

S. HRG. 108-176

Senate Hearings

Before the Committee on Appropriations

Department of Defense Appropriations

Fiscal Year 2004

108th CONGRESS, FIRST SESSION

H.R. 2658/S. 1382

DEPARTMENT OF DEFENSE
NONDEPARTMENTAL WITNESSES

Department of Defense Appropriations, 2004 (H.R. 2658/S. 1382)

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2004

HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

ON

H.R. 2658/S. 1382

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2004, AND FOR
OTHER PURPOSES

**Department of Defense
Nondepartmental witnesses**

Printed for the use of the Committee on Appropriations



Available via the World Wide Web: <http://www.access.gpo.gov/congress/senate>

U.S. GOVERNMENT PRINTING OFFICE

85-914 PDF

WASHINGTON : 2003

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON APPROPRIATIONS

TED STEVENS, Alaska, *Chairman*

THAD COCHRAN, Mississippi	ROBERT C. BYRD, West Virginia
ARLEN SPECTER, Pennsylvania	DANIEL K. INOUE, Hawaii
PETE V. DOMENICI, New Mexico	ERNEST F. HOLLINGS, South Carolina
CHRISTOPHER S. BOND, Missouri	PATRICK J. LEAHY, Vermont
MITCH McCONNELL, Kentucky	TOM HARKIN, Iowa
CONRAD BURNS, Montana	BARBARA A. MIKULSKI, Maryland
RICHARD C. SHELBY, Alabama	HARRY REID, Nevada
JUDD GREGG, New Hampshire	HERB KOHL, Wisconsin
ROBERT F. BENNETT, Utah	PATTY MURRAY, Washington
BEN NIGHTHORSE CAMPBELL, Colorado	BYRON L. DORGAN, North Dakota
LARRY CRAIG, Idaho	DIANNE FEINSTEIN, California
KAY BAILEY HUTCHISON, Texas	RICHARD J. DURBIN, Illinois
MIKE DEWINE, Ohio	TIM JOHNSON, South Dakota
SAM BROWNBACK, Kansas	MARY L. LANDRIEU, Louisiana

JAMES W. MORHARD, *Staff Director*
LISA SUTHERLAND, *Deputy Staff Director*
TERRENCE E. SAUVAIN, *Minority Staff Director*

SUBCOMMITTEE ON DEFENSE

TED STEVENS, Alaska, *Chairman*

THAD COCHRAN, Mississippi	DANIEL K. INOUE, Hawaii
ARLEN SPECTER, Pennsylvania	ERNEST F. HOLLINGS, South Carolina
PETE V. DOMENICI, New Mexico	ROBERT C. BYRD, West Virginia
CHRISTOPHER S. BOND, Missouri	PATRICK J. LEAHY, Vermont
MITCH McCONNELL, Kentucky	TOM HARKIN, Iowa
RICHARD C. SHELBY, Alabama	BYRON L. DORGAN, North Dakota
JUDD GREGG, New Hampshire	RICHARD J. DURBIN, Illinois
KAY BAILEY HUTCHISON, Texas	HARRY REID, Nevada
CONRAD BURNS, Montana	DIANNE FEINSTEIN, California

Professional Staff

SID ASHWORTH
JENNIFER CHARTRAND
ALYCIA FARRELL
MENDA FIFE
TOM HAWKINS
ROBERT J. HENKE
LESLEY KALAN
MAZIE R. MATTSON
KRAIG SIRACUSE
BRIAN WILSON
CHARLES J. HOUY (*Minority*)
NICOLE RUTBERG DI RESTA (*Minority*)
BETSY SCHMID (*Minority*)

Administrative Support

NICOLE ROYAL

CONTENTS

WEDNESDAY, MARCH 19, 2003	
Department of Defense: Department of the Army	Page 1
WEDNESDAY, MARCH 26, 2003	
Department of Defense: Department of the Air Force	69
WEDNESDAY, APRIL 2, 2003	
Department of Defense: Department of the Navy	123
WEDNESDAY, APRIL 9, 2003	
Defense Agencies: Missile Defense Agency	195
WEDNESDAY, APRIL 30, 2003	
Department of Defense: Medical Programs	241
WEDNESDAY, MAY 7, 2003	
Department of Defense:	
National Guard	369
Reserves	425
WEDNESDAY, MAY 14, 2003	
Department of Defense: Office of the Secretary	487
THURSDAY, MAY 15, 2003	
Nondepartmental witnesses	551

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2004

WEDNESDAY, MARCH 19, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:05 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Domenici, Shelby, Hutchison, Inouye, Leahy, and Dorgan.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENTS OF:

HON. THOMAS E. WHITE, SECRETARY OF THE ARMY

**GENERAL ERIC K. SHINSEKI, CHIEF OF STAFF, UNITED STATES
ARMY**

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. We just received word that Senator Inouye is stuck in traffic, as many of us have been this week, and he asked us to proceed without him, so I am pleased to have a chance to hear testimony from the Secretary of the Army and the Army Chief of Staff for the fiscal year 2004 budget request. We welcome you, General Shinseki.

General SHINSEKI. Thank you, Sir.

Senator STEVENS. I am informed that this may be your last time to come before us.

General SHINSEKI. Very likely.

Senator STEVENS. Or at least this year will be your last time.

General SHINSEKI. Yes, sir.

Senator STEVENS. With what is going down in Iraq we may see you again, but I do want to tell you it is just such a short time ago you came for the first time, General, and we have enjoyed very much, all of us, the chance to be with you and to have your vision on transformation of the Army, and we have done our best to pursue that. I am certain that Senator Inouye will have some statements when he comes, but I want to thank you on behalf of our committee for all your cooperation with us.

And Mr. Secretary, nice to have you back with us again.

Mr. WHITE. Thank you, sir.

Senator STEVENS. We now find ourselves conducting a global war on terrorism, and quite close to war in Iraq, and we are obviously very much in need of a strong, modern, prepared military. It is important to us today, more important, probably, than it has been in many, many years to be sure that you have the resources that you need, and that we support the President and your men and women as they respond to the Commander in Chief's directions and commands.

We have people from the Army deployed all over the world now. I am told that the Army has 262,000 soldiers now deployed somewhere in the world outside of our country.

General SHINSEKI. That is correct.

Senator STEVENS. The Guard and Reserve now, under the total force concept, share this burden, with 139,000 Reservists and Guardsmen mobilized and on active duty. There are many issues that we face this year, there is no question about it, but we want to pursue today, if possible, the direction that we should go on Army Transformation.

I think you have demonstrated to the Congress and the people of this country that the Transformation concept is not just simply a new weapons platform, but a new doctrine and organizational concept for the Army, and it is a whole new way of life for the Army and new way to fight and win wars. You have managed to shake up the industry and the military bureaucracy with your concepts, and Transformation has shattered the old paradigm of business as usual in the military, so we congratulate you.

I think Congress must continue its commitment to this Army Transformation and continue the commitment we made to our soldiers in 1999, when you first brought us this new concept of Transformation, so it is the intention of this committee, at least for this chairman and I am certain Senator Inouye, to urge this committee to give you our full support to make certain that this goal is totally accomplished. We look forward to hearing your plans today not only on transformation, but to further strengthen the entire Army.

I will put the balance of my comments in the record so that I do not prolong this, but I do thank each of you for visiting with me and my staff yesterday to make certain we had coordination of our concepts and our resolve to be certain that the Army of today and tomorrow will be the best that it can be.

[The statement follows:]

PREPARED STATEMENT OF SENATOR TED STEVENS

This morning the subcommittee will receive testimony from the Secretary of the Army and the Army Chief of Staff on their fiscal year 2004 budget request.

General Shinseki, welcome to you. Unfortunately, this will be your last time testifying before the committee as the Chief of Staff.

It seems like a very short time ago when you first testified before this committee and introduced us to your vision of transformation for the Army.

The Army is well on its way towards the future. Transformation is a success. You have proven your critics wrong.

Much has happened since our first meeting. As we find ourselves conducting a global war on terrorism, preparing for a possible war to disarm Iraq, America is reminded of the need for a strong, modern, prepared military.

It is as important today as it ever was to have a military who has the resources it needs and the support of the President and the entire country.

The United States Army is deployed all over the globe. Today, the Army has over 262,000 soldiers deployed or forward stationed.

The Guard and Reserve are also sharing in this burden with more than 139,000 reservists and guardsmen mobilized and on active duty.

While there are many important issues facing the Army, one of the most critical decisions Congress will make this year will be the direction we go on Army transformation.

You have demonstrated to the Congress, and the country, that the transformation concept is not simply a new weapons platform, but a new doctrine and organizational concept for the Army. It is a whole new way for the Army to fight and win wars.

You have managed to shake up industry and the military bureaucracy with your concepts. Transformation has shattered the old paradigm of "business as usual".

Congress must continue its commitment to Army transformation and continue the commitment we made to our soldiers in 1999 when you introduced the concept of transformation.

It is the intention of this committee to give you the resolve and support to see your goal through.

I look forward to learning of your plans to not only continue transformation, but to further strengthen it, and the entire Army.

This committee will continue to adamantly support your plan to deploy 6 Stryker brigades. In fact, I will seek your insight momentarily on how this committee can best protect that plan.

In addition, I would welcome any comments you might have on current funding requirements for the Army for fiscal year 2004, and your views on the scope and timing of any needed supplemental appropriations for this fiscal year.

Let me now turn to our mutual friend, and partner, the distinguished ranking member of the subcommittee, Senator Inouye.

Senator STEVENS. Senator Leahy, you are first.

Senator LEAHY. Mr. Chairman, are we going to questions now, or are these just—

Senator STEVENS. Opening statements, if you have them.

STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. No. I will put an opening statement in the record.

I would just tell you, Mr. Chairman, what I had said to Secretary White and General Shinseki here earlier, right before this started, that no matter how anybody feels one way or the other on war, at least we can take comfort in the fact that our people, our troops in the field are the best-trained, best-equipped in the world, and as I told both the Secretary and the General, what I have been saying to families in Vermont who have either members of their family who are already deployed or being called up to be deployed, take comfort in the fact that our people are so well-led, so well-trained, and so well-equipped.

And as the General pointed out to me, that is not something you do overnight. It requires years and years of preparation and Mr. Chairman, you and Senator Inouye and this committee have done a lot of that to make sure we bought a lot of equipment we hope we will never have to use, but when we have to use it, at least it is there, and so I compliment you both.

Thank you, Mr. Chairman. I will put my whole statement in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

I would like to welcome back General Shinseki and Secretary White to the Subcommittee. As U.S. forces are poised to enter Iraq, it is good to know that they have such competent, steadfast leadership back at the Pentagon. We face many challenges in the days and weeks ahead. The men and women of the U.S. Army and

the entire armed forces are ready for any eventuality. I look forward to the question and answer period.

Senator STEVENS. My great friend from Hawaii, do you have an opening statement, Senator?

STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. Mr. Chairman, I thank you very much. I have the excuse that half of this city has, the traffic, but before I proceed, sir, I would like to, as a citizen of the United States, commend and thank the Secretary and General Shinseki for the service they have rendered us at this time in our history by preparing our men and women so that they are in full readiness upon the command of our Commander in Chief. I think this is very important, and for that we will be eternally grateful.

Mr. Chairman, I have a prepared statement here, but since time may be of the essence, may I put this in the record, sir?

Senator STEVENS. Without objection, it will be put in the record as though read.

[The statement follows:]

PREPARED STATEMENT OF SENATOR DANIEL K. INOUE

Secretary White, General Shinseki, I would like to welcome you once again, as we consider the fiscal year 2004 Defense appropriations request for the Army. General Shinseki, since this will probably be your last appearance before this committee as Chief of Staff of the Army, I would like to take this opportunity to recognize your invaluable contributions to the U.S. Army.

General Shinseki assumed his duties as the 34th Chief of Staff of the U.S. Army on June 22, 1999. Just three months later, he announced his plans to transform the Army into a force that could better meet future defense requirements to be both rapidly deployable and lethal.

During your tenure, General, you institutionalized transformation and with it brought about a fundamental cultural and technological shift in the U.S. Army—a difficult challenge for an institution as large, diverse, and steeped in history and tradition as the United States Army.

Four years after assuming your duties as Chief of Staff of the Army, the term “transformation” not only encompasses plans and programs for building the Army’s future force, but the term is now synonymous with the efforts of the entire Department of Defense as it seeks to enhance its capabilities to fight and win wars in the 21st century.

Congratulations General on a long and decorated career, and thank you for your service to the Army and to the country. Although you are retiring this June, this committee hopes and plans to continue to call on you for your counsel.

Gentlemen, since our last hearing, the Army continues to play a critical role in the global war on terrorism, while at the same time transforming its forces for the 21st century.

Our Nation’s soldiers are busy—mobilization of the Army Reserve and Guard has reached 210,000 with forces deployed around the world to combat terrorism, to honor our commitments in Bosnia, Kosovo, the Sinai, and Saudi Arabia, and to prepare for a potential war with Iraq. Gentlemen, we need you to tell us how long we will be able to sustain these deployments and mobilizations, and whether you have sufficient forces to meet these requirements.

I look forward to hearing about these issues and how the Army’s fiscal year 2004 budget request supports the Army’s current and future missions.

Senator STEVENS. Senator Shelby.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Mr. Chairman, thank you for calling this hearing. Secretary White, I want to commend you for your service both as a soldier and as a Secretary, and General Shinseki, we know what you mean to the Army. We know what you mean to the Na-

tion, and I appreciate that very much. I look forward to both of your testimony here today, especially on the eve of the impending conflict.

Senator STEVENS. Senator Dorgan.

STATEMENT OF SENATOR BYRON L. DORGAN

Senator DORGAN. Mr. Chairman, let me thank the Secretary for being here, and let me thank General Shinseki, and General Shinseki, I know that you are slated to retire, and let me echo the words of my colleagues in thanking you for your service.

Senator STEVENS. Thank you very much, and I would ask that you both turn on your mikes, as I have just turned mine on, and I am reminded sitting here of the times that Senator Stennis talked to us about changing the Army and about trying to work the Guard and Reserve into the total force. I think he would be delighted if he were here with us today because if there were any pioneer in, really, modernization of the Army, it was Senator Stennis.

I do again thank you very much for the hard work you have put into making this Army as good as it is, and as good as the world will see it is in the near days. Please proceed with your statements, whoever wishes to go first. Mr. Secretary.

STATEMENT OF SECRETARY WHITE

Mr. WHITE. Thank you, Mr. Chairman, and with your permission I will submit a statement for the record and keep my opening remarks short.

Senator Inouye, Mr. Chairman, I am grateful for the opportunity to talk with you today about the United States Army. Our priorities remain the same as they were a year ago, win the global war on terrorism, and transform the Army to prepare it for future wars.

First and foremost, I wish to thank this committee for your continued support for the Army. The fiscal year 2003 budget has allowed us to make significant improvements in many key areas. We have structured our budget request for fiscal year 2004 in the same fashion as fiscal year 2003, based on our top priorities of People, Readiness, and Transformation.

On the people front, thanks to your support we are making significant strides, and this does include a fully funded pay raise for all soldiers, targeted pay raises in selective cases, significantly reduced soldier out-of-pocket expenses for housing, and an accelerated Residential Communities Initiative (RCI) to improve on-post quarters for our families.

This year, we are examining options, under an initiative called personnel transformation, to shift away from our individual replacement system to a unit manning approach that will enhance cohesion and combat readiness of our formations while improving the predictability of assignment patterns for Army families.

As you know, we have had over 30,000 National Guard and Reserve soldiers on active duty consistently since September 11 of 2001, some 18 months now, and as of today, we have activated over 151,000 soldiers for current and potential future Federal operations in addition to over 2,700 soldiers currently activated for State service. These Reserve Component soldiers are performing magnificently on a "One Army" basis, and we appreciate the tremendous

support they have received from their employers as well as the American public. We recognize the unique sacrifices made by these citizen soldiers as they step up to do their duty as citizens and patriots.

On the readiness front, the Army is ready for any additional operations we are ordered to perform in the future, and our great soldiers are successfully meeting our many current obligations around the world. With your help in fiscal year 2003 and again in our fiscal year 2004 budget request, we gave priority to funding training requirements for the force, significantly improved our spare parts availability, accelerated fielding of soldier support systems and unit communications equipment to make our units as ready as possible. Having said that, our operations tempo (OPTEMPO) has never been higher in my nearly 40 years of experience with the Army. We are indeed an Army that is on the move.

While we have fully funded normal OPTEMPO and training, including the full complement of pre-9/11 missions such as Bosnia and Kosovo, the Sinai, and Korea, we have many other obligations as we pursue the global war on terrorism as part of the joint force. Post-9/11 missions of the past 18 months include Operations Noble Eagle here at home, Enduring Freedom in Afghanistan, as well as operations in the Philippines and elsewhere. Finally, we have a significant flow of Army forces into the Persian Gulf in support of potential future operations to ensure the disarmament of Iraq.

Given this level of activity, it should come as no surprise that supplemental funding in fiscal year 2003 will be required. We are working hard to balance our readiness imperative for realistic training with our obligation to be good stewards of the environment. That balance is reflected in the Department of Defense's Range Preservation Initiative that we ask your support for. It is essential for us to maintain the balance between the use of military lands for their uniquely military purposes and the need for environmental protection and species preservation.

The readiness of our soldiers going into harm's way depends upon that balance, so we ask for your help with this important initiative. We are transforming our Army even as we execute combat operations and prepare for future contingencies. This simultaneity is not only a necessity, it is an imperative. We are transforming the business side of the Army as well as the operational force, and we are transforming within the joint context, not merely in a service-centric manner.

We have held steady to the azimuth established by the Chief of the Army, General Shinseki, all the way back in 1999, and in my personal opinion, one of the reasons we have been successful in that Transformation is the courage he showed in laying that marker down and then not deviating from that azimuth, and you have supported that azimuth consistently since he spoke of it.

In fiscal year 2004, we request funding for our fourth Stryker Brigade to be fielded at Fort Polk, Louisiana, the Second Armored Cavalry Regiment, and we remain fully committed to fielding six Stryker Brigades on our established time line. We remain focused on the Objective Force with the restructured Comanche armed reconnaissance helicopter program. We are postured to successfully meet acquisition Milestone B in May for the Future Combat Sys-

tem (FCS). FCS includes the non-line of sight (NLOS) variant and the initial fielding increment which will meet the cannon requirement previously addressed by the Crusader program. We remain on a glide path to field the first Objective Force units in fiscal year 2008 with an initial operational capability (IOC) in 2010.

On the business side of the Army, we fully solicit your support for the Department of Defense (DOD) transformation package, which will greatly streamline our operations and give us the flexibility to manage the Department in the most efficient manner. In the same vein, our business transformation initiatives are designed to achieve greater value for the taxpayer dollar.

Our Residential Communities Initiative to privatize family housing continues to be an enormous success. By fiscal year 2007, the Army will have established partnerships to bring every set of family quarters up to standard. I cannot think of a better thing to do for a married Army. We are able to do this because with an investment of \$620 million we have attracted over \$7 billion in private capital. This is a tremendous value for the taxpayer, and we believe a model of how better business practices can help us with noncore functions such as housing.

We are seeking to apply the same model of public-private partnership to the challenge of on-base utilities, for example, by consolidating all installation management under one command, and by centralizing the Army-wide contracting, for contracts over \$500,000, in our Army Contracting Agency. We are seeking to regionalize utilities contracting, achieving economies of scale that were not possible with our previous business management structures. Private capital will be required to fix the utilities infrastructure on our bases, and we are setting the conditions to attract it just as we have with family housing.

Finally, we are conducting what we call our Third Wave Initiative, which seeks to eliminate or transfer all noncore functions currently consuming Army people and dollars. Rest assured, as we progress this initiative, we will pursue this business initiative in full consultation with the Congress.

Now, finally the matter of risk. Balancing the risk associated with near-term modernization and mid-term transformation has required us to make some tough choices. We have had to terminate or restructure numerous current force modernization programs to generate the capital to fund transformation. In a nutshell, our fiscal year 2004 budget submission funds people, readiness, and transformation at the expense of some of our infrastructure accounts and current force modernization. We made these judgments only after a careful balancing of both operational risk and the risk of not transforming to provide the capabilities the Army needs to meet the obligations of our near-and mid-term strategy.

In conclusion, I wish to return to those who I mentioned first in my remarks, our soldiers. Their performance in Afghanistan speaks volumes. In the dead of winter, a landlocked country, toughest terrain imaginable, the collapse of the Taliban put Al Qaeda on the run and they are still running. It has been my privilege to visit them in Afghanistan, see our soldiers in Kuwait and Bosnia and Kosovo, all around our country. You could never meet a finer group of young Americans. They are flat out, in my 40 years, the best sol-

diers I have ever seen, and we are all very, very proud of them. Rest assured they stand ready, along with our sister services, to accomplish any task ordered by our Commander in Chief.

PREPARED STATEMENT

Thank you, Mr. Chairman, very much for the opportunity to discuss the fiscal year 2004 budget submission. I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF HONORABLE THOMAS E. WHITE AND GENERAL ERIC K. SHINSEKI

Mr. Chairman and distinguished members of the Committee, thank you for this opportunity to report to you today on the Posture of the United States Army.

America's armed forces are the most powerful in the world. And America's Army remains the most respected landpower to our friends and allies and the most feared ground force to those who would threaten the interests of the United States.

Since before the birth of the Nation, American Soldiers have instilled hope in a noble dream of liberty. They have remained on point for the Nation through nine wars, and the intervals of peace in the years between—defending the Constitution and preserving freedom. Magnificent in their selfless service, long in their sense of duty, and deep in their commitment to honor, Soldiers have kept the United States the land of the free and the home of the brave. This is our legacy. Our Soldiers who serve today preserve it.

In October 1999, we unveiled our vision for the future—"Soldiers, on point for the Nation, transforming this, the most respected army in the world, into a strategically responsive force that is dominant across the full spectrum of operations." The attacks against our Nation on September 11, 2001, and the ensuing war on terrorism validate The Army's Vision—People, Readiness, Transformation—and our efforts to change quickly into a more responsive, deployable, agile, versatile, lethal, survivable, and sustainable force.

While helping to fight the Global War on Terrorism, The Army is in the midst of a profound transformation. Readiness remains our constant imperative—today, tomorrow, and the day after. Transformation, therefore, advances on three broad axes: perpetuating The Army's legacy by maintaining today's readiness and dominance; bridging the operational gap with an Interim Force of Stryker Brigade Combat Teams; and fielding the Objective Force to fight and win conflicts in the years beyond this decade.

As they have throughout The Army's 227-year history, Soldiers remain the centerpiece of our formations. Versatile and decisive across the full spectrum of joint missions, land forces have demonstrated time and again the quality of their precision in joint operations. Our responsibility is to provide Soldiers with the critical capabilities needed for the tough missions we send them on.

After three and a half years of undiminished support from the Administration and the Congress, and the incredible dedication of Soldiers and Department of the Army civilians, we have begun to deliver The Army Vision. With continued strong support, we will win the war against global terrorism, meet our obligations to our friends and allies, remain ready to prevail over the unpredictable, and transform ourselves for decisive victories on future battlefields.

We have achieved sustainable momentum in Army Transformation; the framework is in place to see the Objective Force fielded, this decade.

THE ARMY—AT WAR AND TRANSFORMING

The United States is at war, and The Army serves the Nation by defending the Constitution and our way of life. It is our nonnegotiable contract with the American people—to fight and win our Nation's wars, decisively.

In the weeks immediately following the attacks of September 11, 2001, Special Operations Forces (SOF) infiltrated Afghanistan, penetrated Al Qaida and Taliban strongholds, and leveraged all available long-range, joint fires, enabling the Northern Alliance to begin dismantling the Taliban. By January 2002, U.S. and Allied conventional force reinforcements began to set the stage for Operation Anaconda, where Soldiers, demonstrating courage and determination under the most challenging conditions, defeated Al Qaida at altitude on the escarpments overlooking the Shah-e-kot Valley.

Today, more than 198,000 Soldiers remain deployed and forward stationed in 120 countries around the globe, conducting operations and training with our friends and allies. Decisively engaged in the joint and combined fight against global terrorism, Soldiers are serving with distinction—at home and abroad. Soldiers from both the Active and the Reserve Component have remained “on point” for the Nation in the Balkans for seven years, in Saudi Arabia and Kuwait for 12 years, in the Sinai for 21 years, and in Korea and Europe for over 50 years. At the publication of the Army Posture Statement, there were more than 110,000 Reserve Component Soldiers mobilized for active federal service in support of Operation Noble Eagle and Operation Enduring Freedom. Even as we transform, Soldiers will remain ready to answer the calls of the Nation to defeat well-trained, determined, and dangerous adversaries who miscalculate in taking on the best led, the best-equipped, and the best-trained army in the world.

At war and transforming, The Army is accelerating change to harness the power of new technologies, different organizations, and revitalized leader development initiatives to remain at the head of the line. To accomplish this, Army Transformation advances along three major axes towards attainment of the Objective Force. We selectively recapitalize and modernize today’s capabilities to extend our overmatch in staying ready to defend our homeland, keep the peace in areas important to the Nation, and win the war against global terrorism. Stryker Brigade Combat Teams—our Interim Force—will bridge the current operational gap between our rapidly-deployable light forces and our later-arriving heavy forces, paving the way for the arrival of the Objective Force. By 2010, The Army’s Objective Force—organized, equipped, and trained for ground dominance, cyber-warfare, and space exploitation—will provide the Nation the capabilities it must have to remain the global leader, the strongest economy in the world, and the most respected and feared military force, by our friends and allies and our enemies, respectively.

The surprise attacks against our Nation and Operation Enduring Freedom, in response to those attacks, validated The Army Vision and provided momentum to our efforts to transform ourselves into an instrument of national power that provides full spectrum operational capabilities that are strategically responsive and capable of decisive victory. In a little over three years, we have begun to realize The Army Vision—People, Readiness, and Transformation.

The transforming Army is enriching as a profession and nurturing to families whose sacrifice has borne the readiness of the force for the past 10 years. Our Well-Being initiatives are our commitment to reverse this trend by giving our people the opportunity to become self-reliant; setting them up for personal growth and success; aggressively investing in family housing; and revitalizing Single-Soldier living space in our barracks. Our manning initiatives have filled our line divisions and other early deploying units to dampen the internal turbulence of partially filled formations and help put a measure of predictability back into the lives of our families.

The Army has carefully balanced the risk between remaining ready for today’s challenges and preparing for future crises. With unwavering support from the Administration, the Congress, our Soldiers, and Department of the Army Civilians, The Army has made unprecedented progress in its efforts to transform.

We will achieve Initial Operating Capability (IOC) for the first Stryker Brigade Combat Team (SBCT) this summer and demonstrate the increased responsiveness, deployability, agility, versatility, lethality, survivability, and sustainability that SBCTs provide to Combatant Commanders. In a little over three years from initial concept to fielded capability, the SBCTs will allow us to glimpse the potential for acquisition reform in paving the way for delivery of the Objective Force.

We have constructed the framework for achieving the Objective Force this decade: a Transformation Campaign Plan with Roadmap; the Objective Force White Paper; the Operational and Organizational plans for the Objective Force Unit of Action; and the Operational Requirements Document for the Future Combat System of Systems.

Additionally, The Army is poised to fill ground maneuver’s most critical battlefield deficiency—armed aerial reconnaissance—with Comanche, a capable, survivable, and sustainable aircraft that is a cornerstone of the Objective Force.

All along the way, we have tested our concepts in wargames and experiments, checked and rechecked our azimuth to the Objective Force weekly and monthly, and look forward to a successful Future Combat System Milestone B Defense Acquisition Board decision in May of this year.

However, we cannot accelerate Army Transformation without transforming the way The Army does business—from transformation of logistics and acquisition to personnel and installation transformation. Revolutionizing Army business management practices achieves the best value for taxpayers’ dollars; conserves limited resources for investment in People, Readiness, and Transformation; enhances manage-

ment of personnel systems, installations and contracting; and augments our potential to accelerate arrival of the Objective Force. Changing The Army is first about changing the way we think, and better business practices represent practical application of common sense initiatives that best serve The Army and our Nation.

We are proud of our progress. We are grateful for the strong Congressional support that has helped put The Army on its approach march to the Objective Force. The Army 2003 Posture Statement describes our tremendous progress in Transformation—an orchestrated campaign, synchronized with OSD and Joint Transformation, to achieve the Objective Force and keep America's Army the dominant landpower in the world.

STRATEGIC ENVIRONMENT—THE REQUIREMENT TO TRANSFORM

During the last two decades of the 20th Century, information-age technologies dramatically changed the political, economic, and military landscapes. Desert Shield, Desert Storm, and operations in Kuwait, Bosnia, and Kosovo illustrated the requirement for transforming our forces to meet the evolving, strategic requirements of our Nation. Survivable and extremely lethal, our heavy forces effectively met the requirements for which they were designed; yet, they were slow to deploy and difficult to sustain. Conversely, our light forces were rapidly deployable, but they lacked the protection, lethality, and tactical mobility that we seek across the spectrum of military operations. We were successful in winning the Cold War and, as a result, smaller than we had been in 40 years. The Army no longer had the luxury of specialized forces built to confront a single and narrowly defined threat like the Warsaw Pact countries.

Today's challenges are more complex; threats are elusive and unpredictable. The fight against international terrorism has overshadowed, but not eliminated, other potential crises. Tension between India and Pakistan persists; stability between China and Taiwan is tenuous; and concern over North Korea escalates. Threats of transnational terrorism and the proliferation of weapons of mass destruction (WMD)—often financed by organized crime, illicit drug transactions, trafficking in women and children, and the sale of arms—further complicate the security environment. Geopolitical trends such as scarce resources, youth population-spike in underdeveloped countries, aging populations in developed countries, and the growth of mega-cities, among others, presage a future strategic environment of diverse and widely distributed threats.

Fully appreciating the internal and external difficulties that profound change engenders, we assessed the operational challenges of the new century against the capabilities of our Cold War Army, recognized the opportunity to leverage the inherent combat power of the technological revolution, and set a clear path ahead—The Army Vision.

The 2002 National Security Strategy (NSS) reaffirms our military's highest priority—defending the United States. To do this effectively, we assure our allies and friends; dissuade future military competition; deter threats against U.S. interests, allies, and friends; and decisively defeat any adversary, if deterrence fails. The NSS directs the military to transform to a capabilities-based force ready to respond to unpredictable adversaries and security crises. The Objective Force meets these NSS requirements, and Army Transformation will enhance our ability to conduct rapid and precise operations, achieve decisive results at the time and place of our choosing, and safeguard the Nation's ability to exercise our right of self-defense through preemption, when required.

The 2001 Quadrennial Defense Review describes a capabilities-based approach to defense planning that provides broader military options across the operational spectrum, from pre- to post-conflict operations. The force-sizing construct—1-4-2-1—takes into account the number, scope and simultaneity of tasks assigned the military: it sizes the force for defense of the U.S. homeland (1), forward deterrence in four critical regions (4), the conduct of simultaneous warfighting missions in two regions (2)—while preserving the President's option to call for decisive victory in one of those conflicts (1)—and participation in multiple, smaller contingency operations.

THE ARMY—SERVING TODAY, BALANCING RISK, MANAGING TRANSFORMATION

Soldiers are the most precise and responsive means to strike and then control enemy centers of gravity on the ground—where people live, work, and govern. American Soldiers are disciplined, professional, and trained for success in diverse missions; they are the foundation of a flexible force that accomplishes its missions in the non-linear battlespace by integrating new, innovative technologies and techniques with current systems and doctrine. Our people adapt under the harshest con-

ditions, whether in the deserts of Kuwait and the Sinai, the mountains and rice paddies of Korea, or the tropics of the Democratic Republic of Timor-Leste.

These demanding commitments mean we must nurture a balance between current and near-term readiness and our Transformation to meet future challenges. The Army has accepted reasonable operational risk in the mid-term in order to fund our Transformation to the Objective Force. To avoid unacceptable risk, we are monitoring closely the current operational situation as we support the Combatant Commanders in the war against terror, conduct homeland defense, and prosecute the long-term effort to defeat transnational threats. We have designed and implemented the Strategic Readiness System (SRS) to provide a precision, predictive tool with which to monitor The Army and make appropriate adjustments to preserve current readiness. Our surge capacity in the industrial base further reduces current risk by keeping production lines warm and responsive. And our first Stryker Brigade Combat Team will provide the Combatant Commanders with a new capability to further mitigate operational risk—even as we transform to the Objective Force.

REALIZING THE ARMY VISION—PEOPLE, READINESS, AND TRANSFORMATION

In 1999, The Army announced its vision to transform into a more strategically responsive force, dominant across the full spectrum of military operations. The Army Vision addresses three essential components: People, Readiness, and Transformation. Soldiers are the heart of The Army, the centerpiece of our formations, and the foundation of our combat power. Readiness remains our overarching imperative; it is the means by which we execute our nonnegotiable contract with the American people—to fight and win our Nation's wars, decisively. To preserve readiness while rapidly changing, Transformation advances on three major axes: preserving our Army legacy by maintaining readiness and dominance today; bridging the operational gap with Stryker Brigades—the Interim Force; and fielding the Objective Force this decade to keep The Army dominant in the years beyond this decade.

Realizing The Army Vision requires the concerted effort of the entire Army, across all components—from warfighting to institutional support organizations. The Army published its Transformation Campaign Plan in April 2001 to synchronize and guide this complex undertaking. The November 2001 Objective Force White Paper describes the advanced capabilities and core technologies needed to build the Objective Force. The Army's June 2002 Army Transformation Roadmap defines Transformation as a continuous process—with specific waypoints—that increases our contributions to the Joint Force while achieving the six Department of Defense (DOD) critical operational goals. The result will be a more strategically responsive and full spectrum dominant force capable of prompt and sustained land combat operations as a member of the joint force.

In support of the emerging joint operational concepts and architectures, The Army—as the major landpower component—continues to develop ground concepts for a full spectrum, and multidimensional force. These concepts are producing a Joint Force that presents potential enemies with multiple dilemmas across the operational dimensions—complicating their plans, dividing their focus, and increasing their chances of miscalculation.

In future joint operations, Objective Force units will be capable of directing major operations and decisive land campaigns with Army headquarters. Objective Force headquarters at all levels will provide the Joint Force Commander (JFC) with seamless, joint battle command and decision superiority. The modularity and scalability of our Objective Force formations will provide an unprecedented degree of flexibility and adaptability to the Combatant Commander—providing the right force at the right time for decisive outcomes.

PEOPLE—OUR MOST VALUABLE RESOURCE

The Army Vision begins and ends talking about people. People are central to everything else we do in The Army. Platforms and organizations do not defend this Nation; people do. Units do not train, stay ready, grow and develop leadership—they do not sacrifice and take risks on behalf of the Nation. People do. Institutions do not transform; people do. People remain the engine behind all of our magnificent moments as an Army, and the well-being of our people—the human dimension of our Transformation—is inextricably linked to Army readiness.

In our Vision, we recommitted ourselves to doing two things well each and every day—training Soldiers and civilians and growing them into competent, confident, disciplined, and adaptive leaders who succeed in situations of great uncertainty. We are dedicated to preparing our Soldiers to lead joint formations, to enabling our headquarters to command and control joint forces, and to providing to those joint

formations the capabilities only The Army can bring to the fight: the ability to control terrain and populations.

Manning the Force

The objective of our manning strategy is to ensure we have the right people in the right places to fully capitalize on their warfighting expertise—this is The Army's commitment to the Nation, Army leaders, Soldiers, and our families. Correctly manning our units is vital to assuring that we fulfill our missions as a strategic element of national policy; it enhances predictability for our people; and it ensures that leaders have the people necessary to perform their assigned tasks. In fiscal year 2000, we implemented a strategy to man our forces to 100 percent of authorized strength, starting with divisional combat units. The program expanded in fiscal year 2001 and fiscal year 2002 to include early deploying units. In fiscal year 2002, we maintained our manning goals and continued to fill our Divisions, Armored Cavalry Regiments, and selected Early Deploying Units to 100 percent in the aggregate, with a 93 to 95 percent skill and grade-band match. We remain on target to accomplish our long-term goal of filling all Army units to 100 percent of authorized strength.

Recruiting and Retaining the Force

In 1999, The Army missed its recruiting goals for the Active Component (AC) by about 6,300 inductees, and for the Reserve Component by some 10,000. Our recruiting situation was simply unacceptable, and we committed ourselves to decisive steps and reversed that trend.

In fiscal year 2002, The Active Component achieved 100 percent of its goal in recruiting and retention—for the third consecutive year. The Army exceeded its AC 79,500 enlisted accession target in fiscal year 2002 and exceeded our aggregate fiscal year 2002 retention objective of 56,800 Soldiers in all three categories by 1,437. We are poised to make the fiscal year 2003 accession target of 73,800, and we expect to meet our Active Component fiscal year 2003 retention target of 57,000. The fiscal year 2004 accession target is set at 71,500.

The Army Reserve has met mission for the last two years, and its recruiting force is well structured to meet fiscal year 2004 challenges. The Army Reserve continues to maintain a strong Selected Reserve strength posture at 205,484 as of January 17, 2003—over 100.2 percent of the fiscal year 2003 End Strength Objective. Overcoming many recruiting and retention challenges in fiscal year 2002, the Army National Guard (ARNG) exceeded endstrength mission, accessions were 104.5 percent of goal, and we exceeded reenlistment objectives.

To ensure that we continue to recruit and retain sufficient numbers, we are monitoring the current environment—the global war on terrorism (GWOT) and frequent deployments—to determine impact on morale, unit cohesiveness, combat effectiveness, and support of Well-Being programs that draw quality people to The Army. We continue to examine innovative recruiting and retention initiatives. The challenges we face in fiscal year 2003 and 2004 are two-fold: increase recruiter productivity and recruiting resources necessary to maintain recruiting momentum when the economy becomes more robust. Resourcing recruiting pays dividends well beyond accessions in the year of execution. For example, Army advertising in fiscal year 2002 influenced not only fiscal year 2002 accessions, but also potential recruits who will be faced with enlistment decisions in fiscal year 2003 and beyond.

RESERVE COMPONENT FULL-TIME SUPPORT (FTS)

Today, more than 50 percent of our Soldiers are in the Reserve Component (RC). The GWOT and Homeland Defense are significant undertakings that demand a high level of resourcing. The RC has been key to our success in these operations. To ensure The Army's RC continues to meet ever-increasing demands with trained and ready units, The Army plans to increase Full-Time Support authorizations 2 percent each year through fiscal year 2012, increasing the FTS from the current level of 69,915 to a level of 83,046. The Army recognizes additional Full-Time Support authorizations as the number one priority of the Army National Guard and Army Reserve leadership.

CIVILIAN COMPONENT

As a comprehensive effort to consolidate, streamline, and more effectively manage the force, The Army has begun an initiative to transform our civilian personnel system. High quality, well-trained civilians are absolutely essential to the readiness of our force and our ability to sustain operations today and in the future. Recruiting, training, and retaining a highly skilled, dedicated civilian workforce is critical in meeting our obligations to the Combatant Commanders and the Nation. Aggressive transformation of our civilian force—in which projections through fiscal year 2005

indicate a 16 percent annual turnover due to retirements and other losses—will ensure we continue to meet those obligations.

As of fiscal year 2002, The Army employed 277,786 civilian personnel. To forecast future civilian workforce needs with precision, we developed the Civilian Forecasting System, a sophisticated projection model that predicts future civilian personnel requirements under various scenarios. The Army is working closely with the Office of the Secretary of Defense (OSD) and other federal agencies to demonstrate the power of this system so they can fully leverage its capabilities, as well.

The Civilian Personnel Management System XXI (CPMS XXI) has identified the reforms necessary to hire, train, and grow a civilian component that supports the transforming Army. To achieve this, we have redefined the way civilians are hired, retained, and managed. Mandatory experiential assignments will become the vehicle by which we develop future leaders. CPMS XXI fully responds to current mandates in the President's Management Agenda and incorporates the results of the Army Training and Leader Development Panels. For example, two initiatives for recruiting well-trained civilians are:

- The Army Civilian Training, Education, and Development System—a centrally managed program that accesses and trains civilian interns and grows a resource pool of personnel who can accede to senior professional positions.
- The DOD Appropriations Act for fiscal year 2002 and fiscal year 2003 provided Direct Hire Authority for critical, hard-to-fill medical health care occupations and enabled the reduction in average fill-time for these positions to 29 days.

ARMY WELL-BEING

The readiness of The Army is inextricably linked to the well-being of our people, and Army Well-Being is the human dimension of our Transformation. Well-Being responds to the physical, material, mental, and spiritual needs of all Army people—Soldiers, civilians, retirees, veterans, and their families. We recognize the fundamental relationship between Well-Being programs and institutional outcomes such as readiness, retention, and recruiting. To support mission preparedness as well as individual aspirations, Well-Being integrates policies, programs, and human resource issues into a holistic, systematic framework that provides a path to personal growth and success and gives our people the opportunity to become self-reliant. We recruit Soldiers, but we retain families—Well-Being programs help make The Army the right place to raise a family. And when our families are cared for, Soldiers can better focus on their mission—training, fighting, and winning our Nation's wars, decisively.

Soldiers appreciate the Nation's devotion to them, and they are grateful for the country's recognition of their service and sacrifices. Recent improvements to the Montgomery GI Bill, Tricare for Life, Tricare Reform, Retired Pay Reform, the 4.1 percent general pay increase, and additional pay increases in 2003, are all important to Soldiers and their families. These initiatives have helped The Army respond to the well-being needs of our people. Army voluntary education programs improve our combat readiness by expanding Soldier skills, knowledge, and aptitudes to produce confident, competent leaders. Other Well-Being initiatives include:

- Spouse Employment Summit*.—The Army is developing partnerships with the private sector to enhance employment opportunities for Army spouses and provide improved job portability for them.
- Spouse Orientation and Leader Development (SOLD)*.—SOLD connects Army spouses and enhances their opportunity to serve as valued leaders who contribute to the readiness and future of The Army and our Nation.
- Army University Access Online*.—Army offers Soldiers access to a variety of online, post-secondary programs and related educational services. www.Army.com is a comprehensive web-portal widely accessible to Soldiers, including those in Afghanistan, Bosnia, and Kuwait.
- In-State Tuition*.—To level the playing field for access to education opportunities, The Army is working to encourage states to grant in-state status for military personnel and families at public colleges and universities in their Soldier's state of legal residence and state of assignment.
- High School Senior Stabilization*.—This policy enhances predictability by allowing families to request stabilization at their sponsor's current duty location if they have a child who will graduate from high school during that year.
- Secondary Education Transition Study (SETS) Memorandum of Agreement (MOA)*.—Facilitated by The Army, this agreement among participating school superintendents is their commitment to partner and improve high school transitions for DOD children. Currently, over 110 school superintendents have signed the SETS MOA.

LEADER DEVELOPMENT—TRAINING SOLDIERS AND CIVILIANS, AND GROWING LEADERS

The Army is a profession—the Profession of Arms. Conducting decisive ground combat operations in defense of the United States and its interests is a core competency of this profession. The development of each member of The Army is the foundation of lifelong devotion to duty—while in uniform and upon returning to the civilian sector.

By its nature, our profession is extraordinarily complex and dangerous. The American people entrust The Army with the sacred responsibility to apply lethal force in defense of U.S. interests. As such, the Profession of Arms must remain firmly grounded in constitutional values and must constantly change and grow to preserve its competitive advantage in an evolving strategic environment. At all levels, our leaders—military and civilian—must apply their professional knowledge in increasingly varied and unique situations that are characteristic of today’s strategic environment. Ultimately, we must grow professional Army leaders who provide wise and discerning military judgments founded on long experience and proven professional expertise. This capacity is developed only through a lifetime of education and dedicated service—in peace and in war.

Soldiers serve the Nation with the full realization that their duty may require them to make the supreme sacrifice for others among their ranks. Soldiers fighting the war on terrorism today, those who will fight our future wars, and those who have fought in our past wars are professional warfighters and a precious national asset. To ensure we remain the greatest landpower in the world defending the greatest country in the world, The Army and the Nation rely upon their unique and hard-earned experiences and skills. To develop the operational skills required to defend the Nation, training must remain our number one priority.

The evolving strategic environment, the gravity of our responsibilities, and the broad range of tasks The Army performs require us to review and periodically update the way we educate, train, and grow professional warfighters. The Army’s strategic responsibilities to the Nation and Combatant Commanders now embrace a wider range of missions. Those missions present our leaders with even greater challenges than previously experienced. Therefore, leader development is the lifeblood of the profession. It is the deliberate, progressive, and continuous process that trains and grows Soldiers and civilians into competent, confident, self-aware, and decisive leaders prepared for the challenges of the 21st Century in combined arms, joint, multinational, and interagency operations.

In June 2000, we convened the Army Training and Leader Development Panel (ATLDP). The ATLDP’s purpose is to identify skill sets required of Objective Force Soldier and civilian leaders. Further, ATLDP assesses the ability of current training and leader development systems and policies to enhance these required skills. In May 2001, The Army Training and Leader Development Panel Phase I (Officer Study) identified seven strategic imperatives and generated 89 recommendations. With those, we validated the requirement to transform our Officer Education System (OES)—from the Officer Basic Course through the Command and General Staff Officer Course. Additionally, the panel reconfirmed the value of Joint Professional Military Education II (JPME II) in preparing our leaders for joint assignments. The most significant product of the officer ATLDP is our OES Transformation.

ATLDP Phase I (Officer Study) identified three high-payoff institutional training and education initiatives for lieutenants, captains, and majors. The first of these is the Basic Officer Leader Course (BOLC). BOLC will provide a tough, standardized, graduate-level, small-unit leadership experience for newly commissioned officers. The second of these initiatives is the Combined Arms Staff Course for staff officers, and the Combined Arms Battle Command Course for company commanders. Both courses will capitalize on advanced distributed learning and intensive resident training methods. The third initiative, Intermediate Level Education (ILE), will provide all majors with the same common core of operational instruction, and it will provide additional educational opportunities that are tailored to the officer’s specific career field, branch, or functional area. Beyond ILE, Army officers continue to attend Joint or Senior Service Colleges to develop leader skills and knowledge appropriate to the operational and strategic levels of the profession.

Completed in May 2002, the ATLDP Phase II (NCO Study) resulted in 78 findings and recommendations extending across six imperatives—Army culture, NCO Education Systems (NCOES), training, systems approach to training, training and leader development model, and lifelong learning. Among others, the ATLDP Phase II recommended building new training and leader development tools for NCOs to replace current methods, as required. The ATLDP Phase III (Warrant Officer Study) culminated with 63 recommendations extending across four crucial imperatives. Recommendations included clarifying the warrant officer’s unique role in The Army

and improving the Warrant Officer Education System to ensure timely training and promotion. The Civilian Training and Leader Development Panel (Phase IV) study results are complete, and we are forming the Implementation Process Action Team (I-PAT). I-PAT will identify actions The Army must take to increase the professional development of our civilian workforce. At the senior leader level, The Army initiated the Army Strategic Leadership Course (ASLC). The program is aimed at teaching principles of strategic leadership, with emphasis on visioning, campaign planning, leading change, and Transformation. To date, we have completed twelve of the foundation courses and three alumni courses, training the majority of The Army's general officers.

READINESS—WINNING OUR NATION'S WARS

Homeland Security (HLS)

Defending our Nation—abroad and at home—against foreign and domestic threats is fundamental to The Army's legacy, and our warfighting focus provides capabilities relevant to HLS requirements. HLS missions range from traditional warfighting competencies that defeat external threats to the non-combat tasks associated with supporting civil authorities in domestic contingencies. Operation Noble Eagle mobilized over 16,000 Army National Guard Soldiers to protect critical infrastructure. These Soldiers assisted the Department of Transportation in securing our Nation's airports while also playing a vital role in securing our Nation's borders. The Army is moving forward to provide one Civil Support Team to each state, as required by the National Defense Authorization Act for fiscal year 2003. The Civil Support Teams support Incident Commanders and identify Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) agents and substances, assess current and projected consequences, advise on response measures, and assist with appropriate requests for additional support. To date, OSD has certified 30 of 32 teams, and The Army is working to establish additional teams. Collectively, the certified teams have performed 890 operational missions since September 11, 2001. The Army remains committed to HLS, dedicating Active Component (AC) and Reserve Component (RC) staffs to focus on training, doctrine, planning, and execution of DOD missions in support of civil authorities.

Missile Defense

Robust Missile Defense is a vital warfighting requirement that protects both our homeland and our deployed forces. Missile Defense includes far more than a reactive capability to shoot down missiles in their reentry phase. Missile Defense requires a coherent system of sensors; battle command; weapons systems; and active, passive, proactive, and reactive operational concepts, all aimed at destroying enemy missiles—not only during their reentry phases. Missile Defense must also be able to destroy enemy missiles on the ground, before they launch or during their boost phase once launched. Missile Defense is inherently a joint capability to which The Army is a major contributor.

The Army is deploying and employing Ground Mobile Defense assets to contribute to this warfighting capability, accelerating the fielding of the Patriot Advanced Capability 3 (PAC3) system, and developing directed energy weapons that will bring new defense measures to The Army and the Nation. We are postured to assume control of the Medium Extended Air Defense System (MEADS) program in fiscal year 2003 and intend to begin fielding by fiscal year 2012.

MEADS is a transformational program of Objective Force quality and a significant improvement on Patriot's capabilities. It will be more mobile and more deployable (C-130 capable) than Patriot and cover a 360-degree radius to Patriot's 120 degrees. It will be effective against low radar, cross section cruise missile targets; and require only 30 percent of Patriot's manpower. And MEADS will be more accurate and more sustainable than Patriot.

Chemical Demilitarization

In Section 1412 of Public Law 99-145, Congress directed the DOD to destroy the United States' chemical weapons stockpile. In turn, the Secretary of Defense delegated management of all chemical munitions disposal to the Department of the Army. On November 29, 2000, the Johnston Atoll Chemical Agent Disposal System, using incineration-based technology, completely destroyed the last stockpiles stored at the Atoll, and closure operations began in January 2001. The Tooele Chemical Agent Disposal Facility has incinerated 44 percent of the chemical agents and 81 percent of the munitions stored there. Disposal operations at these two sites destroyed 30 percent of the total U.S. chemical weapons stockpiles. Construction of incineration facilities at Anniston, Alabama; Umatilla, Oregon; and Pine Bluff, Arkansas, is complete. Systemization activities are on-going at Aberdeen, Anniston,

Umatilla, and Pine Bluff. The plan to accelerate the disposal of bulk agents using a neutralization process at Aberdeen, Maryland, and Newport, Indiana, has been approved. Anniston and Aberdeen are scheduled to start destruction in second quarter fiscal year 2003, and Newport is scheduled to begin in first quarter fiscal year 2004.

To comply with treaty agreements and the Congressional mandate, we must complete the destruction of these weapons by 2007. The treaty allows for a one time, five-year extension to this deadline. With continued funding and minimal schedule changes, we will safely destroy the U.S. stockpile of lethal chemical agents and munitions at eight existing CONUS sites.

Training the Force

In October 2002, The Army released Field Manual (FM) 7-0, Training the Force. Synchronized with other field manuals and publications being updated to respond to changes in Army, joint, multinational, and interagency operations, FM 7-0 is the capstone doctrinal manual for Army training and leader development. It provides the developmental methodology for training and growing competent, confident Soldiers, and it addresses both current and future Objective Force training requirements.

We are transforming the way we fight future wars, and The Army is participating fully in a DOD-sponsored program to transform how forces train to fight. This effort involves four major initiatives: building upon existing service interoperability training; linking component and joint command staff planning and execution; enhancing existing joint training exercises to address joint interoperability; and studying the requirement for dedicated joint training environments for functional warfighting and complex joint tasks. The Army is scheduled to host the first joint National Training Center (NTC) event at Fort Irwin, California, in May 2003. During June 2003, the U.S. Army Forces Command will execute the second joint NTC event—JCS exercise Roving Sands.

During the late 1990s, funding for the recapitalization and modernization of The Army's Combat Training Centers was reduced, eroding their capability to support their critical missions. Additionally, the Multiple Integrated Laser Engagement System equipment and current force instrumentation systems have become difficult to maintain. The Army's Combat Training Center modernization program will ensure that our premier training areas (NTC at Fort Irwin, Combat Maneuver Training Center in Germany, the Joint Readiness Training Center (JRTC) at Fort Polk, and the Deep Attack Center of Excellence near Gila Bend, Arizona) are modernized to provide high quality, realistic, full-spectrum joint training. To address these problems, The Army will invest nearly \$700 million over the next six years to modernize these training centers.

OPTEMPO

In accordance with Congressional directives, The Army developed a new methodology to prepare budget requests that accurately reflect Operations and Maintenance requirements. In the report submitted in July 2002, The Army outlined updated processes that ensure consistency in reporting of tank miles and reflect requirements and execution with more precision. Management controls initiated in fiscal year 2001 to prevent migration of OPTEMPO funds to other areas were highly successful and remain in effect.

The Army's combined arms training strategy determines the resourcing requirements to maintain the combat readiness of our forces. For the Active Component, The Army requires 800 ground OPTEMPO miles per year for the M1 Abrams tank and corresponding training support; the Active Component flying hour program requires an average of 14.5 live flying hours per aircrew each month. Both Army National Guard and the Army Reserve aircrew training strategies require 9.0 hours per crew each month. The ARNG ground OPTEMPO requirement is a composite average of 174 miles in fiscal year 2004, and the Army Reserve (USAR) ground OPTEMPO requirement is 200 tank-equivalent miles in fiscal year 2004.

While this describes The Army's training strategy, actual execution levels from unit to unit have varied depending upon factors such as on-going operations, safety of flight messages, and adequate manning of combat formations. To this end, The Army has fully funded its AC ground OPTEMPO requirement, while its AC flying program is funded to its historical execution level of 13.1 flying hours. The RC air and ground OPTEMPO are similarly funded to their execution levels, rather than their requirement. Although The Army has not always been able to execute the training strategy, we have taken steps to have all units execute the prescribed training strategy in fiscal year 2003, fiscal year 2004, and beyond.

Force Protection and Anti-terrorism

Force protection consists of those actions to prevent or mitigate hostile actions against Department of Defense personnel and includes family members, resources, facilities, and critical information. In the war on terrorism, the area of operations extends from Afghanistan to the East Coast and across the United States. Naturally, Force Protection and Antiterrorism measures have increased across Army installations in the Continental United States (CONUS) and overseas.

Findings from the Cole Commission, the Downing Report on the Khobar Towers bombing, and Army directives to restrict access to installations have all led to thorough assessments by the Department of the Army Inspector General, the Deputy Chief of Staff for Operations, and commanders. Our efforts focus on improved force protection policy and doctrine; more rigorous training and exercises; improved threat reporting and coordination with national intelligence and law enforcement agencies; enhanced detection and deterrence capabilities for Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) threats; increased capabilities and protection for access control; and expanded assessments of Major Commands (MACOM) and installation force protection programs. Both operational and installation environments rely upon secure, networked information infrastructure to execute daily enterprise-wide processes and decision-making, so the parameters of force protection include contemporary and evolving cyber threats, as well.

The Army's Information Systems Security Program (ISSP) secures The Army's portion of the Global Information Grid, secures the digitized force, and supports information superiority and network security defense-in-depth initiatives. ISSP provides the capability to detect system intrusions and alterations and react to information warfare attacks in a measured and coordinated manner. To the greatest extent possible, it protects warfighters' secure communications—from the sustaining base to the foxhole.

Soldiers, Active and Reserve, are heavily engaged in force protection and anti-terrorism missions. Soldiers guard military installations, nuclear power plants, dams and power generation facilities; tunnels, bridges, and rail stations; and emergency operations centers. During the 2002 Winter Olympics in Salt Lake City, Utah, nearly 1,500 ARNG Soldiers provided security, and Soldiers guarded key infrastructure sites during Super Bowl XXXVII in January 2003. Over 12,500 Reserve Component Soldiers are currently mobilized for Operation Noble Eagle to fulfill Force Protection requirements, and in February 2003, over 8,000 Army National Guard Soldiers will support Air Force security requirements—a requirement that could reach 9,500 Soldiers. Security of detention facilities and detainees at Guantanamo Bay Detention—a long-term detainee mission—requires approximately 1,500 Army personnel, 50 percent of whom are Military Police. Army Reserve Internment and Resettlement battalions on 6-month rotations impact military police availability to CONUS Force Protection requirements.

Sustainment

The Army is revolutionizing its logistics process. One initiative, the Single Stock Fund (SSF), redirected more than \$540 million worth of secondary items from stocks to satisfy customer demands between May 2000—SSF inception—and November 2002. During that same period, we redistributed more than \$218 million worth of secondary items from the authorized stockage levels to meet higher priority readiness requirements. By extending national visibility of stockage locations and capitalizing inventories into the Army Working Capital Fund, we reduced customer wait time by an average of 18.5 percent. The SSF will continue to reduce inventory requirements and generate even more savings for The Army by creating greater flexibility for the management of inventories.

Another initiative, the National Maintenance Program (NMP), enhances weapon system readiness, reliability, and availability rates by bringing Army Class IX repair parts to a single national standard. Ultimately, increased reliability will reduce overall weapon system Operating and Support cost. Additionally, the NMP centralizes the management and control of Army maintenance activities for components and end items. NMP will produce appropriately sized Army maintenance capacity that still meets total maintenance requirements.

Strategic Readiness Reporting

The National Defense Authorization Act for fiscal year 1999 requires the Secretary of Defense to implement a comprehensive readiness reporting system that objectively measures readiness to support the NSS. The Army's Strategic Readiness System (SRS) responds to and provides a baseline in achieving this critical initiative.

SRS is a precision readiness measurement tool that provides Army leadership with accurate, objective, predictive, and actionable readiness information to dramatically enhance resource management toward one end—strategic readiness to defend the United States. The Army Scorecard—a product of SRS—will integrate readiness data from the business arena and the operating, generating, and sustaining forces of both the Active and Reserve Component. Army Scorecard methodology focuses on four critical areas: People—investing in Soldiers and their families; Readiness—maintaining the support capability to the Combatant Commanders’ operational requirements; Transformation—transforming The Army into the Objective Force; and application of sound business practices.

SRS markedly improves how we measure readiness. It gathers timely information with precision and expands the scope of the data considered. We are further developing this system to leverage leading indicators and predict trends—solving problems that affect readiness before they become problems, from well-being to weapons platforms. SRS will help enable The Army preserve readiness to support Combatant Commanders, invest in Soldiers and their families, identify and adopt sound business practices, and transform The Army to the Objective Force.

Installations

Army installations are our Nation’s power projection platforms, and they provide critical training support to The Army and other members of the joint team. Additionally, Soldiers, families, and civilians live and work on Army installations. The quality of our infrastructure directly affects the readiness of The Army and the well-being of our Soldiers, families, and civilians.

The Army has traditionally accepted substantial risk in infrastructure to maintain its current warfighting readiness. However, a decade of chronic under funding has led to a condition in which over 50 percent of our facilities and infrastructure are in such poor condition that commanders rated them as “adversely affecting mission requirements.” Our facilities maintenance must improve. Over the past two years, with the help of the Administration and Congress, The Army has begun to rectify this situation with significant increases in funding and innovative business practices. These efforts have been dramatically successful as we continue to correct a problem that was 10 years in the making. Thus, in an effort to prevent future degradation of our facilities, The Army has increased its funding for facilities sustainment to 93 percent of requirement beginning in fiscal year 2004.

Transformation of Installation Management (TIM)

Recognizing the requirement to enhance support to commanders, the Secretary of the Army directed the reorganization of The Army’s management structure. On October 1, 2002, The Army placed the management of Army installations under the Installation Management Agency (IMA). IMA is a new field-operating agency of the Assistant Chief of Staff for Installation Management (ACSIM). Its mission is to provide equitable, efficient, and effective management of Army installations worldwide to support readiness; enable the well-being of Soldiers, civilians and family members; improve infrastructure; and preserve the environment. This new management approach eliminates the migration of base operations funds to other operational accounts below the HQDA level. It also enables the development of multi-functional installations to support evolving force structure and Army Transformation needs. The Army is poised to capitalize on opportunities TIM gives us to provide excellence in installations.

Two programs that significantly increase the well-being of our Soldiers and their families are the Barracks and the Family Housing programs. The Army established the Barracks Upgrade Program (BUP) in the late 1990’s to improve single Soldiers’ housing conditions. Through 2002, we have upgraded or funded-for-upgrade 70 percent of our permanent party barracks to Soldier suites that consist of two single bedrooms with a shared bath and common area. The Army will continue the BUP until all permanent party barracks achieve this standard.

With the strong support of Congress, The Army established the Residential Communities Initiative (RCI) for our families. This program capitalizes on commercial expertise and private capital to perform a non-core function for The Army—family housing management. The program provides greater value to The Army by eliminating the housing deficit at our first eleven sites, while leveraging a \$209 million Army investment into \$4.1 billion of initial private development. The Army’s privatization program began with four pilot projects and will expand to 18 active projects by the end of fiscal year 2003. Pending OSD and Congressional approval, 28 projects are planned through 2006 that will impact over 72,000 housing units or 80 percent of Army Family Housing in the United States. By the end of 2007, we will have the programs and projects in place to meet the OSD goal of eliminating inadequate

family housing. We will accomplish this goal through RCI and increased Army investment in family housing Military Construction (MILCON) at non-privatized installations. The Reserve Component (RC) enhances RCI through real property exchange authority that is only available to the RC. This legislative authority allows the exchange of RC owned property with public or private entities and has a tremendous potential to improve future Reserve Component infrastructure at no governmental cost.

The Army has also aggressively reduced its financial burden and physical footprint by disposing of 34 percent of its facilities from a 1990 high of 116 billion square feet. The Army anticipates that the Congressional fiscal year 2005 Base Realignment and Closure (BRAC) authority will permit additional appropriate reductions. BRAC will enable The Army to dispose of excess infrastructure and realign the remaining facilities with the requirements of the transforming Army and the Objective Force. BRAC will also allow The Army to re-allocate resources from closed or realigned installations to other high priority requirements.

The Army continues to improve its utilities infrastructure by divesting itself of non-core utility systems' operation and maintenance through privatization. As of December 2002, we had privatized 64 of the 351 systems in the program, and we have an additional 104 presently under negotiation.

As part of our Army Knowledge Management (AKM)—described later in more detail—we are modernizing our Installation Information Infrastructure—infrastructure—to support a network centric, knowledge-based Army. The Installation Information Infrastructure Modernization Program (I³MP) executes a multi-year, \$3.2 billion program for upgrades to optical fiber and copper cable, installation of advanced digital equipment, and upgrades to Defense Global Information Grid gateways. This program will ensure worldwide, high-speed data connectivity at Army installations. To date, we have completed 22 of 95 CONUS installations and initiated upgrades at four installations outside of the continental United States (OCONUS). We plan to complete I³MP in 2009.

Transformation—Changing the Way we Fight

The Army is fundamentally changing the way we fight and creating a force more responsive to the strategic requirements of the Nation. We are building a joint precision maneuver capability that can enter a theater at the time and place of our choosing, maneuver at will to gain positional advantage, deliver precise joint fires and, if necessary, close with and destroy the enemy.

The Objective Force is an army designed from the bottom up around a single, networked, integrated C⁴ISR architecture that will link us to joint, interagency, and multi-national forces. It will be a rapidly deployable, mounted formation, seamlessly integrated into the joint force and capable of delivering decisive victory across the spectrum of military operations. Consolidated, streamlined branches and military operational specialties comprised of professional warfighters will be poised to transition rapidly from disaster relief to high-end warfighting operations.

The Objective Force and its Future Combat System of Systems will leverage and deliver with precision the combat power of joint and strategic assets. It is a capabilities-based force that rapidly responds to the requirements of the strategic environment in which our Soldiers will be the most strategically relevant and decisively capable landpower—no matter the mission, no matter the threats, no matter the risks.

In the final analysis, The Army's combat power does not wear tracks or wheels—it wears boots. No platform or weapon system can match a Soldier's situational curiosity and awareness. It is the Soldiers' ability to discern and to think, their ingenuity and resourcefulness, their endurance and perseverance, and their plain grit that make them the most reliable precision weapon in our inventory. Soldiers remain the centerpiece of our formations.

To help guide our Transformation efforts, The Army leverages lessons-learned from extensive experimentation and wargaming. We are working to harness the power of knowledge, the benefits of science and technology, and innovative business solutions to transform both the Operational and Institutional Army into the Objective Force. The Army's annual Title 10 Wargames provide critical insights for developing the Objective Force. Likewise, results from joint experiments—Millennium Challenge 2002 and other service Title 10 Wargames like Global Engagement, Navy Global, and Expeditionary Warrior, to name a few—also inform these efforts.

The Army is fully committed to joint experimentation as a means to examine and assess Objective Force contributions to the strategic, operational, and tactical levels of joint warfare. The Army has established a joint/Army Concept Development and Experimentation (CD&E) Task Force to ensure that Army CD&E efforts are synchronized with joint CD&E. This task force makes certain that joint experiment lessons-learned inform the design and development of the Objective Force. This year,

The Army's Title 10 Wargame—co-hosted by Commander, Joint Forces Command—will focus on the Joint Force that will fight the next battle. Linked to Joint Forces Command's Pinnacle Impact 03 experiment, it will be conducted within the context of a future 1-4-2-1 global scenario and the emerging Joint Operations Concept. The Army is committed to these efforts, and in this budget we have nearly doubled last year's funding of these exercises.

Joint, interagency, multinational, and Army warfighting experiments provide invaluable opportunities for The Army to experiment with innovative approaches to warfighting and to test new tactics, techniques, procedures, organizations, processes, and technology. In Millennium Challenge 2002, the largest joint experiment in U.S. history, The Army demonstrated four vital capabilities it brings to the joint fight: the ability to attain and maintain information superiority (knowledge); the ability to conduct decisive maneuver to enable dominant joint maneuver; the ability to defeat the opposition in an anti-access environment through rapid entry and employment capabilities; and the ability to support and sustain rapid combat power efficiently by reducing the operational and tactical logistics footprint.

To evaluate the effectiveness of the Stryker Brigade Combat Team (SBCT) concepts for battalion and company operations in a Joint Force, The Army employed a SBCT unit during Millennium Challenge. Less than four weeks after Stryker vehicles were delivered to the first unit at Fort Lewis, the unit demonstrated rapid air and sealift deployability and integrated into the exercise well. Additionally, when given a mission on short notice to support a Marine Corps unit in ground operations, the SBCT unit demonstrated its agility and versatility.

Balancing Risk as we Manage Change

Balancing risk is integral to Army Transformation. To maintain current readiness while we transform, we are managing operational risk: risk in current readiness for near-term conflicts with future risk—the ability to develop new capabilities and operational concepts that will dissuade or defeat mid- to long-term military challenges. The Army has accepted risk in selective modernization and recapitalization, and we continue to assess these risks as we balance current readiness, the well-being of our people, Transformation, the war on terrorism, and new operational commitments. Since 1999, The Army has terminated 29 programs and restructured 20 others for a total savings of \$12.8 billion. These funds were reallocated to resource the Stryker Brigades and essential Objective Force research and development.

In Program Budget 2004 and its associated Five-Year Defense Plan (FYDP), The Army has generated an additional \$22 billion of savings by terminating 24 additional systems and reducing or restructuring 24 other systems. To accelerate achieving the Objective Force capabilities and mitigating operational risk, The Army reinvested these savings in the development of transformational capabilities in these and other programs:

- Future Combat System—\$13.5 billion
- Precision Munitions—\$3.2 billion
- Sensors and Communications—\$2.3 billion
- Science and Technology—\$1.1 billion
- Missile and Air Defense—\$1.1 billion.

The operational risk associated with the decreased funding for certain current programs is acceptable as long as we field Stryker Brigades on schedule and accelerate the fielding of the Objective Force for arrival, this decade. We will continue to reassess the risk associated with system reductions and related organizational changes against operational requirements and the strategic environment.

An Information Enabled Army

Achieving the full spectrum dominance of the Objective Force requires changing the way we fight. Changing the way we fight requires a holistic transformation of Logistics, Personnel, Installation Management, Acquisition, Aviation, business practices—every aspect of The Army must transform. The Objective Force requires innovative changes and out-of-the-box ingenuity in the way we take care of our people and manage the information and material that enhances their readiness and answers their needs—both personal and professional, at home and in the short sword warfight at foxhole level. Simply put, we cannot achieve the Objective Force capabilities without leveraging the full potential of the technological advances that our Nation's industrial base and science and technology communities are developing. The Army has consolidated management of Information Technologies (IT) into a single effort—Army Knowledge Management (AKM). AKM capitalizes on IT resources unique to our Nation and harnesses them for Transformation, for The Army, and for the Combatant Commanders.

Information management is critical to achieving The Army Vision, and Army Knowledge Management supports Transformation through the development and implementation of a network-centric, knowledge-based Army architecture interoperable with the joint system. AKM will accelerate the Detect-Decide-Deliver planning processes and enable warfighters to see the adversary first—before our forces are detected; understand the Common Relevant Operating Picture first; act against adversaries first; and finish the warfight with decisive victories—see first, understand first, act first, finish decisively. AKM will provide knowledge at the point of decision for all leaders—from the factory to the foxhole.

Enabling collaborative mission planning and execution among widely dispersed locations around the globe, Army Knowledge Management will provide a rapid and seamless flow and exchange of actionable information and knowledge. The Network-centric operations that AKM enables will decrease our logistic footprint and enhance sustainability of the Objective Force through multi-nodal distribution networks—reaching forward to the theater and back to installations. Advanced information technologies will dramatically enhance Battle Command. Command, Control, Communications, and Computer (C⁴) decision tools seamlessly linked to Intelligence, Surveillance, and Reconnaissance (ISR) assets produce a radically improved Common Relevant Operating Picture (CROP) and enable Battle Command.

AKM will dramatically enhance the warfighter's ability to distribute, process, fuse, and correlate unprecedented amounts of actionable data into information—securely, reliably, and quickly enough to enable leaders to synchronize and mass effects for decisive results. Network-centric operations enable information awareness, information access, and information delivery.

The Army Knowledge Enterprise (AKE) construct describes The Army's process to enable improved strategic and tactical information distribution and collaboration. In short, AKE leverages the ingenuity and resourcefulness of our people in shaping the environment to achieve dominance and helps leaders achieve decision superiority and mission efficiencies.

Integration and refinement of existing Army networks is the first step in achieving a network-centric, information-enabled force that creates efficiencies and provides secure, reliable, actionable information communications. To this end, The Army activated the Network Enterprise Technology Command (NETCOM). NETCOM is The Army's single authority assigned to operate, manage, and defend The Army's information infrastructure. NETCOM has assumed technical control of all Army networks—Active, Guard, and Reserve. This new policy allows NETCOM to evaluate any system, application, or piece of equipment that touches The Army Networks. NETCOM will improve the capacity, performance, and security of our networks at every level.

Among others, one tangible product of NETCOM is the consolidation and removal of redundant servers across The Army. This example of better business practice will harvest significant savings in resources—both dollars and managers—while increasing the effectiveness of the network. Since the first quarter fiscal year 2002, we have reduced the number of servers Army-wide by 16 percent—311 in the National Capitol Region alone.

Army Knowledge Online (AKO) begins to allow The Army to decentralize the management of information. AKO is The Army's secure, web-based, internet service that leverages The Army's intellectual capital to better organize, train, equip, and maintain our force. It gives our people a means to collaborate, to improve their situational awareness, and to access their personnel data. Already, hard-copy processes that formerly took days and weeks can now be accomplished almost instantly—from pay to personnel actions to assignments, to name a few. And AKO is just an early glimpse of the potential capabilities of a Network-centric, knowledge based organization that harnesses the potential of the global infostructure.

OPERATIONAL ARMY

The Objective Force

The Army is actively engaged in global operations supporting Combatant Commanders today, but it is our obligation to prepare for the future, as well. The Objective Force is The Army's future full-spectrum force that will be organized, manned, equipped and trained to be more strategically responsive, deployable, agile, versatile, lethal, survivable and sustainable than we are today—across the full spectrum of military operations as an integral member of a cohesive joint team.

The Nation will continue to face adaptive, asymmetric threats that capitalize on the power of information. To dominate and maintain superiority over these emerging challenges, The Army is changing the way we fight—a paradigm shift more significant than the 20th Century's introduction of the tank and the helicopter. The

Army is changing from sequential and linear operations to distributed and simultaneous operations. The Objective Force—characterized by networks of people enabled with systems that provide actionable information and decision superiority—will dissuade, deter or decisively defeat our adversaries anytime, anyplace, and anywhere.

The Objective Force will consist of command structures scaled to meet Joint Force Commander requirements and modular combined-arms units tailored according to each situation. Objective Force integrated, mobile, air-ground teams will conduct mounted and dismounted operations and employ both manned and unmanned platforms to achieve decisive victories. Capable of forcible entry and operations in austere environments to address the spectrum of military operations—from humanitarian assistance to warfighting—the Objective Force will conduct simultaneous combat and stability operations and master transitions between phases of operations. It will be an offensively oriented, multi-dimensional force enabled by advanced information technologies that give Soldiers real-time intelligence and actionable information.

The Objective Force will arrive in theater combat capable—deployment will be synonymous with employment. The Objective Force will be strategically responsive and rapidly deployable on the U.S. Air Force family of inter-theater and intra-theater aircraft. An Objective Force Unit of Action (UA) will deploy on approximately one-third the number of aircraft required to deploy a heavy brigade combat team today. It will be operationally deployable and capable of operational maneuver over strategic distances by air, land, or sea. Soldiers will overcome anti-access and area denial strategies and environments through precision maneuver and decision superiority.

Equipped with new systems designed to meet the needs of The Army's future fighting formations, the Objective Force will be a networked system of systems. This system of systems includes Soldiers equipped with the Land Warrior system; a family of 18 integrated, synchronized, manned and unmanned Future Combat Systems (FCS); and critical complementary systems such as the Comanche and the Future Tactical Truck System. The components of the FCS are being synchronously developed and fielded as a complete family to achieve the warfighting capabilities the Nation requires to defeat adaptive, asymmetric conventional and unconventional adversaries.

Soldiers are the centerpiece of The Army's formation—not equipment. And Soldiers of the Objective Force will leverage dominant knowledge to gain decision superiority over any adversary. They will seamlessly integrate Objective Force capabilities with the capabilities of joint forces, Special Operations Forces, other federal agencies, and multinational forces. The Objective Force Soldiers will enable the United States to achieve its national security goals in a crisis, rather than simply inflict punitive strikes on an adversary. Employing FCS capabilities in formations called Units of Action (UA) and Units of Employment (UE), Objective Force Soldiers will provide campaign quality staying power—that means precision fire and maneuver to control terrain, people, and resources, without having to resort to indiscriminate collateral damage. The Land Warrior system will integrate individual Soldiers in the network while providing them increased protection and lethality. And FCS will give Soldiers the capability to destroy any adversary in any weather and environment with smaller calibers, greater precision, more devastating target effects, and at longer-ranges than available today.

Joint C⁴ISR—a network-centric information architecture nested within the Global Information Grid—will connect the Objective Force's system of systems. Capitalizing on the synergistic power of the information network enterprise, every Objective Force Soldier and platform will be capable of sensing and engaging the enemy while maintaining situational awareness of friendly forces. Advanced information technologies and C⁴ISR decision tools and assets will enhance the Common Relevant Operating Picture (CROP). The Objective Force will identify, locate, and engage critical targets with lethal or non-lethal effects and assess battle damage on those targets. The joint C⁴ISR linkages will enable the attack of targets with whatever joint or Army assets are available for immediate employment, whether the force is in contact or out of contact. Similarly, enhanced situational awareness will facilitate multi-layered active and passive defense measures—including both offensive and defensive counter air against air and non-air breathing, manned and unmanned aerial vehicles.

The CROP and Network centric operations will enhance sustainability of the Objective Force through multi-nodal distribution networks that reach forward to the area of operations or reach back to the Home Station Operations Center. Increased reliability through equipment design and commonality among the FCS family of systems will enhance sustainability while reducing logistics demands. Advanced tech-

nologies will enable robust Objective Force operations while shrinking the logistics footprint and lift requirements of deployed forces.

