirement cutbacks. Past defense leaders asserted such efforts were detrimental to retention and readiness. In contrast, today’s senior defense leaders have voiced support for significant changes.

Former Secretary of Defense Gates criticized the 20-year retirement system as “unfair” to those who leave service before that point, citing the vesting options provided to civilian workers. He directed the Defense Business Board (DBB) to identify alternative options.

In his final appearance before the Senate, Gates endorsed an early vesting program, noting, “70 to 80 percent of the force does not stay until retirement but leaves with nothing.”

Yet there is no support for spending more money on military retirement during budget-cutting times. So vesting options proposed to date, including those of the DBB and the 11th Quadrennial Review of Military Compensation (QRMC)—would fund that new benefit by imposing dramatic benefit cuts for the 17 percent who complete full careers in uniform.

There are good reasons only 17 percent of service entrants are willing to pursue a military career. The vast majority of Americans are unwilling to accept those conditions for even one tour of duty, let alone 20 or 30 years.

Both the DBB and QRMC proposals ignore the hard lessons of previous experiences with retirement cuts.

Budget pressures prompted Congress in 1986 to pass changes reducing the 20-year retired pay value by 25 percent for post-1986 entrants.

At the time, Defense Secretary Caspar Weinberger adamantly opposed the so-called “REDUX” change, warning Congress it inevitably would undermine retention and readiness. That prediction proved true a decade later, and Congress repealed REDUX in 1999.

Stunningly, the cuts to career military retirement benefits proposed by both the DBB and QRMC are vastly more severe than the retention-killing REDUX cuts.

The powerful pull of the 20-year retirement system is the main reason retention hasn't imploded over the past decade-plus of unprecedented wartime strains on troops and families.

If one tried to build a plan to slash career retention, it's hard to conceive a better way than the DBB or QRMC proposals.

Advocates for these draconian initiatives sugarcoat them by saying they wouldn't affect anyone currently serving and would apply only to new entrants. But that was true of the REDUX system, and we know how that turned out.

The "Military Compensation and Retirement Modernization Commission" mandated by the National Defense Authorization Act for Fiscal Year 2013 includes a "grandfather" clause to exempt currently serving personnel from recommended reforms.

But grandfathering the current force only lets leaders evade responsibility for their ill-conceived actions by deferring the inevitable retention disaster for a decade and dumping the mess on their successors.

Military retirement critics have claimed for decades the current unique plan is unaffordable and unsustainable.

Almost 35 years ago, the 1978 report of the President's Commission on Military Compensation included this extract from the minority report of Commissioner Lt. Gen. Benjamin O. Davis Jr., USAF (Ret.):

"Unfortunately, the commission has embraced the myth that retirement costs will soon rise so high—from \$10 billion this year to \$30 billion in the year 2000—as to become an unacceptable and unfair burden on the American taxpayer.

"Such assertions fail to point out that by using the same assumptions, today's average family income of \$10,000 will be \$36,000 in the year 2000. The average cost of a home will be \$171,000; a compact automobile will cost \$17,000; and the overall U.S. budget will have increased from \$500 billion to some amount in the trillions."

Such numbers seem quaint today, but they make two telling points.

First, long-term projections that now appear dire often prove far less so as years pass.

Second, after budget-driven retirement cuts in 1986 undermined retention, Congress found restoring the current system more affordable than continued retention and readiness shortfalls.

DBB leaders acknowledged they didn't consider the potential retention effects of their plan.

During 2012 testimony before Congress, defense witnesses acknowledged the DBB proposal would hurt retention—and went a step further.

Dr. Jo Ann Rooney, principal deputy undersecretary for Personnel and Readiness, testified the current military retirement system is "neither unaffordable, nor spiraling out of control," noting retirement costs as a percentage of pay have remained reasonably constant.

Why the Military Requires Unique Incentives for Career Service

A military career entails unique and arduous service conditions few other Americans are willing to endure for 20 to 30 years, including:

- Hazardous duty
- Service in foreign, often hostile environments
- Frequent/extended forced family separations
- Long duty hours without extra pay
- Frequent forced relocations
- Disruption of spousal career/earnings
- Disruption of children's schooling
- Inadequate expense reimbursement
- "Up or out" promotion system
- Forced mid-life career change
- Forfeiture of personal freedoms other Americans take for granted

Keeping Faith with the All-Volunteer Force

No Federal obligation is more important than protecting national security. The most important element of national security is sustainment of a dedicated, top-quality career military force, but only a fraction of 1 percent of our population is willing to endure a single term of service, let alone a full career.

The past decade of unprecedented demands and sacrifices highlight how radically different military service conditions are from civilian life.

Yet budget critics persist in asserting military pay, retirement, and health care benefits are unsustainable and should be slashed to resemble civilian benefit packages.

Decades of dire predictions about “unaffordable” personnel costs have proved consistently wrong.

Existing career incentives have sustained a strong national defense through more severe and protracted wartime conditions than even the strongest volunteer-force proponents thought it could survive.

The only times the All-Volunteer Force has been jeopardized have been due to budget-driven cutbacks in the military compensation package that gave insufficient weight to the extraordinary demands and sacrifices inherent in a service career.

Congress has consistently recognized the cost of sustaining the current military career incentive package is far more acceptable and affordable than the alternative.

America will remain the world’s greatest power only as long as it continues to fulfill its reciprocal obligation to the only weapon system that has never let our country down—our extraordinarily dedicated, top-quality, all-volunteer career force.

The coalition offers the following recommendations on what must be done to meet this essential obligation.

CURRENTLY SERVING ISSUES

Force Levels

We are thankful Congress revised the permanent active duty end strength minimum levels in the 2013 NDAA and placed an annual limitation on end strength reductions for both the Army and Marines.

We certainly understand why DOD is reducing force levels by 110,000 as operations wind down in Afghanistan and that the ongoing fiscal crisis requires significant budget reductions. However, the coalition believes continued care must be taken to ensure force reductions do not create additional burdens on our service-members and their families.

For the last decade, servicemembers and their families have endured unprecedented sacrifices often having less than a year at home before returning for another year in combat. Both Defense and Service leaders have acknowledged that minimum dwell time should be at least 2 years at home after a year deployment. Stress indicators are alarming as we see increases in divorces, suicide rates, and other symptoms. Moreover the minimum dwell time goal has yet to be attained for all deploying servicemembers.

Concurrently, we believe that the Nation needs to sustain a surge capacity for unexpected contingencies and retaining combat experience by encouraging departing veterans to join the Guard and Reserve. On September 10, 2001 no one in Washington anticipated the following decade would find us engaged in two major and protracted wars.

Cutting Guard/Reserve Forces as well as Active Forces will make achieving these goals even more difficult.

Additionally, providing a competitive compensation and benefits package is essential for recruiting and maintaining a quality All-Volunteer Force. Funding needed military schools and indexed housing allowances and support services are powerful incentives for retaining skilled and experienced personnel, a concern we all share in dealing with an extended national crisis.

The coalition urges the subcommittee to ensure adequate personnel strengths and associated funding in order to meet national security strategy requirements and dwell time needs.

Compensation

The coalition was pleased that Congress approved an active duty 1.7 percent pay raise in the 2013 NDAA which reflected the growth in private sector pay, as measured by the Bureau of Labor Statistics’ Employment Cost Index (ECI). Congress has made great strides to restore military pay comparability over the past 13 years, including a statutory change that explicitly ties military pay raises to ECI growth.

However, the coalition is very concerned that many in the administration and some Members of Congress are unaware of the history of compensation including changes and associated unforeseen outcomes. Moreover we are alarmed that some view these vital compensation programs as a source of savings without regard to the impact they may have on long term readiness in the All-Volunteer Force.

The coalition is particularly concerned about the administration’s proposal to cap the 2014 military pay raise at 1 percent, rather than matching the ECI-based average American’s 1.8 percent raise, as required by current law.

History provides ample evidence that capping military raises is an exceptionally slippery slope which has never ended well.

In the 1970s, a succession of annual pay raise caps contributed to serious retention problems which were fixed approving two large “catch-up” raises in 1981 and 1982. But that lesson was quickly forgotten.

Throughout the 1980s and 1990s, budget problems led to regular capping of military pay raises below private sector pay growth, eventually accumulating a “pay comparability gap” which peaked at 13.5 percent in 1998–1999, and again contributed significantly to serious retention problems.

Now that erosion of pay and associated retention-related problems have abated, there are renewed calls to cut back on military raises, create either a new comparability standard, or substitute more bonuses for pay raises in the interests of deficit reduction.

The coalition believes such proposals are exceptionally short-sighted in light of the extensive negative past experience with military pay raise caps.

History shows that, once military pay raise caps are implemented, the tendency has been to continue them until retention problems arise which then have to be addressed through significant pay raise plus-ups.

The purpose of sustaining pay comparability through both good times and bad is to prevent retention and readiness problems from occurring. This avoids going through endless cycles of causing problems and then repairing them.

Additionally, the Pentagon has been advocating for a new comparability standard under which each pay and longevity cell would represent the 70th percentile of compensation for similarly-educated civilians.

A 2010 Congressional Budget Office (CBO) report asserted that, considering adjustments in housing allowances, many military people actually are paid somewhat more than their civilian counterparts in terms of Regular Military Compensation (RMC), composed of basic pay, food and housing allowances, and the tax advantage that accrues because the allowances are tax-free.

The coalition believes the CBO assertions are fundamentally flawed for three distinct reasons.

First, the RMC concept was developed in the 1960s, when all servicemembers received the same allowances, regardless of location, and the allowances were arbitrarily established. Congress has since transformed the allowances into reimbursements for actual food costs and for median locality-based housing costs. Under the RMC comparability concept, a year in which taxes increase and average housing allowances rise (e.g., based on growth in high-cost areas) could perversely require a cut in basic pay to restore comparability.

The coalition believes it would be difficult for Congress to explain to troops why their pay raises should be reduced because their taxes are rising.

Second, the coalition is not convinced that the civilian comparison cohort or percentile comparison points as proposed by DOD are appropriate since the military:

- Recruits from the top half of the civilian aptitude population;
- Finds that only about 25 percent of America’s youth qualify for entry;
- Requires career-long education and training advancement; and
- Enforces a competitive “up-or-out” promotion system to ensure progressive quality enhancements among those with longer service.

Third, it is essential to recognize that compensation is not simply the amount one is paid. It is pay divided by what’s required of the recipient to earn that pay. If pay increases 25 percent but 100 percent more sacrifice is required to earn it, that’s not a pay raise.

In that context, today’s conditions of service are far more arduous than anything envisioned 40 years ago when the All-Volunteer Force was created. Those creators believed a protracted war would require reinstitution of the draft.

Moreover, a fundamental requirement for any pay comparability standard is that it should be transparent and understandable by all. The coalition has sought, but has never been provided by DOD, any data on what civilian comparison cohort was selected and why, and what rationale was used to establish a specific percentile comparison point.

The coalition agrees with the approach Congress has consistently taken—that the best comparability measure is a comparison of the military basic pay raise percentage with the percentage growth private sector pay, as measured by the Bureau of Labor Statistics’ Employment Cost Index (ECI). The government uses the ECI for every other measure of private pay growth, and it’s transparent to government leaders and servicemembers alike.

The coalition urges the subcommittee to sustain fully-comparable annual military pay raises (1.8 percent for 2014) based on the ECI as specified in current law.

Family Readiness and Base Support

A fully funded, robust family readiness program continues to be crucial to overall readiness of our military, especially with the demands of frequent and extended deployments.

Resource shortfalls continue to plague basic installation support programs. At a time when families are dealing with continuing deployments, they often are being asked to do without in other important areas.

Yet the Defense Department has acknowledged that sequestration has placed family support programs at even greater risk.

The coalition urges the subcommittee to continue to press the Defense Department to exercise its authority to establish flexible spending accounts (FSAs) for servicemembers so they can participate in the same pre-tax program available to all other Federal employees for their out-of-pocket health and dependent care expenses.

The coalition was especially pleased that the subcommittee secured a plus-up in Impact Aid in the 2013 NDAA. Providing appropriate and timely funding of Impact Aid is critical to ensuring quality education for military children regardless of where they live.

The coalition urges the subcommittee to:

- Ensure sustainment of Family Readiness and Support programs and base facilities
- Continue support for child care needs of the highly deployable, operational total force community
- Continue pressing the Defense Department to implement flexible spending accounts to enable military families to pay health care and child care expenses with pre-tax dollars
- Continue much-needed supplemental funding authority to schools impacted by large populations of military students
- Encourage greater military spouse and surviving spouse educational and career opportunities, and ensure existing programs are accessible, effective, and meeting the needs of all military spouses
- Direct a DOD report on Family Support and Readiness programs as well as MWR category programs to include a list of all programs, an assessment of their effectiveness, and recommended policy changes

DOD Resale Operations

The Military Coalition strongly believes military commissary, exchange and Morale Welfare and Recreation (MWR) programs contribute significantly to a strong national defense by sustaining morale and quality of life for military beneficiaries both within the United States and around the globe.

The coalition is very concerned about initiatives to curtail appropriated fund support for these activities.

The resale system has proven its efficiency, as the Defense Commissary Agency (DeCA) alone has reduced its annual operating costs by more than \$700 million per year.

Repeated studies have shown that military commissaries provide \$2 in compensation value to beneficiaries for each \$1 of appropriated funding. That constitutes a very significant retention “bang for the buck.”

Initiatives to civilianize commissaries or consolidate commissaries and exchanges to achieve budget savings would come only at the expense of devaluing their compensation and retention importance value for military patrons.

The coalition urges the subcommittee to:

- Oppose attempts to consolidate or curtail DOD resale systems in ways that would reduce their value to patrons
- Sustain necessary appropriated funds to support the Commissary and Exchange

Military Sexual Trauma

With an estimated 19,000 yearly sexual assaults within the military, low rates of report and prosecution, and the negative impact of delayed treatment seeking for victims of MST, this is a pressing issue. The coalition is grateful for the subcommittee’s positive action on these issues.

Preventing sexual assaults demands the most forceful of efforts. DOD has attempted to institute prevention strategies and improve response mechanisms, and has reported on its progress. However, as Congress recognized in imposing wide-ranging new measures through the NDAA for Fiscal Year 2013, DOD has not gone far enough. Ultimately, resolving this issue requires a culture change and forceful leadership, and ongoing congressional oversight to sustain that effort. Instituting

policies that encourage and support victims through the reporting process would be a first step in combating a culture of complacency. Revising the military justice system to hold perpetrators accountable would be another.

Additionally, with few victims of MST reporting their assault, screening and treatment are needed areas of improvement. A January 2013 GAO report on DOD health care for servicewomen found health care for victims of MST can vary by service, providers often aren't aware of health care services available or what they have a responsibility to provide, and DOD has no established guidance for treatment of injuries stemming from MST. At a recent Senate Armed Services Committee hearing, officials from DOD stated they are working on providing that guidance.

The coalition urges Congress to sustain rigorous oversight to ensure the health, safety, readiness and confidentiality of military personnel who have been victims of sexual assault.

HEALTH CARE ISSUES

Service vs. Beneficiary Needs

Unlike civilian healthcare systems, the military health system is built mainly to meet military readiness requirements rather than to deliver needed care efficiently to beneficiaries.

Each Service maintains its unique facilities and systems to meet its unique needs, and its primary mission is to sustain readiness by keeping a healthy force and sustaining capacity to treat casualties from military actions. That model is built neither for cost efficiency nor beneficiary welfare.

When military forces deploy, the military medical force goes with them, and that forces families, retirees and survivors to use the more expensive civilian health care system in the absence of so many uniformed health care providers. This shift in the venue of care and the associated costs are completely out of beneficiary control.

These military-unique requirements have significantly increased readiness costs. But those added costs were incurred for the convenience of the military, not for any beneficiary consideration, and beneficiaries should not be expected to bear any share of military-driven costs—particularly in wartime.

The coalition strongly rejects Defense leaders' efforts to seek dramatic beneficiary cost increases as a first cost-containment option rather than meeting their own responsibilities to manage military healthcare programs in a more cost-effective manner.

Instead of imposing higher fees on beneficiaries as the first budget option, DOD leaders should be held accountable for the REAL source of excess costs: failing to fix/consolidate redundant, counterproductive DOD health systems. These failures have added billions to defense health costs. Specifically:

- Decades of GAO and other reports demonstrate DOD cost accounting systems lack transparency and are unauditible
- No single authority over three separate service health systems and multiple contractors that compete for budget share in self-defeating ways
- DOD and service leaders ignore 19 studies by GAO, IG, and others since 1947, all showing consolidation of policies, medical budget oversight and execution would save billions
- A last-century contract system undermines capacity for best practices
- Military treatment facilities are 25 percent less costly—but 27 percent underutilized
- DOD-sponsored reviews indicate more efficient organization could cut health costs 30 percent without affecting care or beneficiary costs
- Incentives to providers are not sufficiently based on quality-driven clinical outcomes that reward efficiency and value
- Referral requirements that add complexity and actually inhibit timely delivery of needed and cost-effective care should be eliminated (e.g., referral is not required for emergency room visits, but is required for acute care facilities, leading many TRICARE Prime beneficiaries to routinely visit far-more-expensive emergency rooms on weekends and evenings)
- Current inflexible appointment systems inhibit beneficiary access to care

These are only some of the examples demonstrating that effective leadership, oversight, and reorganization of military healthcare delivery could dramatically reduce defense health costs without affecting care or costs for beneficiaries.

The coalition urges the subcommittee to hold Defense leaders accountable for their own leadership, oversight, and efficiency failures instead of simply seeking to shift more costs to beneficiaries. Congress should direct DOD to pursue any and all options to improve efficient and cost-effective care delivery in ways that do not disadvantage beneficiaries.

Military vs. Civilian Cash Fees Is “Apple to Orange” Comparison

The coalition continues to object strongly to simple comparisons of military vs. civilian cash fees. Such “apple to orange” comparisons ignore most of the very great price career military members and families pay for their coverage in retirement.

The unique package of military retirement benefits—of which a key component is a superior health care benefit—is the primary offset provided uniformed servicemembers for enduring a career of unique and extraordinary sacrifices that few Americans are willing to accept for 1 year, let alone 20 or 30. It is an unusual and essential compensation package a grateful Nation provides to the small fraction of the population who agree to subordinate their personal and family lives to protecting our national interests for so many years.

For all practical purposes, those who wear the uniform of their country are enrolled in a 20- to 30-year prepayment plan that must be completed to earn lifetime health coverage. Once that prepayment is already rendered, the government cannot simply ignore it and focus only on post-service cash payments—as if the past service, sacrifice, and commitments had no value.

DOD and the Nation—as good-faith employers of the trusting members from whom they demand such extraordinary commitment and sacrifice—have a reciprocal health care obligation to retired servicemembers and their families and survivors that far exceeds any civilian employers.

Until a few years ago, this was not a particular matter of concern, as no Secretary had previously proposed dramatic fee increases.

The experience of the recent past—during which several Secretaries proposed no increases and then a new Secretary proposed doubling, tripling, and quadrupling various fees—has convinced the coalition that current law leaves military beneficiaries excessively vulnerable to the varying budgetary inclinations of the incumbent Secretary of Defense.

It’s true that many private sector employers are choosing to shift more healthcare costs to their employees and retirees, and that’s causing many still-working military retirees to fall back on their service-earned TRICARE coverage. Fallout from the recession has reinforced this trend.

Efforts to paint this in a negative light (i.e., implying that working-age military retirees with access to civilian employer plans should be expected to use those instead of military coverage) belie both the service-earned nature of the military coverage and the longstanding healthcare promises the government aggressively employed to induce their career service.

The coalition urges the subcommittee to continue to reject simple comparisons of military-to-civilian cash healthcare fees as grossly devaluing career servicemembers’ and families’ extraordinarily steep nonmonetary contributions through decades of service and sacrifice.

WOUNDED, ILL, AND INJURED SERVICEMEMBER CARE

TMC believes strongly that Active DOD and VA collaboration is not only essential to achieving seamless transition, such cooperation is also critical to the long-term sustainability of our defense strategy, the health and wellness of the All-Volunteer Force and the acknowledgement of our country’s commitment and moral obligation to the long-term care and support for those who served.

As the military begins implementing its exit strategy in Afghanistan, the coalition worries about the stability and viability of the policies, programs, and services over the long haul intended to care and support our wounded, ill, and injured and their families-caregivers.

Thanks to the subcommittee’s efforts, policy, program and service enhancements have greatly enhanced system capacities and capabilities. Since 2007, every National Defense Authorization Act has built upon institutionalizing a seamless, unified and synchronized health systems-approach for caring and supporting our wounded heroes and their families.

The coalition commends DOD and VA for the milestones they have achieved to make these systems better over the last decade. We believe greater progress can be made if the Departments more aggressively pursue collaborative partnerships with other government agencies and non-government entities to drive down costs, support seamless transition efforts, and improve continuity of medical care. Both agencies have stated repeatedly that ‘they can’t meet the needs of our recovering warriors without the help of outside organizations’—yet, DOD and VA continue to remain isolated and closed systems, not drawing on or leveraging the very public-private partnerships they say they want and need.

The challenges are many, and the policy and program issues remain extremely complex and seemingly difficult to overcome. However, TMC believes collaborative

efforts of the administration, Congress, the Pentagon and Military Services, and VA working together with military and veteran organizations and beneficiaries can remove these barriers and simplify the systems.

DOD-VA Oversight, Accountability, and Integration

Since the Pentagon and VA have relegated responsibility and authority to lower levels of the agencies, TMC has seen an expansion of uncertainty and confusion as to what the hundreds of wounded, ill, and injured programs are doing, what the span of control is over these programs, or what the return on investment, efficacy, or effectiveness of these program in meeting the needs of a growing population of military, veterans and families that are and will be accessing these systems of care.

The limited authority of the Joint Executive Committee (JEC) and visibility of these important issues are making it difficult for senior official involvement and oversight on these matters and limiting the Department's ability to fully establish a synchronized, uniform and seamless approach to care and services. Additionally, significant changes in the DOD civilian and military leadership and threats of significant budget cuts make caring for our wounded warriors more critical than ever before.

While many well-meaning and hard-working military personnel and civilians are doing their best to keep pushing progress forward, leadership, organization, and mission changes have left many leaders frustrated with the process, insufficient resources, and struggling to effect needed changes.

The coalition urges joint hearings by the Armed Services and Veterans Affairs Committees to assess the effectiveness of current seamless transition oversight efforts and systems and to solicit views and recommendations from DOD, VA, the military services, and nongovernmental organizations concerning how joint communication, cooperation, and oversight could be improved.

The recent announcement that DOD and VA are backtracking on development and implementation of a joint DOD-VA electronic medical record is particularly discouraging, given the broad consensus on how essential this joint record is to long-term success of seamless transition efforts.

The coalition specifically recommends Congress:

- Appoint the Deputy Secretaries of DOD and VA as co-chairs of the Joint Executive Council (JEC)
- Hold joint hearings with the Veterans Affairs Committee addressing the Joint Executive Council's (JEC) effectiveness in daily oversight, management, collaboration, and coordination of the Departments' wounded warrior programs
- Continue to press for creation and implementation of a joint, bidirectional electronic medical record
- Provide permanent funding, staffing, and accountability for congressionally mandated Defense Centers of Excellence and associated mental-behavioral health, suicide prevention, alcohol and substance abuse, caregiver, respite, and other medical and non-medical programs
- Continue aggressive oversight of the Integrated Disability Evaluation and legacy disability evaluations systems to ensure preservation of the 30-percent threshold for medical retirement, consistency and uniformity of policies, ratings, legal assistance, benefits, and transitional services Defense-wide
- Standardize terminology, definitions, eligibility criteria, roles and responsibilities around policies, programs, services, and administration of medical and non-medical support (e.g., recovering warrior categories, all categories of case managers, caregiver support and benefits, power of attorney, and a comprehensive recovery plan)
- Standardize the coordination of DOD-VA care, treatment and benefits of all Departments' case management programs, and medical and non-medical programs and services

Continuity of Health Care

Transitioning between DOD and VA health care systems remains a significant and one of the most challenging aspects of the care process for wounded warriors and their families. The medical systems continue to be overwhelming and confusing to those trying to navigate them, especially during times when individuals are experiencing a great deal of trauma and uncertainty about what the future holds at the same time coping with the realities of their wounds and disabilities. Wounded warriors and their families continue to be less satisfied with their transition after separation or medical retirement and into longer-term care and support in either the military or VA medical systems.

Additionally, systemic, cultural, and bureaucratic obstacles often prevent the servicemember or veteran from receiving the continuity of care they need to heal and

have productive and a high level of quality of life they so desperately need and desire. We hear regularly from members who have experienced significant disruptions of care upon leaving service, and frustration that many of the essential rehabilitation services that were available on active duty are no longer available to them in the military health system and/or VA, such as behavioral health, cognitive rehabilitation services.

The coalition urges Congress to:

- Secure the same level of payments, support and benefits for all uniformed services' wounded, ill, or injured (WII) in the line of duty
- Create a standardized curriculum and training programs for all DOD-VA mental-behavioral health providers and educational institutions in the diagnosis and treatment of PTS/PTSD/TBI
- Increase and improve the quality and timeliness of access to initial and follow-on appointments, treatment, and services in DOD-VA systems, ensuring seamless transition of mental-behavioral health services are maintained for wounded, ill, and injured, their families and caregivers across the Departments
- Ensure Guard and Reserve members have adequate access and treatment in the DOD and VA health systems for Post-Traumatic Stress Disorder and Traumatic Brain Injury following separation from active duty service in a theatre of operations

Mental Health Care Engagement and Destigmatization

The rising suicide rate within the military suggests that a majority of servicemembers are not seeking the help they need. Stigma and organizational barriers to care are part of the reason why only a small proportion of soldiers with psychological problems seek professional help. Another deterrent is servicemembers' negative perceptions about the utility of mental health care. To reach these warriors, greater engagement is key.

