

HEARING TO RECEIVE TESTIMONY ON ACTIVE COMPONENT, RESERVE COMPONENT, AND CIVILIAN PERSONNEL PROGRAMS IN REVIEW OF THE DEFENSE AUTHORIZATION REQUEST FOR FISCAL YEAR 2010 AND THE FUTURE YEARS DEFENSE PROGRAM

WEDNESDAY, MAY 20, 2009

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

The subcommittee met, pursuant to notice, at 2:32 p.m. in room SR-222, Russell Senate Office Building, Senator E. Benjamin Nelson (chairman of the subcommittee) presiding.

Committee members present: Senators E. Benjamin Nelson, Begich, Burris, Graham, and Thune.

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

Minority staff members present: Diana G. Tabler, professional staff member; and Richard F. Walsh, minority counsel.

Staff assistants present: Mary C. Holloway and Jessica L. Kingston.

Committee members' assistants present: Ann Premer, assistant to Senator Ben Nelson; Gordon I. Peterson, assistant to Senator Webb; David Ramseur, assistant to Senator Begich; Gerald Thomas, assistant to Senator Burris; Adam G. Brake, assistant to Senator Graham; and Jason Van Beek, assistant to Senator Thune.

**OPENING STATEMENT OF SENATOR E. BENJAMIN NELSON,
CHAIRMAN**

Senator BEN NELSON. The subcommittee meets today to receive testimony on the Active, Guard, Reserve, and civilian personnel programs in review of the National Defense Authorization Request for Fiscal Year 2010 and the Future Years Defense Program. And we call the committee to order.

We will have two panels today. The first panel will consist of the personnel chiefs of the services. I welcome Lieutenant General Michael Rochelle, Deputy Chief of Staff of the Army. I want to thank him for his terrific service, many years of duty, and for his constant concern for the men and women in the Army, G-1.

Vice Admiral Mark E. Ferguson III, the Chief of Naval Personnel. We appreciate your being here, too. Having worked with

you on other occasions in different responsibilities, it is great to see you again.

Lieutenant General Richard Y. Newton III, Deputy Chief of Staff of the Air Force for Manpower and Personnel; and Lieutenant General Ronald S. Coleman, Deputy Commandant of the Marine Corps for Manpower and Reserve.

As I said, I never want to say it is the final hearing, but it may be the final hearing for General Rochelle and General Coleman. I appreciate so much both of you finishing up decorated careers. I want to thank you and especially your families for your service. You have both overseen significant growth in your respective services in the past 2 years, and you leave them stronger today than they were when you assumed your duties.

So I thank you for your service, and we wish you the best in your future.

Our second panel will consist of representatives from associations that represent and advance the interests of active duty, Reserve, and retired servicemembers, and I will introduce our witnesses on the second panel when it convenes.

This hearing, which we hold every year, is an opportunity to explore the state of our military personnel. This year, more than ever, we are seeing the stress that repeated and lengthy deployments are having on the force and on families, and as we begin the process of rotating our troops from Iraq to Afghanistan, the demand for our forces will not lessen in 2010.

The suicide rates in all the services have risen steadily over the past several years, and the numbers this year for the Army are already particularly high. Meanwhile, even though the Army and Marine Corps have grown significantly over the past 2 years, we still cannot provide sufficient dwell time for our servicemembers between deployments, either for the active duty or Reserve components.

Secretary Gates testified last week that it would be several years before dwell time goals can be reached. This causes stress not just on servicemembers, but their families as well.

Moreover, the Army is ending its use of stop-loss in the coming months, and even though we applaud that decision, it is not without its cost. Stop-loss is a cross-leveling tool that ensures unit stability while in the deployment and pre-deployment process. Without stop-loss, dwell times may be pressured even more.

One obvious solution to easing the stress on the force is more end strength. Simply stated, more people equals less deployed time per person, but end strength cannot be viewed in a vacuum. The country is experiencing its worst economic downturn since the Great Depression, and while that has actually helped our recruiting and retention, declining Federal revenues put pressure on all areas of the Federal budget, including defense.

As Secretary Gates testified last week, it is unclear whether increasing end strength beyond current levels is sustainable into the future. Personnel and personnel-related costs, such as the cost of military healthcare, survivor benefits, and retired benefits, continue to soar. People have become the most expensive weapon system in the arsenal.

Nevertheless, as Secretary Gates and Admiral Mullen have said, our people are our most important strategic asset. We will continue to ensure that we have the highest-quality, all-volunteer force that is equipped, trained, and ready while caring for the families and the wounded. We will continue to look for ways to ease the stress on the force while remaining prudent stewards of the taxpayer's dollar.

And finally, we must never lose sight of our responsibility to provide robust family support programs and to continue to improve the care coordination and transition support for our wounded, ill, and injured servicemembers. There is no higher responsibility than that.

I look forward to hearing your testimony today and your thoughts and insights on these challenges.

And now I would like to welcome our ranking member, Senator Graham. As always, we are delighted to have you here with us today and continue to work together. We have exchanged this position a time or two.

Senator GRAHAM. That is right.

Senator BEN NELSON. And have continued to work well, no matter who is banging the gavel. And with that, would you like to make an opening statement?

STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Yes, Mr. Chairman, very briefly.

And I would like to echo the statement you just made. It is a joy being on this committee. I think all members work in a bipartisan fashion, but no one has been easier to get along with than Senator Nelson, and he really does put the men and women in uniform ahead of politics. And that is what this is about—those who serve, not politics.

To the panel, welcome. To those retiring, congratulations, if it is true. I think we have got money to pay you, and I know you have earned it.

[Laughter.]

Senator GRAHAM. And I look forward to hearing from both panels, particularly the second one, too, about how our men and women are faring out there. But to all of you testifying, thank you.

As Senator Nelson indicated, we have been on a wartime footing for 8 years now. This September will be the—2009, 8 years since we were attacked on September 11, 2001. It has been a tough 8 years. Our men and women in uniform and their civilian counterparts being deployed overseas and their families have really borne a heavy burden.

I don't think any other war in American history have so few done so much for so long, and it is not lost upon us. And all we can do is say ?thank you, well done? and come to your aid when we can when it comes to benefits and programs that serve.

And the Army Secretary and General Casey, the chief of staff at the Army, testified yesterday that dwell time continues to be insufficient, and the goal of 2 years home for every year deployed will be difficult to realize. They let us know that the soldiers and sailors, airmen, Marine, Coast Guard members, everybody involved are very resilient. But we have to understand they are people, too.

They have got families to raise, and we are just going to have to, as Senator Nelson said, increase the number of people in the military.

And there are a lot of costs associated with the Government, but none more important than defending the Nation. And I think most Americans are pretty upset with us at times about the way we spend our money, but very few have any problem of helping the men and women who serve and making sure they are well taken care of.

Our NCOs, who are the backbone of every military organization, we have got to do more to recruit them. We have got healthcare professionals, special forces, nuclear-qualified personnel, EOD, you name it, a lot of specialties in the military that are under a lot of stress, and bonus programs have really helped.

The supplemental is going to help in the short term. But at the end of the day, we need to look at the overall end strength, and I think the Commander-in-Chief's top priority must be national security. The intelligence reports we receive, Mr. Chairman, show a growing threat from Iran, a tougher fight in Afghanistan. Iraq is not done yet. Who knows what North Korea is up to? And it will be a long time before we receive a peace dividend.

The budget that was proposed by the administration had a 3 percent GDP spending on defense in 2019. I think that is woefully inadequate. Having said that, I would like to work with the administration, Secretary Gates, to make the military, Department of Defense more efficient.

But at the end of the day, if you increase the size of the military, the largest expense in the department's budget is personnel cost. If you don't increase the overall pie, there is going to be less money to modernize our weapons and do the things that give us an edge in battle.

So I will look forward to working with you, Senator Nelson, Mr. Chairman, to make sure that the defense budget not only grows the number of people, but it also gives them the equipment they will need to win the war. And this choice between guns and butter, I know we need both. But if you are not well defended, the butter problems are not nearly as important.

Tomorrow, we have got to realize that we could wake up and the enemy could hit us again. They are doing everything they can to come back our way, and the reason they haven't is because our men and women in uniform, the CIA, and other groups have taken the fight overseas to this enemy, and it has made it safer here at home.

So I look forward to working with you, Senator Nelson, to get a budget that we can all be proud of.

[The prepared statement of Senator Graham follows:]

[SUBCOMMITTEE INSERT]

Senator BEN NELSON. Thank you, Senator Graham.

Senator Begich is here. Are there any opening remarks that you might like to make?

Senator BEGICH. No, Mr. Chairman. I am anxious for their presentations.

Senator BEN NELSON. Thank you.

Without objection, all witness testimony submitted for today's hearing will be included in the record.

Additionally, we have received a statement from the Reserve Officers Association, and without objection, it will be included in the record of this hearing.

[The information referred to follows:]

[SUBCOMMITTEE INSERT]

Senator BEN NELSON. We will now hear from our witnesses. Start with you, General Rochelle.

STATEMENT OF LIEUTENANT GENERAL MICHAEL D. ROCHELLE, USA, DEPUTY CHIEF OF STAFF G-1, UNITED STATES ARMY

General ROCHELLE. Chairman Nelson, Senator Graham, distinguished members of the committee, thank you very much for this opportunity and thank you for your very kind and gracious comments regarding my service. Much appreciated and certainly so on the part of my family, as with all Army families.

I appear before you today on behalf of the 1.1 million men and women serving here and abroad in peace as well as hostile environments. This combat-seasoned force is resilient and professional, yet strained and out of balance.

More than 1 million of this Nation's finest citizens have deployed over the past 7 years into harm's way. We realize very well that there are costs and effects associated with this conflict, both visible and invisible effects. Our current programs to relieve stress on the force are critical to maintain a healthy, balanced, and prepared force.

These programs help us defend our country against some of the most persistent and wide-ranging threats in our history. The success of these programs, many of which you are responsible for in large part due to your support, give us the numerous programs that are required to support this great force well into now, as you have noted, Mr. Chairman, as with Senator Graham as well, 7-plus years of war.

First and foremost, you have given us the means to recruit and retain an agile Army. As a result of the past 2 years, we have met or exceeded our recruiting and retention goals for the total force. This is a step in the right direction toward restoring balance.

We continue to transform our force into one Army that consistently uses the talents of our active, Reserve, and National Guard soldiers as well as our civilian workforce and teammates. This total force approach is key to restoring balance within our ranks and our homes.

