

**Statement Of**

**Honorable Thomas F. Hall  
Assistant Secretary Of Defense For  
Reserve Affairs**

**Before the**

**Senate Armed Services Committee  
Military Personnel Subcommittee**

**“Military Forces”**

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MILITARY PERSONNEL SUBCOMMITTEE

## *Honorable Thomas F. Hall*

### **Assistant Secretary of Defense for Reserve Affairs**

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Secretary Thomas F. Hall, a native of Barnsdall, Oklahoma, was sworn in as the fourth Assistant Secretary of Defense for Reserve Affairs on October 9, 2002. A Presidential appointee confirmed by the Senate, he serves as the principal staff assistant to the Secretary of Defense on all matters involving the 1.2 million members of the Reserve Components of the United States Armed Forces. He is responsible for overall supervision of Reserve Component affairs of the Department of Defense.



Secretary Hall is a retired two-star Rear Admiral having served almost 34 years of continuous active duty in the United States Navy. He is a distinguished and decorated Naval Aviator, who served a combat tour in Vietnam. He has performed in numerous high level staff, command, and NATO positions during his career. He commanded Patrol Squadron EIGHT, Naval Air Station Bermuda, and the Iceland Defense Force. His final military assignment was as the Commander/Director/Chief of Naval Reserve. His military awards include the Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit, Air Medal, and various other personal and unit decorations. He was awarded the Order of the Falcon, with Commander's Cross, by the President of Iceland in recognition of his accomplishments and service as Commander Iceland Defense Force. In 2000, he was given the International Partnership Award for his service to the United States and Iceland. He has been inducted into the Oklahoma Military Hall of Fame. In 2003, he was given the National Service Award for Leadership by the Federal Law Enforcement Foundation. In 2004, he was given the National Citizenship Award by the Military Chaplains Association of the United States. In 2005, he was given the Admiral Jackson award by the Reserve Officers Association.

Secretary Hall attended Oklahoma State University for one year before entering the United States Naval Academy in Annapolis, Maryland. In 1963, he graduated from the Academy with a bachelor's degree in Engineering and was named as one of the top 25 leaders in his class, having commanded both the top Battalion and Company. He was, also, awarded the Brigade Intramural Sports Trophy. In 1971, he received a master's degree in Public Personnel Management from George Washington University. He graduated with highest distinction from the Naval War College; with distinction, from the National War College; and from the National Security Course at Harvard University. He was selected as a Fellow and served on the Chief of Naval Operations Strategic Studies Group.

Secretary Hall has served on the Boards of Directors of numerous nonprofit organizations that are supporting the needs of our veterans and citizens in general. Prior to returning to government service, Secretary Hall served as the Executive Director of the Naval Reserve Association for six years. The Naval Reserve Association is a 501 (c) (3) nonprofit veterans' organization that represents over 23,000 Naval Reserve officers, members, and their families.

Secretary Hall is married to the former Barbara Norman of Jacksonville, Florida. They have one son, Thomas David Hall.

## **INTRODUCTION**

Chairman Graham, Senator Nelson, and members of the subcommittee: thank you for the invitation to offer my perspective on the status and ability of America's Reserve component forces to meet current and future operational requirements. I would like to provide information to assist you in making the critical and difficult decisions you face over the next several months. This committee has always been very supportive of our National Guard and Reserve Forces. On behalf of those men and women, I want to publicly thank you for all your help in providing for our Reserve components. The Secretary and I are deeply grateful, our military personnel certainly appreciate it, and we know we can count on your continued support.

## **THE ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS'**

### **MISSION**

The mission of the Assistant Secretary of Defense for Reserve Affairs (ASD/RA), as stated in Title 10 USC, is the overall supervision of all Reserve components' affairs in the Department of Defense. I make it a priority to visit with our Reserve component members in the field, and during those visits I see America's finest young men and women serving their nation with pride and professionalism. Our Guard and Reserve men and women perform, in a superb fashion, vital national security functions at home and around the world, and are closely interlocked with the states, cities, towns, and communities in America. Throughout my travels, I have seen and listened to the men

and women in our Guard and Reserve at hundreds of sites throughout the world. My staff and I have spent time with members of the Guard and Reserve, and we have listened carefully to their comments, concerns, and suggestions. As you already know, the stress on the force has increased and we are continuing to closely monitor the impact of that stress on our Guard and Reserve members, on their families and their employers.