Family support, peer outreach, and community partnerships have been explored as methods to better engage servicemembers in needed care. The recent Army Task Force on Behavioral Health report acknowledged the need to reach out and involve family members. Given the impact of family support and strain on warriors' resilience and recovery, more must be done to provide needed mental health care to veterans' family members. Meeting warriors where they are within the community or through peer outreach has been found to be an effective first step in engaging warriors in mental health care. DOD should do more to enlist these resources as an effective method to get servicemembers to seek help.

DOD and the VA must work collaboratively, not simply to improve access to mental health care, but to identify and further research the reasons for—and solutions to—warriors' resistance to seeking such care. With a high percentage of servicemembers not seeking mental health treatment, it is important to ascertain which modalities of treatment might be effective. There should be greater investment in researching treatment efficacy, so more evidence based treatments can be rolled out to provide greater flexibility in mental health care that would engage more servicemembers.

In addition to identifying and resolving reasons warriors often don't engage in mental health care, DOD and VA must do more to measure what current programs are working. There are a myriad of suicide prevention and resiliency programs within the DOD, yet it remains unclear how effectiveness is measured or how these programs are coordinated to provide real assistance to those in need no matter their service, where they are stationed or deployed.

The Army report on behavioral health highlighted an expanded program of behavioral health providers at the brigade level. While increasing access to care is an important step in providing needed treatment, ensuring efficacy is critical. DOD must be able to measure a range of pertinent mental health matters, including timely access, patient outcomes, staffing needs, numbers needing or provided treatment, provider productivity, and treatment capacity. Greater transparency and continued oversight into DOD's mental health care operations are starting points for closing gaps in servicemembers' mental health treatment.

The coalition recommends Congress:

- Continue efforts to promote engagement in and destigmatization of mental health care
- Continue to press for research on most effective treatments, coordination of programs, and measures of efficacy.

DOD-VA Integrated Disability Evaluation/Legacy Systems (IDES)

TMC still hears too many emotional stories of "low-balling" disabled servicemembers' disability ratings, or troops separated with service-connected conditions

not documented or reported in records, causing members with significant disabling conditions to be separated and turned over to the VA rather than being medically retired—a troublesome trend today, especially for those in the Guard and Reserves.

Congress has taken positive steps to address this situation, including establishment of the Physical Disability Board of Review (PDBR) to give previously separated servicemembers an opportunity to appeal too-low disability ratings.

The DOD-VA IDES pilot has been fully implemented and expanded, and is considered to be much more streamlined and non-adversarial, and more mechanisms are in place to help members navigate and advocate for the member through the process, unlike its legacy system counterpart.

Unfortunately, some services still use loopholes, such as designating disorders as “existing prior to service,” even though the VA rated the condition as “service-connected” and the member was deemed fit enough to serve in a combat zone. The coalition believes strongly that once we have sent a soldier, sailor, airman, or marine to war, the member should be given the benefit of the doubt that any condition subsequently found should not be considered as existing prior to service.

The coalition also agrees with the opinion expressed by former Secretary Gates that a member forced from service for wartime injuries should not be separated, but should be awarded a high enough rating to be retired for disability.

The coalition recommends Congress:

- Preserve the statutory 30 percent disability threshold for medical retirement in order to provide lifetime TRICARE coverage for those who are injured while on active duty
- Reform the DOD disability retirement system to require inclusion of all unfitting conditions and accepting the VA’s “service-connected” rating
- Ensure any restructure of the DOD and VA disability and compensation systems does not inadvertently reduce compensation levels for disabled servicemembers
- Eliminate distinctions between disabilities incurred in combat vs. non-combat when determining benefits eligibility for retirement
- Tightening the Integrated Disability Evaluation System (IDES) (as recommended by the RWTF) to include:
 - Create a “joint” formal physical evaluation board in order to standardize disability ratings by each of the Services
 - Mandate in policy that all servicemembers entering into a Medical Evaluation Board (MEB) be contacted by the MEB outreach lawyer to help navigate the board process upon notification that a narrative summary will be completed
- Pursue improvements in identifying and properly boarding (medical evaluation and physical evaluation boards) Guard and Reserve members (to include the IRR) who have been wounded or incurred injuries or illnesses while activated but have had their conditions manifest or worsen post deactivation such as establishing policies that allow for the rapid issuance of title 10 orders to affected Reserve component (as recommended by the RWTF)
- Seek legislation to eliminate legacy DES so that that servicemembers who are placed on the Temporary Disability Retirement List (TDRL) are afforded the opportunity to have the VA rate their disability by the IDES upon their removal from the TDRL
- Revise the VA schedule for rating disabilities (VASRD) to improve the care and treatment of those wounded, ill, and injured, especially those diagnosed with PTSD and TBI
- Bar the designation of disabling conditions as “existing prior to service” for servicemembers who have been deployed to a combat zone

Caregiver/Family Support Services

The sad reality is that, for the most severely wounded, ill, or injured servicemembers, their family members or other loved ones often become their full-time caregiver. Many are forced to give up their jobs, homes, and savings to care for their loved one—an incredible and overwhelming burden for these individuals to shoulder.

The coalition believes the government has an obligation to provide reasonable compensation and training for such caregivers, who never dreamed that their own well-being, careers, and futures would be devastated by military-caused injuries to their servicemembers.

The coalition appreciates the subcommittee’s sustained support for caregivers and requests additional steps be taken to ensure that nondependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage are provided health and respite care while the injured member remains on

active duty, commensurate with what the VA authorizes for caregivers of wounded, ill, and injured veterans.

In a similar vein, many wounded or otherwise-disabled members experience significant difficulty transitioning to medical retirement status. To assist in this process, consideration should be given to authorizing medically retired members and their families to remain in on-base housing for up to 1 year after retirement, in the same way that families are allowed to do when a member dies on active duty.

Another important care continuity issue for the severely wounded, ill, and injured is the failure to keep caregivers of these personnel involved in every step of the care and follow-up process, even when they have official documentation authorizing them as a caregiver or guardian. TMC continues to hear with great frequency, that clinicians and administrative staff in military treatment or VA facilities exclude caregiver participation, talking only to the injured member or excluding them completely in the process.

Congress, DOD, and the VA have worked to get essential information to the wounded, ill, and injured and their caregivers. Similar efforts are urgently needed to educate medical providers and administrative staff at all levels that the final responsibility for ensuring execution of prescribed regimens of care for severely wounded, ill, and injured servicemembers typically rests with the caregivers, who must be kept involved and informed on all aspects of these members' treatment, appointments, and medical evaluations.

The coalition recommends Congress:

- Ensure wounded, ill, and injured families and caregivers are an integral part of the rehabilitation and recovery team and be included in and educated about medical care and treatment, disability evaluation system processes, development and implementation of the comprehensive recovery plan, and receive DOD-VA support and guidance throughout the process
- Provide enhanced training of DOD and VA medical and support staff on the vital importance of involving and informing designated caregivers in treatment of and communication with severely wounded, ill, and injured personnel
- Provide health and respite care for non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage while the injured member remains on active duty, commensurate with what the VA authorizes for eligible caregivers of medically retired or separated members
- Ensure consistency of DOD and VA caregiver benefits to ensure seamless transition from DOD to VA programs
- Extend eligibility for residence in on-base housing for up to 1 year for medically retired and severely wounded, ill, and injured members and their families, or until the servicemember receives a VA disability rating, whichever is longer

Guard and Reserve Health Care

The coalition is very grateful for sustained progress in providing reservists' families a continuum of government-sponsored health care coverage options throughout their military careers into retirement, but key gaps remain.

DOD took the first step in the 1990s by establishing a policy to pay the Federal Health Benefits Program (FEHB) premiums for G-R employees of the Department during periods of their active duty service.

Thanks to this subcommittee's efforts, considerable additional progress has been made in subsequent years to provide at least some form of military health coverage at each stage of a Reserve component member's life, including TRICARE Reserve Select for actively drilling Guard/Reserve families and TRICARE Retired Reserve for "gray area" retirees.

But some deserving segments of the Guard and Reserve population remain without needed coverage, including post-deployed members of the Individual Ready Reserve and early Reserve retirees who are in receipt of non-regular retired pay before age 60.

In other cases, the coalition believes it would serve Guard/Reserve members' and DOD's common interests to explore additional options for delivery of care to Guard and Reserve families. As deployment rates decline, for example, it would be cost-effective to establish an option under which DOD would subsidize continuation of employer coverage for family members during (hopefully less-frequent) periods of activation rather than funding year-round TRS coverage.

TMC continues to support closing the remaining gaps to establish a continuum of health coverage for operational reserve families.

The coalition recommends:

- Authorizing TRICARE for early Reserve retirees who are in receipt of retired pay prior to age 60

- Authorizing premium-based TRICARE coverage for members of the Individual Ready Reserve after being called to active service for a cumulative period of at least 12 months
- Permitting employers to pay TRS premiums for reservist-employees as a bottom-line incentive for hiring and retaining them
- Authorizing an option for the government to subsidize continuation of a civilian employer's family coverage during periods of activation, similar to FEHBP coverage for activated Guard-Reserve employees of Federal agencies
- Extending corrective dental care following return from a call-up to ensure G-R members meet dental readiness standards
- Allowing eligibility in Continued Health Care Benefits Program for selected reservists who are voluntarily separating and subject to disenrollment from TRS
- Allowing beneficiaries of the FEHBP who are Selected reservists the option of participating in TRICARE Reserve Select
- Improving the pre- and post-deployment health assessment program to address a range of mental/behavioral health issues such as substance abuse and suicide
- Allow for access to a full range of evidenced-based care and services for Reserve component members and their families, particularly during periods of re-integration back into the community

Additional TRICARE Prime Issues

The coalition strongly advocates for the transparency of healthcare information via the patient electronic record between both the MTF provider and network providers. Additionally, institutional and provider healthcare quality information should be available to all beneficiaries so that they can make better informed decisions with their healthcare choices.

Most importantly, the coalition is highly concerned regarding the growing dissatisfaction among TRICARE Prime enrollees in the Prime Service Areas (PSAs). The dissatisfaction arises with the impending impact this will have on beneficiaries and the elimination of many PSAs under the new contract.

This will entail a substantive disruption in health care delivery for thousands of beneficiaries who will be required to find different providers and will change the continuity of care for beneficiaries who have difficulty accessing care in many areas of the country. The beneficiary will also bear more of the cost of their healthcare by covering co-payments.

Now that the three managed care contractors are in sync, this reduction will commence on October 1, 2013 with the beneficiaries who live in the areas where Prime service will be terminated.

The Military Coalition urges the subcommittee to:

- Authorize beneficiaries affected by Prime Service Area changes to be grandfathered in their present arrangement until they either relocate or change their current primary care provider
- Require reports from DOD and the managed care support contractors on actions being taken to ensure those affected by the Prime Service Area reductions will be able to maintain continuity of care from their existing provider or receive an adequate selection of providers from which to obtain care
- Require increased DOD efforts to ensure electronic health record consistency between MTFs and purchased care sectors and provide beneficiaries with information to assist in informed decisionmaking

Special Needs Families

The coalition is grateful that the National Defense Authorization Act for Fiscal Year 2013 established a year pilot program making family members of currently serving and retired members of all Services diagnosed with an autism spectrum disorder eligible for applied behavioral analysis therapy (ABA) under the TRICARE program.

The coalition is very pleased the original provision was amended to include all uniformed services, but is disappointed the new authority excludes family members with other diagnoses for which ABA therapy is beneficial.

The coalition also is concerned that the pilot program was funded for only 1 year.

The Military Coalition urges the subcommittee to:

- Authorize ABA coverage as a permanent benefit under the TRICARE basic program;
- Include eligibility to other developmental disabilities that may benefit from ABA
- Ensure permanent funding for this critical therapy; and

- Ensure any further adjustments to TRICARE eligibility apply equally to all seven uniformed services.

Additional TRICARE Standard Issues

The coalition appreciates the subcommittee's continuing interest in the specific problems unique to TRICARE Standard beneficiaries. TRICARE Standard beneficiaries need assistance in finding participating providers within a reasonable time and distance from their home. This is particularly important with the expansion of TRICARE Reserve Select and the upcoming change in the Prime Service Areas, which will place thousands more beneficiaries into TRICARE Standard.

The coalition is grateful that the National Defense Authorization Act for Fiscal Year 2012 extended through 2015 the requirement for DOD to survey participation of providers in TRICARE Standard.

However, we are concerned that DOD has not yet established benchmarks for adequacy of provider participation, as required by section 711(a)(2) of the NDAA for Fiscal Year 2008. Participation by half of the providers in a locality may suffice if there is not a large Standard beneficiary population, but could severely constrain access in other areas with higher beneficiary density.

The coalition hopes to see an objective participation standard (perhaps based on the number of beneficiaries per provider) that would help shed more light on which locations have participation shortfalls of primary care managers and specialists that require intervention.

Further, the coalition believes the Department should be required to take action to increase provider participation in localities where participation falls short of the standard.

A source of continuing concern is the TRICARE Standard inpatient copay for retired members, which now stands at \$708 per day or 25 percent of billed charges. The coalition believes this amount already is excessive, and should continue to remain capped at that rate for the foreseeable future.

The coalition urges the subcommittee to:

- Bar any further increase in the TRICARE Standard inpatient copay for the foreseeable future
- Insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation to meet the threshold
- Require a specific report on provider participation adequacy in the localities where Prime Service Areas will be discontinued under the new TRICARE contracts
- Increase locator support to TRICARE Standard beneficiaries seeking providers who will accept new Standard patients, particularly for primary care and mental health specialties

NATIONAL GUARD AND RESERVE FORCES

Since September 11, 2001, more than 865,500 Guard and Reserve servicemembers have been called up, including about 285,000 who have served multiple tours. There is no precedent in American history for this sustained reliance on warrior-citizens and their families. To their credit, Guard and Reserve combat veterans continue to reenlist, but recurring activations and deployments cannot be sustained under Operational Reserve policy without adjustments to the compensation package.

Guard and Reserve members and families face unique challenges in their readjustment following active duty service. Unlike active duty personnel, many Guard and Reserve members return to employers who question their contributions in the civilian workplace, especially as multiple deployments have become the norm. Many Guard-Reserve troops return with varying degrees of combat-related injuries and stress disorders, and encounter additional difficulties after they return that can cost them their jobs, careers, and families.

Despite the continuing efforts of the Services and Congress, most Guard and Reserve families do not have access to the same level of counseling and support that active duty members have. The coalition is encouraged that last year Congress enacted measures to attack the epidemic of suicides in the total force, expand access to behavioral health services and create a pilot to provide transition services outside of active duty bases. Properly implemented, these initiatives will help, but more remains to be done.

Operational Reserve Retention and Retirement Reform

Congress took the first step in modernizing the Reserve retirement system with enactment of early retirement eligibility for certain reservists activated for at least 90 continuous days served since January 28, 2008.

More recently, Congress passed an historic measure authorizing up to 60,000 reservists to perform active duty missions for up to 1 year without a formal emergency declaration so long as the missions are pre-planned and budgeted.

The coalition believes this change further underscores the need to ensure Guard and Reserve members' compensation keeps pace with the Nation's ever-increasing reliance on them. The greater the demands placed on them, the greater the need to enhance inducements that are essential to sustain the operational Reserve Force over the long term.

Repeated, extended activations make it more difficult to sustain a full civilian career and impede reservists' ability to build a full civilian retirement, 401(k), et cetera. Regardless of statutory protections, periodic long-term absences from the civilian workplace can only limit Guard/Reserve members' upward mobility, employability and financial security. Further, strengthening the Reserve retirement system will serve as an incentive to retaining critical mid-career officers and NCOs for continued service and thereby enhance readiness.

As a minimum, the next step in modernizing the Reserve retirement system is to eliminate the inequity inherent in the current fiscal year retirement calculation, which credits 90 days of active service for early retirement purposes only if it occurs within the same fiscal year. A 90-day tour served from January through March is credited, but a 120-day tour served from August through November is worthless (because the latter covers 60 days in each of 2 fiscal years).

Moreover, the law-change authorizing early retirement credit for qualifying active duty served after 28 Jan 2008 requires early Reserve retirees to pay exorbitant TRICARE Retired Reserve premiums if they wish to have government health insurance before age 60.

The coalition urges the subcommittee to:

- Eliminate the fiscal year limitation which effectively denies full early retirement credit for active duty tours that span the start of a fiscal year (1 October)
- Modernize the Reserve retirement system to incentivize continued service beyond 20 years and provide fair recognition of increased requirements for active duty service
- Authorize early retirement credit for all active duty tours of at least 90 days retroactive to September 11, 2001

Yellow Ribbon Reintegration Program

Congress has provided increased resources to support the transition of warrior-citizens back into the community. But program execution remains spotty from State to State and falls short for those returning Federal Reserve warriors in widely dispersed regional commands. Programs should meet a standard level of family support within each State. Military and civilian leaders at all levels must improve the coordination and delivery of services for the entire operational Reserve Force. Many communities are eager to provide support and do it well. But Yellow Ribbon efforts in a number of locations amount to little more than PowerPoint slides and little or no actual implementation.

DOD must ensure that State-level best practices—such as those in Maryland, Minnesota, and New Hampshire—are applied for all operational Reserve Force members and their families, and that Federal Reserve veterans have equal access to services and support available to National Guard veterans. Community groups, employers and service organization efforts need to be encouraged and better coordinated to supplement unit, component, Service and VA outreach and services.

The Military Coalition urges immediate implementation of the 2-year pilot for providing TAP services 'outside the gate' of active duty bases and broader expansion as soon as possible. Congress should hold oversight hearings and direct additional improvements in coordination, collaboration and consistency of Yellow Ribbon services between States.

Reserve Compensation System

The increasing demands of qualifications, mental skills, physical fitness, and training readiness on the Guard and Reserve to perform national security missions at home and abroad and increased training requirements indicate that the compensation system needs to be improved to attract and retain individuals into the Guard/Reserve. The added responsibility of returning to active duty multiple times over the course of a Reserve career requires improvements to the compensation package and to make it more equitable with the Active component.

The coalition recommends subcommittee authorize:

- Credit for all inactive duty training points earned annually toward Reserve retirement

- Parity in special incentive pay for career enlisted/officer special aviation incentive pay, diving special duty pay, and pro-pay for Reserve component medical professionals
- The recalculation of retirement points after 1 year of activation
 - The 2010 NDAA authorized certain flag officers to recalculate retirement pay after 1 year of active duty, and we recommend this authority be extended to all ranks

Guard/Reserve GI Bill

The coalition is most grateful to Congress for passage of the Post-9/11 GI Bill (Chapter 33, 38 U.S.C.), which includes a provision for reservists to accrue benefits for operational active duty service. However, Selected Reserve GI Bill benefits (Chapter 1606, 10 U.S.C.) have not been adjusted proportionally for more than 13 years.

The coalition recommends the subcommittee:

- Work with the Veterans Affairs Committee to restore basic Reserve Montgomery GI Bill benefits for initially joining the Selected Reserve to the historic benchmark of 47–50 percent of the active duty MGIB
- Integrate Reserve MGIB benefits currently in title 10 with active duty veteran educational benefit programs under title 38
- Enact academic protections for mobilized Guard and Reserve students, including refund guarantees

Guard/Reserve Family Support Programs

The coalition appreciates the upgrades in outreach programs and services for returning Guard-Reserve families. Family support programs promote better communication with servicemembers and help underwrite morale and overall readiness.

The coalition urges the subcommittee to:

- Review the adequacy of programs to meet the special information and support needs of families of individual Reserve augmentees or those who are geographically dispersed
- Foster programs among military and community leaders to support servicemembers and families during all phases of deployments
- Provide preventive counseling services for servicemembers and families
- Authorize child care for family readiness group meetings and drill time and respite care during deployments
- Improve the joint family readiness program to facilitate understanding and sharing of information between all family members

RETIREE ISSUES

Military Retirement Reform

Whenever military budgets get tight, budget analysts, commissions and chartered task forces propose military retirement cutbacks.

Past defense leaders resisted such efforts as being detrimental to retention and readiness. In contrast, former Secretary of Defense Gates and Panetta voiced support for significant retirement changes. The administration's recently proposed (2012) BRAC like commission to modernize the military compensation system reflects a lack of understanding about the radical differences between uniform service and civil careers.

The coalition appreciates Congress' wise action last year in modifying the composition of the Military Compensation and Retirement Modernization Commission and eliminating restrictions under which its recommendations may be considered by Congress.

We strongly believe that any proposed changes recommended by the Commission must be considered in light of previous congressional reform efforts and thoroughly vetted in the public forum.

The basic principles of the existing compensation system were designed to foster and maintain the profession of arms as a "dignified, respected, sought after, and honorable career" as outlined in the DOD's Military Compensation Background Papers.

The unique military retirement package we have today was formulated to offset the extraordinary demands and sacrifices inherent in a service career. These benefits provide a powerful incentive for top-quality people to serve 20–30 years in uniform, despite the burden of sacrifices as eloquently articulated by the Secretary of the Air Force during his January 18, 1978 testimony before the President's Commission on Military Compensation:

"The military services are unique callings. The demands we place on our military men and women are unlike those of any other country. Our world-wide interests and commitments place heavy burdens and responsibilities on their shoulders. They must be prepared to live anywhere, fight anywhere, and maintain high morale and combat efficiency under frequently adverse and uncomfortable conditions. They are asked to undergo frequent exposure to risk, long hours, periodic relocation and family separation. They accept abridgement of freedom of speech, political and organizational activity, and control over living and working conditions. They are all part of the very personal price our military people pay.

"Yet all of this must be done in the light of—and in comparison to—a civilian sector that is considerably different. We ask military people to be highly disciplined when society places a heavy premium on individual freedom, to maintain a steady and acute sense of purpose when some in society question the value of our institutions and debate our national goals. In short, we ask them to surrender elements of their freedom in order to serve and defend a society that has the highest degree of liberty and independence in the world. I might add, a society with the highest standard of living and an unmatched quality of life.

"Implicit in this concept of military service must be long-term security and a system of institutional supports for the serviceman and his family which are beyond the level of compensation commonly offered in the private, industrial sector."

There is no better illustration of that reality than the past 11 years of war. Absent the career drawing power of the current 20-year retirement system and its promised benefits, the coalition asserts that sustaining anything approaching the needed retention rates over such an extended period of combat deployments would have been simply impossible.

The crucial element to sustaining a high-quality, career military force is establishing a strong bond of reciprocal commitment between the servicemember and the government. If that reciprocity is not fulfilled, if we break faith with those who serve, retention and readiness will inevitably suffer.

The coalition believes the government has a unique responsibility to this small segment of Americans that goes far beyond any civilian employer's obligation to its employees. We actively induce these citizens to subordinate their interests to that of America's for periods of 20 to 30 years. No private employer would ever consider making such a request.

The uniformed services retirement system has had its critics since the 1970s and even earlier.

In the 1980s, budget pressures led to amending retirement rules twice for new service entrants:

- Basing retired pay calculations on the high-36-month average of basic pay instead of final basic pay (1980), and
- Enacting the REDUX system that cut 20-year retired pay value by more than 25 percent (1986).

At the time the REDUX plan was being considered, then-Secretary of Defense Caspar Weinberger strongly, but unsuccessfully, opposed it (see attached letter), arguing the change would harm retention and degrade readiness. "It says in absolute terms," said Weinberger, "that the unique, dangerous, and vital sacrifices they routinely make are not worth the taxpayer dollars they receive."

When his prediction of adverse retention consequences proved all too accurate in the 1990s, Congress repealed REDUX in 1999 at the urging of the Joint Chiefs of Staff.

Since then innumerable studies and task forces have recommended even more dramatic changes, usually either to save money, to make the system more like those offered under civilian programs, or both.

Most recently, groups such as the National Commission on Fiscal Responsibility and Reform, the Debt Reduction Task Force, the Sustainable Defense Task Force, and the Defense Business Board's (DBB) "Modernizing the Military Retirement" Task Group have all recommended radically revamping the system more on civilian lines, significantly reducing military retirement compensation.

Secretary Gates criticized the 20-year retirement system as "unfair" to those who leave service before that point, pointing out that vesting options are provided to civilian workers. Therefore he directed the DBB to identify alternative options. In his final appearance before the Senate, Gates endorsed an early vesting program, noting, "70 to 80 percent of the force does not stay until retirement but leaves with nothing."

However, there is no support for spending more money on military retirement, so the vesting options proposed to date—including those of the DBB and the DOD-sponsored 11th Quadrennial Review of Military Compensation (QRMC)—would fund that new benefit by imposing dramatic benefit cuts for the 17 percent who complete decades in uniform.

All too aware of the lessons learned, Congress has wisely ignored and dismissed these ivory-tower recommendations which propose far greater retirement cuts than REDUX entailed.

The existing retirement system is often characterized as “inflexible”, limiting the ability of Service personnel managers to more precisely and effectively manage the force. The coalition strongly disagrees.

The Services already have substantial authority to adjust force structure by revising high-year-of-tenure limits to enforce the unique military “up-or-out” promotion system, to incentivize voluntary separations and to bring about voluntary or mandatory early retirements.