This Congress, and most especially this committee, has embraced our needs, and we are very grateful. You have given us the means to improve the quality of life for our soldiers and their families. Soldiers are remaining in the Army because they see it is a good environment in which to raise a family, thus making us the employer of choice.

The Army continues to face challenges, which will be directly in front of us for the next several years. Armed with lessons learned, it is our intent to stay in front of these challenges, anticipate them,

develop strategies and programs, and keep them from becoming problems in the future.

One of our latest challenges is that of the eligible population to serve in the armed forces, which continues to drop, thus creating a national dilemma. The Army will continue to work hard to attract and retain the best, but we need your help in taking on this larger national issue.

The challenging environment that our soldiers serve in demand that we maintain the standards as set, and we must remain ever vigilant that our force is manned with both physically and mentally qualified and fit soldiers, as it is today.

I have described a challenging environment to you here today. I am confident, however, that with the operational and institutional agility this Army has developed over the past 8 years, we will meet all of the challenges that confront us.

It is always easier to commit to a plan of action when we know that the Congress supports us. Your leadership and your support have been unwavering, and I have appreciated the discussions we have had over the years concerning the health of the Army, and I look forward to your questions today.

Thank you.

[The prepared statement of General Rochelle follows:]

Senator BEN NELSON. Thank you, General.

Admiral Ferguson?

**STATEMENT OF VICE ADMIRAL MARK E. FERGUSON, III, USN,
CHIEF OF NAVAL PERSONNEL, DEPUTY CHIEF OF NAVAL
OPERATIONS (MANPOWER, PERSONNEL, TRAINING, AND
EDUCATION), UNITED STATES NAVY**

Admiral FERGUSON. Chairman Nelson, Senator Graham, and distinguished members of the committee, thank you for this opportunity to appear before you to review our fiscal year 2010 budget request on behalf of the Navy total force and their families.

We believe this request supports our ability to attract, recruit, and retain a highly skilled naval force in support of our maritime strategy. We remain today a global Navy, a total force of active and Reserve sailors and Navy civilians, united in service to the Nation. Over 40 percent of our ships are underway or deployed.

This budget request also supports new mission areas, as well as joint operations in Afghanistan, Iraq, and across the globe where approximately 14,000 sailors are serving on the ground as individual augmentees. With this high operational tempo, we remain vigilant concerning stress on our sailors and their families. We ensure that sailors have adequate opportunity to rest and spend time at home between deployments.

The tone of the force is positive. Sailors and their families continue to express satisfaction with their morale and the leadership at their commands, their healthcare, their benefits, and their compensation. Our budget request reflects this commitment to supporting sailors and their families. We are focusing our efforts on building resiliency and fostering a culture that encourages sailors to seek help in response to stress that they encounter in the field.

Over the past year, we have been very successful in recruiting and retaining high-quality sailors. In 2008, we achieved our en-

listed and officer goals across both the active and Reserve components, while exceeding DOD quality standards in all recruit categories.

For the first time in 5 years, we achieved overall active and Reserve medical officer recruiting goals. This year, we achieved our nuclear operator Zone A goals for the first time in over 30 years through targeted use of selective reenlistment bonuses.

Beginning in 2008 and continuing into this year, the comprehensive benefits provided by the Congress for our servicemembers, combined with the current economic conditions in the country, have resulted in significantly increased retention and lower attrition across the force.

To ensure the long-term health of the force, we are transitioning from a posture of reducing end strength to one we term stabilizing the force. To meet global demands and minimize stress on the force, Secretary of the Navy Winter used his end strength waiver authority for both 2008 and 2009. We project to finish this fiscal year within 2 percent above our statutory end strength limit of 326,323.

Our stabilization efforts have been directed at sustaining a high-quality force able to respond to new mission areas within our fiscal authorities, and we are guided by the following principles—to continue to attract and recruit our Nation’s best and brightest; retain the best sailors and target our incentives to retain those with critical skills; balance the force in terms of seniority, experience, and skills matched to projected requirements; continue to safeguard the careers of our top performers; and provide the fleet and joint force stable and predictable manning.

Our fiscal year 2010 budget request includes an active component end strength of 328,800, which is comprised of a baseline request of approximately 324,400 and supplemental funding for 4,400 additional sailors to serve as joint force enablers in support of overseas contingency operation. This budget also requests a Reserve component end strength of 65,500. We believe this is adequate going forward to meet the demands of the fleet as well as the joint force.

Education and training are strategic investments in our future, and we remain committed to supporting the personal and professional development of our sailors across their careers. We feel the budget request balances our education and training requirements and includes growth in important new mission areas, such as cyber warfare, language, and culture.

Last week, I had the opportunity to visit our naval personnel overseas in the Middle East and in Europe. Your sailors are positive, enthusiastic, and performing extraordinarily well in meeting the demands of the joint force. I could not be prouder of the extraordinary job that they do every day in service to the Nation.

And so, on behalf of the men and women in uniform who sacrifice daily, and their families, I wish to extend my appreciation to the committee and the Congress for your unwavering support of our Navy.

Thank you, and I look forward to your questions.
[The prepared statement of Admiral Ferguson follows:]
Senator BEN NELSON. Thank you, Admiral.

General Newton?

**STATEMENT OF LIEUTENANT GENERAL RICHARD Y. NEWTON,
III, USAF, DEPUTY CHIEF OF STAFF FOR MANPOWER AND
PERSONNEL, UNITED STATES AIR FORCE**

General NEWTON. Thank you, Mr. Chairman and Ranking Member Graham and distinguished members of the committee.

I also want to thank you for this opportunity to discuss our efforts as they relate to the fiscal year 2010 budget to ensure we attract, recruit, develop, and retain a high-quality and diverse fighting force.

Airmen are the focal point for providing the critical capabilities that the Air Force contributes for winning today's fight. And while the Air Force has innovative technologies and equipment, it is the hard work of our dedicated men and women in uniform and our civilians that underscores our success.

Without a doubt, the tremendous talent of our total force airmen and civilians is the backbone of the United States Air Force, and our budget proposal recognizes that fact. These dedicated volunteer servants are our most important asset. Without them, our organizations and equipment simply would not function. Our operations would grind to a halt.

Therefore, we must ensure we have the proper end strength to meet current, new, and emerging missions. For fiscal year 2010, our active duty end strength will be 331,700 airmen, with 69,500 airmen in the Air Force Reserve and 106,700 airmen in the Air National Guard. This stops previously planned total force end strength reductions.

We will also grow our civilian population to a little over 179,000, which includes 4,200 contractor-to-civilian conversions. Simultaneously, we will continue to reshape the skill sets of our workforce, with particular emphasis on stress career fields and mission areas that need our attention, such as intelligence, surveillance, reconnaissance, aircraft maintenance, acquisition, cyber operations, and nuclear deterrence operations and sustainment. For instance, in the fiscal year 2010, our manpower investment includes increasing our nuclear-related personnel by 2,500 and adding 200 acquisition professionals.

The growth in end strength goes hand-in-hand with an increase in our recruiting efforts, and it goes beyond just finding the right numbers. We must also ensure that the right quality and the right skills are present in potential candidates. Despite the weak economy, we expect fiscal year 2010 to be a critical retention environment for several reasons—an increased need to retain specific skill sets in certain specialties, previous end strength decreases and corresponding decreases in accessions, increased operational demands in new and emerging missions.

Our commitment includes continued support for special pay and allowances to address recruiting and retention concerns in our health professional skills and our most critical warfighting skills, such as para-rescue, combat control, tactical air control party, and explosive ordnance disposal.

Finally, we are committed to taking care of airmen and their families, including our wounded warriors to whom we have a

never-ending obligation. Over the past year, we have tackled important issues for Air Force families, such as expanding childcare capacity, increasing childcare support for our Guard and Reserve families, improving financial readiness, and providing opportunities for children of airmen, whether they reside on military installations or in our civilian communities throughout the United States.

The Air Force is leaning forward to be all-in. Your continued support of our initiatives to attract, develop, and sustain talented and diverse airmen and their families is mission essential and is most appreciated. Our efforts to effectively manage end strength, to recruit and retain, to train, develop, and care for airmen and their families will enable our Air Force to continue to fly, fight, and win in air and space and cyber space.

Thank you for your unfailing support to the men and women and the families of our Air Force, and I look forward to your questions.

[The prepared statement of General Newton follows:]

Senator BEN NELSON. Thank you, General.
General Coleman?

**STATEMENT OF LIEUTENANT GENERAL RONALD S. COLEMAN,
USMC, DEPUTY COMMANDANT FOR MANPOWER AND RE-
SERVE AFFAIRS, UNITED STATES MARINE CORPS**

General COLEMAN. Chairman Nelson, Senator Graham, distinguished members of the committee, it is a privilege to appear before you today to discuss Marine Corps personnel.

Mr. Chairman, I would like to personally thank you for your very kind words about me and my military service. I would also like to say it has been a privilege and an honor to serve this country in uniform for over 41 years.

I would like to make a few key points. First, in regard to our end strength growth, the Marine Corps is now building on our success in fiscal year 2008, and we will reach our 202K goal this fiscal year, 2 years ahead of schedule. We owe this success in large part to our recruiters, who continue to meet all accession goals while maintaining the highest quality standards.

Thank you for your continued support of our enlistment incentives, which help make this achievement possible.

Second, our active component retention continues to be successful. In fiscal year 2008, first-term retention was an unprecedented 36 percent. We are building on that success in fiscal year 2009, having already achieved our fiscal year mission.

We thank you for your support of our selective reenlistment bonus program. It will remain the foundation of retention efforts as we move from growing our force to shaping it so that we maintain vital Marine Corps leadership and critical skills.

Third, I want to reiterate that a top priority of the Commandant of the Marine Corps is care for our wounded Marines and for the families of all our Marines. Our Wounded Warrior regiment is diligently at work implementing a comprehensive approach to wounded warrior care, which makes thriving, not just surviving, the expectation of our wounded Marines.

Likewise, our family readiness programs have undergone a host of significant improvements, which continue to this day. They are

made possible in large part due to the generous funding you have provided.

In closing, I want to thank you and the other members of Congress for your support and partnership. They have been central to the strength that your Marine Corps enjoys today. They will continue to be essential as we work to shape the Marine Corps for the future so that we will always remain the most ready when the Nation is least ready.

I look forward to answering your questions.

[The prepared statement of General Coleman follows:]

Senator BEN NELSON. Thank you, General.

I think we will do a first round will be 5 minutes.

First, just a general question to all of you. Do you need any legislative authority to initiate or improve military personnel or family programs not otherwise discussed today? Do you need any authority to initiate or improve what you may not have talked about today?