In the three years since September 11, 2001, our Reserve components have performed extremely well in missions ranging from humanitarian assistance to high intensity combat operations; and in the case of the National Guard, State missions, too. At the same time, these operations have presented a number of challenges, particularly for our ground forces, which carry the weight of our security and stabilization efforts in Iraq and Afghanistan. The continuing challenge is to sustain our military forces for the current operations while meeting our other worldwide commitments.

Currently, the deployment burden is not shared equally among all the Reserve components, but focused on those specific capabilities and skills required for stabilization and security operations in Iraq and Afghanistan. For example, there are currently high demands in theater for Military Police, Civil Affairs, military intelligence, and engineers. In the Army, large portions of these communities are currently deployed, recently deployed, or scheduled to deploy. Further, since certain of these skills reside predominantly in our Reserve components, we have called upon many of our citizen soldiers to serve, and they have done so admirably.

## **PURPOSE OF THE RESERVE COMPONENTS**

The purpose of the Reserve Components has changed. They are no longer a strategic reserve—a force to be held in reserve to be used only in the event of a major war. They are an operational reserve that supports day to day defense requirements. They have been an operational reserve ever since we called them up for Operation Desert Shield.

I appreciate the committee's support last year, when you authorized a change to the stated purpose of the Reserve Components in Title 10 of the United States Code. This revision more accurately reflects the way we have employed the Reserve and National Guard over the past decade and how we intend to utilize them in the future.

## **RESERVE COMPONENT MISSIONS TODAY**

The Reserve Components have performed a variety of non-traditional missions, as a result of the events of 9/11, in support of the Global War on Terror. One such mission is the training of the Iraqi and Afghan National armies. The Reserve Components are now providing command and control and advisory support teams in support of the training that will allow Iraqi and Afghan forces to assume a greater role in securing their own countries.

In addition, the RC supports missions in the Balkans, at Guantanamo, in the Sinai, and are found integrated with our active forces throughout the world.

By far the most demanding operations are Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). Reserve Components currently furnish 46% of the

troops in theater, and will likely furnish 39% in the next rotation. The Reserve Components will remain an integral player in Homeland Defense, in Operation Noble Eagle, and the National Guard will remain a dual-missioned force under both Titles 10 and 32.

### **POLICIES**

Recognizing that the Global War on Terrorism will last for a number of years, the Department established a strategic approach to ensure the judicious and prudent use of the Reserve components in support of the war effort. The personnel policy guidance published in September 2001 established the guidelines for using the National Guard and Reserve to support Combatant Commander requirements. This policy guidance specified that:

- Reservists should normally be given 30 days notice of mobilization.
- No member of a Reserve component called to involuntary active duty under the current partial mobilization authority shall serve on active duty in excess of 24 cumulative months. (There are no plans to expand the mobilization period to a policy of 24 consecutive months.)
- Reserve members may serve voluntarily for longer periods of time in accordance with Service policy.

- Service Secretaries may release individuals prior to the completion of the period of service for which ordered based on operational requirements.

In July 2002, the personnel policy guidance was expanded to require proactive management of Guard and Reserve members, particularly focusing on husbanding Reserve component resources and being sensitive to the quality of life of mobilized personnel and the impact on civilian employers of reservists. This policy guidance contained four key elements:

1. It reemphasized the maximum period of mobilization.
2. It reminded the Services of the requirement to achieve equitable treatment, to the extent possible, among members in the Ready Reserve who are being considered for mobilization—considering the length and nature of previous service, family responsibilities, and civilian employment.
3. It required management of individual expectations, considering morale and retention, by ensuring:
  - Reserve component members are performing essential and meaningful tasks
  - Reservists are provided as much predictability as possible
  - Orders are issued in a timely manner, with a goal of 30 days minimum prior to deployment. (Today, early notifications are now the norm, not the exception.)

- Reservists are provided as much of a "break" as possible before involuntarily recalling the members a second or subsequent time, with a goal of providing a break of at least 24 months.
4. It required tailoring mobilization and demobilization decisions by using both Selected Reserve units and individuals, as well as volunteers, prior to involuntarily calling members of the Individual Ready Reserve, unless precluded because of critical mission requirements; and maximizing the use of long-term volunteers when possible to meet individual augmentation requirements.

It is within this framework that we have managed the Reserve components. We will continue to assess the impact mobilization and deployments have on Guard and Reserve members and adjust our policies as needed to sustain the Reserve components.