The Services routinely tighten retention and reenlistment incentives and other restrictions when budget considerations create a need for additional separations and retirements. When necessary, Congress has provided additional special drawdown authorities to create the right force structure.

However, the reality is that precisely planned force management initiatives are regularly abandoned in the wake of real-world events that often force dramatic reversals of planned actions. Reform measures which envision delaying retirement until age 57 or 60 belie the reality that the Services don’t need or want the vast majority of members to stay in uniform that long.

Service desires for unlimited flexibility to shape the force may be appropriate for the management of hardware and other non-sentient resources. However, the Services are dependent upon attracting and retaining smart people who understand all too well when their leaders place no limits on the sacrifices that may be demanded of them, but also wish to reserve the right to change the rules on them and kick them out at will . . . even while building a system that assumes they will be willing to serve under these conditions until age 60.

Servicemembers from whom we demand so much deserve some stability of career expectations in return.

The coalition believes “civilianizing” the military benefit package would dramatically undermine the primary military career retention incentive and would be disastrous for retention and readiness, as they increase the incentives to leave and reduce the incentives for career service.

Moreover, we believe it is irresponsible to focus on budget and “civilian equity” concerns while ignoring the primary purpose of the retirement system—to ensure a strong and top-quality career force in spite of arduous service conditions which no civilians experience and few are willing to accept.

America will remain the world’s greatest superpower only as long as it continues to fulfill its reciprocal obligation to the All-Volunteer Career Force.

The coalition urges the subcommittee to oppose any initiative which would “civilianize” the military retirement system, ignore the lessons of the ill-fated REDUX initiative, and inadequately recognize the unique and extraordinary demands and sacrifices inherent in a military career.

Cost-of-Living Adjustments (COLAs)

In recent years, several commissions have proposed adjusting the Consumer Price Index (CPI) methodology to the so-called “chained CPI” calculation as a means of holding down COLA growth for military and Federal civilian retired pay, Social Security and all other Federal annuities over time.

Proponents of the chained CPI say it more accurately reflects changes in annuitants’ cost of living by recognizing that their purchasing behavior changes as prices change. If the price of beef rises, for example, consumers may purchase more chicken and less beef.

What chained CPI doesn’t capture is increasing costs where there are no adequate substitutes, such as rent or utilities. The real issue is whether chained CPI measuring changes in prices or changes in the quality of life. Following the logical progression to an extreme we could find consumers substituting hot dogs for chicken, et cetera.

The Bureau of Labor Statistics has estimated that implementation of the chained CPI would depress COLAs by about 0.25 to 0.3 percentage point per year.

The DOD actuary estimates that inflation will average 3 percent per year over the long term.

Using those two estimates, applying the chained-CPI COLAs for a servicemember retiring at age 42 would yield about 10 percent less in his or her retired paycheck

at age 85 relative to the current COLA system. The longer you live, the worse it gets.

Additionally, some commissions have proposed delaying any COLAs on military retired pay until age 60 or later, barring COLAs on annuity levels above some set dollar amount, or reducing the CPI by one-half percent or a full percentage point per year.

The coalition believes such initiatives would constitute a breach of faith with military people and constitute a disproportional penalty.

COLAs are particularly important to military retirees, disabled retirees, and survivors because they start drawing their annuities at younger ages than most other COLA-eligibles and thus experience the compounding effects over a greater number of years. To the extent that COLAs fail to keep up with living costs, real purchasing power continues to decline ever more dramatically as long as one lives.

The coalition urges the subcommittee to:

- Reject the chained CPI as a basis for adjusting military retired pay
- Ensure the continued fulfillment of congressional COLA intent, as expressed in House National Security Committee Print of title 37, U.S.C.: “to provide every military retired member the same purchasing power of the retired pay to which he was entitled at the time of retirement [and ensure it is] not, at any time in the future . . . eroded by subsequent increases in consumer prices”
- Ensure equal treatment of all uniformed service personnel, to include NOAA/USPHS/USCG personnel, with respect to any retirement/COLA legislation

Concurrent Receipt

Congress clearly recognized the inequity of the disability offset to earned retired pay during the past decade and has gone to great lengths to establish a process to end or phase out the offset for many disabled retirees. The coalition is extremely grateful for the subcommittee’s efforts to continue progress in easing the adverse effects of the offset.

In that vein, we are very pleased Congress identified resources to fix a long-standing inadvertent “glitch” in the statutory computation formula for Combat-Related Special Compensation (CRSC). This was clearly a victory for our war wounded veterans.

The coalition strongly believes in the principle that career military members earn their retired pay by service alone, and that those unfortunate enough to suffer a service-caused disability in the process should have any VA disability compensation from the VA added to, not subtracted from, their service-earned military retired pay.

In 2010, we were very optimistic that another very deserving group of disabled retirees—those forced into medical retirement short of 20-years of service—would become eligible for concurrent receipt when the White House included a concurrent receipt proposal in the Budget Resolution—the first time in history any administration had ever proposed such a fix.

The proposal would have expanded concurrent receipt eligibility over a 5 year period to all those forced to retire early from Service due to a disability, injury, or illness that was service-connected (chapter 61 retirees). We were dismayed that, despite the subcommittee’s leadership efforts and White House support, the provision has not yet been enacted—an extremely disappointing outcome for a most deserving group of disabled retirees.

We recognize only too well the challenges associated with adding new mandatory spending provisions in this difficult budget environment. But making at least some progress to address this grievous inequity (e.g., covering all 100-percent disabled retirees with less than 20 years of service) remains an important goal.

The coalition urges the subcommittee to continue seeking to expand Concurrent Retirement and Disability Payments (CRDP) to disabled retirees not eligible under the current statute, with first priority for vesting of earned retirement credit for Chapter 61 retirees with less than 20 years of service.

Fair Treatment for Servicemembers Affected by Force Reductions

Throughout the 1990s and into the early 2000s the services had several drawdown tools at their disposal to incentivize members to voluntarily leave the Service: Voluntary Separation Incentive (VSI), Special Separation Benefit (SSB), and Temporary Early Retirement Authority (TERA). The recently reauthorized TERA will greatly aid the Services in anticipation of significant force drawdowns and combat forces depart southwest Asia.

During any force reduction, servicemembers who intend to make the Service a career are forced out. We believe the Nation should recognize their service and provide a “transportable” benefit for those that have their careers curtailed involuntarily short of 20 years.

The coalition emphasizes that this limited “vesting” initiative should be applied only during periods of significant force reductions and funding for it should not come at the expense of those who serve 20 years or more.

Authorizing separated servicemembers the ability to contribute part or all of their involuntary or voluntary separation pay into their Thrift Savings Plan (TSP) account would appropriately recognize their past service and provide a level of “transportable” career benefit under these difficult times.

The coalition recommends enacting temporary legislation that would allow members separated during periods of significant force reductions to deposit part or all of their involuntary separation pay or VSP into their TSP account.

SURVIVOR ISSUES

The coalition is grateful to the subcommittee for its significant efforts in the past decade to improve the Survivor Benefit Plan (SBP), especially its major achievement in 2005 eliminating the Military Widows Tax—the Social Security offset that SBP survivors encountered upon attaining age 62. Yet, there is still more to do when looking at the plight of our widows.

SBP–DIC Offset

The coalition believes strongly that current law is unfair in reducing military SBP annuities by the amount of any survivor benefits payable from the Dependency and Indemnity Compensation (DIC) program.

If the surviving spouse of a retiree who dies of a service-connected cause is entitled to DIC from the Department of Veterans Affairs and if the retiree was also enrolled in SBP, the surviving spouse’s SBP annuity is reduced by the amount of DIC. A pro-rata share of the SBP premiums is refunded to the widow upon the member’s death in a lump sum, but with no interest. This offset also affects all survivors of members who are killed on active duty.

The coalition believes SBP and DIC payments are paid for different reasons. SBP is insurance purchased by the retiree and is intended to provide a portion of retired pay to the survivor. DIC is a special indemnity compensation paid to the survivor when a member’s service causes his or her premature death. In such cases, the VA indemnity compensation should be added to the SBP annuity the retiree paid for, not substituted for it.

In comparison, Federal civilian retirees who are disabled veterans and die of military-service-connected causes can receive DIC without losing any of their Federal civilian SBP benefits.

Unfortunately, in every SBP–DIC case, active duty or retired, the true premium extracted by the service from both the member and the survivor was the ultimate one—the very life of the member. This reality was underscored by the August 2009 Federal Court of Appeals ruling in *Sharp v. U.S.* which found, “After all, the servicemember paid for both benefits: SBP with premiums; DIC with his life.”

The Veterans Disability Benefits Commission (VDBC) reviewed the SBP–DIC issue, among other DOD/VA benefit topics. The VDBC’s final report to Congress in 2007 agreed with the coalition in finding that the offset is inappropriate and should be eliminated.

In 2005, then-Speaker Pelosi and other House leaders made repeal of the SBP–DIC offset a centerpiece of their GI Bill of Rights for the 21st Century.

Leadership has made great progress in delivering on other elements of that plan, but the only progress to date on the SBP–DIC offset has been the enactment a small monthly Special Survivor Indemnity Allowance (SSIA).

The coalition recognizes that the subcommittee’s initiative in the fiscal year 2008 defense bill to establish the SSIA was intended as a first, admittedly very modest, step in a longer-term effort to phase out the DIC offset to SBP.

We’re very grateful for the subcommittee’s subsequent efforts to increase SSIA amounts as additional steps toward the goal of eliminating the offset.

While fully acknowledging the subcommittee’s good-faith efforts to win more substantive progress, the coalition shares the extreme disappointment and sense of abandonment of the SBP–DIC widows who are forced to sacrifice up to \$1,215 each month and are being asked to be satisfied with a \$90 monthly rebate.

The coalition understands the mandatory-spending constraints the subcommittee has faced in seeking redress, but also points out that those constraints have been waived for many, many far more expensive initiatives, including the recent extension of civilian unemployment benefits.

The coalition believes widows whose sponsors’ deaths were caused by military service should not be last in line for redress.

The coalition urges the subcommittee to:

- Continue pursuing ways to repeal the SBP–DIC offset
- Authorize SBP annuities to be placed into a Special Needs Trust for permanently disabled survivors who otherwise lose eligibility for state programs because of means testing
- Reduce the age for paid-up SBP to age 67 for those who joined the military at age 17, 18, or 19
- Reinstate SBP annuities to survivors who transfer it to their children when the children reach majority, or when a subsequent remarriage ends in death or divorce

Final Retired Paycheck

Under current law, DFAS recoups from military widows/widowers' bank accounts all retired pay for the month in which a retiree dies. Subsequently, DFAS pays the survivor a pro-rated amount for the number of days of that month in which the retiree was alive. This often creates hardships for survivors who have already spent that pay on rent, food, et cetera, and who routinely are required to wait several months for DFAS to start paying SBP benefits.

The coalition believes this is an extremely insensitive policy imposed by the government at the most traumatic time for a deceased member's next of kin. Unlike his or her active duty counterpart, a retiree's survivor receives no death gratuity. Many older retirees do not have adequate insurance to provide even a moderate financial cushion for surviving spouses.

In contrast to the law governing military retired pay treatment of survivors, the title 38 statute requires the VA to make full payment of the final month's VA disability compensation to the survivor of a disabled veteran.

The disparity between DOD and VA policy on this matter is indefensible. Congress should do for retirees' widows the same thing it did 10 years ago to protect veterans' widows.

TMC urges the subcommittee to authorize survivors of retired members to retain the final month's retired pay for the month in which the retiree dies.

SUMMARY

The Military Coalition again thanks the subcommittee for your unfailing support of the entire uniformed service community and for taking our concerns and priorities into consideration as you deliberate on the future of the one weapon system that has never let our Nation down—the men and women who wear and have worn the uniform and their families.

MASTER CHIEF JOSEPH L. BARNES, USN (RETIRED), NATIONAL EXECUTIVE DIRECTOR, FLEET RESERVE ASSOCIATION AND CO-CHAIRMAN, THE MILITARY COALITION

Joseph L. (Joe) Barnes is a retired Navy Master Chief and serves as the Fleet Reserve Association's (FRA's) National Executive Director. He is a member of FRA's National Board of Directors, chairs the Association's National Committee on Legislative Service, and is responsible for managing the organization's National Headquarters in Alexandria, VA. In addition, he is president of the FRA Education Foundation which oversees the Association's scholarship program that presented awards totaling \$128,000 in 2012.

Barnes joined FRA's National Headquarters team in 1993 and prior to assuming his current position in 2002, he served as FRA's Director of Legislative Programs. During his tenure, the Association realized significant legislative gains, and was recognized with a certificate award for excellence in government relations from the American Society of Association Executives (ASAE).

In addition to his FRA duties, Barnes is Co-Chairman of the Military Coalition (TMC) and co-chairs the Coalition's Personnel, Compensation and Commissaries Committee. He is also a member of the Defense Commissary Agency's Patron Council and an ex-officio member of the U.S. Navy Memorial Foundation's Board of Directors.

He received the U.S. Coast Guard's Meritorious Public Service Award and was appointed an Honorary Member of the U.S. Coast Guard in 2003.

While on active duty, he was the public affairs director for the U.S. Navy Band in Washington, DC, and directed marketing and promotional efforts for national tours, network radio and television appearances, and major special events in the Nation's capital. His awards include the Defense Meritorious Service and Navy Commendation Medals.

Barnes holds a bachelor's degree in education and a master's degree in public relations management from The American University, Washington, DC. He earned

the Certified Association Executive (CAE) designation from ASAE in 2003 and is an accredited member of the International Association of Business Communicators (IABC).

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

Mrs. Moakler has been associated with the National Military Family Association since 1995 as a member of the headquarters staff. She was appointed to Government Relations Director in October 2007. In that position, she monitors the range of issues relevant to the quality of life of the families of the seven uniformed services and coordinates the six members of the Government Relations staff. Mrs. Moakler represents the interests of military families on a variety of advisory panels and working groups, including the Military Family Readiness Council.

Mrs. Moakler is co-chair of the Survivor Programs Committee and the Personnel/Compensation/Commissaries Committee for the Military Coalition (TMC), a consortium of 34 military and veteran organizations. She is often called to comment on issues pertaining to military families for such media outlets as the NY Times, CNN, NBC News, NPR and the Military Times. She writes regularly for military focused publications.

During her husband's 28 year Army career, Mrs. Moakler served in various volunteer leadership positions in civilian and military community organizations, as well as working with many military community programs including hospital consumer boards, commanders' advisory boards, family readiness groups, church councils, youth programs, and the Army Family Action Plan at all levels. She believes that communication is paramount in the efficient delivery of services and the fostering of a rich community life for military families. She holds a Bachelor of Science degree in Business Administration from the State University of New York at Albany. Mrs. Moakler has been awarded the Army Commanders Award for Public Service and the President's Volunteer Service Award.

Mrs. Moakler is also a military mom. Her daughter, Megan, is an Army Major and nurse who has served two tours in Iraq and son, Matthew, is an Army major and Operation New Dawn veteran. Both are presently stationed at Fort Belvoir, VA. Her oldest son, Marty, works for Hulu.com and is an aspiring writer/actor in Los Angeles, CA. Mrs. Moakler and her husband, Colonel Martin W. Moakler, Jr. USA (retired), reside in Alexandria, VA.

COLONEL STEVE STROBRIDGE (USAF-RET.), DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA (MOAA); AND CO-CHAIRMAN, THE MILITARY COALITION

Steve Strobbridge, a native of Vermont, is a 1969 graduate from Syracuse University. Commissioned through ROTC, he was called to active duty in October 1969.

After several assignments as a personnel officer and commander in Texas, Thailand, and North Carolina, he was assigned to the Pentagon from 1977 to 1981 as a compensation and legislation analyst at Headquarters USAF. While in this position, he researched and developed legislation on military pay, health care, retirement and survivor benefits issues.

In 1981, he attended the Armed Forces Staff College in Norfolk, VA, en route to a January 1982 transfer to Ramstein AB, Germany. Following assignments as Chief, Officer Assignments and assistant for Senior Officer Management at HQ, U.S. Air Forces in Europe, he was selected to attend the National War College at Fort McNair, DC in 1985.

Transferred to the Office of the Secretary of Defense upon graduation in June 1986, he served as Deputy Director and then as Director, Officer and Enlisted Personnel Management. In this position, he was responsible for establishing DOD policy on military personnel promotions, utilization, retention, separation and retirement.

In June 1989, he returned to Headquarters USAF as Chief of the Entitlements Division, assuming responsibility for Air Force policy on all matters involving pay and entitlements, including the military retirement system and survivor benefits, and all legislative matters affecting active and retired military members and families.

He retired from that position on January 1, 1994 to become MOAA's Deputy Director for Government Relations.

In March 2001, he was appointed as MOAA's Director of Government Relations and also was elected Co-Chairman of The Military Coalition, an influential consortium of 33 military and veterans associations.

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

Captain Marshall Hanson became the Legislative Director of the Reserve Officers Association on 12 September 2005, 2 years after joining the ROA staff as the Naval Services Director. Not new to Washington, DC, he brings to the ROA team experience and success as the full time Director of Legislation for two other associations, Naval Reserve Association (NRA) and the National Association for Uniformed Services. Marshall brings to the ROA extensive expertise, working with the House and Senate Armed Services Committees, and with Defense Appropriations. He has gone through more than 13 legislative cycles. In 2000, Marshall participated with the Reserve Officers Association in a Roles and Missions study that submitted a white paper to Congress and the Pentagon.

Captain Hanson has testified before the House and Senate Armed Services committees, the Senate Appropriations subcommittee on Defense, the House Veterans Affairs committee and Senate Finance committee, and before the National Reserve Force's Policy Board on Guard and Reserve issues.

He has been chairman of the Navy Marine Corps Council, co-director of the National Military and Veteran's Alliance, and is the chairman for the Guard and Reserve committee in The Military Coalition. In 1999, he moved to Alexandria, VA, from Seattle, WA, to join the NRA staff. Marshall has worked to develop a new adhoc committee, Associations for America's Defense (A4AD), coordinating 12 other associations on national security, force planning, and equipment issues, which were normally not covered by either the coalition or the alliance.

Captain Hanson was born in Darby, PA, and raised in Glen Rock, NJ, and Seattle, WA. A 1972 Graduate of the University of Washington, he was commissioned by the U of W NROTC. He earned an MBA from the University of Washington in 1978, and is a 1990 graduate with distinction of the Naval War College. With a Fleet Support designator, he is a qualified, specialist in strategic operations, analysis, and planning.

CAPT Hanson retired from the Naval Reserve in August 2002. With over 3 years of active duty and 27 years with the Reserves, Hanson's had 7 commands, and has collectively commanded over 200 people. Marshall's seagoing assignments include active duty on USS *Niagara Falls* (AFS-3) as an underway Officer of the Deck (I) and Damage Control Assistant. He has spent additional training periods aboard USS *Kansas City* (AOR-3), USS *Blue Ridge* (LLC-19), JMDs *Isoyuki* (DD-127), and various Canadian Naval Reserve Ships; and he has been the Chief of Staff for a Convoy Commodore, and staff-watch commander at Esquimalt Naval Base in Canada.

Upon retirement, Captain Hanson was awarded the Meritorious Service Medal; he was also awarded the Military Outstanding Volunteer Service Medal in 1997 for community activities in the greater Puget Sound Area. He has twice been awarded the overseas ribbon, and has the Vietnam Campaign Medals and National Defense Service Medal. Prior to his move to Washington, DC, he was a Materials Manager for a Seattle manufacturing company in his civilian career. He and his wife, Deborah, reside in Alexandria, VA, and have two daughters, Loren Louise, age 20 and Sydney Emilia, 14 years.

Senator GILLIBRAND. Thank you.
Ms. Moakler?

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

Ms. MOAKLER. Madam Chairman, distinguished committee members, thank you for letting me speak to you today about military families.

Military families are strong, resilient, and resourceful. They know about uncertainty after more than 11 years of war. But there is a new uncertainty, the uncertainty of the programs, resources,

and benefits contributing to their strength and resilience remaining available to support them now and in the future.

Because of sequestration and the 6-month delay in passing a defense appropriations bill, military families now doubt our Nation's leaders' commitment to supporting their service. DOD civilian furloughs will affect military families. Some are military spouses, so while military pay is not affected, for which we are grateful, the overall income of some military families will be impacted. Furloughs and hiring freezes could force family service centers to adjust hours. Smaller staffs will result in longer waits for families needing counseling, financial advice, new parent support, survivor outreach, and victim advocates.

DOD insists they will work to provide school children with a full year of quality education, and ensure each school maintains its accreditation. We are pleased DOD announced late last week there would be no school level furloughs at the end of the current school year. But we know communities are concerned about the beginning of the next school year.

The TRICARE benefit is a rich and appreciated benefit. Military families can sometimes find it difficult to access care, but rarely complain about the quality of care. Access to care is most threatened by the \$3 billion sequestration cut and anticipated furloughs of hospital personnel.

You have heard from the Service Chiefs how sequestration is hurting the readiness of our servicemembers. We have shared some examples in our written statement of how sequestration is negatively affecting military families. We ask Congress to end sequestration now.

With the number of cuts already made, military families are concerned about the elimination of vital resources and programs as part of the next round of savings. What is an acceptable level of support? What should the standard be? Our association believes DOD Instruction 1342.22, Military Family Readiness, must be the unequivocal baseline for military family readiness. It provides appropriate expectations and emphasizes that resource decisions be made based both on the evaluation of military family needs and the effectiveness of those programs.

Programs and services can adapt as needed to respond swiftly to the changing needs during peacetime, war, base closures, natural disaster, and other emergency situations. Currently, this effort at a baseline of support is stymied at all levels by the continued call for belt tightening and capricious budget cuts where these programs are often the first targeted. Military families need to know what to realistically expect about the delivery of support services.

We remain concerned about the transition of wounded, injured, and ill servicemembers and their families. Caregivers are an important part of the servicemember's recovery. VA and DOD caregiver benefits do not mesh, and many caregivers lose the support just when they need it the most.

We ask you to create a smoother transition for caregivers between DOD and VA caregiver benefits. Now is the time to end the dependency and indemnity compensation offset to the survivor benefit plan. Although we know there is a significant price tag associ-

ated with this change, ending this offset would correct an inequity that has existed for many years for our survivors.

We appreciate the action being taken to address the rising number of suicides by servicemembers. We are concerned that military and veteran families were not included when examining suicides. We recommend Congress require a DOD report on the number of family members who commit suicide, made a suicide attempt, or reported suicidal thoughts.

We want to ensure family support programs are authorized, funded, and implemented at the level needed to maintain the readiness of servicemembers and their families, and to allow them to meet the challenges of the military lifestyle. Military families should be able to access support no matter where they live.

We believe the people the servicemember identifies as family should have the information and help they need within the law and DOD regulations to support the readiness of the servicemember.

Thank you, and I await any questions you may have.

Senator GILLIBRAND. Mr. Barnes?

STATEMENT OF MASTER CHIEF JOSEPH L. BARNES, USN, RETIRED, NATIONAL EXECUTIVE DIRECTOR, FLEET RESERVE ASSOCIATION

Chief BARNES. Madam Chairman and members of the subcommittee, thank you for the opportunity to appear before you today. I will be addressing priority active duty and retiree issues.

Military service is unlike any other career or occupation, and less than 1 percent of our population is shouldering 100 percent of the responsibility for our national security. Ensuring adequate pay and benefits for our Active, Guard, and Reserve personnel, their families and survivors, and fulfilling commitments to provide health care and other benefits for military retirees, must be top priorities.

Thanks to support from this subcommittee, there have been major pay and benefit improvements enacted since 2000. There has been much attention to these and the associated costs during the ongoing sequestration related budget crisis. However, there is usually no mention of the 13.5 percent pay gap at that time, plus major recruiting and retention challenges, concerns about a hollow force, and the government's failure to honor commitments to those who served in the past.

Defense spending as a percentage of gross domestic product (GDP) during war time is now much lower than during past conflicts. According to the Wall Street Journal, projected defense spending will shrink from more than 4 percent today to 2.7 percent of GDP by 2021, a level last seen before Pearl Harbor. The coalition strongly supports a full 1.8 percent ECI active duty pay increase for 2014. Pay comparability is directly related to long-term readiness.

There is concern in the active duty community regarding the so-called reform of pay and retirement benefits by the Military Compensation and Retirement Modernization Commission. The powerful pull of the 20-year retirement system is the main reason retention levels have not imploded as a result of unprecedented wartime strain on troops and their families. Despite extraordinary demands,

men and women in uniform are still answering the call, but at the cost of ever greater personal sacrifices.

Budget driven retirement benefit cuts enacted in 1986 affected only future retirees and eventually resulted in the repeal of the plan in 1999 due to concerns about retention and readiness. Adequate end strengths are also essential to military readiness.

Significant threats to national security continue despite the winding down of operations in Afghanistan, and ensuring sufficient dwell time between deployments remains an elusive goal. Navy deployments, for example, have increased from 6 to as long as 9 months, and the stress on repeatedly deployed servicemembers and their families continues.

No Federal obligation is more important than protecting national security, and the most important element of national security is sustaining a dedicated, top quality, All-Volunteer Force.

Thank you again for the opportunity to present our views on these issues.

[The prepared statement of the Fleet Reserve Association follows:]

PREPARED STATEMENT BY THE FLEET RESERVE ASSOCIATION

THE FLEET RESERVE ASSOCIATION

The Fleet Reserve Association (FRA) is the oldest and largest enlisted organization serving Active Duty, Reserves, retired and veterans of the Navy, Marine Corps, and Coast Guard. It is Congressionally Chartered, recognized by the Department of Veterans Affairs (VA) as an accrediting Veteran Service Organization for claim representation and entrusted to serve all veterans who seek its help. In 2007, FRA was selected for full membership on the National Veterans' Day Committee.