The FCS is a transformational approach to meeting this Nation's requirements for the Objective Force. We designed and will field the FCS family in a carefully balanced manner to avoid optimizing a component at the expense of sub-optimizing the overarching capabilities of Objective and joint forces. The acquisition and requirements development processes are being updated to accommodate the Department of Defense's (DOD) direction to field a networked system of systems rapidly through spiral development and an open architecture that allows maturing technological insertions as they occur.

The Army embraces the ongoing DOD and Joint Staff Capabilities and Acquisition processes reform efforts to achieve revolutionary capabilities in the fielding of a new generation of equipment. This collaborative DOD and JCS effort enables The Army to design new information-age capable organizations holistically, use evolutionary acquisition strategies to equip those organizations, and see the Objective Force fielded before the end of this decade.

Science and Technology—Moving Toward the Transformed Army

Preempting our adversaries' technological surprises over the past three years, Army Science and Technology investments are already providing America's Army with sustained overmatch in all materiel systems. And The Army has increased and focused its Science and Technology (S&T) investments. We are demonstrating the enabling joint interoperable technologies essential for Objective Force capabilities and accelerating their arrival. Our S&T program is pursuing a wide spectrum of technologies for unmanned air and ground systems that will expand the range of joint warfighting capabilities, reduce risk to Soldiers, and reduce the logistics footprint of the force. Realizing the full potential of unmanned systems requires technological development in sensors that improve navigation and mission performance, in intelligent systems for semi-autonomous or autonomous operation, in networked communications for manned-unmanned teaming, and in human-robotic interfaces, among many others.

The Defense Advanced Research Projects Agency (DARPA) and Army partnership contracted for a Lead Systems Integrator (LSI) to accelerate the transition of FCS to the System Development and Demonstration (SDD) Phase, with a Milestone B decision in May 2003. The Army is on track to achieve first unit equipped in 2008 and an initial operating capability of one Objective Force Unit of Action (UA) in 2010. To accelerate development and in partnership DARPA, the focus on key transformation technologies for the FCS has been narrowed to the systems with the most promise. Our highest priority S&T efforts remain technological advances for the Future Combat System (FCS).

The Army will field FCS as a family of systems built on information age technologies embedded in manned and unmanned air and ground platforms. Integral to joint fires, the family of systems will integrate long-range air- and ground-based sensors with long-range cannon and missile precision munitions. The family of systems will also provide increased joint capabilities to conduct battle command, reconnaissance, mounted combat operations, dismounted combat operations, medical treatment and evacuation, and maintenance and recovery. To provide decisive lethality, FCS will employ networked, precision and loitering attack munitions fired from modular, easily transportable containers. Finally, FCS will leverage embedded, real-time interactive, virtual, distributed, collaborative, joint simulations for training and mission rehearsal.

Enabling the Objective Force Soldier

Eighteen systems, both manned and unmanned; the Objective Force Soldier; and C⁴ISR, together, comprise the Future Combat System. Manned and unmanned reconnaissance capabilities are part of the FCS Family of Systems' interdependent networked air- and ground-based maneuver, maneuver support, and sustainment systems.

There are 10 Unmanned Systems: Unmanned Aerial Vehicles (UAV) Classes 1, 2, 3, and 4; Unmanned Ground Vehicles (UGV)—the Multifunction Utility/Logistics and Equipment (MULE), the Armed Robotic Vehicle (ARV), and the Small (manpackable) Unmanned Ground Vehicle (MUGV); Unattended Ground Sensors (UGS); and Unattended Munitions—the Non-Line-of-Sight (NLOS) Launch System (LS) and Intelligent Munitions Systems (IMS).

There are eight manned systems: the Infantry Carrier Vehicle (ICV); Command and Control Vehicle (C²V); Reconnaissance and Surveillance Vehicle (RSV); Line-of-Sight, Beyond-Line-of-Sight Mounted Combat System (LOS/BLOS MCS); NLOS-

Mortar; Medical Vehicle (MV); the FCS Recovery and Maintenance Vehicle (FRMV); and the Non-Line-of-Sight (NLOS) Cannon.

Decisive warfighting is about fires and maneuver: fires enable maneuver, and maneuver enables fires. Joint and organic close, supporting, indirect fires destroy the enemy, suppress the enemy's capabilities, protect our forces and enable ground units to maneuver. The ICV, the Unattended Munitions NLOS-LS, IMS, C²V, MCS, NLOS-Mortar, and NLOS Cannon are important elements of the FCS that will enable the Objective Force to conduct distributed and simultaneous joint combat operations. With joint fires, the NLOS cannon is critical to support and protect our land forces in hostile environments. NLOS-LS NetFires is a platform-independent family of missiles with precision attack and loitering capability. Both Precision Guided Mortar Munitions and Excalibur precision cannon munitions will enhance organic maneuver fires. A new, joint fire support, battle command and fire support architecture will allow rapid engagement of targets by any Army or joint asset.

For over 227 years, Soldiers have remained the centerpiece of our formations. The Land Warrior program—another key S&T initiative—responds to this legacy and enhances our Soldiers combat power generation capability. The Land Warrior program will develop a lightweight, low observable, enhanced-armor protection, fighting ensemble for the individual Objective Force Soldier. Through networked connectivity to the FCS-equipped, maneuver Unit of Action, Land Warrior Soldiers will enable revolutionary lethality, mobility, survivability, and sustainability for the individual warfighter while reducing logistics demands.

Future Combat Systems are networked in the joint C⁴ISR architecture—including networked communications, networked options, sensors, battle command systems, training, and both manned and unmanned reconnaissance and surveillance capabilities. These networked systems will dramatically enhance situational awareness and understanding and operational level synchronization well beyond today's standards. Improved C⁴ISR capabilities will enable network-centric Objective Force operations. The results of the investments will allow leaders to capitalize on sensor and processing technology to see, understand, and shape the battlespace before the enemy can react—increasing combat force effectiveness and survivability. The S&T program will develop and demonstrate real-time, continuous situational understanding by integrating data from manned and unmanned air- and ground-based sensors.

S&T investments in military logistics are an important enabler for the Objective Force. We are placing our emphasis on sustainment's big drivers—fuel, ammunition, maintenance, and water—to dramatically reduce our logistics footprint and lift requirements in these areas. Key technologies include on-board water generation, real-time logistics command and control processes and distribution management, enhanced multi-purpose munitions and packaging, efficient propulsion and power technologies, real-time diagnostics and prognostics, and Micro-Electro Mechanical Systems (MEMS).

Transformational Systems

Several transformational systems were under development prior to announcement of The Army Vision in October 1999. The Army has completed an extensive analysis to identify those systems that complement FCS and the Objective Force system of systems.

The Comanche Helicopter is the centerpiece of the Aviation Modernization Plan (AMP) and represents the first new system to reach Initial Operational Capability (IOC) within The Army's Objective Force. Comanche is our armed reconnaissance platform with attack capabilities. It will leverage the situational awareness and situational curiosity of a scout augmented with revolutionary, state-of-the-art Intelligence, Surveillance, and Reconnaissance (ISR) technologies. Comanche supports vertical and horizontal maneuver as an integral part of network centric operations and extends human eyes and decision-making beyond the ground maneuver force. Utilizing stealth technologies, it will network with all joint C⁴ISR and joint weapons systems. Comanche will leverage maximum effect of future standoff precision weapon systems such as the Common Missile and allow us to maneuver ground formations based upon full knowledge of the situation. Augmented with armed or unarmed Unmanned Aerial Vehicles (UAVs), Comanche will fill ground maneuver's most critical battlefield deficiency—armed aerial reconnaissance—with a capable, survivable, and sustainable aircraft. The Comanche program is already well on its way to giving The Army a capability pivotal to transforming the way we will fight.

Several other transformational systems will empower the Objective Force with the knowledge dominance and battle command to provide decision superiority across the spectrum of operations. The Warfighter Information Network-Tactical (WIN-T) System, Medium Extended Air Defense System (MEADS), the Joint Tactical Radio System (JTRS), and The Army Airborne Command and Control System (A²C²S) will en-

able Objective Force joint C⁴ISR capabilities. These programs will provide the tactical enterprise level networks that will ensure seamless, secure, digital connectivity between the Objective, Interim, and today's forces. The Distributed Common Ground System-Army (DCGS-A) architecture provides Army network-centric ISR connectivity from national agencies to joint systems to Objective Force Units of Action as part of the integrated Department of Defense DCGS architecture. DCGS-A will enable interoperable tasking, processing, and exploitation capabilities. The Aerial Common Sensor brings improved signal intelligence collection and precision geolocation capabilities, as well as imagery intelligence (IMINT) and measurement and signals (MASINT) sensor packages. Another system, Prophet, uses communications intelligence to depict the battlespace and further enhance situational awareness. These C⁴ISR systems greatly enhance the Objective Force's ability to gain actionable information superiority and decision dominance over all adversaries and expand the range of options for the joint force Combatant Commanders.

Transformational systems will provide the Objective Force with strategic and tactical maneuver capabilities. The Theater Support Vessel will support rapid intra-theater lift requirements, provide the capability to conduct operational maneuver and repositioning, and enable units to conduct enroute mission planning and rehearsal. The Future Tactical Truck System will have commonality with FCS and will support the Objective Force by enabling command, control, and transportation of cargo, equipment, and personnel. And the Tactical Electric Power (TEP) generators will provide power to Objective Force units where fixed power grids are not available.

Transformational systems provide the Objective Force with other important capabilities, as well. Chemical, Biological, Radiological, Nuclear and Explosive (CBRNE) effects systems support the Objective Force across the spectrum of military operations and improve capabilities to conduct Homeland Security activities. Engineer, civil affairs, and psychological operations vehicles will enable mobility and enhance civil affairs and PSYOPs capabilities. The Up-Armored High Mobility Multi-purpose Wheeled Vehicle (HMMWV) will improve Objective Force Soldier survivability and lethality. The Multi-Mission Radar will provide the capability to detect and track aircraft, artillery, and other projectiles, then queue appropriate weapons systems and airspace synchronization systems. The High Mobility Artillery Rocket System (HIMARS) is a lighter weight, more deployable multiple rocket launcher capability that will integrate into the joint fires network.

Bridging the Capabilities Gap—Stryker Brigade Combat Teams

Announcing our intent to field an Interim Force in October 1999, The Army responded to a capabilities gap between its lethal, survivable, but slow-to-deploy heavy forces and its rapidly deployable light forces that lack the protection, lethality, and tactical mobility that we seek. Just two-and-a-half years later in 2002, The Army began fielding the first Stryker Brigade Combat Team to bridge that gap. In 2003—less than four years after the announcement—we are on track to achieve IOC with the first SBCT at Fort Lewis, Washington. Stryker Brigades will provide the Combatant Commander vastly increased operational and tactical flexibility to execute fast-paced, distributed, non-contiguous operations.

Stryker Brigade Combat Teams respond to Combatant Commander requirements across the spectrum of military operations. Optimized for combat in complex and urban terrain, the Stryker Brigades will be decisive in other major combat operations, as well. The SBCT Reconnaissance, Surveillance, and Target Acquisition (RSTA) Squadron provides both organic human intelligence capabilities and UAVs embedded at the brigade level. Its military intelligence and signal companies—working through a digitally enabled battle command bridge—leverage theater and national assets to create an information-enabled force. SBCTs will use this enhanced joint C⁴ISR capability to revolutionize combat paradigms from “make contact, develop the situation, maneuver the forces” to “understand the situation, maneuver the forces, make contact at the time and place of your own choosing, and finish decisively.”

Moreover, leveraging platform commonality, enhancing logistics practices and enablers, and reorganizing logistics formations, the SBCT is vastly more deployable and sustainable than our heavy forces, while significantly increasing combat power generating capabilities. Augmented for sustained operations, the SBCT requires 37 percent fewer CSS personnel than a digitized heavy brigade. While capitalizing on these advantages, developing and available technologies allow us to mass effects—rather than massing formations—and create a robust, reliable capability to conduct operational maneuver over strategic distances.

Finally, SBCTs provide an invaluable means of spearheading Transformation. The SBCT trains junior officers and noncommissioned officers—tomorrow's commanders

and command sergeants major—in the tactics, techniques, and procedures that will inform employment of the Objective Force.

The Army has resourced six Stryker Brigade Combat Teams to contribute to fulfilling the 1-4-2-1 defense construct and national security requirements; however, at this time, the Secretary of Defense has only authorized the procurement of the first four brigades. The Army will provide the Secretary of Defense with a plan for Stryker Brigades 5 and 6.

Fielding of the SBCTs affects the entire Army: Active and Reserve Components; heavy and light forces; CONUS and OCONUS. And current fielding timelines will enhance the Nation's ability to fight and win the GWOT and conduct major combat operations. The transformation of four Active Component brigades to SBCTs provides a rotational base with three of the SBCTs focused on the Pacific theater. One of the two SBCTs fielded at Fort Lewis will be forward-based in Europe not later than 2007. The Stryker Cavalry Regiment will support the XVIII Airborne Corps' critical need for robust, armed reconnaissance. The conversion of a Reserve Component brigade to an SBCT will enhance our strategic reserve and support the GWOT, Smaller Scale Contingencies, and Homeland Defense missions. Additionally, SBCT stationing provides rapid, strategic responsiveness through power projection platforms capable of supporting four critical regions described in the 1-4-2-1 defense construct. The first SBCT will attain Initial Operational Capability in the summer of 2003.

Preserving The Army's Legacy

Today's force guarantees The Army's near-term warfighting readiness to fight and win our Nation's wars, decisively. Because The Army bypassed a procurement generation, The Army's Combat Support and Combat Service Support systems now exceed their 20-year expected life cycle, and 75 percent of our critical combat systems exceed their expected half-life cycle. To maintain operational readiness while preserving resources for Transformation, The Army is recapitalizing and selectively modernizing a portion of the current force. The modernization program addresses the critical issue of AC and RC interoperability and serves as a bridge to mesh these two components seamlessly. In general, The Army increased funding for programs that are clearly transformational and support the Defense transformation goals, sustained funding for high priority systems that will transition to the Objective Force, and reduced funding for systems not essential to Army Transformation. The Army remains committed to its 17-system recapitalization program, but we have reduced the prioritized recapitalization program from three-and-one-third divisions to two divisions.

Army Special Operations Forces are an indispensable part of The Army and will continue to provide unique capabilities to the Joint Force and Land Component Commanders. In response to the increasing requirement for Special Operations Forces in support of joint campaign plans, The Army has validated and resourced growth in its SOF structure. The recent initiatives will transfer 1,788 manpower spaces to Major Force Program-11 beginning in fiscal year 2003. Since the commencement of Army Special Operations Forces operations in support of the GWOT, the U.S. Army has provided over \$1.4 billion in new equipment to enhance Special Operations Forces firepower, communications, and ground and air mobility.

The Army will remain the largest user of space-based capabilities among the Services. Army space assets are providing tangible support to the war on terrorism and Operation Enduring Freedom—they ensure Army and Joint Force Commanders optimize communications, satellite intelligence, global positioning system, imagery, weather, missile warning, and other space-based capabilities in every aspect of planning and operations. We are working diligently with the joint and interagency space community to ensure that Army and joint space systems continue to provide their essential capabilities now and for the Objective Force.

Aviation Transformation and Restructuring

Aviation Transformation further demonstrates The Army's hard choices in balancing risk to resource Transformation. Our interim plan—now in progress—lowers operating and sustainment costs while posturing aviation for arrival of the Objective Force by 2010. Apache modernization is an integral part of the Army Aviation Transformation Plan. The AH-64D Longbow heavy attack team will enhance domination of the maneuver battlespace and provide the ground commander with a versatile, long-range weapon system against a range of fixed and moving targets. The UH-60 Blackhawk continues to be the assault workhorse of Army Aviation, executing over 40 percent of The Army's annual flying hours. We are extending the life of the UH-60 while providing it with capabilities required of the future battlespace. Similarly, The Army is fully committed to the CH-47F Chinook pro-

gram. Its heavy-lift capability is invaluable to transforming The Army. As we restructure and standardize attack and lift formations across the force, we will also adjust the stationing and alignment of Reserve Component aviation units to mitigate the near-term risk.

Army National Guard Aviation comprises almost 50 percent of The Army's aviation force and is one of the Nation's most valuable assets both for wartime and for peacetime missions. Essential for successful execution of the Nation's military strategy, the ARNG currently has aviation units deployed in Afghanistan, Kuwait, Bosnia, Europe, and Saudi Arabia, as well as Central and South America.

Army National Guard Restructuring Initiative (ARNGRI)

ARNGRI seeks to transform a sizeable portion of ARNG combat structure into more deployable, flexible fighting forces to support Army requirements at home and abroad. ARNGRI will introduce two new organizations into the force structure: Mobile Light Brigades and Multi-Functional Divisions. These organizations will provide full spectrum capabilities in support of Combatant Commanders. The Mobile Light Brigades will operate as a subordinate unit to the Multi-Functional Divisions, which will also contain two combat support/combat service support brigades and be capable of supporting either major combat or homeland security operations.

Army Reserve Transformation Initiatives

By providing responsive force generating capability and technically trained individuals, the USAR facilitates our capability to conduct extended campaigns in multiple theaters and to sustain joint operations. Army Reserve initiatives ensure the USAR is missioned, organized, and equipped to provide interoperability across the full spectrum of military operations. Transformational organizations include experimentation forces and information operations, joint augmentation, network security, and interagency units.

The Readiness Command Restructuring initiative and Federal Reserve Restructuring Initiative will help the USAR fulfill these new mission requirements. These initiatives lend greater flexibility to efforts that enhance responsiveness to America's foreign and domestic protection needs. Regional Readiness Commands will focus on individual and unit readiness, leader development, training and growth which will demand a new personnel system that achieves holistic life-cycle management for Army Reserve Soldiers.

INSTITUTIONAL ARMY

Transforming the Way we do Business

We have made great strides in revolutionizing our business management practices by starting at the very top. Last year, we realigned our headquarters by reorganizing and realigning responsibilities of the Secretariat and the Army Staff—streamlining coordination, tasking, and decision-making—resulting in a more responsive and efficient organization. This initiative allowed us to eliminate unnecessary functions and redistribute 585 manpower spaces to accomplish core competencies.

As previously discussed, The Army has addressed the management of its installations, personnel systems, and contracting in its Transformation of Installation Management (TIM). We are aggressively pursuing efforts to outsource non-core functions. The Army will reap substantial dividends in efficiency and effectiveness through these strategic realignments of human and physical capital.

Personnel Transformation

The Secretary of the Army's key management initiative is personnel transformation. Its goal is to modernize and integrate human resource programs, policies, processes, and systems into a multi-component force that includes civilians and contractors. We will evaluate our processes and implement the most efficient program, policies, and organizations to support the Objective Force.

The centerpiece of Personnel Transformation is a comprehensive effort focused on a potential Army-wide implementation of unit manning and unit rotation. We are aggressively examining the feasibility of a unit manning and rotation system that would better support the new national defense strategy, improve cohesion and combat readiness within the operational Army, provide highly cohesive well-trained units to Combatant Commanders, and improve well-being for families by providing greater stability and predictability in assignments. The Army currently uses unit rotations in support of operational missions in the Balkans, Sinai, and Afghanistan. The Army is studying the use of unit rotations for other locations and in the war on terrorism. Units would know of these rotations well in advance, providing fami-

lies with greater predictability and enabling focused preparation, both of which contribute to increased combat readiness of the unit.

Unit manning seeks to synchronize the life cycle of a unit with the life cycle of the Soldier within that unit. All Soldiers and leaders would be stabilized, resulting in a significant increase in cohesion and combat readiness over our present individual replacement system. Such a system has significant second and third order effects across the force—training and leader development, recruiting and retention, unit readiness levels, and total Army endstrength, among others. All of these are being studied intensively, and we anticipate senior Army leadership decisions on unit manning and unit rotation in July 2003.

Third Wave

Because we operate in an environment in which there are increasing demands for military capabilities—the Secretary of the Army’s Third Wave initiative seeks to ensure that we are achieving the best value possible for our taxpayers’ dollars.

There are three phases to the Third Wave process. First, we determined what activities were core or non-core to The Army’s mission. In the second phase, we are validating the breakout between core and non-core functions by determining if any non-core functions should be exempted. This phase has an anticipated completion date of mid- to late February 2003. Upon completion, The Army leadership will notify Congress of the results of this phase. In the third phase, key Army leaders will assess appropriate plans to execute non-core functions, select the best means to proceed, and develop implementation plans. At this time, we do not know how many of the 214,000 jobs identified as potentially non-core functions in Phase I will be included in implementation plans. Although implementation plans will target execution in fiscal years 2005–2009, some implementation plans may be delayed beyond that period.

The implementation of competitive sourcing of non-core functions will adhere to OMB Circular A-76 and related statutory provisions. Exceptions to the requirement for public-private competition are limited, such as where 10 or fewer civilian employees perform the function or where legal restrictions against using the A-76 process apply to the function. To lower costs for taxpayers and improve program performance to citizens, OMB has undertaken major revisions to the processes and practices in OMB Circular A-76 to improve the public-private competition process.

Acquisition Transformation

The Army is leading the way in acquisition reform within DOD’s broad transformation of defense acquisition policies and procedures. The Army’s FCS program may prove to be the largest DOD acquisition effort that fully embraces the concepts of evolutionary acquisition and spiral development—leveraging the potential of rapid advancement within individual technologies by allowing for changes within programs as technologies mature.

The FCS program is evolutionary in its design and incorporates periodic blocked improvements within its 19 systems—the Objective Force Soldier and 18 manned and unmanned systems. Within these 19 systems are 540 spirally developing technologies. The Army’s use of a Lead System Integrator (LSI) enables a “best of the best” approach to selection from competing industry efforts. Our unprecedented partnership with DARPA ensures the FCS effort leverages that agency’s DOD-wide perspective and resources to produce the best capability and value for the Joint Force.

The Army continues to revise its acquisition policies and applicable regulatory guidance. On October 3, 2001, The Army approved an acquisition reorganization that transferred control of all acquisition program management to the Army Acquisition Executive (AAE) and eliminated duplication of effort in two major Army commands. Effective October 2002, twelve Program Executive Officers (PEO) report to the Army Acquisition Executive, and their subordinate PEOs assumed management of all Army acquisition programs, regardless of Acquisition Category. The plan ensures that there is only one chain of authority for acquisition programs within The Army. In addition, the plan clearly holds Program Managers responsible and accountable for the life cycle management of their assigned programs.

We have also transformed the way we conduct business through the organization of the Army Contracting Agency (ACA) that realigns our previously decentralized installation and information technology contracting processes into one organization. Responsible for all contracts over \$500,000 and tasked to eliminate redundant contracts, ACA leverages Army-wide requirements to achieve economies of scale. ACA supports Army Transformation efforts by aligning all base support contracting into a single organization that best supports installation management transformation. All of these initiatives use information technology to leverage enterprise-wide buy-

ing capabilities. Additionally, ACA will act as the single coordinating element and form the base from which to deploy contingency-contracting, operational support to the warfighting commands. The Army Contracting Agency and other contracting activities will continue to support small business awards in the outstanding manner it did in fiscal year 2002.

Logistics Transformation

We cannot transform The Army without a transformation in logistics. We must incorporate the logistician's view into the design of our systems even before we begin to build platforms. Collaboration between the acquisition and logistics communities will give the Objective Force the rapid deployability and sustainability we demand—by design—without compromising warfighting capability.

Designing the right logistics architecture—systems, business processes, enterprise, for example—is fundamental to success. The Army's Logistics Transformation will focus on creating an overarching corporate logistics enterprise that employs industries' best business practices. Within this enterprise, The Army established three principal goals for Logistics Transformation: enhance strategic mobility and deployability; optimize the logistics footprint; and reduce the cost of logistics support without reducing readiness or warfighting capability.

The Army's mobility and deployability goals for the Objective Force are to deploy a combat brigade within 96 hours after lift off, a division on the ground in 120 hours, and a five-division corps in theater in 30 days. To achieve this strategic responsiveness, the Army Strategic Mobility Program (ASMP) serves as a catalyst to bring about force projection changes both in The Army's and in our Sister Services' lift programs. Platforms like the Intra-Theater Support Vessel (TSV) and Inter-Theater Shallow Draft High Speed Sealift (SDHSS) provide transformational capabilities for operational and strategic maneuver and sustainment of Army formations.

Because strategic air and sealift cannot meet deployment requirements, Army Prepositioned Stocks (APS) ashore and afloat continue to be a critical component of Army power projection. The Army is currently participating in a joint-led Worldwide Prepositioning Study to determine if location, mix, and capabilities in existing stocks of combat, combat support, and combat service support require adjustments to meet the Defense Strategy more effectively.

The Objective Force requires The Army to optimize its logistics footprint to produce a smaller, more agile, responsive, and flexible sustainment organization. To achieve this goal, we will leverage technology and innovative sustainment concepts. The Army is already developing and integrating key enablers to provide a transformed, corporate logistics enterprise. Some of these enablers include embedded diagnostics and prognostics, tactical logistics data digitization (TLDD), serial number tracking, and the Global Combat Service Support—Army (GCSS-A) system that utilizes a commercial Enterprise Resource Planning (ERP) solution. The ERP approach changes The Army's logistics automation systems strategy from one of custom code development for unique Army requirements to adoption of a commercial off-the-shelf (COTS) product.

The selective use of the Logistics Civil Augmentation Program (LOGCAP) to augment military logistics force structure provides commanders with the flexibility to reallocate manpower, resources, and materiel by adding contractors to the equation of logistics support. In addition to providing services and some supply support, these contractors can quickly deploy to establish base camps, receive and process Soldiers as they begin arriving in theater, and reverse the process when Soldiers go home.

Current initiatives that help reduce costs without reducing readiness or warfighting capability include the National Maintenance Program and the Single Stock Fund (SSF). As previously discussed, programs provide two basic building blocks for a revolutionary change in logistics business practices.

Advanced Medical Technology

Congress designated The Army as the lead agent for DOD vaccine, drug, and development programs for medical countermeasures to battlefield threats. This includes vaccines against naturally occurring infectious diseases of military significance, combat casualty care, military operational medicine, and telemedicine research. The program also funds Food and Drug Administration requirements for technology transition to advanced development.

The medical force provides the requisite medical intervention and care for the Joint Force deployed around the globe. With its Medical Reengineering Initiative (MRI), The Army Medical Department has transformed 28 percent of its Corps, and echelon above Corps, force structure to an organizational structure that promotes scalability through easily tailored, capabilities-based packages. These packages result in improved tactical mobility, reduced footprint, and increased modularity for

flexible task organization. MRI supports both the current forces and the Stryker Brigades, and is the bridge to the Objective Medical Force. We have implemented innovative strategies make the most efficient use of our budget. Medical modernization, which includes the acquisition of current medical equipment and technology, is partially funded within MRI units.

Business Initiatives Council

In June 2001, the Secretary of Defense established the Department of Defense Business Initiatives Council (DOD BIC). The DOD BIC's goal is to improve business operations and processes by identifying and implementing initiatives that expand capabilities, improve efficiency and effectiveness, and create resource savings in time, money, or manpower.

The Army has aggressively explored ways to improve its internal business practices, and has established The Army BIC, under the leadership of the Secretary and the G-8. Effective November 13, 2002, the Secretary of the Army has approved a total of 35 initiatives under The Army BIC. Subsequently, The Army submitted a number of the initiatives through the formal DOD BIC process for implementation across the Services and other DOD activities. The BIC process has helped to create a culture of innovation and inter-service cooperation. The superb level of cooperation across the military departments, the Joint Staff and OSD has made this possible.

A COMMITMENT TO THE FUTURE

With the continued strong support of the Administration, the Congress, our Soldiers, and our Department of the Army civilians, and the greatest industrial base and science and technology communities in the world, The Army will field the Objective Force—this decade.

By 2010, we will have fielded the first operationally capable Objective Force unit equipped with the Future Combat Systems. Our Stryker Brigade Combat Teams will be providing to Combatant Commanders capabilities not currently available—enhanced strategic responsiveness and the ability to operate in a distributed, non-linear battlespace. Through selective recapitalization and modernization of systems that enable our Soldiers to preserve our legacy today, we will have sustained a decisive-win capability at a high state of readiness as an integral part of the Joint Force. And we will have significantly improved the well-being of our people and sustainment of Army infrastructure.

We remain committed to our legacy—preserving America's freedoms. In peace and in war, The Army's Soldiers serve the Nation with unmatched courage, indomitable will, pride, and plain grit—as they have for over 227 years. Soldiers will continue to fight and win the Nation's wars, decisively—it is our sacred duty and our non-negotiable contract with the American people.

[CLERK'S NOTE.—The United States Army Posture Statement, 2003, can be found on the world wide web at: www.army.mil.]

Senator STEVENS. General, do you have any statements to make?

STATEMENT OF GENERAL ERIC K. SHINSEKI

General SHINSEKI. Just a short opening statement if you do not mind, Mr. Chairman.

Mr. Chairman, Senator Inouye, distinguished members of the committee, it is an honor to be back here before the committee and, along with Secretary White, to report to you on the posture and the readiness of the Army and in many ways what we will report on this morning is what we have been about for the last 3½ years. It is your support, and the generosity of your time and attention and the generosity of your support that has put us in the situation we are in today.

It is also a great privilege for me to sit here with Secretary Tom White. In a very short period of time Secretary White has provided us tremendous focus, leadership, and guidance and gotten momentum in achieving what we described 3½ years ago as the Army Vision, and he and I have served side-by-side in other lives, so it is great to be sitting here together in final testimony with him.

As the Secretary has indicated and as the chairman has noted, soldiers are serving magnificently today as members of the joint team and, you know, just the Army alone, as remarked by the chairman, 262,000 of our soldiers are forward-stationed, forward-deployed in operations today, 151,000 of our Reserve Component mobilized in support of operations. They are fighting this war against terrorism. They are honing and fine-tuning their combat skills as they await orders for potentially another major operation, and they are poised to respond to still other contingencies in regions of the world that our country has declared important.

The Army is ready. That is the purpose of the Secretary's and my appearance here today. We are the best Army in the world because of our soldiers, not the biggest, but the best. Their determination and their commitment are as firm as I have seen in all my years of service. They are immensely proud to serve this Nation. They will take any objective, and they will accomplish any mission we assign them.

We would like to project the same kind of confidence in their competence, and the same statement of readiness not just today, but into the future, and to do so, we declared 3½ years ago that we would field a more responsive, a more deployable, a more agile and versatile, certainly more lethal force than we have today in survivable formation, but a lot more sustainable than even the Army that we have today.

We knew then that there was a war in our future, and we said so. We just did not know when, where, or against whom. Though we did not anticipate exactly this scenario, where we are fighting a global war on terrorism in Afghanistan, standing by for another major operation, and looking with a little bit of concern at Northeast Asia, the relative predictability of the Cold War had already, even 3½ years ago, given way to a continuing chaos of unpredictability, and voices inside and outside the Army and voices in this committee encouraged us to be bold, to take some steps and begin the process of change, and with your support we have come a long way towards transforming our formations to be more capable of handling future crises.

As the Secretary has indicated, there is always inherent risk any time any institution undertakes not just change, but fundamental and comprehensive change, as the Army declared it would 3½ years ago. To mitigate that risk, the Army structured its transformation on three broad, mutually supporting axes, and I will describe them as near-term, mid-term, and long-term responsibilities.

In the near term, we preserved the readiness of today's legacy fighting force. In the mid-term, we are fielding six Stryker Brigade Combat Teams (SBCT) to give us much-needed operational capabilities, even as we design our future Objective Force, and it is on that third and final long-term axes that we are developing future concepts and technologies that will provide consistent capability overmatched throughout the middle of the next century, and that is the intent of the Army.

Our Future Combat System Milestone B Defense Acquisition Board decision, the first acquisition milestone for the Future Combat System that is scheduled for May of 2003, just a few months from now, puts us on a path to begin fielding our future Objective

Force by fiscal year 2008. That is a significant and an important milestone.

As Secretary White notes, balancing these requirements between all three priorities, near-term, mid-term, and long-term requires some difficult choices, and the Army has had to make them, carefully weighing the operational demands of today's missions while preparing for the future. Your support remains vital to our continued success in managing that risk, and the Army's fiscal year 2004 budget strikes that essential balance to maintain readiness throughout the Program Objective Memorandum (POM) and the years beyond.

We are already seeing dividends from our investments in future readiness, technologies that are coming online early because we invested aggressively early. Superior body armor today, robots in caves and antitank warheads on unmanned aerial vehicles today, unprecedented Blue Force tracking capabilities today, and last summer, during the largest joint exercise in our history, Millennium Challenge 2002, with the help of the Air Force we air-delivered a Stryker platoon onto a dirt strip out in the National Training Center in California. Just 3 years after the Army described that requirement for an interim force, we demonstrated the increased strategic, operational, and tactical versatility that Stryker Brigade Combat Teams will provide to combatant commanders.

This summer, the first SBCT, the first Stryker unit will join us in the war on terrorism, so it is not just about capabilities that we intend to begin fielding in fiscal year 2008. It is about better capabilities that we are fielding even today for our soldiers.

People remain the centerpiece of our formations. The Secretary has said it in his proud statement about our soldiers, and I echo it here. They are the centerpiece of our formations, and their well-being is inextricably linked to Army readiness. Your help with pay raises, health care, retirement benefits, housing, and other well-being programs allow us to take better care of our people. Soldiers, our civilians, our retirees, and our veterans and their families all appreciate the support more than I can say, that they have received out of the Congress.

Mr. Chairman, for almost 4 years now I have had the privilege of working with members of this committee. You have supported the Army and helped us do what was best for the national security. I am grateful for your steady and bipartisan leadership, and most importantly for your unwavering devotion to our soldiers. You have kept us the most respected land force in the world today, and that will continue into the future.

Mr. Chairman, thank you for this opportunity to make those remarks, and I look forward to your questions.

Senator STEVENS. Thank you very much, General. I am going to defer my questions until later to allow other Members to ask questions, but I do have one statement to start off with.

FIFTH AND SIXTH STRYKER BRIGADES

I joined, or rather my good friend and cochairman here joined me in sending a letter to Secretary Wolfowitz about the way the Department plans to handle the fifth and sixth Stryker Brigades. The fiscal year 2003 Defense Appropriations Act directed the Army and

the Department of Defense to fund six Stryker Brigades, and we felt that was the direction. The President signed that bill, and now I understand that there is some indication that the Office of the Secretary of Defense would terminate, or change the deployment of the fifth and sixth Stryker Brigades. Can you tell us, Mr. Secretary, what is the situation with regard to those two brigades?

Mr. WHITE. Mr. Chairman, the Secretary has directed us to conduct a study of brigades five and six that is aimed at determining whether the structure as it is currently proposed for those brigades is optimal, whether there are other things that we could add, other capabilities that would be appropriate to add like, say, aviation.

In addition to that, he has asked us to study the stationing of brigades five and six, which as you pointed out are currently in Hawaii, and then the Pennsylvania Army National Guard. We will complete the study in the near future. In the meantime, the money for brigades five and six has stayed in the program. It is where we programmed it, and it is where the Secretary has agreed to leave it, and we will get the study done as quickly as we can.

Senator STEVENS. Well, I hope our letter is responded to sometime soon, and it is my judgment that if the Army wants more Stryker Brigades, they should request more funds. We funded those on the basis that they would be deployed to Hawaii and the Pennsylvania National Guard, and unless that law is changed, we expect that direction to be complied with.

Senator INOUE.

Senator INOUE. Thank you very much, Mr. Chairman. I am glad you brought up the question of the Stryker Brigade.

GLOBAL WAR ON TERRORISM

I would like to ask a general question on the budget. If my calculation is correct, the Army is spending approximately \$700 million per month to fight the global war on terrorism, is that correct?

Mr. WHITE. Yes, sir, it is.

Senator INOUE. Now, where does this money come from, because there is no item for fighting global terrorism.

Mr. WHITE. Right now, Senator, we are cash-flowing, as we call it, principally in the military personnel accounts for the additional mobilization and in the operations and maintenance account's third and fourth quarter money to pay these additional costs above the budget in the early part of the fiscal year.

Senator INOUE. So we are using monies that were intended for some other purpose?

Mr. WHITE. That is correct.

Senator INOUE. In addition, there is not anything in the budget that I can see that faces reality, which all of us have assumed that sometime in this fiscal year we would be in Iraq. How are we going to cope with that?

SUPPLEMENTAL APPROPRIATION

Mr. WHITE. Senator, I believe it is the intent of the Department or the President to request a supplemental to cover the funds for the war on terrorism.

Senator INOUE. The next question is, when will the supplemental reach us?

Mr. WHITE. Sir, to use an expression by the Secretary of Defense, it is above my pay grade. We have had our discussions with the Office of Secretary of Defense. I know they have had deliberations with the Office of Management and Budget, but as we discussed yesterday, the supplemental has not yet been submitted.

Senator INOUE. I can assure you, sir, that we are looking forward to receiving that, because in a situation of this nature, it would be an understatement to say that to keep the troops ready is an urgency.

Mr. WHITE. Yes, sir.

Senator INOUE. And with the funds as they come in, in dribblets, it will not help the situation.

Senator STEVENS. Would the Senator yield?

Senator INOUE. Yes. I would be very happy to.

Senator STEVENS. I might state to the Senator and the committee that I had a discussion last night with Mitch Daniels, an informal conversation, and I am informed we should get that supplemental early next week, and it will contain not only monies for defense, but homeland defense, and some moneys to start planning for the post-conflict era in Iraq.

Senator INOUE. Well, I thank you very much. His pay level is higher than mine.

Senator STEVENS. Not so.

END STRENGTH

Senator INOUE. General Shinseki, you have been quoted many times saying that the Army does not have the required end strength to meet current and future military obligations. Can you elaborate on this?

General SHINSEKI. Yes, sir. I have testified, Senator, for 3½ years now that the mission profile that the Army was carrying even 3 years ago was larger than the inventory of formations we had, and I suggested that end strength was a concern. 3½ years ago we were not recruiting as well as we wanted, and so we had to go fix that first. The last 3 years we have made our recruiting targets. Our retention has always been very good.

The missions in the last 3 years have gone up. End strength continues to be a concern, and it is revealed, I think, in the amount of routine mobilization of the Reserve Component that we see day to day. Many of those missions used to be carried by Active Component formations, so these are some of the manifestations of what my concerns were.

Secretary White has asked us—even as we made our concerns public—has asked that the Army take a look at itself, and this is what is sort of caught up in the Third Wave discussions, to make sure that even as we talked about end strength, that the Army had done the right things about ensuring that soldiers were in soldiers' positions, and so we are doing that, and the results of that study are forthcoming.

I will review them and provide my advice to the Secretary, but I think all things considered, when this operation, this crisis is over, we need to take a good hard look at right-sizing the Army, right-mixing the Army between Active and Reserve Component, and even as some of the combatant commanders are already begin-

ning to describe, right-stationing the Army, and I think all of this is important to take up now.

RECRUITING

Senator INOUE. That leads me to the next question. How are we doing in recruiting?

General SHINSEKI. Our recruiting for the last 3 years has just continued to get better. In the Active Component, last year I could have told you very early in the recruiting year that we would make our recruiting targets. We were doing that well.

I can do the same thing again this year in active recruiting, but for the first time here this month, in the Reserve Component recruiting, both the National Guard and the Army Reserve missed their monthly targets. That happens from time to time. We look at a year-long objective that we go after, but our attention was caught by the fact here last month that both Reserve Components missed by a margin their monthly targets.

Some of that is driven by the fact that our Active Component soldiers who normally leave the Active Component and are available to transition into Reserve Component formations, right now, because of the standby for potential operations in Southwest Asia, we have stop-loss personnel decisions in place, so the flow of Active Component soldiers out of active units available for Reserve Component units, that has very much diminished, and that is part of what is at work here, but recruiting for the last 3 years, Senator, has been very, very strong, retention even better.

SOLDIER DEPLOYMENT

Senator INOUE. To give the citizens who may read the transcript a better idea of personnel problems, how many troops, men and women, Reserve and Active, are now overseas in places like Bosnia, Afghanistan, Korea, et cetera, and Kuwait?

General SHINSEKI. Well, overseas, both forward stationed and forward-deployed, the number is 262,000 today. That number changes day to day as we begin to look at potential operations in Southwest Asia.

Senator INOUE. That leaves how many here?

General SHINSEKI. Well, that 262,000 is a combination of Active and Reserve Component. The Active Component formations, I can give you a more finite number, but the Active Component formations are not totally deployed, but much of the Active Component is on standby, prepared for deployment, so if those orders are executed, a good portion of the active force will be overseas.

Senator INOUE. I have always maintained what some would consider a rather naive concept, that the best way to avoid war would be to be prepared for war. In order to be prepared for war, we need proper personnel and proper equipment. It is no secret that the Navy has 12 carrier battle groups. One carrier is always for training purposes. One carrier is always in transit. That leaves 10. Six are now in the gulf area, in the Mediterranean, the Red Sea, or the Persian Gulf itself, and one more is in transit. That is nine, and I believe one more carrier group is going to go to that area. That leaves two for the rest of the world.

I recall it was not too long ago when we were sitting here and we were told that we were ready for two-and-a-half wars. Is that concept still being discussed?

General SHINSEKI. Senator, I think the two-and-a-half major combat operation discussion, it has now been translated into a strategy that talks about homeland defense, four critical areas of the world that we have to continue to focus on, two potential major combat operations, one of which can be a major operation that requires decisive force. That is the sizing construct around which we organize our discussions, and like the Navy, we have a good portion of our Active Component force focused on this major operation.

Senator INOUE. I will wait for my second round, but before I do, I would like to thank you, sir, for the service you have rendered to this country throughout your youth and at the present time. It has been a magnificent service record, and personally I hate to see you go, but such is the nature of this business.

General SHINSEKI. Sir, it is.

Senator INOUE. And I am always grateful to you and to the Secretary for having prepared our men and women so that they can carry out the missions they are ordered to carry out.

General SHINSEKI. Thank you very much, sir.

Senator STEVENS. Senator Shelby.

Senator SHELBY. Thank you.

General Shinseki, your statement a few minutes ago was rather profound and reassuring. You said, the Army is ready, and I believe you. I believe the Army is ready.

SPACE AND MISSILE DEFENSE COMMAND

Having said that, I want to focus just for a minute on the Space and Missile Defense Command (SMDC) and the missions there of space, missile defense, computer network operations for the Army, additionally SMDC is the Army component to STRATCOM with emerging missions including space, global strike, global C⁴ISR, global integrated missile defense, global information operations.

You mentioned the important work the Army is doing to develop directed energy programs in your testimony. Would you discuss the success of the tactical high-energy laser program, the challenges that remain in developing and fielding a mobile tactical high energy laser (MTHL) program system and the funding the Army plans to commit to MTHL in fiscal year 2004? Do you want to tackle—which one of you?

Mr. WHITE. Let me start out, and then the Chief can add——

Senator SHELBY. That is a mouthful, I know.

Mr. WHITE. Oh, I think it is a tremendously successful program.

Senator SHELBY. It is.

Mr. WHITE. We have had successful engagements of both rockets——

Senator SHELBY. That is right.

Mr. WHITE [continuing]. And now artillery shells——

Senator SHELBY. That is right.

Mr. WHITE [continuing]. Which is extraordinary. This is a joint program with Israel, as you know, progressing forward, and we have provided over \$500 million of funding in our 2004–2009 POM

to support this, so we will continue to push the development of it. All of us think it has tremendous potential.

Senator STEVENS. Will the Senator yield for just a second?

Senator SHELBY. I will be glad to yield, Mr. Chairman.

Senator STEVENS. Senator Domenici has to go to the floor. He has been called to the floor. Would you mind yielding just a moment to him?

Senator SHELBY. I will yield to the Senator, absolutely.

Senator DOMENICI. I gave my questions to the chairman to ask, Senator Shelby, so he will do that, he will ask my questions. Before I left I wanted to join, Chief, in telling you that it has been a great pleasure to get to know you and to know of your record, and obviously to know of your record is to know you. That is the way it seems to me, and I congratulate you for what you have done for our country. It is a marvelous record. It is too bad that all great things come to an end, but that is the way it is.

I also want to thank you, because of the special help you have given me at Walter Reed Army Medical Center. It has been rather wonderful care for some of the problems I have had. I personally want to thank you for asking about those illnesses as I had them, and thank you for your assistance.

General SHINSEKI. You are quite welcome, sir.

Senator DOMENICI. And good luck.

General SHINSEKI. Thank you, sir.

Senator STEVENS. Senator Shelby, thank you very much.

Senator SHELBY. Thank you.

Both of you, I believe, are aware that I have expressed concern about the Army's support for the Space and Missile Defense Command. I am pleased that the response, Mr. Secretary—from you and the General—I have received from the Army, has been so strongly supportive.

Despite SMDC's current space, missile defense, and computer network operations missions, and its emerging missions as the Army component of STRATCOM in the area of global strike, global integrated missile defense, and global information operations, some of us are concerned that the Army has not made sufficient investments in technology development.

We realize, Mr. Secretary, you tried a lot to support some of these missions in recent years. I have heard some say that the Army has lost its focus, but I told them I am not sure about that, because I am aware of what you are doing, and we do need more institutional support and funding for the core technology program. How would you respond to this, the budget request in this area?

Mr. WHITE. Well, I think it reflects the fact that our component command, SMDC, is tremendously important not only to the Army, but to the country. The work with the Ballistic Missile Defense Agency, where we do a whole bunch of different tasks, the mid-course capability that is being established at Fort Greely, Kwajalein, all the rest of it that you are very familiar with, the component of the Strategic Command, we have fundamental interest in space operations as an Army. They are tremendously important to us.

So I think that the contribution that SMDC makes across, as you pointed out, a significant range of important aspects to us is very,

very important, and so I am an avid supporter of the Space and Missile Defense Command.

General SHINSEKI. May I just add, Senator, that both the Secretary and I take a very keen interest in Space and Missile Defense Command's contributions here, but you know, the Army has a long-standing history in missile work, I mean, one that goes beyond most recollections.

What we have suggested to General Cosumano and the rest of the Army that deals in the doctrine and conceptual thinking is that if we talk about missile defense as a series of catchers' mitts trying to deal with someone else's initiative, it is essentially a defensive-oriented strategy, and we needed to think more holistically, more broadly about this, as we do with all of our other war-fighting concepts, that you have to have an offensive as well as a defensive piece.

This is important, but we needed to think about all the capabilities that allow us to deal with threats on someone else's soil that can project capabilities against the homeland, and when you do that, of course, you get into the mid-course business and the boost phase, but you also talk about capabilities to forcibly enter someone else's territory and, in fact, take down those capabilities, as opposed to continuously react to someone else's actions, so we have included Space and Missile Defense Command into this larger discussion of capabilities.

Senator SHELBY. Thank you.

Thank you, Mr. Chairman. I will wait another round.

Senator STEVENS. Thank you. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman, and I will join with my colleagues, General, in wishing you the very best in your next career. You can certainly look with pride on this career.

AGING HELICOPTER INVENTORY

Yesterday's Wall Street Journal had an article on the military's aging helicopter inventory, and Mr. Chairman, if I could submit that Wall Street Journal article for the record. Mr. Chairman.

Senator STEVENS. Pardon me?

Senator LEAHY. If I could submit that Wall Street Article for the record, please?

Senator STEVENS. Yes.

[The information follows:]

[From the Wall Street Journal, Mar. 18, 2003]

FRESH TROOPS . . . OLD CHOPPERS

U.S. MILITARY LABORS TO KEEP AGING HELICOPTERS AIRWORTHY; HAZARDS OF DESERT LANDINGS

(By Anne Marie Squeo, J. Lynn Lunsford and Nicholas Kulish)

ON A RECENT episode of the television show "The West Wing," the Pentagon's top military commander ordered two Comanche reconnaissance helicopters dispatched to rescue three Marines taken hostage.

When he heard about the fictional deployment, Maj. Gen. John Caldwell, head of the Army's acquisition programs, burst out laughing. "Those would be the only two we have," he said.

For more than a decade, ambitious plans to replace the U.S. military's aging helicopter fleet have been sidelined by funding constraints and developmental problems. The imposing-looking Comanche, which is supposed to have the ability to fly side-

ways and backward at more than 85 miles an hour, is the fruit of a \$48 billion program that began in 1983 but isn't expected to become part of the U.S. arsenal until 2009 at the earliest. And the V-22 Osprey, a hybrid aircraft that takes off and lands like a helicopter but cruises like an airplane at more than twice the speed of a conventional helicopter, has been grounded for much of the past two years after a string of fatal crashes. The V-22 was recently grounded again because of hydraulic-system problems, and top Pentagon officials say they are prepared to finally end the \$46 billion program if it doesn't get on track soon.

So as they assemble for a potential conflict with Iraq, U.S. forces are relying on helicopters that in some cases are older than the troops they will carry. For example, massive twin-rotored CH-47 Chinook helicopters, which can carry dozens of servicemen or hoist heavy loads beneath them, remain the workhorse heavy-lifter for the Army, even though they were originally delivered before 1975. Most of them have been remanufactured by Boeing Co. and are scheduled for further updates that could enable them to keep flying for another 35 years, military planners say.

GRAY AROUND THE ROTOR

The helicopters the U.S. military plans to use during a war with Iraq are showing their age. A sampling:

Helicopter	Primary task	Avg. age
CH-47D Chinook	Carrying troops; hoisting loads	¹ 15
OH-58D Kiowa Warrior	Light scout/reconnaissance	12
Black Hawk	Troop carrier	15
Cobra ²	Attack, primarily during Vietnam	10
UH-1N Huey	Carrying troops	27
AH-64 A/D Apache	Attack	9

¹ Average age after refurbishment. Nearly all of the 300 CH-47D Chinooks in use by the military were originally delivered before 1975.

² Now retired by Army; Marines using newer versions.

Source: WSJ reporting

For the most part, the Vietnam-era Bell Huey helicopters, which flew en masse to drop troops into the jungles, have been replaced with larger and more capable Black Hawks. But two-thirds of the Black Hawk fleet now exceeds 15 years of age. Apache attack helicopters, developed in the 1980s, are the Army's newest choppers, but they haven't altogether replaced their Vietnam War predecessor, the Cobra.

The average life span of a military helicopter is 20 years, compared with about 30 years for a commercial one. But the circumstances these aircraft fly in, including brutal weather and difficult terrain such as the deserts of Iraq and the jagged mountains of Afghanistan, take a severe toll.

Because of the lack of funds to buy new helicopters, an ambitious remanufacturing program is under way aimed at improving performance and staving off safety problems, military officials say. The aircraft are stripped down, then their metal airframes are treated for corrosion, engines and rotors are rebuilt, and their cockpits are loaded with new digital electronics and radar.

Manufacturers such as United Technologies Corp.'s Sikorsky Aircraft unit, which builds and refurbishes about 65 Black Hawks a year, have scrambled since the Gulf War in 1991 to upgrade and modify their craft to withstand tough desert conditions.

All told, the U.S. military is spending billions of dollars to update its older copters. But military officials say they are still concerned on the eve of a potential conflict about the relative health of the fleet. There remains "a severe aircraft-aging problem in the helicopter fleet, causing serious safety and readiness issues," says Loren Thompson, executive director of the Washington-based Lexington Institute, a military think tank.

Maj. Gen. Joseph Bergantz, program executive director for Army Aviation, says: "Because of the aging, more things are starting to fail. Our readiness rates are lower now and are getting lower over the years."

Still, Gen. Bergantz and other military officials insist that only a small percentage of helicopter accidents are attributable to equipment failures. A recent Black Hawk crash in upstate New York that killed 11 soldiers is being investigated.

In a war with Iraq, Apaches and Cobras would be expected to take out Iraqi ground troops that might attempt to head off U.S. forces moving in from Kuwait.

Black Hawks and Hueys would be the main vehicles to swiftly ferry platoons of soldiers and marines into fighting position.

The other services often use similar aircraft, outfitted for their special needs. The Air Force and Navy, for example, plan to use the V-22, but in a more limited way than the Marines—if the V-22 isn't scrapped.

For helicopters operating in the desert, one of the most insidious threats is sand. Not only do sandstorms kick up without notice, but an improper approach to landing can envelop a chopper in a dust cloud that can instantly disorient a pilot.

Maintenance crews are working overtime to undo the damage done to copters by the desert. After a few hours of operation, many of the most delicate parts of the jet engines that power helicopters can become coated with glass, from sand ingested into the compressor sections.

Since the Gulf War, the helicopter manufacturers have developed new intake filters that better strain the air sucked into the engines. They also have developed a clear tape that is applied to the leading edges of rotor blades to cut down on the sandblasting damage caused by the rotors whirling through dust clouds.

For now, to minimize the risk that a combination of aging aircraft and tough climatic conditions will result in fatal mishaps, Marine pilots have been drilling at their high-desert base near Twentynine Palms, Calif., and near their temporary headquarters in the Middle East. One Cobra pilot with the call sign "Weasel" says, "there's a lot more emphasis" at present on repeatedly practicing takeoffs and landings to get a feel for conditions and how their choppers respond.

At their base near Iraq, the 3rd Marine Airwing of the 1st Marine Expeditionary Force are reminded daily of the odds. Beneath the flight schedule hung on the wall in the mess hall, a posting declares, "In the Gulf War, 18 aircraft were destroyed. Only 3 were a result of direct enemy action." The squadron's commanding officer made it even clearer in a briefing last week for his pilots. "The enemy ain't going to kill you, probably. It's going to be these landings," he said.

The 3rd Marine Aircraft Wing's safety officer, Maj. Bruce Laughlin, says in the 1991 Gulf War more than a third of Marine helicopter mishaps—from minor equipment damage to fatalities—were a result of brownout conditions or other weather-related visibility problems. He says in Afghanistan—where he flew 75 hours in Cobras made by Textron Inc.'s Bell Helicopter, of Forth Worth, Texas—the numbers followed a similar trend.

Senator LEAHY. This talked about how our helicopter fleet is aging. There is one thing I would point out. We added funds in the budget so that the 101st is slated to equip many of its Black Hawk helicopters with the Health and Usage Monitoring System (HUMS), the integrated mechanical diagnostic health and usage monitoring system. I have to read out the actual words for it, but this basically does continuous diagnostics on all of our helicopters. If they are so equipped, they come back, you can instantly download which helicopters are ready to go, which ones have problems, and so forth. Does the Army plan to move forward with this technology, either in the fleet they have now or in subsequent fleets?

General SHINSEKI. I think philosophically the answer to the question is, absolutely yes, that having this ability to trouble-shoot our equipment without having to do it with purely manual labor is the way we intend to go, both with our investments in future systems, and where we can to insert those capabilities into our current inventory.

Some of that inventory is not conducive to applying——

Senator LEAHY. I understand.

General SHINSEKI [continuing]. The new technologies, but where we can, that is very much in our interest.

Senator LEAHY. I would also think in a wartime situation, where you do not have a great deal of time to do diagnostics, when the helicopters come back, for the field commander to at least be able to say, number 1, 5, and 12 are ready to go, but this one is not, and be able to know it instantly, would be awfully helpful to you.

General SHINSEKI. Right.

Mr. WHITE. Let me add, Senator, if you do not mind——

Senator LEAHY. Yes, Mr. Secretary.

Mr. WHITE. We laid out several years ago an aviation modernization program that will result in a reduction in the overall size of the fleet by about 1,000 helicopters, but will wash out of the fleet all the Cobras, the Vietnam-era aircraft, the Cobras first, which are going now, and Hueys by fiscal year 2004. I think the picture in the Wall Street Journal article was of a Marine Corps twin-engined Huey.

Senator LEAHY. It was.

Mr. WHITE. In the meantime, we are investing in all of our primary helicopters Apache Longbow, Black Hawk, both newer aircraft and conversions and then, of course, conversions of our Chinook fleet. However, even with that modernization, though, we do not meet our standard of having the average fleet life of helicopters below the half-life of the aircraft, below 10 years. The only fleet we make that in is Apache, and we are above that in Black Hawk, and we are above that in Chinook, and that is why the funding of the modernization lines on all those aircraft are so important, because obviously we are flying them right now.

Senator LEAHY. I agree with that, but keep an eye on the HUMS.

Mr. WHITE. I will do that.

Senator LEAHY. I have a parochial interest, but I also have just an interest in thinking it is probably going to save us a lot of money in the future, and I realize retrofitting is one issue. As you modernize fleets, it is another.

SOLDIER EQUIPMENT

We also have, when the United States (U.S.) Special Forces and the 101st and 82nd went to Afghanistan they were given an advanced combat helmet. I have talked to the troops. I have actually got E-mails. They said they like the—it is lighter weight, added protection and so on. One soldier apparently took a couple of AK-47 rounds in the head during Operation Anaconda and kept on fighting, so it is pretty impressive, impressive for the equipment, also pretty impressive for the soldier, too——

General SHINSEKI. Absolutely.

Senator LEAHY [continuing]. Under a circumstance like that.

Are these going to be done in other—I mean, are we going to continue to get this helmet out to the troops.

General SHINSEKI. Yes, sir.

Senator LEAHY. Do you need more money? Do you need more money, General? Here is your chance. Do you need more money in this budget for that?

General SHINSEKI. Senator, 2 years ago we did something we should have done probably a long time ago, and you know, in our programs we talk about systems, whether they are tank or aviation. We declared a system for soldier equipment, and instead of buying individual pieces, we talked about the entire ensemble a soldier deploys to combat with, whether it is uniforms, whether it is ballistic protection for the chest and the head, and by the way, they have ballistic protection for the body as well, and it works as well as that helmet you describe.

I ran into a youngster here a few weeks ago who was carrying around the plate he was wearing and wanted to show me, this thing had hit about an inch off the margin and I asked him what he thought. He said, make it a little bit bigger, it will be fine.

What we have been able to do, because we focused on equipping the solder as a system—and assume that our environment is sort of out there in the outdoors. If it is hot, we wanted equipment that would aerate him or her, if it was wet, keep them dry, if it was cold, keep them warm, and whatever we gave them had to give them better protection than the uniform they wore.

As a result, we are fielding to the units going into Afghanistan, the 82nd and following that the 101st, but Ranger Regiment as well, a new kit that does a lot of the things you describe, and so for about \$12 million a brigade formation we are doing that, and we will continue to do that, and more money will help us to go faster.

Senator LEAHY. Including the helmet?

General SHINSEKI. The helmet is part of that.

LAND MINES

Senator LEAHY. General, let me ask you one question, too. Last September, the General Accounting Office (GAO) issued a report—they did quite an intensive investigation. You and I have discussed some of this before, and they did their investigation based on DOD data, the effectiveness of land mines in the first gulf war.

The GAO found no evidence, none, that our mines, either anti-personnel or antitank mines, had any positive military effect. They did say, and I have heard this from commanders in the field, they impeded the mobility of our own forces. About 2,000 of our self-destruct mines did not self-destruct as advertised, and the Department, which commented on this report, did not disagree.

Current U.S. land mine policy calls for the elimination of anti-personnel mines, including self-destructing mines, outside of Korea by fiscal year 2003. Do you have any plans to use antipersonnel mines—I am talking about other than man the loop. I have no problem with man-the-loop antipersonnel mines, but do you have plans to use antipersonnel mines in the war with Iraq?

The reason I ask is, I know that Great Britain, Spain, and Australia, who are there with us, have banned these from their own arsenals.

General SHINSEKI. Senator, when you say, antipersonnel mines without manning the loop, you are talking about what we refer to as the dumb mines, once laid they are——

Senator LEAHY. Including, apparently, these 2,000 of our so-called self-destruct mines did not, so they are kind of dumb, too.

General SHINSEKI. Yes. Well, the performance of the self-destruct mines, of course, it is not perfection, but there is a very high confidence factor in their ability to be destroyed or to self-destruct.

Senator LEAHY. But it is not a man the loop. I mean, Claymore has man the loop, but these do not.

General SHINSEKI. Well, the mines that are laid out there that can be destroyed would have a man in the loop in terms of setting the amount of time they are there, whether it is 4 hours, 15 hours, or days, or self-destruct on command, as opposed to the mines that

you and I are familiar with, having been laid in Korea, and they are essentially there until removed.

I do not know what plans commanders have for the employment of mines on operations. It is something that commanders reserve for those situations in which they have to make that decision, but those decisions are made at a significantly high level on whether or not the authority to dispose of and employ mines, but there are a set of circumstances in which a commander's formations are at risk, and it has to be protected flanks, or they find a force that is a significant threat that they want to fix and expose for attack by other service joint fires. There are situations in which mines are useful, and I am sure that commanders have that decision set in their consideration.

I am not aware that there are any dumb mines that will be employed. In fact, I am confident that there are not.

Senator STEVENS. Thank you very much.

I have failed to note that we have a new staff director, gentlemen, Sid Ashworth, a former Army civilian who has a son in OCS, Officers Candidate School now, and I believe she is the first woman to ever head a staff of a defense appropriations subcommittee in the Congress, so we are pleased to have one of your former members of your Army with us.

General SHINSEKI. Thank you. Of course, the chairman and I did not miss the fact that you had a new staff director, Mr. Chairman.

Senator STEVENS. Senator Dorgan.

Senator DORGAN. Mr. Chairman, let me wish Sid well and welcome her to her new position.

FUTURE REQUIREMENTS COSTS

General Shinseki, you have used some candor recently in testimony that turned out to be painful for you and refreshing for some of us, and I do not want to get you in trouble today, but I do want to ask some questions about costs.

This subcommittee appropriated about \$365 billion for funding for this fiscal year, and that will increase when we receive the supplemental, so this subcommittee wants to appropriate, I think everyone on this subcommittee, we want to appropriate sufficient money to meet the needs of the men and women who serve this country. In order to do that, we need to try to have some understanding of what future requirements are.

Now, this budget that we are having a hearing on today is for fiscal year 2004, beginning October 1, and the supplemental that we will receive apparently in a week or so will be to cover costs for this fiscal year, fiscal year 2003. Is the budget that we are discussing now a so-called, "peacetime budget," which does not include the costs of a potential occupation of Iraq? I guess that is my first question.

General SHINSEKI. That is correct. It is a budget that does not carry any funding for the contingencies we are now dealing with, either Afghanistan or in Iraq.

Senator DORGAN. I understand. Does it carry funding for the war against terrorism? There was a previous question asked of the Secretary about the cost of the war against terrorism, and that apparently is being funded out of other accounts, so we will make that

up in the supplemental, but with respect to October 1 and beyond, in the coming fiscal year, does the budget request that we are now considering include money for the war on terrorism?

General SHINSEKI. It does not.

Mr. WHITE. No.

Senator DORGAN. So what I am trying to understand is this. We are having a hearing to try to think through what will our obligation be beginning October 1, 2003, for fiscal year 2004. In order to understand that, we need to understand what all of the costs and obligations will be. We know for a certainty this, that we will continue the war on terrorism. That is a certainty.

We know for a near certainty, I suspect, that we will have some costs and responsibilities with respect to Afghanistan, and we know for a near certainty that we will have responsibilities and costs with respect to Iraq, and if what happens at the end of the week is what we expect will happen, my guess is that will be some kind of an occupation force for a period of time.

Those are three areas all of which we have some reason to want to quantify as a subcommittee in order to evaluate what our obligation might be for fiscal year 2004, beginning October 1. Can you help us with any three of those areas, not with respect to the supplemental. I am talking about with respect to the new fiscal year budget and the appropriation request that we are going to want to be considering.

General SHINSEKI. I can only apologize Senator, that when the fiscal year 2004 budget was put together the data that you are asking about was not refined enough to be able to be included in it, and any potential discussion about what the operation—an operation in Iraq or any follow-on probably is undefined at this point, and I think once commanders understand what that mission will require and state then what it will take to do that, those numbers will become clearer, but I do not think either the Secretary or I are able to provide any more clarity on it today, with respect to Iraq.

Senator DORGAN. Well, that is certainly true with respect to Iraq, but it is not likely true with respect to Afghanistan and the war on terrorism. Can you address at least those two, and then let me come back to Iraq?

Mr. WHITE. The Afghanistan operation and the war on terrorism, because we have been conducting it for 18 months, assuming that, the rough cut number that—and I think this came up in front of previous committees—that we asked for for the non-Iraq tasks was about \$6 billion for fiscal year 2003, and we got a part of that covered in the omnibus spending bill for fiscal year 2003, which provided, I think, \$10 billion, six of which went to defense and about, a little under \$2 billion came to the Army, so that partially covers that increment, but that is roughly what that is.

Senator STEVENS. Would the Senator yield to me?

Senator DORGAN. I would be happy to yield.

Senator STEVENS. Realizing this question would come up, I asked the Congressional Research Service (CRS) to give us a memo to review how the United States has budgeted for wars in the past, and I have just received that, a copy of that.

Based on an examination of the previous CRS reviews of funding for wars and other major military operations, it appears, with one

possible exception, that Presidents have not requested and Congress has not provided funding for wars in advance of the start of the operations. Rather, administrations have requested fundings after the operations have begun, and Congress has subsequently appropriated monies to meet specifically documented budget requirements.

That one exception was in the case of President Johnson, but the discussion I had last evening was, we will get a request once these new operations have commenced.

We do intend to cover the war against terrorism and the balance of this year as far as the supplemental is concerned in a document we should receive next week.

Senator DORGAN. Well, you make a fair point, and the point I was trying to make is that with respect to the war on terrorism, and Afghanistan, that, the cost of that I assume will be built in routinely for the coming fiscal year budgets for the appropriations requirements.

Senator STEVENS. To the contrary. They will be built into supplementals that are associated with it, and we have funded Afghanistan on a supplemental basis. We are funding now the ongoing, continued operations of the Department of Defense in terms of structural requirements of the Army and other agencies.

Senator DORGAN. I do not understand that, because at least with respect to those hostilities that are over with respect to Afghanistan, those are longer-term recurring obligations, and we just as well plan for them, but I accept the point you make how it has been done previously, and I accept the point on Iraq. Hostilities have not yet begun there.

At some point I assume planning has been underway for an occupying force and we will be alerted to what the costs are. General Shinseki, you were candid before another committee, and I will not ask you questions about that now, because I understand that created quite a furor inside the Department of Defense, but I would just say, as one member of the Committee, we are going to fund what is required to be funded to support our military, but I would also think it would be helpful for us to be involved in some of those discussions. I do not think it is detrimental to have those numbers out there as the planning ensues, but let me ask one additional question.

ACTIVE COMPONENT (AC)/RESERVE COMPONENT (RC) MIX

We have a lot of men and women of the Guard and Reserve who have been called up, citizen-soldiers. They have left their jobs and their families, and they are serving this country admirably. When you talked about end strength earlier, I believe you were responding to a question from Senator Inouye. I think one of the questions for this Congress perhaps, and you especially, is what kind of call-ups and deployments are required, to the best that you could estimate, in the next several years as we begin contemplating occupying forces here and there?

Do you need an increase in end strength? Do you intend to continue to rely more heavily on call-ups of Guard and Reserve, because all of that I think plays a role in the longer-term discussions

about what kind of permanent funding is necessary and what size of an Army do we need? Can you respond to that?

General SHINSEKI. As I have testified before, Senator, I think end strength of the Army is an issue, and the fact that even before the build-up for a potential Iraq, we were carrying something on the order of 20,000 to 30,000 Reserve Component soldiers routinely mobilized for Sinai, for Bosnia, and missions of the sort, and imposing a requirement, intensity of OPTEMPO on the Reserve Component, and suggesting that there is an issue here about taking some of those day-to-day missions off the Reserve Component and sort of preserving them for these large emergencies that we have to deal with.

That is all part of the discussion, the study that the Secretary has us focused on, but I do think in the final set of study outputs, the end strength of the Army is smaller than the mission set we are asked to carry. Now, you can reduce the missions, you can increase the Army end strength to be able to accommodate, but some place in there, adjustments will be required.

Mr. WHITE. The other dimension of this, if I might, Senator, the other dimension, as the Chief said, is the Active Component-Reserve Component mix of units. There are some Reserve Component units, military police (MP) units, for example, that have been constantly mobilized and appear to be in high demand, and so if that is the case, you ask yourself, why don't you have them in the Active Component if you are constantly mobilizing Reserve Components, so one of the things that Dr. Chu is running a study on that we are all actively participating in is, is the balance between AC and RC correct not only in the quantity of units, but in types as well.

Senator DORGAN. Well, I think that is a very important question, and I hope you will keep us informed of this study, because I am not asking on behalf of people who do not want to serve. They are members of the Guard and Reserve. They understand deployments. Many of them have been deployed a number of times, but I think the longer-term question is, should in some of these circumstances there be active duty end strength increases.

Let me make one final point relative to something the chairman said. It is my belief that the war against terrorism, unlike other classic wars where we have had battles that occur and then recede, and there are surrenders and agreements and so on, the war against terrorism, I think, will be with us for a long, long time. It is my expectation that 5 and 10 years from now we will talk about the cost of continuing to pursue the war against terrorism.

For that reason, I think we would be wise at least to think through the proposition of that piece being a part of what we decide and what we plan for the strength of our Armed Services to be in order to meet those obligations, rather than to do that on a supplemental basis year after year.

That is the point I was trying to make, Mr. Chairman.

SPECIAL OPERATIONS COMMAND (SOCOM)

Senator STEVENS. If the Senator would yield, the committee just went down to the Special Forces Command and visited them in Tampa. There has been a reorganization of the military for that

purpose, and we expect to see funding through that organization for most of the contingencies that relate to the war on terrorism. That used to be a support command. It is now an operational command and will have units of its command in several other commands throughout the country.

You are right, I think we are on that course now, but so far the war on terrorism has been funded through supplementals, and I think when we get this is an overview of the overall budget of the Army. When we get the individual components here, you will see how that is starting to work into the projections, but I do not think we have a full funding yet for the war on terrorism in the fiscal year 2004 budget.

General SHINSEKI. Mr. Chairman, may I just add to your observation here? In the fiscal year 2004 budget, the Army in support of our Special Operations Forces in SOCOM are adding something in the order of, I think, 1,800 additional personnel spaces. We put an additional \$1.1 billion out of Army resources into Special Operations Command.

Our entire fiscal year 2004 CH-47 production line of 16 aircraft are being provided to Special Operations Command to replace and to augment the capabilities they have, so the Army's production of CH-47s next year are all going to SOCOM. We are taking a year sort of a break before we can get—

Senator DORGAN. As a final point, General, if later this week your soldiers are ordered to military action, you know that the prayers of all Americans go with them as you and the Secretary and others issue those orders.

General SHINSEKI. We certainly know that.

Senator DORGAN. Thank you very much.

Mr. WHITE. Thank you.

Senator STEVENS. Thank you, Senator. Senator Hutchison.

STATEMENT OF SENATOR HUTCHISON

Senator HUTCHISON. Thank you, Mr. Chairman.

First I want to say that my loss is your gain with Sid Ashworth, and she did a wonderful job on military construction, and I love my replacement, but I sure always will miss her, and I am very pleased that you did promote her.

I also want to say, the first time I met General Shinseki was on a runway in Bosnia, and you were really overseeing the beginning of the ramp-up there, and the first time I went into Bosnia was with Senator Stevens and Senator Inouye, and we were in helmets and flak jackets, and they were shooting at us from the hills, so we very much feel that you have served our country so well, and I do wish you well, and I want to say I think you have done a terrific job.

General SHINSEKI. Thank you, Senator.

Senator HUTCHISON. And I also want to say, Secretary White, I really enjoyed working with you, and you have been honest and straight up with me in all of our dealings, and I appreciate your service very much.

Mr. WHITE. Thank you.

TRAINING CENTERS

Senator HUTCHISON. As you know, I am chairman of the Military Construction Subcommittee, and we have talked about looking at the foreign bases, and as I have visited many foreign bases with my colleagues here I have found training constraints, I have found artillery range constraints, air constraints, and as a matter of fact, in Germany, for instance, Grafenwoehr, one of the premier training areas in Germany, only has 18,000 acres.

And yet I look at the capabilities that our own bases in America provide, I look at the National Training Center in California, which has almost 500,000 acres, Fort Bliss has a million acres, and I just want to ask you, are you looking for new training locations in other places in Europe? Are you looking at bringing some of the training capabilities home to America? Are you looking at Fort Bliss in particular as a reinvigorated maneuver training area? What are you looking at to try to, in your transformation, make sure that we are not looking at these continued training constraints?

General SHINSEKI. Well, Senator, we are doing all of the above. Even Grafenwoehr today is not the Grafenwoehr Secretary White and I trained in many years ago, and we have augmented the capabilities there because of that very small footprint.

We are trying to stay in touch with our combatant commanders here. They have been asked to take a look at their regions and decide what Army capabilities they need forward and where should they be located, and so we are working with General Jones and General LaPorte and Admiral Fargo.

We have suggested a long-term strategy is helpful. To answer the questions about where do we see our interests, the advantage for forward presence has a very remarkable effect because of our ability to engage other armies, so there is a return there, but what do the combatant commanders need forward, and then we will decide.

What is not needed forward we will bring back to the continental United States and position them where their ability to do the things that armies have to do—they have to train wherever they go, and they have to train aggressively. They have to be able to deploy from wherever they are stationed, and then do the best that we can to take care of those soldiers and families in terms of their lifestyle, and we are doing all those things.

As one of those youngsters that grew up in the Dona Ana Desert there at Fort Bliss, I know it pretty well. It is a wonderful training area.

DOMESTIC AND FOREIGN BASES

Senator HUTCHISON. Well, my question is, are you looking at the timing, not only of our fiscal year 2004 budget so that we are preparing, but secondly for the fiscal year 2005 Base Realignment and Closure (BRAC)? Are we going to know what the needs are going to be of our domestic bases in regard to the foreign bases before we start shutting down or retooling bases here?

Mr. WHITE. Well, I think you have to. That is why Secretary Rumsfeld is pushing the combatant commanders hard to bring in their recommendations on what the posture of the force should be in their regions, and why we on the Title X side will then, and in

concert with the combatant commanders, will line up the investments that we intend to make and realign the force, which is obviously inclusive of the BRAC initiative back here in the continental United States, and we do not have much time, in my opinion, to figure that out.

Senator HUTCHISON. Well, we certainly do not with the fiscal year 2004 budget, because we do not want to be putting one dime in an overseas base that is not going to be long term.

Mr. WHITE. Right.

Senator HUTCHISON. And we do want to be putting our dimes in our bases here, and I want to say, I appreciate your emphasis on installation management. I think that is a very good sign, because particularly as we begin to look at closing bases we want to make sure that the ones that are going to be ongoing are well maintained, and we are seeing money go away from that into operations, and I know there is always a strain on the budget, but I think your emphasis there is well put, but I have been pushing now for 2 years to find out what your long-term strategies are in the foreign bases, and we have a report that was due April of last year that still has not come in. I do understand, however, that there is a new emphasis—

General SHINSEKI. There is.

Mr. WHITE. There is.

Senator HUTCHISON [continuing]. And that it is being pushed now, which I think is good.

RESERVE COMPONENT RECRUITING

A second area that I just wanted to talk about, again, in talking to so many of the Guard and Reserve units, I am concerned, not in a time of war, because our troops will always be there giving in a time of war. The cause is there.

But even back when we were not in a war, I was beginning to see a little fraying at the edges with family problems and employer problems with our Guard and Reserve because of the OPTEMPO, so my question is, are you seeing this? You had a little bit in your written testimony, General Shinseki, but I would just ask if you are seeing a problem in recruitment of Guard and Reserves, and with the heavy reliance that we have on them because of the drawing down of our troop strength, are we really looking ahead to make sure that we are in the right configuration?

General SHINSEKI. We are looking ahead, Senator, and I think if there is a time when we can get to a good set of metrics that says here is what happens to you in a large mobilization, both this mobilization for a potential Iraq, the mobilization associated with Afghanistan, the global war on terrorism, we are going to get some pretty good answers out of this, so yes, we are looking at that.