In his July 9, 2003 *Rebalancing Forces* memo, the Secretary of Defense reiterated the need to promote judicious and prudent use of the Reserve components through a series of force rebalancing initiatives that reduce strain on the force. As part of this effort, he directed the Military Departments to structure the active and reserve forces to reduce the need for involuntary mobilizations during the first 15 days of a rapid response operation, and to plan involuntary mobilizations, when feasible, to not more than one year in every six years.

## **STRESS ON THE FORCE**

There has been considerable discussion about the stress that the Global War on Terrorism is placing on the force—both active and reserve. From my perspective, the dominant question is: what level of utilization can the Guard and Reserve sustain while still maintaining a viable Reserve force?

Answering this question involves a number of issues. But first it is necessary to quantify how much of the Reserve force we have used as of January 2005 to support the Global War on Terrorism. Then I will describe the effect that our rate of utilization is having on the Reserve force.

The overwhelming majority of Guard and Reserve members want to serve, and they want to be part of the victory in this war on terrorism. That is why they joined the Guard or Reserve and that is why they serve this nation. But we must also be mindful of the reserve service commitment, which includes drills, annual training, and the requirement to serve on active duty when called. We must do everything we can to provide reasonable service requirements within the context of that commitment by using the reserve force wisely. We must also be mindful of the additional responsibilities that National Guard members bear to their respective state or territory.

### **Reserve Utilization to Date**

There are two ways to look at rates of mobilization for the Guard and Reserve. The first is to look at all Reserve component members who have served since September 11, 2001—the cumulative approach.

Under the cumulative approach, a total of just under 430,000 Guard and Reserve members have been mobilized between September 11, 2001 and January 31, 2005. That represents just under 37 percent of the 1,160,768 members who have served in the Selected Reserve during this period. Of the total number of Guard and Reserve members who have been activated under the current partial mobilization authority, 67,666 (or 5.8 percent of all members who have served in the Selected Reserve force since September 11, 2001) have been mobilized more than once. Of the 67,666, a total of 55,650 (4.8 percent) have been mobilized twice, 9,101 (less than one percent) have been mobilized three times and just over 2,915 (three tenths of one percent) have been mobilized more than three times. No reservist has been involuntarily mobilized for more than 24 cumulative months.

The other way to look at mobilization is in terms of today's force—those who are currently serving. Looking at today's force of 840,596 Reserve component members currently serving, as of January 2005, we have mobilized 364,360 Reserve component members, or 43 percent of the force.

### **Effects of Reserve Utilization**

The Department has monitored the effects of reserve utilization and stress on the force since 1996. The key factors we track are (1) end strength attainment; (2) recruiting results; (3) retention; (4) attrition; and (5) employer/reservist relations.

End Strength Attainment: From fiscal year 2000 (just before we entered the Global War on Terrorism) through 2003, the Reserve Components in the aggregate were at or slightly above 100 percent of their authorized end strength. Last year the Reserve Components in the aggregate were slightly below their authorized end strength: achieving 98.4 percent.

Recruiting Results: In a very challenging recruiting environment, the DoD Reserve Components achieved 96% of their fiscal year 2004 recruiting objectives. Four of the six DoD Reserve components achieved their recruiting objectives. The Army National Guard fell short by 7,200 (achieving 87 percent of its recruiting objective), and the Air National Guard fell short by less than 600 (achieving 94 percent). End strength results were stronger, because retention was up in the majority of the components.

Fiscal year 2005 will continue to be a challenging year for reserve recruiting—particularly in the Reserve components of the Army. During the first four months of fiscal year 2005, all of the Reserve components were somewhat below their recruiting objectives, with the exception of the Marine Corps Reserve, which exceeded its year-to-date recruiting objective.

Retention: The requirements to support the Global War on Terrorism—particularly our commitment in Iraq—have clearly placed a strain on the Reserve force. Nonetheless, measuring those who reenlist at the completion of their current

contract, we find that reenlistments were slightly higher (by about 4000) in fiscal year 2004 than they were in fiscal year 2003 up from 94.5% of goal in FY03 to 95.5% of goal in FY04. This is a very positive trend and appears to be holding for the first four months of fiscal year 2005. We are closely monitoring retention, particularly for those members who have been mobilized and deployed to support operations in Iraq and Afghanistan.

Attrition: Measuring all losses, regardless of reason, from the Reserve components, we find that enlisted attrition remained below established ceilings throughout fiscal year 2004, also a very positive trend.