General ROCHELLE. If I may start, sir?

Senator BEN NELSON. Yes, General?

General ROCHELLE. Thanks to this committee and the Congress, we have all of the authorities we need.

Thank you.

Senator BEN NELSON. Admiral?

Admiral FERGUSON. I would concur in that assessment. We feel we have all the authorities that we require.

Senator BEN NELSON. General Newton?

General NEWTON. Also I would concur with that and also appreciate greatly the authorities that you have provided that we can carry forward with.

Senator BEN NELSON. All right. General Coleman?

General COLEMAN. Same thing. Thank you, sir.

Senator BEN NELSON. Great. There has been a lot of discussion about end strength in the Army for some period of time, and we—2 years ago, Secretary Gates announced that the Army would increase its permanent active duty end strength to 547,400. And today, the Army finds itself with an active duty, an active end strength of about 549,000 3 years ahead of schedule, as indicated.

Do you believe, General Rochelle, that the Army should grow beyond the 547,400 in 2009 or 2010?

General ROCHELLE. Mr. Chairman, first of all, I support the President's budget, as does the United States Army. Your question, though, begs a little bit of explanation about the relationship between end strength and demand.

As you said in your opening statement, end strength cannot be viewed in a vacuum, and you are precisely correct, sir. The required end strength, in order to understand the required end strength, one has to ask the question what is it we want the Army to do and for how long?

Demand, and that is the one aspect that we do not control. And in my experience of soon to be 3 years as the G-1 of the United States Army, I have seen demand consistently rise. Now we are hopeful that in the future, with responsible drawdown in Iraq, that will change. But as the Army looks to the next 12 to perhaps 18

months, we see an increase in demand before responsible draw-down can offer us the prospect of reduced demand in the overall.

We are actively considering and discussing—and I believe my vice chief has testified to this. We are actively exploring whether or not we should return to the Department of Defense, this is an internal building discussion at this point, and seek authority temporarily to exceed that.

I hope I have answered your question, sir.

Senator BEN NELSON. And the purpose of the temporary request for temporary increase in end strength is because of the increased OPTEMPO or the fact that we are not going to get the dwell time that we had hoped by shifting down from Iraq into Afghanistan?

General ROCHELLE. Let me answer your question this way, Mr. Chairman. The current dwell time for the Army, the active Army, is 1 year deployed for every 1.3 years at home. It is unsustainable, absolutely unsustainable.

For the Army Reserve, it is just below 1 year deployed for every 3 years home. And even though they are an operational Reserve and not a strategic Reserve, I submit to you that that pace is equally unsustainable.

In addition to that, the cumulative effect, which I attempted to speak to in my opening statement, of repeated deployments, and most especially the surge, is, in fact, wearing on readiness, and it is wearing on the number of soldiers in our formations who are available to deploy, whether for permanent medical conditions or just the wear and tear of the 7-plus years of combat.

One more point, if I may? When we looked at our last 10 brigade combat teams, and we, of course, look at the other formations as well, but when we looked at our last 10 deployed brigade combat teams, the average nondeployable inside those formations was 11 percent. When we took a look at the last 5 brigade combat teams to deploy, we noted that that had increased to 12 percent.

We think we may have plateaued, but I believe those data points give you a pretty good impression of where we are and addresses your question of why.

Senator BEN NELSON. If you were to—once you have the discussions on the inside of the department, would you then be prepared to come forward, or would the chief of staff or chief of the Army come forward with that kind of a recommendation? Is that your anticipation?

Or would it go through the ordinary channels, let us say, back to the Secretary of Defense, back to the White House as part of a future budget request?

General ROCHELLE. I am certain that it would include discussions with the Secretary of the Army, the chief of staff of the Army, and the Secretary of Defense. Beyond that, I wouldn't speculate, Mr. Chairman.

Senator BEN NELSON. Okay. Thank you.

Senator GRAHAM. Thank you, Mr. Chairman.

I think I will just pick up where you left off. I have been told there are 20,000 soldiers on active duty who are nondeployable due to medical reasons. Is that right, General Rochelle?

General ROCHELLE. That is correct, sir.

Senator GRAHAM. Any idea of those 20,000 how many will be able to come back to deployable status?

General ROCHELLE. Statistically, the majority of them, between 60 and maybe even as many as 70 percent will be able to come back over time. We have seen that both with the warrior transition unit, and we typically see that inside brigade combat teams.

Senator GRAHAM. So when you look at 547,000, it is really not 547,000 right now in terms of being able to be deployed. Is that correct?

General ROCHELLE. In terms of available soldiers, it is not 547,000, sir.

Senator GRAHAM. And if we are going to err, it is my view that I would rather have more soldiers than you need than not enough. The goal is to have the right amount. And so, I share Senator Nelson's concern that we need to look at maybe bumping that up because in the short term, not only are you going to probably be more in the fight in Afghanistan, this 20,000 number in the short term is not going to change.

General ROCHELLE. Sir, I would simply add if the past is, indeed, prologue, I do not expect to see demand come down for between 12 to the next 18 months.

Senator GRAHAM. And I have been told Secretary Geren and General Casey acknowledged there was a \$2 billion shortfall in terms of paying personnel bills in the Army. Does every service have a shortfall for 2009?

Admiral FERGUSON. Senator Graham, for the Navy, that shortfall is roughly \$300 million in execution this year.

Senator GRAHAM. What about the Air Force?

General NEWTON. Sir, we have a shortfall. I don't have a specific number. I can get back to you on that.

Senator GRAHAM. What about the Marine Corps?

General COLEMAN. Yes, sir. We do have a shortfall, but I take for the record the exact amount.

Senator GRAHAM. Okay. How are we going to make that up?

General ROCHELLE. Well, I am expecting that the OCO request, which is currently pending on Capitol Hill, will give us a substantial amount of relief. And for the record, the number for the Army is \$1.8 billion, sir.

Senator GRAHAM. So this request on Capitol Hill would make it up for the Army?

General ROCHELLE. Yes, sir. It would give us the ability largely to eradicate that shortfall.

Senator GRAHAM. Is that the same for the other services, I hope?

Admiral FERGUSON. In the Navy's case, the House Appropriations Committee mark that they did will cover the Navy shortfall.

Senator GRAHAM. Same for the Air Force, Marines? Okay.

To a more sort of parochial interest of mine, Lieutenant General Coleman, I have been told that we are going to increase 27,000 active duty Marines are going to be—increase to 27,000 active duty Marines does not include any increase in the number of Marine Judge Advocates, that I have been told—I don't know if this is true or not—that sometimes when Marine units deploy, that they don't have enough Marine JAGs to fill the needs of the commanders, and we are using some Navy JAGs. Are you familiar with that?

General COLEMAN. No, sir. Not at all. Not that in the deployment stage, taking Navy JAGs instead of Marines, I am not aware of. I am not aware of that.

Senator GRAHAM. If you could look into it and get back with me, I would appreciate it.

General COLEMAN. Yes, sir.

Senator GRAHAM. And from the Navy point of view, Admiral Ferguson, I have been told that the Navy is short 191 Judge Advocates and 63 enlisted personnel. What is the plan there?

Admiral FERGUSON. This budget request, we recently approved an increase partially in the Judge Advocate General corps for officers to do that, and then we are looking at that study that you cite to see what we can phase in over time.

Senator GRAHAM. Okay. And finally, and I have got to go to another hearing, but I will be back, Mr. Chairman. This idea of retaining folks that are in specialties, do you feel like that the committee has been responsive to your needs to give you the money and the flexibility to go to the, like, healthcare professionals, a variety of specialties in the military?

And from the nuclear Navy's point of view, if we build a bunch more nuclear reactors on the civilian side, like I hope we will, Mr. Chairman—I know you support that—there is going to be competition for people who are conversant in nuclear power matters. Is there anything more we could do to help any of the services to give you the flexibility and money you need to retain key people?

Start with the Army.

General ROCHELLE. In point of fact, the committee and the Congress has given us extraordinary authority to be able to attract the critical skills that we need. Unfortunately, those authorities do not address the larger strategic issue, which is, as in the case of behavioral specialists and medical professionals, we simply aren't creating enough in America to address both civil needs as well as DOD's needs.

Senator GRAHAM. Has there been any thought of expanding the armed forces medical school?

General ROCHELLE. Sir, there has. There has been actually discussions inside the Army of, for example, returning at some point to a program that used to be called the RAIN program, where the Army grew its own nurses simply because—

Senator GRAHAM. And we could do that with healthcare professionals and mental health professionals?

General ROCHELLE. We possibly could. I have not had active discussions about that, sir.

Senator GRAHAM. Okay, could you work that through the system? Because I think there are a lot of people on active duty that might move to that career choice.

General ROCHELLE. Yes, sir.

Admiral FERGUSON. Senator, with regard to the reenlistment bonuses and enlistment bonuses, we feel that we have gotten all the authorities that we need and that the funding we have requested will be adequate to support us going forward into 2010. We have had great success this year.

General NEWTON. I would say that is consistent with the Air Force, and to echo perhaps what General Rochelle was talking

about, the challenge that we have with this what we call a war for talent out there in the commercial sector and across America is significant, be it just trying to go for America's youth in terms of those who are obviously capable to join the ranks of the military, as well as within the health professional communities and so forth.

But I do feel that the committee has been very forthright and supportive of authorities to pursue.

General COLEMAN. Sir, I feel Congress has gone above and beyond and would not venture to go any further. I would say, as we grow to our 202,000, that we would ask that because we are about to reach 202,000 that you not take too much away because we are there. We still have to shape our force.

But as far as what we are getting for reenlistments, I think we are spot on, sir. Thank you.

Senator BEN NELSON. Thank you, Senator Graham.

Over the last several years, we have found that each and every service is having difficulty recruiting and retaining medical professionals. It is my understanding from what Admiral Ferguson said that maybe meeting some of those goals has been easier.

But Congress has authorized large bonuses for critically short specialties, as much as \$400,000 for 4 years of service in some cases. Starting with you, General Rochelle, what are your thoughts about what we could do more to recruit more physicians and other healthcare providers, including dentists and nurses, into the military and retain them?

General ROCHELLE. If I may make one slight preamble to your question, Mr. Chairman? We are realizing after 7 years of war that our base authorizations for medical professionals are inadequate to address the growing need.

I spoke earlier to the challenges of the cumulative effect of deployments and the cumulative effects of 7- plus years of combat. With that having been stated, I don't believe the solution lies in additional monies that we may offer to attract this talent. I really don't.