FRA was established in 1924 and its name is derived from the Navy's program for personnel transferring to the Fleet Reserve or Fleet Marine Corps Reserve after 20 or more years of active duty, but less than 30 years for retirement purposes. During the required period of service in the Fleet Reserve, assigned personnel earn retainer pay and are subject to recall by the Navy.

FRA's mission is to act as the premier "watch dog" organization in maintaining and improving the quality of life for Sea Service personnel and their families. FRA is a leading advocate on Capitol Hill for enlisted Active Duty, Reserve, retired and veterans of the Sea Services. The Association also sponsors a National Americanism Essay Program and other recognition and relief programs. In addition, the FRA Education Foundation oversees the Association's scholarship program that presents awards totaling over \$125,000 to deserving students each year.

The Association is a founding member of The Military Coalition (TMC), a 34-member consortium of military and veteran's organizations. FRA hosts most TMC meetings and members of its staff serve in a number of TMC leadership roles.

FRA celebrated 88 years of service in November 2012. For over 8 decades, dedication to its members has resulted in legislation enhancing quality of life programs for Sea Services personnel, other members of the uniformed services plus their families and survivors, while protecting their rights and privileges. CHAMPUS, (now TRICARE Standard) was an initiative of FRA, as was the Uniformed Services Survivor Benefit Plan. More recently, FRA led the way in reforming the REDUX Retirement Plan, obtaining targeted pay increases for mid-level enlisted personnel, and sea pay for junior enlisted sailors. FRA also played a leading role in advocating recently enacted predatory lending protections and absentee voting reform for servicemembers and their dependents.

FRA's motto is: "Loyalty, Protection, and Service."

CERTIFICATION OF NON-RECEIPT OF FEDERAL FUNDS

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any Federal grant or contract during the current fiscal year or either of the 2 previous fiscal years.

SYNOPSIS

The Fleet Reserve Association (FRA) is an active participant and leading organization in The Military Coalition (TMC) and strongly supports the recommendations addressed in the more extensive TMC testimony prepared for this hearing. The intent of this statement is to address other issues of particular importance to FRA's membership and the Sea Services enlisted communities.

The following Letter to the Editor of The Washington Post dated December 7, 2012 summarizes the concerns of our members and others in the Uniformed Services community regarding proposals to drastically increase health care fees, cut pay and retirement benefits and other personnel programs in conjunction with the Defense Budget reductions.

Regarding the December 3rd editorial "Time to Rein In Tricare."

Personnel expenditures are directly associated with defense readiness and renegeing on past commitments by imposing drastic health care fee hikes on military retirees will negatively impact recruiting and retention. Threats to also cut retirement benefits and other quality-of-life programs are major concerns within the Active and Reserve military communities and are viewed as devaluing military service.

The debt crisis is serious, but total defense spending as a percentage of gross domestic product is significantly below past wartime periods and is projected to go lower. Despite claims of rising health care costs, in recent years the Defense Department has asked to shift unspent Defense Health Program funds to other areas.

Military retirees who are younger than 65 and are enrolled in TRICARE Prime experienced a 13-percent increase in their annual enrollment fees last year, and these fees will increase annually based on inflation. Pharmacy copays will also increase in 2013.

Military service is unlike any other occupation. Roughly 1 percent of the population has volunteered to shoulder 100 percent of the responsibility for our national security. The benefits associated with this service have been earned through 20 or more years of arduous military service.

JOSEPH L. BARNES,
National Executive Director,
Fleet Reserve Association.

INTRODUCTION

Chairman Gillibrand and Ranking Member Graham, FRA salutes you, other members of the subcommittee, and your staff for the strong and unwavering support of programs essential to Active Duty, Reserve component, and retired members of the armed services, their families, and survivors. The subcommittee's work has greatly enhanced care and support for our wounded warriors and significantly improved military pay, and other benefits and enhanced other personnel, retirement and survivor programs. This support is critical in maintaining readiness and is invaluable to military personnel engaged in operational commitments throughout the world and in fulfilling commitments to those who've served in the past.

SEQUESTRATION, CR, AND DOD BUDGET

There's uncertainty and growing anxiety within the Active Duty, Reserve, and retiree communities regarding the effects of sequestration and major concerns about delayed approval of the fiscal year 2013 spending package halfway through the current fiscal year and the administration's fiscal year 2014 budget request. This is reflected in responses to FRA's February 2013 online survey indicating that 90 percent of retirees were "very concerned" about the situation—the highest rating. FRA urges the administration and Congress to work together to ensure sufficient funding for fiscal year 2014 and beyond. Former Secretary of Defense Leon Panetta stated that sequestration cuts "would do catastrophic damage to our military, hollowing out the force and degrading its ability to protect the country." It is significant that defense spending totals 17 percent of the Federal budget, yet 50 percent of the sequestration cuts are targeted for the Department of Defense (DOD). Operations are winding down in Afghanistan, however, the Nation is still at war and slashing DOD's budget further will not reduce the associated threats.

FRA supports the "Down Payment to Protect National Security Act" (S. 263), sponsored by Senator Kelly Ayotte (NH) and its House companion bill (H.R. 593) sponsored by House Armed Services Committee Chairman Representative Howard "Buck" McKeon, (CA) that would amend the Budget Control Act (BCA) by excluding the DOD budget from the next round of sequestration cuts mandated by the BCA.

FRA supports a defense budget of at least 5 percent of gross domestic product that will adequately fund both people and weapons programs, and is concerned that the administration's spending plan is not enough to sufficiently support both.

COST-OF-LIVING ADJUSTMENTS

The administration's fiscal year 2014 budget request includes a plan to calculate future cost-of-living adjustments (COLAs) for inflation adjusted benefits by using the chained Consumer Price Index (CPI) in lieu of the current CPI. The so-called "chained CPI" takes into account the effect of substitutions consumers make in response to changes in prices. FRA believes that change over time would have a significant cumulative impact on the annual COLAs for military retirees and personnel receiving veterans' benefits.

In addition, under current law, military retired pay is rounded down to the next lowest dollar. For many enlisted retirees, their retired pay is sometimes the sole source of income for them and their dependents. Over time, the effect of rounding down can be substantial for these personnel and FRA supports a policy change to rounding up retiree COLAs to the next highest dollar.

"MODERNIZATION" COMMISSION

The National Defense Authorization Act (NDAA) for Fiscal Year 2013 (H.R. 4310, P.L. 112-239) establishes the Military Compensation and Retirement Modernization Commission but limits its recommendations from being BRAC-like in conjunction with its review and "reform" of the current compensation and military retirement system. FRA believes it's important that this distinguished Subcommittee and its House counterpart along with the full Armed Services Committees maintain oversight over commission recommendations. Numerous studies and commissions (10 since the beginning of 2006) have focused on military retirement and other benefits as an opportunity to reduce overhead costs for the Pentagon.

In 1986, Congress passed, over the objection of then Secretary of Defense Casper Weinberger, major retirement changes known as "Redux" that significantly reduced retirement benefits for those joining the military after 1986. FRA led efforts to repeal the act in 1999 after the military experienced retention and recruitment problems and the Association continues to monitor the take rate for personnel choosing between remaining on the High 3 program, or the Redux program at 15 years of service.

Maintaining a highly-motivated, well-trained, and professional all-volunteer career military force requires an adequate pay and benefit package. Military service is unlike any other career or occupation, and requires adequate compensation and a unique retirement system. Career senior noncommissioned officers are the backbone of our military and their leadership and guidance are invaluable and a result of specialized years of training and experience.

TRICARE BENEFITS AND FEE INCREASES

FRA's membership appreciates the following Sense of Congress provisions in the NDAA for Fiscal Year 2013: (1) DOD and the Nation have a committed health benefit obligation to retired military personnel that exceeds the obligation of corporate employers to civilian employees; (2) DOD has many additional options to constrain the growth of health care spending in ways that do not disadvantage beneficiaries; and (3) DOD should first pursue all options rather than seeking large fee increases or marginalize the benefit for beneficiaries.

Health care dominated priorities for military retirees responding to FRA's 2013 online survey, with quality of health care benefits rated as "very important" by over 95 percent of respondents. Access to the benefit followed in importance as indicated by over 94 percent of those participating in the survey.

On October 1, 2013 DOD will reduce TRICARE Prime Service Areas, a change that will affect more than 170,000 retirees and their qualified family members and require enrollment in TRICARE Standard. Our members are voicing serious concerns about this change due to the higher costs associated with TRICARE Standard.

FRA understands that under the new TRICARE contracts access to TRICARE Prime is limited to within 40 miles of a Military Treatment Facilities (MTF) and in areas affected by the 2005 base closure and realignment process. FRA believes current TRICARE Prime beneficiaries that live outside the TRICARE Prime Service Area (PSA) should be allowed to continue to have access to TRICARE Prime coverage (grandfathered) until they relocate or change their current primary care provider.

Beyond the Military Health System (MHS) transitioning to a more integrated delivery model that will leverage a shared service approach to common functions, FRA

believes that DOD must sufficiently investigate and implement other options to make TRICARE more cost-efficient as alternatives to shifting costs to TRICARE beneficiaries.

WOUNDED WARRIORS AND SEAMLESS TRANSITION

FRA strongly supports the administration's efforts to create an integrated Electronic Health Record (iEHR) for every servicemember which would be a major step towards the Association's longstanding goal of a truly seamless transition from military to veteran status for all servicemembers and permit DOD, the Department of Veterans Affairs (VA), and private health care providers immediate access to a veteran's health data.

The importance of fully implemented interoperability of electronic medical records cannot be overstated. However, former Secretary of Defense Leon Panetta and Secretary of the VA Eric Shinseki recently announced jointly that the departments are abandoning plans to create a single electronic health record for active duty military and veterans. FRA and others view this as a step backwards on this issue apparently due to budget pressures and higher costs. There is some sharing now between DOD, VA, and the private sector, however, wider expansion of data sharing and exchange agreements between VA, DOD, and the private sector is needed.

FRA strongly supports the VA/DOD joint effort to invest more than \$100 million in new research to improve diagnosis and treatment of post traumatic stress (PTS) and mild traumatic brain injury (TBI) in response to a August 31, 2012 Presidential Executive order calling for DOD and VA to also establish an interagency task force to coordinate their efforts, and VA and Health and Human Services will establish at least 15 pilot programs involving community-based health providers to expand mental health services in areas not well served by VA. DOD and VA should work together to standardize training for all DOD/VA mental health care providers.

The Armed Services and Veterans Affairs Committees must remain vigilant regarding their oversight responsibilities associated with ensuring a "seamless transition" for our Nation's wounded warriors. In conjunction with this, FRA is concerned about shifting of departmental oversight from the Senior Oversight Committee (SOC) comprised of the DOD and VA secretaries per provisions of the NDAA for Fiscal Year 2009, to the lower echelon Joint Executive Council which is now responsible for supervision, and coordination of all aspects of DOD and VA wounded warrior programs. This change is perceived by many as diminishing the importance of addressing significant challenges faced by servicemembers—particularly wounded warriors and their families—in transitioning from DOD to the VA.

The Association notes the importance of the e-Benefits web site which serves as an electronic portal for servicemembers, veterans, and their families to research, find, access, and in the near future manage their VA benefits and track progress on claims processing. The program is a service of the DOD and VA and was one of the recommendations of the President's Commission on Care for America's Returning Wounded Warriors (Dole/Shalala). There are now more than 1.86 million e-Benefits users.

FRA recommends support for the "Servicemembers Mental Health Review Act" (S. 628), sponsored by Senator Jon Tester (MT) and its House companion bill (H.R. 975) sponsored by Representative Tim Walz (MN). The bills would authorize the Physical Disability Board of Review to review and, when necessary, correct service records for veterans diagnosed by DOD with a Personality Disorder (PD) or Adjustment Disorder (AD) and discharged after active duty deployment. Many of these brave veterans have seen combat and may actually be suffering from Post-Traumatic Stress (PTS). Because PD and AD are considered pre-existing conditions, the DOD is not obligated to award the benefits they earned that may help them properly reintegrate into their communities.

The Association also supports the "Ruth Moore Act" (S. 294/H.R. 671) sponsored by Senator Jon Tester (MT) and Representative Chellie Pingree (ME) respectively that will improve the disability compensation evaluation procedure at the VA for veterans with mental health conditions related to military sexual trauma.

FRA believes post traumatic stress should not be referred to as a "disorder." This terminology adds to the stigma of this condition, and it is critical that the military do all it can to reduce the stigma associated with PTS and TBI. The DOD disability evaluation should be required to include all unfitting conditions and DOD physical evaluation boards should be mandated to standardize disability ratings between the Service branches. The Association also strongly encourages support for the Navy's Safe Harbor Program and the Marine Corps Wounded Warrior Regiment, programs that are providing invaluable support for these personnel before and after they transition to veterans' status.

MILITARY SUICIDES UP IN 2012

Data from DOD on military suicides in 2012 indicates an increase of 16 percent over 2011. Total active duty suicides for 2012 were 349, up from 301 suicides in 2011. During a March 21, 2013 hearing, Jacqueline Garrick, acting director of the Defense Suicide Prevention Office, told the House Armed Services Military Personnel Subcommittee that servicemember suicide rate had increased from 10.3 suicides per 100,000 in 2001 to 18.3 suicides per 100,000 in 2010. She compared the military data from 2001 and 2010 to the U.S. suicide rate for males, ages 17 to 60—an age demographic that she claimed best matches the armed forces demographic. This data reveals that the 2001 comparable civilian suicide rate was 21.8 suicides per 100,000 and 25.1 per 100,000 in 2010. Military suicides by comparison are increasing at a dramatically higher rate (77 percent for military vice 15 percent for comparable civilian population) or five times higher than the civilian rate.

The NDAA for Fiscal Year 2013 (H.R. 4310, P.L. 112-239) includes a Senate floor amendment sponsored by Senator Patty Murray (WA) that requires DOD to implement a standardize and comprehensive suicide prevention program. The provision was in response to a Rand Corporation study that indicated that there are serious gaps and a lack of consistency in military suicide prevention programs. Further, a Presidential Executive Order was issued in September 2012 that mandates the VA and DOD to establish an interagency task force to coordinate suicide prevention efforts. FRA notes that the VA/DOD crisis hot line has assisted more than 640,000 people and stopped over 23,000 potential suicides, and believes there must be readily available counseling support and expanded awareness of help that's available to servicemembers and veterans in crisis. Expanding VA counseling to veteran's family members, strengthening oversight of the Integrated Disability Evaluation System, and requiring VA to establish accurate measures for mental health are also important and addressed in the NDAA for Fiscal Year 2013. FRA believes challenges and stress associated with marital problems and divorce should be considered in addressing suicide prevention which is a high priority for FRA and the Association welcomes and supports the initiatives listed above.

UNIFORMED SERVICES FORMER SPOUSES PROTECTION ACT

According to Military.com writer Amy Bushatz, "The military divorce rate went down slightly in 2012, settling at 3.5 percent from the record high 3.7 percent in 2011. Military officials and divorce experts are hopeful that the overall rate, which had crept slowly up from 2.6 percent in 2001 to 3.7 percent in 2011, is starting to move downward." Female enlisted soldiers and marines, however, continue to experience the highest rate of divorce—9.4 percent and 9.3 percent respectively. In the Army, the female enlisted divorce rate is more than triple that of enlisted males."

Related to these statistics, FRA urges Congress to review the Uniformed Services Former Spouses Protection Act (USFSPA) with the intent to amend the language so that the Federal Government is required to protect its servicemembers against State courts that ignore the act.

The USFSPA was enacted 30 years ago; the result of congressional maneuvering that denied the opposition an opportunity to express its position in open public hearings. The last hearing, in 1999, was conducted by the House Veterans' Affairs Committee rather than the House Armed Services Committee which has oversight authority for USFSPA.

Few provisions of the USFSPA protect the rights of the servicemember, and none are enforceable by the Department of Justice or DOD. If a State court violates the right of the servicemember under the provisions of USFSPA, the Solicitor General will make no move to reverse the error. Why? Because the act fails to have the enforceable language required for Justice or the Defense Department to react. The only recourse is for the servicemember to appeal to the court, which in many cases gives that court jurisdiction over the member. Another infraction is committed by some State courts awarding a percentage of veterans' compensation to ex-spouses, a clear violation of U.S. law; yet, the Federal Government does nothing to stop this transgression.

There are other provisions that weigh heavily in favor of former spouses. For example, when a divorce is granted and the former spouse is awarded a percentage of the servicemember's retired pay, the amount should be based on the member's pay grade at the time of the divorce and not at a higher grade that may be held upon retirement.

FRA believes that the Pentagon's USFSPA study recommendations are a good starting point for reform. This study includes improvements for both former spouse and the servicemember.

ACTIVE DUTY/RESERVE PAY

FRA strongly supports a 2014 full Employment Cost Index military pay increase of 1.8 percent. The Rand Corporation released a study last year recommending smaller military pay increases starting in fiscal year 2015. The study indicates that military pay increased faster than civilian pay since 2000, but ignores the fact that military pay increases lagged behind civilian pay during the 1990s resulting in a 1999 pay gap of 13.5 percent, which contributed to major recruitment and retention problems. The study suggests that smaller pay increases will not significantly impact retention and recruitment due to the relatively high unemployment rate through out the economy. FRA disagrees and believes the current high rate of unemployment will not continue indefinitely, and that pay for the all-volunteer military should accurately reflect service and the sacrifices borne by those who serve and their families. As Alex Keenan wrote in *Navy Times* (03-11-13), "The plain truth is that if we want the best, most-highly trained, most capable military in recorded history, we have to be collectively willing to pay the monetary price—not only because it benefits our own national security, but because the people wearing the uniform are willing to pay an even higher price if called upon."

END STRENGTH

Adequate military end strength is vital in sustaining our national security, and FRA is concerned about budget-driven calls for reducing end strength. After years of reducing its end strength through involuntary separations and other initiatives, the Navy has now admitted it has cut too much. As of December 6, 2012 Navy end strength was 317,600 which is the lowest end strength since 1940.

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

CONCURRENT RECEIPT

FRA continues its advocacy for legislation authorizing the immediate payment of concurrent receipt of full military retired pay and veterans' disability compensation for all disabled retirees. The Association appreciates the progress that has been made on this issue that includes a recently enacted provision fixing the Combat Related Special Compensation (CRSC) glitch that caused some beneficiaries to lose compensation when their disability rating was increased. There still remain Chapter 61 retirees receiving Concurrent Retirement and Disability Pay (CRDP) and CRDP retirees with 20 or more years of service with less than 50 percent disability rating that should receive full military retired pay and VA disability compensation without any offset.

The Association strongly supports pending legislation to authorize additional improvements that include Senate Majority Leader Harry Reid's legislation (S.234), Representative Sanford Bishop's "Disabled Veterans Tax Termination Act" (H.R. 333) and Representative Gus Bilirakis' "Retired Pay Restoration Act" (H.R. 303).

RESERVE COMPONENT ISSUES

FRA stands foursquare in support of the Nation's reservists and to improved compensation and benefits packages to attract recruits and retain currently serving personnel. These changes should include eliminating the fiscal year early retirement limitation which is addressed in the "Reserve Retirement Deployment Credit Correction Act" (S. 240) sponsored by Senator Jon Tester (MT) and its House companion bill (H.R.690), sponsored by Representative Tom Latham (IA).

FRA also supports making early retirement credit retroactive to September 11, 2001, after which the Reserve component changed from a strategic reserve to an operational reserve that's vital in prosecuting the war efforts and other operational commitments.

FRA supports the "Healthcare for Early Retirement Eligible Reservists Act" (H.R. 738), sponsored by HASC Personnel Subcommittee Chairman Representative Joe Wilson (SC), that would allow retirees of the Reserve Component to receive medical and dental care at military treatment facilities (MTF) or VA facilities prior to reaching age 60. The NDAA for Fiscal Year 2009 granted qualifying reservists early retirement, but did not authorize healthcare benefits. In addition reservists in the Individual Ready Reserve (IRR) have no access to health care.

The Association also supports restoring the Reserve Montgomery GI Bill benefits to at least 47 percent of active duty MGIB benefits. Further FRA recommends funding of a tailored Transition Assistance Program (TAP) to meet the unique needs of

reservists, including academic protections for mobilized reservists students such as refund guarantees, exemption from repayment of Federal student loans during activation, and maintaining academic standing.

SBP/DIC OFFSET REPEAL

FRA supports the “Military Surviving Equity Act” (H.R. 32) sponsored by Representative Joe Wilson (SC) to eliminate the Survivor Benefit Plan (SBP)/Dependency and Indemnity Compensation (DIC) offset for widows and widowers of servicemembers. This bill would eliminate the offset, also known as the “widow’s tax,” on approximately 60,000 widows and widowers of our Armed Forces.

SBP and DIC payments are paid for different reasons. SBP is purchased by the retiree and is intended to provide a portion of retired pay to the survivor. DIC is a special indemnity compensation paid to the survivor when a member’s service causes his or her premature death. In such cases, the VA indemnity compensation should be added to the SBP the retiree paid for, not substituted for it. It should be noted as a matter of equity that surviving spouses of Federal civilian retirees who are disabled veterans and die of military-service-connected causes can receive DIC without losing any of their Federal civilian SBP benefits.

RETENTION OF FINAL FULL MONTH’S RETIRED PAY

FRA urges the subcommittee to authorize the retention of the full final month’s retired pay by the surviving spouse (or other designated survivor) of a military retiree for the month in which the member was alive for at least 24 hours. FRA strongly supports “The Military Retiree Survivor Comfort Act” (H.R. 1360), introduced by Representative Walter Jones (NC) that achieves this goal.

Current regulations require survivors of deceased military retirees to return any retirement payment received in the month the retiree passes away or any subsequent month thereafter. Upon the demise of a retired servicemember in receipt of military retired pay, the surviving spouse is to notify DOD of the death. The Department’s financial arm then stops payment on the retirement account, recalculates the final payment to cover only the days in the month the retiree was alive, forwards a check for those days to the surviving spouse (beneficiary) and, if not reported in a timely manner, recoups any payment(s) made covering periods subsequent to the retiree’s death. The recouping is made without consideration of the survivor’s financial status.

The measure is related to a similar pay policy enacted by the VA. Congress passed a law in 1996 that allows a surviving spouse to retain the veteran’s disability and VA pension payments issued for the month of the veteran’s death. FRA believes military retired pay should be no different.

IMPROVEMENTS FOR MILITARY PREDATORY LENDING LAW

FRA thanks this subcommittee for improvements in the Military Lending Act (MLA) specified in the Senate version (S. 3254) of the fiscal year 2013 Defense Authorization bill. This provision provides an explicit private right of action and civil penalties for predatory lenders, and expands oversight and enforcement authority to the Consumer Financial Protection Bureau (CFPB) and the Federal Trade Commission. Unfortunately, other related amendments to close loopholes in the definitions of payday and car title loans in the Senate version of the NDAA were not included in the final bill.

The NDAA also called on DOD to conduct a study during 2013 to identify harmful credit products and practices and recommend protections to close loopholes. DOD is also required to promulgate a regulation in 2013 to implement changes in the law. FRA, CFPB, and consumer groups recently meet with DOD officials on this issue and have asked the Department to include payday and car title loan definitions in the regulation and also clarify that nonresident military borrowers are protected by all State credit laws. FRA urges continued oversight by this subcommittee to ensure that the report is timely and accurate.

PROTECT THE COMMISSARY AND EXCHANGE SYSTEMS

Military commissaries and exchanges are essential parts of the military benefit package and FRA’s online survey completed in February 2013 indicates that nearly 61 percent of retirees rated Commissary/Exchange privileges as “very important.” FRA is a member of the recently established coalition to Save Our Military Shopping Benefits. The coalition now has 13 member organizations representing 1.5 million servicemembers, veterans, and their families, many of which are authorized patrons of the resale system.

A new study by the Resale and MWR Center for Research entitled “Costs and Benefits of the DOD Resale System” indicates that these programs provide military members, retirees and their families with shopping discounts worth \$4.5 billion annually. These stores are the biggest employers of military family members with 50,000 spouses, dependent children, retirees and veterans on the payrolls, adding \$884 million a year to military household incomes. The Association notes with concern DOD’s plans to soon issue furlough notices to the Defense Commissary Agency (DeCA) employees and close commissaries on Mondays for the remainder of the fiscal year due to sequestration related cuts to operating accounts of 9.2 percent.

The report also indicates that approximately \$545 million a year from store operations is reinvested in base infrastructure. This is from profits of military exchanges and from a 5-percent surcharge collected at cash registers in commissaries. These facilities and capital improvements become assets on the balance sheet of the Federal Government. Exchange profits also fund important base morale, welfare, and recreation programs (MWR) that contribute to an enhanced quality of life for military beneficiaries.