Through January 2005, enlisted attrition is on track to remain below the ceiling established by each Reserve Component, except for the Army National Guard. At the current rate, it appears the Army National guard may end the year at two to three percent above its established ceiling of 18 percent. The Navy Reserve is two percent above its historical attrition rate thus far, but this is the direct result of programmed end strength reduction.

Employer/Reservist Relations: We respond to all inquiries we receive from an employer, family member, or individual Guardsmen or Reservist. The number of complaints filed with the Department of Labor under the Uniformed Services Employment and Reemployment Rights Act declined each year from 1995 through 2000. Complaints filed during the first three years of the Global War on Terrorism

have increased, but the ratio (as seen below) to the total number of duty days of operational support actually declined. For example, over the last three years the duty days performed by reservists have tripled in relation to the complaints received.

### Mitigation Strategies

The Department has employed several strategies to help reduce the stress on the force. One of the first and most important strategies is to rebalance the force. The purpose of rebalancing is to fashion the force to be responsive, producing the capabilities we need today. The old force was designed respond to Cold War threats. Rebalancing improves responsiveness and eases stress on units and individuals by building up capabilities in high demand units and skills. This is accomplished by converting capabilities in both the active and reserve components that are in lesser demand, changing lower priority structure to higher priority structure, which will result in a new Active Component/Reserve Component mix. As outlined in the report *Rebalancing Forces: Easing the Stress on the Guard and Reserve*, which was published January 15, 2004, the rebalancing effort also seeks to establish a limit on involuntary mobilizations to achieve a reasonable and sustainable rate. The force structure planning goal aims to limit the involuntary mobilization of individual reservists to one year out of every six.

The Services are improving their posture with respect to Active Component/Reserve Component mix by rebalancing about 50,000 spaces between fiscal years 2003 and 2005. The Services have planned and programmed additional

rebalancing initiatives for FY 2006 through 2011. The amount and type of rebalancing varies by Service. By 2011 we expect to have rebalanced about 100,000 spaces. The Army, as the largest and the Service most stressed by the Global War on Terrorism, will have the bulk of the additional rebalancing. Easing stress on the force through rebalancing includes more than just military-to-military conversions.

A second initiative is the conversion of military spaces to Department of Defense civilian positions or contractors. The purpose of this initiative is to move military out of activities not “military essential.” The military resources gained through this initiative are being converted to high demand/low density units and stressed career fields, which reduces stress on the force. All the services have an aggressive program to convert military to civilian over the next few years. We converted over 8,400 military spaces to civilian manning in FY 2004 and plan to convert over 16,000 additional in FY 2005.

The application of technology is also being used to offset requirements for military force structure, making more military spaces available to ease the stress in high demand areas. The U. S. Air Force just completed a two-year joint-effort where-in Army Guard personnel furnished security for Air Force installations. This was a very successful interim step until the Air Force could field technology to meet their demands for installation security throughout the world.

Third, to ease the burden on some high demand, low density units and skills, we have employed innovative joint concepts to spread mission requirements across the entire

Reserve force. For example, we have Navy and Air Force personnel augmenting ground forces in Iraq.

A fourth area is innovative force management approaches under our continuum of service construct. This approach maximizes the use of volunteers, provides greater opportunities for reservists who are able to contribute more to do so, and offers innovative accession and affiliation programs to meet specialized skill requirements.

Under the old rules, constraints in end strength and grade accounting hindered the use of reserve volunteers. Because reservists were counted as active duty end strength and were required to compete for promotion against active duty personnel, reservists were reluctant to volunteer for extended periods of active duty. We are extremely grateful to Congress for removing these barriers with a new strength accounting category that was included in last year's defense authorization act for reservists performing operational support.

I want to take this opportunity to personally thank the Committee for its support of our continuum of service initiatives. These policies and initiatives were developed to preserve the nature of the "citizen soldier" while still allowing us to meet operational requirements. Predictability and reasonable limits on frequency and duration of mobilization are key elements of our policies, which are designed to not only support reservists, but also sustain the support of employers and families, and ultimately enable the components to meet recruitment and retention objectives. Similarly, the emphasis on

volunteerism is designed to allow service members who want to shoulder a greater burden of mobilization to do so.