I think what we have to do is explore ways of allowing individuals to serve more shorter terms, if you will, as opposed to signing up for a full 7-year or 8- year military service obligation. And you have given us some authorities there. I think we have to explore creative and inventive ways to reach outside the normal pool of talent, and I think the Military Accessions Vital to National Interest, or MAVNI, programs opens a door there, sir.

Admiral FERGUSON. Mr. Chairman, I would offer that our successes this year, we found that partnering medical professionals with recruiters in the field in the outreach effort and reaching into new populations gave us the greatest benefit.

The authorities and the bonuses you have given us and some modifications that we have made in some of the programs and stipends has paid off. But it is that partnership and reaching into new areas which is so important to us.

Senator BEN NELSON. General Newton?

General NEWTON. Sir, I would add also that from our perspective, it is also how we go about growing our own with regard to certainly the authorities that you provided, the Health Professional Scholarship Program and so forth. We are also taking a look—and

candidly, when our end strength reduction, when we went down to 316,000 and we were headed down to 316,000 of our active duty end strength, and now that we are going to be leveling off above 330,000, we took a pretty hard swipe at our recruiters.

And so, we are looking at—General Roudebush, the surgeon general of the Air Force, and I, we are looking to partner in terms of how we can get our medical folks back into the recruiting business as well so that we can follow up. But again, we have the authorities, and I believe it is men, like General Rochelle was talking about, that limited pool of talent there.

Senator BEN NELSON. You don't necessarily need more bonus money or other programs? You could always use more, I am sure, but you don't—do you necessarily think you need it?

General NEWTON. Sir, it is as much recruiting, but also for consideration with regard to retention as well. It is giving them the opportunities, and you perhaps look—as General Rochelle alluded to, maybe you look at the length in terms of reenlistment and so forth, or retaining in the service. But again, it is a matter of us acting out on the authorities that you provided and that we go forth.

Senator BEN NELSON. General?

General COLEMAN. Sir, we get all our medical from the Navy, sir. So we are good.

Senator BEN NELSON. Yes.

General COLEMAN. So give them all they want, please.

[Laughter.]

Senator BEN NELSON. Good partnership.

In terms of mental health, at a press conference last week, Admiral Mullen said that the recent shooting of five servicemembers at a stress control clinic by a troubled Army sergeant speaks to “the need to redouble our efforts” and the issue of multiple deployments and increasing dwell time “to try to improve to relief that stress.”

Well, as we have looked at that tragic event, the rates in every service are clear reminders that servicemembers, particularly those who have been deployed on multiple occasions are under tremendous stress, and they do need access to mental healthcare. Are there any feasible actions that we could take in the short term here to help decrease the stress on the force or have additional healthcare available to them to deal with the mental challenges that so many seem to be facing?

General ROCHELLE. Sir, I would offer all of the above. All of the above. The most critical factor, as the Secretary of the Army, the Honorable Pete Geren, has testified, is dwell. Time to be with family members, time to be with loved ones. And as I have very clearly stated, 1 year deployed for every 1.3 years of dwell is completely inadequate, and it is unsustainable.

I also mentioned the fact that we are seeing that our base authorizations after 7-plus years of war for mental health providers, social workers, et cetera, are completely inadequate to address the need, and we are growing that capability, both on the military side as well as on the civilian side.

My final comment would be we are taking every measure feasible right now under the direction of the vice chief of staff, who is himself heading a task force that looks monthly worldwide—in fact, I participated in I think it is the third or fourth, my third or fourth,

and I have not missed one—worldwide video teleconference review with field commanders at the three- and four-star level, as well as two-star, looking at the details and the connective tissue, if I may use that term, between incidents.

How do we connect the dots so that we can be preventive? And the month of April, I would offer, begins to show a glimmer of hope that we are being successful.

Senator BEN NELSON. Anyone else have—General Newton?

General NEWTON. Sir, if I may add? I think, to perhaps add on to what General Rochelle was discussing in terms of connecting the dots, we have to look at balance, not only for the men and women in uniform, but also for the family members as well because the stress on the force impacts, of course, those who serve, the principal members, but also the family members.

And I know we are taking a hard look at in terms of how we balance our approach in terms of taking care of our Air Force with regard to stresses on the family members as well, which I know Admiral Ferguson just said he came out of the AOR. I just was there myself, and enough challenges that we have on our airmen at deployed locations is are their families being taken care of and so forth?

And so, we are looking at it from a holistic approach, but it is—I know all the services are taking a hard look at that, and we are also looking at each other's programs as well to make sure that we take advantage of lessons learned and so forth.

Senator BEN NELSON. And in that regard, are you trying to establish what you would consider a best practices sharing of programs back and forth with one another?

General NEWTON. Well, I know we have, for instance, with the suicide program, I enlisted the support of General Rochelle, when he was starting to put together a major effort several months ago, to emulate what the Army has done to date.

General COLEMAN. I think we all have, sir. I would say that the Army has done a superb job recently in the planning for this, and we, the Marine Corps, have also partnered up with the Army.

I would also like to say that this has the attention of all the leadership of the Marine Corps. And we look at it as a small, small unit leadership task that I think that is, in my opinion, that is the most important part, that the young sergeant who knows a young lance corporal or corporal can see something in him or her that shouldn't be there. So we have stressed small unit leadership amongst our NCOs and that sort.

The Assistant Commandant of the Marine Corps has also come out with a study for us. Each O6 and higher commander has to produce a video and show it to every one of his Marines and sailors. So I think we are on, and I would like to be like General Rochelle and say we see a glimmer of hope. I think we are really attacking it, sir.

Senator BEN NELSON. We continue to hear about sexual assault in deployed areas. Can you describe some of the programs that you might have in place to try to minimize and eliminate those assaults?

General COLEMAN. Sir, I think that is a major problem, and it is not only in deployed units. For the Marine Corps, it is the Ma-

rine Corps, Marine Corps wide. We found, what we are doing again is small unit leadership, but in over 95 percent of the cases, either the victim or their assailant has had too much alcohol.

So we are looking at it from that way. In over 90 percent of the cases, alcohol is involved. So small unit leadership is where we think we can stop the problem, sir.

Senator BEN NELSON. Anyone else? General Rochelle?

General ROCHELLE. Yes, sir. Thank you for the opportunity.

The Army has launched what I consider to be the premier sexual assault prevention strategy and program. Secretary Geren has spoken of it in his testimony. General Casey has also spoken of it.

Just to give you some concept of scale. Last year, we spent \$20 million in sexual assault prevention. This year, we plan to spend \$42 million in sexual assault prevention, executing and implementing a very comprehensive strategy. The elements of the strategy are essentially to empower every young soldier not only to recognize an instance or an incident in which a fellow soldier may be setting himself or herself up to become a victim and then to intervene effectively in order to prevent.

We are beginning to see and our strategy did predict that within the first 18 months of the strategy, based upon additional awareness and additional empowerment and the leadership empowering and encouraging individuals to come forward, we would see a spike in the number of reported incidents, both restricted and unrestricted. And indeed, we have.

As we go forward, we expect that number to come down, and we have a benchmark in the strategy that we are shooting for.

Senator BEN NELSON. So the increase in numbers would be the increase in reporting?

General ROCHELLE. Correct, sir. Yes, sir.

As you may know, Mr. Chairman, I am sure you do, sexual assault is the most underreported crime in America and perhaps the world.

Senator BEN NELSON. Senator Graham?

Senator GRAHAM. Thank you.

Very quickly, I know we want to get to the next panel. Just pick up on that line of questioning, General Coleman, you said that most sexual assaults were related to alcohol abuse. Is that correct?

General COLEMAN. That is correct, sir.

Senator GRAHAM. In the deployed areas, you are not supposed to drink. Is that a problem over there?

General COLEMAN. Most are—in deployed units, that is an exception, sir, because there is no drinking there. But most—

Senator GRAHAM. Well, what—

General COLEMAN. I am sorry, sir.

Senator GRAHAM. Go ahead. In the deployed, in the theater, is there a difference between the number of sexual assaults reported in deployed areas versus at home bases?

General COLEMAN. Yes, sir. It is much smaller in deployed units.

Senator GRAHAM. Is that true in the Army?

General ROCHELLE. That is true for the Army, sir.

Senator GRAHAM. Okay.

General ROCHELLE. A fraction.

Senator GRAHAM. Anything from the Air Force and the Navy?

General NEWTON. Sir, if I may, though? If I could just tag on to a couple other comments? Again, it is a matter of, and I am sure all the services feel this way, but zero tolerance is number one. And we are trying to emulate whatever we do in garrison, but also as a deployed location as well. We try to maintain absolute—

Senator GRAHAM. Disciplinary action is quick to follow, right?

General NEWTON. Yes, sir.

Senator GRAHAM. Court-martials and Article 15?

General NEWTON. And certain follow-up in that the command climate is as important in this as anything in terms of establishing that and being effective.

Senator GRAHAM. What about the Navy?

Admiral FERGUSON. I would echo those comments. It is a primary leadership responsibility that involves both support for the victim, education, as well as taking appropriate action, as you mentioned, against the perpetrator.

Senator GRAHAM. And that takes me to the last question I have, and that is the contract force. Mr. Chairman, as you well realize, we are taking more civilians to war in this war than any war in the history of America. Quite frankly, you couldn't conduct the war without civilian contractors. We have had them play a very important part.

And I want to congratulate those who sign up and serve in that capacity, but we have had problems with a basically two-tiered system where the contractor would be allowed to use alcohol in theater, and that the problem or concern I have had is to give the commander the disciplinary authority over the entire force. A contractor can create as much problems for our Nation as someone in uniform when they act inappropriately.

And I, along with Senator Kerry, authored legislation that would allow, for the first time, contractors accompanying the force in combat theaters to be court-martialed. And I know we have had one or two cases.

I just would like your view as to is there any contractor requirements need to be changed? Should the military take over some of these jobs? What is best for the force in the future? And do we need more contractors, and do you have the tools necessary to integrate the contractor force with the active duty, Reserve component?

Starting with the Army.

General ROCHELLE. Sir, I think we have all the authorities that are required. As you have correctly stated, we cannot wage war, certainly not one of this duration and perhaps longer, without relying not only on contractors but, I might add, our civilian teammates as well.

If there is anything, and the question, do we need more? We probably do need more contractors, and we probably need more of our great civilians.

Senator GRAHAM. Interpreters, linguists, I know you need more of those.

General ROCHELLE. Yes, sir. Exactly. In those critical skills which we simply can't maintain an adequate supply in the force.