CHILD CARE AND FAMILY HOUSING

Access to affordable, quality child care must be a high priority for all the military services. Adequate and reliable child care helps reduce stress on a military family—especially when one of the parents is deployed. Master Chief Petty Officer of the Navy Michael Stevens’ March 19, 2013 statement to the House Military Construction and Veterans Affairs Appropriations Subcommittee state that Navy Child Development Centers (CDC) provide quality care that is affordable when compared to commercial programs that charge based on age (children age three and under the most expensive and typically most junior enlisted have younger children); whereas Navy fees are based on total family income. Sergeant Major of the Marine Corps Micheal Barrett also testified before the subcommittee indicating that the Marine Corps is scheduled to increase CDC spaces in fiscal year 2013–2014. The Navy completed its CDC multi-year expansion efforts last year that added 7,000 new child care spaces to meet the Office of Secretary of Defense guidance to provide 80 percent of potential child care needs. This expansion reduced waiting times to 3 months or less. The impact of sequestration on CDCs is unclear. Some centers are staffed by non-appropriated fund (NAF) workers who will not be affected by furloughs. Others are staffed by civilian government employees and some by a combination of both. Centers staffed by DOD civilians will be impacted by furloughs.

Regarding military housing, the Marines have more than 24,000 homes and 96 percent are privatized (PPV). The Marine Corps reports that PPVs improve family housing, community centers, and playgrounds creating more of a sense of community. The Navy has privatized 97 percent of its homes in CONUS and Hawaii. The Navy will begin construction of new housing at the Naval Base Coronado, CA, for 468 E-1 through E-4 sailors. The Navy is working to reduce inadequate housing from 37 percent currently, to 10 percent by fiscal year 2019.

FRA believes there is also a need to reform enlisted housing standards by allowing E-7s and above to reside in separate homes, track the Basic Allowance for Housing to ensure it is commensurate with actual housing costs, ensure adequate housing inventory and that housing privatization programs are beneficial to servicemembers and their families.

CONCLUSION

FRA is grateful for the opportunity to provide these recommendations to this distinguished subcommittee.

MASTER CHIEF JOSEPH L. BARNES, USN (RET.), NATIONAL EXECUTIVE DIRECTOR,
FLEET RESERVE ASSOCIATION

Joseph L. (Joe) Barnes is a retired Navy Master Chief and serves as the Fleet Reserve Association’s (FRA) National Executive Director. He is a member of FRA’s National Board of Directors, chairs the Association’s National Committee on Legislative Service, and is responsible for managing the organization’s National Headquarters in Alexandria, VA. In addition, he is president of the FRA Education Foundation which oversees the Association’s scholarship program that presented awards totaling \$128,000 in 2012.

Barnes joined FRA’s National Headquarters team in 1993 and prior to assuming his current position in 2002, he served as FRA’s Director of Legislative Programs. During his tenure, the Association realized significant legislative gains, and was rec-

ognized with a certificate award for excellence in government relations from the American Society of Association Executives (ASAE).

In addition to his FRA duties, Barnes is Co-Chairman of the Military Coalition and co-chairs the Coalition's Personnel, Compensation and Commissaries Committee. He is also a member of the Defense Commissary Agency's Patron Council and an ex-officio member of the U.S. Navy Memorial Foundation's Board of Directors.

He received the U.S. Coast Guard's Meritorious Public Service Award and was appointed an Honorary Member of the U.S. Coast Guard in 2003.

While on active duty, he was the public affairs director for the U.S. Navy Band in Washington, DC, and directed marketing and promotional efforts for national tours, network radio and television appearances, and major special events in the Nation's capital. His awards include the Defense Meritorious Service and Navy Commendation Medals.

Barnes holds a bachelor's degree in education and a master's degree in public relations management from The American University, Washington, DC. He earned the Certified Association Executive designation from ASAE in 2003 and is an accredited member of the International Association of Business Communicators.

STATEMENT OF CAPT MARSHALL HANSON, USN, RETIRED, DIRECTOR, LEGISLATIVE AND MILITARY POLICY, RESERVE OFFICERS ASSOCIATION

Captain HANSON. Madam Chairman, members of the subcommittee, I am Marshall Hanson. In addition to my job at the ROA, I am a co-chair for the TMC's Guard and Reserve Committee.

Amid the news reports about Monday's bombing in Boston, there was a video clip of two people in uniform helping clear debris. Whether they were active or Reserve component, these brave individuals exemplify a military that runs towards chaos.

During the last 11 years of war, almost 875,000 Reserve and Guard members were called to active duty. Of these, 1,225 died in the line of duty. Despite such sacrifices, there remains a number of benefit parity issues that need to be fixed by legislation.

While TMC thanks this committee for allowing Reserve component members to earn early retirement, many do not receive the full retirement credit that they deserve. A fiscal year barrier exists, denying them a 90-day credit if their service crosses between 2 fiscal years. TMC supports S. 240 by Senators Tester, Chambliss, and Blumenthal to fix the problem in U.S. Code. TMC also advocates extending the early retirement to the warriors who served since September 11, 2001. Just yesterday, I learned of a female colonel who was affected by both aspects of the law. She served 16 months in theater, won a Bronze Star, but only got 9 months' credit towards earlier retirement.

A need exists to modernize the Reserve retirement system to incentivize service beyond 20 years. This has been declining over the last 11 years of war. As many senior officers and enlisted are performing duty without pay, TMC endorses crediting all inactive duty toward Reserve retirement. Also, if an officer or enlisted retiree is recalled, his or her retirement should be recalculated after 1 year of mobilization as it is allowed now for general offices.

Documenting active duty should be reexamined. Many Reserve and Guard members do not qualify for veteran status because their active duty periods are not long enough. Rather than collect a pile of DD-214s at the end of one's career, it makes sense to have a single document upon separation from the Reserve component that ac-

cumulates that all duty performed and lists specialty codes and awards.

The title 10 Montgomery GI Bill (MGIB) allowance for selective reservists is woefully inadequate, being only 11.5 percent of what is paid in the post-9/11 GI Bill. The new GI Bill pays up to \$2,800 per month while the Montgomery GI Bill for selected Reserve pays only \$356 per month for full time study. As one reservist said, "This barely pays for gas and parking."

TMC asks the committee to work with the Senate Veterans Affairs to restore the selected Reserve allowance to the historic benchmark of 47 percent of the Active Duty MGIB, and to also integrate it into title 38 so there is no longer an orphan GI Bill under title 10.

While the TAP is being revised and improved, the Reserve and Guard members will not benefit. The active duty is hesitant to allow Reserve component members to linger on active duty so they can participate in TAP. After a long period of Active Duty, Reserve, and Guard members are anxious to get home.

There is a need to explore an outside of the gate version of TAP so that RC members can get the materials without being at an active duty base. Integrating this with the Yellow Ribbon Program is an option, but one that requires funding as we cannot ask our returning Guard and Reserve members to be debriefed without pay.

Reserve health care also needs some continuity tweaking. Those who participate in TRICARE Reserve Select love the program, but the ROA joins other groups in not supporting suggested TRICARE fee increases because it will have a possible impact on the cost of TRICARE Reserve Select.

Regrettably, the transitions between different military health care programs are not seamless. Serving members need to re-enroll at various points as they transition on and off of active duty. It is even worse for those who have kept their civilian employer's medical plan.

TMC thanks this committee for the added 18 months' TRICARE Reserve Select transition when one leaves the Selected Reserve. But the current TRICARE retired Reserve program is inadequate because of its high premium levels.

ROA, like other associations, looks forward to working with the committee on these and other issues that were highlighted in written testimony. I thank you, and I await your questions.

[The prepared statement of the Reserve Officers Association follows:]

PREPARED STATEMENT BY THE RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES AND THE RESERVE ENLISTED ASSOCIATION

INTRODUCTION

On behalf of our members, the Reserve Officers Association and the Reserve Enlisted Association thank the committee for the opportunity to submit testimony on personnel issues affecting serving Active and Reserve members, retirees, their families, and survivors, as well as civilian personnel.

The Federal Reserve and the National Guard are integral contributors to our Nation's operational ability to defend itself, assist other countries in maintaining global peace, and fight against overseas threats. They are an integrated part of the Total Force, yet remain a surge capability as well. A recent study by the Reserve Forces Policy Board has found that a Reserve component member costs the Department of

Defense (DOD) 31 percent of the cost of his or her Active Duty counterpart over the life cycle of the warrior.

At a time when the Pentagon and Congress are examining our Nation's security, it would be incorrect to discount the Reserve components' abilities and cost efficiencies. Instead, these part-time warriors provide a cost savings solution and an area to retain competencies for missions not directly embodied in the administration's strategic policy, Sustaining U.S. Global Leadership: Priorities for a 21st Century Defense.

ROA and REA are concerned that as the Pentagon strives to achieve the administration's goals for this new strategic policy, it is not seriously considering the available assets and cost efficiencies of the Reserve component, and that it instead views the Reserve and National Guard as a bill payer. Congress, starting with the leadership of this subcommittee, should insist on a methodical analysis of suggested reductions in missions and bases before authorizing such changes.

PROVIDE AND EXECUTE AN ADEQUATE NATIONAL SECURITY

The Reserve Officers Association is chartered by Congress "to support and promote the development and execution of a military policy for the United States that will provide adequate national security." The nation must have adequate military force structure, training, and equipment to defeat any known or emerging military force that could be used against us.

Requested Action

- Hold congressional hearings on the budget implications of the policy "Sustaining U.S. Global Leadership: Priorities for the 21st Century Defense."
- Reconcile the budget in order to end the Defense Sequestration budget cuts.
- Study the impact of manpower cuts to Army and Marine Corps on national Security.
- Avoid parity cuts of both Active and Reserve components without analyzing rebalance.
- Maintain a robust and versatile All-Volunteer Armed Forces that can accomplish its mission to defend the homeland and U.S. national security interests overseas.

The proposed Defense budget by the administration builds upon a DOD reform agenda that it began several years ago. In 2010, Secretary of Defense Robert M. Gates outlined an efficiencies initiative designed to save the Department \$100 billion over the next 5 years. In 2012, Secretary of Defense Leon Panetta announced that DOD was on the path to cut \$487 billion from expenses over the next 10 years as mandated by the Budget Control Act of 2011. DOD's fiscal year 2013 budget request included an additional \$60 billion in cuts between 2013 and 2017.

The original initiative by former Secretary Gates as stated in the fiscal year 2012 defense budget was to identify \$178 billion in efficiency savings in order to reinvest \$100 billion in high-priority programs. Yet the reinvestment strategy has gone by the wayside, with the focus simply on reducing the defense dollars.

For fiscal year 2014, a savings of approximately \$34 billion have been identified by the administration to be reprogrammed for better use across the "Future Years Defense Plan. Many of these efficiencies "mimic the fiscal year 2013 requests" which Congress rejected last year.

ROA and REA question the current spending priorities that place more importance on the immediate future, rather than first doing a short- and long-term threat analysis. The result of such a budget-centric policy could again lead to a hollow force whose readiness and effectiveness is degraded.

In its statement about priorities and choices, the administration talked about "reducing overhead costs within the military service and across the defense enterprise—by an estimated \$200 billion between fiscal year 2012 and fiscal year 2017—as a result of paring back excess staff [and] headquarters."

The administration proposes to cut defense "civilian personnel of about 5 percent between fiscal year 2012 and 2018," but warns that "about half of these reductions depend on infrastructure consolidation, restructuring of military treatment facilities, and forecasted reductions in demand for depot maintenance as we come out of Afghanistan."

BASE CLOSURE OR DEFENSE REALIGNMENT?

The President's budget continues to ask for more rounds of base closures. REA and ROA don't support such a BRAC recommendation. In the 2005 BRAC, Reserve

and National Guard facilities were closed, reducing the risk of closure of active duty facilities.

- (1) BRAC savings are faux savings as these savings are outside the accounting cycle; with a lot of additional dollar expenses front loaded into the defense budget for infrastructure improvements to support transferred personnel.
- (2) Too much base reduction eliminates facilities needed to support surge capability. Some surplus is good.

Instead, ROA and REA recommend that Congress consider an independent Defense Realignment Commission that would examine the aggregate national security structure. It could examine:

- (1) Emerging Threats.
- (2) Foreign defense treaties and alliance obligations.
- (3) Overseas and forward deployment requirements.
- (4) Foreign Defense Aid.
- (5) Defense partnerships with the State Department and other agencies, as well as NGO's.
- (6) Requisite missions and elimination of duplicity between the Services.
- (7) Current and Future weapon procurement and development.
- (8) Resetting the force for a post-war context.
- (9) Critical Industrial base.
- (10) Surge capability and contingency repository.
- (11) Best utilization and force structure of Active and Reserve components.
- (12) Regional or centralized training, and dual purpose equipment availability.
- (13) Compensation, recruiting, and retention; trends and solutions.

In a time of war and force rebalancing, it is wrong to make cuts to the end strength of the Reserve components. We need to pause to permit force planning and strategy to take precedence over budget reductions.

RESERVE STRENGTH

"The challenges DOD has to face are not going to be handled by circling the wagons here at home," Dennis McCarthy, then-Assistant Secretary of Defense for Reserve Affairs told ROA at its national meeting in 2011. "We're going to continue to need a force that can deploy worldwide ... for the full spectrum of missions. ... With roughly 1.4 [million] active-duty servicemembers, 1.2 million Reserve component members and likely future missions worldwide," McCarthy added, "the military will need to continue to rely on Reserve strength."

The Reserve Forces are an integral contributor to our Nation's operational ability to defend our soil, assist other countries in maintaining global peace, and fight in overseas contingency operations. The utilization of America's Reserve and National Guard during all phases of military operations is a fundamental enabler to properly gaining and sustaining the support of our citizens. It should be noted that this principle, known by many as the Abrams Doctrine, has become more important since the elimination of the draft and in times of prolonged conflict.

ROA and REA agree with the Reserve Forces Policy Board that despite 11 years of war, there is inconsistency within the Pentagon on what is an operational reserve, which causes confusion within the DOD and leads to improper communications about the Reserve component's role to both Congress and the public.

This lack of understanding about the contributions of the Reserve component can handicap strategy planning and the budget process, as discussions occur in both Congress and the Pentagon on how to reduce the budget and the deficit. The peril of lowering defense spending is that the Reserve components will become a bill payer. The Air Force and the Navy are already making drastic cuts to their Reserve components.

REA and ROA would like to thank the Senate and members of this subcommittee who took legislative action to reduce the impact of recommend cuts to airframes and personnel that were touted by the Air Force.

However, the risk continues to exist where Defense planners may be tempted to put the Federal Reserve and the National Guard back on the shelf, by providing them "hand me down" outmoded equipment and by underfunding training.

The Reserve Components Remain a Cost-Efficient and Valued Force.

Reserve component servicemembers have significantly less overhead and infrastructure costs than their Active component counterparts.

On January 11, 2013, the Reserve Forces Policy Board (RFPB) delivered a report on military personnel costing practices to the Secretary of Defense. In its executive summary RFPB states that the cost of a Reserve component servicemember, when not activated, is less than one third of their Active Duty counterpart. According to

RFPB analysis of the fiscal year 2013 budget request, “the Reserve component per capita cost ranges from 22 percent to 32 percent of their AC counterparts’ per capita costs, depending on which cost elements are included.”

The RFPB found that the Department does not know, use, or track the fully-burdened and life-cycle costs of its most expensive resource—its military personnel. “Thus, major military manpower decisions are uninformed on the real present and future costs. The RFPB concluded that the Department suffers from a gap in its costing data, because it lacks proper policy to require a complete and consistent costing methodology that can identify the true fully-burdened and life-cycle costs.”

ROA and REA support changes to U.S. Code to require DOD to use a costing methodology based on a true fully-burdened and life-cycle costing.

The Reserve and National Guard should also be viewed as a repository for missions and equipment that aren’t addressed in the administration’s new Strategic Policy. They can sustain special capabilities not normally needed in peacetime.

Part of the President’s budget includes planned end strength reductions for both the Army and Marine Corps, by 80,000 and 20,000, respectively. It should be remembered that individuals cannot be brought quickly on to active duty on a temporary basis, as it is an accumulation of experience and training that is acquired over years that becomes an asset for the military. The Reserve is also a repository for these skills.

In the Hamilton Project-National Defense in a Time of Change, authors ADM Gary Roughhead, USN (Ret.) and Kori Schake recommend that “we must redesign our forces and budget to our strategy, and not to equal service share between branches. . . . Putting more of the responsibilities for ground combat into the combat-proven Reserve component is both consistent with the new demands of the evolving international order and justified by the superb performance of National Guard and Reserve units in our recent wars.”

The study authors suggest that Congress should reduce the Army “by 200,000 soldiers from the 490,000 planned in the fiscal year 2013 budget, and the [R]eserve and National Guard units would be increased by 100,000 and would have the principal mission of arriving in a mature theater for sustained combat.”

Rather than be limited by historical thinking, and parochial protections, creative approaches should be explored. The Reserve component needs to continue in an operational capacity because of cost efficiency and added value. Further, the cost of the Reserve and National Guard should not be confused with their value, as their value to national defense is incalculable. Civilian skill sets add to the value of the individual serving member.

To maintain a strong, relevant, and responsive Reserve Force, the Nation must commit the resources necessary to do so. Reserve strength is predicated on assuring the necessary resources—funding for personnel and training, equipment reconstitution, and horizontal fielding of new technology to the Reserve component, coupled with defining roles and missions to achieve a strategic/operational reserve balance.

National Guard and Reserve Equipment Allowance

The Reserve and National Guard are faced with ongoing challenges on how to replace worn out equipment, equipment lost due to combat operations and legacy equipment that is becoming irrelevant or obsolete. The National Guard and Reserve Equipment Allowance (NGREA) provide critical funds to the Reserve Chiefs and National Guard Directors to improve readiness throughout procurement of new and modernized equipment. Continued receipt of NGREA and congressionally added funding will allow the Reserve components (RC) to continue to close the Active/Reserve component modernization and interoperability gap.

Merger of the Reserve and the National Guard

Since the administration has a goal to consolidate infrastructure, there is a temptation by some to endorse merging the Reserve and the Guard as a means to save money. ROA and REA are against any such merger.

The various Reserve components—Reserve and Guard—are serving well as currently organized. They both have distinguished traditions of service that should not be trampled without a definitive rationale to do so. No case has been made that national security would be better served by a merger.

A merger may limit the President’s accessibility (ability to mobilize and use) to the Federal Reserve. There is some history reflecting noncooperation between Governors and the President when the latter has wished to utilize the National Guard. Access to the Reserve component combat commanders would be limited, with planners reducing the utilization of an operational reserve. The U.S. Army Reserve is now a Federal asset that can become a State asset (Guard); the U.S. Air Force Reserve has already flown support for State and disaster missions.

Merging of the Guard and Reserve at a minimum would involve nearly three-quarters of a million personnel. The reorganization caused by a merger of the Nation's Reserve components would be a mammoth undertaking, costing more than suggested savings.

No major defense figure has called for a merger—not the President, not the Secretary of Defense, none of the Service Secretaries, nor the Joint Chiefs, no combatant commander, and no Reserve Chief—Guard or Reserve. Indeed, the Reserve Chiefs of the USAR and USAFR oppose a merger. The calls for a merger have come from retired officers and State-level leadership with anecdotal and speculative opinion.

REA and ROA would like to thank Congress and this committee for amending title 10, U.S.C., chapter 1209 of section 12304a that allows title 10 reservists to provide assistance during a time of major disaster or emergency, and for amending Section 515 of Chapter 1209 that now authorizes Service Secretaries to activate Guard and Reserve members at times other than war or emergencies to augment the Active component. ROA and REA hope that the administration makes use of these new authorities by providing necessary funding.

Quadrennial Defense Review.

The QDR does not adequately utilize the Reserve and Guard in its national security review. The Reserve Forces Policy Board found that senior officials in the Office of the Secretary of Defense with responsibility for preparing the 2010 QDR did not ensure that it complied with the requirements of title 10, section 118, that specifies that the QDR include “the anticipated roles and missions of the Reserve components in the national defense strategy and the strength, capabilities, and equipment necessary to assure that the Reserve components can capably discharge those roles and missions.” The RFPB also noted that Government Accountability Office found that the QDR submitted to Congress in February 2010 did not meet this requirement.

ROA plans to publish a white paper this summer that will discuss anticipated roles and missions for the Reserve and Guard as input to the 2014 Quadrennial Defense Review.

RESERVE LIFE

Reserve and Guard members have provided unprecedented service and sacrifice for the past decade. Congress should make a commitment to them to provide lifelong support for them through career growth, civilian employment, seamless health care, family support and deferred compensation that has been promised to them upon retirement. This will be an incentive to continue to serve.

Continuum of Service

A continuum of service influences the way the Nation uses individual servicemembers and the way it employs its Active and Reserve Forces. It enables an effective use of our most important national security asset: the men and women who are willing to serve in the Armed Forces. It allows them and their families to continue to serve throughout predictable life-status changes, and leverages their skills throughout a career that is unencumbered with unnecessary barriers.

By consolidating Active and Reserve personnel procedures and policies, and permitting seamless transition between the Active and Reserve components, individuals can gain better control of their own careers, while the Services maximize the efficiency of force structure. A continuum would allow for flexibility and optimization of the Total Force by allowing special skills and functions to be activated as needed and returned to the Reserve component when not.

Continuum of service is a human capital strategy that views Active (full-time) and Reserve (part-time) military service not as two elements of valuable service but as a continuation of service where a qualified individual can serve in different capacities and durations during his or her career. A continuum of service strategy recognizes the tremendous cost of accessing and training each servicemember and seeks to avoid unnecessary replication of such costs by accessing those skills rather than replacing them.

Taken to its full potential, a continuum of service would require a re-examination of how service is credited and compensated, but would also allow for a more efficient management of our forces in a resource constrained environment.

This will require a seamless continuity of military healthcare, supported by TRICARE; and an accumulative documentation of both Active and Reserve active duty service, published on a single DOD form, rather than a series of Certificate(s) of Release or Discharge from Active Duty (DD Form 214), whenever someone leaves active duty.

Reserve Life Issues supported by the Reserve Officers and Reserve Enlisted Associations include:

Changes to retention policies:

- Permit service beyond current mandatory retirement limitations.
- Eliminate the fiscal year barrier, permitting the accumulation of active service between 2 years.
- Retain serving members for skill sets, even when passed over for promotion.
- Support incentives for affiliation, reenlistment, retention and continuation in the Reserve component.
- Advocate against cuts in Reserve component; support Reserve commissioning programs.
- Reauthorize yellow ribbon program to support demobilized Guard and Reserve members.

Pay and Compensation:

- Reject recommendations by The 11th Quadrennial Review of Military Compensation to reduce Reserve component pay for monthly inactive duty training in half.
- Reimburse a Reserve component member for expenses incurred in connection with round-trip travel in excess of 50 miles to an inactive training location, including mileage traveled, lodging, and subsistence.
- Eliminate the 1/30th rule for Aviation Career Incentive Pay, Career Enlisted Flyers Incentive Pay, and Diving Special Duty Pay.
- Simplify the Reserve duty order system without compromising drill compensation.

Education:

- Exempt earned benefit from GI Bill from being considered income in need based aid calculations.
- Increase MGIB-Selected Reserve (MGIB-SR) to 47 percent of MGIB-Active.
- Include 4-year reenlistment contracts to qualify for MGIB-SR.

Spouse Support:

- Expand eligibility of surviving spouses to receive Survivor Benefit Plan (SBP)-Dependency Indemnity Clause (DIC) payments with no offset.
- Provide family leave for spouses and family care-givers of mobilized Guard and Reserve for a period of time prior to or following the deployment of the military member.

Deferred Benefits and Retirement:

- Extend current early retirement legislation retroactively to Sept. 11, 2001.
- Change U.S. Code to eliminate the fiscal year barrier toward full credit toward early retirement.
- Promote improved legislation on reducing the Reserve component retirement age.
- Permit mobilized retirees to earn additional retirement points with less than 2 years of activated service, and codify retirement credit for serving members over age 60.
- Modify U.S. Code that requires repayment of separation bonuses if an individual receives a Uniformed Service retirement annuity.
- Continue to protect and sustain existing retirement benefits for currently retired.

Voting:

- Ensure that every deployed servicemember has an opportunity to vote by:
 - Working with the Federal Voting Assistance Program.
 - Supporting electronic voting.
- Ensure that every military absentee ballot is counted.

Continuity of Health Care:

REA and ROA support improving health care continuity to all drilling reservists and their families. While Transitional Assistance Management Program (TAMP) TRICARE and TRICARE Reserve Select (TRS) are good first steps, TRICARE is neither universally accepted nor accessible to everyone entitled.

The President's decision to reduce 5,235 full-time positions in the Military Health System will force more military personnel and families into the TRICARE network, and by reducing the Prime Service Areas, will likely reduce the number of civilian providers who will accept TRICARE beneficiaries.

Recent DOD policies on mobilization frequency of the Reserve and National Guard members set a goal of 1 year out of 5. This will make continuity of health care even more important to Reserve component (RC) members. ROA endorses enhancements to:

- Continue to improve health care continuity to all drilling reservists and their families by:
 - providing individuals an option of DOD paying a stipend toward employer's health care,
 - extending TRS coverage to mobilization ready IRR members; levels of subsidy would vary for different levels of readiness,
 - allowing demobilized retirees and reservists involuntarily returning to IRR to qualify for subsidized TRS coverage,
 - extending TRICARE coverage from the time of alert prior to mobilization,
 - allowing demobilized Federal employees the option of TRS coverage.
- Fund restorative dental care prior to mobilization.
- Request a GAO Review of TRR premiums which currently do not support a continuity of healthcare.

Reserve and Guard members experience problems when moving from their civilian health care to TRICARE while being deployed. They frequently must change physicians, which is extremely stressful for family members who require continuing care, such as a pregnant spouse or a family member who requires special care. Members and their families can also experience problems when returning to private healthcare insurance from TRICARE if there is a condition which began while in the TRICARE system.