I, too, have heard anecdotally and in spot cases concerns about what the tempo has meant to Guard and Reserve soldiers and families. There is, I think, a double effect here, and we have worked very hard with employers to suggest to them that the service of these military members is important, and we intend to look after them, but I have heard some of these comments. I am sure there is more out there than I have heard, and we are paying attention.

As I indicated, for the first time we saw a drop in a monthly recruiting target, and so we are focused.

Senator HUTCHISON. I just hope you will anticipate way ahead of a crisis point. I am not worried about getting through this this time, but I am talking about 2 years from now.

Mr. WHITE. Right.

Senator HUTCHISON. Thank you, Mr. Chairman.

Senator STEVENS. Thank you very much.

Senator Shelby.

AVIATION TRAINING

Senator SHELBY. Thank you, Mr. Chairman. I will try to be as quick as I can. The Army Aviation Training Center, General and Mr. Secretary, has developed, as you know, a new training aviation strategy called Flight School XXI.

General SHINSEKI. Yes, sir.

Senator SHELBY. The program regime focuses on increased training for aviators in their so-called go-to-war aircraft. Phase 1 of aviation training, the TH-67 training helicopter is shortened by 20 weeks here. Phase 2 of the training in the aviators' advanced aircrafts of choice has increased in length, it is my understanding.

General SHINSEKI. That is correct.

Senator SHELBY. This training includes a significant increase in time spent in training simulators. Sixty-eight million dollars in the fiscal year 2003 budget remain unfunded, seriously unfunded, \$68 million in fiscal year 2003, \$147 million in unfunded requirements in fiscal year 2004, and between fiscal year 2004 and fiscal year 2009 the Army faces a Flight School XXI funding shortfall of approximately \$1 billion.

Flight School XXI obviously is of particular concern here. What are your thoughts on that, General?

Senator STEVENS. General, let me interrupt. I have been called to a meeting on a matter close to my heart and my State, so Senator Inouye has some additional questions. Do you have some additional questions, Senator?

Senator HUTCHISON. No.

Senator STEVENS. Senator Inouye, will you chair the balance of the hearing?

Senator INOUE. Yes.

Senator STEVENS. Thank you very much.

Senator SHELBY. Thank you, Mr. Chairman. Go ahead, General. What are your thoughts on that? I know it is a shortfall. You have got an important program.

General SHINSEKI. In the fiscal year 2003 budget we are looking at Flight School XXI, and we continue to adjust the budget to meet the needs here, but as you indicated, we have taken a 32-week phase 1, two-phase aviation training, taken a 32-week program and shortened it to 20 and given more time in high-performance aircraft.

Senator SHELBY. Where you need it, right?

General SHINSEKI. Where they are needed, and that means that aviators are getting to units much better-prepared to participate in unit-level training.

Senator SHELBY. So that is the program the way you have devised it, is it not?

General SHINSEKI. That is correct.

Mr. WHITE. Yes.

General SHINSEKI. That is correct, and that is the way it is, and as in all new initiatives, you are not able to fully fund it initially, and so we continue to look at the adjustments during the budget year. It is in the program as well.

Senator SHELBY. I want to help you fund it everywhere I can up here with Senator Stevens and Senator Inouye.

General SHINSEKI. Sir, I appreciate the help. It is an important program for our aviation community.

Senator SHELBY. Mr. Secretary, do you have any comments on that?

Mr. WHITE. No. I am a Fort Rucker graduate, and I absolutely agree with the direction, more hours in go-to-war aircraft.

Senator SHELBY. Sure.

Mr. WHITE. Simulation is healthy, produces a better-trained aviator to go to the force, and I think that is what we all want.

LOGISTICS TRANSFORMATION

Senator SHELBY. Thank you. I have one more concern, Army logistics transformation. Under the current acquisition process, as I understand it, the Army provides requirements to an original equipment manufacturer (OEM) who designs the system, provides initial provisioning, and hands it off to the Government for life cycle support. This as-delivered model then drives the Government's spares, manning, and maintenance requirements for that system.

Once the hand-off occurs, it is my understanding that no Government agency conducts a methodical and continued analysis of the fielded system over time to support what we call an as-sustained model, the results of which could provide invaluable information to the customer and could save huge amounts of operations and maintenance dollars. Better system sustainment measures—that is, metrics—are needed to improved the Army's acquisition and logistics systems.

For example, I have been told that the AH-64 transmission was engineered for 2,500 hours of use, but the actual average useful life is about 2,000 hours. This difference affects operations at the lowest levels in terms of budgeting, spares storage and manning. It affects the institutional Army in terms of materiel buys and extended depot lines. The program managers (PM) and program executive officers are affected in that they now may have a big engineering problem.

Given the focus here, what is the Army's plan to develop a weapons system sustainment model containing robust metrics to accurately reflect the true cost of life cycle systems sustainment and force readiness? I know that is a mouthful, Mr. Secretary, but both of you understand it well.

Mr. WHITE. Sure.

General SHINSEKI. Senator, you have described where the Army has come—

Senator SHELBY. Right.

General SHINSEKI [continuing]. Over the last 3 years. Three years ago, our logistics community sat here and acquisition community sat here.

Senator SHELBY. Absolutely.

General SHINSEKI. Today the Army G-4, our logistics officer, now sits with the acquisition community, and when we talk about design of a system, it is the life cycle interest, it is not just the design up front and the fielding. It is, how do we think this is going to result in sustainment costs and retirement costs at the back end of any weapons system, so that is a first major piece.

General Paul Kern is our logistics war-fighter at Army Materiel Command, a terrific commander who was missioned to do this logistics transformation initiative, and he has pulled that together in rather significant ways.

Senator SHELBY. This could save the Army, all of us a lot of money in the long run.

Mr. WHITE. No question.

General SHINSEKI. Absolutely.

Senator SHELBY. I know that is what you are——

General SHINSEKI. Absolutely.

Senator SHELBY. But you have got to do the metrics here.

Mr. WHITE. That is right.

General SHINSEKI. And he is in the process of putting together the metrics for the whole system. When you look at the nose cone on an attack helicopter, the Target Acquisition and Designation Sight (TAD) Pilot Night Vision System (PNVS) nose cone, probably the most expensive piece on the air frame, and if you continue, it continues to have problems and you continue to replace it, well, that is one approach to it.

Another approach is, you take it, you redesign it so you are not replacing it quite as often, and it reduces the number of mechanics and number of inventory parts that you have to hold, so all of this is a broad-gauged, a very refreshing approach that General Kern is after and I think in the long run, there are going to be huge dividends to be paid.

Senator SHELBY. Well, like the name, life cycle is important.

General SHINSEKI. Absolutely.

Mr. WHITE. That is right, and we should as a separate matter, because you have a strong interest here, get General Kern in to talk about logistics transformation, because it affects the research and development (R&D) command, as you and I have talked about——

Senator SHELBY. Absolutely.

Mr. WHITE [continuing]. How the logistics operators interface not only with the theater support commands on one end, but with PMs, Program Management Officer (PMOs), and we will come and give you a separate discussion on that.

General SHINSEKI. Tied to the depots.

Senator SHELBY. We will follow up on that, but I knew this was what you are doing. We have got to go another step, I believe, and maybe you are in that process.

Mr. WHITE. We are.

General SHINSEKI. We are.

Senator SHELBY. Thank you. Thank you, Mr. Chairman.

Senator INOUE. Thank you very much.

STATUS OF FORCES

Mr. Secretary, the recently released 2002 active duty status of forces survey of the Army was issued and showed a satisfaction rating of 59 percent. Now, this is much better than what it was 3 years ago. I will not go into detail, but could you submit to the committee your analysis on whether this is good or bad?

Mr. WHITE. I will do that.

[The information follows:]

STATUS OF FORCES

The Army continually tracks soldier satisfaction with quality of life and job satisfaction matters. The satisfaction level with the military way of life—59 percent, as reported by the Office of the Secretary of Defense July 2002 Status of Forces Survey—is good for soldiers, their family members, and the Army. The Army's own survey for Active Component soldiers yields similar results. The level of soldier satisfaction with the quality of Army life increased from 48 percent in 1999 to 59 percent in 2002.

FORCE PROTECTION

Senator INOUE. General Shinseki, looking over the fiscal year 2004 budget, it appears that the Army will be called upon to increase its force protection requirements. For example, you will be providing force protection for the Air Force.

General SHINSEKI. That is correct.

Senator INOUE. Now, how will that affect your end strength requirements?

General SHINSEKI. We have agreed to provide, and I think today the number is about 8,500 National Guard soldiers who are providing security for Air Force bases, because their air police have deployed overseas. To the degree that that is a number today, we are prepared to accommodate that, and the dollars for that are provided for the Air Force.

If the Air Force, following this operation, decides they are going to increase their air police, whether it is Reserve Component or Active, their inventory, it may not have an impact on us, but suffice it to say I think in all of these operations it is not a precise business, and having capabilities that you can draw on is important, and I think this is a good demonstration that the end strength business, when you need it, you need to have the capability on short notice to stand it up, because there are no other alternatives.

The Air Force requested, we met on this, and we are very happy to be able to help them for this short period.

Senator INOUE. With this program will the Guard and Reserve have their own force protection to meet their own requirements?

General SHINSEKI. They do. Under the homeland security, all of us have raised the force protection levels around all of our installations to include in the local communities where Guard and Army Reserve units reside.

AVIATION MODERNIZATION

Senator INOUE. General, your Transformation program relies very heavily upon aviation modernization, and the centerpiece is the Comanche. Are you satisfied with its progress?

General SHINSEKI. It is. I will defer to the Secretary for some of the policy decisions made, because we have just recently restructured the program, and I think he is eminently qualified to describe it, but the Army's requirement for the Comanche is 819 systems.

As a result of an acquisition board decision we have the first 650 of that recognized for the armed reconnaissance helicopter. Yet to be determined is the attack version of the Comanche, and that will come out in further studies, but we have certainly sustained the requirement for this, and the Comanche is a key element of our Future Combat System networked capabilities.

Mr. WHITE. Senator, we just went through a Defense Acquisition Board cycle on Comanche. We rebaselined the aircraft, we focused it squarely on the armed scout version for its initial three blocks of fielding. That is our most critical need.

The Kiowa has got to be replaced. We restructured the arrangement with the contractors, Boeing and Sikorsky in this case, and we brought in outside consultants to look at it, a group led by General Larry Watts, former Chief of the Air Force, so I am confident that the program is focused correctly and now, after 20 years, we have to deliver this aircraft. We need it, and so the 2004–2009 POM includes 73 of these aircraft. I think the first one for test purposes is 2007, but we need to get on with this thing. We will not rebaseline this program again.

Senator INOUE. Some have suggested that the fixed wing would do a better job than these helicopters. Do you have any response to that?

General SHINSEKI. Senator, for the kind of requirements that a land force needs in close combat, an armed reconnaissance helicopter is important, and just where it has to go to operate and what it has to accomplish, and in conjunction with unmanned systems, but there is a requirement for a manned cockpit some place in the loop here. It is about situational curiosity and situational judgment that a manned cockpit makes a difference, and for the kind of operations that ground forces are involved in, an armed reconnaissance helicopter and an attack platform is key to our operations. It gets into the close combat support for ground formations.

OPERATIONS IN IRAQ

Senator INOUE. If I may, I would like to make a clarification. When I asked the question on volunteerism and the Iraq war, I did not want to suggest that our military can predict into the future. After all, in a war, there are at least two sides. We know what we plan to do and what sort of responses we will have, but at this moment, for example we do not know what is going to happen to Saddam Hussein—is he going to walk, or is he going to do some fighting, and if so, where will the fighting be?

And we read reports in the last 24 hours of his instruction to his generals to employ chemical and biological weapons systems, and so all of this would obviously have an impact upon the cost of war. I realize that it is not possible for the military or for anyone here to make any specific requirement or predictions. What I think my colleague wanted to note was that it would be helpful to us in look-

ing forward as to what the costs may be to have some idea of what it would mean in addition to our daily work, that is all.

ADDITIONAL COMMITTEE QUESTIONS

And so I would like to—and I speak for other members of the committee—submit to both of you questions in writing and requests for your response.

General SHINSEKI. Certainly.

Mr. WHITE. Yes, sir.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO GENERAL ERIC K. SHINSEKI

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

LEGACY FORCE MODERNIZATION

Question. General Shinseki, the Army budget proposes to terminate Abrams and Bradley modernization after fielding of modern versions of each vehicle to only two divisions. This leaves the 3rd Armored Cavalry Regiment, part of the Counterattack Corps, with Abrams and Bradley vehicles that are more than 10 years old. Do you believe the Army is taking excessive risk in not funding the modernization of the Legacy Force?

Answer. We continue to examine options for the modernization of the Counterattack Corps, 3rd Armored Cavalry Regiment included, in order to maintain the Corps as a strategic hedge for the future. In the meantime, we are gaining irreversible momentum towards transformation to the Objective Force. We continue to evaluate the risk in both the near term and long term and will propose corrective action if appropriate.

FCS FIELDING SCHEDULE

Question. General Shinseki, given the risk associated with the Future Combat Systems (FCS), how confident are you that FCS will remain on schedule and achieve first unit equipped by 2008, and initial operating capability by 2010?

Answer. We are very confident that we will achieve FCS Increment I initial operational capability by 2010 and full operational capability by 2012. FCS-equipped units of action will provide Army and Joint force commanders with a significant capability that will grow to full objective capabilities through spiraling and fielding of subsequent increments. There will be two increments of significantly different capabilities between 2010 and 2018. Increment I will be fielded in 2010 to 2018, and in 2018, we begin fielding Increment II. Increment I FCS-equipped units of action will possess the core capabilities needed to execute the “how-to-fight” operational concept.

FCS/OBJECTIVE FORCE ROLE

Question. General Shinseki, what gaps do you feel FCS, or the Objective Force could be filling in the current conflict in Iraq, if it were fielded today?

Answer. The potential conflict in Iraq reinforces our efforts to provide our soldiers and commanders with the best combination of equipment, training, leaders, technologies, and organizations that together will assure that we can apply decisive and overwhelming capabilities against any opponent. I am confident that our current forces will be quite successful in the event of hostilities in Iraq; however, there are a number of ways—at the strategic, operational, and tactical level—that the Army’s Objective Force could be even more effective.

The ability of the Objective Force, employing enhanced lift capabilities, to deploy using multiple unimproved entry points to overcome anti-access measures or political boundaries, would have reduced problems in staging for operations. For instance, the rerouting of the 4th Infantry Division, caused by the unavailability of friendly ports near the northern border of Iraq, would have been unnecessary. The increased deployability and modularity of Objective Force units, coupled with development of advanced air/sea lift platforms not dependent on improved air/sea ports will significantly reduce Army deployment and employment timelines greatly in-

creasing the Joint force commander's flexibility and options. This will increase the chances of achieving operational surprise or preemption. Objective Force units will be able to begin operations immediately on arrival, requiring minimal reception, staging, onward movement, and integration. Moreover, projected reductions in sustainment requirements and reliance on strategic-to-tactical battlefield distribution will eliminate the heavy logistical infrastructures that could hamper operations and constrain responsiveness. Overall, these improvements could strengthen the strategic and operational speed, agility, and power of the Joint force. The Objective Force will allow our combatant commanders to conduct operational maneuver from strategic distances.

The Objective Force will conduct simultaneous and distributed operations across the entire Joint operations area. Commanders will have the ability to conduct continuous operations with minimal operational pauses, controlling an operational tempo that overwhelms the enemy's capability to respond. Finally, the Objective Force will directly attack enemy decisive points and centers of gravity through air-ground maneuver and fires to extend the reach of the Joint force commander and expose any part of the enemy force to destruction, dislocation, or disintegration.

The Objective Force headquarters above brigade will be organized, designed, trained, and equipped to fulfill command and control functions as the Joint task force, Joint force land component commander, or Army forces headquarters with minimal augmentation, provided by the standing Joint force headquarters and Joint interagency coordination group "plugs." These headquarters will possess the inherent capability to interact effectively with multi-national forces, other agencies, and non-governmental and private volunteer organizations. This would be a vast improvement over our current operations in support of U.S. Central Command, where our headquarters elements required over 2,100 augmentees.

The Objective Force will also resolve the Army's lack of standardized hardware and software in its current communications architecture and systems. The Army's Objective Force design will integrate seamless Joint command, control, communications, computers, intelligence, surveillance, and reconnaissance (C⁴ISR) systems with linkages to current forces, Stryker Brigade Combat Teams, other agencies, and a knowledge-based C⁴ISR architecture as the means for achieving situational awareness and battle command—the art and science of applying leadership and decision making to achieve mission success. This allows for automated spectrum and information dissemination management, continuous situational awareness, real-time synchronization of fires and maneuver, and the ability to effectively develop the situation out of contact. The Objective Force will provide our commanders with information-enabled forces capable of distributed and simultaneous operations.

Lessons learned and current operations reinforce that maneuver forces require a range of fire support that can provide close, all weather, responsive, and accurate fires. The Objective Force possesses enhanced lethality through networked fires encompassing Joint fires and organic capabilities for line-of-sight, beyond line-of-sight, and non-line-of-sight fires, deliverable in any conditions of terrain, weather, or time. Joint sensor-to-shooter links can rapidly bring lethal effects on enemy targets. The Objective Force takes the next step by harnessing all-source fires, attack aviation, and intelligence, surveillance, and reconnaissance systems to deny the enemy freedom of action, support friendly maneuver, and destroy enemy forces and high-value targets.

The Joint interoperability provided by the Army's Objective Force will better complement and enable the capabilities of each of America's Armed Services. The Objective Force will provide unparalleled agility and versatility by conducting operational maneuver from strategic distances and by allowing the combatant commander to open multiple fronts. The tailorable command and control headquarters and combined arms formations of the Objective Force, with their enhanced deployability and reduced logistical footprint, will leverage America's strategic reach to address any mission or contingency. In short, the Army's Objective Force will hasten the achievement of the combatant commander's joint operational objectives throughout the course of future campaigns using a combination of speed, power, and knowledge, ensuring decisive victory.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

RECONSTITUTING DEPLOYED FORCES

Question. General Shinseki, today we have a large number of forces forward deployed in preparation for a possible war with Iraq, while we simultaneously pursue elements of terror globally. Do you believe we will be able to reconstitute our de-

ployed forces in an orderly manner for a sustained war against terror while meeting our many other commitments around the globe?

Answer. We are confident that we can balance unit reconstitution with our global commitments. Army forces will be an integral component of coalition efforts in post-conflict Iraq to provide a more secure and stable environment that will enable the Office of Reconstruction and Humanitarian Assistance to transition the governance of Iraq to an interim Iraqi administration. Despite these continuing commitments in Iraq and elsewhere in support of the global war on terrorism and other directed missions, the Army will undertake a disciplined, orderly reconstitution of those forces involved in combat. We will use our experience with reconstitution after returning forces from Operation Desert Storm, Bosnia, and elsewhere to inform and refine our efforts. The Army, in coordination with the Office of Secretary of Defense, the Joint Staff, Central Command, and other regional and functional combatant commanders will determine the priority and timeline for unit reconstitution.

RESERVE COMPONENT PAY CONSOLIDATION

Question. I understand the Office of Secretary of Defense would like to consolidate the Active, National Guard, and Reserve Military Pay Accounts into one Account that would be managed by the Active Component. Do you think we can make a significant change like this without jeopardizing the integrity of the Guard and Reserve Military Pay Accounts?

Answer. Yes, pending the necessary legislative changes, and coordination of accounting processes and related systems. The Reserve and National Guard components will continue to have oversight of their programs without jeopardizing the integrity of their pay accounts.

ADVANCED ARMY RAPID EMPLACED BRIDGE

Question. Last year, you provided the Subcommittee a response for the record concerning favorable progress being made on the Advanced Army Rapidly Emplaced Bridge that is also known as the Composite Army Bridge. For the record, could you provide an update of your assessment of this important program?

Answer. The Advanced Army Rapidly Emplaced Bridge program continues to be a success for the Army. The Rapidly Emplaced Bridging System is an interim system designed to support the Stryker Brigade Combat Teams (SBCT), which provides tactical bridge support across gaps of up to 13 meters. Current funding levels in the Program Objective Memorandum will purchase the Army acquisition objective of 40 bridges to support the SBCTs and provide an interim solution for the Objective Force.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

WHITE SANDS/MTHEL

Question. The Army and our Israeli partners continue to make progress on the Mobile Tactical High Energy Laser (MTHEL) program. I was very pleased to see that the Army has given strong support to the program in the President's fiscal year 2004 budget request. And I would like to take this opportunity to thank the Army for its sound management of this program.

Now that the Army has committed to pursuing MTHEL as its solution to rocket and artillery threats, can you update us on the status of negotiations with Israel over how to define the system's requirements? Has the Army reached agreement with Israel over how to share funding of the program?

Answer. The U.S. Army, in conjunction with the Israeli Ministry of Defense and Israeli Air Force, is working to define Israeli MTHEL requirements for a combat-effective laser system that can be realized within the cost, schedule, risk, and disclosure constraints of the MTHEL program. The Army supports the pre-Milestone B development and delivery of at least one chemical-based MTHEL prototype for the knowledge and understanding we will glean from the process as we work to define the directed energy component of our Objective Force enhanced area air defense system. However, our long-term focus for directed energy is on the development of solid-state laser technology. While this requirement process is iterative in nature and complicated by the diversity of operational and technical requirements, satisfactory progress is being made. The common operational requirements document should be completed and sent to the Israeli Ministry of Defense for validation and use within their acquisition process within the next several weeks.

The U.S. Army and the Israeli Ministry of Defense have not entered into a formal agreement on how to share funding for the MTHEL program. Since Israel's involve-

ment in MTHEL will be via a foreign military sales (FMS) agreement, the FMS laws under USC Title 22, prohibit the MTHEL program from being a formal "cost-sharing" or "cooperative" program. This is a change from the Tactical High Energy Laser (THEL) advanced concept technology demonstration (ACTD) memorandum of agreement (MOA) which was governed by USC Title 10 and allows cooperative research and development efforts and formal cost-sharing agreements. However, the Army's intent is to make funding contributions to the MTHEL FMS case as provided for under Title 22. Furthermore, the Army's intent is for the contributions to equal the FMS funds provided by the Government of Israel.

The MTHEL program will be conducted under Amendment 6 to the THEL ACTD MOA. The Defense Security Cooperation Agency general counsel has crafted the language in Amendment 6 to ensure it complies with FMS laws under USC Title 22. Authority to begin formal negotiations on Amendment 6 with the Government of Israel will be granted as soon as the Department of Defense approves the MTHEL summary statement of intent. Again, Amendment 6 does not state a cost-sharing arrangement for MTHEL. In order to comply with USC Title 22, Amendment 6 states that Article 5 (cost-sharing) of the THEL ACTD MOA does not apply, and further states that costs will be apportioned, not shared, in a manner to be established in the FMS cases.

WHITE SANDS/HELSTF

Question. The Army continues to do a good job managing the High Energy Systems Test Facility (HELSTF) at White Sands Missile Range. HELSTF is the only facility of its kind in the world where state-of-the-art laser testing and evaluation is conducted. Army, Navy and Air Force laser programs continue to make significant strides because of this testing capability. But in order to maintain this progress it is important that the facility's assets be available for testing as scheduled.

In the last two appropriations cycles combined, Congress has designated over \$12 million for the Navy to do megawatt laser tests for cruise missile defense. Unfortunately, the megawatt MIRACL laser has not been available to meet the Navy's needs.

Can you update us on the status of the MIRACL laser?

Answer. The Mid Infrared Advanced Chemical Laser (MIRACL) is undergoing recertification of its subsystems. This recertification is a critical part of a site-wide program to enable the HELSTF to continue to provide world-class support to the directed energy weapons development programs of all the Services. The MIRACL device itself, its optical train, and the Sea-Lite beam director are in good condition and ready for use. The pressure vessels and associated piping systems that supply reactant gases to the laser are being inspected to insure that they can be used safely. This inspection will be completed by mid-May. All activity required to enable the safe and effective operation of the MIRACL will be completed by July 1, 2003.

Question. Does the Army have a plan to bring this laser back on line so the Navy can move to its next phase of testing?

Answer. The MIRACL will be exercised on July 1, 2003, in a "burn-in" test to demonstrate that the MIRACL can be operated safely and effectively. This test will be conducted at a power level in excess of one megawatt of output power. This power level is adequate to meet the Navy's test requirements. The test preparations have already started, and the Army is confident the system will be available to the Navy in mid July after it is refueled.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

TRAINING RANGES

Question. Given the current state of the Army's existing training ranges and training centers and the anticipated demands of the Stryker Brigade Combat Teams and the proposed Objective Force, are you satisfied those ranges and training centers can meet the needs of the transformed Army? Does the proposed fiscal year 2004 budget fully fund the identified needed upgrades?

Answer. The Army has a solid range modernization program in place that fully supports the training requirements of the Stryker Brigade Combat Teams (SBCT). Ranges are under construction, in design, or in the Army program that support the transformation of the six SBCTs. We have 11 range projects for which the construction contracts will be awarded in fiscal year 2003. We have an additional 10 projects that are contained in the fiscal year 2004 President's Budget. Other projects are programmed for fiscal year 2005. This range modernization effort includes a significant improvement to our training infrastructure in Alaska and Hawaii. These loca-

tions previously had not been modernized to the extent of ranges on our installations in the continental United States. We are correcting that situation.

We do, however, have shortfalls in our ability to operate these and other ranges Army wide. In fiscal year 2004, our range operations shortfall to fund our critical requirements is \$5.1 million, Operations and Maintenance, Army (OMA); \$1 million, Operations and Maintenance, Army Reserve (OMAR); and \$2.4 million, Operations and Maintenance, Army National Guard (OMNG).

Our Integrated Training Area Management program, that is an integral part of range operations, is similarly under-funded in fiscal year 2004. The shortfalls are \$6.9 million, OMA; \$0.3 million, OMAR; and \$7.7 million, OMNG.

With regard to our Objective Force ranges, we are still in the early stages of defining standard range requirements based on the operational capability of the Future Combat Systems (FCS). Our definition of those range requirements, combined with stationing plans, will determine the specific range requirements for the Objective Force. We intend to capitalize on programmed ranges wherever possible by adding capability to programmed range modernization projects where Objective Force units will be stationed.

Question. Are you satisfied with the current locations and manning of the existing national-level training centers?

Answer. Although we are satisfied with both the current locations and manning levels at all of our combat training centers (CTCs), we must continually reevaluate how we replicate and incorporate operational lessons learned, technological advances, and asymmetric threats into the training program ensuring that our soldiers and units are trained to the highest possible standard against emerging threats and that our CTCs remain as the Army's premier collective training opportunities.

Based upon lessons learned from previous and current operations, the Army is pursuing development of a "deep-attack" training capability for Army attack aviation units that would offer the same degree of realism and standards that the Army provides ground maneuver units at CTCs. Our intent is to include the deep operations assets of all Services. For aviation units in United States Army Europe, the Army conducts an annual deep attack exercise into Poland. For aviation units in the continental United States, the Army is looking at conducting exercises at either the National Training Center (NTC) in Fort Irwin, California, or at the Western Army Aviation Training Site (WAATS) in Marana, Arizona.

A proof-of-principle exercise was conducted at NTC in April 2002, and one is planned this year at WAATS. The exercise at WAATS will integrate live, virtual, and constructive training capabilities. Live forces will use the multi-service training areas in the greater WAATS area to include ranges managed by Luke Air Force Base, Marine Corps Air Station Yuma, and the Yuma Proving Grounds. Simulations will be generated from Fort Hood, Texas. A corps commander will serve as the exercise director and will provide the effects coordination cell as a player at the operational level. Depending upon the availability of headquarters, options are being explored to establish an Air Force air operations center to control the air war. Live forces will include an aviation brigade headquarters, an attack helicopter battalion, a general support aviation company and a Multiple Launch Rocket System battalion. Potential Air Force assets include attack aircraft from Luke Air Force Base. All live assets that are not available will be incorporated through simulations. Based on the outcome of this exercise and of the exercise previously conducted at NTC, the permanent training location in the United States will be determined.

Question. Given the need for joint training opportunities, and considering the work that the Joint Forces Command is doing in this area, do you see any major changes to the tactics, techniques, and procedures at the Army's national training centers? If so, what changes do you anticipate?

Answer. The overriding principle governing training at Army major training centers is "train as we fight." To this end, the Army requires forces participating in training at major training centers to perform the tasks they will during operations, with the equipment they must use during operations, under the conditions they will face during operations, to the standard required for mission success, and with the other organizations they must operate. We have worked diligently to replicate these operational requirements at each Army maneuver combat training center and believe we have been successful for our targeted training audience—brigade headquarters and battalion-level units. To the extent that these units operate with and accept services from other Services, we strive to integrate in training these requirements for interoperability tactics, techniques, and procedures. For example, each maneuver combat training center incorporates Air Force and/or Navy or Marine Corps close air support. When warfighting doctrine evolves, or when we discover through operational lessons learned that we need different emphasis in our training on interoperability tasks, conditions, standards, or participants, the Army aggres-

sively seeks to update training at our major training centers. A good example is our initiative to adjust training conditions at centers to better replicate contemporary operational environments.

The Army welcomes the work being done by the Joint Forces Command to ensure there are adequate venues for forces to train on joint and interoperability tasks and that such training offers proper realism. This emphasis will undoubtedly improve the realism and rigor of interoperability training conducted at Army major training centers.

QUESTIONS SUBMITTED TO THOMAS E. WHITE

QUESTION SUBMITTED BY SENATOR TED STEVENS

INDUSTRIAL BASE

Question. Secretary White, the decision not to modernize the Counterattack Corps affects not only the Army, but the industrial base as well. What steps do you plan to take to mitigate the adverse impact on the industrial base as a result of the lack of modernization funding in the fiscal year 2004 Army budget?

Answer. Army Transformation required cancellation of certain programs to fund a variety of transformational initiatives to achieve greater war fighting capability over the long term. We assessed the risks to the industrial base from these program cancellations and, where we judged necessary, we have taken steps to mitigate adverse impacts. We saw two major risks to the industrial base as a result of the decision to not modernize the Counterattack Corps. Both of these risks involved maintaining viable armor system production capabilities at two production facilities: the Lima Army Tank Plant in Ohio and the United Defense combat vehicle production facility in York, Pennsylvania.

The first risk involves the General Dynamics' combat vehicle fabrication capability at the Lima Army Tank Plant. We judged that risk as unacceptable since Lima initially had an insufficient workload to remain viable as a production facility for the fabrication of the Marine Corps' Advanced Amphibious Assault Vehicle and the Army's FCS ground vehicles. To mitigate this risk, the Army has restructured some programs and now has sufficient work to sustain Lima in active production until these new programs are brought into production.

The second risk involved maintaining the United Defense's combat vehicle production facility in Pennsylvania. We recognize that this facility would also be a likely candidate to manufacture FCS ground vehicles in the future. We expect that the production facilities in Pennsylvania will remain viable and open through calendar year 2004 because of a continuation of their current fiscal year 2003 Bradley upgrade work. With this expectation and acceptance of risk, we did not program fiscal year 2004 funding for Bradley upgrades to protect that portion of the industrial base.

While we cannot guarantee additional work from support for fielded systems, foreign sales, and reprocessing vehicles from operations in Iraq, the Army is looking hard at workload projections after calendar year 2004 and identifying fiscal year 2005 options which might be needed to protect any United Defense combat vehicle fabrication capability determined essential for future production. Those options will consider United Defense work on development of manned FCS non-line of sight gun system, unmanned ground systems, foreign sales, and other new non-traditional business. All of the other industrial base risks from not funding the Counterattack Corps are judged acceptable.

We expect fiscal year 2003 funding and other work to keep essential skills active through the end of calendar year 2004, given that final vehicle deliveries are scheduled for June 2005. The program funding for system sustainment and technical support will transition in fiscal year 2006 from procurement to the Operation and Maintenance, Army account. We believe United Defense's engineering staff and the Army's own in-house staff will be able to sustain the vehicles made by United Defense.

The shortage of Bradley upgrade funding is manageable, but there are two key issues we must address. The first issue is how we will fund the required technical support to the fielded fleet. For fiscal year 2003, the Army will have to fund the technical support from operations and maintenance accounts. That will present a problem for us because we will be addressing not only peacetime requirements but also operational requirements associated with the global war on terrorism and operations in Iraq. Obviously, we will finance the highest priority operational requirements first and defer those which are lower priority. A second issue is whether key

suppliers will abandon the supplier network as we reduce requirements. This is a continuing problem, and we will do more tradeoff analysis to support decisions, for example, to either stockpile components or find alternate suppliers.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

UNMANNED AERIAL VEHICLES

Question. Unmanned Aerial Vehicles are proving to be extremely valuable to our operations. Are we moving fast enough to procure UAV systems that you believe are necessary to perform your missions?

Answer. The Army is proud to achieve the goal of bringing the first Department of Defense UAV program into full-rate production in fiscal year 2003 in the Shadow 200 Tactical UAV. The Army is meeting deliveries associated with the fiscal year 2003 full-rate production contract and is on schedule to complete the procurement of 41 systems by fiscal year 2008 to meet the Army acquisition objective. We are actively fielding the Shadow UAV systems and their soldiers to the Army's divisions and Stryker Brigade Combat Teams. The Army is also stationing several additional Hunter UAV units at the corps level and as recently as November 2002, stationed its second Hunter company with the XVIII Airborne Corps. By the end of this year, a third Hunter company will be stationed with the V Corps in Germany. We anticipate that Army UAVs will experience a high operational tempo as a key system in any operations in Iraq.

Enlisted soldiers trained at Fort Huachuca, Arizona, operate our UAVs. We approach UAV system acquisition as a total package to include training, logistics, system design and performance, science and technology transition, and life-cycle support. The Army budget for UAVs ranges as part of the DOD UAV budget from about 17 percent in fiscal year 2003 to an average of about 9 percent in fiscal year 2005-fiscal year 2009, demonstrating a highly efficient and productive use of DOD funds for UAVs. Use and demand for UAVs from combatant commanders, trainers, and soldiers continues to remain high on all counts.

Question. Is the Army taking advantage of UAV work being undertaken by the other Services, such as the Navy's work on Fire Scout, which is based on a small, commercially available helicopter?

Answer. The Navy's Fire Scout program is in the research and development phase of program maturity. Senior Army personnel have observed the demonstration flights and are encouraged by the system developments being undertaken this year, such as conversion of the rotor system. The Army is considering various rotor wing technologies to fill UAV roles. Programs ranging from the Defense Advanced Research Programs Agency A-160 Hummingbird and the unmanned combat armed rotorcraft programs, the Fire Scout, and the U.S. Coast Guard Eagle Eye tilt rotor system are some of the potential candidates.

To further support inter-Service cooperation, the UAV program office is developing a cooperative development memorandum of understanding with the Navy and Air Force to share UAV program information. The prime contractor for the Fire Scout, Northrop-Grumman, is also the prime for the Global Hawk and the Army Hunter UAV system. As the Army is actively converting the Hunter ground control stations to the Army's standard production one-system ground control station in fiscal year 2003 and fiscal year 2004, a similar conversion for the Fire Scout should be affordable and feasible. AAI is the prime contractor for the Army's TUAV Shadow system, which entered full rate production in fiscal year 2003, and is the prime contractor for the USMC Pioneer Improvement Program.

OIL CLEANING/FILTERING SYSTEMS

Question. It is my understanding that the Army changes oil in the engines of tanks, personnel carriers and helicopters at fixed intervals. There are documented cases of large-scale diesel equipment with over 1,000,000 miles of use on unchanged, but filtered, oil. Some state National Guard units and state transportation agencies have started to adopt this filter technology. Can you comment on the applications in the Army that might benefit from an oil cleaning and filtering system by Gulf Coast Filters of Gulfport, Mississippi, that reduces and may completely eliminate the need for oil changes?

Answer. Gulf Coast Filters, Inc., has briefed the Army on their bypass filter system, and we are conducting a study at Camp Shelby on 30 five-ton trucks belonging to the Mississippi National Guard. Gulf Coast has briefed that their system can reduce services by five fold and reduce maintenance failure by supplementing the primary filter and using a finer filtration capability. This fine filtration will reduce

larger physical contaminants such as debris and dirt, but does not detect or reduce other contaminants such as fuel, coolant, and water, nor will it determine the status of the specified physical property of the oil such as viscosity and additives.

Bypass filters do not detect the source of contamination or wear metals caught in the filter. The Army oil change policy eliminates the requirement for frequent oil changing based on hours/miles/calendar days as specified by many technical manuals and lubrication orders. The Army is interested in lubricants and what happens to them in extra filtration systems such as Gulf Coast Filters. We are monitoring the test at Camp Shelby to capture field data to continue our analysis.

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

FCS VEHICLES

Question. Secretary White, the Army's FCS acquisition concept calls for competitive and complementary production capabilities of the two U.S. ground vehicle producers—General Dynamics and United Defense. Both companies are needed to meet the Army's schedule for fielding the manned ground variants of the Future Combat System (FCS).

Preservation of United Defense to produce these vehicles is dependent upon whether or not fiscal year 2004 funding is provided to it. Currently, no production funding is requested for combat vehicles produced by UDLP. Without such funding, United Defense's production facilities will shut down two years before FCS low-rate initial production begins.

According to recent press reports, the Under Secretary of Defense for Acquisition, Technology, and Logistics was quoted as saying, "We must be able to protect at least two competent, cost-effective competitors on every weapon system we have. It's our job to ensure our industrial base supports that kind of philosophy."

Given this situation, how does the Army intend to ensure that United Defense is maintained as a competent, cost-effective competitor to General Dynamics as well as a co-producer of the FCS manned ground variants, given that almost none of the fiscal year 2004 budget request for combat vehicles will go to United Defense and the same is true in the out years?

Answer. Army Transformation required cancellation of certain programs to fund a variety of transformational initiatives to achieve greater war fighting capability over the long term. We assessed the risks to the industrial base from these program cancellations and, where we judged necessary, we have taken steps to mitigate adverse impacts. We saw two major risks to the industrial base as a result of the decision to not modernize the Counterattack Corps. Both of these risks involved maintaining viable armor system production capabilities at two production facilities: the Lima Army Tank Plant at Lima, Ohio, and the United Defense combat vehicle production facility at York, Pennsylvania.

The first risk involves the General Dynamics' combat vehicle fabrication capability at the Lima Army Tank Plant. We judged that risk as unacceptable since Lima initially had an insufficient workload to remain viable as a production facility for the fabrication of the Marine Corps' Advanced Amphibious Assault Vehicle and the Army's FCS ground vehicles. To mitigate this risk, the Army has restructured some programs and now has sufficient work to sustain Lima in active production until these new programs are brought into production.

The second risk involved maintaining the United Defense's combat vehicle production facility in Pennsylvania. We recognize that this facility would also be a likely candidate to manufacture FCS ground vehicles in the future. We expect that the production facilities in Pennsylvania will remain viable and open through calendar year 2004 because of a continuation of their current fiscal year 2003 Bradley upgrade work. With this expectation and acceptance of risk, we did not program fiscal year 2004 funding for Bradley upgrades to protect that portion of the industrial base.

While we cannot guarantee additional work from support for fielded systems, foreign sales, and reprocessing vehicles from operations in Iraq, the Army is looking hard at workload projections after calendar year 2004 and identifying fiscal year 2005 options which might be needed to protect any United Defense combat vehicle fabrication capability determined essential for future production. Those options will consider United Defense work on development of manned FCS non-line of sight gun system, unmanned ground systems, foreign sales, and other new non-traditional business. All of the other industrial base risks from not funding the Counterattack Corps are judged acceptable.

Question. If the Army intends to let United Defense shutter its combat vehicle manufacturing plant, how does it propose to cost-effectively support/upgrade the many vehicles manufactured by United Defense—Bradley Fighting Vehicles, tank recovery vehicles, self-propelled howitzers—that are forecast to be in the inventory for many years to come?

Answer. We do not expect that United Defense will close its combat vehicle manufacturing plant. We expect fiscal year 2003 funding and other work to keep essential skills active through the end of calendar year 2004, given that final vehicle deliveries are scheduled for June 2005.

The program funding for Bradley system sustainment and technical support will transition in fiscal year 2006 from procurement to the Operation and Maintenance, Army account. We believe United Defense's engineering staff and the Army's own in-house staff will be able to sustain the vehicles made by United Defense.

The shortage of Bradley upgrade funding is manageable, but there are two key issues we must address. The first issue is how we will fund the required technical support to the fielded fleet. For fiscal year 2003, the Army will have to fund the technical support from operations and maintenance accounts. That will present a problem for us because we will be addressing not only peacetime requirements but operational requirements associated with the global war on terrorism and operations in Iraq. Obviously, we will finance the highest priority operational requirements first and defer those which are lower priority. A second issue is whether key suppliers will abandon the supplier network as we reduce requirements. This is a continuing problem, and we will do more tradeoff analysis to support decisions, for example, to either stockpile components or find alternate suppliers.

Question. Doesn't it make sense to preserve United Defense's combat vehicle manufacturing capabilities when doing so would simultaneously meet equipment modernization requirements of the Army National Guard or maintain previously planned upgrades to an additional division of the heavy counterattack force?

Answer. The Army recognizes the industrial base capability and contributions of both United Defense and government-owned depot facilities. In respect to United Defense, the Army recognizes the potential contribution that they could make in support of FCS production, projected to begin in the fiscal year 2007 timeframe. The Army leadership is currently considering a 3rd Armored Cavalry Regiment modernization strategy that encompasses both the Abrams Tank and Bradley Fighting Vehicles and intends to provide requested information to Congress as soon as possible. As a total force, the Army will continue to support Congressional funding focused on Army National Guard heavy force modernization.

Question. Secretary White, in the Army's fiscal year 2004 Posture Statement, General Shinseki and yourself noted: "In general, the Army increased funding for programs that are clearly transformational and support the Defense transformational goals, sustained funding for high priority systems that will transition to the Objective Force, and reduced funding for systems not essential to Army Transformation. The operational risk associated with the decreased funding for certain current programs is acceptable as long as we field Stryker Brigades on schedule and accelerate the fielding of the Objective Force for arrival this decade."

Given the Army's job to preserve competition in the industrial base and the risk to the FCS program costs if it is not, is the risk to the armored vehicle sector acceptable as long as the Army fields Stryker Brigades on schedule and accelerates the initial fielding of the Objective Force?

Answer. The Army judges the risk acceptable. I have asked the Army to look hard at those workload projections for current producers and identify alternatives which might be needed to protect any combat vehicle fabrication capability we determine essential for future production. Those options will consider United Defense work on development of manned FCS non-line of sight gun system, unmanned ground systems, foreign sales, and other new non-traditional business. All of the other industrial base risks from not funding the Counterattack Corps are judged acceptable.

ARMY HERITAGE AND EDUCATION CENTER

Question. Secretary White, in 2000 the Army leadership made a commitment to staff the Army Heritage and Education Center at Carlisle Barracks with 79 people when it was completed. In light of that commitment, the Cumberland County Commissioners granted 54 acres of land for the project and the Commonwealth of Pennsylvania provided \$10 million. At present, the facility is suffering because it is understaffed.

What are the Army's plans for staffing the Army Heritage and Education Center?

Answer. The Army Heritage and Education Center (AHEC) will move into their new facility in the spring/summer of fiscal year 2004. There is still much work to

be done in the meantime. AHEC is hiring 21 new employees this year that will bring them up to 54. AHEC has funding for 54 this year and fiscal year 2004. A U.S. Army Manpower Analysis Agency study recommended they hire 18 additional employees for fiscal year 2004, which will give them 72. The study also recommend AHEC add two more positions in fiscal year 2005 and another five in fiscal year 2006, which would bring AHEC to their recommended total of 79 staff members.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

WHITE SANDS/THIRD WAVE OUTSOURCING PLAN

Question. Mr. Secretary, I have reviewed your testimony regarding the Army's Third Wave initiative. And I strongly agree with your objective of seeking the best value for our taxpayers' dollar. We all want that. But I do have some questions about the process the Army has put in place to implement competitive outsourcing.

First, it seems to me that determining what jobs are core and what jobs are non-core is a very difficult thing. Clearly, certain routine maintenance duties are not fundamental to the Army's warfighting mission. But other activities that are not part of the warfighting mission per se have a very close relationship to how the warfighter performs.

For example, many of the engineers and skilled DOD personnel in the test and evaluation field provide critical performance data about the systems used on the battlefield. To me, this is clearly connected to warfighting.

Would you provide your assessment of where test and evaluation activities fit into the Third Wave proposal?

Answer. The test and evaluation function is exempt from the A-76 competitive sourcing process. Congress has, in fact, in Section 802 of Public Law 96-107, 10 U.S. Code, Section 114, note, barred the use of A-76 procedures in connection with the obligation or expenditure of research, development, test or evaluation funds, except for the operation or support of installations or equipment used for research and development (including maintenance support of laboratories, operation and maintenance of test ranges, and maintenance of test aircraft and ships). OMB Circular A-76 incorporates this statutory restriction. These restrictions do not foreclose alternatives to the A-76 process, and such alternatives may merit further consideration in these functional areas. The Department will not pursue those alternatives, however, without consulting with Congress and seeking enabling legislation where appropriate. At this stage, the decision-making is still pre-decisional with regard to the test and evaluation function with regard to alternatives to A-76.

Question. Has the Army completed its study of non-core functions that are to be exempted from outsourcing? If not, when will these exemptions be determined?

Answer. The Army recently completed the exemption phase of its study of non-core functions that are to be exempted from outsourcing. The Assistant Secretary of the Army for Manpower and Reserve Affairs made 24 exemption decisions. The exemption decisions will be provided to the Defense oversight committees as soon as those meetings can be scheduled.

Question. The issue of security is also very important. It is my understanding that security personnel and firefighters are exempted from the Third Wave plan by law. Can you confirm that guards and fire personnel will remain within DOD?

Answer. Yes, security guards and firefighters are exempted from the Third Wave plan by law. Title 10, U.S. Code, Section 2465, generally requires government employees to perform security guard and firefighter functions at installations located in the United States unless the installation becomes a contractor-operated facility. The issue of adequate force protection, since 9/11, is a paramount concern. We appreciate the limited Congressional relief mitigating somewhat the restrictions of title 10, U.S. Code, Section 2465. Section 332 of the Bob Stump National Defense Authorization Act for Fiscal Year 2003, Public Law 107-314, provides a basis in some circumstances for arranging for performance by local municipalities of increased security-guard functions since September 11, 2001. The Department will comply with these statutes unless Congress provides further relief.

QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

IOWA ARMY AMMUNITION PLANT

Question. The Iowa Army Ammunition Plant (IAAP) is currently undergoing cleanup as a Superfund site due mostly to contamination by high explosives from the ammunition. Secretary White, would the Defense Department proposals for

changes to CERCLA and other environmental laws remove IAAP from the Superfund program? If not, please explain why IAAP would not be covered by the exemption. If so, please explain why it would be beneficial to IAAP and the surrounding community for the site to be removed from CERCLA protections.

Answer. The Defense Department proposals for Readiness and Range Preservation would not remove IAAP from the Superfund program. DOD's Resource Conservation and Recovery Act (RCRA), and Comprehensive Environmental Response, Compensation, and Liabilities Act (CERCLA) legislative proposals clarify when RCRA and CERCLA apply at military ranges. IAAP is addressing contamination from ammunition assembling operations, which is distinct from military range activities.

Question. The Army is currently conducting health studies of the workers and former workers at the IAAP site, alongside similar DOE studies of former workers at the nuclear weapons facility at the site.

Please update me on the status of the studies, of the contracting the work, and of release of appropriated funds.

Answer. In response to 2000 and 2001 legislation, DOD is identifying past and current IAAP DOD workers and notifying them of possible exposures. The workers have been provided DOD guidance to facilitate discussions with appropriate officials and health care providers. As directed, a health study of the IAAP workers has been developed. The U.S. Army Center for Health Promotion and Preventive Medicine (USACHPPM) has contracted with the College of Public Health at the University of Iowa (UI) to perform the study. As part of Phase I of the DOD study, UI has identified over 38,000 current and former IAAP workers. The health study protocol has received Human Subjects Institutional Review Board (IRB) approval from UI. In January 2003, USACHPPM received the revised health study protocol from UI. As part of USACHPPM's contract approval process, USACHPPM reviewed UI's health study protocol to ensure it is ethically and scientifically sound, and that the research complies with the Health Insurance Portability and Accountability Act (HIPAA). USACHPPM also arranged for peer review of the health study protocol by the Armed Forces Epidemiology Board and the DOE Central Beryllium IRB Committee. The final recommendations of the peer review groups are expected by the end of April 2003. USACHPPM will then share the recommendations with UI, and incorporate changes with the UI researchers. An additional \$1 million of Congressional funds for fiscal year 2003 has been received by USACHPPM. Modifications to the existing contract are underway to incorporate this additional funding.

Question. Congress directed that testing of workers for chronic beryllium disease be part of this study. Please update me on the status of and plans for conducting this testing.

Answer. The DOD IAAP study will contain a complete exposure health history. Testing for chronic beryllium disease is complex and is under evaluation through additional expert peer review. Specific beryllium testing will be performed pending the recommendations of this expert review.

ROCK ISLAND ARSENAL

Question. Industrial Mobilization Capacity (IMC, formerly UPC) funds are critical to the arsenals to pay for capacity that is maintained for national wartime requirements, not for current contracts, and thus to keep overhead rates reasonable. Last year Congress approved full funding of IMC, including \$14.8 million for Rock Island Arsenal. Section 8109 of the Defense Appropriations bill did cut the working capital funds by 8 percent, but with the proviso "that these reductions shall be applied proportionally to each budget activity, activity group, and subactivity group and each program, project, and activity within each appropriation account." Yet I understand that based on this cut, IMC funding for each of the arsenals was cut by more than 50 percent.

Were the reductions in Section 8109 applied proportionally to each budget activity, activity group, and subactivity group and each program, project, and activity within each appropriation account? If not, please explain how the distribution of the cuts meets Congressional direction.

Answer. Section 8109 of the conference report reduced the amount of the budget request by \$400 million "to reduce cost growth in information technology development." The report allocated \$148.6 million of the decrement to Defense Working Capital Fund (DWCF) and this reduction was enacted.

The DWCF appropriation of \$1,784.956 million was reduced by \$148.6 million. After protecting the Defense Commissary Agency (\$969 million), the remaining reduction was spread to all activities. The Army's portion of the DWCF funding request was \$316 million, which consisted of \$89 million for war reserves, \$100 mil-

lion for spare parts augmentation, and \$127 million for IMC funding. Army's share of the reduction was \$67 million.

It wasn't feasible for the Army to apply the reduction to the war reserves or to the spares augmentation. The war reserve funds had already been obligated, and the Army was already experiencing shortfalls in spares funding. The Army's only viable alternative was to take the reduction in the IMC requirement. The funding reduction was allocated pro rata to the IMC requirements of the eight ordnance and five depot maintenance activities.

Question. Does the Army have any plans to restore the IMC funding for fiscal year 2003?

Answer. The fiscal year 2003 DWCF included full funding for the IMC requirement, which was \$119.7 million for the ordnance activities and \$7.3 million for the depot maintenance activities. The DWCF appropriation was decremented \$148 million, in the conference report (H.R. 107-732) for the Fiscal Year 2003 Defense Appropriations Act (Public Law 107-248, Title V). The Army's share, \$67 million, was applied to the IMC funding. Given the competing demands for limited funds, it is unlikely the Army will be able to restore the reduction.

The losses from this reduction could be recovered in future appropriations; otherwise, the loss will be recovered in the ordnance and depot maintenance customer rates for fiscal year 2005.

Question. Can you ensure us that if Congress approves funding for IMC in fiscal year 2004, it will actually be used for that purpose?

Answer. If Congress appropriates money to the Army Working Capital Fund in fiscal year 2004 for IMC, that money will be used for that purpose.

GROUND SERVICES INDUSTRIAL ENTERPRISE (GSIE) PLAN

Question. In recent weeks the arsenals have been moving to implement the GSIE plan to rationalize their workload and make them more efficient, while keeping them as part of the federal organic base. Yet at the same time they have been buffeted by a RAND study that reportedly recommended formation of a government corporation, by Third Wave plans for privatization, and of course by rumors about the impending base closure round. I am concerned that the GSIE initiative will not be given time to work before some other privatization or reorganization plan is approved. Do you plan to give the arsenals time to implement the GSIE plan without making other major changes that could interfere with that effort?

Answer. Formation of the Ground Systems Industrial Enterprise has been approved, and the Army leadership will be updated regularly on the progress toward operating efficiently without the need for subsidies. We are also responding to the Office of the Secretary of Defense on this. We do not anticipate that any action will be taken to change the GSIE operating structure before the Army has had a chance to assess the progress towards this objective.

HIGH MOBILITY TRAILERS AND WASTE

Question. One of the programs I have followed with great interest is the purchase of high mobility trailers for the humvees. After many years, these trailers have supposedly been fixed. How many of these trailers are now in use in the field? How many humvees have been modified to pull them?

Answer. The High Mobility Trailer has been renamed the Light Tactical Trailer. Approximately 5,200 trailers have been fielded to date, and over 10,500 humvees have been modified to pull them.

Question. Have there been any problems with the trailers that are in use?

Answer. No. They are operating quite well, as we expected.

Question. What are your current plans for purchase of additional trailers that I understand are still needed?

Answer. The Army plans to procure 5,094 trailers beginning in fiscal year 2004 through fiscal year 2009. In fiscal year 2004, we plan to procure 576 for \$9.5 million; in fiscal year 2005, 713 for \$11.1 million; in fiscal year 2006, 550 for \$8.7 million; in fiscal year 2007, 1,510 for \$22.1 million; in fiscal year 2008, 888 for \$13.7 million; and in fiscal year 2009, 857 for \$13.5 million. The contract will be a competitive, firm fixed-price contract. The fiscal year 2004 contract is scheduled for award in March 2004.

SUBCOMMITTEE RECESS

Senator INOUE. And I would like to thank you on behalf of all of us for your appearance this morning, and thank you for your testimony, and General Shinseki, I think everyone here expressed the

sentiment that I would say is felt by the Senate. We thank you for your service, sir.

General SHINSEKI. Thank you, Senator. Obviously, without saying, the service in this position has been the high point of anyone's service in uniform, but along with that, working with the members of this committee and patriots in the Congress on other committees has certainly been a very special privilege for this soldier, and I thank you all for your support.

Senator INOUE. In a few weeks I hope to travel to Hawaii, where we will have the 60th anniversary of the formation of my combat team, the one that I served in, made up of Japanese Americans, and I can assure you that the men in the regiment are very proud of you, sir.

General SHINSEKI. Thank you, sir.

Senator INOUE. Our next hearing of the Defense Subcommittee is scheduled for Wednesday, March 26, at 10 a.m. in Dirksen 192. With that, the hearing is recessed. Thank you very much.

Mr. WHITE. Thank you, sir.

[Whereupon, at 11:43 a.m., Wednesday, March 19, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, March 26.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2004

WEDNESDAY, MARCH 26, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Cochran, Domenici, Shelby, Burns, Inouye, Dorgan, and Durbin.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE AIR FORCE

**STATEMENT OF HON. JAMES G. ROCHE, SECRETARY OF THE AIR
FORCE**

**ACCOMPANIED BY GENERAL JOHN P. JUMPER, AIR FORCE, CHIEF OF
STAFF**

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Secretary Roche, General Jumper, truly the eyes of the world are upon you, and we have witnessed with awe the professionalism of the Air Force and the planning that you have done. All Americans I think are very proud of you; some may disagree with the decision to go there, but I don't think there is anyone that is not proud of our men and women in uniform and those working with them in civilian life in the Department of Defense.

These combat missions in Iraq are really telling an amazing story of the times that you and your predecessors have been before this committee asking for taxpayers' money to make certain that you had the type of equipment that you could use if and when the Commander in Chief asked you to perform the duties that you are now performing.

I think the whole country is proud of you as I've said, but I think we are very proud that you are where you are now, because we know you all and we've worked with you and we know that you really have in mind the safety of those men and women that are under your command.

We now begin the review of the fiscal year 2004 budget, that's what we're talking about today. There is now pending before us a supplemental request for fiscal year 2003 for the operations in Iraq and the war on terrorism. That will not be the subject of the dis-

cussion here today. We do believe that the missions that you are performing today might change this budget as we go down the line, as far as what's needed in fiscal year 2004, and we will listen respectfully to any changes that you might wish to make now or later in your fiscal year 2004 request.

We personally look forward, I do, to hearing your statements today and knowing the priorities in the budget request for fiscal year 2004. I do expect and hope we will hear your urgent plea for action on the supplemental, which I hope to get passed before we leave on the Easter recess. And as you may know, I have made the statement to our Commander in Chief that if we don't finish by the time for our recess, I don't think we should leave Washington until we do finish the supplemental. It's that important, I believe, to the men and women wearing our uniform around the world.

We will make your statements part of the record in full, I look forward to your statements today, and before you proceed, let me call on my good friend from Hawaii, my co-chairman.

Senator INOUE. I want to thank you very much, Mr. Chairman. Mr. Secretary, General Jumper, I join my chairman in welcoming you once again to testify before this committee.

Let me join my chairman in saying how proud and supportive we are of the work done by the men and women of the Air Force in support of the global war on terrorism and the current mission in Iraq. I can join my chairman in assuring you that this committee will do all it can to support the Department's effort.

Senator STEVENS. Senator Burns, do you have a statement?

STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. Mr. Chairman, I just want to echo our feelings, I think I, along with the rest of my colleagues and you, try to offer our men and women who are wearing the uniform right now, especially the Air Force, not only have the training and the equipment to complete the mission that we have, and also get them home safely. We are very supportive of your organization, your leadership, and of course the role that all people are playing right now who wear the uniform of this country and believe in the same precepts that we do.

Mr. Chairman, thank you very much.

Senator STEVENS. Senator Dorgan.

STATEMENT OF SENATOR BYRON L. DORGAN

Senator DORGAN. Mr. Chairman, let me echo the comments you have made and my other two colleagues, Mr. Secretary, and especially to the men and women who serve under you for your service to our country. I'm going to have to go to the floor of the Senate for about 15 to 20 minutes at 10:30, but I want to come back. I do have a series of questions I want to ask. And again, it's always a great opportunity to hear from General Jumper, and thank you for your service.

Senator STEVENS. Let me remind the committee that we have these high tech microphones now, and you have to push the button, but the light shows underneath it rather than on top. Be sure you turn it on when you're going to speak.

Secretary Roche, we should all have a moment of silent prayer for the souls of those who have already lost their lives in this endeavor, and I do hope you will agree that we should just stand here in a moment of silence before we begin this testimony.

Secretary ROCHE. I would be honored, Mr. Chairman.

[A moment of silence was observed.]

Senator STEVENS. Thank you very much.

Those visions on the television bring back memories to Senator Inouye and myself, and I think others on this committee, so we do welcome you today and look forward to your testimony.

Secretary ROCHE. Thank you very much, Mr. Chairman. I think I've got the button pushed correctly and it's working.

Thank you, sir, and thank you, Senator Inouye and members of the committee for this opportunity. It is my great honor to join my colleague General John Jumper today, to represent the 700,000 active, guard, reserve and civilian airmen who are engaged in defending our nation and serving our interests around the globe. We are very proud of their honorable service and unshakable dedication, from combat operations and homeland defense to the daily efforts that guarantee the readiness, health, security and morale of our force.

In our travels around the Air Force, as you have traveled around to many of our bases, we have been impressed and humbled by the creativity of our airmen, their commitment and their professionalism.

As we appear before you today, we have close to 50,000 airmen serving at some 50 expeditionary bases in more than 35 countries, plus another 60,000 airmen currently assigned overseas. We have over 43,000 airmen in the area of operations as of today. They are fighting the war on terrorism and defending our Nation's interests even as we speak.

OPERATION IRAQI FREEDOM

In Operation Iraqi Freedom, the Air Force has fully integrated into a joint and coalition force conducting combat operations in support of our strategic and campaign objectives. The combined forces' air component commander, Air Force Lieutenant General Buzz Moseley, who many of you in the Senate know, commands almost 2,000 Air Force, Navy, Marine Corps and coalition aircraft in a single combined air operation center in Southwest Asia.

AIR POWER

The air picture in this operation center shows the dense presence of air power over the entire country of Iraq. If we could have a camera looking down from far far overhead, with a blue dot for every American airplane over Iraq, I think you would be pleased to see the incredible coverage of air power over that country supporting the forces on the ground and supporting key objectives. We are targeting the Iraqi regime, Saddam's command and control systems, weapons of mass destruction, security apparatus in the regular forces, who have often used brutal oppression and treachery to sustain the regime, and the Iraqi military forces engaged against our marines, soldiers and airmen on the ground.

Our first and parallel campaign, to support the suppression of enemy air defenses, Scud hunting, and information operations have and will continue to enable the maneuver of maritime and special operations forces to operate under the umbrella of air dominance throughout the theater.

Our extended preparation of battle space since last summer, consisting of nearly 4,000 combat sorties and year of planning has resulted in unprecedented flexibility in achieving decisive effects. The 10 years that we've been in Operation Northern Watch and Operation Southern Watch have provided us with crews, about 70 to 75 percent of whom are combat experienced as they enter into this conflict.

Mr. Chairman, I would like to note that to date, the Iraqi Air Force has not flown a single sortie against coalition forces or the Iraqi people. This is airspace dominance. This is what General Jumper has been working on for his whole life, this is what he promised, and we are delivering. This is what we pledged to deliver to our combatant commanders and to our Nation, should the President call upon us to do so. Mr. Chairman, you are quite right, they have performed superbly, along with their colleagues on the ground and at sea.

TRANSFORMATION

As we prepare for future uncertainty, we fully support the Department's continuing efforts to balance near-term readiness and operational requirements with long-term transformation of our Armed Forces. Our challenge is to fight the global war on terrorism while simultaneously transforming, and we must do both.

Now while we face near-term budget pressures, we nevertheless must invest for the future. Otherwise, we may be forced to pay more later in dollars and perhaps even in lives. Of utmost importance to us is our continued focus on warfighting and delivering a full spectrum of air and space capabilities to combatant commanders. Through the efforts of this committee, your colleagues in the Congress, and Secretary Rumsfeld, I am proud to report that we are currently meeting these objectives.

HOMELAND DEFENSE

We have some good news to report on calendar year 2002, Mr. Chairman. It was a year of challenging operations. In calendar year 2002 we continued our expanded homeland defense mission, providing 25,000 fighter, tanker and airborne warning sorties. This was made possible only through the mobilization of over 30,000 airmen in the Air Force Reserve and Air National Guard. They have conducted over 75 percent of all the Noble Eagle missions and they have done it superbly.

Today we continue this effort, in fact it's a heightened effort, with more than 200 military aircraft dedicated to providing combat air patrols, for on-call support to high risk areas, cities and key facilities in the United States. In Operation Enduring Freedom, we made joint operations on a landlocked nation possible. We flew more than 40,000 sorties, over 70 percent of the coalition air operations, in 2002 alone, and of our 8,000 refueling missions we are

proud to point out that 55 percent were to Navy and Marine Corps, and coalition aircraft.

AFGHANISTAN

In Afghanistan, our special operations teams developed new ways to bring air and space power to bear in a variety of engagements. Our combat controllers integrated new technologies and precision weapons to do close air support from 39,000 feet, using B-1 and B-52 bombers, and at lower altitudes for our Air Force, Navy and Marine Corps fighter bombers. And we're now developing better processes to target and engage time-critical moving targets.

IRAQ

Yesterday, Mr. Chairman, we flew 648 Air Force missions in Iraq, over Iraq. Our colleagues in the Navy and Marine Corps also flew many hundred missions. To date, in the last 5 days of this conflict, sir, we have flown over 4,800 sorties over Iraq. That includes bombers, fighters, our Combat Search and Rescue (CSAR) and special operators, and our Command, Control, Intelligence Surveillance and Reconnaissance (C²ISR), as well as tankers and cargo aircraft. So we have been working quite hard.

B-1

Continuous improvements in readiness and technology made these successes possible. With your support we successfully consolidated our B-1 bomber fleet and improved overall readiness. Its mission-capable rate was up 10 percent last year and is now over 71 percent, the highest in history, and we are proud to point out, Mr. Chairman, that the B-1 has flown over Baghdad with 24 weapons on each sortie, 24 highly precise weapons on each sortie.

C-5

The increases funded by this committee and the Congress that you have supported is paying off well. Sixteen of 20 weapons systems improved mission-capable rates last year. The C-5B achieved its highest mission-capable rate since 1994, it's now at 73 percent. The B-2 improved over 50 percent.

A-10 AND F-15 AIRCRAFT

The A-10, a workhorse working with our Army ground forces right now, is up 8 percent, and our F-15s are up over 5 percent. These are the best mission-capable rates we have experienced in 5 years and the best annual increases we've achieved since the mid-1980s.

Mr. Chairman, while we are making great progress in adapting the Air Force, we face many challenges to our continued superiority as you are well aware. The increasing proliferation of advanced surface-to-air missile systems threatens our ability to gain and maintain air superiority in potential conflicts. Manned portable surface-to-air missiles have proliferated extensively, and in fact new ballistic missile and cruise missile technologies are spreading.

RUSSIAN SU-37

An advanced fighter has already been produced, specifically the Russian SU-37, that is superior to our best fighter, a prototype that has not yet been explored.

We are also now facing the undeniable reality that other nations are investing in American military technologies and fielding the best our aerospace industry has to offer in their air forces. While the investment of our good friends and allies is a great value to our alliances and industrial base, superior capabilities are now or shortly will be present in American-produced airplanes that don't fly the American flag. And I remind you, sir, that in the late 1930s, the aerospace industry of America, 38 percent of its sales were overseas sales, because they did not have enough of a market here in the United States, and some of the best technology was in fact being exported to other countries in the late 1930s, and some of that technology, regrettably, we had to face in combat.

AGING AIRCRAFT

Now while other nations are modernizing, we continue to employ aging systems that are becoming more difficult to operate and more expensive to maintain. The average age of the operational Air Force fleet is over 22 years per aircraft. Even with planned aircraft procurements, the total fleet average age is expected to increase to 27 years by the year 2020.

We benchmark this by noting how many of existing aircraft that are flying, Mr. Chairman, were flying prior to my being commissioned as an Ensign in the United States Navy, or prior to General Jumper being commissioned a Second Lieutenant in the United States Air Force. And you should know, all of our tanker aircraft that are flying today were flying before General Jumper was commissioned a Second Lieutenant, and a goodly number of the E models were flying when I was commissioned an Ensign. I'm old, but these planes are older.

In the way ahead, our proposed fiscal year 2004 budget addresses a number of our challenges and supports the Department's priorities. It accelerates our modernization and joint capabilities and maintains the gains in readiness and people programs that we achieved last year. Most importantly, it gets money into our procurement programs and funds essential capabilities our warfighters need.

I strongly request that you support these major programs so that we can get our costs out and we can get reliability up.

MANPOWER

Our number one investment priority remains our people. The budget fully supports our authorized total force end strength, funds our education and force development initiatives, puts us on track to eliminate inadequate housing, and reduces out-of-pocket housing expenses on schedule with Secretary Rumsfeld's objectives.

We appreciate your continued support of pay raises for our uniformed and civilian airmen, and they truly, truly appreciate the way this has been done, with the disproportionate amounts going to our most senior enlisted.

READINESS

Our readiness budget increases by 6 percent. It funds an expanded \$6 billion flying hours program, and sustains the positive trends we've achieved in our readiness rates.

Our proposal increases our infrastructure investment compared to the fiscal year 2003 requested level and keeps us on track to meet the Department's goal of a 67 year recapitalization rate by fiscal year 2008.

F/A-22

Finally, I'm proud to report our proposed budget increases investment in new technologies by 5 percent over last year. Next year we will fund 20 F/A-22s with new crew, continuing our move to sustained production rate. The program is improving and the Raptor is currently meeting or exceeding all key performance related requirements. We have a structure to do upgrade spirals to focus on developing systems with inherent air-to-ground capabilities, and have recently delivered our initial production aircraft to Nellis Air Force Base.

Now we are experiencing some difficulties with the new program, and this is one that is dramatically dependent on software, one of the greatest advances in aviation in our history. The software integration and test is an issue that we are battling through. Mr. Chairman, General Jumper and I personally got involved in this program in July of last year, and in the course of those 8 months we have airplanes now either being delivered on time or early. We have taken care of all foreign object damage production techniques that were happening with the contractor, we have fixed the problem of fin buffet, we are making test forms across the board, both in terms of flying test points, logistic test points.

We have basically narrowed down what needs to be done to push this aircraft through to completion, and the software stability is something we're working on very, very hard. It represents the classic challenge of transitioning from development to production, and when something is this software-dependent, it is very difficult to bring everything together, and then when we bring it together, we try and make it work.

What is different about the program, Mr. Chairman, is we now have a more realistic cost-estimating regime and a far better management team in place to anticipate the likely challenges we will face.

We remain committed to our F/A-22 buy-to-budget strategy, and will maximize the number of aircraft we procure within the pre-established budget caps. This serves as an insurance policy for the taxpayer and an incentive for the Air Force and our industry suppliers to get it done right. With your support, we will continue to deliver the only operational system we will field this decade that puts iron on the enemy.

And if I may add, Mr. Chairman, we are dedicated to bringing the system on line because it will alter how we fight. If we can't, John Jumper and I will be the first to recommend to Secretary Rumsfeld that this program be terminated. We ask you to give us a chance to deliver the system, a system about which you would

be very proud, a system that will parallel the C-17, a program that almost died, almost died, and almost died, and is now being the absolute workhorse of this battle.

More cuts and restrictions at this juncture will only increase inefficiencies and costs. We need a blessed year or two of stability to be able to bring this home.

Mr. Chairman, we are also working with Secretary Rumsfeld and our colleagues to implement a range of sensible management practices that we believe will help minimize obstacles to a path of effective future administration of the Department. In particular, we are looking at measures to transform our personnel, acquisition, administrative and range management practices.

SUPPLEMENTAL APPROPRIATIONS

And yes, Mr. Chairman, we absolutely support your point on the supplemental. Sixty two point some billion dollars is something that we can't take out of hide, clearly. We see ourselves going broke sometime in the early summer. We believe that this is a reasonable estimate of what we need to go forward, and we certainly agree with you that having the supplemental dealt with by Easter would be a dramatic boon to our forces because we would be able to deal with the problem that we have been cash flowing expenditures because of the war, leaving us with a number of gaps, and adjusting those gaps with a supplemental would be a major issue.

We thank you for the investments you've made in our future, for the trust that you have placed in our concerted effort to provide America with aerospace dominance.

Mr. Chairman, if I may, it is my distinct pleasure to come to work every day and work with the finest colleague I have ever worked with, John Jumper. Thank you.

Senator STEVENS. General Jumper.

General JUMPER. Thank you, Mr. Chairman, Senator Inouye, it is a pleasure to be before this distinguished committee again this year and to be able to talk about our great United States Air Force. And your airmen, Mr. Chairman, are proud to stand beside the soldiers, sailors and marines engaged in the conflict that commands all of our attention today.

Let me add also what a pleasure it is for our United States Air Force to have this veteran sailor who sits beside me here today, a graduate of the United States Navy after 23 years and a commander of a ship, it's a pleasure to have someone who brings command responsibility and the understanding of command and warfare to our United States Air Force. He has graduated from an ancient mariner to an elder airman, and he has made that transition very well, sir, and I am very proud to serve with him.

MISSION CAPABLE RATES

Sir, I would say in the present operations, we are seeing mission-capable rates on our platforms over there between 80 and 90 percent. This has been enabled by the attention this committee has paid over the last few years to get the parts and the assets to the people out there who fix these airplanes.

The secondary effect is the effect it has on retention and recruiting. When you get the part to the airman on the flight line to fix the airplane, you have just given that airman our vote that we care about what he does, and that translates directly into retention rates and we are enjoying some of the highest retention rates in the Air Force that we've seen for a very long time for our experienced airmen. So, I thank you for all the attention over the years you have paid to that and as the Secretary pointed out, the C-17 example, we have seen that great program mature into an aircraft that we just could not do without in this current conflict.

We have also seen support from this committee on a new series of weapons like the Joint Direct Attack Munitions (JDAM), and I'm happy to report that having found the Global Positioning System (GPS) jammers in and around Baghdad, we were able to take those jammers out with GPS-aided bombs, the JDAM, the very bomb the jammer was designed to defeat, because it was such a great weapon.

OPERATION NOBLE EAGLE

As the Secretary pointed out, we don't do this alone. In Operation Noble Eagle, over 80 percent of the effort that goes in to patrolling the skies over America is done by our National Guard and Reserve. Although today we have the 388th Fighter Wing from Hill Air Force Base flying Combat Air Patrols (CAPs) as we speak over Washington D.C., over 80 percent of those on a day-to-day basis are performed by the Guard and Reserve, and most of those over the United States today are in fact done by the Guard and Reserve.

KC-135

As my boss pointed out, we're also dealing with the effects of an aging force and all you have to do is go out to Tinker Air Force Base and see the corrosion that is eating away at our KC-135 fleet to be convinced that you cannot fly airplanes forever. And we will continue to try to do our best to replace the worst of those airplanes as soon as we can.

F/A-22

I would also add, sir, to my boss's description of the F/A-22, in addition to the data he has provided, we also have talked to the pilots on a day-to-day basis, and the pilots who are out flying the airplane come back with stories of the most magnificent increase in combat capability that they have imagined. The airplane is performing superbly all of the things that we need the most, the super cruise, the stealth qualities, and as the boss pointed out, we still have to work on the software integration problem, but we have devoted our full attention to this, the Secretary and I, and we see a way through this. And again, I add my plea for program stability as we go into the future.

There are many other things that are transformational that are ongoing with regard to space and other weapons developments that we're excited about, but the thing that we're most excited about is our people. And you all get to travel around, you get to see our peo-

ple in action out there on the flight lines and in operation, and I think we can all be very proud of the young Americans we're putting out there.

LACKLAND AIR FORCE BASE

One of the things I like to do is go to Lackland Air Force Base on Fridays. Every Friday we bring in a thousand new airmen into our Air Force, and they parade by and it's a wonderful ceremony. But a fun thing to do is to go sit in a dark corner somewhere and watch the youngsters get back with their parents after their parents haven't seen them for several weeks. And if you look hard enough, after every ceremony, you will see some young airman standing in front of his or her mother or father saying yes, mom, it is me, because the parents don't even recognize the kid they dropped off just a few short weeks ago. And the dad's standing back saying this ain't my kid, this kid is standing up straight, saying ma'am and sir, but it is.

SOUTHWEST ASIA

And you go out there and you see them in action. I was recently at a base in Southwest Asia and I was approached by a young captain combat engineer with his chief master sergeant, who came up and saluted, and said, sir, I'm building this runway. And he's over there building a runway, not a minor project by any standard. And he says, sir, I started this runway a while ago, they're trying to send me home in a couple of weeks because I'm due to rotate. I'm here to tell you, the chief and I are here to tell you that we're not leaving until this runway is done, this is my runway. And that's the way they feel and operate, and we see it out there all the time. It is something for us all to be proud of.

I love to talk to World War II veterans, you all know this, but some of them don't know that this generation when properly motivated are every bit as dedicated and patriotic as any generation that ever served, and I'm proud to be a part of that.

AIR FORCE ACADEMY

Finally, Mr. Chairman, let me just make one note about the United States (U.S.) Air Force Academy. The Secretary and I have devoted personal attention—you notice that there have been no spokesmen on this issue. This is an issue we're taking on personally. Your constituents out there who come to you and ask for nominations to the United States Air Force Academy need to know that it's a safe place to go, that it's a place where we devote our full energy to developing officers of high character and high moral standards.

PREPARED STATEMENT

We will implement a set of corrections at the Air Force Academy that will return us to those high standards, and again, the Secretary and I will personally oversee their implementation and returning the United States Air Force Academy to the superb institution that it really is.

