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**BEFORE THE
SENATE ARMED SERVICES COMMITTEE
PERSONNEL SUBCOMMITTEE**

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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 (FY) 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 FY 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 FY 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 FY 2013 budget in the middle of the fiscal year, and we face substantial additional cuts (roughly \$52 billion per year in FY 2014 and beyond) that could force major changes to the FY 2014 President's Budget. Sequestration in FY 2013 would also have major effects in FY 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 & 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 ten years of intensive operations, our Service members 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 Service members are adequately trained and equipped to face whatever battle they face. Therefore, we want to thank Congress for the legislative authorities in FY 2013 NDAA 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 Service members 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 Service members 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 Service members 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 VOW to Hire Heroes Act of 2011, which provides the necessary tools for Service members 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. And although this lengthy statement does not cover all our programs, it is a reflection of our efforts to better build, support and transition our Service members.

RECENT MILITARY PERSONNEL POLICY CHANGES

Women in Service

Over the last decade of war, our military women Service members 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 co-location 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 Service members 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 Service member 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 United States 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. And 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 FY 2012 and FY 2013 NDAA, 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 FY 2013 NDAA. The new law includes the following provisions:

- Establish a Special Victims Capability within each of the Services;
- Require all Service members to receive an explanation of all Sexual Assault Prevention and Response (SAPR) policies within fourteen 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 Service members 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 Service members 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 ten 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 Service members, 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, Service members and their families.

The Department is responding to section 533 of the FY 2012 NDAA, which calls for enhanced suicide prevention efforts with DoD partners; and implementing several policy and program requirements mandated by the FY 2013 NDAA. 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 Service members 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 Service members 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 Service members 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 Service members 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 Service members may be exempted from attending the DOL Employment Workshop, as allowed by Congress, every Service member 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 Service members 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 Service members 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 Service members (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 Service members, 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 Service members. 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 five 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 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 Service members 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 counter-terrorism, stability, and deterrence operations; maintaining a stabilizing presence; conducting bilateral and multilateral 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 ten 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-9/11. 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 two 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 FY 2013 NDAA 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 FY 2013 recruiting and may result in FY 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 FY12, the Active force consistently exhibited strong retention numbers with Army, Navy, Air Force and Marines meeting their 2012 retention goals. Since the start of FY

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 five months of FY 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 FY 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 FY 2013 NDAA 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 the 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 service members and their families.

Military Pay Increase

In the FY 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 FY 2014 and \$3.5 billion through FY 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 (BAH)

The purpose of the Basic Allowance for Housing (BAH) program is to provide fair and equitable housing allowances to Service members. The \$20 billion annual program impacts more than one million Service members 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 five-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 FY 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 (DIBRS), and other current systems, in response to the FY 2011 NDAA 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 FY 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 FY 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 FY 2012, Military OneSource responded to more than 750,000 telephone calls, distributed more than 3.7 million educational materials and assisted Service members 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 Service members, 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 Service members 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 FY 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 three years the program has been in existence.

Service Member and Spouse Credentialing and Licensing Efforts

DoD is leading a government-wide effort to help Service members earn civilian credentials and licenses in order to receive appropriate recognition for their military training and experience. Currently, more than 3,000 Service members 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 Service members. 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 Service members and military spouses. They presented both the military spouses and separating Service member 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 Service members; 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 Service member.

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 FY 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 long-standing 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 nine schools, has an addition 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 FY 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 two 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 Department 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 FY 2013 NDAA 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 FY 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, D.C. 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, D.C. area. The loss of key skill sets effect our communities throughout the country.

Strategic Human Capital Plan and Critical Skills Gaps

The FY 2010-14 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 FY 2014-18 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 three years. The FY 2012 NDAA limited contract spending to FY 2010. While the FY 2012 NDAA directed reductions in spending on those services performing closely associated with inherently governmental work and staff augmentation, section 955 of the FY 2013 NDAA 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 FY 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 Service members 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 re-balancing 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 FY 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 U.S., with lower out-of-pocket costs than most other employers. We ask for Congressional support for our proposed cost savings initiatives in the FY

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 on-going 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 five 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 five 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 (USFHP) 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 FY 2013 National Defense Authorization Act. 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 provided 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 (JTF CAPMED) 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 (PTSD) and Traumatic Brain Injury (TBI)

An estimated 13 to 20 percent of over 2.6 million Service members who deployed have or may develop Post-Traumatic Stress Disorder (PTSD) symptoms. From 2000 to 2012, 125,592 Service members were formally diagnosed with PTSD in military treatment facilities. PTSD is treatable, and Service members can expect to recover with appropriate medication and/or

psychotherapy. Current surveillance approach to identify Service members 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, Service Members, 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 Service members with concussion, while providing clear and specific guidelines for the management of acute concussions.

Since implementation of theater-wide policies, approximately 14,226 Service members 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 Service members, 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 (IDES)

The Integrated Disability Evaluation System (IDES) integrated two large, separate, and sequential systems, which had existed since the 1940's and required more than 540 days for a Service member to navigate. The DoD and VA completed fielding IDDES at 139 Military Treatment Facilities in September 2011. The Departments met all IDDES 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 IDDES 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 Service members, 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 Service member to improve communication and Service member 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 (HAIMS), 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 FY 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 incredible 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 9/11, 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 Service members totaling about 1.1 million contribute 43 percent of our total military end strength at a cost of nine 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 Service members activated. Over the past decade over 869,877 Reserve and National Guard Service members 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 Service members 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 FY 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 twelve 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 Service members, 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 & 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 Yellow Ribbon Reintegration Program (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 Service members 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 Service members and their civilian employers. In FY 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 nine 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 (NGYCP) in FY 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, Service members, veterans, and their families. But clearly, there is considerably more work to be done, particularly to meet the needs of the post-9/11 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 Service members 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 (EHRS): 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 Service members, 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 Service members 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. And 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 Service members' 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 Service members for whatever challenges they may face from warrior to veteran. They deserve no less.