Senator GRAHAM. That comes out of your personnel budget?

General ROCHELLE. It comes out of operations and maintenance, sir. O&M.

Senator GRAHAM. O&M, not personnel.

General ROCHELLE. A different account. And I think we have the tools we need.

Senator GRAHAM. The Navy?

Admiral FERGUSON. Senator, I would echo we have the tools. In the Navy's case, unlike the Army that we may use more forward, ours primarily are in acquisition and in support of procurement programs and other support than CONUS as opposed to forward.

General NEWTON. And sir, that is consistent with the United States Air Force as well, down range particularly.

General COLEMAN. Sir, I concur with General Rochelle, sir.

Senator GRAHAM. Okay. Finally, have you seen a problem where contractor behavior has—do you have the tools necessary to make sure that civilians and contractors within operational theaters should follow the rules and make sure that there is not things go unpunished that doesn't work? A U.S. attorney maybe back in Virginia won't take a case, and do you feel a need to make sure commanders have disciplinary tools for the entire force?

General ROCHELLE. Sir, I am going out on a limb here, and I am doing it in front of a lawyer. So let me respond—

Senator GRAHAM. Don't worry about it.

General ROCHELLE. Let me respond this way. It is my understanding, and I have done some research on this, that the combatant commander has the jurisdiction and the authority to execute, as you said, the legislation that you co-sponsored, coauthored within theater. So my answer is it is not a Title 10 service issue.

Senator GRAHAM. Okay. That is fine.

Thank you all very much.

General ROCHELLE. Thank you, sir.

Senator BEN NELSON. One final question I might ask, or are you finished?

Senator GRAHAM. Yes, sir.

Senator BEN NELSON. We are aware that the personnel, the healthcare, and entitlement costs continue to soar, and personnel costs, including the cost of military healthcare, the department spent \$162.4 billion in 2008, anticipates spending \$170.5 billion in 2009, and has requested \$178.7 billion in 2010. You have already indicated that is the largest part, Senator Graham, of the budget.

Looking at these rising costs, short of cutting back on personnel, are there any steps that could be taken to reduce personnel costs?

Senator GRAHAM. If I could just interject, it is my understanding that 14 percent of the entire DOD budget will be military healthcare cost. Is that right? Down the road.

General ROCHELLE. I can't answer that percentage, sir. I am sorry. That is for DOD.

Senator BEN NELSON. Is there something we can do, if we could increase the quality of healthcare and decrease the quantity in some respect, would there be a savings? Is there anything like that that you are all looking at within your own branch to try to economize on personnel costs, including the benefits? Not taking things away, but trying to do things more efficiently, effectively, and getting better results?

General ROCHELLE. The chairman addressed this in his recent testimony, and I believe if there were simple, low-hanging fruit op-

tions that one could employ, we would have all taken those actions already. It is a very complex issue, Mr. Chairman.

Senator BEN NELSON. Well, would the Secretary of Defense get you a higher ladder or—

[Laughter.]

General ROCHELLE. We would all need one. One way in which we could, I think, come at it is on the prevention side. Not coincidental, but concurrent with our work on suicide, the Army is launching a health, fitness, and promotion program that is designed to build resiliency in much the same way that we have over the decades, the decades of my service and well beyond, built physical stamina and physical fitness.

So not an adequate answer to your excellent question, but I think prevention offers us a clue in which there may be savings.

Senator BEN NELSON. Well, and part of the prevention, first of all, you don't typically have an aging population in the military to begin with. But part of the area of prevention is early detection, because not every use of the military healthcare system is going to be as a result of combat. A lot of it is just general health conditions.

So could you explore ways of not only healthier lifestyles, but also early detection with the kind of preventive care that you can get from up front healthcare costs that save you on the backend with healthier life expectancies? Anybody else take a crack at that?

General ROCHELLE. No question, Mr. Chairman.

Senator BEN NELSON. I am not going to ask General Coleman because he is going to refer to the Admiral.

General COLEMAN. Sir, I think we are doing an excellent job of trying not only the prevention, but also cutting back.

I personally sit down with our folks when they are looking at the reenlistment bonuses, and this was last year when Congress was really giving us all we wanted. And I was surprised at our folks who said, you know, we don't need to give the great big bonuses to everybody, and we need to judiciously look at the money because it is all coming out of the same pot.

So I think we are doing a very good job of not trying to waste the taxpayer's money, sir.

Senator BEN NELSON. That is a good point.

General Newton?

General NEWTON. Mr. Chairman, if I may just add "Again, this notion of us being more effective in our "fit to fight," what we call it, we are taking a hard look inside the United States Air Force. And it is really not trivial, and I am not saying we are making it trivial, but this notion of preventive access and care, but also having access to fitness centers and again at a high operations tempo. Not only, again, having just come out of the AOR, we focus on fitness as much in the AOR as we try to do as well as back home as well.

So it is—really, it is a new generation. It is a higher operations tempo Air Force, and certainly for the other services, and how we are fit to fight really more effectively can then, I believe, in the long haul make a more healthy force and, therefore, could obviously trim down costs, long-term costs.

Senator BEN NELSON. Well, thank you. And thank you for your participation.

And thank you, General Rochelle, once again for your service. And General Coleman, of course. We thank the others as well. We know we will see you again.

Thank you.

[Pause.]

Senator BEN NELSON. Well, we now welcome our second panel, and we have outside representatives from servicemember-oriented associations. Colonel (Ret.) Steven P. Strobridge is the director, Government Relations, Military Officers Association of America, and co-chair of The Military Coalition.

Master Chief—just have to get these right here now. I have got several—and co-chair Military Coalition. We are glad to have you, Colonel Strobridge.

Master Chief (Ret.) Joseph L. Barnes, and he is the National executive director, Fleet Reserve Association, and co-chair, The Military Coalition.

Ms. Deirdre Parke Holleman—is that Holleman? Is the executive director of the Retired Enlisted Association and co-chair of the Survivor Committee of The Military Coalition.

Captain (Ret.) Ike Puzon is the director of legislation, Naval Reserve Association, and co-chair of the Guard and Reserve Committee of The Military Coalition.

And Captain (Ret.) Bradley Snyder is the past president of Armed Forces Services Corporation, a shorter title. Thank you very much, Captain.

[Laughter.]

Senator BEN NELSON. Less chance of messing it up.

Well, if you would, Mr. Barnes, would you share your thoughts on the personnel issues that you think can be reflected in this year's budget?

STATEMENT OF MASTER CHIEF JOSEPH L. BARNES, USN (RET.), NATIONAL EXECUTIVE DIRECTOR, FLEET RESERVE ASSOCIATION; AND CO-CHAIR, THE MILITARY COALITION

Mr. Barnes: Certainly, Mr. Chairman, and thank you for the opportunity to be here today and appear before this distinguished subcommittee.

The Military Coalition's statement reflects the consensus of 34 TMC organizations and extensive work by the coalition's 8 legislative committees. We understand that at least one coalition organization witness has been invited to testify at a separate family readiness hearing, and for that reason, the coalition panelists will not address family matters today, and each will focus on other issues.

Before proceeding, I wish to thank you and the entire subcommittee and your staff personnel for effective leadership, a strong commitment, and support for military personnel, retirees, veterans, their families, and survivors, and particularly for our wounded warriors and their families.

Adequate service end strengths are essential to success in the war efforts and other demanding operational commitments vital to our National security, and the coalition strongly supports proposed end strength increases in 2010.

Admiral Mike Mullen, Chairman of the Joint Chiefs of Staff, recently testified about the strain of repeated deployments—and we also heard reference to this in the first panel—and the limited dwell time for many servicemembers that will continue at least through 2010 due to current end strengths and demanding operational requirements. The related stress on servicemembers and their families is a serious concern and can lead to significant morale, readiness, and retention challenges.

Unfortunately, the proposed increases will only get the Army to 15 months of dwell time, which is still grossly inadequate. We understand some on the committee may support further end strength increases, and the coalition would strongly support this and any initiative to further enhance essential dwell time.

We also note the Navy's and the Air Force's reductions in force in recent years, and we also note that the Navy continues to provide individual augmentees supporting overseas contingency operations. Associated with all this is maintaining adequate end strength and a sustained and adequate funding for military recruiting efforts.

Pay comparability remains a top priority, and the coalition strongly supports authorization of a 3.4 percent 2010 active duty pay hike. We appreciate your past support for higher than ECI pay increases, which have reduced the pay gap to 2.9 percent.

Housing standards determine local housing allowance rates, which need to be revised to more closely reflect where service personnel are actually living. For example, only E-9s, which comprise 1.25 percent of the enlisted force, are eligible for BAH for single-family detached homes.

TMC appreciates enactment of the post 9/11 GI bill, and DOD's policies on transferability options for personnel nearing retirement. However, technical corrections are needed to extend transferability to members of the U.S. Public Health Service and the NOAA corps.

Finally, the coalition remains committed to adequate funding to ensure access to the commissary benefit for all beneficiaries and to support important MWR programs. These various programs, facilities, and support services for personnel impacted by BRAC actions, rebasing, and global repositioning is very important, particularly during wartime, which alone results in significant stress on servicemembers and their families.

Thank you again for the opportunity to present our recommendations today.

[The prepared statement of Mr. Barnes follows:]

Senator BEN NELSON. Thank you.

Captain Puzon? I hope I am saying that right.

STATEMENT OF CAPTAIN IKE PUZON, USNR (RET.), DIRECTOR OF LEGISLATION, NAVAL RESERVE ASSOCIATION; AND CO-CHAIR, GUARD/RESERVE COMMITTEE, THE MILITARY COALITION

Captain Puzon: Yes, sir. You are.

Senator BEN NELSON. Thank you.

Captain Puzon: Mr. Chairman and members of the subcommittee and staff members, I am honored to be here. We are pleased with the Guard and Reserve improvements that you have made in the

past since September 11, 2001. I will focus on needed enhancements and improvements in early retirement, healthcare benefits for Guard and Reserve, and the Montgomery GI bill for Reserve members.

For early retirement, our number-one goal for Guard and Reserve is the passage of legislation establishing September 11, 2001, as the eligibility start date for Guard and Reserve early retirement, as authorized in the NDAA of 2008.

We call upon you to expand the program to include all those who have sacrificed for our Nation following the tragedy of September 11th. More than 710,000 men and women have answered the call to active duty, protecting our way of life, and are serving more than 190,000 multiple tours of duty.