Thank you, Mr. Chairman, I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF JAMES G. ROCHE AND GENERAL JOHN P. JUMPER

Mr. Chairman and members of the committee, the Air Force has an unlimited horizon for air and space capabilities. Our Service was borne of innovation, and we remain focused on identifying and developing the concepts of operations, advanced technologies, and integrated operations required to provide the joint force with unprecedented capabilities and to remain the world's dominant air and space force.

The Wright brothers' historic flight in 1903 ushered in the dawn of a dramatic era of scientific, cultural, and technological advances. As the Air Force celebrates this centennial of powered flight, we do so with the recognition that, despite the daunting challenges of a more dynamic security environment, the next hundred years will witness equally fantastic achievements. The 2003 Air Force Posture Statement reflects this optimism. In this report, we relate some of our accomplishments of 2002 as well as our vision of an innovative and adaptive force capable of guaranteeing American air and space dominance for the decades to come. Our successes are America's successes; they are the direct result of the selfless and unconditional service by men and women of the Total Air Force and their families.

During the past year, and in the midst of combat and a variety of contingency operations, we evaluated, implemented, and validated a host of technological advances, organizational changes, and concepts of operations. These enabled us to deliver desired effects faster and with greater precision than at any time in the history of warfare. Such adaptation is characteristic of our Service, as airmen continually strive to push innovation ever forward en route to unprecedented air and space capabilities for combatant commanders, the joint force, and our Nation. In the year ahead, we will move our expeditionary Air Force closer to realizing the transformational imperatives of this new era, machine-to-machine digital integration of manned, unmanned and space assets, and joint command and control. Our concepts of operations leverage this integration, and expand our asymmetric advantages in air and space—advantages that are fundamental to defending America's interests, assuring our allies and coalition partners, and winning the Nation's wars.

We recognize the responsibility for America's security is not one we shoulder alone. We work tirelessly toward developing and training professional airmen, transitioning new technologies into warfighting, and integrating the capabilities of our sister services, other government agencies, and those of our friends abroad to act in the most efficient and effective manner across all operations—from humanitarian to combat missions. At the same time, we pay special attention to the consolidating aerospace industry, our acquisition processes, and our critical modernization challenges, to ensure we will be able to draw upon our core competencies for decades to come.

Blessed with full endorsement from the American people, the Congress, and the President, we will remain the world's dominant Air Force. We are honored to serve with America's airmen, and we sincerely appreciate the confidence in our commitment and capability to provide our great nation with superiority in air and space.

INTRODUCTION

As America approaches the 100th anniversary of powered flight, the Air Force realizes that the nation is only in the adolescence of air and space capabilities. Yet we envision a future that will manifest dramatic advances in propulsion, operational employment, weapons systems, information technology, education, and training for our air and space forces. It is a future of unprecedented, seamless integration of air and space capabilities with joint command and control at the operational level of war, and machine-to-machine integration at the tactical level. We are pursuing these changes—some elementary, others revolutionary—which will dramatically escalate the capabilities available to the joint forces of the United States, perpetuate American air and space dominance, and redefine the nature of warfare.

If there was any ambiguity about the nature of the security environment in this new century, the attacks of September 11, 2001 crystallized the setting. Just as the turmoil of the previous decade eluded prediction, the dynamic setting of the decades ahead poses even greater predictive challenges as centers of power and sources of conflict migrate from traditional origins. No longer will it suffice to prepare for real and perceived threats from nation-states. Instead, America must apply the sum of our operational experiences and experimentation to develop dynamic, flexible, and adaptable forces, capable of dissuading, deterring, and defeating a much wider range of potential adversaries, while still assuring our friends and allies.

This fluid setting underscores the need for doctrinal agility, and expeditious and responsive acquisition, planning, and execution across the spectrum of capabilities

in support of homeland security—from the most difficult anti-access scenario to humanitarian relief. As new generations of technology proliferate among potential adversaries, we also are reminded of the need to keep pushing technology forward. In less than one hundred years, we elevated from a Kitty Hawk biplane flying 100 feet on a 12-second flight, to a host of sophisticated, stealthy aerial vehicles capable of reaching any place in the world, and an array of satellites that circle the globe continuously. We do not rest on these achievements, but instead engage a new generation of innovation. Therefore, our mission is to make calculated research, development, and procurement decisions with the resolve to integrate all of our combat, information, and support systems into an enterprise architecture that contributes joint air and space capabilities to help win the Nation's wars.

Meeting these requirements also warrants our continued transformation into an expeditionary force with the culture, composition, and capabilities to fulfill our evolving operational tasks. As the scope of global contingencies requiring American involvement has multiplied, we have witnessed the substantial value of agility, rapid response, and integration. Thus, we are becoming ever more responsive in time, technology, and training, and in the process, we are elevating Air Force contributions to joint capabilities, while developing our airmen as joint warfighters.

A year ago, Secretary Rumsfeld laid out a number of key priorities for the Department of Defense (DOD). All of these—from pursuing the global war on terrorism and strengthening joint warfighting capabilities, to streamlining the DOD processes and improving interagency integration—demand across-the-board changes in the way the Defense Department operates. The Air Force has taken advantage of this opportunity to evaluate and strengthen our capabilities, and to fundamentally drive our investment strategy.

As we contemplate more than a decade of unprecedented success using air and space power, we recognize that we never fight alone. The emerging interdependence of joint, coalition, and alliance partnerships throughout a decade of contingency warfare has been a profound lesson learned. Through cooperative planning, we will realize the full potential of our Service—bringing to bear fully integrated air and space capabilities.

It is our imperative to approach this planning and integration with innovation and vision, fundamentally focused on capabilities. All of the armed forces are focusing on meeting the Quadrennial Defense Review's "1-4-2-1" force-shaping construct, by defining the fundamental capabilities required to meet the challenges of a changing world. These are: to defend the United States through Homeland Security; to deter aggression and coercion in the four critical regions of Europe, Northeast Asia, Southwest Asia and the Asian littorals; to swiftly defeat aggression in overlapping major conflicts while being capable of decisive victory in one of those conflicts; and to conduct a number of smaller scale contingencies. A revitalized, capabilities-focused approach to operational military requirements will allow us to meet these missions.

Our focus on capabilities for an uncertain future has inspired us to adapt a new the way we organize, train, and equip our forces. We have begun by developing Task Force Concepts of Operations (TF CONOPS), which will define how we will fight and integrate our air and space capabilities with joint, coalition, and alliance forces. The requirements that emerge from these operational concepts will guide a reformed acquisition process that will include more active, continuous partnerships among requirement, development, operational, test, and industry communities working side-by-side at the program level.

This process can only be successful with the help of a vibrant defense industry. Yet today the aerospace industry is consolidating to a point that threatens to diminish the advantages of competition. This, in turn, can lead to loss of innovation, diminished technical skill base, lower cost efficiencies, and other challenges. We must foster increased competition to ensure the long-term health of an industrial sector critical to our national security. While the Air Force will continue to advance the vision and associated capabilities for air and space, we also must challenge industry in order for it to stay on the cutting edge of technology and efficient management practices.

Finally, transforming our force will not be possible without a process to educate, train, and offer experience to the right mix of Active Duty, Air National Guard, Air Force Reserve, and civilian airmen who understand the nature of our changing security environment. To achieve this, we will evolve what we have traditionally called the "personnel" function in new ways so as to blend Professional Military Education, advanced academic degrees, and assignment policies under the auspices of "Force Development."

This is the United States Air Force in 2003—inherently innovative, tirelessly dedicated, and comprised of the very best airmen and capabilities in the world to

ensure American security and defend her interests. This is what our nation expects, and we will continually meet that expectation.

WHAT WE DO

The United States armed forces exist to fight and win our Nation's wars, which no service can accomplish alone. The Air Force's pivotal role is to deliver fully capable and integrated air and space power to the Joint Force Commander (JFC). By dominating the media of elevation, the Air Force offers unique warfighting capabilities that leverage the strengths of surface forces and expand the range of potential effects.

Air and space are realms with unlimited horizons for discovery and development. While the Air Force has made tremendous strides in realizing the visions of early airmen and exploiting the operational potential in each medium, we know there is an array of capabilities as yet undiscovered. As the Air Force strives to realize these possibilities, we deliver a multitude of air and space achievements for joint warfighting.

Although relatively short, Air Force history reveals fundamental competencies that are core to developing and delivering air and space power—those unique institutional qualities that set the Air Force apart from the other services and any other military force in the world. By identifying and keeping these competencies foremost in our vision, we are able to more effectively advance the unique capabilities, as well as the ultimate effects, the Air Force provides to the joint force and the Nation.

The Air Force continually develops areas of expertise that make us the pre-eminent air and space force in the world. Previously, we distilled these into six distinctive capabilities which we referred to as our "core competencies"—Air and Space Superiority, Global Attack, Rapid Global Mobility, Precision Engagement, Information Superiority, and Agile Combat Support. However, just as our concepts of operations and capabilities continuously evolve, so also does the way in which we articulate Air Force competencies. With deeper refinement, we learned there are more fundamental elements to what we are as an Air Force and how we develop our capabilities for joint warfighting. These are our underlying institutional air and space core competencies—those that, in fact, make the six distinctive capabilities possible: Developing Airmen, Technology-to-Warfighting, and Integrating Operations. These three air and space core competencies form the basis through which we organize, train, and equip and from which we derive our strengths as a service.

(1) Developing Airmen—The heart of combat capability

The ultimate source of air and space combat capability resides in the men and women of the Air Force. The potential of technology, organization, and strategy are diminished without professional airmen to leverage their value. Our Total Force of Active Duty, Guard, Reserve, and civilian personnel are our largest investment and most critical asset. They are airmen, steeped in our expeditionary Service ethos. Therefore, from the moment they step into the Air Force through their last day of service, we are dedicated to ensuring they receive the precise education, training, and professional development necessary to provide a quality edge second to none. The full spectrum capabilities of our Air Force stem from the collective abilities of our personnel; and the abilities of our people stem from career-long development of professional airmen.

(2) Technology-to-Warfighting—The tools of combat capability

The vision of airmen in employing air and space power fundamentally altered how we address conflict. As the leader in military application of air and space technology, the Air Force is committed to innovation and possesses a vision to guide research, development, and fielding of unsurpassed capabilities. Just as the advent of aircraft revolutionized joint warfighting, recent advances in low observable technologies, space-based systems, manipulation of information, precision, and small, smart weapons offer no less dramatic advantages for combatant commanders. The Air Force nurtures and promotes its ability to translate vision into operational capability in order to produce desired effects. Our innovative operational concepts illuminate the capabilities we need, allowing us to develop unsurpassed capabilities to prevail in conflict and avert technological surprise.

The F/A-22 is demonstrative of this ability to adapt technology to warfighting capabilities. Originally envisioned as an air superiority fighter, it has been transformed into a multi-role system. The F/A-22 not only brings to bear warfighting capabilities without equal for decades to come, but also includes those we did not foresee at its inception. Collectively, the platform's supercruise, stealth, maneuverability, and novel avionics will deliver the ability to create crucial battlefield effects

to the hands of the warfighter, and allow access to revolutionary concepts of operations.

(3) Integrating Operations—Maximizing combat capabilities

Effectively integrating the diverse capabilities found in all four services remains pivotal to successful joint warfighting. The Air Force contributes to this enduring objective as each element of air and space power brings unique and essential capabilities to the joint force. Our inherent ability to envision, experiment, and ultimately execute the union of a myriad of platforms and people into a greater, synergistic whole is the key to maximizing these capabilities. In so doing, we are able to focus acquisition and force planning on systems that enable specific, effects-based capabilities, rather than on individual platforms.

Embedded in our exploration of innovative operational concepts is the efficient integration of all military systems—air, land, maritime, space, and information—to ensure maximum flexibility in the joint delivery of desired effects across the spectrum of conflict, from war to operations short of war. However, effective integration involves more than smart technology investment—it also requires investigation of efficient joint and service organization and innovative operational thinking. Thus, investments in our people to foster intellectual flexibility and critical analysis are equally as important as our technology investments.

Collectively, our air and space core competencies reflect the visions of the earliest airmen and serve to realize the potential of air and space forces. We foster ingenuity and adventure in the development of the world's most professional airmen. We seek to translate new technologies into practical systems while we encourage intellectual innovation at every level of war. And, we drive relentlessly toward integration in order to realize the potential and maturation of air and space capabilities.

Our proficiency in the three institutional air and space core competencies underpins our ability to deliver the Air Force's six distinctive capabilities in joint warfighting. In turn, our capabilities enable desired effects across the spectrum of joint operations through our task forces drawn from our air and space expeditionary forces. The results of this relationship between core competencies, distinctive capabilities, and operational effects are manifest in the array of successful missions the Air Force accomplished in the past year and those we continue to execute.

Expeditionary Construct

Our core competencies reflect a legacy of innovation and adaptation to accomplish our mission. This point is underscored by the fact that, in spite of over a 30 percent reduction in manpower in the past twelve years, we have faced an exponential increase in worldwide taskings. Intensifying operations tempo (OPSTEMPO) requires significant changes in the way our force trains, organizes, and deploys to support JFC requirements. We are a truly expeditionary force—the nature of our “business” is deployed operations.

The Air Force meets JFC requirements by presenting forces and capabilities through our Air and Space Expeditionary Force (AEF) construct. This divides our combat forces into ten equivalent AEFs, each possessing air and space warfighting and associated mobility and support capabilities. A key element of our ability to deliver these tailored and ready expeditionary forces is our development of Task Force Concepts of Operations. Our TF CONOPS describe how we fight and how we integrate with our sister services and outside agencies. They are the fundamental blueprints for how we go to war. Combined with our AEF construct—the principal tool we use to present expeditionary wings, groups, and squadrons—TF CONOPS will guide our decisions in operational planning, enable us to provide scalable, quick-reacting, tasked-organized units from the ten standing AEFs; and sustain our ability to ensure trained and ready forces are available to satisfy operational plans and contingency requirements.

The AEF construct incorporates a 15-month cycle during which two AEFs are designated as lead for a 90-day “eligibility” period. During this period, the two are either deployed or on alert for daily, worldwide expeditionary taskings, for which they are tailored and presented to the JFC as expeditionary squadrons, groups, and wings (depending on the specific requirement.) Meanwhile, the remaining eight AEFs are in various stages of reconstituting, training, or preparatory spin-up. It is during this preparatory time (approximately two months) that we integrate the training-to-task of AEF squadrons immediately prior to their on-call window.

Yet, it is important to note that while our combat forces cycle through deployment vulnerability periods, they sustain wartime readiness throughout the 15-month training and preparation cycle—a critical driver of our 90-day eligibility window. Our AEF cycle thus precludes the need for “tiered” readiness by allowing our combat forces to remain current and capable for any contingency or operational plan.

While ensuring necessary capabilities for the JFC, AEF cycles allow us to provide our airmen with a more stable and predictable environment in which to train, re-fit, and equip. In addition, AEF scheduling makes it easier and more practicable for the Air Reserve Component (ARC) forces—Air Force Reserve Command (AFRC) and Air National Guard (ANG)—to bring their essential contributions to bear by allowing them to plan definitive absences from their civilian employment. This is a critical advantage of the AEF construct, as ARC forces comprise nearly half of the forces assigned to AEFs and contribute the majority of forces for some mission areas.

Operations in 2002

Confident in our air and space capabilities, and committed to meeting any mission tasked, the Air Force completed an unprecedented array of operations and exercises in 2002. From the mountain ranges in Afghanistan and the jungles of the Philippines to the deserts of the Middle East, and across every continent and body of water, the Air Force joined with land and naval forces to secure America's national objectives. With each mission, the joint force grows more capable as it applies vision, experimentation, and integration to every undertaking. We do not act as individual services, but in concert as joint warfighters, as we prevail in the war on terrorism and in all undertakings.

Assuring our Nation's citizens, the Air Force conducts a range of alert postures involving more than 200 military aircraft at over 20 airbases for Operation NOBLE EAGLE (ONE). In conjunction with unprecedented NATO airborne warning support and other U.S. assets, we have provided continuous combat air patrols over sensitive/high risk areas, and random patrols over other metropolitan areas and key infrastructure. Last year, we flew over 25,000 ONE fighter, tanker, airlift, and airborne warning sorties, made possible only through the mobilization of over 30,000 reserve component airmen. In fact, the ANG and AFRC have effected over 75 percent of the total ONE missions. We will continue this critical mission, as we execute our most fundamental responsibility—homeland defense.

Throughout Operation ENDURING FREEDOM (OEF), the USAF has maintained a continuous, steady-force presence in Afghanistan and the rest of the area of responsibility with more than 14,000 airmen. Air Force assets provide crucial intelligence and situation awareness, combat power, and support capabilities for the combatant commander. A key reason for American military success in the region is the performance of Air Force special operations airmen. Working in teams with other special forces, ground units, and coalition elements, airmen special operators heroically bring to bear the full weight of air and space capabilities—from the ground. They introduce our adversaries to the full lethality of our airmen, fully integrated on the ground, in the air, and from space.

Fully engaged in all aspects of the war on terrorism, from mobility to close air support, our aircraft and crews flew more than 40,000 OEF sorties in 2002—over 70 percent of all coalition sorties. Over 8,000 refueling missions marked the linchpin capability for the joint fight—the tanker force—while the magnificent achievements of airlift assets rounded out overwhelming mobility efforts. Simply put, Air Force mobility forces made operations in a distant, land-locked nation possible.

Beyond air operations, we operated and maintained several constellations of earth-orbiting satellites, and in 2002 we launched 18 missions with a 100 percent success rate—including the first space launches using Evolved Expendable Launch Vehicles. These activities bolstered America's assured access to space and ensured vigorous, global intelligence, surveillance and reconnaissance (ISR), missile warning, precision navigation and timing, communications, and weather systems. In addition, manned, unmanned, and space ISR assets not only delivered unprecedented battlefield awareness, but with the Predator unmanned aerial vehicle (UAV), also introduced transformational combat capabilities.

ONE and OEF levied particularly heavy demands on our security forces. In CONUS and forward locations, increased alert postures warranted significant increases in security personnel who constitute a critical element of our force protection capabilities. These demands have raised our force protection posture worldwide and have forced us to adjust to a new "steady state" condition. Security forces bear the brunt of the adjustment effort despite a resultant baseline shortfall of approximately 8,000 personnel to meet the alert postures. In the near term, we involuntarily extended for a second year nearly 9,500 ARC security forces. However, in order to relieve these ARC forces, we concluded a two-year agreement with the Army for short-term support, and initiated several ongoing efforts to combine technology, new processes, and some manpower shifts to achieve a long-term adjustment to this new era.

As we adjust, we continue to deliver force protection through the integrated application of counter and antiterrorism operations, and preparedness for chemical, biological, radiological, nuclear, and explosive (CBRNE) incidents. We employ a tailored selection and application of multi-layered active and passive, offensive and defensive measures. Intelligence and counterintelligence programs support this integrated effort and remain critical to our success. In this regard, we continued to develop and employ all-source intelligence systems; cross-functional intelligence analysis procedures; and an operational planning process to implement Force Protection operations that deter, detect, deny, and destroy threats. Our goal is to see first, understand first, and act first.

Though engaged in these security enhancements and the global war on terrorism, our combat operations were not limited to OEF in 2002. Iraqi forces fired on coalition aircraft over 400 times during 14,000 sorties supporting Operations NORTH-ERN WATCH (ONW) and SOUTHERN WATCH (OSW). The Air Force maintained a continuous, regional presence of more than 9,000 airmen, while air and space assets provided vital intelligence, situation awareness, and indications and warning to monitor Iraq's compliance with United Nations' directives.

Whether on the ground or in the skies, our airmen also conducted a host of other missions above-and-beyond standing security requirements around the globe. Even though the war on terrorism is our national military focus, airmen joined soldiers, sailors, and marines in the Balkans, South America, Europe, Asia, and around the world to assure our friends and allies, while deterring and dissuading our adversaries.

Worldwide humanitarian and non-combat evacuation operations missions remain other key tasks for Air Force personnel. In 2002, for example, airlift crews exceeded 2.4 million airdropped daily ration deliveries in Afghanistan, evacuated allied personnel at threatened locations around the world, and flew typhoon relief missions to Guam, while our explosive ordnance specialists removed unexploded munitions in Africa. Yet, while conducting unprecedented food, medical, civil engineering, and evacuation relief efforts in warring regions, we were also on call to perform critical, quick-response missions during natural or man-made crises at home. Through explosive ordnance disposal, firefighting, law enforcement support, and rapid medical response expertise, we conducted daily operations in support of local, state, and federal agencies. During the wildfire season, ANG and AFRC C-130s equipped with modular airborne fire fighting systems flew nearly 200 sorties while assisting U.S. Forest Service firefighting efforts in numerous states. In addition, when Hurricane Lili endangered Louisiana, Air Force aeromedical and critical care forces rolled in with C-9 aircraft to transport and safeguard 40 patients from threatened hospitals.

Training Transformation

Training is a unique American military strength. As potential adversaries work to overcome our technological superiority, it is imperative we enhance this strength through improved proficiency at the tactical level and integration at the joint level. Training is integral to our core competencies and the critical enabler for military capabilities, so we are engaged with the other services, unified commands, and the Office of the Secretary of Defense (OSD) in developing and implementing a training transformation plan. Our objective is to train as we will fight, and increase the joint context of our exercises through live, virtual, distributed, and constructive environments. It is the realism of this training that gives us the edge in combat. This involves not only modernizing the integration of space and information operations on our ranges, but also planning for their sustainment to meet future test and training missions while implementing environmentally sound use and management to ensure long term availability. Additionally, to expand range support for current and emerging missions, we are embarking on a new effort to identify and procure environmental, airspace, and spectrum resources at home and abroad. Balancing competing economic and environmental needs for these resources is a growing challenge we face with our regulatory and community partners. To support this effort, DOD developed the Range and Readiness Preservation Initiative. This legislation recommends clarification to environmental laws that, as currently written and interpreted, can adversely affect resources available to support training activities at ranges.

Joint Chiefs of Staff (JCS) Exercises, Interoperability Training, and Experimentation

We advanced joint and combined interoperability skills with our sister services and those of 104 nations throughout 111 JCS exercises and Joint Task Force (JTF) experimentation, conducted in 40 foreign countries. Exercises ranged from large field training such as BRIGHT STAR, to command post exercises like POSITIVE RESPONSE, to smaller, but equally valuable, humanitarian exercises, as in the

school construction, well drilling, and medical clinic visits of NEW HORIZONS—JAMAICA. These activities provided realistic training and enhanced the effectiveness of all participating nations' forces.

Task Force Enduring Look

Success in future operations hinges upon our ability to learn from previous operations and exercises. To ensure we learn from ongoing operations and adapt accordingly, we established Task Force Enduring Look (TFEL). TFEL is responsible for Air Force-wide data collection, exploitation, documentation, and reporting for our efforts in ONE/OEF. The objective for TFEL is clear—provide superior support to the warfighter, and properly recognize and apply lessons learned during rather than only at the conclusion of these operations.

Through extensive investigation and analysis, TFEL examines joint warfighting effectiveness, determines implications, and shapes future Air Force transformation of expeditionary air and space power. The task force documents lessons learned in a variety of products that cover every conceivable subject matter. As derivative campaigns unfold, TFEL will broaden its assessments in follow-on reports. Applying the lessons in these reports and adapting from our past experiences will help ensure we prevail in future operations.

We are able to accomplish the full spectrum of air and space missions and improve our capabilities through lessons learned, by focusing on the best way to organize, train, and equip. Creativity, ingenuity, and innovation are the hallmarks of all that we do, all of which begins with our people.

WHO WE ARE

"No arsenal and no weapon in the arsenals of the world is so formidable as the will and moral courage of free men and women. It is a weapon our adversaries in today's world do not have. It is a weapon that we as Americans do have." President Ronald Reagan, 20 January 1981

America is blessed with vast resources, and chief among these is her people. In the same way, the Air Force relies on the officers, enlisted, civilians, and contractors that comprise our Total Force—Active Duty, Guard and Reserve—for cultural strength and unbridled skill. Air Force strength will never reside in systems alone, but in the airmen operating them. Nor will our capabilities improve solely through technology, but instead through the adaptive insight of our creative and selfless professionals.

Therefore, we recruit and retain a remarkably diverse group to ensure we reach the fullest potential of air and space forces. Their backgrounds reflect the cross-section of American culture—all races, religions, economic and educational backgrounds, skill and management levels, men and women—and make this Air Force the tremendous organization it is today. Just as diverse individual citizens find unity in the term American, our personnel embrace an identity and fundamental perspective as Airmen.

The underlying qualities found in all airmen emanate from our core values—integrity first, service before self, and excellence in all that we do. Embedded in these core values are the inherent characteristics of our confident, capable airmen—courage, tenacity, professionalism, vision, pride, and, when faced with seemingly insurmountable obstacles, heroism. Indeed, today's airmen carry on the traditions and visions of the earliest generation of airmen while preparing for the challenges of the future.

The diversity of our airmen energizes the advancement of America's air and space power. Airmen embrace transformational ideas and seek to apply them to every aspect of the Air Force, from organizational constructs to concepts of operations and employment. They are able stewards of the nation's space programs, advancing ideas and technologies for national security, as well as for the environmental and economic benefit of our Nation and the world. And yet, ultimately our standout advantage is our warrior airmen themselves, who demonstrate skills and dedication in combat unsurpassed by any in history. Whether maintaining safe skies across the United Nations' sanctioned no-fly zone in Iraq, hunting down terrorists in the jungles of the Philippines, or paying the ultimate price while rescuing fellow Americans in a battle on an Afghan ridge, our airmen are proven combat veterans. Their selflessness resonates the very best of our Service.

Airmen are expeditionary—our natural state of operations is not "home station," but rather, deployed. After two successful cycles, our AEF construct has been validated as an effective means of meeting our Nation's expeditionary requirements. Yet we continue to enhance the construct, by initiating significant organizational change to ensure nearly every airman belongs to one of the ten AEFs. The effect has been a change to our airmen's mindset and culture, where an individual's AEF associa-

tion cultivates an expeditionary perspective and a clearer appreciation for joint warfighting requirements and capabilities.

Force Development—A New Leadership Development Paradigm

In the past, we addressed aspects of career development, education, and assignments individually, but not necessarily in a coordinated, connected approach. Recognizing this, and to prepare for the future more ably, we introduced a systemic, deliberate force development construct that evolves professional airmen into joint force warriors. This construct coordinates doctrine and policies, concentrated to provide the right level, timing, and focus of education, training, and experience for all airmen, while encompassing personal, team, and institutional leadership skills across tactical, operational, and strategic levels.

In the 21st Century, we need air and space warriors with mastery of their primary skills and others who possess competency beyond their own specialty. However, this diversity must be deliberate to ensure the correct skills are paired according to institutional requirements. Force development encourages many to obtain a deep perspective in their functional area, but at the same time offers the broader perspective we need to complement our leadership team. We begin this transformation with the Active Duty officer corps and will eventually encompass the civilian, enlisted, and Reserve component to better meet the expanding challenges of tomorrow.

Education and Technical Training—Emphasis on Joint Leadership/Warfare

As opportunities resident in advancing technologies unfold, it is imperative that the Air Force be able to draw upon a vibrant collection of educated, technically skilled, and technologically savvy airmen—both uniformed and civilian alike. We are answering this fundamental need in fiscal year 2003 with aggressive and innovative initiatives to enhance the abilities and breadth of our force. Agile, flexible training is an essential investment in human capital, and our initiatives will ensure our investment delivers the right training to the right people at the right time.

In August 2002, we began our groundbreaking Enlisted-to-Air Force Institute of Technology (AFIT) Program. An initial cadre of senior NCOs began receiving world-class, graduate education to optimize them for greater responsibilities and challenging follow-on assignments. We will also provide a major influx of officers into AFIT, Naval Postgraduate School (NPS), and civilian institutions. In addition, because more than 42 percent of our civilian force will be eligible for retirement in the next five years, we are committing significant resources to pay for advanced education as well as cross-functional career broadening.

Future military missions and contingencies will require greater sophistication and understanding of the security environment, and our expeditionary force requires airmen with international insight, foreign language proficiency, and cultural understanding. We are working diligently to expand the cadre of professionals with such skill sets and experiences. Our education initiatives will contribute to a major corporate culture shift that fosters appropriate development throughout our airmen's careers to meet evolving force requirements.

Diversity

Foremost among our efforts to enhance the capabilities of our airmen is a passionate drive for diversity. Diversity is a warfighting issue; it is a readiness issue. We must attract people from all segments of American society and tap into the limitless talents and advantages resident in our diverse population if we hope to reach our fullest potential as a fighting force. Nurturing rich representation from all demographics opens the door to creativity and ingenuity, offering an unparalleled competitive edge for air and space development. Today's multi-threat world also mandates that we invigorate in our airmen the ability to effectively think across cultural boundaries and functional paradigms (or stovepipes). We will thus recruit, train, and retain airmen without intellectual boundaries, uniquely capable of integrating people, weapons, ideas, and systems to achieve air and space dominance.

Recruiting

It takes tremendous effort to identify and develop such airmen, yet the return for the nation is immeasurable. Increased advertising, an expanded recruiting force with broader access to secondary school students, and competitive compensation prepare us to meet recruiting goals. Despite the challenge of mustering such a diverse and skilled collection of Americans, we exceeded our fiscal year 2002 enlisted recruiting goals and expect to surpass fiscal year 2003 objectives. We will adapt our goals to meet new force objectives; however, the capacity limitations of Basic Military Training and Technical Training School quotas will continue to challenge Total Force recruiting efforts.

Officer recruitment presents similar challenges, yet we continue to attract America's best and brightest. However, we are particularly concerned with military and civilian scientists and engineers. We fell short of our accession goal for this group and have begun all-out recruitment and retention efforts for these critical specialties. For example, in fiscal year 2003 we plan to begin a college sponsorship program to attract scientists and engineers from universities lacking ROTC programs. In addition, we continue to find recruiting health care professionals especially difficult, so we are making adjustments to ensure improvement.

We will also closely monitor ARC recruitment. Historically, the ANG and AFRC access close to 25 percent of eligible, separating Active Duty Air Force members (i.e. no break in service.) Continued high OPSTEMPO may negatively impact our efforts in attracting Air National Guardsmen, as well as drawing separating Active Duty airmen to the Air Force Reserve. As a result, recruiting will have to "make up" a substantial portion of accessions from that market by developing alternatives.

Retention

The Air Force is a retention-based force. The critical skill sets we develop in our airmen are not easily replaced, so we expend every effort to retain our people—the impetus for our "re-recruiting" efforts. Overall retention plans include robust compensation packages that reward service, provide for a suitable standard of living, ensure a high quality of life, and retain the caliber of professionals we need to decisively win America's wars.

For fiscal year 2002, it was difficult to calculate accurate retention results due to Air Force implementation of Stop Loss. Nonetheless, we continue to reap the benefits of an aggressive retention program, aided by bonuses, targeted pay raises, and quality of life improvements. Introducing the Critical Skills Retention Bonus for select officer specialties reinforces our commitment to target specific skills suffering significant retention challenges. However, many airmen retained under Stop Loss will separate throughout fiscal year 2003—a fact of particular concern for our rated force.

Bonuses and special pay programs continue to be effective tools in retaining our members. The ANG has placed particular emphasis on aircraft maintenance fields, security forces, and communication and intelligence specialists, among others, by offering enlistment and reenlistment bonuses, Student Loan Repayment Program, and the Montgomery GI Bill Kicker Program. Another example is the flexible Aviation Continuation Pay (ACP) program—an important part of our multi-faceted plan to retain pilots. In conjunction with our rated recall program, our fiscal year 2002 plan resulted in a substantial increase in committed personnel. We have a similarly designed ACP program in fiscal year 2003, and developed extensions to include navigators and air battle managers.

Summary

Regardless of AEF deployment or home station missions, our airmen accomplish their duties with firm commitment and resolute action. It's what we do. It's who we are: a practical, technically sound, ingenious force of uniformed and civilian airmen derived from this richly diverse nation to create the world's premier air and space power.

WHERE WE'RE GOING

The first hundred years of powered flight witnessed tremendous and enduring innovation. We commemorate this centennial during 2003 with the theme, *Born of Dreams, Inspired by Freedom*, which recognizes the remarkable accomplishments of generations of airmen. Today's airmen are equally impassioned to bring dreams to reality as we pursue our vision of tomorrow's Air Force, *Unlimited Horizon*. Through this vision, we build a bridge from today's existing capabilities to those required to win tomorrow's wars.

Ultimately our success will be measured by our ability to provide our forces with assured freedom to attack and freedom from attack. Achieving such victory in tomorrow's battlespace will demand our full integration with fellow services, allies, and coalition partners—an essential part of the expeditionary construct. Through our security cooperation efforts, we build these international defense relationships and allied capabilities to ensure we have the access, interoperability, and international support for our worldwide commitments. Toward this requirement, we are working with our sister services to develop truly joint concepts of operations that integrate the full spectrum of land, sea, air, space, and information warfighting capabilities. When America places its men and women in uniform into harm's way, we owe them preeminent resources, planning, and organization to achieve victory over any adversary.

Capabilities-Based CONOPS

While adapting to the new strategic environment, our principal focus has been transitioning from a platform-based garrison force to a capabilities-based expeditionary force. No longer platform-centric, we are committed to making warfighting effects, and the capabilities we need to achieve them, the driving force behind our ongoing transformation. From this point forward, all of our operational, programing, and budget decisions will be supported by a predefined capability.

Our emerging TF CONOPS will help make this essential shift by providing solutions to a variety of problems warfighters can expect to encounter in the future. Whether detailing our plans for operating in an anti-access environment or identifying how to deliver humanitarian rations to refugees, TF CONOPS lend focus on the essential elements required to accomplish the mission. They cover the complete spectrum of warfighting capabilities (deep strike, information, urban, psychological operations, etc.) and enable us to tailor forces (expeditionary wings, groups, or squadrons) from existing AEFs to meet JFC's requirements. Responsibility for CONOPS development falls to the Major Commands, with a senior officer on the HQ USAF Air Staff assigned to each CONOPS to serve as their "Champion," facilitating the process.

TF CONOPS directly support Secretary Rumsfeld's efforts to free scarce resources trapped in bureaucracy and push them to the warfighter. They will also be the focal point for a capabilities-based Program Objective Memorandum (POM). In support of this effort, our Capabilities Review and Risk Assessment analyzes and assesses shortfalls, health, risks, and opportunities, while prioritizing required future capabilities. This helps CONOPS developers articulate any disconnects between required capabilities and developing programs, while providing senior Air Force leadership an operational, capabilities-based focus for acquisition program decision-making. TF CONOPS include:

- Global Strike Task Force (GSTF) employs joint power-projection capabilities to engage anti-access and high-value targets, gain access to denied battlespace, and maintain battlespace access for all required joint/coalition follow-on operations.
- Global Response Task Force (GRTF) combines intelligence and strike systems to attack fleeting or emergent, high-value, or high-risk targets by surgically applying air and space power in a narrow window of opportunity, anywhere on the globe, within hours.
- Homeland Security Task Force (HLSTF) leverages Air Force capabilities with joint and interagency efforts to prevent, protect, and respond to threats against our homeland—whether within or beyond U.S. territories.
- Space and Command, Control, Communications, Computers, Intelligence Surveillance, and Reconnaissance (Space & C⁴ISR) Task Force harnesses horizontal integration of manned, unmanned, and space systems to provide persistent situation awareness and executable decision-quality information to the JFC.
- Global Mobility Task Force (GMTF) provides regional combatant commanders with the planning, command and control (C²), and operations capabilities to enable rapid, timely, and effective projection, employment, and sustainment of U.S. power in support of U.S. global interests—precision delivery for operational effects.
- Nuclear Response Task Force (NRTF) provides the deterrent "umbrella" under which conventional forces operate, and, if deterrence fails, avails a rapid scalable response.
- Air and Space Expeditionary CONOPS is the overarching context, which identifies and sequences distinctive capabilities and broad-based functions that air and space power provide the JFC to generate desired effects for national military objectives.

The Air Force is transforming around these Task Force Concepts of Operations. In addition to serving as a roadmap for operators, the TF construct will form the basis for resource allocation, future system acquisitions, and POM submissions in order to find capabilities-based solutions to warfighter problems.

Science and Technology (S&T)—Wellspring of Air and Space Capabilities

Reaching these warfighter solutions rests in large measure with research and development. Through robust investment and deliberate focus in science and technology, the Air Force invigorates our core competency of technology-to-warfighting. Combined with innovative vision, S&T opens the direct route towards transforming air and space capabilities. Therefore we continue long-term, stable investment in S&T to ensure we realize future capabilities, as well as those that may immediately affect existing systems.

We are improving our S&T planning and collaboration with other services and agencies to ensure we: (1) encourage an operational pull that conveys to the S&T community a clear vision of the capabilities we need for the future; (2) address the full spectrum of future needs in a balanced and well-thought out manner; and (3) enhance our ability to demonstrate and integrate promising technologies. Some of these new technologies—UAV systems, laser-based communications, space-based radar, and others—show clear promise for near-term, joint warfighting applications. Others present opportunities we can only begin to imagine. We are exploring each of these technologies, and our investment will deliver the required capabilities of our CONOPS.

Executive Agent for Space

Embedded in all of our TF CONOPS, and indeed within most military operations, is an extensive reliance on systems resident in space. The Air Force proudly fulfills the role of Department of Defense Executive Agent for Space with confidence and enthusiasm. Our ability to execute this tremendous responsibility stems from a natural outflow of our core competencies and distinctive capabilities. Accordingly, and in conjunction with the other services and agencies, we are shaping a new and comprehensive approach to national security space management and organization.

Our capstone objective is to realize the enormous potential in the high ground of space, and to employ the full spectrum of space-based capabilities to enable joint warfighting and to protect our national security. The key to achieving this end is wholesale integration: through air, land, space, and sea; across legacy and future systems; among existing and evolving concepts of operations; and between organizations across all sectors of government. We will continue to deliver unity of vision, effort, and execution to fulfill our mission of delivering the most advanced space capabilities for America.

Drawing Effects from Space

Our horizon is truly unlimited, extending beyond the atmospheric environs of airpower to the reaches of outer space. Our proud Air Force tradition of airpower is joined by an equally proud and continually developing tradition of space power.

In the early days of the space age, only those at the strategic level received and exploited the benefits of space capabilities. The current state of affairs, however, is decidedly different. The former distinctions between classified and unclassified programs among military, civil, and commercial applications are growing increasingly blurred—in some cases, they are virtually seamless. In short, space capabilities now are woven deeply into the fabric of modern society, and they have altered forever the way we fight wars, defend our homeland, and live our lives.

It is in this context and this understanding of the widespread and increasing importance of space systems that we strive to meet present and future national security challenges by providing dominant space capabilities that will:

- Exploit Space for Joint Warfighting.*—Space capabilities are integral to modern warfighting forces, providing critical surveillance and reconnaissance information, especially over areas of high risk or denied access for airborne platforms. They provide weather and other earth-observation data, global communications, precision navigation and guidance to troops on the ground, ships at sea, aircraft in flight, and weapons en route to targets. All of these capabilities, and more, make possible the tremendous success our joint warfighters achieve during combat operations.

- We will enhance these existing capabilities and, where it makes sense, pursue new ones such as the Transformational Communications System (TCS), which will strive to dramatically increase bandwidth and access for warfighters; and Space Based Radar, which will complement the airborne Joint Surveillance Target and Attack Radar System (JSTARS) while migrating Ground Moving Target Indicators (GMTI) into space. We will also develop methods and technologies to enhance our nation's ability to conduct rapid and accurate global strike operations anywhere in pursuit of U.S. interests.

- Pursue Assured Access to Space.*—We cannot effectively exploit space for joint warfighting if we do not have responsive, reliable, and assured access to space. In August 2002, the new Evolved Expendable Launch Vehicle got off to a strong start with the successful launch of Lockheed Martin's Atlas V booster. Boeing's Delta IV program added to the Nation's quiver of modern launch vehicles with liftoff in November 2002. We will also pursue advanced and highly versatile reusable launchers and small expendables with extremely short response times to achieve long-term assured access, while taking the necessary steps to maintain and improve our space launch infrastructure.

—*Preserve our Freedom to Act in Space.*—We must be able to act freely in space, or risk losing those capabilities essential to joint warfighting. We initiated efforts to increase our space situation awareness, beginning with the new Space Situation Awareness Integration Office at Air Force Space Command, and a similar program at the Space and Missile Systems Center. Future efforts are planned to develop strategy, doctrine, and programs to improve the protection of our own space capabilities while denying the benefits of joint space capabilities to our adversaries.

As it is with all Air Force capabilities, the most important resource for national space capabilities is neither technological nor fiscal—it is human. Our Space Professional Strategy fulfills a Space Commission recommendation to develop space professionals and nurture a cadre to lead our national security space endeavors at all levels in the decades ahead. These space-expert airmen will be the core stewards of space operations, and shoulder the responsibility for aggressively advancing joint warfighting capabilities into the high ground frontier.

Horizontal Integration of Manned, Unmanned, and Space Assets

The essence of transformation is found in leveraging the nation's technological dominance to create maximum asymmetrical advantage. Airmen seek unrestricted boundaries when looking at war planning from a theater-wide perspective, or talking about national elements of power. Simply stated, it is in the way we think—we must take advantage of it.

Our foremost objective is to develop the capability to conduct rapid and precise operations to achieve desired effects and shape the battlespace for the joint force. This requires interfacing numerous DOD and national assets—the seamless, horizontal integration of manned, unmanned, and space-based systems. An essential element is designing systems that use digital-level, machine-to-machine conversations to expedite data flow and ensure the JFC receives timely, decision-quality information. Such integration will dramatically shorten the find, fix, track, target, engage, and assess (F²T²EA) cycle. In the end, we know that neither JFC's guiding operations, nor special operators putting iron on targets, care what source provides the target data. It is an effect they seek, and what we will provide.

Key to the warfighter's success is Predictive Battlespace Awareness (PBA). PBA requires in-depth study of an adversary well before hostilities begin. Ultimately we want to be able to anticipate his actions to the maximum extent possible. PBA-derived insights allow us to utilize critical ISR assets for confirmation rather than pure discovery once hostilities begin. We are then able to analyze information to assess current conditions, exploit emerging opportunities, anticipate future actions, and act with a degree of speed and certainty unmatched by our adversaries.

Along this path, we are transitioning from collecting data through a myriad of independent systems (Rivet Joint, AWACS, JSTARS, space-based assets, etc) to a Multi-sensor Command and Control Constellation (MC²C) capable of providing the JFC with real-time, enhanced battlespace awareness. Today, this transition is restricted by the necessity to rely on Low Density/High Demand (LD/HD) C⁴ISR assets. The limitation inherent in LD/HD platforms forces us to shift their exploitation capabilities between theaters to cover emerging global threats and events. This sub-optimizes overall battlespace awareness and limits our efforts at predictive analysis. In the interim, responsive space-based ISR assets will help mitigate our overstressed LD/HD systems. Yet ultimately, we need a synergistic combination of military and commercial assets, advanced data processing capabilities, and assured reachback to achieve true battlespace awareness.

In the future, a single wide-body platform employing tunable antennas and sensors—Multi-sensor Command and Control Aircraft (MC²A)—will replace many of the C⁴ISR functions of today's specialized, but independent assets. Air, ground, and space assets will comprise the MC²C, which will elevate Joint Forces Air Component Commanders' ability to command and control air assets. Additionally, every platform will be a sensor on the integrated network. Regardless of mission function (C², ISR, shooters, tankers, etc), any data collected by a sensor will be passed to all network recipients. This requires networking all air, space, ground, and sea-based ISR systems, command and control (C²) nodes, and strike platforms, to achieve shared battlespace awareness and a synergy to maximize our ability to achieve the JFC's desired effects.

Uniting joint and coalition information presents the most difficult challenge in providing one common operational picture for key decision makers. We are working closely with our sister services to eliminate the seams between existing systems and taking the necessary steps to ensure all future acquisitions are planned and funded to meet the interoperability requirements of future joint CONOPS.

A critical element of successful information merging is communications, as bandwidth is finite and requires careful management. Long-range or penetrating systems must communicate beyond the horizon despite adversaries' attempts to exploit or interrupt these links. To counter disruption, all systems must be reliable, secure, and bandwidth-efficient. The PBA construct facilitates this objective by eliminating constrictive, stove-piped communications systems while emphasizing networked operations.

We will realize the vision of horizontal integration in our TF CONOPS. GSTF, for example, will deliver the right-sized mix of assets with appropriate sensors capable of penetrating into enemy airspace. Such sensors may be low observable and/or expendable, mounted on either ISR platforms or imbedded into strike platforms. Sensors may consist of special operations forces, inserted before the commencement of hostilities, who communicate with attack platforms during combat via secure electronic writing tablets, annotating targets and threats on the imagery display with a stylus. As technology progresses, and where it makes sense, a significant portion of ISR functionality will likely migrate to space, affording 24/7 persistence and penetration. Likewise, advanced defensive counterspace capabilities will afford these systems protection from enemy actions.

Combining manned, unmanned, and space-based assets with dynamic C² and PBA transforms disparate collection and analysis activities into a coherent process, allowing the warfighter to make timely, confident, and capable combat decisions. This is what the Air Force brings to the joint fight. It is what air and space warriors are all about. We unlock the intellectual potential of airmen who think across the dimensions of mediums and systems capabilities, for the joint warfighter.

Addressing the Recapitalization Challenges

Despite new CONOPS and visions for future capabilities, we cannot rely on intellectual flexibility to eradicate the challenge of old systems and technologies. Though creativity may temporarily reduce the negative impacts of aging systems on our operational options, ultimately there are impassable limits created by air and space system hardware issues.

We have made tremendous strides in modernizing and improving maintenance plans for our aircraft; however, the tyranny of age has introduced new problems for old aircraft. Reality dictates that if we completely enhance the avionics and add new engines to 40-year old tankers and bombers, they are still 40-year old aircraft, and subject to fleet-threatening problems such as corrosion and structural failure.

This is equally true for our fighter aircraft, where once cutting-edge F-117s now average over 15-years of age, and mainstay air-dominance F-15Cs are averaging nearly 20-years of service. With double-digit surface-to-air missile systems, next-generation aircraft, and advanced cruise missile threats proliferating, merely maintaining our aging fighter and attack aircraft will be insufficient. In fact, the dramatic advances offered in many of our TF CONOPs cannot be realized without the addition of the unique capabilities incorporated in the F/A-22. Simply stated, our legacy systems cannot ensure air dominance in future engagements—the fundamental element for joint force access and operations. We will thus continue executive oversight of F/A-22 acquisition in order to ensure program success. While keeping our funding promises, we will procure the only system in this decade that puts munitions on targets, and which is unequally capable of detecting and intercepting aircraft and cruise missiles.

Although ultimately solving these recapitalization challenges requires acquisition of new systems, we will continue to find innovative means to keep current systems operationally effective in the near term. We know that just as new problems develop with old systems, so too do new opportunities for employment, such as our employment of B-1s and B-52s in a close air support role during OEF. We will also pursue new options for these long-range strike assets in a standoff attack role for future operations.

Unlike with the aforementioned air-breathing assets, we cannot make service life extensions or other modifications to our orbiting space systems. Satellites must be replaced regularly to account for hardware failures, upgrade their capabilities, and avoid significant coverage gaps. Additionally, we must improve outmoded ground control stations, enhance protective measures, continue to address new space launch avenues, and address bandwidth limitations in order to continue leveraging space capabilities for the joint warfighter. We are exploring alternatives for assuring access to space, and a key aspect of this effort will be invigorating the space industrial base.

Finally, it is imperative that we address the growing deficiencies in our infrastructure. Any improvements we may secure for our air and space systems will be limited without a commensurate address of essential support systems. Deteriorated

roofs, waterlines, electrical networks, and airfields are just some of the infrastructure elements warranting immediate attention. Our ability to generate air and space capabilities preeminently rests with the ingenuity of visionary ideas, yet intellectual versatility must be supported by viable systems and structures to realize our Service potential.

Organizational Adaptations

Commensurate with our drive to enhance air and space capabilities is our identification and development of organizational structures to aid these advances. In 2002, we initiated numerous adaptations to more efficiently and effectively exploit Air Force advantages for the joint warfighter.

Warfighting Integration Deputate

Comprehensive integration of the Air Force's extensive C⁴ISR systems is paramount for our future capabilities. This requires an enterprise approach of total information-cycle activities including people, processes, and technology. To achieve this, we created a new Deputy Chief of Staff for Warfighting Integration (AF/XI), which brings together the operational experience and the technical expertise of diverse elements (C⁴ISR, systems integration, modeling and simulation, and enterprise architecture specialties.)

This new directorate will close the seams in the F²T²EA kill chain by guiding the integration of manned, unmanned, and space C⁴ISR systems. AF/XI's leadership, policy, and resource prioritization will capitalize on the technologies, concepts of operations, and organizational changes necessary to achieve horizontal integration and interoperability.

Success has been immediate. AF/XI worked with the Deputy Chief of Staff for Air and Space Operations to champion increased Air Operations Center weapon system funding in the fiscal year 2004 POM, which accelerated the stabilization and standardization of the weapon system. Subsequently, the base-lined weapon system now has a modernization plan, which is both viable and affordable. AF/XI also led analysis that highlighted imbalances among collection and exploitation capabilities. As a result, we plan to accelerate ground processing and exploitation capabilities within the Future Years Defense Program to close the gap. Major contributions in management of the complex information environment will continue, as AF/XI makes better use of scarce resources, allowing the Air Force to provide the joint warfighter the capabilities to dominate the battlespace.

Chief Information Officer (AF/CIO)

Partnered with AF/XI, the AF/CIO shares responsibility to spearhead the transformation to an information-driven, network-centric Air Force. These two organizations orchestrate the integration within our information enterprise, and establish processes and standards to accelerate funding and ensure priorities match our integrated information vision.

The AF/CIO's specific mission is to promote the most effective and efficient application, acquisition, and management of information technology resources under an enterprise architecture. The goal is to provide the roadmap for innovation and to function as a blueprint for the overall leverage of valuable information technology. Enterprise architecture will use models and processes to capture the complex inter-relationships between the Air Force's systems and platforms. A resultant example is basing Information Technology (IT) investment decisions on sound business cases, approved Air Force standards, and, ultimately, how a particular technology contributes to specific capabilities. Additionally, we are institutionalizing enterprise architecting as a key construct in defining mission information requirements and promoting interoperability.

Currently, the wide variety of IT standards limits C² processes and information and decision support to our warfighters. The AF/CIO-AF/XI team is tackling this and all other integration challenges as they develop an enterprise architecture that spans the entire Air Force, while also staying in harmony with other services' efforts.

Blended Wing

We do nothing in today's Air Force without Guard, Reserve and civilian personnel working alongside Active Duty airmen. A fundamental initiative of Air Force transformation is formalizing this integration under the Future Total Force (FTF). As part of the FTF, we are pursuing innovative organizational constructs and personnel policies to meld the components into a single, more homogenous force. FTF integration will create efficiencies, cut costs, ensure stability, retain invaluable human capital, and, above all, increase our combat capabilities.

A key effort is to “blend,” where sensible, units from two or more components into a single wing with a single commander. This level of integration is unprecedented in any of the services, where Active Duty, Guard, and Reserve personnel share the same facilities and equipment, and together, execute the same mission. In essence, blending provides two resource pools within a single wing—one, a highly experienced, semi-permanent Reserve component workforce, offering stability and continuity; the other, a force of primarily Active Duty personnel able to rotate to other locations as needs dictate.

The first blended wing opportunity arose with the consolidation of the B1–B fleet. The move left behind an experienced but underutilized pool of Guard personnel at Robins AFB, GA. Meanwhile, the collocated 93rd Air Control Wing (ACW) (Active Duty E–8 Joint STARS), suffered from high tempo and low retention. Hence, Secretary Roche directed that the two units merge, and on 1 October 2002, the blended wing concept became a reality with the activation of the 116th ACW.

The 116th ACW tackled many pioneering challenges: from legal questions surrounding the command of combined Active-Reserve component units, to programmatic issues with funding the program from two separate accounts, to integrating different personnel systems used by each component. Airmen from both components are working through these issues successfully, making the 116th an example for future FTF blending. Yet, some additional Title 10 and Title 32 provisions still need to be changed to make the FTF a reality. Meanwhile, parallel efforts, such as placing Reserve pilots and maintenance personnel directly into Active Duty flying organizations under the Fighter Associate Program, add to this leveraging of highly experienced Reservists to promote a more stable, experienced workforce.

As organizational constructs, blending and associate programs lay an important foundation for a capabilities-based, expeditionary air and space force, which are inherently flexible and ideal to meet rotational AEF requirements. In a resource-constrained environment, blending promotes efficiencies and synergies by leveraging each component’s comparative strengths, freeing funds for modernization while sustaining combat effectiveness, and effecting warfighting capabilities greater than the sum of its parts.

Combat Wing

The comprehensive evaluations in our ongoing transformation include examining our wing structure. Given all of the lessons gleaned from expeditionary operations over the past decades, we asked, “Could we derive advantages in revised wing organization for both force development and combat capability?” The answer was “Yes,” and we enacted changes to create the Combat Wing Organization (CWO).

The central aspect of the CWO is the new Mission Support Group. This will merge former support and logistics readiness groups, and contracting and aerial port squadrons, as applicable. Within this group, we will hone expeditionary skills from crisis action planning, personnel readiness, and working with the joint system for load planning and deployment, to communications, contingency bed down, and force protection. Currently, all of these aspects exist in skill sets that none of our officers have in total. But the new expeditionary support discipline will address this, and provide our officers the expertise in all aspects of commanding expeditionary operations. With this reorganization, each wing will now have one individual responsible for the full range of deployment and employment tasks—the Mission Support Group Commander.

The restructuring will retain the Operations Group; however, group commanders will become more active in the operational level of war. Squadron commanders will be role models for operators in the wings, ready to lead the first exercise and combat missions. Similarly, we will establish a maintenance group responsible for base-level weapons system maintenance and sortie production rates. Like their operator counterparts, maintenance squadron and group commanders will be role models for all wing maintainers. Meanwhile, medical groups will retain their current organization, although we are working changes to home and deployed medical operations for future implementation.

Flying and fixing our weapons systems, as well as mission support, are essential skill sets. Each requires the highest expertise, proficiency and leadership. The new wing organization allows commanders to fully develop within specific functional areas to plan and execute air and space power as part of expeditionary units, while also giving maintenance and support personnel focused career progression. This reorganization does not fix something that is broken—it makes a great structure exceptional.

Acquisition and Business Transformation

To achieve our vision of an agile, flexible, responsive, and capabilities-based air and space force, we must transform the processes that provide combatant commanders with air and space capabilities. An example of this in action is the Air Force's efforts to carry out the responsibilities of DOD Space Milestone Decision Authority (MDA). The Secretary of the Air Force delegated those responsibilities to the Under Secretary of the Air Force, under whose leadership immediate benefit was realized. Adapting an effective process already in use at the National Reconnaissance Office (NRO), the Under Secretary instituted a new streamlined space acquisition program review and milestone decision-making process. This new process was used for the first time in August 2002 in developing a contract for the National Polar-orbiting Operational Environmental Satellite System. This effort creates an opportunity for the Air Force to apply performance and cost accountability to defense industrial firms through their chief financial officers and board of directors by linking executive compensation to contract performance.

In addition to the major process changes for DOD space, the Air Force's Business Transformation Task Force directs and integrates further process improvement and adaptation. Core business and operations support processes—such as acquisition, logistics, maintenance, training, medical and dental, among others—are crucial, as they ultimately determine our overall enterprise effectiveness and directly sustain combat capabilities. An additional category of processes called “enablers” completes the Air Force enterprise. Examples of “enablers” include management of human resources, finances, contracts, property plant and equipment, and information. The enablers are important as they facilitate our core capabilities and determine the overall efficiency of our enterprise.

The Air Force will enact business transformation from an integrated enterprise perspective, examining every process and associated link. Accordingly, we will employ industry best practices and identify management metrics to improve process efficiency without degrading our enterprise effectiveness; expand our customer's self-service management capability and free up needed resources for the operational communities; and provide real-time, accurate financial data for better decision making. Already, acquisition reform has effected notable improvements, including:

- (1) Streamlined our acquisition and contracting regulations, replacing lengthy prescriptive sets of rules with brief documents that emphasize speed, innovation, sensible risk management, and elimination of time-consuming process steps that have little value. As previously mentioned, our new National Security Space acquisition process is an example of progress in this area.
- (2) Created a Program Executive Office for Services to bring new efficiency to the growing area of services contracts. This key area, which accounts for nearly half of our procurement budget, had no prior centralized coordination and oversight.
- (3) Developed and initiated System Metric and Reporting Tool (SMART), putting real-time program status information on everyone's desktop. This web-based application pulls data from dozens of legacy reporting systems to give everyone from program managers up to senior leadership direct visibility into the “health” of hundreds of acquisition and modernization programs. When fully deployed in fiscal year 2003, it will automate the tedious and laborious process of creating Monthly Acquisition Reports and possibly Defense Acquisition Executive Summary reporting to OSD.
- (4) Empowered “High Powered Teams” of requirements and acquisition professionals to create spiral development plans to deliver initial capability to warfighters more quickly, and add capability increments in future spirals.
- (5) Designed a Reformed Supply Support Program to improve the spares acquisition process by integrating the support contractor into the government supply system. Contractors now have the same capability as government inventory control points to manage parts, respond to base level requisitions, track spares levels, and monitor asset movement.
- (6) Continued, with OSD support, expansion of the Reduction in Total Ownership Cost (R-TOC) program, to identify critical cost drivers, fund investments to address them, and generate cost savings and cost avoidance. We also created standard processes and a business case analysis model to use for initiatives within R-TOC. In fiscal year 2003, OSD allocated \$24.9 million no-offset investments to R-TOC that will return \$53.2 million through fiscal year 2008. A planned \$37.1 million investment across the FYDP will save a projected \$331 million in operations and maintenance through fiscal year 2009.

These initiatives are only the beginning of a comprehensive and aggressive approach to reforming business practices. Our efforts today will have a direct effect

on efficient and effective air and space capability acquisition, both immediately and in the future.

Ensuring Readiness

Integrating systems and expanding business practices will not only have dramatic effects on air and space capabilities, but also reduce readiness challenges. However, we still face daunting, but surmountable, obstacles. We must overcome a multitude of installations and logistical issues to secure flexible and timely execution of expeditionary requirements for joint warfighting.

Reconstituting and reconfiguring our expeditionary basing systems and wartime stocks is a critical element of our force projection planning. While we made significant strides in funding, we require additional investments in base systems, vehicles, spares, munitions, and pre-positioning assets. Our infrastructure investment strategy focuses on three simultaneous steps. First, we must dispose of excess facilities. Second, we must fully sustain our facilities and systems so they remain combat effective throughout their expected life. Third, we must establish a steady investment program to restore and modernize our facilities and systems, while advancing our ability to protect our people and resources from the growing threat of terrorism at current, planned, and future operating locations—at home or abroad.

We are making progress. Improved vehicle fleet funding allowed us to replace some aging vehicles with more reliable assets, including alternative fuel versions to help meet federal fuel reduction mandates. Targeted efficiencies in spares management and new fuels mobility support equipment will improve supply readiness. In addition, our spares campaign restructured Readiness Spares Packages and repositioned assets to contingency sites. Moreover, to increase munitions readiness, we expanded our Afloat Prepositioning Fleet capabilities, and continue acquiring a broad mix of effects-based munitions in line with the requirements of all TF CONOPS.

Finally, our “Depot Maintenance Strategy and Master Plan” calls for major transformation in financial and infrastructure capitalization to ensure Air Force hardware is safe and ready to operate across the threat spectrum. To support this plan, we increased funding in fiscal year 2004 for depot facilities and equipment modernization. We also began a significant push to require weapon systems managers to establish their product support and depot maintenance programs early in the acquisition cycle and to plan and program the necessary investment dollars required for capacity and capability. Additionally, we are partnering with private industry to adopt technologies to meet capability requirements. The results from these efforts will be enhanced, more agile warfighter support through the critical enabler of infrastructure.

Expanding AEF Personnel

The attacks of 9/11 significantly increased workload and stress in a number of mission areas for our expeditionary forces. Manning for these operations is drawn from our existing AEF packages. In order to accommodate increased contingency requirements we are exploring options to augment the existing AEF construct. Recent and ongoing efforts to maximize the identification of deployable forces and align them with AEF cycle, assisted in meeting immediate critical warfighting requirements. However, some career fields remain seriously stressed by the war on terrorism. Accordingly, our efforts focus on changing processes that drive requirements not tuned to our AEF rhythm. We developed formulas to measure, and gathered quantitative data to evaluate, the relative stress amongst career fields to redirect resources to the most critical areas. We also began a critical review of blue-suit utilization, to ensure uniform airmen are used only where absolutely necessary, and maximize the use of the civilian and contract workforce for best service contribution and military essentiality.

We are refocusing uniformed manpower allocation on our distinctive capabilities to reduce the stress on our active force. Additionally, we are carefully considering technologies to relieve the increased workload. These efforts exist within our longer-term work to reengineer, transform, and streamline Air Force operations and organizations, and have allowed us already to realign some new recruits into our most stressed career fields.

Summary

As the two mediums with the most undeveloped potential, air and space represent the largest growth areas for national security and the greatest frontiers for joint warfighting. As such, air and space operations will play an ever-increasing role in the security of America and her allies. The Air Force will exploit technology, innovative concepts of operations, organizational change, and our ability to embrace creative ideas and new ways of thinking. We will bring to bear the full suite of air and space capabilities for tomorrow's joint force commander—drawing from every

resource, integrating closely with all services, and overcoming any obstacle to succeed.

NEXT HORIZON

The events of the last year have emphasized the dynamics of a new international security era. The decade of new states following the Cold War has been followed by the rise of non-state actors, many following a path of aggression and destruction. Yet, just as America adapted to new global dynamics in the past, we will again confront emerging challenges with confidence and faith in our ability to meet the demands of assuring freedom.

The Air Force remains dedicated to drawing on its innovation, ingenuity, and resolve to develop far-reaching capabilities. The ability to deliver effects across the spectrum of national security requirements is the cornerstone of the vision and strategy of Air Force planning and programming. In conjunction, and increasingly in integration with ground, naval, marine, and other national agency systems, the Air Force will play a central role in elevating joint operations. We recognize the greatest potential for dominant American military capabilities lies in the integration of our air and space systems with those of other services and agencies, and our success in this objective will be evident in every mission to deter, dissuade, or decisively defeat any adversary.

Senator STEVENS. Thank you very much. General, you are right about our generation. Most of our members were drafted for that war, and this force is all volunteer, and it is a different generation, and we do stand in awe. I see those young men and women walking across that desert carrying those packs, which includes all that protection gear for chemical and biological warfare, and to see what they're doing, we have to marvel at them. You have done an excellent job in training them and they are demonstrating that training now, and I just can't tell you how proud we are of them.

I am a little worried about what you said, though, Mr. Secretary, about the age of the equipment that our young people are flying. I don't know many people other than a few cracks, that are going to work in a 50-year old car.

Senator BURNS. Me.

Senator STEVENS. I already said cracks.

But when we look at this, really the genius of the Air Force is not those who are pilots, with due respect. It's the mechanics. These people are doing an enormous job. I'm just amazed that we don't have 50 percent of our planes red-lined and not capable of flying. You're saying they were flying in the eighties and in wartime, that's simply an amazing record and I think somehow you ought to get a really outstanding kind of award for those people maintaining those airplanes and keeping them flying.

767 TANKER LEASE

I am compelled to ask, Mr. Secretary, about the decision on the tankers, because as you know, those tankers now are averaging 44 years of age. Some of them were opposed by Harry Truman, they actually go back to those days, the fifties and late forties. To have an average of 44 you have to have a few out there of that age. Now what about the tanker decision in terms of leasing the tankers?

Secretary ROCHE. Well, the Secretary of Defense has really gotten himself involved in this, and it's a different approach, as you know. The Air Force believed it had a good proposal, it did require a lease buildup that had a high peak and then came back down again. The things that he has sort of fed back to us is the sense that yes, there is a real need for tankers. The notion that planes

can fly forever, I think we've dispelled. And by the way, we recognize that it was the Air Force that sent a study over a few years ago that said replacements would be required by 2030. That was a paper study done by analysts who unfortunately never lived with real objects like ships and airplanes, and understood corrosion and understood delaminating aluminum. So we're overcoming some of our own bad promotion.

He fully agrees with that. He also recognizes that re-engining very old airplanes doesn't solve the problem and it's not the engines that are the problems, it is the corrosive effects to the main aircraft. And he has asked his staff to work with us to see if there is a way that we can satisfy the needs to begin tanker replacement early and at the same time not have such a big bump in the budget, and we are working with his staff.

It is now a very congenial working relationship. It is no longer—it never was really adversarial, it was more gee, this is so odd, so different, this lease notion, but now we're taking a look at leases, combinations of things, we're working very much together, and I would hope we can have something back to him so that he can make a final decision within the next couple of weeks. But, the war is taking up a lot of his time, unfortunately.

Senator STEVENS. Well, it is a difficult issue to address during a war, but very clearly, we're going to get to the point where we have some capability of rotating some of those older assets out of this tanker fleet, we're going to have to get new ones in there, and I am disturbed about that.

C-17 AIRCRAFT

What about the C-17s? Are those the workhorse today of the Air Force? Last year we thought we authorized 15 new aircraft and there are only 11 in this budget.

Secretary ROCHE. Sir, last year when we heard you authorized and directed us to put in money for 15 for this year, we were doing so, it was causing a budget difficulty that we discussed with the Office of the Secretary. We noticed that because of what you did last year, you put a lot of money up front, and that allowed for the fact that 15 airplanes had come off the production line every year very smoothly, to the position that if we were to buy the 15 this year, four of them would go into backlog. In other words, they wouldn't be built in 2004, they would really be built in 2005. And so we—

Senator STEVENS. Why? I don't understand that.

Secretary ROCHE. Because 15 come out each year and because of prior funding, there are 15 about to come out. There are four already in backlog. If we would do 15 more, we only increase backlog. By ordering 11, they all get built in 2004 and then we continue because of the fact that there is an existing line. But we ask that this only be considered, this proposal. We recognize that we did not do exactly what we were directed to do.

The reason that you had the concerns last year was we were busting limits on advance procurement in a number of years. Because of the cash infusion that was made by the committee last year, you have set up a situation where we can in fact save the taxpayer a good bit of money by having this very smooth and still pro-

ducing 15 a year, but not spending money a year earlier than necessary.

Senator STEVENS. How many total are you going to acquire under this new approach?

Secretary ROCHE. It would be the same number of airplanes as before, sir. It would be 60 in this multiyear plus the others, for a total of 180.

Senator STEVENS. You're not reducing the number at all?

Secretary ROCHE. No, sir.

Senator STEVENS. The final number remains the same?

Secretary ROCHE. Yes, sir.

Senator STEVENS. Senator Inouye.

AIR FORCE ACADEMY INVESTIGATION

Senator INOUE. Thank you very much. General Jumper, I would like to begin with your last item, the Academy. We have been told that the Air Force has rejected an outside review panel to look over the situation and make their own assessment. Some of my colleagues have been inquiring, why reject this proposal. Can you tell us why?

General JUMPER. Sir, first and foremost, we believe that this is the Air Force's problem to fix. We do have the Department of Defense Inspector General (DOD IG) in with us on this investigation and they are doing a portion of the investigation to look into the cases that have arisen, to help us with that part of it. The Secretary and I have been out there personally, we have had our team out there three times. We have gotten to the point now where the data that we're getting is repetitive data, and we think we have a good understanding of what the problems and issues are. We're being transparent on this, we're sharing what we have with the committee.

But this I believe, sir, is the responsibility of the Secretary and myself to go fix this and we intend to do that. And we are sharing our data, but this is our responsibility. We're the ones that are accountable, sir, and for our own sake and the sake of our Air Force, we want to press on to this solution.

Secretary ROCHE. May I comment, sir?

Senator INOUE. Please.

Secretary ROCHE. The interesting thing about the Academy, Senator, is it's not a university. We have 4,200 cadets, typically between the age of 18 to 23, and we don't have graduate students, married graduate students, and it is not a university. The only thing that is like it is West Point, the Naval Academy, the Coast Guard Academy, and possibly the Maritime Academy.

When you have a gender distribution of 84 percent men and 16 percent women, it is very different than at an American university which is now over 50 percent women and under 50 percent men.

It's in a military culture. We're taking young people from around the United States and putting them together. The thing that we looked at when we went at this is, if we were to have a safety problem or something else, we would want to learn about the problem and deal with it ourselves rather than sending it to some outsiders who may not understand the culture as well.

The second thing we have going for us is we now have a cadre of women officers, spectacular officers, and the first graduates from 1980 are now Colonels or just about becoming Colonels. We have maintainers who are Major Generals, we have a number of women officers in place, and we felt that the experts on military life, the Academy life, problems of sexual assault, et cetera, we had the best experts in the world to deal with that, women who had attended our Air Force Academy, who understood it, who understood our Air Force, who could help us. And they have been wonderful in helping us.

RESERVES

Senator INOUE. Thank you very much. Mr. Secretary, according to the latest reports, 36,200 reservists are now deployed throughout the world, including a high portion of critical specialists. The law presently limits service to 24 months, and there is some indication that we might be facing shortages. Do you have any plans to request extending the 24 months?

Secretary ROCHE. At this stage, Senator, what we have done is when those were mobilized, we put a program in to demobilize as rapidly as we could, taking into account the plans of the individual reservists. You have to give them some certainty. If they go to their employer and say they're going to be gone for 6 months, sometimes it just causes a problem if you send them back in 3 months. So we try to work with them, we try to make the transition in, smooth, and transition out, smooth.

We had gotten that number down to under 14,000. Of that, 9,000 were in force protection, protecting bases, a number of bases here, plus all the new bases we have created overseas. We recognize that we have until July 2003 to address that problem and that's why you've seen us effectively hire 8,000 Army guardsmen to protect our bases. I believe if you go to Bolling Air Force Base now, you will find it's our Army colleagues protecting the base, and this was something that was worked out between General Jumper and General Shinseki, and it's a wonderful thing to do. That takes some of the pressure off that 9,000.

It's our hope this war will be over soon enough that we can once again keep our word to these men and women and get them back to their civilian jobs as soon as we can, so at this stage we don't see a request for extension. We would rather be motivated to find ways to get them back to their normal life. We are concerned, that if we overwork the Guard and Reserve, their ability to recruit will be very, very difficult.

We are now operating with something like 1,800 volunteers, which is wonderful. These are men and women who see a chunk of time, they can give it to us, and they have been doing so.

PERSONNEL TRANSFORMATION

General JUMPER. Sir, if I might add, as part of Secretary Rumsfeld's personnel transformation, he has asked us to go out and find ways to make sure that people who are wearing the uniform are doing jobs that require people to be in uniform. This is another part of Secretary Roche's efforts, and in that effort we have gone out and found about 12,000 people in our Air Force who we think

their job could be done in another way. We won't get all of those back, but I think we will get a goodly portion of those back. Also, technology can help us out with things like guarding bases. Those are the things we're looking at right now to see if we can make sure that the demand for people in uniform is done correctly.

Senator INOUE. Mr. Secretary, we have been advised that as a result of the long period of deployment, some of your reservists are experiencing financial problems. Is the Department planning to do something about this?

GUARD AND RESERVE FINANCIAL PROBLEMS

Secretary ROCHE. Not that I'm aware, Senator. In some cases that I have been able to get into personally, I've known employers and I've been able to call employers, but I don't know enough. We have a program borrowing from World War II where you recall, sir, that in World War II, the services honored employers who helped their employees get to war. We now have gone to our reserves and guardsmen—and by the way, we're not allowed to keep a list of their employers for some privacy reason—but we've asked them if they would give us the names of their employers, and to each of them we have sent a thank you letter and a special pin with the E.

We will shortly do the same thing for parents, for parents being able to walk around and letting us know that their son or daughter is serving.

With respect to financial conditions, both the Guard and Reserve try to take into account those members who have that problem, and it is a way to relieve them of volunteers, or if there's some other way to get them back to the jobs as soon as they can, they do. Right now, it's a very stressing thing and I don't know of any particular program that the Department is looking at to worry about the financial conditions when these men and women come on active duty and leave their jobs.

General JUMPER. Senator, if I might add, as you well know, there are a great number of employers out there that take the burden themselves to make up the difference between the salary that the member gets when he or she comes on active duty and the salary they had before. These are great Americans out there who are helping carry this burden. Not all of them can afford to do that, and it is a concern, sir.

IRAQI AIRCRAFT

Senator INOUE. Like most Americans, I have been following the events as they unfold in Iraq, and I have been very impressed by the efficiency and the accuracy of your personnel. It appears that possibly as a result of that, there are no Iraqi aircraft flying around. Does it mean that the Iraqis have no aircraft left?

General JUMPER. Sir, the Iraqis do have more than 100 very capable aircraft left. I mean, one could conclude by looking at the actions over there that they actually threw up their hands and gave up as the first order of business. I have been surprised at the lack of coordination that I have seen in their response both with their surface to air missiles and their airplanes. They do have capable airplanes.

And as you know, Senator, as the Secretary mentioned, starting back in June or so, we started working away with a more aggressive enforcement of United Nations Security Council resolutions. In responding to violations that put command and control communications lines, surface-to-air missiles in the wrong areas, we were prompt about taking those out, and we think that possibly has had an effect on their ability to organize a responsive defense.

I would hasten to add that you still don't know what you don't know. Although this is unexplained, they still have capability down there, and we have to certainly respect that, sir.

Senator INOUE. May I ask one more? Mr. Secretary, you mentioned the GPS jammers. Are they the ones that the Russians provided the Iraqis?

Secretary ROCHE. May I answer that off line to you, sir? I don't know if I can answer that in open session. But I would like to re-emphasize that we find it wonderfully ironic that we use GPS bombs against GPS jammers, and the bombs worked just fine, Senator.

Senator INOUE. There must be something wrong.

Secretary ROCHE. Or something good about what you appropriated 4 years ago, sir.

Senator INOUE. Thank you, Mr. Chairman.

Senator STEVENS. We do follow the early bird rule. Senator Durbin.

AIR FORCE ACADEMY

Senator DURBIN. Thank you very much, Mr. Chairman. I would like to return to this issue about the Air Force Academy for a moment. I've followed it and I've spoken to my colleague Senator Alard, who I think has really been a leader on this issue, and he first had one of the young women come forward. He has dealt with this responsibly and I think really drawn our attention to it as a national issue.

It is a different issue from this side of the table than most, because for 20 years I have been sending young men and women from my congressional district in my State to the academies. They were anxious to be appointed, they wanted to go there, and I wanted to send them. And I really looked hard to find young women who would be part of our modern military, because I think that's an important element. And now we have this scandalous report which may result in some dramatic changes at the Academy.

Mr. Secretary, I would say to you that I wish you would step back a moment from your earlier comment and think about what you told us. When Senator Inouye asked you about an outside review you said that these outsiders would not understand our culture. That is a troubling statement, because it is the culture of the last 10 years which has allowed this scandal to grow rather than to disappear, and that culture needs to be changed, clearly.

When we are talking about bringing in the experts, I think you made a good point. We could bring in women who have served in the military, presently serve in the military, who could give excellent insight into how this culture could be changed. But I hope that you will concede to me that change is necessary in the culture and understand that the acceptance of it is just not acceptable.

Secretary ROCHE. Senator, thank you very much for your question, because I clearly did not communicate. The culture at the Academy absolutely must change, and I could go on for a great length of time agreeing with you on point after point after point.

I meant the culture of the United States Air Force. A young woman on one of our regular Air Force bases, an airman first class, is far better protected, far better dealt with when a problem emerges, the chain of command goes into action very quickly. That doesn't mean we don't have a problem now and then; it is, we are very confident when the chain of command is held responsible and accountable to all parties, and that we have crisis response teams, and we have first sergeants and senior enlisted. She is a lot better off than is a female today at the Air Force Academy.