Additionally, REA and ROA view the military health care provided to retirees as an earned benefit. This is also a deferred incentive that encourages both Active and Reserve members to be retained. DOD health care inefficiencies and wartime expenses should not be a financial burden placed on these retirees. ROA and REA are grateful to Congress for the passage of TRICARE Standard coverage for gray-area reservists but hope that the Armed Services Committees can request a review of premium levels.

Joint Military Professional Education—a need to expand.

A deep bench of Joint Qualified Officers (JQO) is essential to military planning and operations in today's national security environment. The architects of the Goldwater-Nichols Act recognized this and attempted to codify standards and career milestones to build a robust cadre of Joint officers. Although this act makes no distinction between the Services' Active and Reserve components, obtaining JQO Level III status, which requires both joint experience and education, has proven much more challenging for members of the Reserve components (RC) to achieve. The primary reason is that opportunities for members of the RC to attain JPME Phase II credit or attend Senior-Level Education in residence are more limited than for the Active component (AC). Members of the RC typically complete Senior-Level Service School through their respective Services' distance education program.

However, graduates of the Distance Education Programs (DEP) do not receive the JPME Phase II credit required to achieve the coveted JQO Level III status. So, in addition to completing a 12 to 24 month DEP, RC members aspiring to achieve JQO status must complete the Advanced Joint Professional Military Education (AJPME), a 10-month blended course, through Joint Forces Staff College. Altogether this can potentially add up to 34 months of education to achieve what most members of the AC do in 10 months at in-residence programs—despite the fact that nearly the same curricula standards apply to both the DEP and the resident education program (REP). To both provide equal access to achieve Level III status, and to better position the RC to continue to function as an Operational Force, barriers to educational achievement must be creatively addressed while not lowering standards.

Solution—Amend title 10, U.S.C., and adjust policy to provide that nonresident graduates of accredited senior-level service school programs receive the same JPME credit as resident graduates. It is acceptable to also require that a certain amount of the non-resident curricula also deal with joint issues. Further, the laws should be amended that provide that graduates of the Joint Forces Staff College (JFSC) Advanced JPME course receive Phase II credit.

Permit flexibility in the student and faculty ratios now required by title 10, U.S.C., to permit the nonresident programs to adjust and validate other ratios that

would still yield a proper joint education. The waiving of the current ratios would be solely within the control of the Secretary of Defense although his discretion should be limited to permitting a maximum ratio of 80 percent faculty and students coming from the host institution to ensure cross-culturalization.

ROA has suggested language to amend title 10, U.S.C., and will work with the committee to make these improvements.

CONCLUSION

ROA and REA restate our profound gratitude for the bipartisan success achieved by this committee by improving parity on pay, compensation and benefits between the Active and Reserve components. The challenges being faced with proposed budget cuts are going to make this committee's job that much harder.

ROA and REA look forward to working with the personnel subcommittee where we can present solutions to these challenges and other issues, and offers our support in anyway.

Senator GILLIBRAND. Thank you to each of you for your testimony and your advocacy and your service. We appreciate it very much.

I wanted to start with Ms. Moakler just because you raised the issue of suicide. We are obviously still seeing a very high number of suicides by our servicemembers from those both returning from war and those who have never been deployed. In 2012, the military hit a tragic record high of 349 suicides, or 1 every 25 hours. This statistic obviously is heartbreaking and tragic, and should serve as a call to action for the DOD to do more to prevent our servicemembers from taking their own lives.

Ms. Moakler, you said that you wished the families and the servicemembers had been included in the work they are doing. Can you amplify what you stated and give me more information?

Ms. MOAKLER. Yes. Because of the need of accessing behavioral health care, because of perhaps not having access and the tools that they need to address the stress from deployment, we hear of many family members who have contemplated suicide or even have committed suicide. As a matter of fact, we have been hearing about three military children who have committed suicide just in Fairfax County over the past year.

So while the tools are out there, how do we determine—how do we pinpoint what we can give to families to meet their needs? How do we get the information out to them so that they can realize that there is someone that they can reach out to before they take drastic steps?

Senator GILLIBRAND. From other members on the panel, I would like your thoughts on this. Obviously we have a lot of challenges after separation. There is often a stigma associated with seeking mental health services. There is the Yellow Ribbon program and other programs we have often do not continue beyond the first year. Oftentimes post-traumatic stress disorder and other traumatic brain injuries (TBIs) manifest themselves over time, and so suicide becomes an issue over time.

What are some of your thoughts on this issue and how we should respond to it as a committee?

Chief BARNES. Madam Chairman, I would thank you for your attention to this issue and for the question. I know from my own personal experience while on active duty, I can speak to the tremendous stigma associated with seeking counseling and admitting the

need for counseling. That continues. That a major motivator, as you mentioned.

I believe it is a leadership issue with regard to—from the top down within the Department to uniform leaders with trying to communicate the importance of seeking counseling, and also educating servicemembers about the importance of that, not just with regard to suicide, but with regard to PTS and TBI conditions and whatever the signature conditions associated with service in Iraq and Afghanistan.

But I think that is really, really important to emphasize and try to address the stigma associated with that. I agree with the importance of looking at this more broadly with regard to family members and dependents.

Thank you.

Colonel STROBRIDGE. Madam Chairman, I have to say there is a certain amount of intransigence to this problem. But I think there is at least some similarity to the sexual assault issue. Both of these are highly traumatic kinds of situations. They are deeply personal. People are, in many cases, very reluctant to come forward.

But I do think that there is an institutional element to that stigma. Just as you have talked about holding the command responsible for the sexual assault issues, we have had many cases, very frankly, where there was pretty atrocious behavior by people in the chain of command telling people, “suck it up,” “you do not have a problem,” “get back to work,” those kinds of things. We even had a very senior officer—it was several years ago—actually prosecuted a lieutenant colonel for attempting to commit suicide against the advice of the surgeon general.

To my knowledge, I have never heard of anybody being relieved for that kind of behavior. To me, I think that is one of the reasons why the stigma persists, because people see no penalty for the people who do engage in that behavior. Now, I have no doubt about the sincerity of the leadership in pursuing this, but I think in the chain of command, whether it is a senior noncommissioned officer, or an O-3, or an O-5, or an O-6, or a flag officer who tolerates the behavior or participates in that behavior. The person suffers the consequences, but the person who imposed that intimidating factor does not, that sends a message.

Senator GILLIBRAND. We, in the last NDAA, asked for a study, particularly about hazing. We said suicide resulted from a couple of hazing incidents. They happened to be New Yorkers. So we asked for an analysis by the military on incidents of hazing and how to get rid of it and how to address the issue. Ms. Moakler, you said that you were requesting that we ask for a study similarly for military families on suicide rates, which I think is a very fine suggestion.

Captain Hanson, do you have any thoughts you want to add to this debate?

Captain HANSON. Thank you. I was noticing how everybody was so quick going for the talk button. It just shows you how impassioned we are all on this issue.

The challenge for the Reserve and Guard is the fact that when they return home, they do not have the same type of ties to military bases that the members of the Active Duty component have

access to. So there are more challenges out there for getting them assistance, and there have been some good programs. TriWest worked on, for example, embedding mental health professionals right into units prior to deployment so that when these people returned, they had rapport already established.

Also the expansion that both DOD and the TRICARE contractors are working on of providing civilian mental health providers out in the field closer to the reservists and guard members has already been very helpful.

But one program that I would encourage is basically peer counseling. One thing you learn if you ever come in contact with a combat veteran is they feel comfortable only talking with someone else who has been through the same experiences. I think this is an important program to expand.

Senator GILLIBRAND. Senator Ayotte.

Senator AYOTTE. Thank you very much. I want to thank all of our witnesses who are here today for their service and particularly the important organizations that you represent for our men and women in uniform and our veterans.

I wanted to follow up on this idea, Captain Hanson, on the Guard and Reserve assistance. I noticed in your prepared testimony you talked about the Yellow Ribbon Reintegration Program. As you mentioned New Hampshire in that program, because we have a deployment cycle support program that is really trying to put together the public resources from the Guard and then mirroring it with Easter Seals in terms of private resources to be able to provide our Guard and Reserve members support because they do not have—they do not go back to a base, so they do not have that group of peers that are even there or the active duty support structure.

So I wanted to get your thoughts. I know that you cite our program in it, and I am very proud of it. But one of the concerns that I have had is I have asked our military leaders to come and see it so that it is one thing if New Hampshire or Virginia or some other State has it, but every Guard and Reserve member across this Nation and their families deserve that type of support because we could not have fought the wars in Iraq and Afghanistan without their help. They go through the same traumatic issues and have so many issues that their families need support for, yet that structure is not there the same as in the active duty.

I wanted to get your thoughts on what more we can do to move this so that there is some consistency and national emphasis on this.

Captain HANSON. Well, Senator, I think you hit the nail on the head by suggesting better communications. New Hampshire, Minnesota, Montana, Maryland have all had outstanding programs, and one of the successes is sharing what each is doing rather than developing things independently. I think the lessons learned definitely have to be communicated.

I have to commend DOD that they have taken some special action to do that, and each of the Services have also shared. Coming from a Navy background, I know the Navy learned from the other Services, so it included such things as bringing family members into Yellow Ribbon and finding financing to help the more junior

people to be able to afford to attend these things. In fact, in many cases for the Yellow Ribbon Program, they are now soliciting private money for the States to assist in some of the financing that's occurring.

Senator AYOTTE. I can tell you in our program, the Veterans Count is a non-profit organization, so we are raising money privately to match the Federal dollars to have the community involved as well. But that does not take away the responsibility of the Federal Government, given what we have asked our Guard and Reserve members to do, along with our Active-Duty Forces in fighting the wars for our country and for our Nation.

Captain HANSON. One of the things that other States have done that they share with New Hampshire is going out into the community because it is important to teach community leaders about what type of stresses that returning members from deployment are going to be facing. Not that these individuals should not be responsible for their activities, but it has been pointed out that there is an adrenalin withdrawal after deployment, and a lot of substitute activities occur. The more people know about it, the more they can understand the situation.

Senator AYOTTE. Ms. Moakler, do you have anything to add to this because the family piece of this is incredibly important as well in the support structure.

Ms. MOAKLER. Well, I think that—I am sorry. I wanted to bring this up under the last set of questioning. Recently we became aware of a program in the chairwoman's home State of New York in Bay Shore, Long Island, where the VA has partnered with a local counseling hospital, organization, corporation, and the veterans, and, of course, our returning guardsmen and reservists are eligible for care and counseling from the VA as they return from deployment, as well as those who separate from service are offering counseling for the servicemember.

It is done in cooperation with the private counseling, and so the families are able to access that, and then, oh, my goodness, the doctors talk to each other, so they are able to treat the families as a whole and deal holistically with the reintegration problems that they might be having.

Senator AYOTTE. Thank you. Mr. Strobridge, thank you for your service. I wanted to ask you about the TRICARE increases that are proposed in the President's budget. You had testified the concerns you have, the opposition that you have to those increases. You identified that you believe that the Services have not undertaken some of the hard work of looking for efficiencies. There has been a lot of discussion in the past about, for example, consolidation of health care commands.

I wanted to get your thoughts on what types of efficiencies and work should our Service bureaus be doing and should we be emphasizing with them rather than going back again to those who have served and asking them to pay—there are some very significant increases proposed here.

Colonel STROBRIDGE. Yes, Senator. We believe very strongly that the military health care system is built to meet the requirements of the Services, to meet the requirements of readiness. That is different from being built to meet the needs of the beneficiaries.

The military is unique. The beneficiaries need—you need to serve readiness. It has that unique role. However, when people start talking about having the beneficiaries share some percentage of DOD health costs, those kinds of things have to be brought into the equation. When the system is built to have three different Service surgeons general and DOD running four different major contracts, and tons of subcontracts, and they are all competing with each other one way or another for budget share, that is not the way you or I would organize the system if we are trying to be efficient.

So there is a part of that that is, if it is the right way to do business, it is an institutional cost. When we deploy doctors, we send more beneficiaries downtown, which costs DOD more money. That is not the beneficiary's fault. The beneficiary should not have to pay for that.

When we implemented the mail-order pharmacy system in 2001, for the first 6 years there was no DOD effort whatsoever to try to get people to use it, even though at that time, every prescription was \$100 cheaper through the mail-order system. We actually were pushing. Just the preventive care kinds of issues, DOD just put out a big program saying we have—we are now paying for smoking cessation. Well, they only did that because you had to put something in the law requiring them to do it, and then they took 4 years to implement it, and they still do not cover Medicare eligible beneficiaries.

Another example, on the chronic conditions. What is the most important way to hold down long-term health care costs for people with asthma, for people with diabetes, those kinds of things? It is for them to take their medications. There are studies that show that even a modest co-pay deters people from taking their medications.

One of the things we had urged DOD to do was eliminate the co-pay for those chronic condition medications. Instead, we just jacked them up, and DOD is proposing to triple them. This just is not cost efficient.

Senator AYOTTE. Thank you for your testimony. I want to thank all of you for being here.

Senator GILLIBRAND. Senator Kaine.

Senator KAINE. I also want to thank you, Madam Chairman, and committee members.

I feel better having you guys on the case. I have a son in the military, and it is good to know that there are great advocates like you out there battling for him. To those of you who are completing this chapter of service with more to come, thank you for that.

I kind of feel like I am in a schizophrenic world in the Senate because I go to Budget Committee meetings where a primary message is we are not cutting enough spending, and I go to Armed Services Committee meetings where a primary message is that the cuts that are being made or being proposed are too severe. Sometimes even the schizophrenia combines, so when active, major military figures say that the deficit is the number one security challenge, which we have had that testimony before us, it is challenging to know how to negotiate these icebergs and be pro-military, pro-armed services, and yet try to deal responsibly with a budget.

I think we would all say if we looked at deficits right now, they are not what we want them to be, and we want to manage them in a significant way, but do it right, and do it consistent with obligations.

Colonel Strobebridge, you were testifying earlier about TRICARE, and I was sort of struck. Your opposition as a coalition, you were speaking on behalf of the coalition, your opposition to the TRICARE proposals, but you are not opposed to reform. It is just this particular one you do not like because you cited in response to Senator Ayotte's question a whole series of reforms or avenues for reform that you think should be done.

If I am—I think I am accurate in this that the coalition in the past has also supported a number of reforms that have been done to health care or retirement on the military side.

So you are not an anti-reform coalition. You have supported reform efforts to try to find savings, is that not true?

Colonel STROBRIDGE. Yes, Senator, that is very true. When DOD, 2 years ago, proposed far more modest fee increases, they proposed a 13 percent increase in TRICARE prime, they proposed \$2 and \$3 increases in pharmacy co-pays, we took some heat for not objecting to those because we had really strongly objected to previous DOD proposals for a far higher increase.

We had always said, look, if you talk about—we are about principles. One of the big problems here is that DOD did go a long time without exercising authority it had to do any fee increase. What that meant, what that told beneficiaries each year was that we do not think fees are appropriate, any increases are appropriate.

Senator KAINE. Right.

Colonel STROBRIDGE. When you do that for a decade at a time, people kind of get the impression that it is not appropriate. Then you get a new Secretary of Defense, and we got a new budget problem. He says, let us quadruple the fees.

Senator KAINE. Right.

Colonel STROBRIDGE. That is—

Senator KAINE. Unacceptable.

Colonel STROBRIDGE.—unacceptable.

Senator KAINE. Yes, absolutely.

Colonel STROBRIDGE. What we have been after is trying to put principles in law: what are the fees, what is the reason for the fees, what is the adjustment methodology? We have done pretty much that over the last couple of years working with the subcommittee.

Senator KAINE. You mentioned something I completely agree with, raising the notion, for example, that military benefits, health care or otherwise, be means tested would be very discriminatory given the fact that we do not generally means test other Federal health or retirement programs.

I am not asking you to advance an organizational position, but clearly the idea of means testing broadly is an idea that is being kicked around a lot here. I agree it would be very unwise to do this on the military side without doing it more broadly.

But has the coalition or organization talked more broadly about what it thinks about means testing strategies if it really was a society-wide approach to dealing with some of our spending or deficit issues?

Colonel STROBRIDGE. Yes, sir, we have. We draw the distinction between programs—when you look at the programs that are means tested, they are either—you do not like to use the term “welfare programs,” but there are those kinds of things. They are social insurance programs. Social security is means tested. You get different benefits based on how much you earned. Medicare is means tested. You pay different premiums based on how much you earn. But none of those is earned by decades of service, and that is the difference. To us, if your benefit is earned by service as an employee, then that benefit should not be means tested.

We have had proposals in the past to say we should means test military retired pay or military retired pay cost-of-living adjustments. What that boils down to is if you get a job, you lose your retirement, or if your spouse gets a good job, you lose your retirement.

Then what do we tell someone we are trying to induce to serve 20 years under the conditions we have had, the war time conditions we have had over the last decade? Do we tell them if you serve these years, you will get these benefits, unless you get a good job, even if we kick you out of the Service in your 40s or 50s, or unless you marry a spouse who has a job, in which case we will cut your benefits. Is that a message that we want to send to people? Do we think that is a good career attractant? I do not.

Senator KAINE. Just extending the metaphor for the discussion, what about non-military Federal employees?

Colonel STROBRIDGE. I think that is the same thing, sir. When people make a decision to make a career, they are looking ahead to see what you earn for that. What you earn for your service is different than what you get from social security or from Medicare that is open to every American regardless of whether they work for the military or work for the government or not.

Senator KAINE. Just to make sure I understood your point. When you said earlier that to means test military without programs would be discriminatory, would be, and in my view that would be wrong. But even if we looked at means testing, you would draw a distinction between means testing social welfare programs like Medicaid, for example, might be allowable or in accord with principles. Means testing programs that are—like social security and Medicare where you are chipping in out of your salary might be allowable, but would not be allowable either for programs associated with military service or public employment.

Colonel STROBRIDGE. It is bad policy as an employer to tell your employees that the benefits they earn by serving you for decades are conditional. You are not going to tell them what the conditions are.

Senator KAINE. Yes, and I agree. If it was only a matter of employment law we were thinking about, you would be right. If we are dealing also with the reality of deficits and budgets that all of us as citizens have some desire and maybe even a citizen's obligation to try to fix, it is not just a matter of employment law and practice.

Colonel STROBRIDGE. Well, in the end it is, sir, because this is my last time here. I started working military compensation issues in 1977. That was in the middle of a terrible erosion of benefits. We

had another one in the late 1990s. We do this periodically, and we always do it because of budget cutbacks, and we always rationalize.

You made the point, what is the ultimate? Is recruiting and retention okay? Well, when you are drawing down the force, recruiting and retention is always okay. We have used that in the past to say, gee, we cannot afford it. It is unaffordable if you project the costs out in the future, so we cut retirement benefits in 1986. They said the same thing we have today. Oh, gee, we cannot change the rules, so it will only apply to new people, as if that would not affect the new people. All that does is kick the problem 10 years downstream. We had to repeal it because then the new people ultimately would not stay.

We rationalized annual pay caps by saying retention is fine, so we can cut pay again. That is like driving by looking in the rear view mirror. You never see the problems ahead, and you keep doing it until you cause a retention problem. Then you have to scramble to pay even more to repair the force, and you end up with a hole in the force because a lot of people got out.

That is the consequence of the budget mentality, and that is why we have worked so hard over decades literally to put these principles in law. Congress only put the pay standard in law in 2003 because we learned the lessons of the past and we said, we do not want to do that anymore. The standard should be whatever the average American gets is what the military should get, and that is supposed to apply through good times and bad.

Now, the practical reality is it does not. We always cut when we are having budget—and we always pay it, and we always say when the problem comes, gee, we have to learn from that. We will never do it again. Here we go again.

Senator Kaine. Does your organization—last question—ever take a position on big picture issues like the right and wrong ways to deal with deficit and spending? Do you deal with it all with cuts? Do you deal with it with revenue increases? Do you take positions on that?

Colonel Strobebridge. I think it is safe to say that we have some of the same problems with taking a stance on revenue increases that you all do.

Senator Kaine. Yes. We have a divided—we have a citizenry that is of multiple opinions about it.

Colonel Strobebridge. Yes, sir.

Senator Kaine. I guess we are all in the same boat there. Thank you a lot. Thanks, Madam Chairman.

Senator Gillibrand. Senator King.

Senator King. Thank you. I apologize for being late. I was at a—

Senator Gillibrand. We will conclude at 4 p.m. in time for votes, so there is enough time for you to have a full—

Senator King. I was at a full committee hearing on the issue of Syria with Secretary Hagel and General Dempsey.

A couple of questions following up on the exchange, and please feel free to chime in. Just to be sure I have the numbers right, as I have been told, the TRICARE fees for enlisted—for active duty are zero. They are covered. We are really talking about retirees,

and the rates I have been told are \$270 for an individual, \$540 for a family. Are those in the ballpark? Is that right?

Chief BARNES. A little low.

Senator KING. A little low? How low? Can you give me a number?

Colonel STROBRIDGE. It is pretty close.

Senator KING. I think it is important just to know what we are talking about.

Colonel STROBRIDGE. For TRICARE prime for a family, it is now \$539. I think that is about what you said.

Senator KING. Yes, \$540 is what I said. Okay.

Colonel STROBRIDGE. About half that for the single people. But we kind of rush to say that is not the full premium people pay. That is what they pay in cash.

Senator KING. Okay. What else do they pay?

Colonel STROBRIDGE. We tell people if you want to understand the full premium people pay, it is—would you be willing to sign up to spend the next 20 or 30 years being deployed to Afghanistan on a regular basis.

Senator KING. I understand that. I am going to get to that next.

Colonel STROBRIDGE. No, that is it.

Senator KING. I am going to get to that next.

Colonel STROBRIDGE. Most people are unwilling to do that.

Senator KING. But that is the number.

Colonel STROBRIDGE. Yes, that is the cash annual enrollment fee.

Senator KING. So the next question is, and I think you make a good point that you should not—if you are contracting with people essentially that you should not change the terms of the deal. When people sign up with the military, do they know \$540 a month is what they are going to have to pay for their health care in 20 years? In other words, what are they told at enlistment about health care benefits?

Colonel STROBRIDGE. They are not told details. They are told words like, you will have health care for life.

Senator KING. Is there an implication that it is free?

Colonel STROBRIDGE. In many cases, as you said, while they are on active duty, they are not paying it, and so many of them interpret it as meaning that. Many are very surprised that they have to pay anything once they retire. Many are surprised to learn they cannot go to the military facility anymore. They have to go find a civilian doctor. To a lot of people, that does not seem like much. To a military person or anybody who has spent their 20 or 30 years in one health care system, changing is traumatic.

Senator KING. But the question is, and perhaps, Madam Chairman, we could see the documents. I would like to see what somebody is given when they sign up. They must be given terms of employment, and it would be interesting to see what they are told about health care, and whether, in fact, it is part of what they are contracting for when they sign up.

Colonel STROBRIDGE. Well, I used to write some of those, and I have seen a lot of others. I have never seen one that is handed to someone with 4 to 10 years of service that lays out specific premiums that will be paid in the future.

Senator KING. But you understand the line of my questions.

Colonel STROBRIDGE. Yes.

Senator KING. You are essentially saying this is a contract that we are making with somebody when they sign up that they are going to get this health care in the future. I would like to know is that, in fact, the case.

Colonel STROBRIDGE. I guess that is a little firmer way than I would say it. That is—

Senator KING. Moral obligation?

Colonel STROBRIDGE. Well, I would come to say that there need to be some standards. I do not think you are ever going to brief any person when they are coming up to reenlistment on all the details of what they will earn if they stay.

Number one, if they are 15 or 20 years away from retirement, Congress may well change it. So you cannot guarantee what they will get, and that is one reason why they are vague. But they say you will have health care for life. You will earn X amount of retired pay. They do not say, well, unless you get disabled in the line of duty, in which case you may have to give up part of your retired pay if you also get VA compensation. Or you may have to pay X amount of money for health care, because I do not know what the health care fees are going to be 15 years from now.

Senator KING. I am not being argumentative. I am new to this committee, so I am trying to understand and learn.

Colonel STROBRIDGE. Sure, absolutely.

Senator KING. But as I understand it, if you retire from the military and you are a doctor and you set up a practice, and you are an orthopedic surgeon and make half a million dollars a year, your health care costs would still be \$540 a year. Do you think that is okay?

Colonel STROBRIDGE. Yes, sir, I do because number one, that person is probably not using TRICARE. He is probably in a facility where he is getting care on his own. So, you have to take those kinds of things into consideration.

But the issue is, did your Service earn the benefit or not? Very simple yes or no question.

Senator KING. That was the point of my prior questions. I am trying to get to the bottom of that of was that an expectation.

Colonel STROBRIDGE. Absolutely.

Senator KING. Chief Barnes.

Chief BARNES. Senator, we take an oath of office when we join the military. We do not necessarily sign a contract. One observation. The second point, within our association, we are communicating with three generations, those that are currently serving, those that are currently serving ends of careers and moving into retirement, and those that have served in the past, going back to the Korean and sometimes World War II conflicts and that era.

The older retirees are adamant with regard to commitments that were made to them in return for their service. Many believe they are entitled to health care for life, and many attest to being promised free health care for life. This has been tried in the courts. This is an issue. We reference this. This is a huge issue with them, their periods of service, them coming forward serving our Nation, and then how they were treated subsequent to their service.

Another point with regard to the TRICARE fees, those are adjusted annually based on inflation. There was a point made earlier

about the many years that DOD declined to adjust fees, the TRICARE prime fees. I asked that question when I was much younger and doing legislative service work in meetings with the Department over that period of time. This is a commitment.