Adhering to these policy guidelines and program changes will allow the Reserve Components to sustain a utilization rate not to exceed 17 percent per year in the near future. Our policies limit the mobilization period and limit the frequency with which Reserve component members may be mobilized (e.g., to no more than one year in every six years). The Department must also complete its rebalancing effort. This will provide reservists with reasonable tour lengths and give reservists, their families, and their employers a reasonable expectation of the reserve service requirements. We believe that with these parameters, we can sustain a viable reserve force and preserve the citizen-soldier.

### **Meeting Future Requirements**

The Army's initiative to create provisional units—drawing upon underutilized skills to meet current mission requirements—and the DoD initiative to draw from skill sets in other components and services—the joint solution—are the near-term strategies being employed today. We will continue to maximize the use of volunteers when possible. Retiree and Individual Ready Reserve (IRR) members provide a source of volunteers. While volunteers from members of the Selected Reserve are also an option, consideration must be given to pending unit deployments and the need for unit cohesion.

Compared to Operation Desert Storm when we mobilized 30,000 IRR members, we have not used the Individual Ready Reserve in as great a number to support the

Global War on Terrorism. In the past three years, we have mobilized 8,631 IRR members. The further utilization of the IRR remains a viable option for meeting both near-term and long-term commitments. We must establish the proper expectations for our Reserve component members, their families, their employers, and the public in general. We are undertaking a program to establish those expectations: reasonable service requirements for the 21<sup>st</sup> century based on the frequency and duration of military duty, and predictability to the greatest extent possible.

For the long term, we will continue to pursue these transformation strategies energetically. Rebalancing the force will continue, as will the conversion of military to civilian positions. The Army's transformation to a modularized structure will significantly help relieve stress on the force.

Specific examples of rebalancing include:

- Forming 18 provisional Military Police companies from Artillery Units
- Converting underused force structure to Civil Affairs, Psychological Operations, Chemical, Special Operating Forces, and intelligence
- Transitioning Reserve Naval Coastal Warfare squadrons to the active component.

The overall objective is to have a flexible force capable of meeting diverse mission requirements.

## NATIONAL GUARD UTILIZATION

As evidenced by the three devastating hurricanes that hit Florida or the wildfires that blazed through our western states during 2004, or more recently the flooding in California; the National Guard is a crucial element in a Governor's response to natural disasters. Similarly, the National Guard has a prominent role in supporting local and state authorities in their efforts to manage the consequences of a domestic terrorist attack.

An important part of this effort is the fielding of 55 Weapons of Mass Destruction Civil Support Teams (WMD CSTs), one in each State, Territory and the District of Columbia. These 55 teams are to support our nation's local first responders as the initial state response in dealing with domestic chemical, biological, radiological, nuclear, or high yield explosives (CBRNE) by identifying the agents/substances, assessing current and projected consequences, advising on response measures and assisting with appropriate requests for additional state support. Each team is comprised of 22 highly-skilled, full-time, well-trained and equipped Army and Air National Guardsmen. To date, the Secretary of Defense has certified 32 of the 55 congressionally authorized teams as being operationally ready.

The fight against terrorism and the protection of our homeland will be protracted endeavors. To that end, many outside policy experts, independent panels, and analytic studies have advocated expanded roles for the National Guard in homeland security. Some have even suggested that the National Guard should be reoriented, reequipped, and retrained solely for the homeland security mission.

However, there has been no national strategy change to justify the need to establish a separate role for the National Guard, under which it only performs homeland security related missions under new statutes or administrative guidelines. There are already sufficient legal mechanisms in place that enable state and territorial governors to employ their National Guard forces in support of local authorities to meet a wide range of these existing missions. For example, in Section 512 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, the Congress authorized the Secretary of Defense to provide funds to a Governor to employ National Guard units to conduct Homeland Defense activities the Secretary determines to be necessary.

The National Guard is an integral part of the Air Force and Army total force mission capability. Their roles are vital to the survival of the nation. Therefore, we believe the National Guard should remain a dual-missioned military force.

### **EFFECT ON RECRUITING AND RETENTION**

The high usage of the Reserve Component force has been characterized as having a negative effect on Reserve Component recruiting and retention. Empirical and anecdotal data do support the conclusion that the extremely high usage rates will have some negative effects. But, those same data also show that low levels of usage have negative effects, too. Our RC members are willing to serve when called. Also, recent analysis indicates that retention is high among Reserve component members whose service and mobilization experiences match their expectations. Our job is to ensure that we use them prudently and judiciously.