Our Air Force culture is very good. The Academy culture must change. And the reason the two of us have taken this personally is that we recognize that this is a culture issue. You can't just fire a couple of generals and think the problem is solved because you would have missed the issue.

It goes back to, what struck us most in the cases we have over a 10-year period, there are cases there, some we prosecuted, some with insufficient evidence, there are three of the 23 rape allegations made over the last 10 years where the young women recanted and said it never happened. That's bad. But when we start having officers we know come up to us and say General, there is something you need to know, when I was at the Academy, this is what happened to me, that really hurts us, because it means that women have been victims in the United States Air Force.

We want any assailant out of our Air Force. If there is someone out there attacking our young airmen, we want him out, and we want them out, and we want to help these young women help us cull these people out. The culture, you will see this when we release our initial set of directions, and we will still hold these individuals accountable, but we are going right at the culture. But we recognize that you don't change a culture with one member, it means starting from the top, which means it starts with us. It means we go back out there over and over and over.

We both have been involved, we changed the honor system last year, we changed the recruiting athletics system, we changed the curriculum. This area we thought was handled, but it clearly was not, and it goes over a long period of time. In 1993, this all occurred and we thought we had solved it, but those actions had secondary effects that made some of it worse, so we absolutely have to address it now as a cultural problem.

It has to be addressed now, because in less than 90 days, Senator, including some people you have nominated, they will have a new class beginning, including 189 women, there will be a total of 714 women at the Academy in the fall. We have to make the first steps so that the families of these young women coming in June can believe that their daughters are okay and also the families of the cadets will believe that due process is going to be applied.

Now having done the initial set of moves, we have the experts—for instance, the Federal task force on domestic violence, which looks at domestic violence against another in a family setting, which very much replicates it. We're going to change it, but we are

going to make changes immediately and then start turning somewhere, as compared to if I need 10—which experts, this set of experts, that set, wait for 6 months, and meanwhile have another class coming to the Academy.

Senator DURBIN. This is a very serious issue and I'm glad for your response, because I think it helped to explain what you said earlier.

I hope that in the course of this, both you and the General, in your commitment to transparency, will bring in those credible parties who will help to restore the integrity and the reputation of a great institution, the U.S. Air Force Academy, and I hope that you will do that.

MEDICAL EVACUATION MISSION

I have one other issue that I will raise if I have a minute here, Mr. Chairman, I see I have a very brief period of time, and that was our discovery that in the budget request, there is a proposal to discontinue the so-called Nightingale Mission, the aeromedical evacuation mission, and to privatize it, to contract it out, and to suggest that we would use available space on C-130s and C-17s to move people who are injured or ill, where at the present time we are using C-9s dedicated to that purpose.

Despite my interest in it because of Scott Air Force Base and obvious reasons, it does raise a serious question to me as to whether or not we can privatize and contract out something so critically important as the movement of personnel who are ill or very sick or injured or in some way have been victimized by combat. And I wonder if we could have your response to that, and if we could expand the conversation to talk about some options that might be considered.

Secretary ROCHE. Sir, let me let General Jumper start, and this is frankly the question we hoped you would ask us.

General JUMPER. Sir, I know of no effort out there to privatize the medical evacuation. I think the effort, first of all, starts with the C-9s and the age of the C-9s and the significant costs to either bring them up to current Federal Aviation Administration (FAA) standards—they don't meet any of those standards, or to replace them.

When we have out there active in the circuit every day our whole fleet of strategic airlift capability, our C-17s, our C-5s and our C-130s, that are moving around at present more than 100 countries every day, that provide the opportune lift to get patients from one place to another. That's the thing we hope to be able to take advantage of. As a matter of fact, we did not use the C-9 in any of the evacuations during Operation Allied Force in Kosovo, nor in Afghanistan, because of the limitations of that kind of an airplane.

So, we have been successful in taking advantage of our air fleet. I will make sure that what I said to you about contracting out is correct, because that's the first I've heard of such a thing, but I have been surprised before.

Senator DURBIN. If I could mention one other thing, Mr. Secretary. I'll end here because my time is up. And that is, while I had an opportunity to go with the congressional delegation to Afghanistan and flew in a C-130, great crew, terrific performance, pretty

old plane, but to put litters in the back of that plane for people who are sick, I don't think is an adequate response and I don't think it mirrors the quality of care we would ask from the Air Force and many others.

Secretary ROCHE. If I may, Senator, we may every now and then inside the United States use an air ambulance service for a one-time situation, so that may be the contract, but generally we are not. The C-130Js are much newer. The preferred plane is the C-17, which we can in fact, and we have these modular systems for the medical pallets. We've both talked to the Surgeon General's people who we're dealing on the aircraft, and with the Air Mobility Command (AMC) commander and United States Transportation Command (USTRANSCOM) at Scott Air Force Base. C-9s are old, these other planes are far more viable in getting around, and it is the judgment of the Air Mobility Command that we can do this with the other aircraft.

The one area that we are working on together is in the Pacific, the bases are so far apart for our own active duty and dependents, getting them to specialized hospitals, let's say Kadena or someplace else, that may require us having to convene with some other aircraft.

Senator DURBIN. Thank you, Mr. Chairman.

Senator STEVENS. Senator Domenici.

Senator DOMENICI. Thank you very much, Mr. Chairman. General, it's good to see you, and Mr. Secretary, it's great to see you again.

Obviously this is a day when we have talked about parochial issues and important issues in our home State, and we wonder whether it's even the right forum because our troops are at war overseas, it seems almost insignificant that we talk about local issues such as Holloman or Cannon or Kirtland.

I want to join in complimenting both of you as the leaders of our Air Force. The performance of our troops in Iraq is so spectacular, it is difficult to comprehend. I never thought we'd see our forces have such an advantage. I've been here 30 years and I get to follow development and evolution of our Military Forces, but I frankly never believed that we could move so exponentially in 10 years with reference to quality and technology. It's obvious that you're doing it right and we are proud to be part of it, at least in paying attention and doing what you ask us to do.

PROMOTIONS

And Mr. Secretary, I'm extremely pleased that we have somebody as competent as you there. I have only one observation about the makeup of the hierarchy of the Air Force. I'm a real sucker for big science, I love big science, and we have a lot of it in New Mexico. We have the directed energy activities at Kirtland Air Force Base and it's the headquarters for laser research, and I went out there recently for a visit, and you know what I would like to see? I would like to see a couple or more two-star or three-star generals that are not just pilots but are Ph.D.s in chemistry, physics and engineering.

Secretary ROCHE. Oh, I agree with you.

Senator DOMENICI. I believe you ought to do that.

Secretary ROCHE. As a Ph.D. myself, I think it's a great idea.

Senator DOMENICI. I think you ought to just promote the brightest Air Force people and send them to Massachusetts Institute of Technology (MIT), give them whatever they need to get a Ph.D., and then let them come. What confidence we'd have if they were walking around the laser facility instead of a colonel. He's great, but he has to relate to an engineering Ph.D. from a school, and the few times I have seen a one-star general, I've thought how magnificent that is. I urge that you start a program to encourage them, give them extra incentives, get 8 or 10 of them graduated from California Institute of Technology, get the best and get them out to our Air Force lab, that's what we ought to do.

AIR FORCE INSTITUTE OF TECHNOLOGY

Secretary ROCHE. Thank you for your support, Senator. We have reinvigorated our Air Force Institute of Technology (AFIT). We have ended the notion that you had to go get a paper master's program in order to be promoted. We have a program now that will send every one of our officers either to a graduate school or to a similar experience. We are trying to take our scientists and engineers, with your help, we're giving them bonuses. We're trying to make their careers more exciting.

We have had a whole rerecruiting campaign of these young people, because when you go to one of our labs, the Air Force Research Laboratory (AFRL), or go to the laser facility at Kirtland, as we've both done and did together, you see some of these young officers who have all of the brights in the world, they love what they're doing, they love the fact that their work is going to be meaningful to somebody in combat, and somehow we lose them, and we can't lose them.

And I'm proud to say that even though my partner is a fighter pilot, he was the first to say well, for heaven's sake, why don't we get them their doctorates and keep them.

Senator DOMENICI. Mr. Secretary, you wouldn't lose those scientists, those military guys if they had two stars on them and they were scientists. You're losing them because they are only colonels and they don't want to stay there very long, and they're masters, they're not Ph.D.s. If you get them up there, they will stay there, and if you have them in that hierarchy, they will be glad to stay.

Secretary ROCHE. We need more.

Senator DOMENICI. I want to ask about the Predator.

Senator STEVENS. Would the Senator yield for a second?

Senator DOMENICI. Yes.

Senator STEVENS. Why don't we pay them the equivalent of being generals instead of paying them as colonels? Why don't you jump their rates of pay as opposed to their grade in service?

Secretary ROCHE. It's not a bad idea. We're talking about bonuses in the system for the younger ones. We take science and engineering seriously. Can we take that to study, sir?

There is also a point, though, in making them leaders and showing the young officers that there are role models ahead. We have a couple. We could do more because we are so highly dependent on technology for our service.

Senator DOMENICI. If you did that, you would have the pilots wondering why they are being discriminated against, so you don't want to do that. In any event, it seems to me that this is an idea whose time has come.

PREDATOR

In any event, let me talk about the Predator. First of all, when do you expect the selection process to be completed, and can you give us an update on the environmental assessment that's being performed and for bases recommended for the Predator squadrons, either of you?

General JUMPER. Sir, there is an ongoing environmental assessment right now for where we might go with the Predator. Our plan right now as we're continuing to build Predator at a rate of about two per month, to maintain Indian Springs as our center of excellence for the Predator Unmanned Aerial Vehicle (UAV). When we start building the numbers up, we will make decisions for the future about where and how to expand out the criteria.

As you well know, it has to do with being adjacent to uncontrolled airspace, the weather has to be decent, the winds have to be within a certain limit, et cetera, et cetera. So those things are ongoing, sir, but we don't have a timetable.

Secretary ROCHE. They're also basing more of them overseas than they are at home right now, sir.

Senator DOMENICI. Yes, I understand, but sooner or later we will have them based at home. And if we need weather plus all the rest, it looks like Holloman has an exciting future in terms of that.

MELROSE BOMBING RANGE

Let's talk about the Melrose Bombing Range over on the east side of New Mexico and its supersonic testing capacity. Supersonic land facilities are very, very important. They're doing all that testing now over water. What's the status of the study with reference to Melrose and the possibility for it having supersonic capacity?

Secretary ROCHE. Sir, I have just come upon this and I'm not up to speed on it. May I get back to you on that?

Senator DOMENICI. Absolutely.

[The information follows:]

MELROSE BOMBING RANGE

Sir, my staff has worked this issue with Air Combat Command and has completed a draft of a study to determine the requirements to extend supersonic capability at Melrose Range. The study is now in the process of review to ensure accuracy; we will provide a copy within the next 30 days.

Secretary ROCHE. And by the way, the issue you raised, however, is a critical one. Oftentimes we think we will have a range but then because of restrictions we can't go supersonic. As we move to an era of super cruise, it becomes terribly important to us to be able to do it over places other than water.

Senator DOMENICI. Well, Melrose is over there by Cannon, but it has served the purpose of Holloman, Cannon, and some from Texas. It's a very big range. We acquired it so as to create diversity about 15 years ago, and I think it would be looked at for supersonic land testing, which people are more than willing to take a look and

listen, but we have to do it right so we don't surprise them if in fact it's chosen.

CV-22

Now what about the CV-22, what's the current status of the testing and what is the latest schedule for training squadrons at Kirtland, if either of you know?

Secretary ROCHE. The CV-22, sir, is in a position where it's having to prove itself, and the Navy and Marine Corps in fact have the lead. We have our own special op reader Air Force personnel associated with it. It's a testing program now that has been backed into test, it is encouraging them, but it still has a way to go. We believe that if it tests out well, we would like to have it in our Air Force Special Operating Command (AFSOC). Whether or not we would use it for combat search and rescue is still to be determined, because it has some issues about how it flies close to the ground and may not make it worthwhile. We put on hold what we would do to get them until we find whether or not this program is something that we in fact will buy, and is one where we and the Marine Corps and the Navy would be making a decision and making a recommendation to the Secretary on it after the test program is over. But as you know, it has had a very rough test program.

Senator DOMENICI. General, did you have anything to add to that?

General JUMPER. No, sir, I can't add to that.

Senator DOMENICI. Thank both of you very much. Thank you, Mr. Chairman.

Senator STEVENS. Thank you. Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

PREDATOR HELLFIRE SYSTEM

General Jumper, could you talk a little bit, maybe not everything, about the significance of the joint coordination that took place between the Air Force and the Army to engineer and integrate the Predator Hellfire system?

General JUMPER. Yes, sir. We—

Senator SHELBY. I think that's a great accomplishment.

General JUMPER. It's a great story. The Predator story is a long and tortured one. It came to us in 1996 as a technology demonstration, and we took it over years and developed it into what it is, to include the first step of putting a laser designator on it so it actually designates targets on the ground, and then shortly thereafter by putting the Hellfire missile on it.

Of course we had to go to the Army to work the integration of the Hellfire missile and we had superb cooperation.

Senator SHELBY. They worked that out at Redstone, didn't they?

General JUMPER. Absolutely, out at Redstone. And with the scientists at Redstone actually to do the warhead enhancements that we have done actually just over the last year or so. And the scientists actually at Redstone were the ones that helped us with that development. We are continuing to work with them for even future versions of the Hellfire that will overcome some of the limitations of shooting it from higher altitude, and that work continues, sir.

Senator SHELBY. What you're basically doing is utilizing an organic laboratory.

General JUMPER. Absolutely.

Senator SHELBY. Mr. Secretary?

Secretary ROCHE. I was going to say, we were both just tickled pink. Our boss has told us, sometimes I see Hellfires going into buildings and people coming out, and you know, Don Rumsfeld says, why are they coming out? And we turned to Huntsville and asked for some help, and the speed with which they built the sleeve was just incredible.

AIR UNIVERSITY

Senator SHELBY. Thank you. I want to switch over to the Air University, General, or to both of you. Both of you know that the Air University at Maxwell has seen a dramatic increase in their training responsibilities, particularly for Reserve Officer Training Corps (ROTC) scholarship recipients. I brought this issue up with you before last year and I want to get your thoughts again this year on how Maxwell is doing in meeting their training challenges and do they have the funds to continue this? I think it's very important to the Air Force.

General JUMPER. Sir, let me just say, and you know this very well, over the last few years at the Air University, we have added the doctrine center, we've added the air and space basic course, and we've increased the student flow through there, and in every school that's housed there, in addition to our law school, our chaplains, et cetera, et cetera, they all go through Maxwell Air Force Base and all of its magnificent history going back to the tactical school in the thirties.

We believe that everything there is adequately funded. As a matter of fact, as we continue to find new ways to phase students into the Air University that are in line with our rotation cycles overseas, we have made accommodations for our entire Expeditionary Aerospace Force concept so that throughout the year we can phase students in there in modules, if you will. That work is ongoing there, and that will increase the student flow. We have looked at a whole new way to do the correspondence courses that we have. Again, technology and other things invested into the Air University. These things are ongoing, sir, and it's really tremendous out there.

Senator SHELBY. Thank you. Thank you, Mr. Chairman.

Senator STEVENS. Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you. We appreciate very much the leadership and outstanding service that our witnesses are providing to our country, particularly the leadership of the Air Force in this challenging time.

C-17 AIRCRAFT

When General Myers was here the other day, the Chairman of the Joint Chiefs of Staff, he talked about and commented on the unanticipated wear and tear on the C-17s and the aging of the C-5 fleet as a result of the high operating tempo during this war against terror. Do you believe the planned procurement of C-17s

and upgrades to the C-5s are sufficient to meet our future airlift needs?

Secretary ROCHE. Senator, I will start and then ask General Jumper to comment. The C-17 is one of those airplanes that you dream for. We accepted it one day and in 48 hours it's in the air and working. It has just been a workhorse, it has been terrific, and I have had the pleasure of flying on them. It has just proven what people said could be done was done, even though the program, as the chairman knows well, went from 220, cut to 110, cut to 40, almost zero, almost zero, limped to 40, 80, boom, now 120 going to 180.

C-5 AIRCRAFT

We are going to take the C-5, the C-5Bs and modernize those. The question that we face is to what degree can we take the C-5As and fully extend their life usefully, as compared to just creating another maintenance stream for a long period of time that becomes too costly. We will take and diagnose two of the Bs, then take a look at an A or two, we are creating an air-worthiness board which parallels what the Navy does in its board of inspection survey, because we now have so many old airplanes we need to put together teams of real experts on materials, structures, to be able to advise us, to say this aircraft by hull number has to be retired.

If we cannot get a good answer by modernizing some of the C-5As, recognizing we do all 50 of the Bs, then we will have to determine how many more C-17s are required to make up the shortfall in the lift requirements that we have. That is our current plan. Meanwhile, the C-17s are on multiyear, going along fine. We will review those other studies, and we should be able to find out and understand what it requires to modernize the As and how many of them we could modernize, and then do all the Bs, and then make a decision between doing the As or more C-17s.

General JUMPER. Sir, if I might add, the objective out there from the mobility requirement study is 54.5 ton miles per day. It will be worth our while, especially following this conflict, to go back and take a look and see if that number remains adequate, because that number was established with a completely different set of assumptions. But in order to get to the 54.5 in the course that the Secretary described is the course that we are on right now.

Secretary ROCHE. We wish we just had a problem of building, Senator, it would be easier. We have aging across the board and trying to have budget fit these different categories after, frankly, 10, or 8 to 12 years of not investing. We don't have a capital budget and we don't have a process to reinvest a depreciation rate. So we face you with these big bumps of modernization, which is a shame.

GLOBAL HAWK

Senator COCHRAN. Another point that I recall the chairman making when he was here before the committee was the importance of the capability of these unmanned aircraft to surveil and identify activity through intelligence gathering. The usefulness obviously is very important in a war like we are conducting in Iraq right now. My impression is that Global Hawk has proven to be very valuable to our operations.

My question is, are we moving fast enough to procure systems such as Global Hawk and other necessary unmanned aerial vehicle variants that we see developing? I know Northrop Grumman is developing a Fire Scout as another option. What is your impression of these new systems and are we integrating them into the Air Force quickly enough?

Secretary ROCHE. First of all, Senator, I think the Air Force integration is one where people keep wondering why fighter pilots are doing this, and we're past that. We are absolutely past that. When we have the chief fighter pilot of the Air Force as one of the greatest fans of unmanned vehicles, it's amazing that his leadership has made everyone recognize that there is a complementary nature of manned and unmanned aircraft.

General Franks really did us an enormous favor when we both asked him if we could put some drones over Afghanistan that were not fully developed, not ready for prime time, in order to learn how these operated in war. We probably have saved the American taxpayer an enormous amount of money by having the chance to build something, play with it, use it, understand it, change it, go back.

We're getting the same permission from General Franks here in the Iraqi war. That's allowed us to do things very quickly like the armed Predator, like the sleeve on the Hellfire, like looking at Global Hawk for multiple types of missions, including taking some of the bandwidth off of the satellites and having Global Hawks behave as lower altitude satellites. It's led us to take the multi-sensor command and control aircraft and to think about part of the back end controlling some drones.

And then taking a leaf from history, in the late thirties at Maxwell Air Force Base and the Wright Patterson Air Force Base, the Army Air Corps procured small numbers of a number of different types of aircraft and allowed the young pilots to say here's how these are best used, here's how things go. We've been trying to replicate that. And in open session I can't tell you how many families, I can tell you it's more than you can count on one hand, the families of unattended vehicles plus remotely piloted aircraft, we have found in certain circumstances having a pilot who has to make an attack decision is very important, and also just how the pilot's instincts take over.

You know, a pilot can see a black cloud and won't go into it. A drone will go exactly where you told it to go and then you may find you have a problem because you're in a black cloud. Or when an Iraqi Flogger is coming in at our Predators, our pilots use certain techniques to do that—alter what the Flogger could see. We, by playing and understanding these and getting our young people involved, it has made a huge difference.

UNMANNED AERIAL VEHICLE PILOTS

Now we had a cultural problem when a number of our young pilots thought that somehow they had failed us and that's why they were being assigned to unmanned vehicles. We have both visited every operating unit, we've both spent time at Indian Springs. We've now found every one of their problems like gate time, they didn't get gate time, or they weren't eligible for medals because quite often they were not in the region, although some of them

have killed more people than a heck of a lot of our other pilots. They can get medals now. They worried about where they would go on their next set of orders. We make it clear to them that they are pioneers and we just milk their brains, as well as the maintainers on these aircraft.

PREDATOR B

And from that we have developed the notion of a basic Predator closer to a razor blade as cheap as possible, and it's a killer scout. Predator B is going to be a hunter killer, fly higher, carry more. Global Hawk is equivalent to a low altitude satellite, it can do all kinds of things. And so we believe that our procurement program is much greater than it was a few years ago. And then there are others that I can't discuss in open. This will form a set of families that will let us replicate what happened prior to World War II where the United States was able to pick the best precisely because it experimented as well. General?

General JUMPER. Sir, if I could just add a few points. One is that we have to make sure that we understand the true value of these remotely piloted and unattended vehicles to the fight, and the main virtue that we see is this notion of persistence. We had a Predator here just a few days ago that flew a 33-hour mission. It's this persistence that enables you to stare and to predict, and to do it day and night that makes this small airplane so valuable to us. We've got to make sure that we understand the value of these things and that when we project out to where our capabilities need to go in the future that we're not just merely taking people out of airplanes.

One of the issues that we discuss often is, would we be buying this vehicle if it were manned, because the vehicle does something unique that we can't do with anything else. That's one of the litmus tests that we have to make sure that we pass. And if we can't pass that test, then we have to make sure that we're not taking the judgment out of the airplane that is absolutely required to be there.

That's why we make this distinction about remotely piloted aircraft. We're going to have a rated person at the controls of the Predator as long as there is a requirement to bear the burden of putting weapons on targets and being responsible for the lives of people on the ground, just the way we burden our people who fly in the airplanes. It's those kinds of things that we are thinking our way through in a deliberate way before we make big commitments out there for the future.

But we understand the urgency, sir, and we are pressing on with it.

Secretary ROCHE. In the notion of range of persistence, the third one that we have come upon is this notion of what we call digital acuity. It says that a drone in its 23rd hour of operation is just as sharp as it was in the second hour of operation, where a human being tires, a human being starts to lose interest, where a digital system does not. So we're looking for comparative advantage in each case and we have proven that drones or remotely piloted aircraft and piloted aircraft can operate in the same airspace very comfortably. A Navy F-18 in Afghanistan asked the Predator a question, and the Predator answered the question.

Senator COCHRAN. Thank you.

Senator STEVENS. Senator Dorgan.

Senator DORGAN. Mr. Chairman, thank you very much.

I have had the opportunity to tour the Global Hawk, the Predator and F-22 programs, and I am very impressed.

IRAQ WAR NEWS COVERAGE

I want to ask you about the Air Guard, their jet fighters, B-52s, but before I do that, let me ask a question that's been bothering me. With this 24-7 news coverage of the war and 500 journalists embedded in our Armed Forces who are fighting that war and with all of the networks actually having begun advertising before the war began about their cast of characters for analysts and interpreters, in the mornings I have watched retired generals and admirals, many people who have served this country with great distinction standing on full-scale maps on the floors and walls with pointers, and they're describing where our troops are moving, where they're headed, what they think might or might not happen. Some have even been mildly critical, I believe.

But I watch all that and I think, this is a wealth of information to me as an American citizen. I also have access to top secret briefings, as do my colleagues. What I see in the morning on television or at night by many of these analysts, former colleagues of yours, makes me wonder. Is there any cause for anxiety or concern inside the Pentagon about what's being disclosed with all these pointers? It's a wealth of information to me and to the American people. Is it also a wealth of information to the Iraqis, who I assume watch Cable News Network (CNN) and other news services? Do you have any anxiety or concerns about that, General?

General JUMPER. From time to time some of the things I have seen have actually caused me some anxiety, because it has appeared to me from time to time that some of these people, not necessarily former military people who have access to classified information, have actually talked about things that shouldn't be talked about.

By and large what I see is a description of ongoing operations that are usually lagging in events and would be of little help. I can tell you that most, not all, most of the people who formerly wore a uniform are acutely aware of this and they take great care to make sure that what they are going to say does not divulge anything. Also, it's fascinating to see how captivating this notion of a camera going along in the back of a Bradley for hours and hours is to the American people out there, and of course that gets the American people right down to the tactical level, which I think is good for them, because they get to see our soldiers, sailors, airmen and marines at work.

B-52 BOMBERS

Senator DORGAN. Thank you, General, for your response.

Let me ask about the B-52s. You talked about the KC-135s and the aging and corrosion. That same circumstance is not present with the B-52s, is it?

Secretary ROCHE. No, sir, and there are a couple of reasons. One is, the design of the plane was such that it was overdesigned and

in particular, if I can demonstrate—my colleague does it better than I do. B-52s have wings like this, and 135s have wings like that. In one case water flows into the fuselage and in the other case it flows out, so we have not had the problem of assembly metal and the cabin corrosion with B-52s. Also, over the course of time because they were nuclear bombers, there has been major structural rework done on those planes. And then lastly and most importantly, we don't fly the plane anywhere near the way it was intended to be flown. We have found that it serves a particularly wonderful mission if it goes up high, launches, stand off in defended areas, or over the top in areas where there is no air defense, so how we use the plane makes a big difference. And we kept 76 of the best from many hundreds.

Senator DORGAN. And in fact when they talk about the age of the plane, in large respect they are not that old; much and most of that plane has been replaced and updated.

Secretary ROCHE. Yes.

Senator DORGAN. But I just wanted to make that point, that we don't have the same circumstance with the B-52 even though it's a very old system.

General JUMPER. Right.

AIR NATIONAL GUARD

Senator DORGAN. Let me ask about the Air Guard and the F-22s that will come on line at some point, and I happen to share your view. I hope we can keep this schedule moving. I think it's an impressive airplane and I hope very much that we can continue to fund it and move it along. As we do that, planes have become available for the Reserve components and the Guard.

As you know, one of the best Guard units are the Happy Hooligans from Fargo. In fact, they were the first up to protect the Capitol the day of the attack on 9/11, the first fighters scrambled from Langley. They have won the William Tell award twice, and I think the only Air Guard unit perhaps to ever win it, and certainly to win it twice against all the best pilots in the world. But the best pilots are now flying the oldest airplanes, which gives them some amount of angst and myself as well. And we're trying to evaluate what's the future here, when will they get their F-15s or modern F-16s? You and I have talked about that a great deal, General, and Mr. Secretary, we have as well. Any news on that front?

Secretary ROCHE. Much depends on whether we can keep the F/A-22 schedule on. We are very aware of the Happy Hooligans' record and we also are aware that they have a strong interest in F-15s if not the F-16Cs, and that's something we have in our heads. We would like to flow these down when appropriate to the Hooligans and other members of the Guard to get some aircraft.

The second thing we would wish to do, as you know, we have a group that's called blended wing at Warner Robins on the Joint Surveillance and Target Attack Radar System (JOINT STARS) aircraft, which was a radical experiment that General Jumper and I wanted to take, which was to have active and guardsmen in the identical wing with full-time missions. Right now the head of that wing is a guardsman. And other than some constitutional issues of someone empowered by a State giving orders to a Federal force, it

has worked wonderfully, and this war is going to prove that we can do this. The only thing we would like to do different in the long run is to start to think of doing that more in the Guard, among other things to get F/A-22s into the Guard where we can blend wings.

Senator DORGAN. I will come back and talk to both of you at other times on this issue.

ELECTRONIC WARFARE

Let me just ask two additional very brief questions. One, B-52s and electronic warfare mission, I believe, General, you testified to that over in the House. And the second, I want to just ask, are you reasonably positive, do you feel generally positive about the decision the Secretary might make with respect to leasing 767s?

So if you could address those two things, the B-52 electronic warfare issue, and the 767.

Secretary ROCHE. How do you want to handle this?

General JUMPER. I will take the B-52.

Sir, as you well know, we are pursuing a program to take a very hard look at complementing the United States Navy and its desire to replace the EA-6B in a jamming world with something that can persist a little bit longer and can also help both the Navy and the Air Force and the Marine Corps with stand-off jamming that's persistent. And the platform we would like to take a look at, of course, is the B-52. Take advantage of that very large fuel tank that they have out on the wing tip—

Senator DORGAN. You said that was the size of a condominium?

General JUMPER. It's the size of a small condominium. When you stand off it doesn't look that big, but when you walk it up next to it, you can figure out you can live in it. But we could take the work on the electronic jamming pods that has been done for the Navy in the EF-18 and we could take that same technology and leverage it for this pod, I think without disturbing the rest of the mission of the aircraft at all. So it can deploy long ranges, it can persist for long periods of time and complement the shorter range F-18.

767 LEASE

Secretary ROCHE. With respect to the 767 lease, I would not want to speak for Don Rumsfeld.

Senator DORGAN. I'm just asking how you feel.

Secretary ROCHE. I feel good about some variation of the lease, because the Secretary clearly understands and accepts and is probably, given his history as Secretary of Defense earlier, recognizes that all these tankers were flying then. And in fact, some of them were flying when he was still on active duty, or just about. And that we do need new tankers and this has to be done sensibly. The fact that we now have some collegiality between his staff and the Air Force trying to address this problem in a sensible manner, I must give special praise to Secretary Aldridge. He has tried mightily to make the points that need to be made and also to try to take into account concerns of controllers and others, as well as Zone B, and we are trying to come up with an alternative that's a variation that in fact the Secretary could approve us going forward, but we're working together for the first time.

Senator DORGAN. Thank you for your responses.

Senator STEVENS. Thank you very much, gentlemen.

Two things. I have asked the staff to take a look at the current GI bill, the Montgomery bill, to make certain that it's going to be available to those who have been involved in this effort. There is some question as to whether they had to have made the decision at the time they entered the service as to whether they wished to be eligible for that, and I think many of them after this experience might want to have a second look at that, and I would urge you to talk to the Department about that.

COMBAT PAY

Secondly, I asked the staff to look at the problem of what we called combat pay, we now call hostile fire and imminent danger pay. I'm informed that was \$110 a month before the Persian Gulf War, during the Persian Gulf War it was raised about 27 percent to \$150 a month. And we have had an increase in pay since for just general military pay since the Persian Gulf War of about 30 percent. Clearly, we ought to have a combat pay figure that is relevant to the current pay scales and to current problems, and I would urge you to also take this up with the Department.

I don't think we ought to jump the gun. I think that was raised actually by executive action in the Persian Gulf War, it was made permanent in the 1993 Act, but the current rate of \$150 was made permanent then. We seek your guidance. I should think that the Executive Order would be sufficient right now, but the permanent pay scale ought to be raised sometime in the future.

Again, I thank you very much for your presence. Senator Inouye and I have been here now for over 30 years on this committee and watched the development of many of the systems that we're seeing used so effectively in this war, and we commend you as we did in the beginning for your efforts and your role. And I promise not to show your picture around, the one I talked to you about, General.

ADDITIONAL COMMITTEE QUESTIONS

General JUMPER. Thank you, Senator.

Senator STEVENS. He went to high school in Anchorage.

Thank you very much.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO JAMES G. ROCHE

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

BASIC MILITARY TRAINING AND TECHNICAL TRAINING SCHOOL

Question. Your submitted joint written statement addresses the importance of recruiting and retention to maintain a quality force. You said, "Despite the challenge of mustering such a diverse and skilled collection of Americans, we exceeded our fiscal year 2002 enlisted recruiting goals and expect to surpass fiscal year 2003 objectives. We will adapt our goals to meet new force objectives; however the capacity limitations of Basic Military Training and Technical Training School quotas will continue to challenge Total Force recruiting efforts." Since these missions are accomplished as a whole or in part at Lackland and Sheppard Air Force Bases, can you elaborate on what you mean by capacity limitations?

Answer. The Air Force is in the process of reshaping the force in response to the current security environment. Basic Military Training (BMT) and most Air Force Speciality Code (AFSC) technical schools met past capacity requirements but are now feeling stressed because of meeting new or expanded mission demands. BMT capacity is currently tight because of increased Guard/Reserve numbers but capacity is sufficient to meet demand. Some of our most in-demand career fields are trained at technical training wings in Texas (e.g., CE Readiness at Sheppard; Security Forces at Lackland; Intelligence/Linguist at Goodfellow). As we transform, certain skills will be temporarily stressed; however, adequate resources will be moved to accommodate increases in throughput. As we work through this force reshaping, training requirements will be adjusted. Active and Reserve Component requirements will be re-evaluated and enough seats made available to meet new steady state current and future requirements.

In the interim, timing of course dates may not be as convenient; however, sufficient seats will be available to accomplish Total Force mission requirements. Our focus is on making force-shaping adjustments while maintaining the most effective and efficient Total Force training pipeline possible. We expect to sustain adequate capacity given the size of the force we have today.

RANGE AND READINESS PRESERVATION INITIATIVE

Question. Please provide some background information on the Range and Readiness Preservation Initiative that you mentioned in your written statement, intended to examine training range activity and current legislation's impact on these activities.

Answer. The Readiness and Range Preservation Initiative (RRPI) provides clarification to specific statutes; it does not provide "sweeping" exemptions from environmental laws. Also, the RRPI is not a complete solution for every encroachment challenge. Changes in regulations and administrative practices are also being explored.

Recently, courts have been interpreting environmental statutes and existing laws in new ways that are impacting military operations on ranges and in airspace. RRPI is one process used by the Air Force to address encroachment. The current RRPI seeks focused legislative changes to protect our readiness as we manage our resources. It does this by; (1) codifying Department of the Interior policy to use DOD's integrated natural resources management plans. These replace the need for critical habitat designations under the Endangered Species Act on DOD lands, (2) amending the Marine Mammal Protection Act to clarify that military readiness activities are not considered "harassment" of marine mammals unless they present a significant potential to injure the mammals or to disrupt natural behavior patterns, (3) codifying the Environmental Protection Agency rule that munitions used as intended on operational ranges, e.g., dropped on a range, are not "solid waste," (4) clarifying Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) definition that firing a weapon is not a "release," and by (5) extending the timeframe to conform to State Implementation Plan requirements for air emissions.

In summary, these modest changes to the current laws will maintain the current status of law and regulatory implementation policy while preventing judicial creep from changing well-established rules.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

FORCE PROTECTION

Question. Secretary Roche, I understand that the Army will be providing approximately 8,000 additional personnel to help the Air Force meet its increased force protection requirements. This support will last for two years, but is not included in the fiscal year 2003 Budget or the proposed fiscal year 2004 budget. How does the Air Force plan on funding this increase and what plans are in the works for a permanent solution to the shortfall?

Answer. The increases for Air Force force protection are a direct result of the attacks of September 11, 2001 and the Global War on Terrorism. These increases were initially fulfilled by the mobilization of over 90 percent of Air Reserve Component security forces. With the limit of 24 months of mobilization and the inability to replace those whose mobilizations will expire in 2003, the Air Force entered the agreement with the Army to provide replacement personnel. The timing of these requirements was such that the Air Force was unable to include it in the fiscal year 2003 or fiscal year 2004 budgets. For fiscal year 2003, supplemental funding was provided. The fiscal year 2004 requirement remains unfunded at this time.

The Air Force plans to permanently resolve this shortfall with a combination of increasing the number of security forces by force structure adjustments, providing contract support where applicable, and exploiting technologies that will reduce the personnel requirement.

F/A-22 RAPTOR

Question. Secretary Roche, as you know, the GAO has recently released a report on the cost growth of the F/A-22 Raptor. It states that “DOD has not fully informed Congress (1) about what the total cost of the production program could be if cost reduction plans do not offset cost growth as planned or (2) about the aircraft quantity that can be procured within the production cost limit.” If the cost limit is maintained and estimated production costs continue to rise, will the Air Force have to procure fewer F/A-22s than currently planned?

Answer. The program has experienced production cost increases that have reduced the number of jets that can be bought. Under the \$36.8 billion Congressional production cap, current estimate is that between 220–230 aircraft can be procured. It is important to note that, though aircraft affordability is not matching initial expectations, the aircraft are getting cheaper. By promoting production stability and momentum, there is no reason the program can’t continue, and even accelerate, towards the ultimate goal of delivering Air Dominance to the Combatant Commanders.

With relief from the current Congressional production cap, the Air Force estimates it can procure at least 276 aircraft under the \$42.2 billion OSD-approved “buy-to-budget” strategy. This revised estimate accounts for actual negotiated lots through Lot 3, conservative assumptions for future efficiencies, and a 5 percent risk factor for production “unknowns.” In addition, the Air Force and Office of the Secretary of Defense (OSD) Cost Analysis Improvement Group (CAIG) quantity estimates now agree within 3 percent. For these reasons as well as the positive affordability trend mentioned above, the Air Force fully expects to buy more than 276 aircraft under the OSD-approved production limit.

Question. Secretary Roche, at the annual Air Force Association’s Air Warfare Symposium, you described problems with F/A-22 and contended that if those problems cannot be repaired you would recommend termination of the program. Can you please describe the problems you were referring to, and is it your plan to cancel the program if these problems continue?

Answer. The problem I referred to at the Air Warfare Symposium is avionics software stability. The issue is not how well the avionics perform, but how long they run before a module in the avionics software suite requires a reset. The current average run-time between resets, as measured in the F/A-22 Avionics Integration Laboratory (AIL), decreased when the software was loaded on the aircraft. OSD chartered an independent team to study this problem and recommend ways for improving run-time in the jet and ways for translating stability from the AIL into the aircraft. The team’s recommendations center on implementation of new software development tools and data capturing methods for finding and fixing the root causes of instability events. The team stated that, after implementing new tools, there is no reason software stability cannot be resolved.

TANKER FLEET

Question. Secretary Roche, General Myers stated in testimony before the Congress that replacing the 40-year old KC-135 air refueling fleet is an essential joint warfighting requirement. However, funds for replacing the tankers were not included in the fiscal year 2004 budget request. Is the tanker fleet “relatively healthy” or is the replacement of refueling tanks “essential” to support mission requirements?

Answer. Recapitalization of the tanker fleet is “essential” and must begin now to continue to meet tanker requirements. The fiscal year 2004 President’s Budget does not include funding for the tanker replacement; however, there are two options under consideration by the Department of Defense to field a replacement aircraft within the future years defense plan. Pending departmental approval, the Air Force intends to bring the recommended plan forward and identify funding and delivery schedules at that time.

AIR FORCE INVESTMENT BUDGET

Question. Secretary Roche, a Congressional Budget Office study of the long-term budget implications of current defense plans commissioned by this committee suggested that the Air Force’s investment budget would need to grow to \$59 billion by around 2012. The Air Force has made some cut backs to force size since CBO made

that estimate but it seems likely that Air Force investment will require significant real increases in spending. Do you think those increases are likely to become available?

Answer. As the CBO study illustrates, the Air Force faces a complex set of aging aircraft/system challenges. Since procurement of new U.S.A.F. aircraft/systems dropped to minimal levels during the 1990s, we now face a modernization bow wave that will take time and money to turn around. Moreover, the cost to maintain older systems could grow substantially and further erode the funding available for modernization.

Though it is not appropriate for me to predict the level of funding, it is my role to examine the national security strategy and make recommendations to the Secretary and on how best to spend those funds available. We do this each year as part of the Future Years Defense Program build. The next comprehensive look at all this, to include the new security strategy and the post-Iraq-War environment, will be during the 2006 Quadrennial Defense Review. The Air Force will be a full and active partner in that process.

QUESTIONS SUBMITTED TO GENERAL JOHN P. JUMPER

QUESTION SUBMITTED BY SENATOR THAD COCHRAN

AIR EXPEDITIONARY FORCE

Question. General Jumper, I understand the Air Expeditionary Force construct you refer to on pages 11 and 12 of your written statement has been useful in managing deployment rotations and incorporation of the Guard and Reserves. Can you comment on the utility of this rotation methodology in the Afghanistan and Iraqi conflicts?

Answer. The Air Expeditionary Force (AEF) has been very successful in allowing the Air Force to respond to the requirements of both Afghanistan and Iraq. Even under these stressing conditions the AEF allowed us to deploy and re-deploy forces in an orderly and thoughtful manner, thereby preserving the ability of the Air Force to meet national security imperatives.

In January 2003, we made the decision to deviate from our normal 3-month rotations so the Air Force could meet combatant commander requirements. To do so we "surged" the AEF to build-up the level of available forces by freezing AEF seven and eight in place and reaching forward into future AEFs for additional forces. This allowed us to simultaneously support homeland security requirements, the global war on terrorism, Operation IRAQI FREEDOM, and an increased force posture in the Korean AOR proving the AEF's robustness and ability to respond to crisis situations; however, this deviation from the Air Force's normal AEF "battle rhythm" affected all Air Force personnel: Active Duty, Guard, and Reserve.

As I noted in the U.S.A.F. Posture Statement, "we do nothing without Guard, Reserve and civilian personnel working alongside Active Duty airmen." The AEF construct gives the Air Force the tools to select the Active Duty, Guard or Reserve capability best able to meet combatant commander's requirements and achieve national military objectives. Since September 11, 2001, we have seen a continued increase in baseline requirements for air and space expeditionary forces. This trend began after Desert Storm and has continued throughout Kosovo and Afghanistan. Until we are better able to judge the post Operation IRAQI FREEDOM requirements, we cannot specifically define the level of emerging sustained forces required. Regardless of the level of this requirement, the AEF construct allows us to maximize our sustainable deployed capability while giving us the flexibility to respond to additional contingency requirements.

To understand this, one has to realize that the AEF construct is not just a way for the Air Force to manage deployment rotations. The AEF construct allows us to provide the greatest possible capability to the combatant commanders while preserving the readiness of the force to meet both rotational and crisis requirements. A crucial part of force readiness is achieved by retaining our most critical resource, the trained and motivated airman. The recent conflicts in Iraq and Afghanistan have once again highlighted the tremendous job these young professionals are doing for our country. To retain this crucial resource it is essential we give them the tools to manage their professional and personal lives by providing predictability and stability. The AEF construct has been fundamental to our ability to train and retain the best and brightest.

Recent Operations operations have afforded the Air Force an opportunity to test the ability of the AEF to robust and respond to crisis situations. The AEF met this

challenge head-on, seamlessly proving each combatant commander with the expeditionary air and space capabilities to prevail.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

TANKER FLEET

Question. General Jumper, there is strong reason to believe that the need for aerial refueling operations to conduct current and future operations will continue to grow. Is the Air Force's current tanker fleet able to handle an increased pace of operations?

Answer. We are confident that we can, and will, successfully execute missions as we did with Operations ENDURING FREEDOM and IRAQI FREEDOM. However, if simultaneous operations in other regions are added, tanker availability becomes more of a limiting factor, delaying deployment of forces, and extending the duration of the air war.

The Air Force has an urgent and compelling need to begin replacing the 43-year-old KC-135E as soon as possible. Competing priorities and limited budget demand our leaders make decisions based on operational risk and investment choices. Today, our most pressing tanker risk is a delay to the replacement process. In the future, the Air Force will continue to assess its tanker requirements and make appropriate decisions regarding future force structure.

SPACE PROGRAMS

Question. General Jumper, the Space-Based InfraRed System-High has in the past suffered from schedule delays and significant cost growth. Can you please give the committee an update on progress in the Air Force's Space-Based InfraRed System-High in the fiscal year 2004 budget request and can you guarantee that this program is on schedule and within its budget?

Answer. The fiscal year 2004 Research, Development, Test and Evaluation (RDT&E) request for Space-Based Infrared System-High (SBIRS High) will continue to fund the development contract for space and ground segment development, continue System Program Office support, and independent technical analysis by Aerospace corporation.

The fiscal year 2004 Other Procurement, Air Force (OPAF) will fund procurement of equipment needed for Mission Control Station Backup (MCSB) site activation, systems engineering, integration, and test support; and hardware and software licenses and government furnished equipment (GFE). The MCSB at Schriever AFB, CO will be the backup to the SBIRS Mission control station (MCS) at Buckley AFB, CO, to meet full operational needs. The MCSB is currently under construction using the MILCON funded in fiscal year 2002 (\$19 million) and is on schedule for completion by September 2003.

The Interim Test Center (ITC) hardware installation in Boulder, CO, is scheduled to be completed in July. The Integrated Training Suite (ITS) is scheduled to be available in the fall of this year. The ITS is critical to maintain an experienced and effective crew force—ensuring personnel are trained when they arrive station and remain proficient throughout their assignment.

SBIRS Highly Elliptical Orbit (HEO)-1 payload environmental testing, including thermal vacuum and acoustic tests, and several payload-to-host and -ground interface tests were successfully completed in 2002. Electromagnetic Interference (EMI) testing uncovered excessive radiated emissions levels in late December 2002. The HEO-1 test and certification program is designed to find and fix problems. The problems encountered are not unusual for first time payload integration of a new sensor. Resolution has required extended rework and parts fabrication, resulting in a schedule breach to the Acquisition Program Baseline for delivery of the HEO-1 payload (May 2003 threshold). The revised schedule details are still being worked; however, delivery should satisfy the Host's need date. Impacts to the schedules for subsequent deliveries, including HEO-2 payload and GEO spacecraft, are under review. The delivery of HEO-1 continues to receive the highest attention and priority among all stakeholders, contractor CEOs, and the Under Secretary of the Air Force.

The recent delay in the delivery of the HEO-1 payload is being handled within the program's funding based on the cost estimate developed during the Nunn McCurdy certification review process. While HEO-1 payload delay is unfortunate, the lessons learned from this delay are being incorporated in the HEO-2 and GEO assembly, integration, and test.

As a result of the schedule delays and significant cost growth that led to the SBIRS Nunn-McCurdy unit cost breach notification to Congress in December 2001,

the Secretary of the Air Force directed an Independent Review Team (IRT), in concert with Lockheed Martin, to review the program and diagnose the root causes and contributing factors of the significant cost growth. Three root causes were identified.

1. The program was too immature to enter the detailed System Design and Development phase.

2. The system requirements and their flow-down into engineering solutions were not well understood.

3. A significant breakdown in execution management occurred, both within the government and the contractor teams.

These findings were addressed in the restructured program presented to the Under Secretary of Defense Acquisition, Technology, and Logistics USD(AT&L) for his review.

The USD(AT&L) certified the SBIRS program to Congress as required by the Nunn-McCurdy Act on May 2, 2002. The Acquisition Decision Memorandum directed the Air Force to:

- Fully fund the SBIRS-High program to the OSD estimate
- Rebaseline program to OSD schedule
- Approve a revised Acquisition Program Baseline and a revised Acquisition Strategy
- Submit a quarterly Selected Acquisition Report with an as-of-date of June 30, 2002
- By January 30, 2003, Under Secretary of the Air Force provide AT&L with assessment of the program status to meet the revised Acquisition Program Baseline—completed January 27, 2003.

As part of the Nunn-McCurdy certification process, the Air Force restructured SBIRS High to make it executable and fully funded the program to the OSD estimate. The program established a realistic baseline and implemented management changes based on the Independent Review Team findings. The acquisition strategy was revised and the Total System Performance Responsibility (TSPR) clause removed from the contract. The comprehensive government Estimate at Complete (EAC) identified many shortfalls with the original technical baseline that are now corrected and funded. The schedule also provides for adequate testing timelines (based on historical data). The Earned Value Management System (EVMS) enhancements add industry best practices and more SPO surveillance. Both government and Aerospace staff dedicated to SBIRS have increased.

The program is implementing only “Urgent & Compelling” needs via a disciplined change process controlled by the SBIRS Program Management Board. This Program Management Board is in place to prevent requirements creep. The revised contract defines quantifiable, objective performance criteria to reward positive behavior and penalize poor behavior—a Best practice recommendation of the Young Panel.

- Program Execution Performance (PEP) incentivizes disciplined management/system engineering processes
- Mission Success Incentive incentivizes timely delivery of military capability
- Cost Plus Incentive Fee (CPIF) contract clause incentivizes cost performance

Although challenges remain, the Department is reasonably confident that the SBIRS cost and schedule estimates are realistic and executable, based on both Air Force and OSD independent cost estimates.

EXPEDITIONARY AEROSPACE FORCE (EAF)

Question. General Jumper, given the current world situation—with its large scale deployments for the war on terrorism and war with Iraq, and the possibility that these large scale deployments might continue for a number of years—is the EAF concept still viable?

Answer. Yes, the Aerospace Expeditionary Force (AEF) concept is still viable. The AEF concept is not tied to a particular base or mission. It is the way the Air Force organizes and prepares for military operations abroad.

The Air Force implemented the AEF structure in October 1999 as a force management and presentation tool designed to ensure fully trained and combat-capable airpower forces are always available to successfully support standing contingency operations.

Sustaining on-going rotation requirements has become part of our Air Force culture. The AEF concept articulates the capability of the Air Force to support normal standing rotations and contingency operations. The Air Force can indefinitely support the deployment of up to two AEFs (aircraft and expeditionary combat support) worth of assets.

When contingency requirements exceeded this maximum sustainable capability, we “surged” the AEF to meet those evolving requirements. During “surge” we are

able to temporarily increase the amount of deployed capability up to four AEFs. Requirements beyond two AEFs force us to reach forward into successive AEFs for the required capabilities. This surge comes at a price. To enable the build-up of capability unit training cycles are curtailed and deployment durations are extended. The higher the level and the duration of surge the greater the reconstitution impact, in terms of training and recapitalization of equipment. The Air Force is prepared to transition back to a more normal rotation cycle when the combatant commanders no longer need the additional support for OPERATION IRAQI FREEDOM.

It is important to stress that the ability of the Air Force to support deployment requirements is in no way limited by the AEF construct. The AEF structure allows the Air Force to meet the challenges head on. It provides the Air Force a methodology for managing force readiness to meet the growing demands for Air & Space Expeditionary Forces, while simultaneously supporting the Defense Strategy requirements such as: defend the homeland, deter forward, swiftly defeat and/or a limited number of lesser contingencies.

Total force size, active to reserve component mix and overseas and CONUS base structure determine our total deployment capability. To maintain readiness and meet retention needs the Air Force, like the other services, needs to limit Temporary Duty (TDY)/deployments of this deployable capability to approximately one-third of the time. The AEF rotational construct does this.

Air Force senior leadership is working to reshape the force in areas of concern highlighted by the recent stress on the system resulting from current operations. Where possible we are shifting resources from less stressed areas into stressed career fields and shifting military positions to make the maximum deployable capability available. We are also completely revamping our methodology for determining military and civilian manning requirements to focus the requirement process on deployable capability rather than home station requirements. These efforts have made over 270,000 active duty positions available to meet deployed requirements.

The bottom line is that the AEF has been a tremendous success since its inception. The modifications we are pursuing, such as embedding the Air Expeditionary Wings (AEWs) have enhanced the capability of the AEF over the course of its evolution. The likely level of requirements will continue to stress the Air Force in the coming years as we reduce the numbers of mobilized forces, the AEF gives us the best possible tool to cope with these stresses.

SUBCOMMITTEE RECESS

Senator STEVENS. If there is nothing further, the subcommittee will stand in recess.

[Whereupon, at 11:25 a.m., Wednesday, March 26, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2004

WEDNESDAY, APRIL 2, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Cochran, Domenici, Inouye, and Durbin.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

STATEMENT OF HANSFORD T. JOHNSON, ACTING SECRETARY OF THE NAVY

ACCOMPANIED BY:

**ADMIRAL VERNON E. CLARK, USN, CHIEF OF NAVAL OPERATIONS
GENERAL MICHAEL W. HAGEE, USMC, COMMANDANT OF THE MARINE CORPS**

OPENING STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE [presiding]. I have just received word that the chairman of the committee is occupied at this moment getting prepared for the supplemental appropriations debate.

So I will open the proceedings, and I thank all of you for being here this morning. We have some new faces, new Navy and Marine Corps leaders with us here today. For the first time, we have with us our Acting Secretary of the Navy, Mr. Hansford Johnson, and General Michael Hagee, Commandant of the Marine Corps. I look forward to working closely with both of you.

I would like to take a moment to recognize and commend the men and women of the Navy and Marine Corps for their selfless service in the war in Iraq and the global war on terrorism. They are doing courageous and valiant work in the Gulf at this very moment and obviously, all of us are extremely proud of their service and their commitment to our Nation, and we wish them and their families the very best as they continue with this difficult and honorable mission.

We are here today to discuss the Navy and Marine Corps fiscal year 2004 budget request. Again, we face challenges as we attempt to strike the appropriate balance between the needs of today and the transformation of tomorrow's fleet. This committee has demonstrated its commitment to our naval forces year after year. As

always, we will want to hear from you about what is included in the budget for the men and women serving in the Department, but we are also interested in discussing the planned size of the naval fleet and the Marine Corps aviation programs.

With that, I look forward to hearing your remarks today and extend to you the apologies of my chairman, and we assure you that we will continue working with you as we maintain the finest Navy and the most courageous Marine forces in the world.

Senator Cochran.

STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Mr. Chairman, thank you very much. I am pleased to join you in welcoming our distinguished panel of witnesses before the committee today. Secretary Johnson, Admiral Clark, Commandant Hagee, thank you very much for your cooperation with our committee. We are looking forward to your presentation about the budget request for the next fiscal year and your observations about how we can be helpful to ensure that our Navy and Marine Corps remain well-supplied and well-funded with the resources that you need in order to do your part to protect the security of our great Nation, and to continue to successfully wage the war against terror. I think your accomplishments to date have been truly outstanding in every way. You have reflected credit on our country and we thank you for your service.

Senator INOUE. Thank you very much. May we begin with the testimony of the Secretary?

STATEMENT OF SECRETARY JOHNSON

Secretary JOHNSON. Thank you, Senator Inouye, Senator Cochran. It is an honor to appear before you today and update you on the Department of the Navy and discuss our 2004 budget.

Today in the Persian Gulf and around the world, our Nation is served by the most professional and capable naval force in the world. You should take immense pride as you did in your comments, Senator Inouye, with how you helped fund this force and prepare it to do what they are doing today. On behalf of each sailor and Marine, I thank you for your continuing strong support.

The Navy and Marine Corps, alongside their Army, Air Force and Coast Guard partners, are on station in every corner of the world, taking the fight and global war on terrorism to the enemies, determining aggression against our Nation and our allies and representing U.S. interests abroad.

Today, over 68 percent of our ships are underway, including seven deployed carrier groups. Sixty-six percent of Marine operating forces are deployed. The Navy-Marine Corps team's successes are reflective of this strong sustained support that you and the Congress have provided.

As well as on the home front, our dedicated civilian and contractor employees, the great American moms and dads, wives, husbands and children who support these forward deployed defenders of freedom, we are eternally grateful for the hard work and sacrifice that they are making for our Nation each day.

Our people remain our most precious asset. Our ships, submarines, aircraft and ground combat assets are of no value without

them. The 2004 budget sustains the tremendous progress we made in personnel and readiness accounts. We have kept faith with our people by requesting targeted pay raises and further reduction of the out-of-pocket housing expenses. Recruiting goals are being met and retention remains strong. In sum, our Navy-Marine Corps team is well-trained, highly motivated, and meeting the Nation's call.

Having made great strides in our current readiness and personnel programs, we must now turn to recapitalization and modernization. Two-thirds of our Department's top line increases for 2004 is dedicated to increased procurement.

Eleven billion four hundred million dollars is dedicated to shipbuilding. This provides for the construction of seven new ships, two SSBN to SSGN conversions, and the first ship in the cruiser conversion program. Shipbuilding, while not at the optimal ten ships per year, represents a significant increase and a step in the proper direction.

I am also pleased to report that the budget funds 100 new aircraft, it sustains the MV-22 program, continues development of the joint strike fighter, and continues a procurement process for the advanced amphibious assault vehicle. Moreover, we are pressing ahead with innovative ways to ensure that we are not locked into purchasing platforms whose electronic sensor and weapons systems are obsolete upon delivery.

We are moving forward to procure ships not as a total package, but in the phased approach, the sea frame or hull followed by the weapons and followed by electronics. This new strategy will allow us to acquire our systems in the right way and insert them at the right time in the construction process.

The budget reflects careful balancing of competing demands and risks. This is most evident in our decision to accelerate the retirement of the oldest, least capable and most maintenance-intensive ships. We are convinced that by selecting near-term divestment of platforms least relevant to our future is the fastest and most efficient way to recapitalize and modernize, and transform the Navy and Marine Corps without compromising our ability to accomplish the ongoing missions.

In total, the retirement of legacy systems and application of transformational business practices will result in savings of \$1.9 billion. More importantly, the budget builds the concept of transformation into our recapitalization and modernization.

This commitment to transformational platforms includes the next generation aircraft carrier, the CVN-21, the DDX, which is the centerpiece of the Navy's future family of ships, and the Littoral combat ship, LCS, which is the newest member of our family of ships and is designed from the outset as a focused mission ship that uses reconfigurable mission modules to counter the most challenging threats in Littorals.

In aviation, we continue to move forward with the joint strike fighter, the advanced Hawkeye upgrade program, and this year we are introducing the EA-18G, which will replace the EA-6B Prowler, which is our most maintenance-intensive aircraft in the fleet today.

Force Net is a future architecture that will enable netcentric warfare throughout our forces.

PREPARED STATEMENT

We have made some difficult choices in the 2004 budget request. We have carefully crafted it to sustain advances made in personnel, quality of life and readiness, to balance the risk while divesting legacy systems and concepts to invest in shipbuilding, aircraft procurement and transformational technologies, all to achieve the total force that the future demands.

We look forward to working with you as we move forward. Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF HANSFORD T. JOHNSON

NAVY-MARINE CORPS TEAM: NATIONAL SEAPOW—AROUND THE WORLD, AROUND THE CLOCK

INTRODUCTION

The Navy-Marine Corps Team continues to provide extraordinary service and value to our Nation. Throughout the past year our Naval Forces have distinguished themselves around the globe, and our Sailors and Marines operating in the air, on and under the sea, and on the ground—including our space cadre—remain at the leading edge of the Global War on Terrorism. They have demonstrated the full effect of their lethal power, from the blue water to the littorals and well beyond, engaging and destroying the enemy in areas that previously would have been considered sanctuaries from sea-based forces. At a time of great consequence for our Nation, our Navy and Marine Corps not only have “answered the call,” but have done so while improving our combat readiness and retaining our Sailors and Marines at historic rates.

Our successes in the Global War on Terrorism, while significant, have not been achieved in isolation. We have worked alongside, in partnership, with our sister Services to realize the true potential of joint, interoperable forces in the new environment of 21st Century warfare. The superior operational and personnel readiness levels we have been able to sustain are directly reflective of the strong, sustained support of the Congress. In fiscal year 2004, we seek your support for the President’s budget request to sustain the gains made to date, improve those areas where shortfalls remain, and continue transforming the Navy and Marine Corps for the 21st Century.

In the balance of this statement we will describe the significant accomplishments the Navy and Marine Corps have realized during the past year, the improvements in our warfighting readiness and capabilities that are supported by the President’s fiscal year 2004 budget request, and some details of our plans to transform and prepare for the challenges of the future. In assessing our request, it is important to note that our focus is on improving our ability to operate as an agile, lethal and effective member of a broader, networked joint warfighting force. To that end, we have given priority to the following overarching goals:

- Successfully prosecuting the Global War on Terrorism while sustaining our current readiness;
- Recapitalizing, modernizing and transforming our Navy and Marine Corps to meet the challenges of the future;
- Fully networking our forces at sea and ashore to operate seamlessly in a joint and coalition environment;
- Continuing to invest in our Sailors and Marines; and
- Sustaining the quality of our operational training.

In pursuing these principal objectives, we had to make some difficult tradeoffs within our proposed program. However, our fiscal year 2004 budget request is the best balance possible among important, but often competing priorities.

CONTEXT FOR THE FISCAL YEAR 2004 BUDGET REQUEST: SUCCEEDING IN A TIME OF GREAT CONSEQUENCE

Last year, our Navy and Marine Corps forces built on the historic response of our Sailors and Marines following the September 11, 2001 attacks on our Nation. Today,

our forces continue leading the way on the front lines of the Global War on Terrorism. More than half of our Navy operating forces and over sixty percent of the Marine Corps operating forces are currently deployed around the globe. Since the beginning of Operation ENDURING FREEDOM more than 90,000 Sailors and Marines and 100 Navy ships have deployed in support of ongoing operations. Nine of our 12 aircraft carriers and half of our 12 Amphibious Ready Groups have seen action in this worldwide conflict. Additionally, over 5,000 members of the Naval Reserve and 15,000 members of the Marine Corps Reserve have been activated in support of these operations.

Even after the effective defeat of the Taliban and the liberation of Afghanistan, our Naval Forces, whether sea-based or on the ground, continue their missions. For example, Marines from the 4th Marine Expeditionary Brigade (Anti-Terrorism) provide support and security for the U.S. State Department and the U.S. Embassy in Kabul, while others serve in Tactical Air Operations Detachments in support of air and Naval Special Warfare operations in Afghanistan.

While the Global War on Terrorism remains our principal focus, the Navy-Marine Corps team still operates extensively, as in the past, representing U.S. interests throughout the world. In Southwest Asia, we maintained continuous carrier presence, conducting combat operations over Iraq in support of Operation SOUTHERN WATCH. At the same time, naval task forces continued Maritime and Leadership Interdiction Operations supporting United Nations economic sanctions against Iraq for the eleventh straight year. In addition to these operational commitments, over 2,000 Marines participated in EAGER MACE 2002, an amphibious assault exercise in Kuwait in late September 2002.

During May through August 2002, over 1,400 Sailors, Marines, and Coast Guardsmen participated in the eighth annual Cooperation Afloat Readiness and Training (CARAT) exercise with countries including the Philippines, Thailand, Singapore, Indonesia, Malaysia and Brunei. Marines from the Third Marine Expeditionary Force participated with all CARAT nations in landing force operations as well as providing a Marine Security Element to advise and assist the armed forces of the Philippines in their efforts against global terrorism.

In the Mediterranean, Navy ships, including surface combatants, submarines and patrol craft operated with friends and allies in over 60 exercises with NATO and Western European nations to enforce United Nations sanctions in the Federal Republic of Yugoslavia. Marines from the 24th Marine Expeditionary Unit (Special Operations Capable) demonstrated their capability to offload and move inland to reinforce Kosovo Forces' security requirements.

Our ability to sustain the preceding breadth of capabilities, from combat operations to peacetime coalition-building exercises, came as a result of difficult choices we made—choices that have proven wise by the manner in which history unfolded last year. As you recall, in last year's budget we placed great emphasis on fixing some of the chronic problems that had been threatening our long term ability to man, operate and sustain the fleet we have today. We made a conscious decision to give the highest priority to our personnel and current readiness accounts. Within our critical procurement accounts we undertook a major effort to make the foundations for our shipbuilding programs healthy, even at the expense of being able to procure only five new ships in fiscal year 2003. While Congressional support for supplemental appropriations did much to decrease our maintenance backlog and fill our spare parts bins, we fully recognize our fiscal year 2003 plan devoted fewer resources toward recapitalization than either the Department or the Congress would have wished. Having made that difficult prioritization we committed to translating a healthy procurement base in fiscal year 2003 into earnest recapitalization in fiscal year 2004. We have kept that promise.

FISCAL YEAR 2004 BUDGET: BUILDING FROM A SOLID FOUNDATION

The Department's fiscal year 2004 budget request reflects an increase of \$3.5 billion above the amount provided in the fiscal year 2003 Defense Appropriations Act. It also reflects the Department's commitment to get the most out of every dollar provided by the American taxpayers. We do not come to the Congress with "hat in hand," but rather with a responsible request, optimally balanced across an entire department of competing priorities. In this budget request we have proposed an additional \$1.9 billion for our priority programs with funds identified through our own rigorous cost savings and divestiture initiatives.

Together, these sources of additional funds have enabled us to "turn the corner" in our most pressing recapitalization efforts. Two-thirds of our top line increase is dedicated toward increased procurement. This budget request reflects two more new construction ships and five more aircraft than appropriated by Congress last year.

It increases our funding for transformational R&D initiatives by a half billion dollars while consolidating the critical gains in personnel and current readiness achieved in last year's budget. The following represents the priority funding in fiscal year 2004 for the Department of the Navy:

- We propose 7 new construction ships and 100 new aircraft;
 - We propose significant transformational capabilities, including the next-generation aircraft carrier (CVN-21), the next-generation destroyer (DD(X)), the Littoral Combat Ship (LCS), two more SSBN-to-SSGN conversions, the Joint Strike Fighter (JSF), the V-22 Osprey, the Advanced Amphibious Assault Vehicle (AAAV) and the Advanced Hawkeye (E-2C) Program;
 - The Administration proposes a range of military pay increases from 2.0 percent up to 6.25 percent, targeted by rank and years of service, and additional reductions in out-of-pocket housing costs from 7.5 percent to 3.5 percent;
 - We propose sustained funding for our key operational readiness accounts, including an increase by over \$200 million for aviation depot maintenance;
 - We implement Navy-Marine Corps Tactical Aviation Integration, a process that will maximize our combat power, optimize the core capability of Naval aviation forces, and introduce 200 modern aircraft across the fiscal year 2004-fiscal year 2009 program;
 - We improve the quality of our operational training through our Training Resource Strategy, and provide \$61 million in fiscal year 2004 toward this end.
- Highlights of our fiscal year 2004 budget request are provided in the sections below.

Current Readiness

The fiscal year 2004 budget request builds upon the best successive two years in readiness budgets in more than a decade. It funds an OPTEMPO of 54.0 days per quarter for our deployed forces. This level supports the Global Naval Forces Presence Policy in terms of Carrier Battle Group (CVBG) and Amphibious Ready Group (ARG) availability as required by national security policy. However, accelerated deployment timelines and increased OPTEMPO will cause current year execution to run ahead of the existing plan.

Funding for ship maintenance will achieve more than 96 percent of the fiscal year 2004 notional goal. This reflects a virtually identical posture as compared to last year, both in terms of percent accomplishment and quantity of backlog remaining. The aggregate level of funding for ship maintenance declines from fiscal year 2003 to fiscal year 2004, due in part to the positive effects of the additional maintenance funding provided in supplemental appropriations in the previous year, and in part to the accelerated retirement of our oldest, least capable, and most maintenance-intensive ships.

Accelerating the retirement of these ships was one of the most difficult decisions we made in building this year's budget. While aggregate warfighting capability is a better metric than the number of ships in our inventory, we recognize that below a certain threshold numbers do matter. However, our analyses indicate that the near-term inactivations we are proposing provide an acceptable level of risk without compromising our ability to accomplish our mission, and that the fastest and most efficient way to recapitalize and transform the Fleet is to pursue vertical cuts in our least capable type-model series, both in ships and in aircraft, and apply those savings toward procuring new ships and aircraft.

The growing sophistication of potential threats, increasing complexity of modern warfare, advances in training technology, and the development of new weapons and tactics require more capable training facilities and methodologies. Under the leadership of Fleet Forces Command, the Department has produced the Training Resource Strategy (TRS), a multi-year plan to improve inter-deployment training for CVBGs, ARGs and Marine Expeditionary Units (MEUs). The Department is committed to implementing and fully funding these improvements.

The training technology, range and facility improvements programmed via the TRS will ensure the long-term combat readiness and effectiveness of our deploying forces and produce a training capability superior to that existing today. The fiscal year 2004 budget will ensure deploying forces are fully prepared for the challenges of armed conflict in the 21st Century.

Personnel Readiness

Our ships, submarines and aircraft have no "asset value" to the nation until manned by trained, educated, and motivated people. Sailors and Marines—along with our civilian workforce—remain the strong and steady foundation of our naval capabilities. The families of our service members also are vital to our readiness. It is a fact that we recruit Sailors and Marines, but we retain families, and we recog-

nize that the effectiveness of our forces is dependent in large measure on the support they receive from their loved ones.

Over the past two years we realized significant gains in the manpower arena that translated directly into increased personnel readiness. In the process of maintaining an increased readiness posture while transforming Anti-Terrorism/Force Protection positions, Navy operated just below the Congressionally-allowed maximum end-strength flexibility in fiscal year 2002. Doing so permitted us to sustain CVBG and ARG manning readiness near 100 percent. Our ability to surge deploy forces around the globe in response to recent events is testimony to the success of our personnel readiness posture. Over the course of fiscal year 2003 and 2004, we anticipate end-strength will decrease slightly to reflect force structure changes.

Active Duty.—The Navy and Marine Corps met recruiting and accession goals in 2002, and continue to attract America's finest young men and women to national service. The Marine Corps notched its seventh year of meeting monthly and annual recruiting goals. Navy achieved its recruiting goals for a fourth consecutive year. Both Services are well positioned for success in meeting 2003 officer accession requirements. The Sailors and Marines entering active duty truly represent our country's best and brightest. In 2002, 92 percent of Navy's enlisted accessions were high school graduates (up from 90 percent in 2001), while the Marine Corps accessions of high school graduates rose 1.3 percent to 97.5 percent.

Retention rates in 2002 remained at record levels, with 58 percent of eligible first-term Sailors deciding to "stay Navy." The Marine Corps met retention goals in 2002 in record time, achieving its highest occupational specialty match to date while also experiencing its highest officer retention rate in 18 years. Sailors and Marines have a sense of purpose and the desire to serve during this critical juncture in our nation's history. We provide them unique opportunities to grow professionally and personally, to achieve and be recognized, and to lead. They see improvements to their quality of service, and they appreciate the outstanding compensation and benefits provided to them and to their families. Our recruiting and retention success is reflected in the fully manned and operationally capable CVBGs and ARGs currently on station around the globe.

We are fully committed to providing the finest education and training for these bright young minds, as befits their place as future leaders of the Navy and Marine Corps. Graduation from "Battle Stations" or the "Crucible" is but the first step toward achieving the technologically advanced force required to conduct naval warfare in the 21st Century. Our "Revolution in Training" is establishing a career-long learning continuum, ensuring the continuous personal and professional development of every service member.

Successful as we are in attracting and retaining the best, we must not lose focus on people programs. Our immediate goals include:

- Increase Navy recruit high school graduation rates from 92 percent to 94 percent. Maintain Marine Corps recruit high school graduation rates between 97 percent and 98 percent;
- Increase the percentage of enlisted Navy recruits with previous college experience or technical/vocational training;
- Continue the Training Transformation started by Navy Task Force EXCEL (Excellence through Commitment to Education and Learning), and Marine Corps training continuum synchronization, including partnering with industry and academia to impart individual training and education;
- Continue to develop a live, virtual and constructive training environment both within the Department and for use in conjunction with the Joint National Training Capability; and
- Explore innovative manning initiatives such as the Optimum Manning program, which relies on new technologies and creative leadership to reduce ship manning.

Congressional support for a targeted pay raise in fiscal year 2004, which recognizes and reaffirms the value of our career force, is critical to staying the course. So, too, is continuing the reduction of out-of-pocket housing expenses and the extension and enhancement of essential special pay and bonus authorities. Selective Re-enlistment Bonus remains an important tool for retaining our critical skill personnel.

Reserves.—Our reserve community remains an integral part of our Navy and Marine Corps team, with 88,000 Naval Reservists and 40,000 Selected Marine Corps Reservists serving today. The seamless integration of the reserve and active components as a Total Force in the Global War on Terrorism has been a resounding success. The dedicated service, invaluable resources, and selfless sacrifices to duty each of these "citizen Sailors and Marines" provides on a daily basis are integral to operational success. We have recalled over 26,000 Navy and Marine Corps Reservists

as of mid-March 2003. These patriots have provided force protection, staff augmentation, intelligence, and warfighting skills to the Nation's war efforts.

The Naval Reserve constitutes 19 percent of the Navy's Total Force, with an additional 69,000 Sailors serving as Individual Ready Reservists (IRRs). In 2002 the Naval Reserve met both its officer and enlisted recruiting goals, the result of significant recruiting program efforts. These reserve forces provide our inter-theater airlift, harbor defense, Naval embarked advisory teams, and Naval Coastal Warfare capabilities. In addition, a large portion of the Navy's port cargo handling support, Mobile Construction Battalions, intelligence, and medical capabilities are resident in the reserves.

The Selected Marine Corps Reserve comprises nearly 25 percent of the Marine Corps' warfighting capability, with an additional 58,000 Marines serving as Individual Ready Reservists (IRRs). The Marine Corps Reserve's contribution to the Global War on Terrorism continues with individuals and units mobilized to provide a wide variety of support. The additional mobilization of hundreds of Individual Mobilizations Augmentees and IRRs provided a critical surge of ready expertise and staff augmentation to warfighting commands, both Joint and Marine.

Civilian Personnel.—The civilian workforce, currently totaling approximately 186,000, forms an essential role as part of our Total Force. Hard-working and dedicated civilian employees can be found in every major command, working alongside our Sailors and Marines, performing the vital work of the Department. We continually refine and shape this vital work force for current and future missions. Twenty-one civilian occupational groups are targeted specifically for intensive active management. These include science and engineering, logistics, contracting, human resources, and financial management. Just as it is essential to recruit and retain the very best Sailors and Marines, it also is essential to recruit and retain the best and brightest civilians. We are in a competition for talent, and your support for a flexible set of civilian human resource management tools that will reward unconventional thinking will enhance our efforts to hire, develop, and retain this quality work force. The National Security Personnel System that is being considered would provide these tools in our competition for talent.

Shipbuilding

The fiscal year 2004 budget request provides funding for seven new construction ships, the final two of four planned SSBN-to-SSGN conversions, and the first ship in our Cruiser Conversion program. In all, our shipbuilding program includes \$11.4 billion, a significant increase above last year. Additionally, we invest more than \$1.5 billion for Research and Development (R&D) in transformational shipbuilding programs such as CVN-21, DD(X), LCS and SSGN, discussed later in this statement. The seven new ships include:

- Three ARLEIGH BURKE Class (DDG-51) destroyers. These ships are being procured as part of a multi-year procurement (MYP) of 10 DDG-51 ships over the period fiscal year 2002 through fiscal year 2005. In addition to the cost savings from this MYP, the Navy and its two principal DDG builders successfully negotiated a workload swap arrangement in June 2002 in which General Dynamics' Bath Iron Works will transfer LPD-17 ship construction work to Northrop Grumman Ship Systems in exchange for additional DDG-51 work. This arrangement will optimize production efficiencies and stabilize workload at all shipyards building DDG-51 and LPD-17 Class ships.
- One VIRGINIA Class (SSN-774) fast attack submarine. The fiscal year 2004 ship marks the initial year of a seven-ship, five-year MYP that will achieve significant savings while increasing submarine procurement to two per year starting in fiscal year 2007. The first VIRGINIA Class submarine (SSN-774) will deliver in June 2004.
- One SAN ANTONIO Class (LPD-17) amphibious transport dock. The fiscal year 2004 budget provides full funding to procure the sixth ship of this class. The program is on track, and represents an urgently needed contribution to the Marine Corps' amphibious lift requirements.
- Two LEWIS AND CLARK Class (T-AKE) auxiliary cargo and ammunition ships. Fiscal year 2004 funding procures the fifth and sixth ships of this class to continue recapitalization of our support fleet. Delivery of the lead ship is expected in fiscal year 2005.

Beginning in fiscal year 2004, the Cruiser Conversion Program will provide selected TICONDEROGA Class Aegis-equipped cruisers with essential land attack, force protection, and Area Air Defense Commander capabilities, extending their mission-relevant service life to 35-plus years.

Beyond the new construction ships and conversions, the fiscal year 2004 budget request provides additional incremental funding for LHD-8, service life extension

for three Landing Craft Air Cushioned, and initial R&D efforts on the LHA Replacement (LHA(R)), scheduled for procurement in fiscal year 2007. In LHA(R) the Department is pursuing a far more capable replacement for aging amphibious ships such as the LHA. While the initial stages of design move forward, LHA(R) will offer many improvements over the LHA it will replace, and will set the stage for further development toward a new design that could offer capabilities such as concurrent flight operations of helicopters and fixed wing aircraft.