Unfortunately, most of these tours won't count toward early retirement unless Congress authorizes retroactive credit for the activations. Ultimately, we need to show commitment to them for their increased utilization by addressing the Reserve retirement system.

For healthcare benefits, to maintain and retain a viable operational Reserve Force, healthcare access for Guard and Reserve must match their increased role in the Nation's defense. We urge Congress to establish a moratorium on TRICARE and TRICARE Reserve Select premium increases. We urge you to establish medical and dental care for Guard and Reserve members, beginning with the issuance of an alert order and post deployment for 180 days.

We also ask that you review the Wounded Warrior transition assistance and to fully fund the Yellow Ribbon Reintegration Programs for post deployment to ensure Guard and Reserve members and recently released active duty have adequate access and treatment for PTSD and TBI following separation from active duty.

We believe there should be a close evaluation of the care in remote areas. We ask Congress to pass pending legislation to allow gray area reservists to purchase TRICARE standard healthcare coverage.

Regarding the Montgomery GI bill benefit, we ask that Congress upgrade the Montgomery GI bill to provide increased benefits to Selected reservists. We are most grateful to the Congress for passage of the post-September 11 GI bill benefits. However, the MGIB benefits for joining the Selected Reserves were not upgraded or integrated. We would ask that you restore the basic Reserve MGIB for initially joining the Selected Reserves to the benchmark of approximately 50 percent of the active duty benefit.

Mr. Chairman, I thank you for the opportunity to present the views of TMC and the Association of the United States Navy. I will be happy to answer any questions.

[The prepared statement of Captain Puzon follows:]

Senator BEN NELSON. Thank you, Captain.

Ms. Holleman?

STATEMENT OF DEIRDRE PARKE HOLLEMAN, EXECUTIVE DIRECTOR, THE RETIRED ENLISTED ASSOCIATION; AND CO-CHAIR, SURVIVOR COMMITTEE, THE MILITARY COALITION

Ms. HOLLEMAN. Mr. Chairman, thank you so much for the honor of speaking before you on behalf of the survivors of those who protected our Nation in the military.

In the last several years, Congress has made great strides in improving the lot of the women, men, and children who were left behind and alone when their loved ones died because they had served America in uniform. The coalition wishes to thank you for all you have done, but to urge you to take several more necessary steps forward.

One of The Military Coalition's highest legislative goals is to end the SBP-DIC offset. Senator Bill Nelson of Florida has been the champion of this goal in your chamber. In this session of Congress, his S. 535 already has 45 co-sponsors. In the House, Representative Ortiz's companion, H.R. 775, has 229 co-sponsors. We hope that these dramatic numbers indicate that this is the year that this unwise benefit structure will be abolished.

The great majority of the widows who are affected by this offset spouses served a career in the uniformed services and purchases SBP when they retired. They paid a substantial portion of their retired pay to assure that if their wives survived them, they would be provided for. This is the type of responsible behavior that we wish to encourage.

Clearly, SBP is a deferred employee benefit. But since the retiree died of a service-connected disability, something he could not responsibly rely would happen, the survivor is also entitled to VA's DIC.

The other small group of widows who are affected by this offset are recent widows whose husbands died on active duty after Congress created active duty SBP. These servicemembers qualified for SBP protection by sacrificing their lives.

For both groups of survivors, one SBP dollar is offset for every dollar paid by DIC. The DIC payment this year is \$1,154 a month. Due to the offset, a survivor will be living on a payment of just under \$14,000 a year, plus whatever amount, if any, remains in SBP for higher rank retirement payments. That is not enough to live on or to acknowledge the service and sacrifice rendered.

Congress has, over the last several years, been moving toward ending the offset between military retired pay and service-connected disability pay. This similar offset should also be ended.

We would briefly like to highlight two additional improvements that we urge you to include in the 2010 NDAA. The Military Coalition asks that you support H.R. 613, the Military Retiree Survivor Comfort Act. This bill would allow a military retiree's widow or widower to retain the full retired payment for the month in which a member died.

Now the law requires DOD to immediately remove the full month's payment from the couple's shared checking account where the payment was electronically deposited and then, at a later date, give a pro-rated payment reflecting how many days the member lived in his or her last month. This procedure often means that in

a most trying month, a widow may unknowingly bounce checks or may be unable to pay ongoing bills.

Changing this would make a terrible time for a survivor easier. A statute already requires the VA to allow a widow to retain the full last month's service-connected disability payment. DOD should do the same for military retirees.

Finally, we urge you to create an SBP special needs trust. DFAS is not presently allowed to issue SBP checks to a trust, only a living person. Allowing SBP payments to be deposited in a special needs trust would help protect seriously disabled children who qualify for SBP payments.

The recently introduced H.R. 2059 would allow the approximately 1,500 children who presently qualify for an SBP annuity and who are incapable of self support because of mental or physical incapacity to make use of this helpful legal tool. We hope this committee will include this improvement in next year's NDAA.

Again, thank you so much for allowing me to address you on these important matters. I would be very happy to attempt to answer any questions you may have.

[The prepared statement of Ms. Holleman follows:]

Senator BEN NELSON. Thank you, Ms. Holleman.

Colonel Strobridge?

STATEMENT OF COLONEL STEVEN P. STROBRIDGE, USAF (RET.), DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA; AND CO-CHAIR, THE MILITARY COALITION

Colonel STROBRIDGE. Mr. Chairman, my portion of the coalition testimony will focus on healthcare and retirement issues.

For wounded warriors, we urge the committee to consider permanent authority for the senior oversight committee, whose authority will expire at the end of this year. We are also very concerned that the transition from active duty to retiree TRICARE or to VA coverage catches many wounded warriors and their families unaware. They need the same protections that we provide when someone dies on active duty—3 years of continued active duty level coverage to ensure a smooth transition.

We urge a consistent package of training and compensation for wounded warriors' full-time caregivers. The services have separate programs in this area. The VA offers very little, and caregivers lose virtually all support when the member is retired for disability. We owe them a fairer deal.

Regarding psychological health and TBI, DOD and VA are moving out, but most of those efforts will take time. In the meantime, we have overwhelming numbers who need help now, as we heard earlier on the panel. But many still have to wait months for appointments. To us, that is not good enough. You asked the right question, what can we do to ease this? And the answer, I think General Rochelle gave the right answer, all of the above, part of which is expanding capacity to deliver care.

On TRICARE fees, we are grateful that the administration discontinued the past trend and didn't propose the kind of significant fee increases in the 2010 budget that we have seen in past years. TRICARE costs are inflated by unique military requirements and

inefficiencies, and DOD has lots of options to cut costs without imposing large fee hikes on beneficiaries.

We ask you to put language in this year's Defense Authorization Act expressing a specific sense of Congress that military people pay huge up-front premiums through decades of service and sacrifice over and above their cash fees. That is something that is not acknowledged now, and to us, that is one of the big problems. People want to just compare money to money, and they don't realize that most of military premiums are paid up front and they are very heavy, indeed.

DOD surveys show that military beneficiaries are less satisfied with their healthcare than most civilians are. We think the Pentagon needs to focus more on fixing TRICARE and less on trying to charge more for it.

On concurrent receipt, we believe military retired pay is earned by service and should not be reduced because the servicemember happens to also incur a service-caused disability. We strongly support the new initiative in the President's budget, and we hope as well that you will be able to fix the glitch in the CRSC law that causes—the combat-related special compensation law that causes some to lose the pay that Congress meant for them.

We are also very concerned about the REDUX retirement system and the so-called \$30,000 career status bonus that entices thousands of unwary members each year to forfeit hundreds of thousands of dollars in future retired pay. This so-called bonus is tantamount to a lifetime loan against future retired pay where the usury is 24 percent annual percentage rate for the typical enlisted member and a 35 percent rate for the typical officer.

We would be pleased to explore options with the subcommittee staff to better protect servicemembers against mortgaging their financial futures.

And finally, we hope the subcommittee will not support the 10th Quadrennial Review of Military Compensation's military retirement proposal, which would defer receipt of full retired pay until age 58 or later and authorize vesting at 10 years of service.

We believe this civilian-style plan is inappropriate for military service conditions. It would take money from people who serve a career to pay people who leave early. We think it would undermine long-term retention and readiness and prove disastrous in a wartime environment like today's when we are so desperate to encourage longer service.

Mr. Chairman, that concludes my remarks and the coalition's remarks.

[The prepared statement of Colonel Strobridge follows:]

Senator BEN NELSON. Thank you, Colonel.

Captain Snyder?

**STATEMENT OF CAPTAIN BRADLEY J. SNYDER, USA (RET.),
PAST PRESIDENT, ARMED FORCES SERVICES CORPORATION**

Captain Snyder: Mr. Chairman, not only do I have the shortest title, I have got a different hat that I am wearing today.

I am honored to be asked by the staff to come in as an unofficial "official expert" on helping families over 43 years since my retirement from my wounds in Vietnam. We have had the privilege of

being with members of the active duty, retired, Guard, Reserve, and being able to try to educate them on the benefits they have. Then when they transition into retirement to help them understand not what they don't have, but what they do have.

And the biggest problem, Mr. Chairman, is education. The benefits don't come in individual packets. They come in a group. Social Security, VA, and SBP are all linked together. They have been that way ever since the inception.

We were privileged to work with the families of the Gander air crash, of the AWACS crash, and, of course, the 31 days we spent with the families in the Pentagon after the attack on the Pentagon. The understanding of benefits by the members of the armed forces is very, very difficult because of their complexity of the three bureaucracies that I just mentioned.

We have presented a computer program that gives each individual family their benefits for the rest of their life if their spouse dies. I was very privileged in helping put this together. And right now, as far as active duty, the Army G-1, General Rochelle, has contracted that every single person on active duty in the Army, active duty Army, has their benefits up to date every single day.

They can go online at myarmybenefits, and they can see their individual family benefits from Social Security, VA, SBP tied together for them and where they can discuss that with their family if they are going to be deployed or if they are going to retire. They can "what if" if they get promoted, "what if" if they have a child, "what if" if they get married. How do these benefits all change?

It is very high tech. It is connected to the DEAR system, so the individual doesn't even have to remember all his data. We are very proud of that. And it is helping, Mr. Chairman, in the education so that people understand their benefits and don't get the idea that the benefits aren't that good because the Congress has been very good with the benefits.

Just to give an example, ending, I have an E-4 that I just helped the family with with one child. The veteran that was killed was 20 years old. His spouse is 20 years old. The child is 1 year old. When I put all the benefits together and put a stream of benefits out to the mortality date of that 20-year-old spouse, which means that the assumption is that she lives to receive the benefits at 3 percent inflation, the value of the collective benefits for her and the child are \$2.7 million, with a present value of \$1.8 million.