As we have seen in the first four months of this year, this will be a very challenging year for recruiting in the Reserve Components. As I indicated earlier, the Reserve Components, with the exception of the Marine Corps Reserve, got off to a slow start. But we are seeing improvements with overall attainment of recruiting objective for the Reserve Components increasing from 75 percent in October to 81 percent at the end of January. The Marine Corps Reserve continues to lead all components at 101 percent of its goal through January, even though of the six DoD Reserve Components, the Marine Corps Reserve has had the greatest percent of its force utilized since September 11, 2001, to support the Global War on Terrorism. All other Reserve components except the Army Reserve and Army National Guard have shown great improvement since the beginning of the fiscal year.

To address the recruiting challenges the Reserve Components are experiencing, they are expanding their recruiter force and using the new incentive enhancements in last year's authorization act that best meet their needs. The Army National Guard is working closely with the various states and territories to rebalance structure as needed to ensure the states are properly sized to meet their strength objectives. The Air Reserve Components are taking advantage of the downsizing of the Regular Air Force, and they are examining their incentive structure to ensure that they can attract and retain sufficient manpower resources. Both the Army Reserve and the Army National Guard are reallocating significant manpower and other resources to support a shift in recruiting emphasis on the non-prior Service market.

The Department is formulating legislative proposals to enhance recruiting further. One area in particular where we need further assistance is in providing a reasonable incentive to join the reserves for service members who have separated but still have a military service obligation. We have a proposal that will do that by making permanent the temporary enhanced bonus authority provided in the FY 2005 supplemental. Also, the Advisory Committee on Military Compensation will be looking at incentive structures and may make suggestions for improvements that they believe will assist us in meeting our recruiting and retention objectives. We have a representative that is part of the staff supporting the commission to ensure the Guard and Reserve compensation issues are part of the commission's review. Finally, the Commission on the National Guard and Reserves will review personnel pay and other forms of compensation as well as other personnel benefits. We plan to work closely with these entities as they assess the compensation and benefits package needed to sustain a healthy National Guard and Reserve.

### **EFFECT ON FAMILIES**

In a recent speech, President Bush stated, "The time of war is a time of sacrifice, especially for our military families." This administration is sensitive to the hardships and challenges faced by Reserve Component families, especially when the Reserve Component member is called up and away from home for an extended period of time. All families play a critical role in retention and reenlistment decisions.

We have taken an aggressive, total force approach to supporting military families. We recognize that many families of National Guard and Reserve members do not live

close to a military installation where many of the traditional family support activities are located. To address this problem, we have established over 700 family support centers around the country. In fact, the National Guard alone has over 400 family support centers. These family support centers are not component or service specific, but they are available to the family of any service member, regardless of component or service.

For the first time ever, the Department has implemented a 24-hour/7 day a week toll-free family assistance service—Military OneSource. The support provided through this service is particularly important for young families or families of reservists who are not familiar with military service. Military OneSource can assist with referrals for every day problems such as child care and how to obtain health care.

We are also taking maximum advantage of technology—using the worldwide web to provide information that will help families cope with the mobilization and deployment of their spouse, son, daughter, brother, sister, relative or friend. The website includes a “Guide to Reserve Family Member Benefits,” which is designed to inform family members about military benefits and entitlements, and a “Family Readiness Tool Kit,” which provides information to assist commanders, service members, family members and family program managers in preparing Guard and Reserve members and their families for mobilization, deployment, redeployment/demobilization and family reunions.

### **RESERVE COMPONENT HEALTH BENEFIT ENHANCEMENTS**

The Department is moving forward expeditiously to implement recent benefit enhancements for Reserve component members and their families. Recent legislative

action dramatically improved health benefits. You have made permanent an earlier TRICARE eligibility (up to 90 days prior to activation) for certain Reserve component members and the extension of post-mobilization coverage for 180 days.

In April 2005 the Department will implement the premium-based “TRICARE Reserve Select” program, offering medical coverage to Reservists and family members who have participated in contingency operations since 9/11 and who will commit to continued service in the Selected Reserve. DoD will offer the same coverage available to active duty families under TRICARE Standard, the fee-for-service option of TRICARE. This coverage was originally modeled on Blue Cross and Blue Shield High Option coverage in the Federal Employee Health Benefits (FEHB) Program, and is comparable to many high-quality commercial plans. The statute requires that premiums be set at 28 percent of an amount determined to be reasonable for the coverage. DoD will use the premiums for Blue Cross and Blue Shield Standard option under the FEHBP and adjust them to reflect our population.