Aircraft

The Department's fiscal year 2004 budget maximizes the return on aviation investment, primarily through the use of MYP arrangements for the F/A-18E/F (both airframe and engine), the E-2C, and the MH-60S. We also have agreed to enter a joint MYP contract with the Air Force to procure KC-130Js to replace the Marine Corps' fleet of KC-130F/Rs. In all, the fiscal year 2004 budget procures 100 new aircraft, including: 53 tactical, fixed wing aircraft (42 F/A-18E/F, 2 E-2C and 9 MV-22); 28 helicopters (13 MH-60S, 6 MH-60R and 9 UH-1Y /AH-1Z); 16 trainer aircraft (15 T-45 and 1 T-39); and 3 support aircraft (2 UC-35 and 1 C-40A).

The F/A-18E/F Super Hornet is the Navy's principal tactical aviation recapitalization program until we get to the JSF. The fiscal year 2004 budget includes \$3.0 billion for 42 planes, which constitutes the final installment of an fiscal year 2000-fiscal year 2004 MYP contract. Deliveries remain ahead of schedule, and the first squadron of F/A-18E/F recently conducted combat operations aboard USS ABRAHAM LINCOLN (CVN-72). Of note, a variant of the F/A-18 airframe, the EA-18G, has been selected as the Navy platform to replace the aging EA-6B Prowler. By using a common airframe, the EA-6B follow-on will deliver at lower cost while providing growth potential for improved future electronic warfare systems. The Marine Corps expects to fly the EA-6B (ICAP III) until approximately 2014 to 2015 before transitioning to a new Electronic Attack aircraft.

Based on successful flight testing results, the Department felt confident to continue the minimum sustaining rate for the V-22 Osprey program and has requested nine MV-22s along with two CV-22s requested by the Air Force. Additionally, fiscal year 2004 funding supports key elements of the Department's helicopter master plan. We have requested procurement of 13 MH-60S platforms (organic mine countermeasures, combat search and rescue, special operations and logistics missions) and 6 MH-60R platforms (tactical support missions for surface combatants and aircraft carriers). Together, these will continue replacing the Department's aging fleet of H-46, SH-3, SH-60B and SH-60F helicopters. Fiscal year 2004 will mark the first year of procurement in the AH-1Z/UH-1Y program. These aircraft improve many capabilities for the Marine Corps, including increased payload, range and time on station, improved sensors and lethality, and 85 percent component commonality.

Weapons

The fiscal year 2004 budget request supports the Department's objective to develop, upgrade and replace weapons and weapon systems to ensure we maintain our warfighting edge.

Our precision guided munitions inventory will continue to improve in fiscal year 2004 as the Tactical Tomahawk (TACTOM) system ramps up to full rate production. TACTOM will accelerate the transition of our land attack missile inventory from the older Tomahawk Land Attack Missile to the newer, more capable, less costly TACTOM. The budget request sustains the maximum Department of the Navy production rate for the Joint Direct Attack Munition of 1,000 units per month while procuring over 5,000 Laser Guided Bomb kits. Production of the Joint Standoff Weapon (JSOW) baseline variant (dispenser) increases in fiscal year 2004, and the JSOW unitary variant (penetrator) enters full rate production.

Several land attack R&D efforts central to future littoral warfare continue in fiscal year 2004. Advanced naval gun technologies will enhance fire support to Marines operating ashore. Evolving toward a fiscal year 2005 "shoot-off," either the Extended Range Guided Munition or the Autonomous Naval Support Round will enhance the range and accuracy of Navy 5-inch guns. The Advanced Gun System will provide the next generation of surface combatants with a modular, large caliber gun system including an automated magazine handling system.

Key Warfighting "Core Competencies"

While the fiscal year 2004 budget request devotes a significant amount of resources toward recapitalizing and transforming to meet future requirements, it also provides solid support for our longstanding naval "core competencies" of Anti-submarine Warfare (ASW), Mine Warfare (MIW), Ship Self Defense (SSD) and Air Defense (AD).

ASW.—ASW remains a challenging mission area, particularly in the shallow water littoral regions populated by modern, quiet submarines. The fiscal year 2004 budget request supports numerous improvements in ASW. The Improved Extended Echo-Ranging is incorporated into the USQ-78B Acoustic Processor, which will improve large area acoustic search capability on our Maritime Patrol Aircraft. Further enhancements to our capability for large area search will be provided by acquiring the Automatic Periscope Detection and Discrimination system. Additionally, the capability for our surface combatants to survive attacks from threat torpedoes will be enhanced through the Surface Ship Torpedo Defense effort. The success of the Acoustic Rapid COTS Insertion (A-RCI) program in providing significant improvement in ASW sensor processing for our submarine force has spawned similar efforts in submarine combat control, communications, and upgrades to the surface fleet's SQQ-89 combat suite. These programs validate the Navy's decision to use commercially available technology to deliver superior performance at less cost.

MIW.—The Navy continues to make advances in MIW capabilities, and our emphasis on organic capabilities to counter the growing mine threat is enhancing our ability to "get to the fight." The fiscal year 2004 budget continues the development and acquisition of the Long-Term Mine Reconnaissance System (LMRS), which is on track for an fiscal year 2005 IOC on LOS ANGELES Class submarines. LMRS will provide a clandestine reconnaissance capability for mines and mine-like objects. The fiscal year 2004 budget also includes funding for the development and acquisition of the Remote Mine-hunting System (RMS), a surface ship—launched and recovered semi-submersible vehicle. RMS has an fiscal year 2005 IOC with near-term fielding planned for DDGs 91–96. RMS also is a strong candidate for future deployment on the Littoral Combat Ship (LCS). To meet the Department's goal of an organic mine warfare capability by fiscal year 2005, the fiscal year 2004 budget continues the development and integration of five Organic Mine Subsystems into the MH-60S platform.

SSD.—We continue to invest in upgrading our Ship Self Defense programs. Fiscal year 2004 funding covers the spectrum from electronic countermeasures to missiles to guns. The Surface Electronic Warfare Improvement Program (SEWIP) is a spiral development effort initiated to provide a robust, full spectrum electronic warfare system following cancellation of the Advanced Integrated Electronic Warfare System in fiscal year 2002. SEWIP will build on the legacy SLQ-32 system to field capabilities against next-generation threats. The current budget expands procurement of the Close-in Weapons System, Block 1B. The internationally-procured Rolling Air Frame Missile will provide ship self-defense against missiles as part of a layered defense. Additionally, we are pursuing installation of minor caliber guns on our deploying ships to improve our ability to counteract a small boat threat in the 0 to 8,000 yards range. We soon will install stabilized minor caliber guns on two DDGs.

AD.—The fiscal year 2004 budget requests funds to develop the Extended Range Active Missile (ERAM). ERAM will enable over-the-horizon engagements against the most advanced anti-ship and land attack cruise missiles, and represents an important step in projecting area defense landward from the sea.

Maneuver Warfare

The fiscal year 2004 budget supports the continued development and fielding of all equipment used by the Marine Corps' maneuver forces. This year we identify approximately \$340 million for R&D and procurement of the Advanced Amphibious Assault Vehicle (AAAV). Last year we procured the first AAAV, which will serve as a full-up system, live-fire test vehicle. We will procure 186 systems over the remainder of the fiscal year 2004-fiscal year 2009 program. Scheduled for IOC in fiscal year 2008, the AAAV will provide a unique combination of offensive firepower, nuclear-chemical-biological protection, and high speed mobility on land and on sea.

The fiscal year 2004 budget will fund the next 60 Lightweight 155 mm (LW155) Howitzers. These units will provide significant improvements in Marine Corps fire support over the current M198 system. Compatible with all United States and NATO 155 mm rounds, the smaller footprint of the LW155 will reduce strategic sea-lift requirements while providing improved accuracy and greater lethality.

C4I, Space and Network Initiatives

The Department's Command, Control, Communication, Computers, and Intelligence (C4I) and space programs are an integral part of network centric operations, enhancing the combat capability of our Naval Forces and serving as critical enablers of a transforming Navy and Marine Corps. Our concept of Information Technology for the 21st Century (IT-21) is providing a common backbone for C4I systems to be linked afloat, ashore, and to the Internet. IT-21 combines satellite and line-of-sight communication paths with commercial IT hardware and software to establish secure

and unclassified Internet Protocol network connectivity for ashore and mobile Naval forces. This is a critical first step toward transformational network centric operations.

Our next major objective is to integrate the successes of IT-21 and incorporate them across the full spectrum of naval operations to achieve significant improvement in knowledge management and operational performance. This full dimensional approach, called FORCEnet, will provide the operational construct and architectural framework for naval warfare in the information age. We will address FORCEnet in greater detail later in this statement.

Support from space is essential to many Navy and Marine Corps operations today, and grows increasingly important as the force becomes more network centric. The fiscal year 2004 budget supports the Department's expanding efforts in space, including assured, high data rate satellite communications, precision navigation and targeting, intelligence, surveillance and reconnaissance systems and environmental support.

The fiscal year 2004 budget continues critical enhancements that will provide our forces with a common tactical picture. Cooperative Engagement Capability (CEC) will provide real time exchange of fire control quality data between battle force units and will permit a single, identical tactical picture. The Block 2 version will reduce cost, size and weight, with procurement beginning in fiscal year 2006. The Naval Fires Control System and Joint Fires Network will use existing fire control infrastructure to serve as the nerve center for surface land attack by automating shipboard land attack battle management duties, incorporating improved land attack weapons systems, and utilizing battlefield digitization.

The Navy/Marine Corps Intranet (NMCI) serves as the principal element of the IT-21 effort ashore and is a key enabler of IT transformation. Business Case Analyses conducted over the last two years have demonstrated that the NMCI strategy, characterized by having a single private sector entity provide IT services under a long-term commercial seat management contract is, in fact, a sound business decision compared to the way IT requirements previously were satisfied. Last year Congress approved a two-year extension to the base performance period of the original NMCI contract, extending coverage through fiscal year 2007. Fiscal year 2004 funding of \$1.6 billion continues user seat roll-out and cutover to the NMCI architecture. Progressing toward a target end-state of 365,700 seats.

Missile Defense Initiatives

The Department of the Navy is poised to contribute significantly in fielding initial sea-based missile defense capabilities to meet the near-term ballistic missile threat to our homeland, our deployed forces, and our friends and allies. We are working closely with the Missile Defense Agency (MDA) to upgrade six DDGs in calendar year 2004 and another six in calendar year 2005 for ICBM surveillance and tracking duties. We also are supporting MDA's procurement of up to 20 Standard Missile interceptors to provide a limited at-sea capability to intercept ballistic missiles in the ascent and mid-course phases of flight. Finally, USS LAKE ERIE (CG-70) will be assigned to MDA to facilitate a more robust testing program for missile defense. Our sea-based missile defense programs experienced tremendous success on the test range during 2002, and we look forward to building on these successes to accelerate development of this vital capability for our Nation.

Shore Infrastructure

The Department remains dedicated to maintaining and improving the quality of our support to Sailors and Marines. Maintaining and improving an aging infrastructure, while recapitalizing our operating forces, requires disciplined choices and innovative approaches.

The fiscal year 2004 housing program continues the Department's course toward the goal of eliminating inadequate family housing by 2007. The Navy's three-pronged strategy of improving allowances to service members, privatizing, and continuing traditional military construction is proving very successful. Increased Basic Allowance for Housing (BAH) is spurring local communities to provide necessary housing on the open market. Recent analysis shows we have reduced the total requirement for government furnished housing by over 9,500 units.

Public/Private housing ventures are allowing us to achieve more with less commitment of resources. In fiscal year 2003 we will privatize over 10,400 homes in five locations; in fiscal year 2004 we are increasing this by another 7,000 units. Where BAH and privatizing do not apply we are renovating or replacing our inventory.

We are building on our successes in Family Housing to help achieve our Homeport Ashore Program. Three bachelor housing pilot projects are being considered that could increase the number of spaces in San Diego, Norfolk and Camp Pendleton.

The fiscal year 2004 Military Construction and Sustainment program reflects difficult but necessary trade-offs between shore infrastructure and fleet recapitalization. The Department remains committed to achieving a 67-year recapitalization rate by fiscal year 2008. In pursuing that goal we will explore innovative solutions to provide safe, efficient installations for our service members, including design-build improvements, more efficient facilities and BRAC land sales via the GSA Internet.

Business Practices

We have embarked on a mission to improve the business practices of the Department. Every dollar saved by working smarter or by ending outdated methods of operations is another dollar that can be used for our Sailors and Marines to equip, train or fight.

Information is key to improving the way we do business. Better information makes for better decision making, both on the battlefield and at the budget table. We have four pilot programs in place utilizing enterprise resource planning, or ERP, which aim to improve the quality of information available to our decision makers. These pilot projects will eliminate dozens of incompatible computer databases and the business processes that once supported those databases. Even more importantly, ERP should produce financial and managerial information that is more complete, more accurate and more timely. Our focus now is on converging these pilots to achieve even greater synergy of management information across a broader spectrum of the Department, and working with the Department of Defense Comptroller to ensure these efforts are advancing the uniform business management architecture under development.

In addition to better information, we need flexible and innovative tools to help manage the Department. Some of these tools, like strategic sourcing, are being used already. Competition helps achieve the best quality support to the Sailor and Marine at the lowest possible cost by introducing the discipline of the marketplace. The acquisition process still needs considerable reform. We owe it to every Sailor and Marine to ensure that today's technology arrives in their hands today, not tomorrow. It still takes too long from lab to live fire. Finally, the Navy and Marine Corps need better tools to recruit and manage the civilians who support our warfighter.

This year's budget request includes reforms that will allow us to continue to improve business practices. These proposed reforms include increasing Operations and Maintenance appropriations from one-year to two-year money and consolidating Military Personnel accounts from ten to four accounts. These initiatives would allow more effective management and execution of these programs.

NAVAL POWER 21: A TRANSFORMATIONAL VISION FOR THE 21ST CENTURY

Fundamentally, our Navy and Marine Corps exist to control the seas, assure access, and project power beyond the sea. Our vision, Naval Power 21, is built upon three pillars:

- We assure access. We assure sea-based access worldwide for military operations, diplomatic interaction, and humanitarian relief efforts.
- We fight and win. We project power to influence events at sea and ashore both at home and overseas.
- We are transforming continually to improve. We are transforming concepts, organizations, doctrine, technology, networks, sensors, platforms, weapon systems, training, education and our approach to people.

Although the Navy and Marine Corps team remains the greatest maritime force in the world, the emerging challenges of the 21st Century demand a joint, netted, power projection force that offers modern and ever-evolving combat capability. Together, under the supporting service visions of Seapower 21 and Marine Corps Strategy 21, we will provide funding for a full array of transformational initiatives in our R&D, investment and operational programs. Evidence of the scope and magnitude of these changes is highlighted by our transformation: from a single new class of destroyer to a family of surface combatants tailored for the full range of 21st Century missions; from a Cold War force of 18 SSBNs to a 21st Century force of 14 SSBNs and 4 SSGNs; from evolutionary aircraft carrier improvements to the revolutionary promise of CVN-21; from no ballistic missile defense (BMD) capability to limited sea-based BMD capability; and from competing Navy and Marine Corps tactical aviation to an integrated Naval tactical aviation.

Transformational Capabilities to Assure Access and Project Power

The Navy and Marine Corps continue to meet the imperative of transformation. Our "way ahead" for the future capitalizes on transformational ideas that facilitate our recapitalization goals. The fiscal year 2004 budget request includes funding for

initiatives in shipbuilding, aviation and C⁴I that promise dramatic improvements in assuring access and projecting power.

In shipbuilding, we are fulfilling the President's stated goal to "skip a generation" of technology by restructuring our previous two-step (CVNX-1 and CVNX-2) evolutionary acquisition approach into a single transformational ship design that accommodates continuous evolution through the life of the class. The new design, named CVN-21, sustains the original development and construction schedule from CVNX-1, but accelerates many critical technologies previously planned for the second step ship, CVNX-2. CVN-21 will feature a new propulsion plant, a greatly expanded electrical generation and distribution system, a new/enlarged flight deck, an improved sortie rate generation over CVNX-1, an electro-magnetic aircraft launching system (EMALS), a new advanced arresting gear, improved weapons and material handling systems, and improved survivability features—all with 800 fewer crew members. In support of this technology acceleration we have added significant funding across the fiscal year 2004 to fiscal year 2009 program while providing \$1.5 billion in fiscal year 2004 alone.

The centerpiece warship of our future surface combatant "family of ships," the DD(X), is on track to move to an initial construction contract award in fiscal year 2005. Fiscal year 2004 funding of \$1.05 billion will enable further development of key electric drive, power grid, and combat system components. Through a spiral development acquisition process, DD(X) will be the principal technology engine that will feed the entire family of ships.

The fiscal year 2004 budget requests approximately \$160 million in R&D to begin moving out with the next member of our future surface combatant "family of ships," the Littoral Combat Ship (LCS). A networked, lethal, small, fast, stealthy, and highly maneuverable ship, LCS will be designed from the keel up as a focused mission ship capable of employing manned and unmanned mission modules to counter some of the most challenging anti-access threats our naval forces may encounter close to shore—mines, quiet diesel submarines and swarming small boats. Last year, we continued experimenting with a range of innovative hull forms, and the Congress supported us so we could get the program moving this year, avoiding a critical one-year delay. The fiscal year 2004 effort will be aimed at defining requirements, improving our knowledge base for selecting an LCS design, and beginning mission module development.

The fiscal year 2004 budget request contains nearly \$1.2 billion for SSGN-to-SSGN conversion. This effort will provide a near-term transformational capability to the Nation by removing four OHIO Class submarines from their strategic mission, refueling their reactors to permit an additional 20 years of operation, and converting them into conventional strike platforms capable of carrying more than 150 Tomahawk missiles and deploying over 60 special operations forces. Funding to commence the first two conversions was provided in fiscal year 2003; this year's request supports the conversion of the third submarine and the advance procurement and planning for the final overhaul in fiscal year 2005.

The fiscal year 2004 budget provides \$2.2 billion to continue development of the Joint Strike Fighter (JSF), a stealthy, multi-role fighter aircraft designed to be an enabler for Naval Power 21. JSF replaces the Navy's F-18A/C Hornet variants and the Marine Corps' AV-8B Harrier and F/A-18C/D Hornet while complementing the Navy's F/A-18E/F Super Hornet. JSF offers dramatic improvements in affordability and supportability. It has completed all major milestones to date on time, and remains on track to IOC for the Marine Corps in 2010 and for the Navy in fiscal year 2012.

A critical enabler of transformational intelligence, surveillance and reconnaissance, the E-2C Advanced Hawkeye Program will provide a robust overland capability against current and future cruise missile-type targets. The fiscal year 2004 budget invests over \$350 million for continued development. IOC is planned for fiscal year 2008 with a total procurement of 66 systems.

As the Global War on Terrorism has demonstrated, unmanned technology will play an ever-increasing role in the battleground of the 21st Century. The Department's fiscal year 2004 budget invests more than \$300 million across a series of Unmanned Aerial Vehicle (UAV) programs, including Tactical UAVs, Maritime Surveillance UAVs and an Unmanned Combat Air Vehicle (UCAV) initiative, developed in partnership with the U.S. Air Force. Beneath the sea, we will invest more than \$80 million in Unmanned Undersea Vehicles (UUVs) that are being developed to enhance capabilities in minefield reconnaissance and other submarine missions.

Transformational Organizations and Operational Concepts

Beyond pure technology, transformation also includes revolutionary methods for achieving dramatically greater utility out of our existing assets. The Department's

initiative to integrate its tactical aviation capabilities is one such transformational story. Navy and Marine Corps Tactical Air Integration will maximize forward deployed combat power and optimize the core capability of naval aviation forces. Its positive impact will be felt across the Department's entire tactical aviation enterprise, from leaner, more capable fighting formations to streamlined procurement requirements (tactical and training) to manpower savings. In total, this innovative program promises to save \$975 million over the fiscal year 2004-fiscal year 2009 program and provide approximately \$19 billion in cost avoidance from fiscal year 2007-fiscal year 2012.

To support the ability of forward based naval forces to respond to a host of scenarios, the Navy and Marine Corps are exploring more robust strike capabilities for the ARG/MEU team. The Expeditionary Strike Group pairs the traditional ARG with surface combatants and an SSN so the force has greater capability to conduct independent operations in the "deter" and "swiftly defeat" scenarios outlined in our defense strategy.

FORCEnet is the Department of the Navy's catalyst for operational transformation. In the realm of network centric warfare and operations, it will enable orders of magnitude increases in combat power to ensure decisive influence and warfighting success across the full spectrum of military operations in the information age. FORCEnet is not a system. It is the architecture by which we will integrate our sensors, networks, decision aids, weapons and warfighters into a networked, distributed combat system, scalable across the entire range of conflict from seabed to space and sea to land. Leveraging powerful network infrastructure ashore, including NMCI and the various constituents of IT-21, with legacy and developing tactical networks at sea, including those as diverse as CEC, Joint Fires Network and the E-2C Advanced Hawkeye Program, FORCEnet will bring a dramatically expanded "toolbox" of capabilities to the joint warfare commander. Through FORCEnet the Navy and Marine Corps will transform to a joint, netted, distributed and forward stationed force.

Transformational Initiatives for our People

Sea Warrior is the process of developing 21st Century Sailors. Curriculum Mapping is the Marine Corps equivalent. These initiatives identify the knowledge, skills, and abilities needed for mission accomplishment; apply a career-long training and education continuum; and employ a responsive, interactive career management system to ensure the right skills are in the right place at the right time.

Modern Naval Forces are manned by streamlined teams of Sailors and Marines who fight and manage some of the most complex systems in the world. We need Sailors and Marines who are highly educated and expertly trained. They must be creative thinkers and life-long learners, and it is for them that we undertook the Revolution in Training. They also deserve a human resource management and detailing system that provides information and choice, both to the Sailor and gaining commands, so that informed career decisions can be made. To this end, we are moving toward an interactive and incentivized distribution system that includes team detailing, web job listings, an information call center, and comprehensive and extensive engagement of our detailers with individual Sailors to help shape their careers.

At sea, we are exploring two initiatives that promise a revolution in the way we man our ships. First, we have begun an "Optimal Manning Experiment" on board USS MILIUS (DDG-69) and USS MOBILE BAY (CG-53) to develop a more efficient model for the shipboard manning requirements of the 21st Century. Also, we have begun a crewing experiment, entitled "Sea Swap," in which we will deploy two destroyers for 18 months consecutively, rotating the entire crews at six-month intervals. This initiative will realize significant operational savings by avoiding multiple six-week transits to and from the deployed operating areas.

Transformational Initiatives for Doing Business

Our ability to recapitalize and transform stems in large measure from a vigorous divestiture program that forced us to make hard choices across every facet of the Department's operations. We looked hard at older systems with their limited capabilities and high infrastructure costs (maintenance, parts, training, etc.) and ultimately decided to accelerate retirement of 11 ships and 70 aircraft. We reorganized and then reduced the Secretary of the Navy Headquarters Staff by 25 percent. We divested ourselves from more than 50 systems and eliminated 70,000 legacy IT applications from an original baseline of 103,000. In the aggregate, these difficult decisions yielded \$1.9 billion for reinvestment in higher priorities.

In addition to divestiture initiatives, we are transforming the way we manage the entire Department's internal affairs. Perhaps nowhere is this more evident than in our shipbuilding programs. Instead of locking ourselves into "pre-ordained obsoles-

cence” through rigid designs for hull, combat and information systems that take years to execute, we are capitalizing on computer-aided, design-build strategies in which we harvest commercial, “state-of-the art” technologies and insert them at the optimum time as the construction process moves from hull to combat system suite to information systems. We have undertaken some remarkable initiatives within our acquisition community that have stabilized key industrial bases, expanded our ability to capitalize on the best commercial practices, and laid a strong foundation for controlling the costs of our major acquisition programs.

We are working with industry as partners across the full breadth of our shipbuilding programs. The tri-partite agreement between Navy, General Dynamics and Northrop Grumman stabilized both our DDG-51 and LPD-17 programs, avoided a “second lead ship” challenge for the LPD program, and produced savings sufficient to purchase a third DDG in fiscal year 2004 and fiscal year 2005. We are working with the software industry to open all Navy architectures. These efforts are intended to lead to the development of a truly open architecture that can be shared between all of our current and future combatant ships. Finally, we have imposed a discipline on ourselves that severely limits change during the critical phases of our major shipbuilding programs. This discipline also has been implemented in the JSF program through a configuration steering board. By controlling the scope and timing of change, we hope to implement necessary changes in our programs in a planned fashion where we know what it will cost and how we will install it in the most economical manner.

Through these transformational business initiatives and others, our Department will emerge with an optimal force structure; a healthy industrial base and an efficient and appropriately sized infrastructure.

THE WAY AHEAD: POSITIONING TODAY’S NAVY AND MARINE CORPS FOR TOMORROW’S CHALLENGES

Although the Global War on Terrorism is closer to the beginning than the end, our Navy and Marine Corps, as members of our nation’s joint battle force, have disrupted terrorist networks and freed the people of Afghanistan. Our Nation can take pride that, in 2002, the Navy-Marine Corps Team continued its record of combat excellence, improved operational readiness and retained our magnificent people at historic rates.

Much has been accomplished, but much remains to be done. The Department’s fiscal year 2004 budget request positions today’s Navy and Marine Corps to support tomorrow’s joint warfighting environment by sustaining hard-fought advances in personnel and operational readiness, investing in critical shipbuilding and aircraft programs, fueling transformational capabilities, and building a global, agile and fully networked force. As our Navy and Marine Corps Team confronts a future with challenges already visible on the horizon, we thank you for your terrific support of our Naval Forces, and urge your continued support for the course upon which we have embarked to fight and win our nation’s wars while preparing to meet the demands of an uncertain tomorrow.

Senator STEVENS [presiding]. Yes, sir. Who is next, Admiral Clark?

STATEMENT OF ADMIRAL VERNON E. CLARK

Admiral CLARK. Thank you, Chairman Stevens, Senator Inouye, Senator Cochran. Good morning. I am privileged to be here this morning to talk about our Navy and to talk about it in the context of the Navy-Marine Corps team. Mr. Chairman, I like to tell folks that the man sitting at the other end of the table is my number one joint partner, and I am extremely pleased and honored to be able to serve along General Mike Hagee, and especially at a time like this with what the Marine Corps is accomplishing in the theater of operations.

This morning, Mr. Chairman, 54 percent of my Navy is forward deployed. As Secretary Johnson just talked about, they are forward deployed, they are at the tip of the spear, and they are doing what they are supposed to be doing and that is carrying out the orders of the President of the United States.

And of course, most of them are engaged in Operation IRAQI FREEDOM. They are striking the enemy. They are providing close air support for Marines and Army troops, for coalition partners. They are clearing the sea lanes. They are providing supplies and logistics and are protecting our joint coalition forces at sea and on land. They remain ready, they are ready, and they are part of a very effective joint combined force.

On the night before hostilities commenced, I passed a note to Secretary Rumsfeld and I said to him, Mr. Secretary, I have never seen our Navy as ready as it is today. And I never have. And I would just want to say to this committee that I am extraordinarily appreciative of the partnership that has been crafted by the leaders of America who have put the resources in place to see to it that we have the kind of ready Navy that we have today. And I can tell you that earlier in my career, I have not seen a time that we would have been able to surge this force forward with the kind of readiness statistics that we are realizing today, and I believe that the return on investment is showing itself on the battlefield and on the oceans in Operation IRAQI FREEDOM.

Of course as Senator Inouye said, today we are here to talk about the 2004 investment strategy. What we are seeing in Iraqi Freedom is the return on investment from previous investments. Today we are here to talk about the 2004 investment plan.

I would like to focus on two areas, two areas for investment.

Number one, people. Secretary Johnson talked about the things that are going on in our Navy. Seventy-seven thousand of our sailors are deployed in the theater of operations and about 10,500 reserves, and they are taking the fight to the enemy. I just want to say that Congress' attention to their pay, to allowances, to housing, to infrastructure and the things, the tools that allow them to do the job, have made a difference, and the quality of life and quality of work for our sailors and families is good and improving.

I just want to also say that our sailors are responding to the signals that they are receiving from the citizens of the United States and from the Congress. We are enjoying as I sit here this morning, the best retention, the best manning that I have ever witnessed in my career. Three straight years now of record retention, never better in our 227-year history of our institution. Last month, first-term retention in my Navy was 79 percent, and for this fiscal year it has been 76 percent. Never in our history have we had anything like this.

I want to say that at the heart of our readiness is our manpower readiness, the readiness of our people. It did not happen by accident, it happened because of actions by leaders of America. Our ships and squadrons are fully manned. They have been able to surge forward on a moment's notice.

Most noteworthy, the response by the United States Marine Corps and Amphibious Task Force East and West are great indicators of how ready the Navy and the Marine Corps team were at the time and are now in the battlefield.

But I would like to say that numbers alone is not enough, and we have struck out on programs committed to the growth and the development of our people, of our skilled work force, and it is making a difference. We are focusing on something called sea warrior,

I detailed it my written testimony. It is about a 21st century revolution, and it is about new and innovative techniques in growing and developing people. It is about getting the right skills in the right place and at the right time.

And so, my conclusion of all this is that the unprecedented success that we are realizing in the battle for people has been spearheaded by the incredible readiness postures that we realize today. The challenge for us is to sustain the gains that we have achieved in the past couple of years in readiness and manpower, while focusing on the second thing I want to talk to you about, and that is, it is time to focus on our future and that is modernizing and transforming the force.

That leads us to capital investments in hardware, ships, airplanes, submarines. Programs that needed to mature, that were not where we wanted them to be. And I want to say that this committee specifically helped us deal with the very difficult problem in prior year shipbuilding costs, you helped us fix it, and it is paying dividends this morning. Building approaches to improve the industrial base. We are grateful for the way this committee has helped us put ourselves on a solid foundation so that we can move forward with transforming the United States Navy.

Our strategy for the future is detailed in our vision for the Navy, Sea Power 21, and again, it is detailed in my written testimony which is a matter of record and I will not go into detail with it this morning, except to say this: It is about the commitment to being on the offense. I call that sea strike, projecting offensive power.

It is happening this morning with long range tac air, and Tomahawks launched a thousand miles or more. And it is about the United States Marine Corps and what they are doing projecting power. It is about sea shield, and that is projecting defensive power, a new strategic capability, tracking missiles over land. This morning we are operating in concert with the United States Army on those missiles that have been launched on our forces. The capability that we have seen in testing over the last year in missile defense is, in fact, in place on the battlefield providing tracking, and in partnership with the United States Army.

And of course we cannot forget that it is about clearing the Littoral, of mine threats, and the humanitarian assistance that is going on right now, and has been seen on television. One of the reasons it is happening is because the mine warfare, the people executing the mine warfare function and application have been performing superbly.

And then it is about sea basing. I call that projecting American sovereignty from the sea, going where we need to go, where we want to go. The operational independence that comes from operating from the maritime domain. And so, the Marine Corps and the Navy are committed to exploiting the maritime battle space to the advantage of U.S. joint and combined forces in the future. This year's investment strategy is committed to building toward that vision of tomorrow.

Starting with the family of ships for the 21st century. The Secretary mentioned it, DDX, the heart of the family of ships. And the Littoral combatant ship that is designed to deal with the kind of threats that we are facing in the first part of the 21st century, de-

signed to deal with the asymmetric threats that are going to come after us. Built with plug and play technology from the beginning, built and conceived for unmanned vehicles, unmanned air vehicles, unmanned surface vehicles, unmanned underwater vehicles. That is the family of ships spiraling to CGX.

And of course the Secretary mentioned EA-18G, a very important development in this program. And the new carrier. And there is an exciting future detailed for the Navy and the Marine Corps with the family of ships there, the replacement LHA and maritime preposition forces for the future, and the importance of LPD-17 that is now a healthy robust program, with the first ship soon to be launched here in a couple months. Submarine programs, the exciting Virginia class and the new SSGN.

So the challenge for us is figuring out how to find the resources, and of course that is what this committee is all about. And I just want you to know that we are trying to do our part. We are trying, we are working to find resources and make sure that we are putting resources in the right place to make our readiness what it needs to be today and for the future.

We are challenging our people to innovate and to find deficiencies, and to get as much combat readiness as we can out of every dollar that is given to us by the taxpayers of the United States of America. And I would just say that the biggest example of that is Navy-Marine Corps tac air integration. This is a story that, you know, we could talk about for 30 minutes, but the bottom line is this program, this partnership between the Navy and Marine Corps will save billions of dollars and make us more combat ready in the future.

So Mr. Chairman and committee members, in summary, your Navy is ready today. It is forward deployed, it is on scene, and it is carrying out in concert with the other services and our coalition partners Operation IRAQI FREEDOM. We are focused on the future while prepared for today, and the young men and women of our Nation's Navy are serving on the point today with distinction, and I am extremely proud of them.

PREPARED STATEMENT

I thank you again for your continued support and for your roles as leaders of America in helping us create today's Navy, and I look forward to your questions.

[The statement follows:]

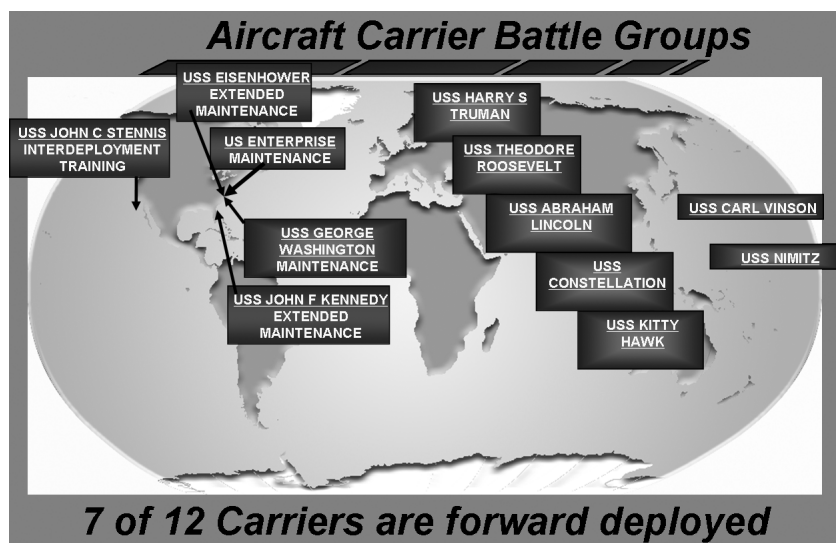
PREPARED STATEMENT OF ADMIRAL VERNON E. CLARK

Mr. Chairman and members of the Committee, I appreciate the opportunity to appear today. The investment you've made in America's Navy has been vital to the nation's security and your Navy's ability to project more power, more protection and more freedom to the far corners of the earth. I speak for the entire Fleet in thanking you for your exceptional and continuous support.

I: Your Navy Today—Enhanced Capabilities for the Joint Force

This is a time of tremendous challenge and accomplishment for our Navy. Our men and women have been waging the Global War on Terrorism for well over a year and now they are in combat in Operation Iraqi Freedom (OIF). They are on the front lines of the first wars of the 21st Century, serving with determination and distinction, leading the defense of America away from our own shores and our own homes.

Today, there are 164 ships on deployment, over half of the Navy; this includes seven of twelve aircraft carriers, and nine of our twelve big deck amphibious ships (LHA/LHD). They are deployed in support of the nation's interests in the Persian Gulf, the Mediterranean, the Indian Ocean and the Western Pacific. Still others are preparing for deployment or continuing operations like strategic deterrent and counter-drug patrols in support of other national imperatives.



Our Navy is ready for these missions today and is preparing for the difficult future challenges that lie ahead. After all, this new century is fraught with profound dangers: rogue nations in possession of weapons of mass destruction, potential conflict between regional competitors, widely dispersed and well-funded terrorist organizations, and failed states that deliver only tyranny and despair to their people.

We frequently talk about the asymmetric challenges such enemies might present, assuming these advantages belong only to potential adversaries. Your Navy possesses asymmetric strengths all its own: its persistence, precision, independence and agility are but a few.

More importantly, our naval strengths are critical to our joint combat effectiveness. Our forward deployed, combat ready naval forces—sustained by naval and civilian shipmates around the world—are proving every day the unique and lasting value of sovereign, lethal forces projecting offensive and defensive power from the sea.

There are numerous recent examples of the enhanced capability our Navy brings to the joint force.

—In Operation Iraqi Freedom, the ABRAHAM LINCOLN, CONSTELLATION, KITTY HAWK, THEODORE ROOSEVELT and HARRY S. TRUMAN battle groups are providing persistent and credible combat power to the joint force commander. The USS NIMITZ is speeding to the Central Command's area of responsibility and is ready to conduct combat operations. The CARL VINSON stands watch in the Western Pacific. Our widely dispersed Tomahawk equipped ships and submarines and our carrier-based aircraft—in combination with land-based Air Force tankers and bombers and our Marine Corps and Army ground forces—are delivering precise, time-sensitive strikes ashore and conducting decisive combat operations deep inland in OIF.

—The Navy's Military Sealift Command (MSC), is actively providing combat logistics support to U.S. Navy ships; is prepositioning joint military supplies and equipment at sea; and is providing sealift and ocean transportation of defense cargo. MSC's high quality shipping, augmented by charters, continues its sealift of the Army's 4th Infantry Division. MSC is also delivering fuel and aviation support equipment and supplies to deployed Army and Air Force units. All eight of our Fast Sealift Ships and nineteen of our twenty new large, medium speed roll-on/roll-off ships are employed. Over half of our ready reserve ships have been activated, and when combined with other chartered shipping, MSC has

more than 130 ships committed to the sealift of the joint team, and nearly 210 ships under their control. This includes the eleven of our fifteen deployed Maritime Prepositioning Ships (MPS) that have offloaded supplies and equipment for our Marine force. In all, 95 percent of all equipment and supplies needed by U.S. forces in time of crisis moves by sea on MSC controlled ships.

—Working alongside the Marine Corps, our Amphibious Ready Groups, including 7 big decks (LHA/LHD) in the Persian Gulf area, are supporting over 60,000 Marines ashore in OIF. Permanently installed command, control, communications, computers, intelligence, surveillance and reconnaissance (C⁴ISR) suites and information technologies on these ships are enhancing the entire joint team's knowledge superiority picture. Troops ashore are supported with sustained logistic support and we are hosting, operating and maintaining Marine aircraft—all from the security our ships enjoy in the maritime domain. Most importantly, these ships fully utilize the vast maneuver area of the world's oceans, leveraging our asymmetric advantage and improving our ability to bring decisive power to the point of attack.

—The AEGIS cruiser USS LAKE ERIE (CG 70) completed three medium range ballistic missile defense tests last year, successfully acquiring, tracking and hitting target ballistic missiles in the mid-course or ascent phases with a Standard Missile 3 (SM-3) in all three tests. LAKE ERIE and the AEGIS destroyer USS JOHN PAUL JONES also supported three successive Missile Defense Agency intercontinental class ballistic missile tests; the AEGIS system performed exactly as predicted in each of these tests, acquiring the targets immediately and passing high fidelity digital track data to national nodes ashore. These cruisers' and destroyers' organic AEGIS Weapons System and their SPY-1 multi-function, phased array radars, demonstrate the capability and capacity to conduct a sea based missile defense against those ballistic missiles that can target our homeland, allies, forward operating bases, and joint forces ashore. They could also provide important surveillance and cueing of intercontinental class weapons directed at our homeland.

—The USS FLORIDA (SSBN 728), an Ohio-class fleet ballistic missile submarine, successfully launched two Tomahawk missiles, confirming the ability to launch a Tomahawk from a configuration similar to the tightly packed cluster of Tomahawk All-Up-Rounds (AUR) we will use in the SSGN. This experiment was conducted in support of the SSGN program's Sea Trial experiment, Giant Shadow, which also explored how a network of forces, including special warfare forces, and various unmanned aerial, underwater and ground vehicles and sensors could be used to provide surveillance, collect real-time intelligence, and develop and launch a time critical strike in support of the joint force commander. This included the first vertical launch of a UUV, testing of nuclear-biological-chemical sensors, and the insertion of SEALs from one of the submarines we will convert to an SSGN.

These examples represent the return on investment the American people have made in our Navy: an agile, connected fleet that enhances deterrence, sustains our access, conducts precision strikes, exercises joint command and control, enhances knowledge superiority, responds to crisis, projects, sustains and operates with the joint force ashore, and leverages the priceless advantage of our command of the seas. It is why we are a critical component of the nation's joint defenses in peace, in crisis, and in conflict.

None of the foregoing would be possible without the energy, expertise, and enthusiasm of our active and reserve Sailors, and our Marine and civilian shipmates in the Department of the Navy. After all, it is people that put capability to practice, and it is their dedicated service that makes these capabilities ready—around the world and around the clock.

II: A Culture of Readiness—A Commitment to Transformation

This century's dangerous and uncertain strategic environment places a premium on credible combat forces that possess speed of response, immediate employability, and the flexible force packaging that brings the right capability to bear at the right time. It demands forces that can pair this capability with readiness, both today and in the future.

Readiness is the Navy's watchword. Readiness is the catalyst that brings combat power, speed of response, and the ability to disrupt an enemy's intentions in both crisis and conflict. Readiness brings capability to bear wherever and whenever it is needed. We are making readiness a key element of our Navy's culture.

The forces we've placed forward today are the most ready force in our history; properly manned, superbly trained and well provisioned with ordnance, repair parts and supplies so they can provide both rotational deployment and surge capability.

Our operational forces are ready earlier and are deploying at a higher state of readiness than ever before.

A greater percentage of our ships are underway today than at any time in the last dozen years. Our ability to do so is the direct result of two things: the investment of the American people and the extraordinary commitment and accomplishment of our men and women in the Navy this past year. We made a concerted effort in last year's budget request to improve our current readiness and reduce our immediate operational risk and I am proud to report to you today that this force is ready to fight and win!

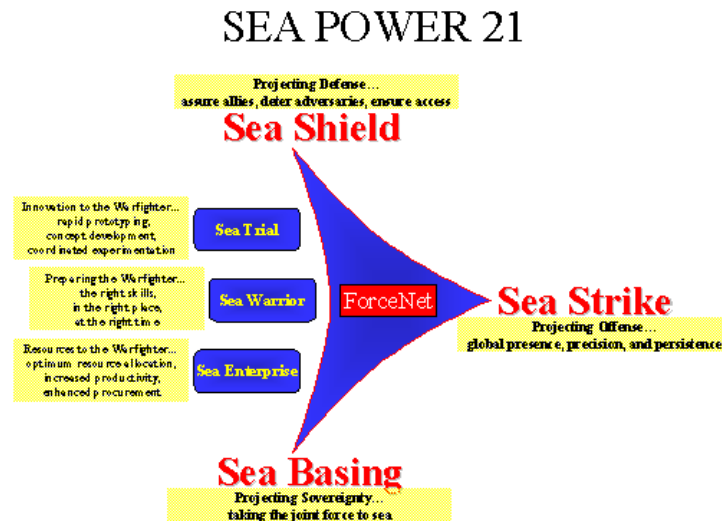
At the same time, it is apparent that the 21st century sets the stage for tremendous increases in precision, reach, and connectivity, ushering in a new era of joint operational effectiveness. We clearly will be able to integrate sea, land, air, and space through enhanced network technology to a greater extent than ever before. And in this new, unified battlespace, the sea will provide the vast maneuver area from which to project direct and decisive power.

To navigate the challenges ahead and realize the opportunities, we developed this past year a clear, concise vision—Sea Power 21—for projecting decisive joint capabilities from the sea. It is a vision that stresses our asymmetric strengths of information dominance, advanced technology, and highly skilled and motivated professionals.

Sea Power 21 advances American naval power to a broadened strategy in which naval forces are fully integrated into global joint operations across this unified battlespace and against both regional and transnational aggressors. It provides the transformational framework for how we will organize, align, integrate, and transform our Navy to meet the challenges that lie ahead.

It also includes the transformed organizational processes that will accelerate operational concepts and technologies to the fleet; shape and educate the workforce needed to operate tomorrow's fleet; and harvest the efficiencies needed to invest in the Navy of the future.

The capabilities needed to fulfill this broadened strategy are grouped into three core operational concepts: Sea Strike, Sea Shield, and Sea Basing, which are enabled by FORCEnet. The triad of transformed organizational processes that supports these concepts is: Sea Warrior, Sea Trial, and Sea Enterprise.



Together, these concepts will provide increased power, protection, and freedom for America.

—Sea Strike is the projection of precise and persistent offensive power. Sea Strike operations are how the 21st century Navy will exert direct, decisive and sustained influence in joint campaigns. Sea Strike capabilities will provide the Joint Force Commander with a potent mix of weapons, ranging from long-range precision strike, to clandestine land-attack in anti-access environments, to the swift insertion of ground forces.

- Sea Shield is the projection of layered, global defensive assurance. It is about extending our defenses beyond naval forces, to the joint force and allies and providing a defensive umbrella deep inland. Sea Shield takes us beyond unit, fleet and task force defense to provide the nation with sea-based theater and strategic defense.
- Sea Basing is the projection of operational independence. Sea Basing will use the fleet's extended reach of modern, networked weapons and sensors to maximize the vast maneuver space of the world's oceans. It is about extending traditional naval advantages to the joint force with more security, connectivity, and mobility from netted forces at sea.
- FORCEnet is the enabler of our knowledge supremacy and hence, Sea Strike, Sea Shield, and Sea Basing. It is the total systems approach and architectural framework that will integrate warriors, sensors, networks, command and control, weapons, and platforms into a networked, distributed force and provide greater situational awareness, accelerated speed of decision, and greatly distributed combat power.

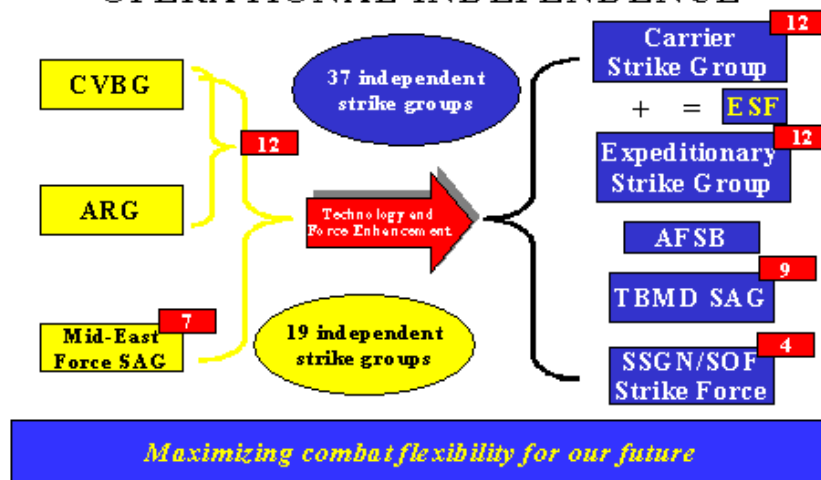
Our transformed organizational processes are:

- Sea Warrior is our commitment to the growth and development of our Sailors. It serves as the foundation of warfighting effectiveness by ensuring the right skills are in the right place at the right time.
- Sea Trial is a continual process of rapid concept and technology development that will deliver enhanced capabilities to our Sailors as swiftly as possible. The Commander, U.S. Fleet Forces Command is leading this effort and developing new concepts and technologies, such as the Joint Fires Network and High Speed Vessels.
- Sea Enterprise is our process to improve organizational alignment, refine requirements, and reinvest the savings to buy the platforms and systems needed to transform our Navy. It is the means by which we will capture efficiencies and prioritize investments. Sea Power 21 is dedicated to a process of continual innovation and is committed to total jointness. It extends American naval superiority from the high seas, throughout the littorals, and beyond the sea. It both enhances and leverages persistent intelligence, surveillance and reconnaissance capabilities and precision weaponry to amplify the nation's striking power, elevate our capability to project both defense and offense, and open the door to the afloat positioning of additional joint capabilities, assets and forces.

Sea Power 21 will extend the advantages of naval forces—speed of response, agility, immediate employability, and security—to the unified, joint warfighting team. It will increase our deterrence, crisis control and warfighting power. It will ensure our naval forces are fully integrated into global joint operations to bring more power, more protection, and more freedom to America.

We will put our Sea Power 21 vision into practice through a new Global Concept of Operations (CONOPs) to distribute our combat striking power to a dispersed, networked fleet. This will optimize our flexible force structure and create additional, scaleable, independent operating groups capable of responding simultaneously around the world. This distribution of assets will take us from 19 strike capable groups to 37 strike capable groups with the full implementation of the Global CONOPs.

OPERATIONAL INDEPENDENCE



- Carrier Strike Groups will remain the core of our Navy's warfighting strength. No other force package matches their sustained power projection ability, extended situational awareness, and survivability.
- Expeditionary Strike Groups will augment our traditional Amphibious Ready Group/Marine Expeditionary Unit team with strike-capable surface combatants and submarines to prosecute Sea Strike missions in lesser-threat environments. When combined with a Carrier Strike Group, the resulting Expeditionary Strike Force will possess the full range of our netted, offensive and defensive power. We will deploy at least one pilot ESG this year.
- Missile-Defense Surface Action Groups will increase international stability by providing security to allies and joint forces ashore from short and medium range ballistic missile threats.
- Our future SSGN forces—specially modified Trident submarines—will provide large volume clandestine strike with cruise missiles and the capability to support and insert Special Operations Forces.
- An enhanced-capability Combat Logistics Force and Maritime Prepositioned Force will sustain a more widely dispersed and capable Navy/Marine Corps team.

It is our intention to continue to nurture this culture of readiness and invest in this vision in the years ahead.

III. Our Fiscal Year 2004 Budget Request

This past year the Navy improved its current readiness by properly funding our current readiness accounts, deepening the growth and development of our people, and developing innovative operational concepts and capabilities.

This year, we intend to:

- Sustain our current readiness gains to support the war on terror;
- Deepen the growth and development of our people into the 21st Century, high-technology personnel force that is our future; and
- Invest in our bold new Navy vision—Sea Power 21—to recapitalize and transform our force and improve its ability to operate as an agile, lethal and effective member of our joint, networked warfighting team.

At the same time, we will continue to actively harvest the efficiencies needed to fund and support these priorities in both fiscal year 2004 and beyond. Our Navy budget request for fiscal year 2004 supports this intent and includes:

- 7 new construction ships, two more SSBN-to-SSGN conversions, one cruiser conversion and 100 new aircraft;
- Investment in accelerated transformational capabilities, including the next-generation aircraft carrier (CVN-21), the transformational destroyer (DD(X)) and Littoral Combat Ship (LCS), the Joint Strike Fighter, the Advanced Hawkeye (E-2C RMP) Upgrade Program and the EA-18G Electronic Attack aircraft;

- An 4.1 percent average pay increase in targeted and basic pay raises, and a reduction in average out-of-pocket housing costs from 7.5 percent to 3.5 percent;
- Investment in housing and Public Private Venture that will help eliminate inadequate family housing by fiscal year 2007 and enable us to house shipboard Sailors ashore when their vessel is in homeport by fiscal year 2008;
- Continued investment in key operational readiness accounts that includes an increase in aviation depot maintenance funding, improvement in our annual deferred maintenance backlog for our ships, submarines and aircraft carriers, and sustained funding for our ordnance, ship operations and flying hours accounts;
- Navy-Marine Corps Tactical Aviation Integration, a process that will maximize our forward-deployed combat power, optimize the core capability of naval aviation forces, introduce 200 modern aircraft across the fiscal year 2004-fiscal year 2009 program and save billions of dollars;
- Divestiture of aging, legacy ships, systems and aircraft, producing nearly \$1.9 billion in fiscal year 2004 for reinvestment in recapitalization;
- Improvements in the quality of our operational training through a Training Resource Strategy; and
- Investment in transformational unmanned underwater vehicles (UUV), unmanned aviation vehicles (UAV), experimental hull forms and other technologies.

A. Sustaining our Current Readiness

Your investment last year produced the most ready force in our history. Training, maintenance, spare parts, ordnance, and fuel accounts enabled our Fleet to be ready earlier, deploy at a higher state of readiness, and as we are witnessing today, build a more responsive surge capability. These investments were vital to sustaining the war on terrorism, assuring friends and allies and leading the nation's global response to crisis.

- Ship Operations and Flying Hours requests funds for ship operations OPTEMPO of 54.0 days per quarter for our deployed forces and 28 days per quarter for our non-deployed forces. The flying hours request receives an additional \$137 million this year to sustain the investment level we established in support of last year's budget. This level of steaming and flying hours will enable our ships and airwings to achieve required readiness six months prior to deployment, sustain readiness during deployment and increase our ability to surge in crisis. However, sustained OPTEMPO at levels above this force-wide target, as is beginning to occur during fiscal year 2003's time of accelerated and extended deployments, will cause our current year execution to run both ahead and in excess of the existing plan.
- Ship and Aviation Maintenance. Last year, we reduced our major ship depot maintenance backlog by 27 percent and aircraft depot level repair back orders by 17 percent; provided 32 additional ships with depot availabilities; ramped up ordnance and spare parts production; maintained a steady "mission capable" rate in deployed aircraft; and fully funded aviation initial outfitting. Our request for fiscal year 2004 aviation maintenance funding adds over \$210 million to fiscal year 2003's investment and will increase the number of engine spares, improve the availability of non-deployed aircraft, and meet our 100 percent deployed airframe goals.

Our ship maintenance request continues to "buy-down" the annual deferred maintenance backlog and sustains our overall ship maintenance requirement. The aggregate level of funding for ship maintenance actually declines from fiscal year 2003 to fiscal year 2004, due in part to the positive effects of the additional maintenance funding provided in supplemental appropriations in the previous year, in part to the accelerated retirement of the oldest and most maintenance-intensive surface ships, and as a result of scheduling and timing.

- Shore Installations. The fiscal year 2004 request provides 93 percent of the modeled sustainment cost for facilities, an increase from fiscal year 2003's 84 percent. Although the overall investment in facility recapitalization has reduced from last year, slowing the replacement rate of facilities, our increased investment in sustainment will better maintain existing facilities as we continue to pursue innovations to improve our base infrastructure. Our Base Operations Support funding request is based on sustaining the current level of common installation and important community and personnel support functions; we have factored in management and business efficiencies to reduce the cost of providing these services. We continue to support a Base Realignment and Closure effort in fiscal year 2005 to focus our future investment and improve our recapitalization rate in the years ahead.

- Precision Guided Munitions receive continued investment in our fiscal year 2004 request with emphasis on increasing inventory levels for the Joint Stand-Off Weapon (JSOW), optimizing the Navy's Joint Direct Attack Munition (JDAM) production rate and commencing full rate production under multi-year procurement for the Tactical Tomahawk (TACTOM). Our partnership with the Air Force in several of our munitions programs will continue to help us optimize both our inventories and our research and development investment.
- Training readiness. The Training Resource Strategy (TRS) has been developed to provide for more complex threat scenarios, improve the training of our deploying ships, aircraft, Sailors and Marines, and support the range and training technology improvements necessary to ensure the long-term combat readiness of deploying naval forces. The TRS has identified the training facilities necessary to provide this superior level of training as well. Their dispersed character is more like the battlefield environment our forces will face today and tomorrow and will better challenge our deploying forces—before they are challenged in combat. Our fiscal year 2004 request includes \$61 million to support the Training Resource Strategy.

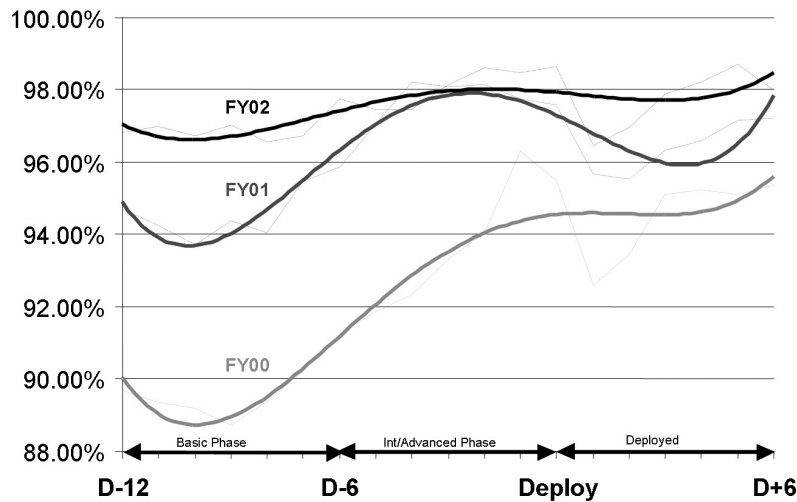
At the same time, encroachment and environmental issues continue to impact our ability to maintain an acceptable level of access to our valuable testing and training ranges and operating areas. As a result, we are looking for a balanced approach that would protect our environmental obligations and our ability to both train in realistic scenarios and develop transformational systems for our future. Our approach would be limited to only the most critical issues, such as the designation of critical habitat on military lands designated for military training, and the scientific measurements that achieve an appropriate balance between our environmental concerns and our obligation to ensure our Sailors are properly trained and our transformational systems are properly tested. We will focus the use of our ranges for these purposes while continuing to be an excellent steward of these environmental resources. We look forward to working with the Congress and the American people on this important and urgent issue impacting our Sailors and Marines.

B. Deepening the Growth and Development of our People

We are winning the battle for people. Thanks to superb leadership in the fleet and the full support of the American people and Congress, we are making solid progress in addressing long-standing manpower and quality of service issues vital to having what it takes to win the competition for talent today and tomorrow.

We are enjoying now, the best manning I have witnessed in my career. With few exceptions, we achieved C-2 manning status for all deploying battle group units at least six months prior to deployment. These accomplishments enabled our Navy to develop a more responsive force—one that surged forward with the right people, at the right time to fulfill our national security requirements.

Normalized Battle Group Manning

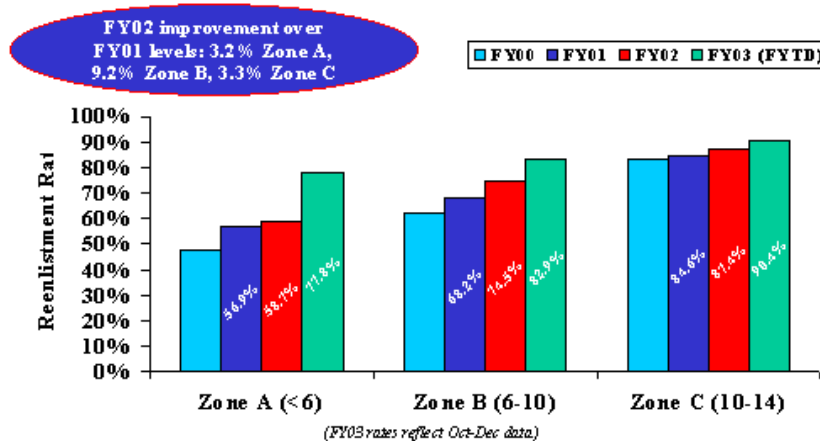


Retention is at record levels and recruiting has never been better. We achieved a 58.7 percent Zone A (<6 Years of service (YOS)) reenlistment rate, 74.5 percent Zone B reenlistment rate (6–10 YOS), and a Zone C (10–14 YOS) reenlistment rate of 87.4 percent in 2002. While we are also off to a great start in fiscal year 2003, we are instituting measures to ensure our annualized reenlistment rate meets our established goals (Zone A—56 percent, B—73 percent, C—86 percent).

Additionally, attrition for first term Sailors was reduced by 23 percent from fiscal year 2001 levels. 92 percent of our recruits are high school graduates and 6 percent of them have some college education.

Navy Enlisted Reenlistment

...the percentage of Sailors at a career decision point who choose to stay Navy



These tremendous accomplishments allowed us to reduce at-sea manning shortfalls last year and reduce our recruiting goals. We were also able to increase the overall number of E-4 to E-9s in the Navy by 1.3 percent to 71.5 percent working toward a goal of 75.5 percent by fiscal year 2007. This healthy trend allows us to retain more of our experienced leaders to manage and operate the increasingly technical 21st century Navy.

Targeted pay raises, reenlistment bonuses, improved allowances, enhanced educational benefits, retirement reforms, support for improved family services, and better medical benefits are making a difference and can be directly attributed to Congressional support and the outstanding work of our Navy leaders in our ships, squadrons, bases and stations.

Our fiscal year 2004 request capitalizes on last year's accomplishments and provides the opportunity to align our manpower and skills mix to balance our end strength and shape our 21st century workforce. As part of Sea Power 21's transformed organizational process improvements we will begin our Sea Warrior process.

Our goal is to create a Navy in which all Sailors are optimally assessed, trained, and assigned so that they can contribute their fullest to mission accomplishment. It is important that we sustain our manpower progress by furthering our supporting initiatives, to include:

- Perform to Serve will align our Navy personnel inventory and skill sets through a centrally managed reenlistment program. This initiative makes Commander, Navy Personnel Command the final authority for first term reenlistments and extensions and will steer Sailors in over manned ratings into skill areas where they are most needed. It provides the training necessary to ensure these sailors will succeed in their new rating. Most importantly, it will help us manage our skills profile.
- Navy Knowledge Online introduces our integrated web-based lifelong learning initiative for personnel development and learning management. It connects Sailors to the right information in a collaborative learning environment; tracks their individual skills and training requirements; and provides lifelong support between our rating, leadership and personal development Learning Centers and our Sailors.
- Task Force EXCEL (Excellence through our Commitment to Education and Learning) is transforming the way we train and educate our people. A more responsive organizational structure has been established to include the Navy Chief Learning Officer, Naval Personnel Development Command, and Human Performance Center. We also partnered with Fleet, industry, and academia to improve individual training and education; and with colleges, through the Commissioned Navy College Program, to provide rating-related Associate and Bachelor degrees.
- Project SAIL (Sailor Advocacy through Interactive Leadership), will web-base and revolutionize the personnel assignment process by putting more choice in the process for both gaining commands and Sailors. It will empower our people to make more informed career decisions and for the first time, create a more competitive, market-oriented process.

Our Sea Swap initiative is underway now, with the first crew-change on USS FLETCHER taking place in the Western Australia port of Fremantle last month. We will continue this pilot with another crew change this summer and we intend to continue to examine pilot programs in optimal manning, rotational crewing, assignment incentive pay, rating identification tools, and rate training.

Your support of our fiscal year 2004 request for a targeted pay raise that recognizes and reaffirms the value of our career force and acts as an incentive to junior personnel to stay Navy is critical to staying the course. So, too, is continuing the reduction of average out-of-pocket housing expenses and the extension and enhancement of essential special pay and bonus authorities. All these efforts enable our Navy to sustain our forces in the war on terrorism, continue the increase in our Top 6 (E4 to E9), and develop the 21st Century, high-technology personnel force that is our future.

C. Investing in Sea Power 21

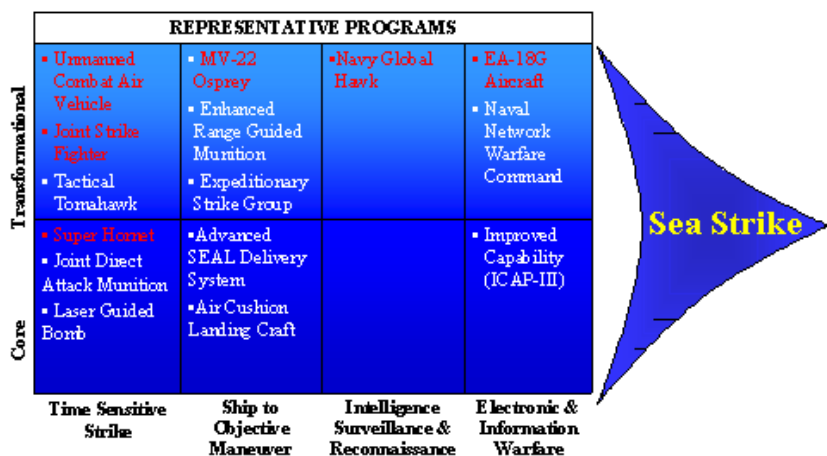
Our 21st Century Navy will be a joint, netted, dispersed power projection force and Sea Power 21 is the framework for how our Navy will organize, integrate, and transform. It prescribes a strategy-to-concepts-to-capabilities continuum by which current and future Naval Forces will exploit the opportunity that information dominance and rapid, highly accurate power projection and defensive protection capabilities bring to us.

Together, these concepts will compress our speed of response and provide the nation with immediately employable, secure and sovereign forward “capability sets” from which to project firepower, forces, command and control, and logistics ashore.

The following describes the core capabilities, and our initial investments in our highest priority programs that support this vision.

Sea Strike is the projection of precise and persistent offensive power. The core capabilities include Time Sensitive Strike; Intelligence, Surveillance and Reconnaissance; Ship to Objective Maneuver; and Electronic Warfare and Information Operations. We are already investing in impressive programs that will provide the capabilities necessary to support Sea Strike; these include the following fiscal year 2004 priorities:

SEA STRIKE



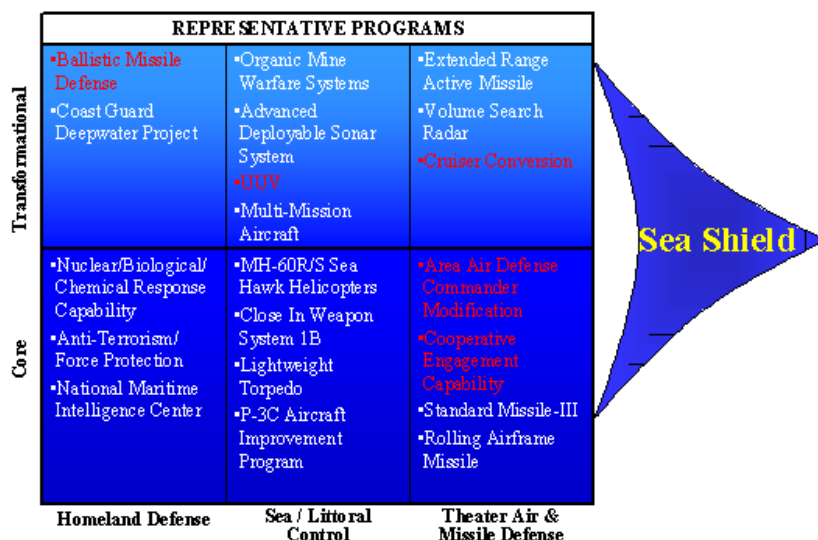
—*F/A-18E/F Super Hornet.*—The F/A-18E/F is in full rate production and when combined with this year's request for the EA-18G, will be the backbone of Navy sea-based precision and time-critical strike, electronic attack and airborne tactical reconnaissance. It is in the fifth of a five-year multi-year procurement (MYP) contract (fiscal year 2000–04) that will yield \$700 million in total savings. The second multi-year contract for 210 aircraft will yield approximately \$1 billion in savings as compared to the single-year price. The Super Hornet employs new knowledge dominance technologies, such as the Joint Helmet Mounted Cueing System, Advanced Tactical Forward Looking Infrared System, Shared Reconnaissance System, and Multi-Informational Display System data link. It provides 40 percent increase in combat radius, a 50 percent increase in endurance, 25 percent greater weapons payload, 3 times the ordnance brought back, and is more survivable than our older Hornets; most importantly, it has the growth capacity to remain a mainstay of our tactical aviation for years to come. Three of these squadrons are already deployed today at one-third the operational cost of our legacy F-14 aircraft. Fiscal year 2004 budgets for 42 E/F aircraft; this program maximizes the return on our procurement dollars through a multi-year procurement contract and a minimum economic order quantity buy.

—EA-18G.—The EA-18G will replace the aging EA-6B Prowler for joint force electronic attack. Using the demonstrated growth capacity of the F/A-18E/F, the EA-18G Growler will quickly recapitalize our Electronic Attack capability at lower procurement cost, with significant savings in operating and support costs and three years earlier than previously planned; all while providing the growth potential for future electronic warfare (EW) system improvements. It will use the Improved Capability Three (ICAP III) receiver suite and provide selective reactive jamming capability to the war fighter. This will both improve the lethality of the air wing and enhance the commonality of aircraft on the carrier deck. It will dramatically accelerate the replacement of our aging Airborne Electronic Attack capability. Engineering and developmental efforts commence with our fiscal year 2004 budget request.

- JSF*.—The Joint Strike Fighter will enhance our Navy precision with unprecedented stealth and range as part of the family of tri-service, next-generation strike aircraft. It will maximize commonality and technological superiority while minimizing life cycle cost. The fiscal year 2004 budget requests \$2.2 billion in accelerated development funds; initial production is planned for fiscal year 2006.
- MV-22*.—The Joint Service MV-22 Osprey tilt-rotor, Vertical/Short Take-Off or Landing (V/STOL) aircraft represents a revolutionary change in aircraft capability. It will project Marines and equipment ashore from our amphibious shipping, operationalizing Ship to Objective Maneuver from the Sea Base and improving our expeditionary mobility and force entry needs for the 21st century. The MV-22 program has been restructured, redesigned, rebuilt and is undergoing testing to deliver an operationally deployable aircraft on the restructured schedule. The MV-22 will replace the Vietnam-era CH-46E and CH-53D helicopters, delivering improved readiness, upgraded capability, and significantly enhanced survivability. It is overwhelmingly superior to our legacy CH-46E providing twice the speed, five times the range, and three times the payload capacity.
- Unmanned Air Vehicles (UAV)*.—We increased our commitment to a focused array of unmanned air vehicles that will support and enhance both Sea Shield and Sea Strike missions with persistent, distributed, netted sensors. We are initiating the Broad Area Maritime Surveillance (BAMS) UAV this year to develop a persistent, multi-mission platform capable of both Sea Shield and Sea Strike surveillance and reconnaissance of maritime and land targets, communications relay and some intelligence collection. We have provided funding for testing, experimentation and/or demonstration of the Fire Scout Demonstration Systems, Global Hawk Maritime demonstration and the Unmanned Combat Aerial Vehicle—Navy (UCAV-N) demonstration vehicle as well.

Sea Shield is the projection of layered, global defensive power. It will soon enhance deterrence and warfighting power by way of real-time integration with joint and coalition forces, high speed littoral attack platforms setting and exploiting widely distributed sensors, and the direct projection of defensive powers in the littoral and deep inland. It will enhance homeland defense, assure, and eventually sustain our access in the littorals and across the globe. Sea Shield capabilities include, Homeland Defense, Sea and Littoral Control, and Theater Air and Missile Defense.

SEA SHIELD



Our highest priority Sea Shield programs this year include:

- Missile Defense.**—Our Navy is poised to contribute significantly in fielding initial sea based missile defense capabilities to meet the near-term ballistic missile

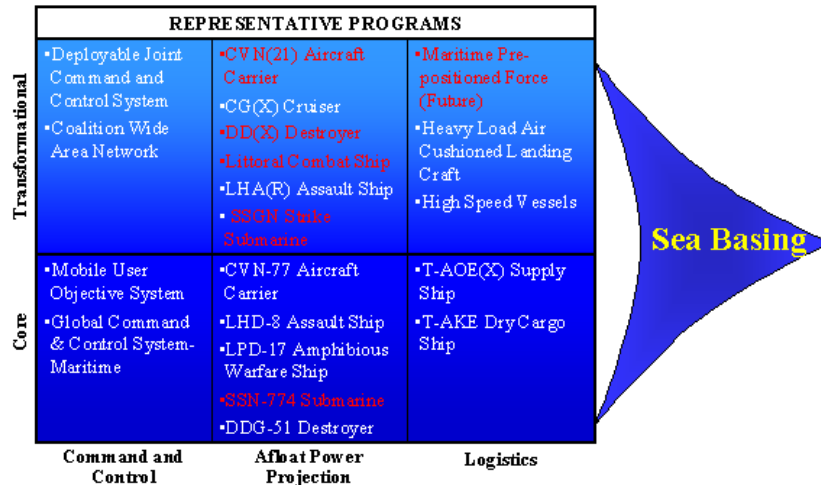
threat to our homeland, our deployed forces, and our friends and allies and we are working closely with the Missile Defense Agency (MDA) to that end. As partners, USS LAKE ERIE will be transferred to MDA to facilitate a more robust testing program for missile defense. In turn, MDA is requesting funds to upgrade three AEGIS guided missile destroyers (DDG) for ICBM surveillance and tracking duties and procurement of up to 20 Standard Missile interceptors to help us provide a limited at sea capability to intercept short and medium range ballistic missiles in the boost and ascent phases of flight. Our sea-based missile defense programs experienced tremendous success on the test range during 2002, and we look forward to building on these successes and developing a vital capability for our Nation.

—*CG Conversion*.—The first Cruiser Conversion begins in fiscal year 2004. The Cruiser Conversion Program is a mid-life upgrade for our existing AEGIS cruisers that will ensure modern, relevant combat capability well into this century and against evolving threats. These warships will provide enhanced land attack and area air defense to the joint force commander. Core to these conversions is installation of the Cooperative Engagement Capability, which enhances and leverages the air defense capability of these ships, and the 5 inch/62 Gun System with Extended Range Guided Munitions to be used in support of the Marine Corps Ship-to-Objective-Maneuver doctrine. These converted cruisers could also be available for integration into ballistic missile defense missions when that capability matures.

—*Unmanned Underwater Vehicles (UUV)*.—We will continue development of UUVs for minefield reconnaissance in the littoral and other surveillance missions; including funding that will result in initial operating capability for the Long-term Mine Reconnaissance System (LMRS) in fiscal year 2005.

Sea Basing is the projection of operational independence. Our future investments will exploit the largest maneuver areas on the face of the earth: the sea. Sea Basing serves as the foundation from which offensive and defensive fires are projected—making Sea Strike and Sea Shield a reality. Sea Basing capabilities include, Joint Command and Control, Afloat Power Projection and Integrated Joint Logistics. Our intent is to minimize as much as possible, our reliance on shore-based support nodes.

Sea Basing



At the top of my list is the surface combatant family of ships—centered on the next-generation multi-mission destroyer DD(X), the next-generation cruiser (CG(X)), and the Littoral Combat Ship (LCS)—this combination of ships will provide joint force commanders with a robust range of transformational capabilities across the spectrum of warfare. From the long-range precision strike and volume-fires of DD(X), to the overland, theater and strategic ballistic and cruise missile defensive reach of the CG(X), to the ability to clear the way for the joint force in the tough

littoral environment with LCS, the Navy's future surface warships will be designed from their keels up to operate as critical elements of our dispersed, networked, joint force.

At the heart of this family is DD(X). Our DD(X) research and development effort is the baseline that will enable us to keep pace with today's rapid technological advances; it will spiral promising technologies to both CG(X) and LCS, and hence, permit us to both lead the threat and leverage the capabilities needed for the 21st Century. It will also enable us to upgrade in-service Aegis cruisers and destroyers with selected leading-edge technologies to ensure this vital core of our legacy, multi-mission fleet will maintain operational effectiveness throughout their lifetimes and until the DD(X) and CG(X) program comes to fruition. Specific highlights include:

—*Littoral Combat Ship (LCS)*.—Our most transformational effort and number one budget priority, the Littoral Combat Ship will counter anti-access threats, namely small, fast surface craft carrying anti-ship missiles, torpedo-armed ultra-quiet diesel submarines, and large numbers of inexpensive mines. It will be the first Navy ship to separate capability from hull form and will provide a robust, affordable, focused-mission ship to enhance our ability to establish sea superiority not just for our Carrier Strike Groups and Expeditionary Strike Groups, but for all the joint logistics, command and control and pre-positioned ships that must transit the critical littoral threat area to move and support forces ashore. They will be dispersed and netted, both leveraging and enhancing the knowledge superiority and defense of the theater joint force. They will be the backbone of our organic battle group mine warfare capability.

We will separate capability from platform by developing "tailorable" mission modules that can be rapidly changed in forward locations. This kind of "forward fit and fight" capability will enable us to distribute these small, minimally manned, persistent, high-speed vessels across the globe and it will permit us to use innovative crewing techniques. By employing networked sensors, modular mission payloads, a variety of manned and unmanned vehicles, and an innovative hull design, they will also have the inherent capacity for further transformation. We will capitalize on DOD initiatives, spiral development, and new acquisition methods to streamline the acquisition process and begin construction of the first LCS by 2005. The fiscal year 2004 budget accelerates development and construction of 9 LCS in the FYDP, key to ramping surface force structure to Global CONOPs levels outside the FYDP.

