

**Statement of Senator John McCain  
Chairman, Senate Armed Services Committee  
Hearing to receive testimony on the findings of the  
Military Compensation Retirement Modernization Commission  
February 3, 2015**

The Committee meets this morning to receive testimony from the commissioners of the Military Compensation and Retirement Modernization Commission. I want to thank each commissioner for your diligence and hard work over many months to develop the recommendations you will present to us today. Our witnesses today are:

- The Commission Chairman: Honorable Alphonso Maldon, Jr.
- Honorable Larry L. Pressler
- Honorable Stephen E. Buyer
- Honorable Dov S. Zakheim
- Mr. Michael R. Higgins
- General Peter W. Chiarelli, USA (Ret.)
- Honorable J. Robert Kerrey
- Honorable Christopher P. Carney

This year, a signature issue for this committee will be thoughtful consideration of the Commission's recommendations to modernize military compensation and retirement benefits. As we do, I encourage the members of this committee and my colleagues in the House and Senate to keep an open mind. We are also eager to hear from any military or other organization that has constructive ideas to improve the current system. No one has a monopoly on good ideas, and we all come to this debate as patriots who love our nation's armed forces and want to improve the quality of life for all who serve and their families.

We honor the service and sacrifices of service members and their families – active duty, Guard, and Reserve – and we pledge to keep their wellbeing foremost in our thoughts as we deliberate the Commission's recommendations. But upholding our sacred obligation to them does not mean resisting change at every turn. We must not shrink from the opportunity before us to create a modern system of compensation and retirement benefits that would provide greater value and choice for those it serves.

Congress established the Commission in the National Defense Authorization Act for fiscal year 2013 to conduct a review of the military compensation and

retirement systems and to make recommendations for modernization. We required the Commission to develop recommendations that would: (1) ensure the long-term viability of the all-volunteer force during all levels of conflict and economic conditions; (2) improve the quality of life for service members and their families to ensure successful recruitment, retention and careers for those members; and (3) modernize and achieve fiscal sustainability for the compensation and retirement systems in the 21<sup>st</sup> century.

The military's current compensation and retirement systems are decades old, and in their current form, may be less than suitable for modern-day military members. Today, we have a nearly 70-year-old military retirement system, and TRICARE, the military's health program, was implemented in the mid-1990's. Both the retirement system and TRICARE were appropriate for their time, but clearly times have changed. We are here today to learn how the Commission's recommendations could make compensation and benefits better for the military members and families of our current force and forces of the future.

Moreover, in a world of multiple threats and increasing danger, we count on young Americans to enlist or commit to serve in an all-volunteer force that protects us and our families. As this committee evaluates the Commission's recommendations to modernize military compensation and benefits, we must carefully consider how any changes in compensation and benefits will motivate young people of today to serve in the 21<sup>st</sup> Century. In a constrained fiscal environment, we must consider how best to achieve the proper balance between providing attractive compensation and benefits for our troops and paying for military modernization and readiness – effective equipment and advanced training that will enable our military to respond in moments of crisis and keep our citizens safe. We can meet both of these objectives, and we must.

Clearly, we will not have enough time today for a complete and thorough review of every recommendation the Commission has made. That is why I have asked Senator Graham, Chairman of our Personnel Subcommittee, to hold a series of hearings in the near future to explore all of the Commission's recommendations in greater depth, especially in those areas of retirement and health care. I thank Senator Graham for his leadership on these critically important issues.

Finally, we look forward to the testimony from the Commission today. Their recommendations come to us unanimously, after nearly two years of hard work, research, and debate. I encourage the commissioners to speak freely without reservations. Thank you again, commissioners, for your extraordinary efforts.

I now turn to Senator Reed for his opening remarks.