Taking care of our servicemembers who have been wounded in combat or may experience adverse psychological effects of armed conflict is one of our highest priorities. To complement and augment service programs such as the Army’s Disabled Soldiers Support System (DS3), and the Marine Corps’ Marine for Life (M4L), OSD has opened the Military Severely Injured Joint Support Center. This center is a 24/7 operation to serve as a safety net for any service member or family member who has a question or is experiencing a problem.

## **EFFECT ON EMPLOYERS**

The mission of the National Committee for Employer Support of the Guard and Reserve (ESGR) is directly related to retention of the Guard and Reserve force. ESGR's mission is to "gain and maintain active support from all public and private employers for the men and women of the National Guard and Reserve as defined by demonstrated employer commitment to employee military service." Employer support for employee service in the National Guard and Reserve is an area of emphasis given the continuing demand the Global War on Terror has placed on the nation's Reserve component and the employers who share this precious manpower resource. We should state up front that the broad-based, nationwide support for our troops by employers has been and continues to be superb. We owe all of our employers a debt of gratitude.

One can grasp a sense of the enormous challenge facing ESGR by considering the following aggregate numbers, which help us understand a dynamic and complex human resource environment. There are 7.4 million employers identified by the U.S. Census Bureau. These employers, from the senior leadership, to the human resource managers, and down to the supervisors, must understand, observe, and apply the tenants of the Uniformed Services Employment and Reemployment Rights Act (USERRA). Towards that end, ESGR has established a Customer Service Center hotline (800-336-4590) to provide information, assistance and gather data on issues related to Reserve Component employment. We established the Civilian Employment Information (CEI) database requiring Reserve Component members to register their employers in the Defense

Manpower Data Center. The synergy derived from linking these databases enables ESGR to measure and manage employment issues.

Misunderstandings between employers and Reserve Component members do arise. ESGR Ombudsmen provide "third party assistance" and informal mediation services to employers and Reserve Component members. Ombudsmen provide assistance in the resolution of employment conflicts that can result from military service. ESGR has an initiative to train volunteers in mediation techniques to provide more effective service. Mediation training will be expanded when additional resources are available.

Other major initiatives by the ESGR National Staff include:

- Establishing a Defense Advisory Board (DAB) for Employer Support (comprised of senior leadership from the entire spectrum of the employer community) to provide advice on issues critical to shared human capital.
- Transitioning non-warfighting military billets on ESGR staff into DoD civilian positions or contractors in accordance with Secretary of Defense's military transformation initiative.
- Employing information technology systems to create ESGR volunteer manpower efficiencies.
- Initiating a scientific survey of employer attitudes in cooperation with the Uniformed Services University of the Health Sciences.

- Enhancing strategic relationships with employer organizations such as the U. S. Chamber of Commerce, National Federation of Independent Business, Society for Human Resource Management, and professional associations.
- Implementing a follow-up process to promote the mission of “gain and maintain” employer support by encouraging employers to sign a statement of support, review their human resource policies, train managers and supervisors, adopt “over and above” policies, and to become advocates.
- Building on marketing successes achieved in the Civic National Employer Outreach program, involved nine governors, two senators, 19 mayors, 17 Adjutants General and exposed ESGR to well over 250,000 employees.
- Gaining significant national exposure in traditional and new media with the singular focus of defining the American employers’ role in national security.

## **EQUIPMENT AND FACILITY READINESS**

### **Equipment Readiness**

We’re very proud of how the Reserve components are managing the resources they are given to support the war effort. Great strides have been made in the procurement of HMMWVs, radios, Family of Medium Tactical Vehicles, construction and maintenance equipment, field medical equipment, M4 Carbines, M240B machine guns, and Night Vision Goggles, to name a few.

The services are looking at the combined effects of high war time usage rates of equipment along with the harsh operating environment. These factors are causing higher

Operations and Sustainment costs. The Army Depots are working to develop comprehensive repair and rebuild programs to extend the service life of this equipment, both in theater and stateside. Maintenance of aging equipment is a priority of the Department. Over the last seven years, Depot level funding has averaged 84% of the requirement.

We are excited about the future. The Department is focused on the Reserve Component efforts to integrate into a cohesive total force with the Active Component. This will result in a total force capable of meeting all requirements through a combination of equipment redistribution from the Active Component, new procurements, and sustained maintenance.