—*DD(X)*.—The DD(X) advanced multi-mission destroyer will be armed with an array of land attack weapons to provide persistent, distributed offensive fires in support of joint forces ashore. Transformational and leap ahead technologies include an integrated power system and electric drive; the Advanced Gun System with high rate of fire and magazine capability; the new Multi-Function Radar/Volume Search Radar suite; optimal manning through advanced system automation, stealth through reduced acoustic, magnetic, IR, and radar cross-section signature; and enhanced survivability through automated damage control and fire protection systems. The capacity in both hull form and integrated electric power system, and the revolutionary radar development work will allow us to spiral DD(X) to both an entirely new class of ships—our robust, sea-based missile defense CG(X) platform of the future—as well as other potential systems, like the electro-magnetic rail gun, in the years ahead.

In addition to the surface combatant family of ships, our other high priority efforts include:

—*CVN-21*.—We have accelerated transformational technologies from the CVNX development plan into CVN-21 while sustaining the CVNX-1 development schedule submitted last year. This is the first new carrier design since 1967. The fiscal year 2004 budget request provides \$1.5 billion in RDT&E and advanced procurement for the first CVN-21 and programs for split-funded construction for two years beginning in fiscal year 2007. The transformational technologies include a new electrical generation and distribution system, improved flight deck design with Electro-Magnetic Aircraft Launching System (EMALS), improved sortie generation, enhanced survivability, reduced manning, and incorporation of a flexible infrastructure that will allow the insertion of new capabilities as they evolve. CVN-21 will be the centerpiece of our Carrier Strike Groups in the future and will replace USS ENTERPRISE in fiscal year 2014.

—*VIRGINIA-class submarine (SSN-774)*.—The first four ships of this class are under construction: Virginia will commission in 2004; the keel was laid for Texas (SSN-775) in July 2002; Hawaii (SSN-776) was begun in 2001; and North Carolina (SSN-777) in 2002. This class will replace LOS ANGELES-class (SSN-688) attack submarines and will incorporate new capabilities, including an array of unmanned vehicles, and the ability to support Special Warfare

forces. It will be an integral part of the joint, networked, dispersed fleet of the 21st Century.

—*SSGN Conversions*.—We have requested two additional conversions in fiscal year 2004; these ships will be configured to carry more than 150 Tomahawk missiles, enabling covert, large-volume strike. The SSGN will also have the capability to support Special Operations Forces for an extended period, providing clandestine insertion and retrieval by lockout chamber, dry deck shelters or the Advanced Seal Delivery System, and they will be arrayed with a variety of unmanned systems to enhance the joint force commander's knowledge of the battlespace. We will leverage the existing TRIDENT submarine infrastructure to optimize their on-station time. The first two ships, the USS OHIO and USS FLORIDA, enter the shipyard in fiscal year 2003 to begin their refueling and conversion. USS MICHIGAN and USS GEORGIA will begin their conversion in fiscal year 2004. We expect this capability to be operational for the first SSGN in fiscal year 2007.

—*Maritime Prepositioning Force Future (MPF(F))*.—Our vision for the future Maritime Prepositioning Force and tomorrow's Amphibious force continues to develop. This fiscal year's budget and the Joint Forcible Entry Operations study will refine our effort and posture us for enhanced sea basing of Navy and Marine Corps assets. I expect MPF(F) ships will serve a broader operational function than current prepositioned ships, creating greatly expanded operational flexibility and effectiveness. We envision a force of ships that will enhance the responsiveness of the joint team by the at-sea assembly of a Marine Expeditionary Brigade that arrives by high-speed airlift or sealift from the United States or forward operating locations or bases. These ships will off-load forces, weapons and supplies selectively while remaining far over the horizon, and they will reconstitute ground maneuver forces aboard ship after completing assaults deep inland. They will sustain in-theater logistics, communications and medical capabilities for the joint force for extended periods as well.

Other advances in sea basing could enable the flow of Marine and Army forces at multiple and probably austere points of entry as a coherent, integrated combined arms team capable of concentrating lethal combat power rapidly and engaging an adversary upon arrival. The ability of the Naval Services to promote the successful transformation of deployment practices of the other Services will dramatically improve the overall ability of the Joint Force to counter our adversaries' strategies of area-denial and/or anti-access. We are programming RDTE funds to develop the future MPF and examine alternative sea basing concepts in fiscal year 2008.

FORCEnet is the enabler of the foregoing capabilities, and the operational construct and architectural framework for naval warfare in the joint, information age. It will allow systems, functions and missions to be aligned to transform situational awareness, accelerate speed of decisions and allow naval forces to greatly distribute its combat power in the unified, joint battlespace. It puts the theory of network-centric warfare into practice. We are just beginning this effort and we have requested \$15 million in funds to administer the development of FORCEnet, the cornerstone of our future C4I architecture that will integrate sensors, networks, decision aids, warriors and weapons. Programs that will enable the future force to be more networked, highly adaptive, human-centric, integrated, and enhance speed of command include:

—*E-2C Advanced Hawkeye Radar Modernization Program*.—E-2 Advanced Hawkeye (AHE) program will modernize the E-2 weapons system by replacing the current radar and other aircraft system components to improve nearly every facet of tactical air operations. The modernized weapons system will be designed to maintain open ocean capability while adding transformational surveillance and Theater Air and Missile Defense capabilities against emerging air threats in the high clutter and jamming environment. The advanced Hawkeye will be a critical contributor to Naval Integrated Fire Control-Counter Air, and to Sea Strike and Shield. The fiscal year 2004 budgets over \$350 million for continued development with first production planned for fiscal year 2008.

—*Navy and Marine Corps Intranet (NMCI)*.—NMCI continues to bring together Navy personnel, government civilians and contractors into a single computing environment. This program is fostering fundamental changes in the way we support critical war fighting functions, conduct Navy business, and train and advance Sailors. Fiscal year 2004 funding of \$1.6 billion continues user seat rollout and cutover to the NMCI architecture, progressing toward a target end-state of 365,000 seats. Although NMCI seat cutover was slowed initially by the need to resolve the challenges of numerous, disparate legacy applications, the transition to NMCI has succeeded in eliminating more than 70,000 legacy IT applications and we are on track for the future.

Sea Trial.—Commander, U.S. Fleet Forces Command (CFFC) is now in charge of our Navy's revitalized process of experimentation, and is rapidly developing emergent concepts and experimenting with new technologies to speed delivery of innovation to the fleet. CFFC will reach throughout the military and beyond to coordinate concept and technology development in support of future warfighting effectiveness. Embracing spiral development, the right technologies and concepts will then be matured through targeted investment and rapid prototyping.

CFFC is working in concert with the U.S. Joint Forces Command to refine the Sea Trial process and integrate select wargames, experimentation and exercises. We are already testing new operational concepts and technologies like the Collaborative Information Environment, Joint Fires Initiative, and the Navy Joint Semi-Automated Force Simulation in operations and exercises. We will continue to pursue evaluation of multiple platforms and systems, including experimental hull forms and electro-magnetic rail guns, among others.

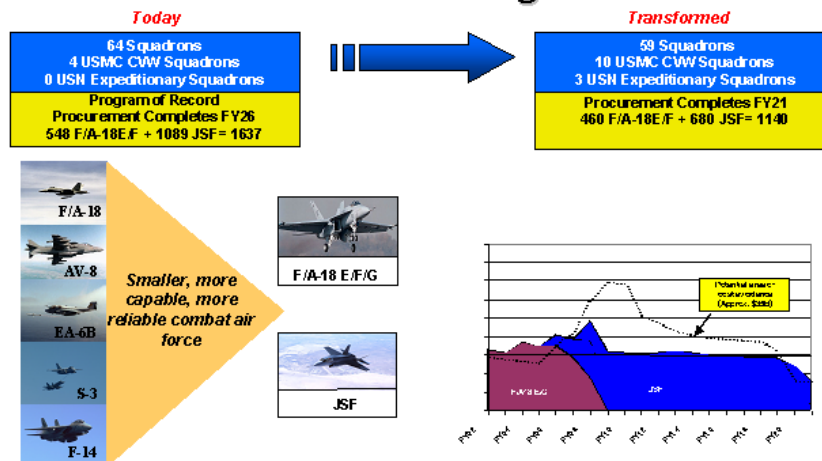
The Systems Commands and Program Executive Offices will be integral partners in this effort, bringing concepts to reality through technology innovation and application of sound business practices.

IV. Harvesting Efficiencies for Transformation

We are working hard to identify and harvest the efficiencies needed to balance competing priorities and invest in our Sea Power 21 vision. Called Sea Enterprise, this process is intended to ensure our warfighting capability both now and in the future. It will help identify and produce those initiatives that both optimize our warfighting capability and streamline our organization and processes; to make it operate more efficiently, to reduce our overhead and to produce the savings needed for investment in recapitalization and our future. We have already identified several initiatives that have produced over \$40 billion in savings and cost avoidance across the defense program—and many more billions outside the FYDP—to help fund our future. A few of the highlights include:

—USN—USMC Tactical Aviation (TACAIR) Integration plan shows the promise of cross-service partnerships. It will maximize forward deployed combat power, enhance our interoperability, more fully integrate our services, and save \$975 million across the FYDP. This aggressive effort introduces 200 modern aircraft in the next six years while retiring legacy F-14, F/A-18A/B, S-3, and EA-6B airframes, and it reduces our F/A-18 E/F and JSF total buy requirements by 497 aircraft while enhancing our warfighting capability. There is more than \$30 billion in projected cost avoidance outside the FYDP as well.

TacAir Integration



Success depends upon proper numbers of E/F/G and on IOC of JSF

—Partnerships. We are pursuing other promising partnerships to include new munitions with the U.S. Air Force, common communications and weapons systems with the U.S. Coast Guard's Deepwater Integrated Systems program, and

joint experiments with high-speed vessels with the U.S. Army. We will continue to leverage the gains made in programs like joint weapons development (JDAM, JSOW, AMRAAM) as well.

- Identifying savings within the force for recapitalization. Last year we promised we would sharpen our focus on our force structure in the years ahead—to buy the ships, aircraft and the capabilities needed for tomorrow's Navy. At the same time, we cannot overlook the important gains our focus on current readiness made these last few years; it produced the more responsive force on deployment today. As a result, we are obligated to look hard at the ways we could balance these priorities and our discretionary investments to both satisfy the near term operational risks and prepare for the long term risks of an uncertain future. This year we made some hard choices across the Fleet to do more to address our future risk, sustain our current readiness gains and strike this balance. We looked hard at older systems with limited growth potential and high operating and support costs (maintenance, parts, training, etc.), and ultimately decided to accelerate the retirement of 11 ships and 70 aircraft, divest more than 50 systems and eliminate 70,000 legacy IT applications from an original baseline of 103,000.

Accelerating the retirement of these ships was a difficult decision. However, our analysis indicates that our proposed near-term inactivations and our remaining warfighting capability provide an acceptable level of risk without compromising our ability to accomplish our mission. Vertical cuts in our least capable type-model series, both in ships and in aircraft, allowed us to use the savings to recapitalize, modernize other legacy platforms, and invest in Sea Power 21. In all, these difficult decisions yielded \$1.9 billion for reinvestment and will do much to help reduce our future risk.

- Improved business operations and processes. We are improving both the way we run the Fleet and our ability to control costs. The LPD-DDG swap produced savings sufficient to purchase a third guided missile destroyer in fiscal year 2004. We are using multi-year procurement contracts and focusing where possible on economic order quantity purchase practices to optimize our investments. We conducted the Workload Validation Review, and made Performance Based Logistics improvements. Other initiatives like piloting mission funding for two of our public shipyards, Enterprise Resource Planning, strategic sourcing, NMCI and eBusiness are helping us find the funds necessary to emerge with the optimal force structure, a healthy industrial base and an efficient and appropriately sized infrastructure.
- Installation Claimant Consolidation. In October 2003 we will establish a single shore installation organization, Commander, Navy Installations Command (CNIC), to globally manage all shore installations, promote "best practices" development in the regions, and provide economies of scale, increased efficiency, standardization of policies where practicable and improved budgeting and funding execution. This initiative has the potential to save approximately \$1.6 billion in the next six years.

We will continue to pursue the efficiencies that improve our warfighting capability. We are committed to producing the level investment stream that will help implement our bold new Navy vision and produce the number of future ships, aircraft and systems we need to counter the 21st Century threat. Harvesting savings for reinvestment is an important part of that effort, and we will continue to examine the potential efficiencies while weighing the operational risks, both now and in the future.

V. Conclusion

The President has called upon us to "be ready to strike at a moment's notice in any dark corner of the world." We are answering that call in the Global War on Terrorism and in the opening salvos of Operation Iraqi Freedom. We will also prepare our force for the battles of tomorrow by integrating Sea Strike, Sea Shield, and Sea Basing into the Joint Force; capturing the funds needed to build the 21st century Navy; and developing our workforce. We are creating the future capabilities and force structure required to counter these 21st century threats. In pursuing victory, the United States Navy—forward deployed, highly capable, and poised for action—will continue to provide our nation persistent combat power.

At the same time, our people remain at the heart of all we do; they are the real capital assets in our Navy. We have invested heavily to do what is right for the people who are investing themselves in our Navy. "Growth and development" is our byline. As we look to the future, we will build on the impressive progress we have made in recruiting, assigning, and retaining our military and civilian professionals. Active leadership is making it happen today and will do so in the years to come.

I thank the Committee for your continued strong support of our Navy, our Sailors, and our civilian shipmates. Working together, I am confident we will win the Global War on Terrorism, make our great Navy even better, and provide our Nation with more power, more protection, and more freedom in the years ahead.

Senator STEVENS. Thank you very much. All this paper work is about what is going on on the floor. General Hagee.

STATEMENT OF GENERAL MICHAEL W. HAGEE

General HAGEE. Mr. Chairman, Senator Inouye, Senator Cochran, other distinguished members of this committee, it is indeed an honor for me to be here today representing your Marine Corps. I would like to thank this committee for its strong support for the issues and programs that are of such vital importance to the readiness of the Marine Corps and the Navy-Marine Corps team.

I would also like to thank my good friend, Admiral Vern Clark, for his leadership of the Navy and his participation in truly making the Navy-Marine Corps team a reality. And as he mentioned, nothing reflects that more in my opinion, than these 14 amphibious task force ships, 7 from each coast, that left within about a 2 to 3-week alert, carrying approximately 6,000 to 7,000 Marines on each task force, and all of them arrived in the Gulf on time and on target. Now, Admiral Clark would say it is because of the sailors that he has in his Navy, and he is absolutely correct, but it takes leadership and vision, and that comes from the top, and I thank him for that.

The actions of your Marines in Iraq attests to their morale, readiness and warfighting capability better than any words that I could say here today. They are performing magnificently. In addition to the events that constantly scream from our televisions, radios and newspapers, the Navy-Marine Corps team continues to play a key role in the global war on terrorism and in the establishment of stability and security in many of our world's other trouble spots.

Active and reserve Marines are operating alongside soldiers, sailors, airmen, non-governmental officials (NGOs) and diplomats in diverse locations around the globe, from Afghanistan to the Arabian Gulf, to the Horn of Africa, to the Georgian Republic, Colombia, Guantanamo Bay, and the Philippines. Today Marines are flying from Baghram Air Base in Afghanistan and from Navy carriers at sea. Currently 67 percent of the Marine Corps operating forces are forward deployed and almost 80 percent of our operating forces are either forward deployed, forward stationed, or forward based.

Marine Corps operations continue to highlight the versatility of our expeditionary forces. We have had one of our busiest years in terms of operational deployments, participation in realistic worldwide exercises and training events. To that end we have a thoroughly trained, ready and capable force for the Nation.

Though the Nation is focused on current operations in Iraq, we continue to develop the capabilities we will need for tomorrow's challenges as well. Along with the Navy, we are moving out with new organizational concepts mentioned by the Chief of Naval Operations. These include tac air integration, carrier and expeditionary strike groups, and our concept of enhanced networked sea bases. These concepts will make us more responsive, flexible and effective in the future.

The fiscal year 2004 budget continues our efforts to modernize and transform the force. The support that you have provided over the last 2 years has helped us make real progress in our modernization, transformation, personnel and readiness accounts. While Marines and their families have benefitted from increased appropriations for targeted pay raises and improved family housing and barracks, this committee's support for important procurement programs has also ensured that our Marines are better equipped and more likely to survive on the battlefield today.

With regard to transformation and modernization, I am happy to report that our top Marine Corps ground programs are adequately funded over the near term. Among these are the advanced amphibious assault vehicle, the high mobility artillery rocket system and the lightweight 155 howitzer. On the aviation side, we are on track for funding for the V-22, the joint strike fighter, Short-Take-Off/Vertical Landing (STOVL), and the four-bladed Cobra and Huey airframes.

Finally, we continue to make needed progress in readiness. Having recently come from the operating forces, I can tell you that there is a marked positive improvement in the way we are funding for readiness now compared to just a few years ago. Much of that improvement can be directly attributed to the welcome attention readiness has received from this subcommittee over the last few years. I know you are actually working on the much needed supplemental and I thank you very much for that, sir.

My main funding concern is the cost of reconstituting our forces. We are making a concerted effort to capture these costs and ensure we know what will be required to maintain the future readiness of our Corps. We are currently doing what we have been trained to do, and we are ready to support our Nation to whatever challenges may lie ahead. We are on solid ground regarding our mission and our direction. We will remain your own only sea-based, rotational, truly expeditionary combined armed force ready to answer the call as part of the integrated joint force.

PREPARED STATEMENT

Thank you again, sir, on behalf of all your Marines, and I look forward to your questions.
[The statement follows:]

PREPARED STATEMENT OF GENERAL MICHAEL W. HAGEE

Chairman Stevens, Senator Inouye, distinguished members of the Committee; it is my honor to report to you on the state of your United States Marine Corps. First, on behalf of all Marines, I want to thank the Committee for your continued support. Your sustained commitment to improving the warfighting capabilities of our Nation's armed forces and to improving the quality of life of our Service men and women and their families is vital to the security of our Nation, especially now, while our Nation is at war.

INTRODUCTION

The Navy-Marine Corps Team continues to play a key role in the global war on terrorism and in the establishment of stability and security in many of the world's trouble spots. Marines, both Active and Reserve, are operating side-by-side in Iraq, as well as in diverse locations, from Afghanistan, the Horn of Africa, Turkey, the Georgian Republic, Colombia, Guantanamo Bay, and the Philippines. The actions of your Marines—along with Navy Corpsmen and SeaBees—attest to their morale and readiness better than any words I could say here today.

Marine Corps operations throughout the past year have highlighted the versatility and expeditionary nature of our forces. Missions in support of Operations Enduring Freedom and Noble Eagle marked the most visible accomplishments of our forward-deployed forces. Marine Air Control Squadrons continue to provide air control, surveillance, and air traffic control support to Operation Enduring Freedom during their deployments to the Central Command area of responsibility. Elsewhere, the Marine Corps continues to support Operation Joint Forge in the Balkans by sending Civil Affairs teams to Bosnia.

Even as the Marine Corps saw one of our busiest years in terms of operational deployments, participation in realistic, worldwide exercises remained critical to supporting the Combatant Commander's Theater Security Cooperation Plans and ensuring that we maintained a ready and capable force. Over the last year, Marines participated in more than 200 service, joint, and combined exercises. These included live fire, field training, command post, and computer-assisted exercises. Participants varied in size from small units to Marine Expeditionary Forces. Overseas, Marine Expeditionary Units (Special Operations Capable) conducted exercises in Jordan, Italy, Croatia, Tunisia, the Philippines, Australia, Thailand, and Kuwait.

At home, Marine reserve units were designated as "on call" forces to support the Federal Emergency Management Agency's role in homeland security. In addition, the Marine Corps also conducted numerous training operations and internal exercises. This important training helps develop individual and unit proficiency and competency. It also allows the Marine Corps to examine unit operational skills and ensures that each unit has the capabilities required to execute our full range of missions.

The Marine Corps continues to contribute to the Nation's counter drug effort, participating in numerous counter-drug operations in support of Joint Task Force Six, Joint Interagency Task Force-East, and Joint Interagency Task Force-West. These missions are conducted in the Andean region of South America, along the U.S. Southwest border, and in several domestic "hot spots" that have been designated as High Intensity Drug Trafficking Areas. Individual Marines and task-organized units are assigned to these missions in order to provide support for domestic drug-law enforcement throughout the United States, and to provide conventional training to military forces in South America that execute counter-narcotics missions. Marine operational and intelligence teams also support Colombian military efforts to combat narco-terrorism. Marines of our reserve forces have executed the majority of these missions.

Our successes in these global operations and exercises have not been achieved alone. We have worked closely alongside the Navy, our sister Services, and Federal agencies to realize the true potential of joint, interoperable forces in the new environment of 21st Century warfare. The operational and personnel readiness levels we have been able to maintain directly reflect the strong, sustained support of the Congress in last year's National Defense Authorization and Appropriations Acts. In fiscal year 2004, we seek your continued support for the President's Budget so we can consolidate the gains made to date, improve those areas where shortfalls remain, and continue transforming the way the Navy-Marine Corps Team will fight in the 21st century.

BUILDING ON SUCCESS

The President's fiscal year 2004 budget, together with your support, will provide a strong foundation on which we can continue building on our successes. Our focus is on improving our ability to operate as an agile, lethal, ready, and effective member of a broader joint force that takes the complementary capabilities provided by each Service, and blends them into an integrated and effective force for meeting future challenges.

Increases in our Military Personnel accounts have a positive effect on the retention of our most valued assets—our Marines. Given the increasing pressure to modernize and transform the force, the Marine Corps is constantly working to identify and assess program tradeoffs to enable the most effectively balanced approach between competing demands and programs. These tradeoffs occur within a larger context of the Department's overall program tradeoff decisions, which is driving the Navy and Marine Corps to work more closely than ever before in our planning, budgeting, and decision making. An additional concern that complicates this process is the sizeable unfunded cost of the ongoing global war on terrorism.

Challenges also arise from the changing realities of our National security environment. The Marine Corps is committed to the idea that we will fight as an integral part of a joint team. We continue to place high priority on interoperability, shared concept development, and participation in joint exercises with our sister services.

Additionally, the security environment now demands that we pay more attention to our role in Homeland Defense, our critical infrastructure, and force protection—even as we deploy more forces overseas. These challenges demand that we balance competing priorities while remaining focused on maintaining excellence in warfighting.

Adapting to a Changing, Dynamic World

While we adapt the advantages of technology to meet the changing face of warfare, we draw strength from the unique culture and core values that make us “Marines.” We look for innovation in four broad areas to address future challenges: Transformational technology; New operational concepts; Refined organizations; and Better business practices.

Innovative approaches culled from these efforts should provide insight into new capabilities that we can adapt for future warfighting. In this regard, we are currently engaged in an immediate and critical tasking to define how we, along with our partners in the Navy, intend to project Naval power ashore in the 2015–2025 timeframe. This effort requires the intellectual rigor and participation of all the elements of our Marine Air-Ground Task Forces and is influencing the entire Marine Corps—from our structure and training to the way we will fight on future battlefields as an integral component of a joint force.

Technology and Experimentation

The plan for realizing future joint concepts consists of three closely related processes: (1) Joint Concept Development, (2) Joint Experimentation & Assessment, and (3) Joint Integration & Implementation. The overall process is more commonly known as Joint Concept Development & Experimentation. In order to ensure support and engagement throughout this process, the Marine Corps reorganized to establish three Joint Concept Development & Experimentation divisions under the cognizance of the Commanding General, Marine Corps Combat Development Command. These three organizations are key elements of Marine Corps Transformation and enable full Marine Corps involvement in Joint Experimentation and Transformation as well as the Navy’s Sea Trial process for Naval Experimentation and Transformation.

The Marine Corps Warfighting Laboratory maintains cognizance over Marine Corps-specific experimentation—with a focus on the tactical level—to develop enhanced warfighting capabilities for the future. Technologies and procedures are field tested in experiments conducted with the operating forces. In addition, the Lab coordinates closely with the Office of Naval Research to identify promising technologies that support the next generation of warfighting capabilities.

New Concepts and Organizations

The Marine Corps is streamlining force development from concept to acquisition under the Deputy Commandant for Combat Development. Our Expeditionary Force Development System is a single system of dynamic functions integrated into a process that produces and sustains capabilities to meet the needs of the Marine Corps and the Combatant Commanders. The Marine Corps advocates for ground combat, aviation combat, command and control, and combat service support, as well as the Marine Requirements Oversight Council, are key participants in the process. The Expeditionary Force Development System continuously examines and evaluates current and emerging concepts and capabilities to improve and sustain a modern Marine Corps. The system is compatible with and supports Naval and joint transformation efforts and integrates transformational, modernization, and legacy capabilities and processes. This integrated, concept-based driver for transformation is currently working on several ideas that will influence the future Marine Corps.

Expeditionary Strike Groups.—The Marine Corps and Navy are engaged in a series of experiments that will explore the Expeditionary Strike Group concept. This concept will combine the capabilities of surface action groups, submarines, and maritime patrol aircraft with those of Amphibious Ready Groups and Marine Expeditionary Units (Special Operations Capable), to provide greater combat capabilities to Regional Combatant Commanders. In the near future, the Navy-Marine Corps Team will conduct a pilot deployment on the west coast to test the Expeditionary Strike Group concept. Navy combatants have already been incorporated within the existing training and deployment cycle of the Amphibious Ready Group. This experiment will also allow us to test command-and-control arrangements for the Expeditionary Strike Group. It will provide critical information to support the future implementation of the concept and highlight any needed changes in service doctrine, organization, training, materiel, leadership and education, personnel, and facilities.

Tactical Aviation Integration.—The Navy and Marine Corps Team has embarked on a Tactical Aircraft (Strike-fighter) Integration plan that will enhance core combat capabilities and provide a more potent, cohesive, and affordable fighting force. This

integration is the culmination of a long-term effort to generate greater combat capability from Naval fixed-wing strike and fighter aircraft, and represents a shared commitment to employ the Department of the Navy's resources as judiciously as possible. This integration has been ongoing for several years, with four Marine Corps F/A-18 Hornet squadrons operating as part of embarked carrier air wings. This Navy-Marine Corps effort will guarantee that Naval aviation will be integrated as never before, and will effectively support the Marine Air-Ground Task Force and the joint warfighter. Specifically, the integration plan:

- Reinforces our expeditionary ethos
- Provides a smaller, more capable, more affordable force for the Department of the Navy
- Integrates Marine strike fighters in ten Navy Carrier Air Wings
- Integrates three Navy strike fighter squadrons into the Marine Unit Deployment Program
- Includes the global sourcing of all DoN strike fighter assets and ensures their support to Marine Air-Ground Task Forces and Regional Combatant Commanders
- Provides increased combat capability forward
- Complements the enhanced seabasing concept.

A cornerstone of this plan is Department of the Navy funding and maintenance of legacy aircraft at the highest levels of readiness until the Joint Strike Fighter and F/A-18E/F replace them. This requires an unwavering commitment to level funding of strike fighter readiness across the Department of the Navy. These integration-driven readiness levels will allow the Navy-Marine Corps Team to surge more aircraft than what is possible today.

Enhanced Networked Seabasing.—Fully networked, forward-deployed Naval forces and platforms that are integrated into our seabasing capability will provide Naval power projection for Joint Force commanders. These forces will use the sea as a means of maneuver, enabling a broad range of joint campaign operations. Sea-based operations incorporate, integrate, protect, and sustain all aspects of Naval power projection, from space to the ocean floor, from blue water to the littorals and inland—without dependence on land bases within the Joint Operating Area. Seabasing will provide enhanced capabilities to the Naval force, such as rapid force closure, phased arrival and assembly at sea, selective offload of equipment tailored for individual missions, and force reconstitution for follow-on employment. The traditional Naval qualities of persistence and sustainment—enhanced by advanced force-wide networks—underpin the staying power and flexibility of the sea base. Naval platforms can stay on-station, where they are needed, for extended periods of time. The at-sea maneuverability of the seabase, coupled with advanced under-way replenishment technologies and techniques, will ensure force readiness over time.

Integrated Logistics Capabilities.—The Integrated Logistics Capabilities effort began as a unique collection of military, industry and academic organizations collaborating to develop a future vision of Marine Corps logistics processes. The product is a set of transformational initiatives that will provide better support to the warfighter. The purpose of the Integrated Logistics Capabilities concept and process is to implement a transformation strategy, based on best practices, that provides the framework for the execution of agile, effective logistics support to the Marine Air-Ground Task Force, with the focus of streamlining the logistics chain.

Capabilities are being conceptually refined and incrementally validated in the Operating Forces as they are identified and recommended. An assessment of the Proof-of-Concept, published in November 2002 by the Center for Naval Analysis, reflected improved supply response time (68 percent reduction in time) and overall repair cycle time (33 percent reduction).

Over both the mid- and long-term, improved combat effectiveness and efficiencies in the logistics chain are expected. However, efficiencies cannot be fully realized until the people, process and technology changes are applied across the entire operating force. The logistics transformation and process modernization, together with the cutting edge suite of technologies provided by the Global Combat Support System, will greatly enhance the combat capabilities of Marine forces.

Reestablishment of Air-Naval Gunfire Liaison Companies.—We have validated the requirement to reestablish our Air-Naval Gunfire Liaison Companies (ANGLICO). These Companies will provide our Commanders a liaison capability with foreign area expertise to plan, coordinate, and employ terminal control of fires in support of joint, allied, and coalition forces. ANGLICO will be reestablished with a company on each coast, and a separate brigade platoon in Okinawa. Each company will have a habitual relationship with the reserves. Full operational capability is expected by late summer 2004.

Marine Corps—U.S. Special Operations Command Initiatives.—Today, 105 Marines are filling Special Forces billets around the world. In addition to providing the current Chief of Staff to U.S. Special Operations Command (US SOCOM), the Marine Corps provides support to and ensures interoperability with Special Forces through the actions of the SOCOM-Marine Corps Board. That board met twice in 2002 and developed initiatives in the areas of Operations, Training and Education, Communications/C⁴, Information Operations, Psychological Operations, Civil Affairs, Intelligence, Aviation, Future Concepts, and Equipment & Technology. One of the initiatives, pursued in coordination with the Naval Special Warfare Command, is the Marine Corps' first sizeable contribution of forces to the Special Operations Command. Consisting of 81 Marines and 5 Sailors, a detachment has been organized, trained and equipped to conduct special reconnaissance, direct action, coalition support, foreign internal defense and other special operations missions, and will begin training at Camp Pendleton California in June 2003. They will subsequently transfer to the operational control of US SOCOM during October 2003, and deploy in April 2004 as augmentation to a Naval Special Warfare Squadron supporting both U.S. Pacific Command and U.S. Central Command.

Better Business Practices

We continue to seek out and use better business practices to achieve greater cost-effectiveness, improve performance, and sharpen our focus on our warfighting core competencies. In line with the competitive sourcing initiatives in the President's Management Agenda, we are increasing emphasis across our Supporting Establishment on competing our commercial activities with the private sector. We are complementing this initiative with continued development of an effective Activity-Based Costing and Management initiative across our installations. This allows us to focus on the true cost of various functions and services and to develop benchmarks that enable us to improve performance and to focus analyses on cost-saving initiatives. This will occur both in commercial areas that we compete, and in non-commercial areas that cannot be competed. Competitions completed to date have resulted in saving millions of dollars annually and returning almost 900 Marines to the operating forces. We will continue to seek additional competition candidates. Activity-Based Costing and Management initiatives provided our installation commanders with cost and performance information that enabled them to save over \$37 million last year. As we refine our databases, we expect continuing increases both in performance and cost effectiveness.

Through all of the efforts outlined above, the Marine Corps is building on today's success. As we build on our current capabilities, embrace innovation, and transform to meet the daunting conventional and asymmetric threats to U.S. security in the 21st century, we will continue to be the Nation's Total Force in Readiness, fielding warriors whose unique seabased expeditionary and combined-arms capabilities will be critical to success in crisis and conflict. In the process of balancing our programs to meet these goals, we will focus on two primary objectives: (1) our main effort—maintaining excellence in warfighting, and (2) taking care of our Marines and families.

TAKING CARE OF OUR OWN

Providing for the needs of our Marines, their families and our civilian Marines remain among our top priorities. The most advanced aircraft, ship, or weapons system is of no value without highly motivated and well-trained people. People and leadership remain the real foundations of the Corps' capabilities. It is important to note that the Marine Corps operates as a Total Force, including elements of both active and reserve components. We continue to strengthen the exceptional bonds within our Total Force by further integrating the Marine Corps Reserve into ongoing operations and training.

Human Resources

End Strength.—The Congressionally authorized increase in Marine Corps end strength to 175,000 in response to the global war on terrorism is very much appreciated. This increase of 2,400 Marines allows us to sustain the increased missions associated with the activation of the 4th Marine Expeditionary Brigade (Anti-Terrorism), enabling us to replace Marines in the active units that we "borrowed" in standing up the Brigade, and continue to provide the Nation with a robust, scalable force option specifically dedicated to anti-terrorism.

Recruiting.—Sustaining our ranks with the highest quality young men and women is the mission of the Marine Corps Recruiting Command. Recruiting Command has consistently accomplished this mission for more than the past seven years for enlisted recruiting and twelve years for officer recruiting. These achievements

provide the momentum fueling the continuous pursuit to improve the recruiting process and enhance the quality of life for our recruiters. To continue to attract America's finest youth, Recruiting Command has provided recruiters with the best tools available to accomplish their mission. The Marine Corps supports the National Call to Service Act and continues to work closely with DOD in developing an implementation policy. We expect to commence enlisting individuals under this program commencing October 1, 2003. The Marine Corps Reserve achieved its fiscal year 2002 recruiting goals, accessioning 5,904 Non-Prior Service Marines and 4,213 Prior Service Marines. With regard to our Reserve Component, our most challenging recruiting and retention issue is the ability to fill out our Selected Marine Corps Reserve units with qualified officers. The Marine Corps recruits Reserve officers almost exclusively from the ranks of those who have first served a tour as an active duty Marine officer.

While this practice ensures our Selected Marine Corps Reserve unit officers have the proven experience, knowledge and leadership abilities when we need it the most—during mobilization—it limits the recruiting pool that we can draw from to staff our units. As a result, the Selected Reserve currently has a shortage of company grade (Second Lieutenant to Captain) officers. We are exploring methods to increase the reserve participation of company grade officers through increased recruiting efforts, increased command focus on emphasizing reserve participation upon leaving active duty, and reserve officer programs for qualified enlisted Marines. We are also pursuing the legislative authority to provide an affiliation bonus to reserve officers as an additional incentive for participation in the Selected Marine Corps Reserve.

Retention.—Retaining the best and the brightest Marines has always been a major goal of the Marine Corps. The Marine Corps is by design a youthful service, however, it is of paramount importance to retain the highest quality Marines to lead our young force. History has proven that leadership in the Staff Noncommissioned Officer ranks has been the major contributor to the combat effectiveness of the Marine Corps. The Marine Corps has two retention standards. Our First Term Alignment Plan has consistently achieved its reenlistment requirements over the past eight years. With one-third of the current fiscal year completed, we have achieved 87 percent of our first-term retention goal. A look at our Subsequent Term Alignment Plan (second tour and beyond) demonstrates that we have already retained 51 percent of our goal for this fiscal year. Both of these trends indicate healthy continuation rates in our career force.

Current officer retention is at an eighteen year high, continuing the strong performance of the last two years. Despite this positive trend, we cannot become complacent. As a Corps, we will continue to target specific qualifications and skills through continuation pay. Military compensation that is competitive with the private sector provides the flexibility required to meet the challenge of maintaining stability in manpower planning.

Marine Corps Reserve—Partners in the Total Force.—It is important to note that the Marine Corps operates as a Total Force, including elements of both active and reserve components. We continue to strengthen the exceptional bonds within our Total Force by further integrating the Marine Corps Reserve into ongoing training and operations. Concurrent with the various initiatives underway to improve integration and update capabilities, the Marine Corps Reserve continues to support its primary mission of augmentation and reinforcement. Reserve units and Marines provided over 1.8 million man-days in fiscal year 2002. Reserves provided support at all levels within the Marine Corps and at Combatant Commands and High-Level Staffs.

As we enter the 21st Century, the overall structure of Marine Forces Reserve will retain the current basic structure. However, Marine Forces Reserve is currently working to create new capabilities identified as part of its comprehensive review. Both as a structural and an operational change, Marine Forces Reserve is increasing its operational ties with the Warfighting Commanders by improving lines of communication with our operating forces. These increased operational ties will improve interoperability, increase training opportunities, and enhance the warfighting capabilities of the Total Force.

Mobilization.—Since the events of 9/11, the Marine Corps judiciously activated Individual Ready Reserve (IRR) Marines in response to both internal and joint operational requirements. The Marine Corps has maximized the use of individual volunteers to meet these requirements primarily in the areas of staff augmentation and force protection. In addition, Selected Marine Corps Units (SMCR), were activated for force protection requirements in support of homeland security. Because of emerging requirements associated with war on terrorism, we began involuntary recall of some of our Individual Ready Reserves on January 17, 2003.

Stop Loss.—On January 15, 2003, the Marine Corps instituted Stop Loss across the Marine Corps to meet the emerging requirements associated with the expanding war on terrorism. Stop Loss was initiated to provide unit stability/cohesion, maintain unit readiness, meet expanded force protection requirements, and to reduce the requirement to active IRR personnel. We will continue to make judicious use of this authority and continue to discharge Marines for humanitarian, physical disability, administrative, and disciplinary reasons. We have instructed our General Officers to continue to use a common sense approach and have authorized them to release Marines from active duty if it is in the best interest of the Marine Corps and the Marine.

Education

Our leaders—especially our noncommissioned officers—throughout the entire chain of command have kept the Corps successful and victorious. Their sense of responsibility is the cornerstone of our hard-earned successes. We will continue to develop leaders who can think on their feet, act independently, and succeed. In the future, as today, leaders will continue to instill stamina and toughness in each individual while simultaneously reinforcing character that values honor, integrity and taking care of our fellow Marines—including treating each other with dignity and respect. Aggressive and informed leadership demands education, training, and mentoring. The importance of these key elements cannot be over-emphasized, and we must attend to each at every opportunity.

Marine Corps University has responsibility and authority for the planning, coordinating and overseeing all education for our Marines. The University is accredited by the Southern Association of Colleges and Schools to confer Masters degrees and currently offers a Masters of Strategic Studies at the Marine Corps War College, and a Masters of Military Studies at the Command and Staff College. The Chairman of the Joint Chiefs of Staff currently accredits the War College, Command and Staff College, and the College of Continuing Education for Phase I Joint Education. The President of the University also exercises command authority over the Expeditionary Warfare School and the Staff Noncommissioned Officer Academies worldwide. Notable accomplishments include Department of Education approval of a Masters of Operational Studies at the School of Advanced Warfighting, which is the first step toward our third Master's degree program.

Plans for the future include providing coordination and continuity through a coherent education plan for all Marines. Our goal is to develop better warfighting leaders at all levels through an increased emphasis on relevant, structured education—at the graduate and undergraduate level—through both resident programs and distance education. Our intent is to greatly expand beyond the current emphasis on field-grade officers to support leadership development throughout the training and education continuum from Marine Private through General Officer, and to specifically bring senior Non-commissioned Officers further along the education continuum.

Our Lifelong Learning mission is to establish an integrated approach to learning; providing Marines with one destination for enrollment in a college program, access to research tools such as books, periodicals, and the Internet, basic skills enhancement, and nonresident courses. In the face of a requirement to increase Tuition Assistance from 75 percent to 100 percent of tuition costs, and the rate from \$187.50 per semester hour to \$250 per semester hour, the Marine Corps added the necessary funds to expand the Tuition Assistance program in the fiscal year 2004 POM, which provides sustainment until fiscal year 2009.

Quality of Life/Quality of Service

Congressional support for increases in the Basic Allowance for Housing, as well as the aggressive Marine Corps use of the Public Private Venture (PPV) authority provided by Congress five years ago, are resulting in dramatic improvements to the housing of our Marines and their families. Your continued support of our budget to help us achieve zero out-of-pocket expenses by fiscal year 2005 is greatly appreciated. The condition of other infrastructure, such as our barracks, workspaces, and training ranges, are also key factors in overall quality of life. While our infrastructure budgets reflect only the minimal essential military construction and re-capitalization necessary, they will allow us to achieve a re-capitalization rate of 67 years within the FYDP (down from 100 years in fiscal year 1999) and an improvement of our facilities readiness by fiscal year 2013.

We have been aggressively working to reduce the number of Marines and civilian Marines in non-core business areas, reapplying the Marines to other operational requirements, and looking to optimize the use of civil service/contractor support where appropriate. Our track record is good. By example, we have reapplied Marines in

the garrison food service and mobile equipment areas back to the operating forces and competed a significant number of civilian positions. We will continue this process in line with the President's Management Agenda to review fifty percent of our positions by fiscal year 2008. By ensuring that quality of service remains high, we will help maintain our successful record of recruitment and retention.

Families

The Marine Corps is an expeditionary force prepared to deploy on short notice to accomplish assigned missions. While we may recruit Marines, we almost always retain families—it becomes a family decision for a Marine to stay for an entire career. Because of our expeditionary culture, deployment support is provided to Marines and their families as part of our normal operations, largely through the efforts of Marine Corps Community Services. In addition to concerted efforts to improve housing and family services, security and support is offered during pre-deployment, deployment, and post-deployment phases of our operations. The Marine Corps also offers numerous programs focused on new parent support and the prevention of domestic violence, as well as services and programs for infants, toddlers, children and teens. The Exceptional Family Member Program focuses on assistance to service personnel who have a family member with special needs before, during and after Permanent Change of Station Orders.

Safety

Ensuring a safe command climate and working environment remains a critical concern for the Marine Corps. Often, the settings and the work our Marines do are dangerous, but effective command climates continually mitigate those dangers through planning and leadership. Our safety programs are integral to force protection and operational readiness. Leadership and programming in safety awareness and standards are vital to providing Marines and their families with a meaningful quality of life and service. On the heels of a very successful year prior, fiscal year 2002 was a disappointing year for safety in the Corps, as we lost more Marines to mishaps in fiscal year 2002 than we had in any single year for the preceding decade. Our aviation mishap rate increased as well (from 1.40 to 3.9 class A mishaps per 100,000 flight hours).

These results do not indicate a lack of desire to safeguard Marines. Rather, several factors were involved that made it particularly difficult to prevent mishaps through normal operational risk management efforts. Demographically, the Marine Corps is a younger force than the other Services (by an average six to eight years), with maturity being a contributing factor in many mishaps; however, none of these factors are excuses for any failure to avoid preventable mishaps. Our leadership at all levels is deeply concerned about the negative trend and we are actively involved in multiple efforts to improve readiness and save our most precious Marines and valuable equipment.

OUR MAIN EFFORT—EXCELLENCE IN WARFIGHTING

Marines have a vision for the future, and we are moving forward with the modernization and transformation efforts needed to make this vision a reality. We fully understand that our vision cannot be achieved independent of our sister Services. Each of the Services has its own critical role to play in providing for our Nation's collective security; however, it is important that each of our contributions be, simultaneously, both unique and complementary. In particular, the Corps stresses the importance of our key partnership with the Navy. The Navy-Marine Corps Team has never been stronger, or more necessary for our Nation.

We have stated that our first concern is with the care and stewardship of our people. This philosophy extends to the rest of our programming in that we focus on procuring the programs and equipment that will maximize the abilities of our Marines to perform effectively in combat. With the foundation of requirements drawn from our emerging concepts, the Marine Corps is transforming its warfighting systems and assets throughout the elements of our Marine Forces. The following examples reflect but a few of our transformation and modernization efforts. A more comprehensive description of the Marine Corps' entire acquisition program can be found in the publication entitled *Marine Corps Concepts & Programs 2003*.

Training

We believe the enduring wisdom, "you fight the way you train." Because of this, our training exercises are becoming ever more Joint and Combined to provide our Marines with the experience they will need when called upon to respond to crises—because there is no doubt that we will work alongside our sister Services and coalition partners from other Nations in such circumstances. The Marine Corps Combat

Training Center at Twenty-nine Palms, California focuses on integrated live fire and maneuver, as well as combined arms training, and will continue to play a central role as our foremost training and testing site for Expeditionary Maneuver Warfare. Ongoing initiatives will expand the role of the Combat Training Center and transform it into a "Center of Excellence" that will focus the training efforts across our operating forces. The Combat Training Center facilitates and supports the development of new concepts and capabilities, thereby reinforcing our combat effectiveness, enhancing joint interoperability, and supporting Dodd transformation efforts.

The future role of the Combat Training Center will grow beyond its current emphasis on battalion-level integrated live fire, combined arms training to support expanded training opportunities for all elements (ground, air, combat service support, and command) of Marine Air-Ground Task Forces up to and including a Marine Expeditionary Brigade. This will include: enabling multi-site, distributed training evolutions that tie together units from various bases; and investing in technology that simultaneously links live, virtual, and constructive training. Additionally, improvements to the existing Expeditionary Air Field and construction of a large-scale urban training facility are being studied as possible ways to enhance training opportunities at Twenty-nine Palms. All of these efforts have the potential to increase the capability of our training center to support evolving training requirements, enabling the Corps to maintain its focus on uniquely Marine training skills, while providing a vehicle to further integrate Marine Corps capabilities into those of the Joint Force.

Infrastructure

Marine Corps infrastructure consists of fifteen major bases and stations and 185 Reserve facilities in the United States and Japan. In keeping with the Corps' expeditionary nature, these installations are strategically located near air and seaports of embarkation, and are serviced by major truck routes and railheads to allow for the rapid and efficient movement of Marines and materiel. Recognized as the "fifth element" of the Marine Air-Ground Task Force because of the close link to the operating forces and their operational readiness, the condition of the Corps' bases and stations is of vital importance. With the ability to train as an integrated force being a fundamental requirement of the Corps, infrastructure development planning is designed to provide the facilities, training areas, and ranges (both air and ground) to accomplish this requirement while minimizing excess and redundant capacities. With increasing encroachment pressures and constrained fiscal resources, the Marine Corps face significant challenges to provide and maintain a lean and efficient infrastructure that fully meets changing mission demands.

Blount Island Acquisition.—We are committed to undertake the wisest possible course to conserve our real property and, when necessary, to acquire any additional property that is mission critical. The Blount Island facility in Jacksonville, Florida, is a National asset that must be acquired to ensure its availability for long-term use. Blount Island's peacetime mission of supporting the Maritime Pre-positioning Force is vitally important, while its wartime capability of supporting large-scale logistics sustainment from the continental United States gives it strategic significance. The facility will play a vital role in the National military strategy as the site for maintenance operations of the Maritime Pre-positioning Force for years to come. The Marine Corps plans to acquire the Blount Island facility in two phases. Phase 1, funded in fiscal year 2000 and fiscal year 2001, is currently in progress and is will acquire interests in approximately 311 acres of land for the primary purpose of ensuring public safety on parcels adjacent to the leased central management operational area. Phase 2, planned for fiscal year 2004, involves acquisition of the central maintenance operational area, consisting of over 1,000 acres.

Training at Eglin Air Force Base.—With cessation of training at Vieques, Puerto Rico, the established training ranges, quality of training support, and proximity to the ocean available at Eglin Air Force Base, Florida, can provide Naval Expeditionary Forces with an alternative training capability. Eglin's capabilities, location, and tenant commands provide the opportunity to facilitate joint training between Air Force, Navy, Marine Corps, Army and Special Operations Forces. Development of an expeditionary force training capability at Eglin can support the Secretary of Defense's vision and direction for training transformation and the development of a Joint National Training Capability. This type of training will be critical to Naval expeditionary combat-readiness.

The Marine Corps proposes to execute two ten-day training exercises with a Marine Expeditionary Unit at Eglin each year. These exercises include a variety of scenarios such as amphibious landings, raids, mechanized operations, helicopter operations, and live fire and maneuver exercises. No final decision on training activities will be made until an Environmental Assessment currently underway is completed.

The Navy and Marine Corps are actively working to develop and sustain cooperative relationships with the local community and the State of Florida.

Encroachment and Environmental Issues.—Encroachment—defined as any deliberative action that can cause the loss of, or restrict, the use of land, airspace, frequency, or sea maneuver areas—is a serious threat to the operational readiness of the Corps. Urban and residential areas now surround many Marine installations that were originally remotely situated. This growth is often accompanied by pressure for access to Marine Corps resources, or demands to curtail Marine Corps operations to make them more compatible with surrounding land uses. The Corps' training lands often provide excellent habitat for threatened and endangered species, serving as islands of biodiversity amid the crush of densely populated urban areas that surround many of our installations. The Marine Corps is proactively engaged with federal, state, and local agencies and governments, as well as nongovernmental organizations, to provide win-win solutions to these encroachment pressures, and ensure compatible land usage and environmental security without degrading training and mission readiness. Unimpeded access to our installations and ranges is critical to the Marine Corps remaining America's "Force in Readiness."

Our Nation has crafted a strong environmental code of conduct structured on a wide range of federal, state, and local laws and regulations. Vague or inflexible environmental requirements, however, can present significant challenges for Marines performing their primary mission. We support ongoing efforts to seek clarity and limited flexibility in certain environmental laws, so that we may more effectively balance our training requirements with our long-term environmental stewardship responsibilities. Our ultimate goal is to "fight the way we train," while preserving the natural environment. Today, Marines at all levels perform their jobs with an increased awareness of potential environmental impacts. All of our bases and stations, for example, have implemented Integrated Natural Resource Management Plans and aggressive pollution prevention programs. The hard work does not end with these initiatives. The impact of encroachment on the Corps' ability to fully utilize its installations are varied and require constant vigilance and attention to ensure that operational readiness is not diminished.

Command and Control

Interoperability is the key to improving Naval expeditionary command and control effectiveness, especially as we begin to integrate battlespace sensors residing in our manned and unmanned aerial, space, and ground vehicles. This is particularly true as the Marine Corps continues to work routinely with a range of government, nongovernment, and international agencies. The command, control, communication, and computer (C⁴) end-to-end interoperability of the Global Information Grid will serve to enhance our ability to conduct joint, multi-department, and multi-agency operations through the use of technology, standards, architectures, and tools.

The Marine Corps works closely with the Joint Staff, combatant commanders, operating forces, and other Services to ensure that, where possible, joint concepts of operations are developed for common capabilities. An example of this process is occurring with the development of the Joint Tactical Radio System, which combines numerous single function programs of current inventories into a single, interoperable, joint radio program that will provide secure digital communications while enhancing wideband tactical networking.

Intelligence

Our fiscal year 1996-fiscal year 2003 enhancements to Marine Intelligence Support are paying off during Operation Enduring Freedom and the Global War on Terrorism. Intelligence Support organic to Marine Forces combined with capabilities from our Marine Corps Intelligence Activity in Quantico, Virginia to provide federated production (reachback) support has been validated through current operations. Marine Expeditionary Unit's forward deployed with organic all-source intelligence collection and production capabilities provide current intelligence support to Marine and Special Operations units. Our deployed signals intelligence, human intelligence, ground sensor, and reconnaissance teams provide the commander current situational awareness. All-source intelligence Marines have the systems and training to integrate organic collection, network with the joint force on the ground, and effectively reach back to the Marine Corps Intelligence Activity and joint centers at secure locations.

Mobility

While the global war on terrorism has demonstrated the current capabilities of the Navy-Marine Corps Team, our continuous transformation and modernization efforts hold even greater potential for increasing Naval power projection capabilities in the future. Many of these efforts focus on increased speed, range, payload, and

flexibility of maneuver units—mobility. This concept includes a vision of an all-vertical lift Air Combat Element, with the introduction of tiltrotor and Short-Take-Off/Vertical-Landing (STOVL) aircraft. The following initiatives are some of the keys to the achievement of Marine Corps operational mobility objectives:

MV-22 Osprey.—The MV-22 remains the Marine Corps' number one aviation acquisition priority. While fulfilling the critical Marine Corps medium lift requirement, the MV-22's increased capabilities of range, speed, payload and survivability will generate truly transformational tactical and operational opportunities. With the Osprey, Marine forces operating from the sea base will be able to take the best of long-range maneuver and strategic surprise, and join it with the best of the sustainable forcible-entry capability. Ospreys will replace our aging fleets of CH-46E Sea Knight and CH-53D Sea Stallion helicopters.

KC-130J.—The KC-130J will bring increased capability and mission flexibility to the planning table with its satellite communications system, survivability, and enhancements in aircraft systems, night systems, and rapid ground refueling. The KC-130J is procured as a commercial off-the-shelf aircraft that is currently in production. We are pursuing a multi-year program for purchase with the U.S. Air Force.

Advanced Amphibious Assault Vehicle.—The Advanced Amphibious Assault Vehicle (AAAV) is the Marine Corps' only Acquisition Category 1D program and will be one of the principal enablers of the Expeditionary Maneuver Warfare concept. AAAV will provide never before realized high-speed land and water maneuver, a highly lethal day/night fighting ability, and advanced armor and Nuclear-Biological-Chemical protection. This—coupled with a systematic integration into emerging service and Joint Command and Control networked information, communications and intelligence architectures—will provide the Marine Corps with increased operational tempo, survivability, and lethality across the spectrum of operations.

Maritime Pre-positioning Force.—The Maritime Pre-positioning Force (Future) will be the true enabler of primarily sea-based operations. When it becomes operational, the future Maritime Pre-positioning Force role will expand beyond that of today, and will provide a true seabasing capability. In this regard, it will serve four functions that the current capability cannot: (1) Phased at-sea arrival and assembly of units; (2) Selective offload of equipment and cargo; (3) Long-term, sea-based sustainment of the landing force; and (4) At-sea reconstitution and redeployment of the force. The Naval Services are exploring several new technology areas during the development of Maritime Pre-positioning Force (Future). Currently, the Maritime Pre-positioning Force (Future) Program is conducting an analysis of alternatives to inform an acquisition decision by the Office of the Secretary of Defense.

High-Speed Vessel (HSV).—High-speed vessels will enhance the Marine Corps' capability to perform a wide range of missions, from providing support to a theater security cooperation plan to sustaining long-term operations ashore. High-speed vessels can enhance our ability to conduct sea-based operations and use the sea as maneuver space. HSVs do not have the loitering and forcible entry capabilities of amphibious ships or the pre-positioning capacity of our Maritime Pre-positioned Force Squadrons. However, their shallow draft, high speed, maneuverability, and open architecture make them a valuable link in a seamless logistics system that extends from source of supply to the sea base and the joint force, enabling a faster, more responsive, and capable deployment of a range of force modules from forward-based "hubs" such as Okinawa, or from the United States. The Marine Corps is currently testing and validating these concepts by employing a high-speed vessel in the Pacific theater as a form of strategic lift.

Power Projection Platforms.—Combined with embarked Marines, Naval expeditionary warships provide the Nation with forward-presence and flexible crisis response forces. They also provide a truly unparalleled expeditionary forcible-entry capability. As part of a joint effort, the Marine Corps will remain capable of getting to the fight rapidly in order to decisively deter or defeat adversaries who try to impose their will on our country or its allies. A fiscally constrained programmatic goal of twelve Amphibious Ready Groups—one that deliberately accepts increased operational risk by attempting to balance force structure with available resources—does not change the warfighting requirement to lift the Assault Echelons of three Marine Expeditionary Brigades via future platforms for amphibious shipping. The Marine Corps supports the LPD-17 and a modified LHD-8 ("Plug Plus") ship design in fiscal year 2007 and will evaluate the adequacy of the R&D and SCN funding for the development of future LHA(R) ships for the remainder of the class.

Mine Countermeasure Capabilities.—Naval expeditionary forces require an effective counter-mine warfare capability to open and maintain sea lines of communication and to operate within the littoral battle space. This is probably our greatest concern when it comes to projecting power in an anti-access environment. With re-

spect to mine countermeasures, we require a family of capabilities that encompasses mine detection, location, neutralization, marking, and data dissemination. Designed to provide an organic mine counter-measures capability within operationally acceptable timelines and with acceptable levels of operational risk, this next generation of systems includes the Advanced Mine Detector, the Assault Breacher Vehicle, the Remote Minehunting System and the Long-term Mine Reconnaissance System. Our most critical mine countermeasures deficiencies exist in the area near the shoreline through the high water mark and beyond, where detection and neutralization capabilities are extremely limited. Given the broad proliferation of known and unknown mined areas throughout the world, we must improve our ability to operate in this exceptionally lethal environment. Our intent is to leverage America's strength in technology to dramatically improve our ability to locate and avoid or neutralize mines and obstacles as necessary, and eventually remove the man from the mine-field.

Fires and Effects

With the increased range and speed of expeditionary mobility assets, the landward area of influence of Naval forces has increased by an order of magnitude. Consequently, the Nation requires weapon systems with correspondingly greater range, lethality, flexibility and tactical mobility. A range of lethal and non-lethal fire-support programs is moving the Corps in that direction. The development and acquisition of non-lethal weapons systems will expand the number of options available to commanders confronted with situations in which the use of deadly force is inappropriate. The Marine Corps is developing a robust non-lethal capability that will address the non-lethal core requirements of clearing facilities, crowd control and area denial. Additionally, we are enhancing the capabilities with which we can affect our adversaries that defy the traditional concept of weapons and fire-support means. Technical advances in directed-energy weapons hold much promise for future capabilities in this area.

Joint Strike Fighter.—The Joint Strike Fighter is the next-generation strikefighter for the Marine Corps, Air Force, and Navy and will replace the Marine Corps' AV-8B and F/A-18A/C/Ds. The JSF family of aircraft will include a short takeoff and vertical landing (STOVL) variant, a conventional take-off and landing (CTOL) variant, and an aircraft carrier-capable variant. Commonality between the variants will reduce both development and life cycle costs and will result in significant savings when compared to the development of three separate aircraft. The Marine Corps requires that its STOVL variant be able to operate from large-deck amphibious ships, austere sites, and forward operating bases. The STOVL Joint Strike Fighter version can use from three to five times more airfields around the world than our existing conventional take-off and landing aircraft. Moreover, because the STOVL variant can operate from both conventional carriers and amphibious assault ship decks, it thereby effectively doubles the number of platforms available for seabased operations. The advantages of a stealthy STOVL strike fighter—capable of taking off from an expeditionary base on land or at sea, flying at supersonic cruise, accomplishing its mission with advanced sensors and weapons, and then returning to its expeditionary site—are dramatic. The STOVL Joint Strike Fighter will provide the reliability, survivability, and lethality that Marines will need in the years ahead, and transform the very foundations of Naval tactical air power for the 21st Century.

Naval Surface Fire Support.—Our ability to provide fires in support of expeditionary forces operations beyond the beach has not kept pace with the dramatic increases in mobility. Critical deficiencies currently exist in the capability of the Navy to provide all-weather, accurate, lethal and responsive fire support throughout the depth of the littoral in support of expeditionary operations. The Marine Corps supports the Navy's near-term efforts to develop an enhanced Naval surface fire support capability with the fielding of the 5-inch/62-caliber Naval gun and the development of extended-range munitions. In the far-term, the Marine Corps supports the development and fielding of the Advanced Destroyer [DD(X)], armed with 155 mm Advanced Gun Systems and Land Attack Missiles, to fully meet our Naval surface fire support requirements. Our Nation's expeditionary forces ashore will remain at considerable risk for want of suitable sea-based fire support until DD(X) joins the fleet in significant numbers.

Indirect Fire-Support.—A triad of indirect fire-support programs will provide needed firepower enhancements for Marines in the near- to mid-term. The first element of the triad is the Lightweight-155 mm (LW-155) towed howitzer needed to replace our current M-198 howitzer, which is at the end of its service life. The Lightweight-155 is a joint Marine Corps-Army effort that will meet or exceed all the requirements of the current system while significantly reducing its weight.

The second element, the High Mobility Artillery Rocket System (HIMARS), will deliver very high volumes of rocket artillery in support of the ground scheme of maneuver. The HIMARS will provide accurate, responsive general support and general support reinforcing indirect fires at long range, under all weather conditions, and throughout all phases of combat operations ashore. It will fire both precision and area munitions to a maximum range of 36 miles.

The Expeditionary Fire Support System, the third system of the land-based fire support triad, will accompany Marines in any expeditionary mode of operation. It will be the primary indirect fire-support system for the vertical assault element of the ship-to-objective maneuver force. The Expeditionary Fire Support System, as a system, will be internally transportable by helicopter or tilt-rotor aircraft to allow the greatest range and flexibility of employment for our future operations.

Information Operations.—Defense planners are engaged in studies exploring Information Operations as a core military competency, fully integrated into both deliberate and crisis action planning. The Marine Corps intends to enhance our operational capability in both offensive and defensive Information Operations. Marine Corps doctrine and warfighting publications are being reviewed and revised to acknowledge Information Operations as a core warfighting capability fundamental to all operations spanning the spectrum of conflict with equal significance during non-combatant and humanitarian operations. We recognize a requirement to develop and train an Information Operations career force of trained professionals from the ground up in support of joint and inter-agency efforts.

New Weapons Technologies.—The Corps is particularly interested in adapting truly transformational weapon technologies. We have forged partnerships throughout the Department of Defense, other Agencies, and with industry over the past several years in an effort to develop and adapt the most hopeful areas of science and technology. Several notable programs with promising technologies include: (1) advanced tactical lasers, (2) high-power microwave, non-lethal active denial systems, (3) free electron lasers, (4) electro-magnetic guns (rail guns), and (5) common modular missiles for aircraft.

Logistics and Combat Service Support

The Marine Corps logistics' vision is to significantly enhance the expeditionary and joint warfighting capabilities of our Operating Forces. Key warfighting capabilities encompassed in our future concepts—Enhanced Networked Seabasing and Ship-To-Objective-Maneuver—will be defined by our logistic capabilities and limitations. Hence, we are committed to exploring and implementing actions to increase combat power, operational versatility, and deployability. The concept of focused logistics in Joint Vision 2020 is guiding the Marine Corps as we strive to increase the sustained forward-deployed capability of our forces. Future force combat service support—and the Marine Corps logistics that enables it—will be changing as we shift more of our operations to the sea base. At the forefront of this effort is the Marine Corps Logistics Campaign Plan that outlines essential objectives and tasks based upon overarching Marine Corps, Naval, joint, and DOD concepts and guidance. Our strategy encompasses four pillars:

Logistics Information Fusion and C².—A key to current and emerging warfighting capabilities is a robust and responsive logistics information technology capability—one that is integrated with our command-and-control architecture and interoperable with Naval and joint systems. The Global Combat Support System—Marine Corps (GCSS-MC) and shared data environment, along with the Common Logistics Command and Control System, provide logisticians across the Marine Corps with a set of common logistics assessment, planning, and execution tools that are interoperable with the common operating picture.

Seamless Distribution.—The single capability that defines Marine Forces in a joint environment is its ability to sustain itself over an extended period of time. The principal goal is to move from defining sustainment in terms of deployable “days of supply” to a continuous uninterrupted sustainment capability for the force. A key element in achieving this is integrating current distribution processes and systems into broader Naval and joint distribution processes. Achieving this capability will not only greatly enhance Naval operations, but will be transferable to the task of sustaining joint forces and operations.

Enhanced Equipment Readiness.—The bulk of our logistics effort and associated “footprint” is driven by its equipment-support activities. The Marine Corps seeks to reduce the required level of support for equipment by greatly improving the reliability, availability, and maintainability of ground tactical equipment.

Enterprise Integration.—Achieving the emerging warfighting capabilities envisioned by future concepts require dynamic shifts in our logistics processes and orga-

nizations. Leading this effort toward logistics modernization is true enterprise integration consisting of GCSS-MC, process reengineering, and organizational reform.

CONCLUSION

The major challenges confronting the Marine Corps today center on organizing, training, and equipping our force to better support joint force commanders, now and in the future. The modernization programs and the transformational systems that we are pursuing are key to our ability to meet the Nation's wartime, crisis, and peacetime requirements. We have put into place well-conceived programs addressing the needs of our Marines and their families, the requirement to enhance the current readiness of legacy systems, the critical role infrastructure plays in present and future readiness, and the balance between modernization and transformation.

We are focusing on the development of integrated capabilities that, when combined with those of our sister Services and Special Operations Forces, will effectively meet the challenges of an increasingly varied and threatening National security landscape. You can remain justifiably proud of what your Marine Corps contributes as America's forward engagement and expeditionary combined-arms force. We are grateful for the unwavering support you provide in this vitally important work.

Senator STEVENS. Thank you very much, gentlemen, and I apologize for not being here at the opening so I will just submit my opening statement in the record. We will soon take up the supplemental, and I was working on it, as I said.

[The statement follows:]

PREPARED STATEMENT OF SENATOR TED STEVENS

Secretary Johnson, Admiral Clark and General Hagee, I welcome all of you today.

Today we will discuss the fiscal year 2004 budget request for the Navy and Marine Corps. We are currently considering the Administration's request for a fiscal year 2003 supplemental for Operation Iraqi Freedom and the continuing Global War on Terrorism. We know how much the Navy and Marine Corps need this additional funding and will do all we can to get this to you as quickly as possible.

The last two years have been a time of extraordinary accomplishment, effort, dedication, and duty for the men and women of our Navy and Marine Corps. Since September 11, 2001, the Navy/Marine Corps team expanded the role of what was thought possible for carrier-based flight operations and expeditionary landing forces. Now, in Operation Iraqi Freedom, our Navy and Marine Corps continue this excellence in the air, on the ground, and at sea.

Right now, the Navy has 54 percent of the fleet forward deployed and 68 percent of the fleet underway. I believe that this is the highest deployed percentage since World War II. Also interesting, is that the Navy is also the smallest it's been since World War II—dropping to about 300 ships this year. All this, while at the same time, the Navy is achieving its highest retention rates in history.

The Marine Corps is equally engaged. 90 percent of the deployable Marine Corps force is deployed today. This is 56 percent of the total U.S. Marine Corps end strength, the highest percentage since World War II.

We look forward to your testimonies today on your priorities for the fiscal year 2004 budget. As always, your full statements will be made a part of the record.

Senator STEVENS. I do want you to know we are grateful to you for what you are doing, and for what all of the Navy and Marine Corps are doing to support the war in Iraq and the war in Afghanistan and the war against terrorism.

OPERATIONS AND MAINTENANCE

Let me start off by saying this, that the Army and Air Force have informed us that because of the funds that have already been expended for these efforts that I mentioned, there will be a shortage in funds for operation and maintenance (O&M) for their services by sometime in May. Is that the situation with you also?

Secretary JOHNSON. I would say the summer, but it will vary from May to July, but the same time frame.

Senator STEVENS. They said their initial shortages will start in May. Is that the situation with the Navy and Marines?

Secretary JOHNSON. Yes, sir.

Senator STEVENS. General Hagee?

General HAGEE. Yes, sir, it is. Without the supplemental that is a true statement, sir.

Senator STEVENS. Admiral Clark?

Admiral CLARK. I will run out of money in June, the first part of June.

SEA BASING

Senator STEVENS. We have just seen the situation that has developed because of our lack of access to the land mass of Turkey. I was reminded last night of the proposal that was outlined to us just informally by one of your predecessors, Admiral Clark, a man for whom I had great regard, and unfortunately he left us in a strange way, Admiral Boorda.

He outlined the plans for a floating cargo type landing facility that could be easily moved from theater to theater. Whatever happened to his proposal?

Admiral CLARK. I did not see the specifics of that proposal, Mr. Chairman, but I will tell you that when I talked about an exciting future for the Navy-Marine Corps team, I will tell you that as we look at the development of future ways to exploit the sea under our sea basing concept and construct, we have taken the approach that we are going to challenge every assumption, and in the coming years, it is not reflected in this budget because we are doing a lot of examination of potential concepts right now with the Marine Corps, looking at ways we can exploit the operational advantage and independence of operating from the sea. And so I will tell you that we believe that there is potential for new kinds of approaches and new kinds of platforms, and this is a key part of the Maritime Prepositioning Force (MPF) future concept. I will tell you that 2 years ago when we heard the word MPF future—

Senator STEVENS. What does that mean?

Admiral CLARK. That is the maritime preposition force for the Marine Corps. I will tell you that now General Hagee and I are looking at ways that that kind of capability can be exploited by both of us. And I will not try to define it this morning, Mr. Chairman, but I will tell you that I believe that our future is about exploiting those kind of potential opportunities.

Senator STEVENS. Well, I commend to you the research that Admiral Boorda had done, and urge you to go back and look at it to see what happened to it because it sort of disappeared, but I will not belabor it here now.

General Hagee, I think it is clear that the concept of air superiority is something we must maintain. One of the things that we have been very interested in is the new cutting edge aircraft, the V-22. Tell us, what is the situation now?

V-22 PROGRAM

General HAGEE. Sir, we continue to work on testing the V-22 and I can report to you, sir, that that testing is going very well. We are about 80 to 85 percent finished with a high rate of dissent

testing, which investigates the so-called vortex ring state phenomena where the aircraft comes down and actually flies through its own wash when it is in the helicopter mode. And what we have found is that the model accurately predicts what will happen to that aircraft when it enters its downwash.

We have found that the envelope for the V-22 is actually larger than for a normal helicopter, in other words, it is not as vulnerable to this phenomena as a normal helicopter is. In addition, we have found that it is easier to exit this phenomena in the V-22, you simply rotate the nacelles forward and you go into horizontal flight and you fly out of it.

We are also about 80 percent finished with the low speed maneuverability testing, and that is going very well. A couple months ago we landed on board amphib, absolutely no problem at all.

Through inspections we have found that the rubbing that was noticed before we did the redesign on the engine is no longer occurring, so I can report to you that that testing is going very well and I am very optimistic about the aircraft.

Senator STEVENS. Good. Your predecessor made a commitment to me that I would ride on that very soon, and I believe it is one of the real significant portions of our aeronautical capabilities. You are testing a plane that will be used in the future not only by you but by the Army and by the civilian sector to a great extent.

As a matter of fact, there is a civilian portion of it that has not had some of the problems that the larger ones have, as I understand it. So, I would hope you keep us posted.

PRIOR YEAR SHIPBUILDING COSTS

Let me ask Secretary Johnson, and then I have to leave, Secretary Johnson, last year at the request of I believe your Department, added \$635 million to the President's budget request to help the Navy pay for shipbuilding cost overruns. My staff advises me that despite the fact we provided those funds to pay for those bills, that the overruns and deficits remain the same. What happened to the \$635 million we provided last year?

Secretary JOHNSON. Sir, our deficits this year are the lowest they have been in, I think we said 10 years, and that is largely due to the great work that John Young is doing as our head of research, development and acquisition. We are watching those very carefully, and I can provide you the exact number.

Senator STEVENS. Am I improperly advised that your bills for past overruns are—have been paid? I have been told they were not paid, despite the fact that we put up the \$635.

Secretary JOHNSON. Sir, it is my understanding that they have been paid. This year the deferred ones are on the order of 100, which is less than it has been in 10 years or more. So the account is in better shape now than it has been in a long, long time.

Senator STEVENS. Will you give us a statement for the record of the prior year bills that have not been paid for the Navy?

Secretary JOHNSON. Yes, sir, I will.

[The information follows:]

Question. Explain status of overall PY bill throughout the FYDP to include why fiscal year 2004 PB request is the same as the fiscal year 2003 PB despite the Congressional increase.

Answer. From PB03 to PB04 there was a \$225.5 million increase in the overall PY bill (PB03—\$3,546, PB04—\$3,771.5). The \$635 million Congressional increase in fiscal year 2003 was used to pay for this increase in the overall PY bill and to reduce the PY bill in fiscal year 2004-fiscal year 2006 by \$409.5 million. The upcoming PY bills were reduced as follows:

[In millions of dollars]

	PB03	PB04	Change
Fiscal year:			
2004	645.9	635.5	— 10.4
2005	743.7	484.4	— 259.3
2006	185.3	45.5	— 139.8
Total .....	.....	.....	— 409.5

Question. Explain SECNAV's statement that PY bill was in the "best shape it has ever been in".

Answer. The initiatives described in our Prior Year Report to Congress of 2002 February 2003 have been very effective in reducing the rate of increase in prior year shipbuilding costs. The prior year cost growth from the fiscal year 2003 President's Budget request to the fiscal year 2004 President's Budget request is 6 percent, as compared to the 16 percent and 256 percent growth rates from the two previous budget submissions.

Initiatives undertaken over the past year to address the prior year shipbuilding costs, and to prevent cost estimate increases in future programs include: (1) Elimination of configuration changes except to remedy Government responsible defects; (2) Executive oversight and new funding in addition to the budget baseline for mandatory changes in requirements; (3) Reinstitution of the Chief of Naval Operations (CNO) Ship Characteristics Improvement Panel Process; (4) Budgeting to Cost Analysis Improvement Group (CAIG) estimates; (5) Employment of Engineering Development Models to mitigate technology risk; and (6) Adjustment of scope prior to contract award to better ensure budget alignment.

Question. Breakdown all cost increases (by platform) and provide the reason for the increase.

Answer. In recent years, the shipbuilding industry has experienced material and labor escalation rates that exceeded the Department's projections. Contributing factors include cost increases for health care and workman's compensation costs that are not unique to the shipbuilding industry.

A breakdown of all cost changes by platform (PB03 to PB04):

DDG

[In millions of dollars]

	Fiscal year—					Total
	2003	2004	2005	2006	2007	
PB03	125.5	59.4	70.2	38.1	.....	293.2
PB04	383.5	75.9	128.3	0	.....	587.7
Change	258.0	16.5	58.1	— 38.1	0	294.5

Reason for \$294 million increase:

- \$100 million—Higher labor, overhead, & production hour estimates.
- \$96 million—PB03 budgeted change orders at 3 percent of basic, whereas historic data supports 5 percent.
- \$98 million—Increase in DDG 102 ship cost as a result of the ship being transferred from NGSS to BIW.

VA CLASS

[In millions of dollars]

	Fiscal year—					Total
	2003	2004	2005	2006	2007	
PB03	276.682	213.1	254.4	75.8	.....	820.0
PB04	326.7	300.4	91.3	38.7	.....	757.1

VA CLASS—Continued

[In millions of dollars]

	Fiscal year—					Total
	2003	2004	2005	2006	2007	
Change	50.018	87.3	— 163.1	— 37.1	0	— 62.882

Reason for \$62.9 million decrease:

- \$62.9 million for Post Shakedown Availability (PSA) moved to the Post Delivery and Outfitting (PD/OF) line.
- PSA costs are properly funded in PD/OF, not in ship end cost.

LPD

[In millions of dollars]

	Fiscal year—					Total
	2003	2004	2005	2006	2007	
PB03	242.7	373.4	419.1	71.4	.....	1,106.6
PB04	569.7	259.2	264.8	6.8	.....	1,100.5
Change	327.0	— 114.2	— 154.3	— 64.6	0	— 6.1

Reasons for \$6.1 million decrease:

- \$10 million of PB03 request absorbed by program.
- \$3.9 million net increase resulting from decrease in PYC bill, Swap, increases from higher CAIG estimate, and increases in shipyard rates.

IMMINENT DANGER PAY AND FAMILY SEPARATION ALLOWANCE

Senator STEVENS. I hope, gentlemen, you will excuse me. We had the Army hearing on March 19th and the Air Force hearing on March 26th, and I asked your predecessors, and maybe I should not just throw it at you, but we have an amendment pending that would increase the hazardous duty pay.

In the Persian Gulf War, the amount going into the war was \$100 and now it has increased to \$150. Family separation was increased from \$75 to \$100. The proposal was to increase the \$150 to \$400 and the \$100 to \$400, and that would come out of your existing appropriations. We are talking about fiscal year 2003 now, 2003 bills.

Have you looked into the question of the adequacy of the pay, we used to call it combat pay, you call it imminent danger pay, or family separation allowance? Has that been looked at yet by the Navy?

Admiral CLARK. Mr. Chairman, that has not come before me and I have not looked at that issue, no.