That is not to mention the \$500,000 from the SGLI and the death gratuity and also the \$41,000 for education benefits from the Department of Veterans Affairs. All benefits can always be improved for our families, but the basis that is existing now is a very, very good base with the law as it is.

I hope that if my expertise would be able to help answer any questions, I am just very honored to be here to try to help with that particular task.

Thank you, sir.

[The prepared statement of Captain Snyder follows:]

Senator BEN NELSON. Thank you. And thank you for that example.

We will do 5 minutes here.

You gave us an example of the full range of benefits. How does this compare to what might be available in the civilian sector? Do you have any comparative information, or would anybody else have some comparative information about how the benefits that you have just described might compare to the civilian industry?

Captain Snyder: Sir, I don't have any particular knowledge on the individual IBMs, General Motors, and all. I can tell you that for someone in this category of this rank and capability and job description, the benefits would be nowhere near. I mean, I know officers of corporations that don't have \$500,000 worth of insurance and things.

So, but it is for a different thing. We are here to take care of those survivors of those that served, and it is doing a good job. Overall, I believe that the military benefits are better because they are controlled by the CPI. They increase with inflation, as I said in the example I gave of 3 percent inflation.

Most benefits on the outside, even in my own company, we don't have cost of living adjustments. We can't afford it. So from that basis—

Senator BEN NELSON. That is what I was trying to get across. I don't think that this level of benefit is available outside at the level you are talking about.

Colonel STROBRIDGE. Sir, I would—we have done some research on this. We think the most comparable group are police and firefighters. And in large city police and firefighters, our experience is most of those folks, if a member is killed in the line of duty, the survivor gets 100 percent of pay for life.

Senator BEN NELSON. Hundred percent of pay for life?

Colonel STROBRIDGE. Yes, sir. So I think I would have a little bit different opinion. One of the concerns is, and particularly when we are talking about the SBP- DIC issue, 94 percent of those widows did not get the big cash payments we are talking about. They got death gratuities of \$3,000.

They get SGLIs of \$50,000, which the member paid for, by the way. That is not a gift from the Government. The member paid a premium for it. And that money is long since gone, and these widows are living on basically \$14,000 a year.

And you can extrapolate that for X number of years in the future, and it looks like a big number. That doesn't change the fact that it is \$14,000 a year. I think everybody in here would have a little problem living on that.

Senator BEN NELSON. Would the benefits, Captain Snyder, for the spouse be discontinued upon remarriage?

Captain Snyder: They are discontinued if remarriage is before a certain age. For the VA, it is 57. For the SBP, it is 55, and for Social Security, it is age 60. But all start back up again if that spouse's second marriage terminates for death, divorce, or annulment. So that is another feature in there.

The DIC-SBP is a very emotional issue, and the value of it was never—the programs were never meant to be individually and draw both. They were never meant that way. The costing is based on that. So if anything can be improved, it is better. But there is a tremendous value to each of the benefits that are there now.

Senator BEN NELSON. Ms. Holleman, could you give us your thoughts on the progress we have made, but the progress that remains to be made on concurrent receipt? Is that one of the areas that you are interested in?

Ms. HOLLEMAN. We are all interested in it.

Senator BEN NELSON. Well, I know you all are, but I want to make sure.

Ms. HOLLEMAN. That was not what I focused on, but I would certainly be happy to discuss that. Obviously, we have been pushing—everyone here has been hoping that Congress would make continued steps, as they have, to end this offset. There have been, as this town loves steps, and we have had several steps. We are—as Colonel Strobridge said, we were very pleased at the administration’s proposal concerning Chapter 61 retirees being included in concurrent receipt, and that is yet another step. We hope that will appear in the NDAA this coming year.

And we hope, indeed, that the final step, which are the people at 10 to 40 percent, longevity retirees be included in the administration proposal. It is clear that the 10 to 40 percent Chapter 61s will, in years 4 and 5, be included. And then the only people left out of getting the two appropriate pays would be the 10 to 40 percent longevity retirees. And it is only honest to tell you, I will be back asking for that as well.

Mr. BARNES. Mr. Chairman?

Senator BEN NELSON. Yes.

Mr. BARNES. If I could just clarify, the Fleet Reserve Association, as with The Military Coalition, has a longstanding objective of full concurrent receipt for all disabled military personnel. Retired pay and disability pay are paid for different reasons. Retired pay for service, disability pay for the physical impact of that. And that is part and parcel to that policy or our objective of full concurrent receipt for all disabled military retirees.

Appreciate your attention to and the progress that has been made on this issue, and I also concur with Deirdre’s comments.

Senator BEN NELSON. I must admit, as we have attempted to make the progress and have, it has been much more difficult than I think many might assume going into it. But we believe that we need to continue to try to make that sort of progress.

Ms. HOLLEMAN. And may I add, as Joe has said, both retired pay and disability pay are two different payments for two different services or events or losses. The same thing is true with SBP and DIC.

Senator BEN NELSON. Senator Graham?

Senator GRAHAM. Thank you.

Along those lines, the dilemma we have is that, yes, they are two different events. I totally agree with that, but it is coming out of one basic pocket here, and that pocket is not large enough, in my opinion, to meet all the needs of the active-Duty Forces. It is not sufficient enough to meet growing personnel costs from the active duty Reserve side. It is not sufficient enough to meet weapons modernization.

And we have got a real dilemma as a Nation here. Secretary Gates said about curbing the growth of the healthcare budget in the future, he has described as “eating the department alive.”

Twelve percent of the entire DOD's budget in 2015, I think it is, is going to be healthcare costs.

So I have got basically two questions. One is on the quality side, and the other is the cost side. We have a TRICARE system, which you are all intimately familiar with, and we get conflicting reports about the quality of TRICARE. And I guess it depends who you ask. I thought I would ask you all, the people who use it, how would you rate this system? What could we do to improve quality and access?

Then I will ask you a question about cost. How we come to grips with this dilemma that the military budget, DOD's budget—something has got to give here. I mean, we either have got to get more money or do something differently.

On the quality of TRICARE, from an A to an F, give me your thoughts and a short comment as to why you picked whatever you did.

Colonel STROBRIDGE. Yes, sir. I can start since I covered healthcare. I think I would give it a solid C.

Senator GRAHAM. It got me through school, but I wouldn't recommend that.

[Laughter.]

Colonel STROBRIDGE. Yes, sir. You are absolutely right that the assessment depends on who you talk to. I think the Secretary of Defense himself said, in looking at a recent set of surveys that said that military people are less satisfied with their healthcare than private sector citizens.

Senator GRAHAM. Briefly, could you tell me what are the major deficiencies you think?

Colonel STROBRIDGE. I think the primary one, sir, is access. There are many people who have great difficulty finding a doctor who will accept TRICARE.

Senator GRAHAM. Is that because of reimbursements?

Colonel STROBRIDGE. Yes, sir. That is a large part of it. There are two reasons. One is the cost of reimbursements. One is the administrative hassle associated with TRICARE that doctors don't get from other healthcare systems. It is those two primary things.

Senator GRAHAM. Anybody else who would like to weigh in here?

Captain Puzon: Yes, sir. From the Guard and Reserve perspective, and a personal level. Let me do the Guard and Reserve first. The further you get away from the MTF, the less they know what TRICARE is and the less it is accessed.

So but once they get in it, I think they—

Senator GRAHAM. You know, we provided TRICARE eligibility to Guard and reservists years ago.

Captain Puzon: Right.

Senator GRAHAM. Has that been helpful to the force?

Captain Puzon: Oh, yes, sir. Thank you very much for that.

On a personal level, I would say that I would give it a B plus. But again, it comes back to access, people wanting to actually take it.

Senator GRAHAM. Gotcha.

Mr. BARNES. Senator, I would just add, concur with the comments about access. We hear this, and we are surprised in our interaction with active duty personnel that have challenges with

access, particularly with regard to dependents and spouses, and that varies in different places around the country.

I also concur with the reimbursement issues that were mentioned here. Overall, I would give it a B to a B minus.

Senator GRAHAM. Captain Snyder? Ms. Holleman?

Ms. HOLLEMAN. Yes, I agree. I would say B once you get it. Again, it is an access question, and it is a complication question. It is a complicated exotic system, and particularly for family members. Their dismay is often not about the care itself, but all the problems and the hoops to get through and understand, and then they move and they have to learn them all over again. And I think that is a great deal of the difficulty.

Senator GRAHAM. Captain Snyder?

Captain Snyder: Sir, I agree with the access problem, but personally, I think in a bigger picture, sometime we are going to have to deal with the number of entitlements for healthcare. In this area, I have been very blessed for 43 years since I retired out of Walter Reed. But I can go to Walter Reed. I can go to the VA. I can use my TRICARE, which I did. And then I can now use Medicare. All those programs are operating at the same time.

I don't know what the answer is. I just know that the problems that get rooted into one of the systems like access to military treatment facilities once you retire—now I retired with a combat disability. So I can always go to Walter Reed for those areas that I need treatment—

Senator GRAHAM. But a Category 8 veteran will have a hard time doing that, right?

Captain Snyder: Right. And so, those other hospitals are there for them, but the cost compounds by just having start-up costs for all the ones that have to be operated. So I am just throwing that out as a futuristic thing because I think it is going to come around.

Senator GRAHAM. Well, I have been thinking long time that why should the Department of Defense—basically, when you retire from the military, maybe you should go into a VA system could accommodate more patients and offer more services, and it is taking up the military's budget when you are talking about down the road, just sort of limit the military healthcare footprint to the active-duty forces and their families.

And I don't know if that is the smart thing to do, but you have nailed it right there. You have nailed it. Yes?

Colonel STROBRIDGE. Yes, sir. That is something the coalition has addressed specifically, and we see great difficulties with that.

Senator GRAHAM. In the current system, it would be almost impossible. But somebody has got to get a grip on this.

One last thing, and then I have got to go. They tell me that in 1995, the TRICARE beneficiaries, DOD healthcare beneficiaries paid 27 percent of their healthcare cost. Today, it is 12 percent, and that is what you were getting to, Mr. Chairman. And the Bush administration had some pretty draconian premium increases that were just too much too quick.

And this committee has been working with your groups and others to find ways to make healthcare more efficient—pharmacy benefits. What can we do to improve the quality of care? More preven-

tive medicine. Before we ask for more money, we have got to find savings first.