### **Military Construction**

The Reserve Components' military construction programs will provide new Readiness Centers, Armed Forces Reserve Centers, vehicle maintenance facilities, organizational maintenance shops, and aircraft maintenance facilities for Reserve component missions. These new facilities will continue to address both the new mission and current mission requirements of the Reserve components in support of military transformation programs. Future budget requests will also continue the Department's efforts to improve the quality of life for the Guard and Reserve, which for the non-mobilized Reservist, is not normally housing and barracks, but rather where they work and train.

## **Sustainment / Restoration and Modernization**

There is a concerted effort by the Department to increase the “Sustainment” and “Restoration and Modernization” funding levels in order to ensure that facilities achieve their full potential, and deliver acceptable performance over their expected service lives. Sustainment provides resources for maintenance and repair activities necessary to keep the facility inventory in proper working order. Restoration and Modernization provides resources for improving facilities that have been damaged, need replacement due to excessive age, or need alteration to replace building components or accommodate new building functions. The Reserve component facility readiness ratings will continue to improve as “Sustainment” and “Restoration and Modernization” funding is allocated to the most pressing requirements.

## **Environmental Program**

The installation environmental programs managed by each Reserve component continue to be a good news story of professionalism and outstanding efforts to protect, preserve, and enhance the properties entrusted to the Reserve forces. All Reserve Components are positively progressing on implementation of a new Environmental Management System.

## **Joint Construction Initiatives**

The Reserve Components are at the forefront of creating innovative ways to manage scarce MILCON dollars. Joint construction is the practice of building one consolidated facility that fills the needs of two or more components. We have a Joint Construction

Working Group to assist the Reserve components in identifying, planning, programming, and budgeting joint construction projects for future President's Budgets. The goal is to secure a commitment by two or more components to pursue joint construction, identify a lead component, and prepare a Memorandum of Agreement to begin the process.

Intuitively, most would agree one building costs less than two of similar size and function, but the benefits extend to reductions in force protection, sustainment dollars, contracting costs, and the additional benefits of cross-service cultural understanding. I thank the Congress for their support of this effort, and we will continue to pursue more joint construction opportunities in the future.

### **FY05 LEGISLATIVE ACTION**

Last year's legislative efforts are extremely helpful in managing the Reserve components. Most notable was the ability to allow members to be on active duty without the 179-day rule detracting from mission completion.

Also, the increased bonus and incentive programs will make a difference for the Reserve components in meeting recruiting and retention goals in a very challenging environment. The services are implementing the enhancements to the reserve enlistment and reenlistment bonuses, which doubled and in some cases tripled the authorized bonus amount and the new reserve officer accession/affiliation bonus. These changes will have far-reaching effects on our ability to recruit and retain members.

The improved involuntary access to Reserve component members for enhanced training will enable us to “Train-Mobilize-Deploy.” This change provides commanders added flexibility to train for non-traditional emergent missions. It should also decrease the duration of operational mobilizations.

We now have a very supportive set of medical benefits. To ease the transition to the military health care system, reservists and their eligible dependents are now eligible for early access to TRICARE before the member actually reporting for active duty. Eligibility begins upon the member’s receipt of orders to active duty in support of a contingency operation or 90 days, whichever is later. Also, the period of transitional health care at the completion of the active duty period is now 180 days—rather than the previous 60 or 120 days, depending on how many years of service the member had completed. Finally, Congress has codified the Reserve health care demonstration program the Department established shortly after September 11, 2001, by waiving the TRICARE deductible payments and allowing for payment of charges above the TRICARE authorized billing ceiling (up to 115%) for RC members on active duty (and their family members) for more than 30 days in support of a contingency operation.

In addition to the above, Reservists who serve 90 consecutive days in support of a contingency operation and their eligible dependents may now use TRICARE Standard on a cost sharing basis following release from active duty. One year of eligibility is authorized for each 90 consecutive days of service in support of a contingency operation. This program may help improve retention since it requires the member to agree to serve in the Selected Reserve in order to receive the benefit.

## **CONCLUSION**

A mission-ready National Guard and Reserve is a critical element of our National Security Strategy. The requirement for our Reserve Components has not, and will not lessen. Our Reserve Components will continue with their expanded roles in all facets of the Total Force.

We cannot lose sight of the need to balance their commitment to country with their commitment to family and civilian employers. That is why relieving stress on the force is absolutely essential, rebalancing is so crucial, and ensuring utilization not turn into over-utilization so critical.

Thank you very much for this opportunity to testify on behalf of the greatest Guard and Reserve force this nation, and the world, has ever known.