Going back to my comments, and I think the comments of my colleagues here that is coming through, military service is unlike any other occupation or career field. It is essential that the pay and benefits associated with that service are unique and reflect that service. I believe that is—

Senator KING. I completely agree with that statement. I completely agree with that statement and understand it entirely. I am just trying to determine—it would be interesting to survey 21-year-olds who have enlisted and ask them what their expectations are.

Colonel STROBRIDGE. If I could comment on that. I think the expectations—a 21-year-old is probably not even thinking about it. They probably never gave two thoughts to it. It is at some point between the 4- and 10-year point where people get married, have children, start thinking about financial responsibilities, start thinking about do I want to keep doing this for a career or not. That is when they start weighing the sacrifices expected of them versus the rewards that they are likely to receive if they complete a career.

Very few people sit down and do the research to say exactly how much is it. They do some basics. They may look at a pay table and say, here is today's pay table. Here is what a colonel with 26 years of service makes, get a rough idea of the retirement. They probably do not do any investigation on health care. They assume, I think, that their health care will continue the way it is now, and they make those judgments.

Senator KING. Well, I understand. Madam Chairman, I know I am out of time. Just one more quick observation.

The sequester, which many think is a 1-year deal, is not. It is in the law for 10 years. The cuts that are coming, unless we can unwind that in some way, are drastic. The impact on the military is going to be and already is drastic.

From the point of view of the people you represent, you need to understand that you have a stake in how we collectively resolve this problem because if we are unable to do something realistic about it and have to absorb those cuts, these kinds of things are going to be very difficult, very difficult, because we are talking, in the next 6 months almost \$50 billion out of DOD, and multiply that by 10 in addition to the cuts that were made in the bill in August 2011.

There is a lot of discussion around here about these budget cuts. They are real. They are going below the level of—they are real cuts. They are not just cuts in growth.

So I urge you to think broadly as we are wrestling with this issue because there is no way to make those cuts without impacting virtually everybody in the military system. That is just reality.

Senator GILLIBRAND. Thank you, Senator King.

Thank each of you for your testimony. Thank you for your service. Thank you for being advocates. We appreciate it. Your written statements will be made part of the record.

We also received a statement, for the record, from the National Association of Chain Drug Stores. Without objection, it will be included in the record.

[The information referred to follows:]

PREPARED STATEMENT BY THE NATIONAL ASSOCIATION OF CHAIN DRUG STORES

INTRODUCTION

The National Association of Chain Drug Stores (NACDS) thanks the subcommittee for the opportunity to submit a statement for today's hearing on the President's fiscal year 2014 budget.

NACDS represents traditional drug stores, supermarkets, and mass merchants with pharmacies—from regional chains with four stores to national companies. Chains operate more than 41,000 pharmacies and employ more than 3.8 million employees, including 132,000 pharmacists. They fill over 2.7 billion prescriptions annually, which is more than 72 percent of annual prescriptions in the United States.

COMMUNITY PHARMACY ARE THE MOST READILY ACCESSIBLE HEALTHCARE PROVIDERS

Ninety-two percent of Americans live within 5 miles of a community pharmacy, making pharmacies among the most accessible healthcare providers. Local pharmacists play a key role in helping patients to take their medications as prescribed and offer a variety of pharmacist-delivered services to improve health quality and outcomes. With preventive immunizations and appropriate medication use, it is possible to reduce utilization of costly medical services such as emergency room visits and unnecessary physician visits. The proximity of community pharmacies to each and every American and pharmacists' exceptional knowledge and training renders pharmacies uniquely positioned to provide care for the American public.

PHARMACIST-ADMINISTERED VACCINATIONS IMPROVE PUBLIC HEALTH

Increasingly, local pharmacies are not only a reliable, convenient source for obtaining prescription drugs, but also a healthcare destination. For example, retail network pharmacies now provide vaccinations to TRICARE beneficiaries. Recognizing the cost effectiveness of pharmacist-provided vaccinations, the Department of Defense (DOD) authorizes TRICARE beneficiaries to obtain vaccinations at a retail network pharmacy for a \$0 co-payment. In its final rule expanding the authority of retail pharmacies to provide vaccinations, DOD estimated that in the first 6 months of the immunization program, it had saved over \$1.5 million by having vaccinations provided through the pharmacy rather than the medical benefit (Federal Register, Vol. 76, No. 134, p. 41064). This cost savings did not take into consideration the savings from medical costs that would have been incurred in treating influenza and other illnesses, if TRICARE beneficiaries had not been vaccinated. In addition, DOD also noted in the final rule that "adding immunizations to the pharmacy benefits program is an important public health initiative for TRICARE, making immunizations more readily available to beneficiaries. It is especially important as part of the Nation's public health preparations for a potential pandemic, such as was threatened last fall and winter by a novel H1N1 virus strain. Ensuring that TRICARE beneficiaries have ready access to vaccine supplies allocated to private sector pharmacies will facilitate making vaccines appropriately available to high risk groups of TRICARE beneficiaries" (Federal Register, Vol. 76, No. 134, p. 41063).

MEDICATION THERAPY MANAGEMENT IMPROVES HEALTH OUTCOMES AND REDUCES SPENDING

Medication Therapy Management (MTM) is a distinct service or group of services that optimize therapeutic outcomes of medications for individuals based on their unique needs. MTM services increase medication adherence, enhance communication and collaboration among providers and patients, optimize medication use, and reduce overall healthcare costs. Increasingly, MTM services provided face-to-face by retail pharmacists is proving to be the most effective intervention. For example, a recent study published in the January 2012 edition of Health Affairs demonstrated the key role retail pharmacies play in providing MTM services to patients with diabetes. The study found that a pharmacy-based intervention program increased patient adherence and that the benefits were greater for those who received counseling in a retail, face-to-face setting as opposed to a phone call from a mail-order pharmacist. The study also suggested that an integrated, pharmacy-based program, including interventions such as in-person, face-to-face interactions between the retail

pharmacist and the patient, contributed to improved behavior with a return on investment of 3 to 1.

A recent report by the Centers for Medicare & Medicaid Services (CMS) found that Medicare Part D beneficiaries with congestive heart failure and COPD who were newly enrolled in the Part D MTM program experienced increased medication adherence and discontinuation of high-risk medications. The report also found that monthly prescription drug costs for these beneficiaries were lowered by approximately \$4 to \$6 per month and that they had nearly \$400 to \$500 lower overall hospitalization costs than those who did not participate in the Part D MTM program. NACDS is confident that the TRICARE program could achieve similar results with an effective MTM program utilizing local pharmacists.

PRESERVING PATIENT ACCESS AND CHOICE IN THE TRICARE PROGRAM

NACDS is opposed to the proposal in the President's budget to make further changes to pharmacy co-payments and other policies that would further drive TRICARE beneficiaries out of their local pharmacies and to the TRICARE Mail-Order Pharmacy (TMOP). There are already strong incentives in place to encourage beneficiaries to use mail order, as a result of provisions in the National Defense Authorization Act for Fiscal Year 2013. Nevertheless, the President's budget includes additional changes. In most cases, TRICARE beneficiaries would be unable to obtain non-formulary medications at their local pharmacy. Furthermore, cost sharing will increase to as much as \$34 for a 30-day supply of a formulary medication at retail, and as much as \$66 for a 90-day supply of a non-formulary medication at TMOP.

In addition to unfairly penalizing TRICARE beneficiaries who prefer to use local pharmacies, NACDS believes this proposal is pennywise and pound foolish. Failure to take medications as prescribed, costs the U.S. health system \$290 billion annually, or 13 percent of total health expenditures, as estimated by the New England Healthcare Institute in 2009. Threatening beneficiary access to prescription medications and their preferred healthcare provider will only increase the use of more costly medical interventions, such as physician and emergency room visits and hospitalizations.

NACDS supports cost savings initiatives that preserve patient choice. For example, the utilization of generic medications by TRICARE beneficiaries is low in comparison with other plans. The generic dispensing rate at retail pharmacies—78 percent in 2012—is higher than any other practice setting. Partnering with local pharmacists, modest increases in generic utilization by TRICARE beneficiaries would have a dramatic impact on the DOD budget.

CONCLUSION

Thank you for the opportunity to share our views. We look forward to working with you on policies that control costs and preserve access to local pharmacies.

Senator GILLIBRAND. Thank you all for your testimony today.
Hearing adjourned.

[Questions for the record with answers supplied follow:]

QUESTION SUBMITTED BY SENATOR KIRSTEN E. GILLIBRAND

DEPARTMENT OF DEFENSE LABORATORY HIRING

1. Senator GILLIBRAND. Mr. Vollrath, the strength of our military not only resides in the outstanding capabilities of our service men and women, but also in the technological edge that they hold on the battlefield. Crucial to developing this technological edge are the 60,000 men and women of Department of Defense's (DOD) laboratory enterprise spread across 22 States—half of whom are degreed scientists and engineers. As DOD competes with industry for the best and brightest scientists and engineers, it needs certain flexibilities to be rapid in its hiring and aggressive in its retention of this segment of its workforce. What flexibilities are you giving to the DOD laboratories to recruit and retain the best and brightest scientists and engineers?

Mr. VOLLRATH. DOD labs are using numerous human resources flexibilities aimed at quickly recruiting the most skilled scientists and engineers, allowing for competitive salary offers through the use of pay banding, and rewarding high performers through contribution-based and pay-for-performance programs. Lab demonstration projects have access to Federal Government hiring processes, and are experimenting with numerous flexibilities to attract, hire, and retain high quality candidates.

These flexibilities include Expedited Hiring Authority, Direct Hire Authority, and use of interns. Additional specifics are below:

- The Labs have robust educational programs offering internships to students from high school through post-graduate school. These programs provide meaningful training and career development opportunities for individuals who are at the beginning of their Federal service. Programs include the Pathways Intern Programs, Recent Graduates Program, and the Science, Mathematics, and Research for Transformation scholarship program for students pursuing degrees in Science, Technology, Engineering, and Mathematics (STEM) disciplines.
- A Voluntary Emeritus Program or Corps offering retired or separated employees volunteer positions, thus providing mentorship from highly seasoned professionals.
- Acquisition Workforce Expedited Hiring Authority, National Defense Authorization Act (NDAA) for Fiscal Year 2009, section 833, as amended by NDAA for Fiscal Year 2010, authorizes expedited hiring for positions in Acquisition Workforce career fields for which there is a shortage of candidates or a critical hiring need.
- Of special significance to the demo enterprise is the direct hire authority to appoint candidates with advanced degrees (Masters and Ph.D.) to scientific and engineering positions non-competitively. This legislative authority, established in fiscal year 2009 and amended in fiscal year 2011, has significantly increased the laboratories' ability to compete with private industry in quickly making firm job offers.

QUESTIONS SUBMITTED BY SENATOR LINDSEY GRAHAM

HEALTHCARE EFFICIENCY AND COST EFFECTIVENESS

2. Senator GRAHAM. Dr. Woodson, more work needs to be done to deliver healthcare efficiently within military hospitals and clinics. What are you and the Services' Surgeons General doing to make the delivery of healthcare services more efficient and cost-effective in those facilities?

Dr. WOODSON. At this time the Military Healthcare system is undergoing a comprehensive transformation that will streamline our decisionmaking and management in our largest medical markets and assessing the effectiveness of our current inventory of hospitals' ability to maintain a ready medical force and meet beneficiary healthcare needs. The Services are fully engaged with us in these efforts that will consolidate our approach to provide cost-effective and efficient delivery of health care to all our beneficiaries. We will achieve Initial Operating Capability of the new governance structure on October 1, 2013 and Full Operating Capability on October 1, 2015.

CIVILIAN FURLONGHS: IMPACT ON FAMILY SUPPORT PROGRAMS

3. Senator GRAHAM. Secretary Wright, we are concerned about the potential impact of civilian furloughs on critically important family support programs. If furloughs take place, do you expect any cutbacks in operating hours at commissaries, exchanges and child development centers or curtailment of morale, welfare and recreation, Department of Defense Education Activities programs, transition assistance program, or military spouse employment programs?

Secretary WRIGHT. Sequestration will impact funding across the board for family programs and services, and civilian furloughs will impact civilian positions that provide fitness, child care and family programs at the Installation level. The Department remains committed to providing military families with support programs and resources that empower them to address the unique challenges of military life, these programs are crucial to the readiness and quality of life of military members and their families; however impacts to programs and services may be unavoidable.

Commissaries

Furlough will result in the closure of each commissary 1 day a week.

Exchanges

Nonappropriated Fund (NAF) employees are not covered by the requirements and procedures applicable to furloughs of appropriated fund employees under fiscal year 2013 sequestration. However, if the reduction in appropriated fund resources leads

to a curtailment in MWR or exchange business operations, NAF employees may be furloughed for business-based reasons.

Child Development Centers

Child development programs impact approximately 200,000 children daily. Guidance issued by the Secretary of Defense on May 14, 2013 exempting NAF employee and designated appropriated fund (APF) staff ensures that the daily operation of the installation child development and school-age care programs will not be negatively impacted by furloughs.

Family Programs

Impacts of furloughing family program personnel at the installation level include the possible closure or reduction in services of Military and Family Support Centers. Access to relocation support, financial counseling and education, deployment support, exceptional family member services, non-medical counseling, employment support, and transition assistance, could all be curtailed due to manpower shortages. Impact of furloughing National Guard and Reserve family program personnel in Reserve Family Assistance Centers may reduce capacity and hours based upon the length of the furlough.

Morale, Welfare and Recreation Programs

Civilian furloughs will result in reduced hours of operation and services. Access will be limited for fitness centers, libraries, outdoor recreation; recreational information, tickets, tours, and travel services; recreational swimming; recreation centers; arts and crafts skill development; automotive crafts skill development; lodging and Armed Forces Sports Programs (above intramural level) may be curtailed.

Department of Defense Education Activity (DODEA)

DODEA employees will be subject to furlough for up to 5 days at the beginning of the 2013–2014 school year. Regardless of the number of furlough days, DODEA will ensure that all students will have a robust academic year. School staff will ensure that students receive a full year of academic study and school accreditation will not be impacted.

Transition Assistance Program

Transition Assistance Program (TAP) provides servicemember's career readiness training prior to discharge from the Military. We don't currently anticipate major delays in the redesign of the TAP due to sequestration, furloughs, and the hiring freezes. The Military Departments are on track to comply with law, the Veterans Opportunity to Work to Hire Heroes Act, and the Presidential Veteran Employment Taskforce mandates.

Military Spouse Employment Programs

Military Spouse Employment programs may face a delay in services on installations due to shortage of personnel to provide services. A furlough may degrade the quality of the event should contributing agencies be unable to support or assist in the planning and implementation.

EMERGENCY DEPARTMENT UTILIZATION

4. Senator GRAHAM. Dr. Woodson, TRICARE's average cost of an emergency department visit is \$541 in the private sector while the average cost for an urgent care visit is only \$88 per visit. Yet, TRICARE requires beneficiaries to get a pre-authorization before they can get urgent care. Understandably, there are no pre-authorization requirements for emergent care. Essentially, TRICARE has created a disincentive for beneficiaries to use the less costly urgent care option. How much money could DOD save if TRICARE removed the urgent care pre-authorization requirement entirely?

Dr. WOODSON. DOD could save an estimated \$21 million per year by removing the urgent care pre-authorization requirement entirely. On October 1, 2013, we will implement a demonstration intended to test whether permitting active duty family members (ADFMs) to receive urgent care in the private sector without a referral from their PCM will result in decreasing emergency room (ER) visits and health care costs. Under the demonstration, ADFMs enrolled in TRICARE Prime or TRICARE Prime Remote will be permitted to have four urgent care private sector visits per year without the need to first obtain a referral from their primary care manager. The hypothesis of the demonstration is that ADFMs often seek care in private sector ERs for conditions that are not actually urgent because they are subject

to a point-of-service charge for obtaining care from an urgent care clinic without having a referral to do so.

5. Senator GRAHAM. Dr. Woodson, how soon could DOD implement policy/program changes and begin to achieve savings in this area?

Dr. WOODSON. On October 1, 2013, we will implement a demonstration intended to test whether permitting ADFMs to receive urgent care in the private sector without a referral from their PCM will result in decreasing ER visits and health care costs. Under the demonstration, ADFMs enrolled in TRICARE Prime or TRICARE Prime Remote will be permitted to have four urgent care private sector visits per year without the need to first obtain a referral from their primary care manager. The hypothesis of the demonstration is that ADFMs often seek care in private sector ERs for conditions that are not actually urgent because they are subject to a point-of-service charge for obtaining care from an urgent care clinic without having a referral to do so.

MILITARY HEALTH SYSTEM MODERNIZATION STUDY

6. Senator GRAHAM. Dr. Woodson, DOD issued a Resource Management Decision directing a comprehensive review of Military Health System capabilities and requirements. What is the intent of this review?

Dr. WOODSON. The intent of the review is to assess the DOD's clinical delivery system and identify opportunities to increase our ability to maintain the clinical skills of our uniformed providers to assure availability of a ready medical force while improving effectiveness and efficiency of care delivery.

7. Senator GRAHAM. Dr. Woodson, what is the timeline for this review?

Dr. WOODSON. This review is ongoing and will be completed by September 30, 2013.

8. Senator GRAHAM. Dr. Woodson, do you expect your recommendations will include downsizing of facilities and personnel?

Dr. WOODSON. It is too early to forecast the recommendations of the Modernization Study because the data and models are still in development. The study will develop options to sustain the clinical skills of our uniformed providers while assuring availability of a medically ready force and improving effectiveness and efficiency of care delivery. Options will be developed that maintain or enhance access to care by evaluation of alternative delivery approaches.

IMPACT OF SEQUESTRATION ON TRICARE

9. Senator GRAHAM. Dr. Woodson, Under Secretary Hale has told us that DOD may stop paying private sector medical claims this summer as a result of the budgetary impact of sequestration. If so, this would damage DOD's managed care support contractors' relationships with providers. What other options has DOD explored to prevent a delay in claims reimbursements to protect the integrity of the TRICARE provider network?

Dr. WOODSON. In order to minimize the impact on the Direct Care system and TRICARE, we intend to take risk in other areas, such as reducing Facility Sustainment, Restoration and Modernization projects; implementing a civilian hiring freeze; reducing equipment purchases; strictly limiting travel; reducing or cancelling contracts; and implementing a civilian furlough. Additionally, we have taken a reduction in our core research and development program. All of these actions are designed to preserve resources in order to maintain our ability to provide care in the Direct Care system and to continue to pay TRICARE claims and avoid harming the network.

10. Senator GRAHAM. Dr. Woodson, what will be the impact on individual and institutional providers in local communities if their claims are not paid timely?

Dr. WOODSON. Sequestration could have a potentially ruinous effect on the provider network if we are forced to slow or suspend claims payments. We have spent years building a provider network that has come to recognize us as a reliable payer. Our goal is to maintain these good relationships and sustain the provider network intact despite the challenges posed by sequestration.

11. Senator GRAHAM. Dr. Woodson, how might this damage the future of TRICARE provider networks?

Dr. WOODSON. It has taken us years to build our robust health care network. Our strategy is to maintain that to the best of our ability despite the devastating impact that sequestration will bring in other areas. We intend to take substantial risk in other areas, such as Facility Sustainment, Restoration and Modernization, in order to continue to pay TRICARE claims and avoid harming the network.

PURCHASED CARE VALUE

12. Senator GRAHAM. Dr. Woodson, DOD's fiscal year 2012 budget requests almost \$16 billion to purchase healthcare services in the private sector. We understand why you need to purchase some services from civilian providers and hospitals, but we are concerned that your budget asks for almost twice the funding for private sector healthcare than for healthcare provided in military hospitals and clinics. How do you know if DOD and its beneficiaries are getting good value for dollars spent in the private sector healthcare?

Dr. WOODSON. The cost of health care services in the private sector is a key concern of the Department. We believe we are getting a good value for dollars spent in the private sector via provider discounts obtained through TRICARE managed care network contracts as well the TRICARE provider reimbursement rates being statutorily tied to the Medicare reimbursement rates. For beneficiaries enrolled in TRICARE Prime, our managed care option, our referral and authorization procedures ensure only timely and necessary private sector care is being provided to Prime enrollees, regardless of whether they are enrolled to a military treatment facility (MTF) primary care manager (PCM) or to a civilian PCM.

Through beneficiary surveys, we know our customers often prefer to receive health care services at a MTF versus in the private sector. The Department will continue to work to expand the capacity and capabilities of the MTFs as we welcome returning medical professionals from the war theaters and through initiatives such as the reengineering that will occur as part of the Defense Health Agency standup.

13. Senator GRAHAM. Dr. Woodson, do you have data to show that beneficiaries who get care from civilian providers are actually getting healthier?

Dr. WOODSON. No. We are actively working to provide access to preventive services and treatment, and to engage our patients in a partnership to preserve and even improve their health. However, measures of health outcomes (i.e. data that they are getting healthier) are still difficult to obtain. TMA has beneficiary survey data that looks at such issues as obesity, tobacco use and utilization of preventive screening services. Trending data for both the purchased and direct care sectors shows a slight decline in smoking rates over the past 3 years and an obesity trend that is flat. While we do collect Healthcare Effectiveness Data and Information Set data for both the direct and purchased care, and we do have data for both of these sectors on such things as colorectal cancer screening, breast cancer and cervical cancer screening, this doesn't tell us if our population is getting healthier. It tells us only we are screening for these diseases. To answer the question if the population is healthier as a result of these screenings would require additional data on whether we avoided disease as a result of these screenings, which we do not currently have. TMA also currently does not perform a health risk assessment either in the direct or purchased care sector, which would give self-assessment information on the health of the individual, and in aggregate, the population.

INTEGRATED DISABILITY EVALUATION SYSTEM

14. Senator GRAHAM. Secretary Wright, it is unconscionable that servicemembers must wait many months to receive a disability determination from the Department of Veterans Affairs (VA). While DOD and VA have made some progress in decreasing the amount of time it takes to get disability claims completed in the Integrated Disability Evaluation System (IDES), more work must be done. Why are the Departments not meeting goals?

Secretary WRIGHT. The Department shares your concerns regarding IDES processing time and we are aggressively taking action to reduce the cycle time.

Specifically, over the last 6-months we've decreased the time necessary to process servicemembers through the medical evaluation board (MEB) portion of the IDES 39 percent (132 days to 80 days average). We've also decreased physical evaluation board (PEB) time 25 percent (133 days to 100 days average). As a result, many of these MEB and PEB cases are now nearing completion as they move through the IDES Transition and VA Benefit Phases. If these trends continue and once we work through the bow wave of cases the acceleration has created in the later portions of

the IDES, by December 2013, we expect servicemembers to complete the entire IDES in significantly fewer days. We attribute the improvement to the following:

- Increased IDES staff levels by 127 percent (676 personnel) over the last 2 years.
- Authorized the Services to use Ph.D. psychologists (in addition to psychiatrists) to adjudicate behavioral health cases.
- Reduced Informal Physical Evaluation Board membership from 3 to 2 to increase their capacity to process cases.
- The Army improved its Medical Evaluation Board timeliness by 74 percent (reduced from 117 to 31 days against 100-day goal) at select locations by segmenting Soldiers into cohorts of simpler versus complex cases.
- The Army placed 15 Reserve Soldiers at VA's Seattle Disability Rating Activity Site to ensure VA has all the DOD information it requires to complete IDES disability case reviews and claims adjudication.

15. Senator GRAHAM. Secretary Wright, what are DOD and VA doing to expedite claims through the system?

Secretary WRIGHT. The Department shares your concerns regarding IDES processing time and we are aggressively taking action to reduce the cycle time.

Specifically, over the last 6-months we've decreased the time necessary to process servicemembers through the MEB portion of the IDES 39 percent (132 days to 80 days average). We've also decreased PEB time 25 percent (133 days to 100 days average). As a result, many of these MEB and PEB cases are now nearing completion as they move through the IDES Transition and VA Benefit Phases. If these trends continue and once we work through the bow wave of cases the acceleration has created in the later portions of the IDES, by December 2013, we expect servicemembers to complete the entire IDES in significantly fewer days. We attribute the improvement to the following:

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- The Army placed 15 Reserve soldiers at VA's Seattle Disability Rating Activity Site to ensure VA has all the DOD information it requires to complete IDES disability case reviews and claims adjudication.

16. Senator GRAHAM. Secretary Wright, do you believe the VA is doing all that it can do to decrease the amount of time for disability case reviews and claims adjudication?

Secretary WRIGHT. I do believe the VA is doing all that it can do to decrease the amount of time for disability case reviews and claims adjudication. VA and DOD continually work to improve the quality of service and timeliness for our servicemembers who transit the IDES. Most recently, VA requested and DOD agreed to position 15 Reserve servicemembers at VA's Seattle Disability Rating Activity Site to ensure VA has all DOD information it requires to complete IDES disability case reviews and claims adjudication.

17. Senator GRAHAM. Secretary Wright, does the VA need additional resources to hire more claims adjudicators?

Secretary WRIGHT. I do not have the required knowledge of the VA resourcing, their internal business processes, and disability claims processing rates to make that assessment. We are committed to working closely with the VA where we can to put enablers in place and enhance the completeness of the information which we provide which will help eliminate the backlog.

MILITARY TRAINING INSTRUCTOR MISCONDUCT

18. Senator GRAHAM. Secretary Wright, your combined statement indicated a DOD-wide review and assessment was conducted of all initial military training of enlisted personnel and commissioned officers following the incidents at Joint Base San Antonio-Lackland. What were the results of that review and what actions have been taken?