So last question is have we accomplished anything on streamlining the savings part, and what do we do long term about the ever-increasing amount of healthcare that is coming through the DOD's budget?

We have got to somehow get ahead of this. And I don't know if we can maintain 12 percent forever. That is just something has got to give eventually, and I want a rational way to get there, not putting people at risk or asking more than they can give all at one time. What is your view of our reform efforts here?

Colonel STROBRIDGE. Well, frankly, sir, I think most of the savings efforts have been due to the efforts of this committee.

Senator GRAHAM. Yes, we have pushed the system. Has it worked, I guess, is what I am saying?

Colonel STROBRIDGE. Some of it has. Certainly the Federal pricing for the retail pharmacy, although I am not even sure that has been implemented yet. But that will generate big savings. That was something, unfortunately, we had to push and you had to push to get it done.

Senator GRAHAM. Yes, and I want to go to the systems and say you have got to give some before we ask from others.

Colonel STROBRIDGE. Yes, sir. We had—getting back to your point about the 27 percent, we had a meeting with you 3 years ago.

Senator GRAHAM. Right.

Colonel STROBRIDGE. And one of the points we made, you made was why don't you all get together and talk about the numbers? We have been trying ever since. We have never gotten an explanation of what went into that 27 percent. So we have got some difficulties.

Senator GRAHAM. Mr. Chairman, I don't mean—my time is up. I think this is a good area for the committee to keep pushing. To make sure that they give us an accounting of is it 27 percent and these reforms that you gave us that from a user's point of view that would make this system more efficient. We need to have another meeting with DOD officials about cleaning up the program, making it more efficient.

Then, quite frankly, as I told you 3 years ago, there is going to come a day when we are going to have to look at the population and say, based on the ability to pay, we are going to have to pay more down the road.

Colonel STROBRIDGE. Yes, sir. We have had several of those. You remember the list that we gave you. We provided those to a bunch of different folks in DOD. Usually they say, gee, there are some good ideas in here, and we don't hear that much. In fairness, there have been a couple of them that have been implemented.

Senator GRAHAM. Well, Mr. Chairman, let us reinstitute that whole inquiry.

Colonel STROBRIDGE. Yes, sir.

Senator BEN NELSON. I might add that when these, as you say, draconian increases were being discussed, poor Secretary, Dr. Chu had to engage with us with an awful lot of discussion about the absence of strong actuarial morbidity studies to establish either the amount of the increase as being actuarially sound or what the true actuarial cost should be.

And I do think the whole area needs to be evaluated and studied, and there clearly is something wrong if we are moving down to a lower—if it is true that we are, that the individual is paying less premium percentage for the cost, trending downwards, that isn't sustainable. But we need to know whether that is the case or not.

Being told that is one thing. Having actuaries come in and establish true what the loss costs are I think would be very helpful.

Senator GRAHAM. Thank you for your testimony.

Senator BEN NELSON. Thank you.

Ms. Holleman, the use of this trust fund that you made reference to—

Ms. HOLLEMAN. Yes.

Senator BEN NELSON. —you say something like 1,500?

Ms. HOLLEMAN. That is it. Only 1,500.

Senator BEN NELSON. Fifteen hundred. These are special needs children of a deceased member, or what do they consist of?

Ms. HOLLEMAN. Yes. Usually, that is what it is. The special needs trust is a creation really of the Federal Government, but then implemented by State governments and the appropriate court. You can establish a special needs trust. It protects, when I say "children," many of these children are adults. But they were children of the servicemember, and they are severely disabled.

And this protects—the special needs trust protects them in many ways, including having the qualification for other programs and care that TRICARE does not cover, but that they would be disqualified by with getting the direct payment or having an individual get the direct payment. But they are covered and protected.

Senator BEN NELSON. Would this be for healthcare, or would it be for continuing life care, living expenses?

Ms. HOLLEMAN. Both, not usually pure—both. But often, for instance, if this is somebody who should live in a group home, that is not exactly healthcare. Training, certain psychological—

Senator BEN NELSON. Well, living expenses would be, yes.

Ms. HOLLEMAN. Living expenses, certain psychological and other programs that are provided that are often means tested by the States. And the reason that the special needs trust was created was to protect that and to allow them to have the benefit of the State as well.

But at this point in time, DFAS just cannot pay to a trust. And it is not expensive, but it will make huge differences to these children.

Senator BEN NELSON. It doesn't increase the cost. It just directs where the expenditure could be made?

Ms. HOLLEMAN. The only increase I could see is that there was a CBO that said it would be \$88 million in 10 years, and the cost would be—you know, I never get an explanation of what Medicaid—yes, I think what the cost would be, would be Medicaid.

Senator BEN NELSON. Oh, I see.

Ms. HOLLEMAN. And that, in fact, is what one of the things special needs trust is created to allow people to use.

Senator BEN NELSON. Something I need to learn a little bit more about.

Yes, Captain Snyder?

Captain SNYDER. Sir, I might comment on that because I have helped a lot of families with this, and there is the payment of a Government entitlement has to go to an individual. It can be deposited into a special needs trust, but the individual is going to get the 1099 because it has to go to a human being. That is the problem.

Ms. HOLLEMAN. Right.

Captain SNYDER. The other problem is it is not just SBP. It is Social Security. Social Security will cause the same problem. So if you fix the SBP that it is not part of income to go in for this, and then Social Security comes in because the child, upon the death of the father, will receive 75 percent of the father's benefit, which is greater than his SSI benefit. And before we had the SBP law in 1972, there was a similar problem with Social Security.

So if you disconnect these three things that are always operating on the benefits and you fix one, there is the domino theory.

Senator BEN NELSON. That is something new to me that I know about the trust, but I didn't realize that the Government can't make that payment directly. So, some authorization?

Captain SNYDER. I think it has been explained to me as the legal problem is the trust can change. The human being can't change. I mean, unless it dies, that child is going to get the benefit.

I have a 51-year-old right now that is—father died, the mother had SBP for herself and the child, no problem. Child was getting. Now the mother died in January, so the child is getting the SBP, the father's Social Security, and the VA, because his death was service-connected of Agent Orange, that child is getting about \$7,000 a month, and it is too much money to have it get into the other benefits.

But that much from all three of the benefits again is paying his costs almost better than Medicaid, but there are some things like private picking up, bus transportation, or wheelchairs or something. But the brothers now are saying they have enough money to take care of him on their own.

So it is not an easy issue when an entitlement is trying to go—a Government entitlement is trying to go to a nonhuman being.

Colonel STROBRIDGE. The specific problem with the law, sir, is the SBP law explicitly states that SBP can only be paid to a natural person. And so, the legislation at hand would add another subparagraph that said it could be paid to a special needs trust.

Ms. HOLLEMAN. And of course, the special needs trusts are watched and administered and protected by the court, the surrogate court or the probate court or whatever court the State has that handles such things and are very expert in handling those matters.

Senator BEN NELSON. So the potential recipient, the beneficiary doesn't have the capacity to direct, to sign away or authorize the assignment to that trust because they don't have the capacity—

Colonel STROBRIDGE. And it is illegal.

Senator BEN NELSON. —and it is illegal.

Ms. HOLLEMAN. Yes. And it is illegal, even if they did.

Captain SNYDER. It is the income of the person that causes the problem, and that has to be reported. VA does not. It does not count. But Social Security and SBP does, and that is where, again,

the money can be paid to—the deposit can go to the trust account. There is no problem with getting the money in the trust account. But the 1099 is going to go to the human being and not to the trust.

Senator BEN NELSON. Colonel Strobbridge, you may not agree?

Colonel STROBRIDGE. The DFAS has sent letters to these folks—

Captain SNYDER. They can't.

Colonel STROBRIDGE. —sir, that says they will not deposit it in a special needs trust.

Ms. HOLLEMAN. Right.

Colonel STROBRIDGE. It is illegal. I have got a letter, multiple letters that say that.

Senator BEN NELSON. Well, I think that is something we ought to take a look at. Certainly, we don't want to see money sent off into eight different directions without adequate controls. But it does seem that that is a bit behind the times that you can't do that.

Obviously, there are good reasons for it to be directed into an account like that, particularly probably less chance of somebody intercepting the money. I mean, all kinds of other hazards that are out there that at least this would—direct deposit is a fairly common thing today. It wasn't common maybe so many years ago when this was put together.

We can take a look at that as well, see what we can do to at least create the authorization so it is not illegal.

This is just generally to the panel. What priorities have we not raised that you think we should raise? What are we not doing that you individually think we should be looking at or doing? Quickly, if you could.

Mr. BARNES. Mr. Chairman, I will lead off here. Two issues that are addressed in FRA's statement are the voting issue, which is very important. There have been some hearings on Capitol Hill with regard to absentee ballots.

Senator BEN NELSON. Oh, yes. I am on that committee.

Mr. BARNES. That is a very challenging issue. Anyway, that is one issue.

The other issue is reform, needed reform of the Uniformed Services Former Spouses Protection Act.

Thank you for asking.

Senator BEN NELSON. Thank you.

Captain Puzon: Yes, sir. I mentioned it, but I want to do it again. It is dental coverage for our Guard and reservists before they go, mobilize, and afterwards. That is a big issue for the Guard and Reserve.

Colonel STROBRIDGE. And one that I would like to add, sir, that we have discussed with your staff as a possibility is the active duty dependent dental plan. That coverage for orthodontia has not changed since 2001 or 2002. Obviously, the cost of braces are going up. Something to provide for the active duty families to allow that adjustment would be very helpful.

Captain SNYDER. Sir, I think one thing that would help surviving children is to release them from the alternative minimum tax on the survivor benefit plan that they get. That is causing dollars to not be able to be used for the children because of a thing where

the wealthy—we are trying to give money to the children. This was a different type of child, although the children do have the money, and they should report it for taxation, but not the alternative minimum tax. I think that would help them a great deal.

Senator BEN NELSON. Good point.

Ms. Holleman, we will let you wrap it up.

Ms. HOLLEMAN. Well, I was going to say, but Captain Snyder said it much better than I.

We are talking about dental. I will throw out the last part of the dental. The retiree dental plan, which has been improved in the last several years, and we are grateful for it, is still completely paid by the members. Any support that could be given by the Federal Government would be a great help.

Senator BEN NELSON. Well, thank you. You have been very helpful, and we appreciate not only the information you have given to us here and continue to provide us, but what you do for the men and women in uniform and those who have hung up those uniforms.

So we thank you so much for your participation. Appreciate it. Thank you.

The hearing is adjourned.

[Whereupon, at 4:27 p.m., the subcommittee adjourned.]