Secretary WRIGHT.

Background:

The Army, Navy and Marine Corps performed a comprehensive assessment of their IMT using the U.S. Air Force Lackland Report as a basis from which to review and validate their own policies, procedures, and training. The Lackland report and subsequent follow-on reports served as the Air Force's assessment.

Results of Review:

The assessments revealed that although the Army, Navy, and Marine Corps conduct IMT in their own Service-specific manner, the majority of the recommendations from the Lackland Report were established practices throughout each of these Services. The Army, Navy, and Marine Corps reports describe in detail their internal control mechanisms that ensure proper instructor behavior and monitoring to include extensive leadership presence and oversight. In addition, each Service provides explicit guidance on behavior and expectations for leadership, instructors and support staff. Some areas of improvement were identified by each Service, but no misconduct or disciplinary concerns were cited. Areas needing improvement include ensuring sufficient manning of instructor and leadership positions, the assignment of appropriate numbers of female instructors and enhancing SAPR training delivery through the use of additional adult learning methods.

Actions Taken:

The Army, Navy and Marine Corps are all working towards achieving the optimum manning levels and improving the quality of instruction provided. The Air Force continues to make significant progress in addressing the concerns raised in the Lackland Report, and numerous new procedures and policies have been successfully implemented. Of the few remaining recommendations cited in the Lackland Report that have not been implemented to date, full implementation is expected by the end of the fiscal year. In addition, as recommended in the Lackland report, the multi-Service Council of Recruit Basic Training (CORBT) was established to provide a venue by which the Services can share best practices and identify potential areas of concern. The CORBT held its first meeting in April 2013 and will meet on a quarterly basis with general/flag officer representatives from each of the Services' Training Commands in attendance.

PROTECTING PROSPECTIVE RECRUITS

19. Senator GRAHAM. Secretary Wright, a recent tragic case in Maryland appears to have been a murder/suicide involving a prospective recruit and her recruiter. What guidance has DOD provided to ensure that prospective recruits and their parents or guardians are fully aware of the limits for relationships with recruiters?

Secretary WRIGHT. Each of the Services has policies and procedures in place to ensure that prospective recruits are fully aware of the limits for relationships with recruiters. During the recruitment process applicants are given a card or document that outlines acceptable behavior regarding applicant/recruiter relationships. As applicants progress through the recruitment process, more detailed information is provided. Applicants are free to share this information with their parents or guardians.

In a recent memorandum to the Service Secretaries, the Secretary of Defense directed each to review current practices and policies to ensure they are effective at protecting our newest and aspiring servicemembers. These Secretary of Defense-directed assessments will include: (1) the selection, Sexual Assault Prevention and Response (SAPR) training, and oversight of recruiters; (2) the dissemination of SAPR program information to potential and actual recruits; and (3) the prevention and education programs in ROTC environments and curricula. The findings will be reported to Secretary of Defense through me by September 30, 2013.

20. Senator GRAHAM. Secretary Wright, what information does DOD require to be provided to prospective recruits to ensure that they have immediate access to assistance and intervention, if necessary, if they believe a recruiter is intending to take improper advantage of them?

Secretary WRIGHT. The Services provide applicants with contact information in the early part of the recruiting process. Applicants can use this information if they believe a recruiter has acted improperly. As applicants progress through the recruitment process, more detailed information is provided regarding appropriate recruiter behavior. In a recent memorandum to the Service Secretaries, the Secretary of Defense directed each to review current practices and policies to ensure they are effective at protecting our newest and aspiring servicemembers. These Secretary of De-

fense-directed assessments will include: (1) the selection, Sexual Assault Prevention and Response (SAPR) training, and oversight of recruiters; (2) the dissemination of SAPR program information to potential and actual recruits; and (3) the prevention and education programs in ROTC environments and curricula. The findings will be reported to Secretary of Defense through me by September 30, 2013.

DEFENSE SEXUAL ASSAULT INCIDENT DATABASE

21. Senator GRAHAM. Secretary Wright, your combined statement indicated DOD has achieved full-deployment of the congressionally-mandated Defense Sexual Assault Incident Database (DSAID). What information, specifically, is DSAID providing DOD leadership concerning sexual assault incidents?

Secretary WRIGHT. The DSAID is a centralized system to collect and maintain information on sexual assaults involving members of the Armed Forces. Since achieving full-deployment, DSAID has been giving our Sexual Assault Response Coordinators (SARCs) an enhanced ability to manage victim cases and assistance. SARCs input and maintain sexual assault case data, important documentation, and victim support history throughout the case lifecycle. DSAID tracks referral services to assess response efforts provided to victims in both the long and short-term. Tracking referral of services allows SARCs to better manage cases by accessing cases electronically, identifying cases for review and follow-up, and facilitating case management meetings. SARCs also use DSAID to document other information, such as the prevention and response training sessions they provide.

Victims benefit from the improved tools in DSAID as well. Victims receive improved care and assistance through DSAID's case management and meeting features, referral services tracking, and storage of the official form documenting the victim's unrestricted reporting option (DD Form 2910, Victim Reporting Preference Statement). To comply with recent legislation, we will be expanding DSAID's capability to confidentially store the DD Form 2910 in restricted reports. DSAID's storage capability for DD Form 2910 provides a central location from which victims may request access to this documentation. Access to records like this becomes very important to victims who may choose to pursue VA benefits.

DSAID also provides military service Sexual Assault Prevention and Response (SAPR) Program Managers with the capability for improved case management oversight, enhanced trend analysis, and access control for sexual assault personnel working in their Service.

On October 1, 2012 all sexual assault reports were being entered into DSAID through interface with a Military Service data system, or by direct data entry by authorized personnel. Prior to fiscal year 2012, historical data is not contained in DSAID because this data was not standardized across the Services. This year, DOD is closely monitoring the information entered into DSAID, conducting information assurance activities, and updating reporting modules to comply with legislation in the NDAs for Fiscal Year 2012 and Fiscal Year 2013. The Department will use DSAID as its primary means to fulfill congressional reporting requirements beginning in fiscal year 2014.

22. Senator GRAHAM. Secretary Wright, what additional tools does DOD need in order to continue to reduce—with the goal of eliminating—sexual assault?

Secretary WRIGHT. At this time, we believe the Department's strategic plan, Secretary of Defense-led initiatives, and unified data collection activities will help us reduce sexual assault.

Our data collection efforts are supported by the DSAID, which is a centralized system to collect and maintain information on sexual assaults involving members of the Armed Forces. DSAID is standardizing data collection and reporting in support of the Department and each Service's sexual assault prevention and response program. The availability of electronic data will also enable reports and queries to be generated quicker than in the past. DSAID will ease the burden of difficult and timeconsuming data collection, trend analysis, and reporting. The Department will use DSAID to meet congressional reporting requirements beginning this next fiscal year.

To fully leverage DSAID's functionality, the Department plans to evaluate additional data analysis means in fiscal year 2014. Expanding DSAID's current capabilities beyond operational reports to a complex analysis system will allow us to better understand the factors that influence reporting, victim assistance and accountability efforts. This expanded capability will deliver the data needed by leadership and stakeholders to better understand our progress in eliminating sexual assault from the military.

COMMAND CLIMATE ASSESSMENTS

23. Senator GRAHAM. Secretary Wright, what percent of commands conduct command climate assessments?

Secretary WRIGHT. One hundred percent of commands are expected to participate in command climate assessments. Commands are composed of several organizations and units all of which participate in the command climate assessments. If less than 50 persons are assigned to an organization or unit, a command climate assessment will be conducted at a higher level of the command to protect the anonymity of the servicemembers participating in the assessment. Existing DOD guidance requires all commanding officers to assess their organizational climate, preferably upon assumption of command, and to schedule follow-up assessments periodically during their command tenure.

24. Senator GRAHAM. Secretary Wright, what is DOD doing to improve the regularity of command climate assessments?

Secretary WRIGHT. Command climate assessments involve the use of surveys, record reviews, and interviews to evaluate shared perceptions on formal or informal policies, practices, and procedures within an organization. Topics include, but are not limited to, equal opportunity, equal employment opportunity, and how well the organization functions as a team. We have considered commanding officers to be accountable for command climates in their organizations in DOD guidance since 1995.

In a memorandum to the Service Secretaries and Service Chiefs on May 6, 2013, the Secretary strengthened current guidance by adding mandatory questions addressing sexual harassment and sexual assault to climate assessment surveys; requiring command climate assessments to be conducted 120 days after assumption of command; and annually thereafter directing command climate assessment results to be reported to the next level-up in the chain-of-command beginning in July 2013.

25. Senator GRAHAM. Secretary Wright, what is DOD doing to evaluate the results of the command climate assessments to ensure necessary follow-up action?

Secretary WRIGHT. The evaluation of climate survey results will rest with senior level military commanders within the chain of command. From an oversight perspective, I am particularly interested in noting that command climate assessments address the perceptions of servicemembers regarding equal opportunity and fair treatment related to policies and practices within the unit; the ability of the organization to function as a team; and the extent to which each servicemember feels like a valued member of the team.

Additionally, as part of the 2013 Sexual Assault Prevention Response (SAPR) Strategic Plan, the Secretary of Defense directed the Service Chiefs, through their Service Secretaries, to develop methods to assess the performance of military commanders in establishing command climates of dignity and respect to include incorporating sexual assault prevention and victim care principles, and hold commanders accountable. The methods for accomplishing this action must be reported to the Secretary of Defense through my office.

Reviews of the Service methods called for in the SAPR Strategic Plan will provide my office the opportunity to exercise the required oversight to ensure the Department's efforts are on track.

FEDERAL VOTING ASSISTANCE PROGRAM

26. Senator GRAHAM. Secretary Wright, what is your assessment of the performance of DOD's Federal Voting Assistance Program (FVAP) and when will Congress receive the report on the 2012 Federal election cycle?

Secretary WRIGHT. The Department's preparation, voter assistance provision and outreach during the 2012 election cycle were the best they have ever been, due in large part to the FVAP's strong partnerships with the Military Services, the Department of State, and State and local election officials.

FVAP engaged Flag Officers and Senior Enlisted Advisors to increase awareness of the right to vote and the ease of voting absentee. Voting Assistance Officers (VAOs,) trained by FVAP, sponsored voter registration drives at installation exchanges and commissaries, and events to increase awareness and encourage voting participation. Mass emails to all military members were deployed multiple times to reach all servicemembers and military dependents on installations, and voting notifications were printed on servicemembers' Leave and Earnings Statements. FVAP also provided in-person and online training to Installation Voter Assistance Offices and Unit VAOs.

In addition, FVAP teamed with State and local election officials to share expertise and best practice recommendations on policies and procedures affecting military and overseas citizen voters. FVAP provided direct and online training to ensure these officials were aware of the Federal requirements as well.

The Department conducted comprehensive communications and outreach campaigns leading up to the November election. FVAP made online tools available to guide voters to a completed registration or ballot request (the Federal Post Card Application (FPCA) or back-up ballot—the Federal Write-In Absentee Ballot) to be signed and submitted by the voter. The FVAP.gov portal was enhanced to provide more direct-to-the-voter assistance, including links to local election official information and State-specific information and forms. FVAP included print advertisements in *The Military Times*, *Stars and Stripes*, and *Military Spouse* magazine, complemented by online ads using behavioral, contextual and geographic targeting to reach military and overseas voters. FVAP also utilized the social media channels Facebook, Twitter and LinkedIn to share timely absentee voting deadlines and procedures.

The FVAP 2012 election report will be delivered by June 30, 2013. The data gathered and lessons learned from the 2012 election will be used toward continued program improvements for the 2014 and 2016 election cycles.

OPERATION TEMPO OVERSIGHT

27. Senator GRAHAM. Secretary Wright, what is your assessment of the Services' Operation Tempo (OPTEMPO) reporting and how well are we meeting our OPTEMPO requirements to reduce stress on our servicemembers and their families?

Secretary WRIGHT. Keeping in mind that high OPTEMPO can cause undue stress for servicemembers and their families, we continue to carefully manage the dwell time of our forces across the Department and monitor the Services' achievements in meeting the established goals. We are encouraged that the Services are at or above the deployment to dwell objective (1x deployment: 2 x home) for the Active component.

We monitor and report this objective by quarter through our readiness reporting system. For fiscal year 2013, all of the Services have met or exceeded this deployment to dwell goal. Specifically:

- The Navy achieved its goal of 95 percent of sailors meeting a 1:2 deployment to dwell ratio;
- The Marine Corps goal is also 95 percent and had 97 percent of marines achieve the goal;
- The Air Force goal is 95 percent and had 97 percent of its airmen achieve the goal;
- The Army goal is 85 percent and had 92 percent of its soldiers achieve the goal.

LANGUAGE AND CULTURE TRAINING

28. Senator GRAHAM. Secretary Wright, having military members with language and culture training are essential to a U.S. global force. The NDAA for Fiscal Year 2013 authorized the Secretary of Defense to transform the National Language Service Corps from a pilot to a permanent program, and also enhance the ability of our Federal agencies to hire people with strategic foreign language skills and as National Security Education Program awardees. What are DOD's goals with respect to the capabilities represented by the National Language Service Corps?

Secretary WRIGHT. As a result of the NDAA for Fiscal Year 2013, DOD will formally establish the National Language Service Corps by July 31, 2014. In order to respond to increasing demands for foreign language skills, the Department plans to increase membership in the National Language Service Corps from the current 4,200 to at least 5,500 and expand the number of languages/dialects represented from 283 at present to at least 350, by fiscal year 2015.

This increase will provide greater opportunities for the Corps to respond to requests in areas such as strategic language support operations (interpretation, translation, and analysis), training (instruction), logistics activities, emergency relief activities, and administrative language support services to Federal Government domestic and international activities.

MARKETING AND ADVERTISING

29. Senator GRAHAM. Secretary Wright, one effect of sequestration was that DOD quickly moved to end Service advertising, marketing, and outreach programs that have been used to aid in recruiting. What is your assessment of the value of funding these programs, and the projected impact to recruiting if these programs are not funded?

Secretary WRIGHT. Advertising and marketing programs create a means to maintain a high level of awareness of the opportunities and benefits provided by military service. In today's world of non-stop media, it is important that the Services have the resources to reach prospective applicants through a multitude of marketing activities. Research shows there has been a gradual reduction in the number of people who know someone who has served or is currently serving in the military. Combine this with the fact that only 25 percent of our youth are qualified to serve, and advertising and marketing become critical to keeping propensity to serve at a level necessary to sustain the All-Volunteer Force. Awareness and interest in military service is only achieved over time with repeated exposures to the opportunities available in today's military. By reducing the funding for these programs, the Military Services run the risk of reducing awareness and interest over the long-term with the greatest impact being felt in future recruiting efforts.

FLEXIBLE SPENDING ACCOUNTS

30. Senator GRAHAM. Secretary Wright, the administration has still not implemented flexible spending accounts to enable military families to pay health care and child care expenses with pre-tax dollars. When can we expect these flexible spending accounts to be established?

Secretary WRIGHT. The Department does not support establishing flexible spending accounts (FSA) due to the administrative cost of these programs and the corresponding limited benefit to servicemembers.

There are two types of FSAs: Dependent Care FSA (DCFSA) and Health Care FSA (HCFSA). Annual direct agency costs per member (2013) would be \$15 for a DCFSA and \$16.20 for an HCFSA. According to a 2010 Tricare Management Activity (TMA) survey, less than 20 percent of respondents indicated interest in participating in an FSA. Yet, the cost to DOD each year could be as much as \$3.8 million and \$4.3 million for a DCFSA and HCFSA, respectively. Additionally, the participation rates could be even lower than 20 percent given DOD civilian employee participation rates for 2012 were 1.5 percent for DCFSAs and 10.1 percent for HCFSAs. These costs and anticipated low participation rates argue against establishing FSAs.

QUESTIONS SUBMITTED BY SENATOR KELLY AYOTTE

MILITARY VOTING

31. Senator AYOTTE. Secretary Wright, it is our moral duty to protect the civil rights of our men and women in uniform and their families. They make tremendous sacrifices in the defense of our Nation, but those sacrifices should not include their right to vote. I believe DOD should treat military voting the same way it treats Servicemember Group Life Insurance (SGLI). Every time a servicemember changes a duty station or in-processes to or out-processes from a unit, DOD actively has the servicemember reconfirm their SGLI status. Why can't DOD treat registering to vote the same way it treats SGLI?

Secretary WRIGHT. We agree with you and DOD does treat voting rights like SGLI in that at each transition point in their military careers individuals are provided the opportunity to apply for voter registration or request an absentee ballot. As individual States run elections, a voter's completed form is sent directly to the State or local election official where the voter is requesting registration. We take the following specific actions:

1. DOD Instruction 1000.04 requires Installation Voter Assistance Offices to be included in the administrative in- and out-processing activities of reporting and detaching personnel.
2. Voting assistance is also required to be provided to all personnel, military and civilian, who are reporting for duty on an installation, detaching from duty and when deploying and returning from deployment.
3. The Instruction requires the registration and absentee ballot request form to be delivered by January of each year and again by July of even-numbered years.

4. The Instruction requires the Military Services to provide annually training on absentee registration and voting procedures to all servicemembers, including activated National Guard and Reserve personnel.
5. The FVAP focuses on promoting awareness of the right to vote and providing non-partisan tools and resources to vote from anywhere in the world. Resources available include the FVAP.gov web portal, an information-rich website with live chat assistance and online wizards that walk the individual through the process of registering, requesting a ballot, or using the back-up ballot (Federal Write-In Absentee Ballot).
6. FVAP also sends email reminders to all servicemembers with a “.mil” address, publishes voting notifications on servicemembers’ Leave and Earnings Statements and uses Public Service Announcements, social media, and print and on-line media.

NATIONAL GUARD YOUTH CHALLENGE PROGRAM

32. Senator AYOTTE. Secretary Wright and Secretary Wightman, why did DOD cut training services to the entire field well below the National Guard Bureau standards, in order to address a small number of chronic underperformers by hiring a new and apparently duplicative contractor in a near dollar-for-dollar trade-off?

Secretary WRIGHT and Secretary WIGHTMAN. In fiscal year 2013, DOD was faced with funding restrictions during the continuing resolution period and fiscal challenges due to sequestration reductions. DOD placed a priority on fully supporting NGYCP at the maximum DOD cost share of 75 percent to ensure continued program operations and cadet development. The strategy to ensure operations resulted in restricting discretionary spending in other areas; such as staff training and travel. Our review revealed that training standards for NGYCP staff have not yet been fully certified. Since most NGYCP staff training is considered discretionary by the states and currently varies from state to state, we are working with National Guard Bureau (NGB) to establish staff training criteria. Results will be included in the program’s annual report to Congress. The goal of these assessments is to find the best methods for each individual program to maintain and deliver staff training by leveraging existing DOD and other Federal, State, and local agency programs.

The hiring of a new contractor in fiscal year 2012 was based on an assessment that a number of sites were not meeting cadet graduation targets. It was determined that analysis of student participation was required before more staff training. In fiscal year 2010, NGB had reported ten programs, nearly 30 percent of the total NGYCPs, failed to graduate at least 100 cadets per class. Seven of the thirty-two programs (22 percent) failed to meet their graduation goals by more than 10 percent. In 2011, DOD further reviewed graduation information, and assessed that after recent funding increases over the past several years, there had been only negligible increases in the number of NGYCP graduates. In fiscal year 2012, we realized that without reversing this downward trend, coupled with the continued implementation of the SECDEF efficiencies initiative, the funding support for the program could be seriously jeopardized. The goal of the new contract proposal is to investigate and identify any process and technical reasons for the declining trend in the performance of certain NGYCPs, and to recommend appropriate solutions to policies and regulations that could be implemented at the Departmental, State and local levels.

We continue to closely oversee the Youth Challenge Program in accordance with statutory authority, and intend to assist the NGB to further strengthen this important program. We appreciate your support.

BEYOND YELLOW RIBBON/DEPLOYMENT CYCLE SUPPORT PROGRAM

33. Senator AYOTTE. Secretary Wightman, I would like to thank you for your office’s past support for National Guard and Reserve outreach and integration programs. On March 26, 2013, Senator Shaheen and I sent you a letter regarding Beyond the Yellow Ribbon outreach programs. These programs have helped thousands of servicemembers and their families ease the transition back into civilian life over the better part of the last decade. Do you commit to utilizing the full amount appropriated by Congress for the purpose of funding existing programs with strong records of success and using unspent balances to evaluate programs to develop a nationwide set of best practices or to initiate similar programs in other States?

Secretary WIGHTMAN. The Department commits to utilizing the full amount of supplemental funding appropriated by Congress for its Beyond the Yellow Ribbon outreach programs. In accordance with congressional guidance, the additional fund-

ing shall be used for National Guard and Reserve outreach and reintegration programs with strong records of success, National Guard and Reserve employment enhancement programs and peer-to-peer hotline services. A portion of the funding shall be used to evaluate those programs to develop a nationwide set of best practices. This is a continuation of efforts that Congress began supporting in 2011 with an original \$16 million in supplemental OCO funding.

NAVY FURLOUGHES

34. Senator AYOTTE. Secretary Wright, I remain concerned about the impact furloughs will have on our military readiness—not to mention the financial hardship they will inflict on our DOD civilians who perform critical tasks at our shipyards and depots. I hope that we can eliminate furloughs for the entire department. However, if the Navy has a plan to avoid furloughs, the Navy should be allowed to implement that plan regardless of the other Services. Are you aware of the Navy's plan to avoid furloughs?

Secretary WRIGHT. The Department must evaluate the impact of sequestration cuts across all military service accounts. The sequestration cuts \$20 billion in operating accounts, requiring cuts in training and maintenance that are harming readiness. The Navy delayed deployments and cut back on training, including one less carrier strike group in the Gulf. In addition to the sequestration cuts, we have a \$7 to \$10 billion shortfall in our fiscal year 2013 war costs due to higher operating tempo and transport costs than we estimated 2 years ago.

While we appreciate your desire to allow the Navy maximum flexibility to avoid civilian furloughs, DOD's most important responsibility is national security. In reallocating resources throughout the Department to the highest national security priorities, we will strive for consistency and fairness across the Department. As announced by the Secretary of Defense on May 14, 2013, most of the Department's civilian personnel will be subject to furloughs of up to 11 days to help cover operating shortfalls. However, DOD guidance allowed for a specific limited number of exceptions driven by law and by the need to minimize harm to mission execution. Accordingly, civilian employees in Navy shipyards will be excepted from furloughs because it would be particularly difficult to make up delays in maintenance work on nuclear vessels and these vessels are critical to mission success.

35. Senator AYOTTE. Secretary Wright, would you support the Navy's request to avoid furloughs regardless of the actions of the other Services?

Secretary WRIGHT. The Department must evaluate the impact of sequestration cuts across all military service accounts. While we appreciate your desire to allow the Navy maximum flexibility to avoid civilian furloughs, DOD's most important responsibility is national security. In reallocating resources throughout the Department to the highest national security priorities, we will strive for consistency and fairness across the Department. As announced by the Secretary of Defense on May 14, 2013, most of the Department's civilian personnel will be subject to furloughs of up to 11 days to help cover operating shortfalls. However, DOD guidance allowed for a specific limited number of exceptions driven by law and by the need to minimize harm to mission execution. Accordingly, civilian employees in Navy shipyards will be excepted from furloughs because it would be particularly difficult to make up delays in maintenance work on nuclear vessels and these vessels are critical to mission success.

INVOLUNTARY SEPARATION

36. Senator AYOTTE. Secretary Wright, in order to achieve end strength reductions, it has been said that the Army in particular might have to utilize involuntary separations. Has the Army had to utilize involuntary separations thus far?

Secretary WRIGHT. Yes, the Army has used involuntary separations to properly shape their force and ensure they are postured correctly for mission readiness and to meet all national security objectives.

37. Senator AYOTTE. Secretary Wright, do you anticipate that the Army will have to use involuntary separations to achieve end strength reductions?

Secretary WRIGHT. I anticipate the Army will continue to use involuntary separations to properly shape their force and ensure they are postured correctly for mission readiness and to meet all national security objectives.

38. Senator AYOTTE. Secretary Wright, if sequestration goes forward, do you believe that the Army and Marine Corps will have to further reduce their end strengths?

Secretary WRIGHT. The fiscal year 2014 budget builds on the choices from the previous budget cycle and further implements the defense strategy articulated in January 2012 Defense Strategic Guidance. In developing our fiscal year 2014 budget and planning for future years, we reduced the size of the Joint Force commensurate with requirements for future missions, while at the same time ensuring full support for our All-Volunteer Force.

If sequester levels remain in place, we will ask for flexibility to apply the reductions in a more strategic manner than the current sequestration rules that require large and sudden reductions to defense spending in a rigid, across-the-board manner. The Department has initiated the Strategic Choices and Management Review to focus on the choices we have to make in fiscal year 2015 and beyond, informed by the strategy that was put forth by the President a year ago. We will have to look at everything, including further force cuts to absorb a \$52 billion level reduction.

39. Senator AYOTTE. Secretary Wright, would large additional end strength reductions due to sequestration likely necessitate the more aggressive use of involuntary separations?

Secretary WRIGHT. Sequestration should have minimal effect on end strength. Sequestration primarily affects our civilian personnel, since uniformed personnel are exempt from sequestration cuts. If, however, reductions to the budget force additional end strength reductions, increases in involuntary separation actions may be necessary as this is the fastest way to accelerate a drawdown.

[Whereupon, at 3:59 p.m., the subcommittee adjourned.]