Senator STEVENS. I did some rough calculations and the increase in 1991 was a 36 percent increase, which was made permanent. As I said, it was raised from \$110 to \$150. We are in the position of having to go out to offer an amendment right now, and I wonder, when you say you have not studied it, have you studied it at all, Mr. Secretary?

Secretary JOHNSON. No, sir.

Senator STEVENS. Have you, sir?

General HAGEE. Nor have we, sir.

Senator STEVENS. I worry about the amount that has been proposed, a \$400. We are prepared to go to about a 50 percent increase in each of those allowances, but to go to \$400 is going to cost an enormous amount of money from the money that we have made

available so far, and this is the last bill I believe we are going to have for Defense for fiscal year 2003, so it will be a matter of substantial problems to fund much more than a 50 percent increase. That would take the funds up from \$150 to \$225, and the separation from \$100 to \$150, but you still would have to absorb those increases.

I would appreciate it if you would put some comments in the record with regard to those figures.

[The information follows:]

The Congressionally proposed rate increase will entitle military personnel receiving Imminent Danger Pay (IDP), an additional \$75 per month retroactive to October 1, 2002, raising the statutory entitlement from \$150 per month to \$225 per month, and entitle military personnel receiving Family Separation Allowance (FSA), an additional \$150 per month retroactive to October 1, 2002, raising the statutory entitlement from \$100 per month to \$250 per month. The increased rate is projected to cost Navy an additional \$131.6 million (\$48.9 million for IDP and \$82.7 million for FSA) and the Marine Corps \$141.2 million (\$67.8 million for IDP and \$73.4 million for FSA) in fiscal year 2003. Funding is required to support the rate change for both this fiscal year and future years if the increased rate for the entitlement extends beyond October 1, 2003.

Senator STEVENS. The matter will be decided at least in the Senate before we get the replies. I do not know if my colleagues have looked into that. I am worried about the allowance because I do not foresee a substantial increase, but yet I do believe that because of changes in the level of pay between 1991 and now, that an increase in the imminent danger pay, and I think my colleagues will remember I raised that with, but we asked for a study by the Department here about what, 3 weeks ago.

Gentlemen, I have to leave. Thank you very much. Senator Inouye.

Senator INOUE. My only comment, Mr. Chairman, is I doubt if anyone here would want to give anything less to our men and women in combat. For those in combat, \$400 does not suffice, but the question before us will be if that means that we may have to forego procurement of munitions, procurement of ships, what choice do we take? Because there is a limit to what this Government can raise from our taxpayers. As one who has had a little experience in combat, every little dime is welcomed, no question about that, but if it means giving up ammunition, giving up weapons systems, we will have to give it a hard look.

Secretary JOHNSON. You captured it very well, sir, and we would like to give more money to our combat people but protecting them with good equipment is equally or more important now.

DEPLOYMENT DAYS

Senator INOUE [presiding]. Admiral, may I ask you a question, sir? How many days per year has the average sailor spent deployed away from home since 9/11?

Admiral CLARK. Senator, I do not have a specific answer for you, but I can certainly put it in perspective. The average sailor has spent more time away from home and underway since 9/11 than he did before. I do not have specifics. I have a policy in my Navy that we try to limit deployments to 6 months and then guarantee a two-to-one turnaround when they are home. I will tell you that I have violated that policy and when my people have asked me about it,

I told them I will do the very best I can to hold to that, and that is a peacetime construct.

But then I told them this: If them staying longer on deployment would make one difference in winning the global war on terrorism, that I would not blink twice about having them stay. And in the context of this current operation, I have several units that are over the 6-month period.

NAVY RETENTION

Senator INOUE. I was well aware, as you pointed out, that you spent less time deployed before 9/11 than since 9/11. I asked that question because I am amazed that with those numbers, your retention level has gone up.

Admiral CLARK. If I can, I believe it is a tribute to the people and to the challenges we have given them, and it says a lot about America's young people. And what we have tried to do, Senator, is say this: The young men and women—and by the way, 2 days ago I just reduced my retention goal for this year for the second time, I cut 3,000 more out of the retention objective, and the reason is because more and more people are staying in.

What we have said to them is that we are going to do our best, we are going to commit ourselves. They promised to support and defend the Constitution of the United States against all enemies, foreign and domestic, and to obey the orders of the President and all the people in the chain of command. And I have challenged our leaders to, you know, what do we promise them in return? What we are promising them is a chance to make a difference, and I promised them that I am going to come up here and sit in front of this committee and talk to them about the things that our men and women need so that they have the right tools so they can get the job done.

And Senator, you have been out there, you have seen them. They are fired up. They believe in what we are doing. They believe that we are engaged in a just cause, and it shows in their face and it shows in the work they are doing on station.

RETIRING SHIPS AND AIRCRAFT

Senator INOUE. Your plans for this budget request call for the retirement of 16 ships and I believe about 260 aircraft. In light of the mission that you have at this moment, can this be carried out?

Admiral CLARK. Senator, I believe it is the right plan and let me describe it this way. The proposal to retire ships early, principally the ships of the 963 class, that recommendation from me to the Secretary and from him to the Secretary of Defense (SecDef), is built upon the belief that we need to retire those platforms that no longer bring the kind of combat capability to the point that we can retire those and we can accept the risk in retiring them.

And this strategy retires old airplanes as fast as we possibly can. Yesterday, we lost an F-14 over southern Iraq. That is one of the classes of airplanes that I am recommending that we retire as rapidly as possible. It just turns out that the aircraft that went down was the oldest one in the wing, and one of our oldest airplanes. It is one of the most expensive airplanes to operate and maintain, because of its age.

And I have talked to this committee before about the high age of our air force, and the only way out of this dilemma is to rapidly procure new aircraft, and the F-18E and F, which will take the place of the F-14, is currently on its first deployment and it is part of Operation IRAQI FREEDOM and is performing brilliantly. So, Senator, those recommendations, those are hard choices. They were choices that I recommended because I believe that we should divert those resources to recapitalize and transform our Navy for the future, and I believe that this is the time to do it and I believe that the operational risk is acceptable.

MARINE CORPS RETENTION

Senator INOUE. General Hagee, the Marine Corps has traditionally surpassed any other service in recruiting goals. Since 9/11, have the trends kept up?

General HAGEE. Yes, sir, they have. In fact, for this fiscal year, about the middle of the second quarter we were at 85 percent of our retention goal for the entire year. In November of this year, we will reach the hundredth month of having met mission on the enlisted side. On the officer side, our retention goals have never been better over the last 12 years.

Senator INOUE. It seems like your retention goals are better than the Naval Academy. Am I wrong on that?

General HAGEE. I would have to check the numbers, Senator. I am not sure.

NAVY RESERVE

Senator INOUE. Admiral Clark, according to the statistics that we have received, compared to the Army, Air Force and Marine Corps, the Navy has called a substantially low proportion of its Ready Reservists to active duty. Can you tell us why?

Admiral CLARK. Yes, I can. We currently have about 10,500, the number changes every day and is growing, and we have authorized in the neighborhood of 12,000 and some of them are in the process, but it is fundamentally because we do not have to have Reserves to conduct the kind of operations, with the force structure that we have to call forward, we do not need more than we have called up.

We have been very careful with the number that we have called up because we wanted to make sure that we have got jobs with real requirements and real job content for the people that we have called up. And I will tell you, Senator, that a large number of those that we have called up have been for force protection. But on the ships and in the squadrons and in the submarines themselves, we do not require the Reserves for us to conduct these combat operations. So it is the way our forces are shaped.

I will tell you also that after 9/11, we saw areas where we had force structure, an example would be harbor security kinds of capabilities, that existed only in the Reserve structure. And it became clear to us that we were going to have to recreate some of that in the active force. And so in the last 2 years we have been adding active duty people in the force protection area and in some of these areas that I addressed like harbor security and so forth, so we would not have to rely solely and completely on recalled Reservists.

FLEET SIZE

Senator INOUE. Admiral, the Administration speaks of a 310 ship fleet and the Department of the Navy 375. What number should this committee follow?

Admiral CLARK. Well, obviously the Secretary of Defense when they speak to it, and the Quadrennial Defense Review had numbers in it that identified the program for the current force. They have, and the Secretary of Defense has commented on this in congressional testimony, and when the question was asked about Admiral Vern Clark talking about the number 375, he has given me the leeway to talk about what I believe a longer range projection is for the right number of ships in the Navy.

In the context of our current program and our current—the program that we have today, that number is in the low 300s, but the proposal that I have before you now takes us down under 300. It is not the objective that we want and that we believe that we need. So, I have used the number about 375. I do not believe numbers alone are the right answer. For example, I could give you a program that would give you 375 ships that were not the right kind of capability. Capability is more important to me than the numbers per se, but the Secretary has given me the authority to talk about a vision for the future and where I believe it needs to go.

And so I believe when you look at the kinds of missions that are going to come to us in the future, you look at the addition of the Littoral combatant ship, the capability that we are going to have to add to dominate the near land areas, when you look at the addition of things like missile defense and sea based missile defense, I believe those numbers are going to grow. I cannot tell you exactly what the number is this morning, Senator, but I believe that the 375 target is about correct.

HARRIER

Senator INOUE. Let me now go to the Marines. Does the Marine Corps intend to use the Harrier in operations in Iraq? I say this because according to articles we have read, that aircraft has been plagued with problems.

General HAGEE. Sir, the Harrier is in Iraq right now. We have a number of them flying, almost every night. Their availability is about 75 percent, which is extremely good. We have a squadron flying out of Baghram, Afghanistan. They are flying every night. Their availability is over 90 percent, and they are flying at night and being maintained during the day. We are very happy with the performance of the Harrier to date.

Senator INOUE. Thank you. Senator Cochran.

SHIPBUILDING

Senator COCHRAN. Admiral Clark, I was interested in your comments in response to Senator Inouye's question about the shipbuilding rate and the number of ships that are projected to be needed by the Navy over the next several years. Our challenge is to put a number in the appropriations bill for this next fiscal year that meets our near-term needs and what can be foreseen just for next year or the next. So I wonder if you have in mind a suggestion

to the committee about how we can most effectively use funding for shipbuilding in the near term.

Admiral CLARK. Well, the program recommendation is the recommendation for what we can do in the near term, Senator, and I would say this. I have testified before this committee now, this is my third year, talking about my belief that we need to take every measure that we can to level fund the major acquisition accounts. I believe that is a two-way street. I think we have to do our part, and one of the reasons I am so pleased about this submission is that it commits a significant addition in the major investment accounts over last year.

We have worked hard to find resources to commit to the shipbuilding and aircraft acquisition accounts. You know, last year's submission had five ships; for this year, this has seven. It is capability, not just numbers, but as you look at the projection, we have diverted \$39 billion in this multiyear program and we have put that toward shipbuilding. I believe, and there have been studies, Congressional Budget Office (CBO) did a study that talked about the total amount of investment that needed to be made long-term to support future modernization and transformation requirements, and I have testified that I believe that we need to be planning on a level fund of \$12 billion a year in new construction, so that we get the best kind of balance. That would be the best balance that we could put forward.

And we have done studies, for example, with the war games actually, with the shipbuilding industry that said if we could get to a level funding approach, we actually would produce more product, we would be a better partner and we would produce more product for each dollar that the taxpayer puts into shipbuilding. So, I would say that that means then that multiyear stands us in high, because they fit that mold, multiyears are good.

If you look at what has gone in Amphibious Assault Ship (LHD)-A, an incremental approach to funding that has allowed use to proceed with construction without having the spike of it in 1 year. The split funding approach that is in this budget for the carrier in fiscal year 2007 and fiscal year 2008 is I believe the right way to do these kinds of things.

Senator COCHRAN. We appreciate your leadership in helping figure out how we can most efficiently use scarce funds that are available to us and meet the needs that we have to continue to keep forces deployed in areas that are so important to our national security.

In that connection, General Hagee, I know you have some 30 ships deployed to the operation theater, I think 32 are forward deployed in support of current operations, I hope that is not classified. But with so many of our Marines and amphibious ships forward deployed, I have to ask the question, do we have enough Amphibious Transport Dock (LPDs) and LHDs to meet future requirements?

General HAGEE. I believe the ones we have on the books right now will meet our future requirement. I can tell you we need the LPD-17, we need all 12 of them, and we need them as soon as we can based upon the resources that we have.

Senator COCHRAN. I notice the LPD-17, which Admiral Clark mentioned we are going to see launched here in a couple of months at the Avondale Shipyard on the Gulf Coast, what are your thoughts about the LPD-17 program profile? I notice you have funds requested for fiscal year 2004, but no LPD is in the fiscal year 2005 plan. Should we do something about that?

Admiral CLARK. Well, we put forward a recommendation again. When you do this whole program, you put together the program in the best balance that we knew how to put it together, Senator. And so we had a number of ships under construction, and so we left fiscal year 2005 that way, with then a couple in fiscal year 2006, and the whole idea was that we had ships under construction when we thought—you know, it is enough, and we would look at it again in fiscal year 2005 to see—you know, one of our responsibilities, and John Young as the acquisition official who works the industrial base balance questions all the time. So the way we put it together for the fiscal year 2004 submit was the best way we knew how to balance the total resources that we had, and that is what we recommended.

I do know that there have been unsolicited proposals that have been submitted to Secretary Young looking at potential ways to work through that void in fiscal year 2005. I do not know the specifics and details of that recommendation and frankly, that is not in my area of authority or responsibility. Secretary Young will deal with that kind of unsolicited proposal.

But I have been, I believe rock solid in my testimony on this. Last year when people asked me, I said my first priority is to get the LPD line healthy and producing, and I am extremely pleased with where we stand now. You know, we introduced this ship and we had this computer aided design approach, it was new, we experienced the kind of things that one experiences when they are going through new first time ever kind of developments. We are at a stage now where we are reaping the benefits of that computer aided design, in the acquisition process.

So the program is healthy. General Hagee said it right, we believe that this ship is a tremendously capable ship, and provides the kind of lift that the Marine Corps needs. And it is at, from where I sit, it is going to be a key part of the Marine Corps structure in expeditionary strike groups which we talk about in our written testimony, our vision for the way this force is going to operate and function in the future, LPD-17 is going to be a key part of it.

HOMEPORTING

Senator COCHRAN. One of the other concerns I have is the Navy's plan for the future of the use of home ports around the country. Back in the 1980s a decision was made to distribute ships among several or numerous home ports around the United States, and then there came along something called a fleet concentration area plan which was based on trying to achieve maintenance and supply efficiencies.

One thing that concerns me, if we get too carried away about concentration and putting all our ships in one place or just a few places, in the face of the terrorist threats, does this make us more

vulnerable to a cataclysmic event that would look like Pearl Harbor, or would we be wiser to think through that again and think about distribution for safety's sake? Is anybody thinking about that? Mr. Secretary, maybe that is a question that is a good one for you.

Secretary JOHNSON. We always think about that, sir. We have to make the trade-off of the cost involved of protecting the ships no matter where they are and also the maintenance associated. As we look at the great armada that we have at sea now, when we bring them back we will have to maintain them, and that will be a great expense. There is a trade-off between dispersion and protection, and we look at that continuously, sir.

PATROL COASTAL CRAFT

Senator COCHRAN. One of the programs that you mentioned, Admiral Clark was the Littoral combat ship program. This is an exciting new program, and I am told that in fiscal year 2005 the Navy is considering transferring five of its patrol coastal craft to the Coast Guard and decommissioning the remaining eight patrol craft. I wonder, before we get too far along on that plan, whether consideration can be given to transferring the remaining patrol craft to the Navy Reserve. I was told that they would like to have those under their responsibility with a mission that may very well make good sense. Have you had an opportunity to look at that and has a final decision been made?

Admiral CLARK. We have had discussions, Senator, and in fact we have had discussions with the Coast Guard. I do not know if it is widely known or not, but on 9/11 the second call I made was to the Commandant of the Coast Guard, and we talked about a memorandum of understanding between the two of us that we had just signed. And we have had one for a number of years but we had renewed it, sharpened it on points that we needed to, and that memorandum is about going to war and that in wartime the Coast Guard would become an operating support of the Navy.

And I told him that day, I said obviously this one is different, so tell me what you need. And then in the ensuing weeks, I transferred all 13 of them to him, and we have been operating. There have been discussions about potential distribution, because indications are that the Coast Guard will not need all 13 on a full-time basis. There have not been decisions made, so for me to make a comment about potential distribution would be premature, and that will have to be submitted up the chain of command for a decision and approval.

MISSILE DEFENSE

Senator COCHRAN. You mentioned missile defense capabilities and the tracking of missiles by the Navy ships, and the support you are giving to the operations in the Persian Gulf area. I understand you do have plans to upgrade several Arleigh Burke class destroyers with significant missile defense capability. Can you give us some idea of that program?

Admiral CLARK. Absolutely. Thank you for asking the question. The President announced last year that we would develop an interim sea based capability in fiscal year 2004. And in my guidance

to the Navy for this year, I laid out the direction for us to develop the path to achieve that objective. The last 12 or 13 months has been an extraordinarily successful period for the Navy and the missile defense program. We have had six tests, 100 percent success in all six of them, three tracking events and three firing events.

And so, the Missile Defence Agency runs this program. The Missile Defense Agency was thinking about and proposing to build a test ship, and in cooperation with key players in the Office of the Secretary of the Navy, and I am talking specifically about John Young, the Secretary and myself, and key members of our team, we made the decision to offer an existing ship to speed up this process.

And we are going to commit the U.S.S. *Lake Erie* to the full-time testing that operates in Hawaii full time to rapidly develop this capability. It is our belief that this is the right thing to do for the country.

The capability that we have demonstrated in the last year, we have taken that and we are still in research and development, but we have taken that tracking capability and we have been using it in the theater of operations and it has been very successful.

Senator COCHRAN. Thank you. Mr. Chairman, I have a couple more questions but I did not want to encroach on anyone else's time.

UAV PROGRAM

I know in these unmanned vehicles such as Global Hawk, Fire Scout, and others that are under development, the Navy is investing substantially in this technology. General Jumper last week referred to the Global Hawk when we had the Air Force before our subcommittee as a very effective low level satellite in terms of capability. What are the plans of the Navy specifically in using this technology in the future?

Secretary JOHNSON. First of all, Admiral Clark and General Jumper are working very, very closely in the unmanned air vehicle program. The Marine Corps has the Pioneer, which General Hagee can talk about, but we are moving forward on unmanned vehicles in all media, in the air obviously, underwater, and we are working very closely with the other services, most closely with the Air Force of course.

Admiral CLARK. Senator, this is one of the major changes between last year and this year in our submission. We are moving forward strongly in the UAV program. There is \$3.6 billion across the FYDP in the program, and as the Secretary said, General Jumper and I are working real closely together.

In February one of the S&T programs for the unmanned combat air vehicle, the first flight was conducted on February 23. We have put resources against the development of another vehicle, and Secretary Young is working in concert with the Air Force to accelerate this kind of capability. We are investing in two Global Hawks ourselves.

We are seeing now the vertical take-off UAV that has been in development, we are now seeing the potential utility in that vehicle for our new Littoral Combat Ship (LCS), and so we see a lot of potential here. We are also very interested in developing long dwell surveillance capability that we believe will be best done in an un-

manned vehicle because of the ability to persist long on station times without the wear and tear on people, and that kind of long duration capability, crucial for us to dominate the battle space in the maritime domain.

So this budget has significant additions for the Navy and we are moving out as rapidly as we know how to move out in this area that we believe is going to greatly improve our warfighting effort.

LIGHTWEIGHT 155 HOWITZER PROGRAM

Senator COCHRAN. My last question which I am going to submit, and then I will have a question or two to submit for the record, is to General Hagee. I notice the budget request includes funding for 60 lightweight 155 howitzers. Could you provide us an assessment of that how this program is progressing.

General HAGEE. Yes, sir, I can. The program is actually progressing very well. We are in the operational test phase of the program. We are quite excited about it. It is going to provide us the ability to lift heavy artillery with the Osprey.

The digital fire control is somewhat behind in its development, but we are going to purchase that when it is available. We project that will be available probably one to 2 years after we actually start receiving the lightweight 155, but all the mounts will be on the artillery piece and as soon as it is available, we will purchase it.

Senator COCHRAN. Thank you.

Senator INOUE. Thank you very much. Senator Durbin.

Senator DURBIN. Thank you very much, Senator. I appreciate you being here today, and thank you all for what you are doing to serve our country. I have a family affection for the Navy as I had two brothers who served during the Korean War, and I have a political and personal connection to the Marine Corps by virtue of the fact that the first man I ever worked for on Capitol Hill was a Senator from Illinois named Paul Douglas, who in 1942 enlisted in the Marine Corps and went through basic training in Parris Island at the age of 50. And that is still amazing as I reflect on what he did in the service. He served in combat in the South Pacific and suffered a serious wound, but went on to a great public career. I thank you all for being here today.

FAMILY SEPARATION ALLOWANCE AND IMMINENT DANGER PAY

One of the things that I would like to reflect on was brought to my attention by Senator Inouye on the floor of the Senate, who rose one day to make a point that I think we should all keep in mind. And that is in World War II, maybe you will remember the exact percentage, Senator, but you told us that I believe over 80 percent of the people in uniform in that war were single, not married, and I believe today that statistic has changed dramatically, that the majority of those in service to our country are married with families. Could you tell us for the record if you know, in each of your branches, what percentage of your personnel are married today?

General HAGEE. Yes, sir, I can. As you know, the Marine Corps is a relatively young force, but even though we are a young force, 44 percent of our personnel are married today.

Senator DURBIN. Admiral.

Admiral CLARK. Senator, I do not have the number, I will provide it for the record, but what we are fond of saying is that we know that we recruit individuals and we retain families, and the major focus of our retention effort is to make sure we are touching families and dealing with their needs. So there is no question about that the numbers have changed dramatically over time.

[The information follows:]

Fifty-three percent of Navy Enlisted personnel and 76 percent of Navy Officer personnel are married.

Secretary JOHNSON. That is particularly true at this time, sir. I was up at Bethesda yesterday and the families were there. We care about the families at home very much. Our sailors and Marines forward are not as concerned about their own safety as they are that their families are well cared for, and everybody goes out of their way to take care of the families.

Senator DURBIN. The estimates I have read, Mr. Secretary, suggest that about 60 percent of the servicemen now in the war zone in Iraq have families back home, servicemen and women have families back home. And that is the reason why I wanted to speak for a moment and ask your thoughts about an issue. When I meet with these families, as I recently did at the Rock Island Arsenal back in my home State, I find of course they are extremely proud of the member of the family that is serving, they are encouraging it, praying for them, as we are all very proud of them.

But they are also facing some unusual hardships that may not have been the case even a few years ago, hardships involving childcare, involving medical expense, additional expenses related to the separation. And I was surprised to read and learn that the current family separation allowance is \$100 a month, and that the imminent danger pay, the combat pay is \$150 a month. I think that perhaps those, particularly the family separation allowance, was a figure that was established at a time when fewer servicemen and women came to serve our country with a family or had a family, and may not reflect the reality of the cost of service to those families.

One of the amendments which I hope to offer to the supplemental to the Appropriations Bill will attempt to increase both the imminent danger pay as well as the family separation allowance, and I am working with Senator Inouye and others to try to find if there is a way to do this in a bipartisan fashion. Could you either, General Hagee or Admiral Clark, or the Secretary, reflect on the concerns that you hear expressed by the families of those who have been activated to serve, beyond the obvious, that they want their loved ones home as quickly and as safely as possible. General?

Secretary JOHNSON. Can I say something first?

Senator DURBIN. Of course.

Secretary JOHNSON. You make a very interesting observation. The current environment with family members is much different now. We have women who are quite involved in almost every aspect of our business, not necessarily as a rifle person. And we have a bigger problem of oftentimes a husband and wife being in the military. And it looks really bad when we send both of them off to

war, but yet, that is what they trained and desire to do, and when we have to execute it, it looks like we do not care. We care very much and we try very hard to take care, and particularly where they have children, they have to have well laid out plans to care for them.

Senator DURBIN. General?

General HAGEE. Obviously the most important things for the families is that their Marine or sailor is well-trained and well-armed and well-prepared so that they will come back. That is obvious. And as Senator Inouye was really quite articulate on this, on how we balance how much money we are able to pay them, as compared to how much money we put into procurement and insuring that they are properly trained and armed is something that we have to work with the committee on. So the number one thing is they want them to come back.

I think we have to look at this from a holistic standpoint. If I could give you one example, the impact of family separation allowance and hazardous duty pay that has occurred to a Marine family out in California, and I strongly support family separation allowance and hazardous duty pay, I am not sure that we pay them enough for that, and I am not sure that we can pay them enough for that, but we come back to the balance again. But this particular Marine had a child that needed special care and was getting that from the State of California, and the State of California was providing about \$80,000 a year in care for this child, and that was based on the income of this particular Marine. When he was deployed to the Gulf, he received family separation allowance and he received hazardous duty pay. That put him above the line, and California by law was ready to take that funding away from him.

We are working that issue, I think that we can solve that issue, but that is why I say we have to look at this from a holistic standpoint, sir.

Senator DURBIN. But what concerns do you hear expressed by the families, aside from that very extraordinary one case? Do you hear any particular concerns of the families of your Marines that are left behind in terms of their economic situation?

General HAGEE. There are concerns. I have been a Marine for 35 years, I have deployed quite often. I know firsthand what happens when an individual Marine leaves their family. The costs actually go up, they do not go down. As the Secretary mentioned, that is especially true today when we have male Marines, female Marines, sometimes they are married, sometimes they are not. They may have children. They have particular challenges and I have heard those concerns from the families, yes, sir.

Senator DURBIN. Admiral Clark?

Admiral CLARK. I recall vividly being an ensign in the Navy and being off on my first deployment, and family separation was a dollar a day. Like any kind of pay like that, it has to have—you must periodically review to see if it is at the right level. I am not hearing about family separation pay.

The one issue I am hearing raised is the issue of the tax exclusion, which is, to most of our people is a significant financial issue and so that when they are in a combat zone and war, it makes a difference. And the issue of it being addressed from my folks is that

I have a large force in the Eastern Mediterranean and they are not in it.

I will tell you that we have a large family support structure that is a formal part of our Navy life whether we are at war or not, and it runs on the back of volunteers and people who are determined to be involved, and they make it work.

Senator DURBIN. I am not going to dwell any further on this other than to say to you, Admiral, that we are particularly proud to have your training facility at Great Lakes in my State, and I have visited there and seen the wonderful work that is being done there, and we want to continue to help you in any way we can to train the sailors to serve our Nation.

Admiral CLARK. Thank you very much for your support, and Great Lakes is doing superbly.

Senator DURBIN. Thank you very much. Thank you, Senator Inouye.

Senator INOUE. Senator Domenici.

Senator DOMENICI. Thank you very much, Mr. Chairman. I am sorry I was late, I had to be somewhere else, but I hurried.

First, I want to take just a minute to do what I hope to do every time I have the military before me in the future. I am convinced that the story of this war is going to be told for a long time and it is going to be what kind of men and women are these Americans. It is absolutely fantastic for Americans and the world to see the behavior of these young men and women. That is the story. They are warriors but they are gentlemen. They are warriors but they are considerate, they are articulate. What kind of training they get and what kind of esprit de corps and spirit they have is beyond what I could have expected from any group of Americans or any group of humans, so we are doing something very right.

We have had books written about other generations of American warriors and I have read them. Now I am seeing these, and I do not think the past books about American valor or American military men or women, I do not think what we are seeing, I think it far exceeds anything written about previous generations of American fighters. It will be the story, what kind of men and women are there and how did we happen to bring them up that way. Concerning what goes on in American streets and American neighborhoods and American families in terms of the difficulties we have, it is truly something kind of miraculous that is happening with reference to the transition that the training and bringing of them together has brought.

NAVY PROGRAMS IN NEW MEXICO

So I say that for openers, and then I just have a couple local issues. Believe it or not, even in the State of New Mexico where things are very dry, the Navy has a program going for water desalinization, and I just wanted to commend you for the work being done on it. It is being done on a very large inland aquifer in New Mexico, it is \$6 or \$7 million, I believe being spent, and I want to commend you for bringing the technology together, I think better than anyone else has brought it together. We may see some breakthroughs as a result, and we want to thank you for that and wish

that program success not only for the Navy but for the United States.

Secondly, there is a most incredible observatory that the Navy is building in the State of New Mexico also, it is called the Magdalena Ridge Observatory. It is a new kind of observatory on top of a very beautiful mountain, and when it is finished, this new approach to observing outer space is going to magnify what we can see by many fold. It will not look like a telescope and those things related to it, it is something completely different. So as one who is a primary supporter of this new approach, this program which is going to create a new method for observing outer space, is also something the Navy can be very proud of, and I want to commend you and thank you for the work that is being done on that.

Are you aware of that, Mr. Secretary?

Secretary JOHNSON. Yes, sir. We expect to have the groundbreaking on the 20th of October of this year.

And the first one you talked about, we know more and more, anyplace we go, we have to take care of the water. Just drilling and drinking and using the water around the world does not work and in our business, a lot of it is on the seacoast, and of course we have the reverse osmosis plants to take care of the fresh water, but seawater is quite different.

Senator DOMENICI. I will tell you that the only significant breakthrough on clean water is also in New Mexico technology, you all are using it in the Marines. Have you seen any Marines carrying around a water purification device that looks like a fountain pen, General?

General HAGEE. No, sir, I have not.

Senator DOMENICI. They are practicing with it now. It is the size of a thick fountain pen and literally, you can take a glass of muddy water with whatever bugs, bacteria are in it, and you can purify it if you do not mind drinking muddy water, and you can drink it, and it is absolutely pure.

Secretary JOHNSON. It probably tastes better at night.

Senator DOMENICI. That is an invention that came out of one of the laboratories and actually it is quite the thing. And I would assume the next conflict, if there is one, everybody will be using those, but only a few thousand are using them now. It is an interesting invention.

I also have one other item that I want to comment on with reference to technology. The Navy has a high energy laser-testing program in New Mexico, it is called High Energy Laser (HEL). The Army has a program there that is not moving as rapidly, but I want to express my interest in the testing that is going on there, which has been putting pressure on the Army to move ahead a little more quickly. That is to defend against anti-ship cruise missiles. It is the first study that will prove the feasibility of killing a missile head on with reference to something like the cruise missile coming in our direction. And again, that is moving ahead with great dispatch and right on target, and I wanted to comment on it and thank you for that effort.

Secretary JOHNSON. And we understand it takes a different approach than some of the airborne lasers and others, it is a new type of laser, and we are very excited, as you are aware.

Senator DOMENICI. That is correct. I will put something into the record that goes into one of those in a little more detail. I thank you, Mr. Chairman, and again, I apologize for keeping the committee. Thank you all.

JOINT STRIKE FIGHTER (JSF)

Senator INOUE. My last question is to the Commandant. The Joint Strike Fighter will be the future Marine Corps fixed wing strike fighter. I gather it will replace the Harrier and the current F-18C and D, and you have no plans to purchase the F-18E and F. What is the status of the JSF now?

General HAGEE. Sir, you are absolutely correct on what our plans are. The Joint Strike Fighter will replace both the F-18C and D that we have, and the Harriers, and we are going to wait and not purchase the E and F, we are going to wait for the Joint Strike Fighter, which is currently in the system development phase.

My reports are that it is going relatively well. There is some recent concern about weight growth, we expect that during this phase about a 6 to 8 percent weight growth, both for the Short Take-Off and Landing (STOL) version and the carrier (CV) version; it is above that right now. We are talking with the contractor, sharing our concern with them about that weight growth.

Senator INOUE. I suppose you have concerns over the Navy's F-18 and the Air Force F-22, do you not?

General HAGEE. No, sir, we do not. I think the Navy has made the absolute right decision to go to the E and F during this interim period. Admiral Clark has already talked about legacy systems and how he wants to move legacy systems out. We believe, firmly believe that during this intervening period that the Cs and Ds and the Harriers will stand us in good stead.

I have to say, we look forward to having the Joint Strike Fighter, especially as we move into tac air integration, and the efficiencies that that is going to provide us where we have one common air frame, common pilot training, common mechanic training, it is going to provide us great efficiencies. At the same time, it is going to significantly increase the operational effectiveness.

Admiral Clark has talked about this significant range increase that we will get with the Joint Strike Fighter, which means we need less gas and less tankers.

Secretary JOHNSON. In our current environment we find that most often the critical element is fuel, refueling, and these aircraft will give us much longer range, and Admiral Clark has some wonderful examples.

Admiral CLARK. If I might comment on this, Senator, I would like to talk about, I think it is important for all of us to keep learning. I tell all of my leaders that we all have to keep learning and I am continuing to learn, and my biggest lesson learned from Afghanistan in these current operations is the importance of combat range. We have told you the stories about our pilots flying from a carrier to Afghanistan, some of those missions 700, 800, 900 miles in range, and 7 or 8 hours in the cockpit. Several times going to the tanker.

We have an E and F that, they are on their maiden deployment right now on the U.S.S. *Abe Lincoln*. The U.S.S. *Nimitz* will come

into the theater in the next few days, I will not talk about specific time on it, but the E and F is doing so well, we springboarded some of the airplanes forward while the U.S.S. *Nimitz* was en route, and the U.S.S. *Nimitz* E and Fs are in theater flying off of the U.S.S. *Lincoln* right now.

The reason it is important is that it has 40 to 50 percent more combat range, and so they can get to the target without tanking. It is also important because this airplane can go with Cs, and Ds for that matter, and it has such a much bigger payload, and we can load it up with fuel and the E and F can fuel three or four other airplanes and get them to the target area, without going to the big airplane for fuel.

As good as that is, the JSF is going to be even better. The projection is that it will fly 800 miles unrefueled out and back to the target area. That kind of capability, we would not—the whole investment in the tanking structure will be totally different for Navy air.

So we are very pleased with what is going on in the E and F. I am in an enviable position. I have got an effective program that is performing, is delivering on time and performing very well in the battle space. JSF is still going to bring us important things that I very much want, an improved, designed in from the beginning, improved reliability. It will in fact change—and this is why when the Commandant and I put together the Navy-Marine Corps tac air integration program, it was based upon these new factors that allow us not to have to replace airplanes on a one-for-one basis. And so, this kind of delivery of this capability is important, and this budget we have invested significantly in JSF.

Senator INOUE. Senator Cochran?

Senator COCHRAN. I have no further questions.

ADDITIONAL COMMITTEE QUESTIONS

Senator INOUE. If not, Mr. Secretary, Admiral Clark, General Hagee, thank you very much. Your full statements will be made part of the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HANSFORD T. JOHNSON

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

NAVAL FORCES—SOUTHERN COMMAND

Question. Do you have plans to relocate the headquarters of Southern Command's Navy Forces from Puerto Rico?

Answer. In August 2001 the Secretary of Defense directed all Combatant Commanders to review overseas basing requirements and to examine opportunities for joint use of facilities and land by the Services, consolidate infrastructure, and enhance training. The study, which was recently completed, did not recommend any changes that were not already contemplated to either our overseas forces or basing structure. While the Department of Defense is continuing to examine its overseas basing and presence within the context of a global strategy, Commander, U.S. Naval Forces Southern Command is expected to remain at Naval Station Roosevelt Roads for the foreseeable future.

Question. What locations are you considering?

Answer. The relocation of Commander, U.S. Naval Forces Southern Command is not under consideration at this time.

JOINT STRIKE FIGHTER (F-35) PROGRAM PROGRESS

Question. Highlight the progress the Joint Strike Fighter is making.

Answer. The Joint Strike Fighter (JSF) Program continues moving forward in the early design stages of the program. It is 16 months into a 126-month Systems Development and Demonstration (SDD) phase. Design milestones the program passed early this year include numerous sub-system Preliminary Design Reviews (PDRs) encompassing Mission Systems and Air Vehicle Systems that lead up to the Air System PDR in March. The March 2003 PDR has not been completed due to weight concerns with JSF, particularly in the Short Takeoff and Vertical Landing (STOVL) variant. A Blue Ribbon Action Team has been convened to review mitigation measures and a final report is due in June 2003.

The Pratt and Whitney F135 engine will complete its Critical Design Review in May 2003 leading to the F135 First Engine to Test currently planned for September 2003. First flight of the Conventional Takeoff and Landing (CTOL) variant of the F-35 is currently planned for the 4th Quarter calendar year 2005. First flight for the STOVL aircraft is scheduled for 2nd Quarter calendar year 2006 and the first flight of the Carrier (CV) JSF variant is scheduled for 1st Quarter calendar year 2007.

The F-35 is the Department's largest cooperative development program. In fiscal year 2002, the F-35 program successfully concluded SDD cooperative agreements with seven additional international partners: Canada, Denmark, the Netherlands, Norway, Italy, Turkey, and Australia. Including the United Kingdom, this brings the total number of international partners to eight.

V-22

Question. Provide a detailed update on the progress the V-22 program is making.

Answer. The V-22 program is currently mandated to continue production at the minimum sustaining rate until the Secretary of Defense certifies this aircraft meets the requirements outlined in Section 123 of the fiscal year 2002 National Defense Authorization Act. The program continues to ensure a methodical and event driven test flight program to validate all engineering and software changes. Program reviews have been comprehensive; the organizational, technical and programmatic issues are well addressed. The plan represents a rational "event driven" approach to flight testing.

The V-22 has flown over 400 flight hours (as of May 2003) since return to flight May 29, 2002 and has accomplished the following:

- Three Engineering and Manufacturing Development (EMD) aircraft have returned to flight.
- Three Low Rate Initial Production aircraft have been modified and delivered early or on time.
- CV-22 EMD Aircraft 9 has accomplished 40 percent more test points than planned in the Benefield Anechoic Chamber (BAF) at Edwards AFB CA, resulting in a significant flight test savings.
- EMD CV-22, Aircraft 7 is progressing well thru multi-mode terrain following radar testing to include flat rolling and isolated peak at over 200 kts.
- Simultaneous deployments to U.S.S. *IWO JIMA* (shipboard suitability) and Fort Bragg, NC (parachute loads testing).

Since return to flight the V-22 program has had no hydraulic failures or software anomalies attributed to earlier mishaps.

MINE WARFARE FUNDING AND CAPABILITY

Question. What funding is there in the 2004 request for mine warfare and what will it enable you to do?

Answer. The Department of Navy (DON) budget request for fiscal year 2004 is \$734 million. The DON commitment to maintain readiness of the dedicated Mine Countermeasure (MCM) Force is balanced with the requirements to fund transformational capabilities, to include: the development of seven organic MCM systems to integrate into Battle Groups, replacing diver and mammal with unmanned systems, and the development of a modular MCM capability from the Littoral Combat Ship (LCS). The mine warfare ships, helicopters, and Explosive Ordnance Disposal (EOD) force demonstrated their readiness in Operation IRAQI FREEDOM, by clearing mines from Iraqi waterways and opening the port of Umm Qasr for humanitarian relief supplies. Highlights of the request include:

Organic Airborne MCM (OAMCM).—To meet the DON's goal of an organic mine warfare capability by fiscal year 2005, the fiscal year 2004 budget continues the development and integration of five OAMCM subsystems into the MH-60S platform.

The notional plan for consideration by companies planning proposals for the LCS Flight 0 design is that the OAMCM systems would be part of the mission modules on the LCS, giving the LCS great flexibility to support the Carrier and Expeditionary Strike Groups (CSG/ESG) in the MCM role.

ALMDS/AQS-20A.—In fiscal year 2005, the Navy will introduce the minehunting suite of OAMCM systems. The AN/AQS-20A Advanced Minehunting Sonar and Airborne Laser Mine Detection System (ALMDS) (AN/AES-1) are scheduled for Initial Operational Capability (IOC) in fiscal year 2005. The ALMDS will detect near surface and floating mines with a water-penetrating laser, while the AN/AQS-20A will detect, classify, and identify moored and bottom mines with a towed sonar/laser system. The DON is requesting \$17.2 million for the AN/AQS-20A to continue system developmental testing, and \$21.9 million to complete developmental testing and award two AN/AES-1 Low Rate Initial Production units.

RAMICS/AMNS.—In fiscal year 2007, the Navy will introduce the mine neutralization suite of OAMCM systems. The Rapid Airborne Mine Clearance System (RAMICS) (AN/AWS-2) is being developed to neutralize the near surface and floating mines found by ALMDS. The RAMICS uses a supercavitating 30 mm projectile to pierce the mine case, causing deflagration of the mine explosive, and flooding of the case. The DON is requesting \$31.2 million to complete critical design review and begin developmental testing of AN/AWS-2. The Airborne Mine Neutralization System (AMNS) is being developed to counter deeper moored mines and visible bottom mines and DON is requesting \$14.5 million to continue development through critical design reviews. The AMNS uses tethered, small expendable neutralization vehicles to approach the mine and destroy the mine with an explosive charge.

OASIS.—In fiscal year 2008, the Navy will introduce the Organic Airborne and Surface Influence Sweep (OASIS) system. The OASIS will generate magnetic and acoustic signals to satisfy the firing logic of influence mines, causing them to actuate. The DON is requesting \$14.8 million for completion of critical design review and commencement of development testing.

LMRS.—The fiscal year 2004 budget requests \$56.1 million funding to continue the development and acquisition of the Long-term Mine Reconnaissance System (LMRS), which is on track for an fiscal year 2005 IOC on the LOS ANGELES Class submarine and will be incorporated on the VIRGINIA Class as it delivers. The LMRS system features an untethered Unmanned Underwater Vehicle (UUV), launched and recovered covertly from the submarine's torpedo tubes. The LMRS will provide a clandestine reconnaissance capability for mine-like objects.

RMS.—The fiscal year 2004 budget includes \$55.5 million funding for the development and acquisition of the Remote Minehunting System (RMS), a surface ship-launched and recovered semi-submersible vehicle. The RMS gives surface ships the capability to conduct low-observable minehunting operations from over the horizon, maintaining control of the vehicle from a safe standoff distance. The RMS will reach IOC in fiscal year 2005, fielding on six new construction DDG Flight IIA ships (DDGs 91-96). The RMS also is a strong candidate for future deployment on the Littoral Combat Ship.

Very Shallow Water (VSW) MCM.—The capabilities of the Naval Special Clearance Team ONE were highlighted in port clearance operations in Umm Qasr. In addition to the superb performance of EOD forces and marine mammals, small UUVs played a vital role in identifying mine-like objects in very low visibility conditions. \$6.6 million is requested in the fiscal year 2004 DON budget to support small UUV programs to operate from surface MCM ships, in VSW MCM applications, and in force protection missions.

High Speed Vessel (HSV).—The fiscal year 2004 budget contains funding (\$17 million) for the charter of a High Speed Vessel (HSV 2 SWIFT) for fleet experimentation and concept development, focusing on MCM command and control issues and new technology demonstrations that may feed into development of the LCS program.

Littoral Combat Ship (LCS).—The LCS will become the focal point of DON efforts to transform Mine Warfare (MIW). Within the DON fiscal year 2004 request for LCS Mission Modules, \$18.4 million contributes to the development of the MIW Mission Modules. When equipped with the appropriate Mission Package, LCS will conduct mine warfare missions with on-board and off-board systems from deep water through the beach. The potential for modernization through its modular, multi-mission design will allow LCS to incorporate new unmanned vehicle technologies as they mature.

Dedicated MCM ships.—The surface MCM fleet faces several challenges in current readiness issues, which are addressed in this proposed budget. The DON has

requested \$8.4 million in fiscal year 2004 OPN funds for the initiative to improve the operational readiness of the surface MCM ships through replacement of low-reliability engines. \$1.8 million is requested in fiscal year 2004 to fund acoustic generators to replace antiquated acoustic sweep systems on the MCM-1 class ships. \$3.8 million is requested for sonar data recorders for the AN/SQQ-32 minehunting sonar to record sonar targets of interest.

T-45 COCKPIT 21

Question. I understand that the Cockpit 21 program for T-45A aircraft is unfunded in the fiscal year 2004 budget request. Does the Navy plan to fund this in 2005 or 2006? What is the impact of not funding the program?

Answer. The Navy remains committed to the T-45 program as an integral part of undergraduate flight training. Cockpit 21 addresses several avionics obsolescence issues in both the T-45A and the T-45C. If left uncorrected, degradation in aircraft "Ready For Training" will eventually affect the ability to maintain the required pilot training rate. The Navy will closely examine funding for Cockpit 21 as part of the fiscal year 2005 Budget development process, but must continue to balance this requirement against competing priorities.

QUESTIONS SUBMITTED TO ADMIRAL VERNON E. CLARK

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

HSV PLANS

Question. Admiral Clark, I understand the Navy has been impressed with the early feedback in operating a High Speed Vessel under a lease arrangement. Can you comment on the HSV hull form, and how it might fit into our shipbuilding planning?

Answer. Currently, there are three High Speed Vessel craft under lease agreement with the Department of the Navy. The lease for HSV X1, Joint Venture, originally contracted under a joint arrangement between the Army and the Navy in October 2001 has been extended through September 2003. HSV 2, Swift, a slightly larger version of Joint Venture, will deliver in late July 2003 and will incorporate additional military enhancements to its hull that support mine warfare experimentation. Additionally, the USMC has been conducting intra-theater lift missions with a third HSV, Westpac Express. All three vessels are wave piercing, aluminum hulled, commercial catamarans, based upon existing high-speed ferry designs.

The Navy is continuing its efforts to explore the concept of advanced high-speed hull forms and propulsion systems, evaluating new hull designs in monohulls, catamarans, trimarans and surface effect ships. Additionally, efforts are underway to combine the lessons learned from these vessels for application in the design of future classes of Navy ships.

The U.S. shipbuilding industry has limited experience in the design and construction of these categories of vessels with the necessary displacement and speed. U.S. shipbuilders are, however, working together with industry to explore the concepts and viability of these advanced hull forms and propulsion systems for Naval applicability.

LONG-TERM HSV PLANS

Question. Admiral Clark, it seems leasing these craft during the experimentation phase was appropriate. If the experiments have proven successful, we should explore procuring U.S.-made craft to meet the Services' needs. Can you explain the Department of the Navy's long-term plan to eliminate the need for leasing commercial High Speed Vessels?

Answer. The High Speed Vessel (HSV) project is a joint effort with the Navy, Marine Corps, Naval Special Warfare Command and Army. The goal for HSV(X1) is to explore the concepts and capabilities associated with commercial high-speed vessels with respect to advanced hull and propulsion technologies integrated with advanced communications technologies. HSV 2 will continue to build on these concepts and evaluate the utility of the craft, while supporting new doctrine associated with advancing Mine Warfare systems, including experimentation with the use of unmanned underwater and surface vehicles. Successful experimentation with Joint Venture has demonstrated the utility and potential suitability of high-speed vessels for military operations.

While experimentation to date with HSV(X)1 and Westpac Express has been promising, the Navy is still assessing the utility of this type platform to support Sea

Power 21. Should an operational requirement be developed for HSV to permanently support the Navy or USMC, the vessel(s) will be competitively procured from a U.S. shipyard.

LITTORAL COMBAT SHIP—HULL FORM

Question. Admiral Clark, I understand the Navy has not yet determined a hull form on which to base the Littoral Combat Ship (LCS). Given the variety of roles and missions anticipated for these ships, is it possible there may need to be more than one “final” hull form for LCS, perhaps a percentage would be catamarans and a percentage would be composite mono-hulls?

Answer. The current acquisition strategy envisions two Flight 0 ships to start construction in fiscal years 2005 and 2006. These ships may be different designs built in different yards. The Navy will evaluate both ships and will then make a decision on the remainder of the Littoral Combat Ship (LCS) flights. Flight 1 LCS ships are scheduled to start construction in fiscal year 2008.

QUESTION SUBMITTED TO GENERAL MICHAEL W. HAGEE

QUESTION SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. I am concerned we take all measures necessary to prevent a recurrence of Gulf War Syndrome now that our troops are in Iraq. One way is to medically assess our troops before they deploy to establish a health baseline. What percentage of Marines had a health baseline established before they deployed to Southwest Asia? What percentage of our personnel was pre-screened (with a health survey) before deployment?

Answer. Pre-screening is required per Department of Defense Instruction (DODI) 6490.3 for personnel deploying out of CONUS for more than 30 days. The screening form is completed by the Marine or Sailor and kept in his/her medical record for future reference. DODI 6490.3 included no reporting requirements to higher headquarters. Because a centralized reporting requirement did not exist, the percentage of personnel who deployed to participate in Operation Iraqi Freedom and who were pre-screened is unknown at this time. On April 23, 2003, the Under Secretary of Defense for Personnel and Readiness issued a directive Memorandum, stating new reporting requirements for both Pre- and Post-Deployment Surveillance. The new guidance requires the Services to conduct and track post-deployment health surveys for all personnel who were involved in Operation Iraqi Freedom. On May 1, 2003, Health Services, HQMC, released a message to Marine Corps units identifying the new requirements and providing further guidance. In addition, The Medical Officer of the Marine Corps, in conjunction with the Naval Bureau of Medicine and Surgery, is developing a comprehensive plan to conduct required surveys and monitor compliance.

SUBCOMMITTEE RECESS

Senator INOUE. The next scheduled subcommittee meeting is Wednesday, April 9. At that time we will receive testimony regarding the activities of the Missile Defense Agency.

Thank you very much, and the hearing is recessed.

[Whereupon, at 11:35 a.m., Wednesday, April 2, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, April 9.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2004

WEDNESDAY, APRIL 9, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:03 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.
Present: Senators Stevens, Cochran, Shelby, and Inouye.

DEFENSE AGENCIES

MISSILE DEFENSE AGENCY

STATEMENT OF LIEUTENANT GENERAL RONALD T. KADISH, USAF, DIRECTOR

ACCOMPANIED BY THOMAS P. CHRISTIE, DIRECTOR, OPERATIONAL TEST AND EVALUATION

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Our distinguished co-chairman is stuck in traffic.

General KADISH. So were we, sir.

Senator STEVENS. Since it took me a long time to get in this morning and I only live 5 miles away, I appreciate what you're saying. He has asked us to proceed, if that's all right, and we'll do that.

We welcome you and Mr. Christie, General. Thank you for being with us. You're really a trusted partner in the whole endeavor for national missile defense, and I'm sure Senator Inouye will make similar comments. This capability that you have in Alaska is very encouraging to us and we plan to go up there as soon as possible. We had one trip scheduled and had to cancel it. Our staff will be going over to Hawaii in the coming recess to visit that area, and we know that there has been a great deal of change. If it's possible, we'd enjoy both of you coming to join us on our trip, but I'm not sure that will be possible. We haven't got it scheduled yet because of the problems we have in the appropriations process right now.

We look forward to receiving an update from you, and Senator Inouye will make some comments when he comes in, but right now, I would appreciate it if you would proceed with your statement.

General KADISH. Thank you, Senator. Good morning, Mr. Chairman, members of the committee. I would like to take just a few minutes to highlight some of the key points about our missile de-

fense program that we have today and really underscore the progress we've made to date.

And if you would allow that my prepared statement in its entirety be——

MISSILE DEFENSE PROGRAM

Senator STEVENS. Your statements will go in the record.

General KADISH. In early 2001, we started restructuring the missile defense program to develop capabilities to defend the United States, our allies, our friends, and our deployed forces against all ranges of missiles in all phases of flight. With the support of Congress and in particular this committee, we have made considerable progression in demonstrating key missile defense technologies and the integration of those technologies into a system.

Our testing analysis gives us confidence that hit-to-kill technology works and that we can take the initial steps we are proposing to provide a modest initial defensive capability where none exists today.

Altogether, we have made great progress in our missile defense program. Our testing has been aggressive and productive. Over the past 2 years we achieved four for five successful ground-based intercepts of long-range targets and we are three for three in our sea-based intercepts of medium-range targets. We were five for seven with the Patriot Advanced Capability, or PAC-3 interceptor.

We are making steady progress with the airborne laser to develop the revolutionary speed of light technologies, but we have had failures and in all probability, we will have some more failures in this process. But this score card has increased our confidence in our basic technical approach.

Last December, the President directed the Department of Defense to field an initial set of missile defense capabilities in view of our technical progress, and our total lack of missile defenses against the intermediate and long-range ballistic missiles. Given our fielding approach using the testbed we have been working on, and given our testing successes and our analysis of those to date, I believe we are ready for this step. With the President's decision, we now have a clear basic near-term architecture for a limited system to address a range of missile threats.

I want to stress that we have no fixed long-term architecture, however. We will evolve and improve the capability of the Block 04 system over time so that when we propose to field initially—so what we propose to field initially in fiscal year 2004 and fiscal year 2005 may evolve to look very different maybe a decade later.

EVOLUTIONARY CAPABILITY-BASE ACQUISITION APPROACH

The number and type of missile defense assets and their locations and basing parameters may be expected to change to make the system more integrated and more capable. This is consistent with the approach I have described in previous hearings. We are building and fielding limited military useful capabilities as soon as they can be made available.

We have said all along that when we do field, we will not have a system that will fully meet our missile defense needs, so there are no illusions there. The system we will be fielding initially will

be modestly operational, but we went down this road knowing we would need improvement and we have a process that's specifically designed to make those improvements as soon as practicable.

With an evolutionary capability-based acquisition approach, we put capability into the field, we test it, use it, get comfortable with it, learn what works well and what doesn't, and improve it as soon as we can. Before the President's decision, the fiscal year 2004 President's budget would have reflected the development of a set of testbed capabilities that could have been made operational. Today we are asking Congress to authorize and appropriate funds to allow us to add to this testbed and make it operational in fiscal year 2004.

OPERATIONAL TESTBED

In other words, instead of building a testbed that might be used operationally, we are fielding an initial defensive capability that we will continue to test. Because of this relationship between initial defense capability and testing, we are asking that all associated funding with both efforts be under the defense-wide appropriations funding.

Now with respect to the issue of operational testing before deployment, I would argue that we are faced today with some timely issues. This is a unique and unprecedented technology in its early stages of maturity. We have to strike a balance between our desire for perfection in missile defenses that we employ and our desire to have as soon as possible some defensive capability which does not exist today.

We can continue to test the elements and components of the system and we can use them to defend ourselves. I believe we can do this because we have shown that the nuts and bolts of the missile defense system and its capabilities we are funding to build upon Block 04 can work.

Over the past 2 years, we have conducted a total of 55 flight tests and 60 ground tests. Seventeen of these tests were intercept flight tests. These tests built our confidence. We know hit-to-kill works. We have had a significant degree of repeatability represented in the testing up to date, and we are well along our goal of demonstrating this reliability.

Mr. Christie will state that our relationships, I believe, that we are building between Operational Test and the Missile Defense Agency are in good shape, and that we are structured to make the best decisions in the interests of missile defense.

Regardless of the names we apply to our testing, we must have the assets and infrastructure in the field if we are going to begin to test the system in operationally realistic conditions. If we do not have the weapons and sensors fielded in operationally useful locations, we cannot really do a good job of looking at how they work. This program and its budget proposes to do just that.

Our intentions are to test the complete system as soon as possible. Over the next 2 years we are planning another 68 flight tests, 58 ground tests, and about the same number of intercept tests as before. We have done the testing and have confidence to proceed, and we want to continue to strike the right balance in the testing effort.

The elements of the testbed will also have some inherent defensive capability. We can do operational testing while having the system on alert. We should take advantage of that.

I believe, Mr. Chairman, that we are ready to take the next step in missile defense for another reason. Our testbed evolutionary approach to a missile defensive capability is rational from a cost standpoint as well. We do not now have adequate understanding of our long-term architecture to submit a budget committing tens of billions of dollars, and we don't need to submit such a budget to achieve our goals in the interim.

FIELD CAPABILITY

We are able, however, to purchase a fielded capability, through small numbers, and this approach will allow us to control costs. With an increase of about \$1.5 billion over 2 years, we can provide this country with a modest missile defense capability where none exists today.

Mr. Chairman, America's missile defense program is on track. The Missile Defense Agency is doing what we told Congress it would do, and your support has been important to the progress we have made. We listened to your concerns and we sought to address them in a responsible manner. Our tests and analysis have given us the confidence we can take the first steps toward initial defensive operations while we continue to prove out our technology and demonstrate missile defense combat utility through a realistic testing regime.

PREPARED STATEMENT

I believe there are tremendous benefits in putting some threat-precedented technology into the field in manageable increments to provide some defense, to learn more about it and gain experience, and improve it over time. Thank you, Mr. Chairman, and I think I will stop there to allow more time for questions.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL RONALD T. KADISH

Good morning, Mr. Chairman, Members of the Committee. It is an honor to appear before you to present the Department of Defense's fiscal year 2004 Missile Defense Program and budget.

In early 2001 we restructured the missile defense program to develop the capability to defend the United States, our allies and friends, and deployed forces against all ranges of missiles in all phases of flight. With the support of Congress, we have made considerable progress in demonstrating key ballistic missile defense (BMD) technologies and system integration. Our testing and analysis give us confidence that hit-to-kill technology works and that we can take the initial steps we are proposing to bolster defenses against short- and medium-range ballistic missiles and introduce a modest defensive capability to defeat a limited long-range threat. Today I will review our progress, discuss why we are confident in our approach, and outline our plans and challenges ahead.

Over the past two years we have conducted several successful intercept tests. We achieved four for five successful long-range, Ground-based Midcourse Defense (GMD) intercept flight tests, demonstrating the hit-to-kill technologies of the Exo-atmospheric Kill Vehicle, critical sensor technologies, and the integration of many geographically dispersed missile defense assets. The failure of the most recent such test (Integrated Flight Test-10) last December resulted from the non-separation of the interceptor and the surrogate booster rocket. This was not a failure of new missile defense technology, but a failure of our quality control processes. We are increasing our already focused quality control efforts. We are taking steps to ensure

this separation problem is not repeated. Furthermore, future GMD tests will no longer use the surrogate booster and instead will use one or both of the boosters currently under development.

We are three for three in our ship-based exo-atmospheric intercept tests. Last year Aegis BMD successfully completed its Aegis Lightweight Exo-Atmospheric Projectile (LEAP) Intercept (ALI) project. Based on these results we accelerated the insertion of the follow-on Aegis BMD capability into the Test Bed. Our third intercept in November 2002 was the first ever intercept of a ballistic missile in the ascent phase of flight.

Patriot Advanced Capability 3 (PAC-3) has made significant strides. Since January 2001, we have had five for seven successful intercepts of ballistic missile targets and have begun fielding the first PAC-3 missiles. We also executed more than a dozen successful test flights of the Airborne Laser (ABL) aircraft, completed significant aircraft modifications, and accomplished successful subsystem testing and full-up ground-tests of the first laser module. While we are in the difficult phase of integrating the components into the ABL, our progress to date has increased our confidence that ABL can eventually be integrated into the BMD system (BMDS).

Mr. Chairman, America's missile defense program is on track. The Missile Defense Agency is doing what we told Congress it would do. We listened to your concerns and have sought to address them in a responsible manner. We have faced significant technical and management challenges, but through aggressive testing we have proven that hit-to-kill technology works. We have demonstrated system integration through complex system testing. These tests, combined with analysis of simulations and exercises, give us confidence that the system can take the first steps toward initial defensive operations while performing as a test bed for further realistic testing and continued spiral development.

The President's fiscal year 2004 budget will allow us to continue this significant progress and is structured to incorporate the recommendations of the Defense Science Board summer study of 2002.

Evolutionary Approach to Missile Defense

The BMD system involves many sensors and interceptors that are integrated and layered to enable engagements against hostile missiles in the boost, midcourse, and terminal phases of flight. Layered defenses can allow multiple shot opportunities across all of the engagement segments and potentially within each one of those segments, greatly enhancing our ability to handle countermeasures and destroy in-flight missiles and their payloads.

As I have explained in past hearings, we are building the missile defense system using an evolutionary acquisition approach, so that the system's capability can be enhanced over time. Our plan continues to be one of incrementally providing the decision makers the ability to field militarily useful capabilities based on their technological readiness, suitability for operational use and threat developments.

Last December the President directed the Department to field an initial set of missile defense capabilities in order to reduce the vulnerabilities of the United States, our troops, and our allies and friends. Given our fielding approach, and given the successful testing we have accomplished to date, I believe we are ready for this. The proposed budget for fiscal year 2004 and across the 2004–2009 Future Years Defense Program (FYDP) supports Research, Development, Test and Evaluation (RDT&E) activities to accomplish that goal. We plan to begin operating modest land and sea defense capabilities in 2004 to provide limited protection of our country as well as our troops and critical assets overseas.

In missile defense, we deal routinely with revolutionary technologies and unprecedented engineering requirements. The program we are currently executing recognizes the unique challenges we face and sets out a disciplined course to develop the BMD system in an evolutionary way. Having spent the last couple of years looking at different missile defense options, we are now narrowing our program activities and focusing on development and fielding of the most promising elements.

Consistent with the approach I have described in previous hearings, we are building and fielding limited, militarily useful capabilities as soon as they can be made available. This approach takes into account known and projected threats and the present state of technology. With a capability-based acquisition approach we put capability into the field, test it, use it, get comfortable with it, and learn what works well and what does not. We have structured Test Bed fielding opportunities to occur in "blocks" every two years to improve what we have fielded as needed. Block 2004 (initial defense capabilities) represents 2004–2005, Block 2006 represents 2006–2007, and so on. These blocks will deliver elements and components that are ready for continued rigorous testing and full integration into the system.

With the President's decision, we now have a basic near-term architecture for a limited system to address a range of missile threats. I want to stress that we have no fixed, long-term architecture. We will evolve and improve the capability of the Block 2004 system over time, so that what we propose to field initially in 2004 and 2005 may evolve to look very different a decade later. The number and type of missile defense assets and their locations and basing arrangements may be expected to change to make the system more integrated and capable.

We have adopted this evolutionary approach because a single acquisition cycle is not responsive to rapid changes in threat and technology and is not structured to deal with surprise. We want to avoid prematurely constraining system design by using the traditional requirements process and waiting up to twenty years or more for a defensive capability that would result from using traditional acquisition rules. In a world marked by increasing ballistic missile activity, our nation, forces, and allies cannot afford to wait that long.

In using this evolutionary approach, we still have the ability to incorporate the discipline and intent of the traditional acquisition process. For example, the warfighting community has been heavily involved from the beginning in the development of system elements and components. We are successfully using a spiral development process to put new technologies into play more quickly than if we were to use the traditional approach. Spiral development requires regular dialogue and active participation between user and developer for delivering a militarily useful set of capabilities. Once we field the initial capability, uniformed personnel will operate the system.

Despite the many uncertainties we face, this approach allows us to be good stewards of the taxpayers' money. The President's recent announcement stands as a good example of this. We are not making an early commitment to large-volume serial production and very large-scale investments. Our fielding commitment will be scaled over time and rise with our confidence that we are on the right development path for this complex, multifaceted system.

Aggressive Research, Development and Test Activities

As we prepare to implement the President's directive, we plan to continue the program's intensive testing activities up to and beyond the 2004–2005 timeframe. We have a single, robust RDT&E program dedicated to the development and demonstration of missile defense technologies and integration concepts. In fact, consistent with our investments over the past two years, the lion's share of the fiscal year 2004 budget request of \$7.7 billion for the Missile Defense Agency, roughly \$6 billion, will support RDT&E activities that are not directly tied to system fielding. Significant development efforts in fiscal year 2004 include continued work on Theater High Altitude Area Defense (THAAD), ABL, and kinetic energy boost-phase interceptors in the post-Anti-Ballistic Missile (ABM) Treaty environment.

These aggressive RDT&E activities are the basis for proceeding as the President has directed and for continuing development work to build a multi-layered BMD system. We will continue our practice of assessing these activities on a regular basis to see if they can be accelerated or whether they must be truncated or modified in some manner. RDT&E activities occurring in fiscal year 2004 will contribute to Blocks 2004, 2006, 2008 and 2010.

We are still evaluating the impact of our withdrawal from the ABM Treaty. The treaty successfully did what it was intended to do. It severely restricted missile defense development and fielding options. The President's action has made it possible to begin to develop and test aggressively the full range of missile defense technologies and pursue capabilities that make the most sense from the standpoints of technology, operations, and cost.

For example, as a result of the treaty withdrawal, Aegis BMD, the sea-based defense element, began its successful participation in GMD integrated flight tests conducted last October and December. While initially only collecting boost and ascent phase radar data, Aegis BMD has begun engineering efforts to become a full participant in future tests and will eventually provide fire control data to the BMD system.

Our intercept tests against long-range ballistic missiles are very complex, yet since October 1999 we were forced to restrict ourselves to the same intercept flight geometries because of artificial constraints in our current Test Bed and our obligation to remain compliant with the ABM Treaty. Today, in order to test our GMD interceptors, we must launch targets from Vandenberg, AFB in California and interceptors from Kwajalein Atoll in the Pacific Ocean. We are changing that. The Test Bed we are building will introduce flexibility into our test approach and help overcome some basic geographic and geometric limitations by allowing us to test weapons and sensors against ballistic missiles of all ranges along different azimuths and

using different trajectories. For test purposes we will introduce variable target launch and impact points and engagement areas.

Robust, realistic testing is absolutely critical to developing an effective missile defense system. Over the past two years we conducted a total of 55 flight tests and 60 ground tests. Seventeen of these tests were flight-intercept tests. Each test builds our confidence in the BMD system. From our flight-testing, we know that the hit-to-kill approach works. We know our sensors can successfully detect and track the target and that our software algorithms can discriminate between reentry vehicles and basic decoys and debris. We know our battle management system can generate orders that put a kill vehicle in a position to achieve intercept. We will continue to refine and improve the system's performance in all areas. Our test program continues to add to our confidence that the basic technologies are sound and that they will work together to provide the nation an effective BMD system.

Our program and budget will continue to maintain a high tempo of increasingly complex ground- and flight-testing. Over the next two years we are planning another 68 flight tests, 58 ground tests, and maintaining the same pace of intercept tests as before. We do system testing to give us confidence that we have the ability to integrate geographically dispersed missile defense elements and components into an effective system. This does not include the many experiments we conduct routinely, the modeling and simulation activity, and the wargame exercises. Our computer predictions are very valuable in this process and give us a great deal of confidence that we are on the right paths.

We remain committed to our aggressive testing approach, where we mature midcourse, boost, and terminal missile defense components and elements through rigorous testing under increasingly realistic and challenging conditions. When we have adequately demonstrated technologies, decisions can then be made concerning their integration into blocks for fielding. Testing activities remain central to what we do and are well supported within our funding request.

Initial Defense Capabilities

The Congress has already funded plans to put five midcourse interceptors into the test bed in silos at Fort Greely in Alaska, develop Aegis BMD, and test the SM-3 interceptor at the Pacific Missile Range Facility in Hawaii. Other activities are currently underway to improve the missile defense Test Bed by upgrading or developing launch sites (including Vandenberg, AFB), radar sensors, battle management and command and control components, communications terminals and networks, and associated test infrastructure in the United States and the Marshall Islands (including airborne, sea-based, and ground-based data collection assets).

Today we are asking the Congress to appropriate funds that will allow us to add to this Test Bed and make it operational by 2004. These initial defense capabilities, fielded over a two-year period, will include ground-based interceptors to counter long-range threats, sea-based interceptors to defeat short- and medium-range threats, additional PAC-3 units, and early warning and tracking sensors based on land, at sea, in the air, and in space.

Before the President's decision, the fiscal year 2004 President's Budget would have reflected the development of a set of Test Bed capabilities that could have been made operational. Instead of building a Test Bed that might be used operationally, we are fielding an initial defensive capability that we will continue to test. All RDT&E activities will support the initial defense capability, and the system elements and components we field will continue to support RDT&E. Because of the relationship between initial defense capabilities and testing, we are asking that all funding associated with both efforts be under Defense-wide appropriations RDT&E. With the December announcement we have quickened the pace at which we are moving forward, but we have not changed the direction in which we are moving.

We are proposing to do in fiscal year 2004 what we said we were going to do in previous hearings, that is, field tested missile defenses a little at a time using a step approach. The missile defense operations we are proposing are unprecedented, and there still is much to learn. I believe there is tremendous benefit in putting this unprecedented technology into the field, in manageable increments, to provide some defense, to learn more about it, gain experience with it, and improve it over time.

The Israeli Arrow program stands out as an example of how fielding militarily useful capability in block increments and in a timely manner can work and how successful it can be. With only four successful intercept flight tests, Israeli officials declared their first Arrow battery operational on October 17, 2000 and fielded that country's first capability to defeat incoming ballistic missiles launched from nearby states. The Israeli system has been operational for more than two years now, and during that time it has conducted additional intercept and flight tests to enhance the system's performance. Plans are moving forward to augment it even further.

Surrounded by states having an active interest in ballistic missiles, Israel found a way to field a limited defensive capability on an accelerated timeline and at a time when it could not afford to wait for system testing to be completed.

We in the United States, of course, are not strangers to fielding an unprecedented military capability on an accelerated schedule. Our leadership struggled in the early stages of deploying the first reconnaissance satellites and land- and sea-based ballistic missiles. Urgent national security requirements pressed us to deploy capability soon, and through trial and error we did. Despite test failures, the country persevered and made militarily useful capabilities operational. Since that time, we have dramatically improved the capabilities of those first-generation systems. The parallels between these pioneering programs and the missile defense program are clear.

I believe, Mr. Chairman, that we are ready to take this next step in missile defense. Our fielding approach will not only help rationalize the force structure we deploy from the technological and threat standpoints, but also from the standpoint of cost. We do not now have adequate understanding to submit a bill of many tens of billions of dollars for a huge, long-term fixed architecture. We are able, however, to purchase, produce, and field capabilities in small numbers. This approach will allow us to control costs. With a modest investment and increase by the Department of a total of \$1.5 billion spread over the fiscal year 2004 and 2005 budgets, we will provide this country with militarily useful capabilities where none exists today.

In short, this \$1.5 billion primarily will add a small number of ground-based interceptors as well as more SM-3 interceptors to the test bed capability we are already building. Future fielding decisions, as we have said all along, will be made in the outlying years based on the progress of technology and the evolution of the threat, subject to the annual congressional appropriations process.

Confidence in Initial Defensive Operations

In assessing our level of confidence with the planned initial missile defense capabilities, we have to strike a balance between our desire for perfection in the missile defenses we deploy and our desire to have as soon as possible a defensive capability where none exists today.

Adequate testing is the key to achieving that balance. And while this testing may not fit the mold of classical operational testing that would traditionally take place prior to full-rate production, we do follow a testing discipline that I believe can give us the confidence to say that what we deploy will work as we have said it would under threat circumstances that we believe we might have to face.

I believe that to strike the right balance we must go through an intense period of testing to demonstrate that the technologies on which we are relying can work consistently under conditions that are increasingly stressful and realistic. We have spent the past two years demonstrating the technologies we propose to employ in the Block 2004 Test Bed. We have said all along that when we do field we will not field a system that will fully meet our missile defense needs. We will face limitations and have gaps, let there be no illusions there. The system we are initially fielding will be limited operationally. But we went down this road knowing that there would be gaps and with a process that is specifically designed to fill those gaps and make up for performance limitations as soon as practicable.

Among the limitations that should be included here is that of operational experience. We need to build operational experience over time with the system that will be guarding our nation and our troops. There is no better way to do that than to put basic elements out into the field and to begin working with those assets to develop the doctrine and concepts of operation we will need and to train the military personnel who will operate it.

We have spent significant amounts of money on testing the GMD and Aegis BMD elements of system. All of the tests to date have been what we have called "developmental tests." Regardless of the names we apply to our testing, we must have assets and infrastructure in the field if we are going to begin to test that system under operationally realistic conditions. If we do not have the weapons and sensors fielded at operationally useful locations, we cannot really do a good job of hooking it all up to make sure it works.

The President's decision allows us to put this materiel out in the field for testing, in locations that make sense from an operational point of view. Given the recent events in the international security environment, the President's decision reflects an urgent need to make that test bed as operational as we possibly can. That decision also recognizes that we will not be fielding the perfect system at the outset.

What we are faced with today is a timing issue. Must we do what has been traditionally called "operational testing" before we can say that we have a capability we can use in an extreme security situation, or can we do both? Can we continue to

test the elements and components of a system we also could use to defend ourselves if needed? I believe we can.

Why do I believe that? Because we have shown that the nuts and bolts of the missile defense capabilities we are planning to field in Block 2004 can work. We have had a significant degree of repeatability represented in the tests we have conducted to date, and we are well along in our goal of conducting these tests reliably. We are now to the point where we need to assemble selected missile defense elements into a test bed that will permit operationally realistic testing using different azimuths and trajectories, different launch and target points, and different arrangements in our sensors and weapons. That test bed will allow us to test in different ways so that we can refine our all-too-important battle management and command and control infrastructure. The elements of the test bed also will have some inherent defense capability. We can do operational development testing while having the system on alert. We should take advantage of that.

Our intentions are to test the complete system and to be ready to respond to ballistic missile threats against the United States, our deployed forces, and our friends and allies. We have conducted the rigorous testing needed to give us the confidence that we are far enough along to do operationally realistic testing in an integrated way. Testing will always be an important part of this system—always. We will always be improving what we have in the field. The budget we have submitted will support the testing required to ensure that the elements of the Block 2004 system we would like to field will adequately serve the defense needs of this nation.

Our RDT&E activities are extensive and are important part of our acquisition approach. Below are three areas of special interest.

BMD System Radar Activity

The MDA's Family of Radar concept is continuous and flexible global detection, tracking, discrimination, and hit assessment. Ideally, we want to be able to watch missile payloads deploy and accomplish prompt and early battle assessment. We are currently pursuing multiple sensor technologies and identifying and developing sensors to give the BMD system the "eyes" it will need. In order to identify the most promising technologies and reduce risk, we are investigating, in parallel, sensor alternatives on land-, sea-, air- and space-based platforms to add robustness to the BMD system and improve opportunities to collect multiple phenomenology on the threat missile or target complex. Evaluations of different sensor and weapon combinations and alternatives will help us assess their overall benefit to an integrated, layered BMD system. An important element in this effort is the mobile Sea-Based X-Band radar (SBX), which we plan to build by September 2005 to greatly improve both testing and our initial defense capability.

The BMDS Radar project, a new activity, is funded in the fiscal year 2004 budget to expand the engagement battle space and assess missile defense concepts of operation that we were not allowed to consider under the ABM Treaty. We will validate the concept of forward-basing and sensor layering and evaluate advanced algorithms using both MDA- and non-MDA-owned sensors. Current plans call for the BMDS Radar to be available for integration into the Test Bed in late 2006. We will support continuous sensor research to improve capabilities and develop advanced algorithms for Block 2008 and beyond.

BMD System Infrared Sensor Activities

The Department restructured the Space Based Infrared System-Low (SBIRS Low) element in fiscal year 2002, renaming it the Space Tracking and Surveillance System (STSS). We will explore new technologies to enhance missile detection, improve reporting on ballistic missile launches regardless of range, azimuth, or launch point, and provide critical midcourse tracking and discrimination data.

The Russian-American Observation Satellites (RAMOS) project is a cooperative effort between the United States and the Russian Federation to improve early warning technologies. RAMOS represents an innovative space-based sensor R&D initiative. We are proceeding towards a joint Preliminary Design Review this summer and expect to conclude the design and development phase in early fiscal year 2005. The United States is actively striving to reach a bi-lateral agreement to conduct activities beyond the design and development phase. If we are able to move forward with this project, we would launch two satellites in late fiscal year 2008.

BMD System Interceptor Activity

Our longer-term goal is to develop low-cost enhanced interceptors for integration with different platforms to defend against missiles in the boost, midcourse, and exo-atmospheric terminal phases of flight. We are consolidating all next-generation kinetic energy interceptor (booster and kill vehicle) development efforts and placing them under our BMDS Interceptor activity. Relying heavily on existing hardware

and proven technology, we will develop a hit-to-kill boost phase capability by Block 2008 and deliver capability enhancements for Block 2010 and beyond.

In fiscal year 2004 we will begin developing a space-based kinetic energy interceptor Test Bed to explore the technological feasibility and operational advantages of engagements from space. This plan is consistent with the Defense Science Board's recommendation, released last August, to establish a comprehensive development program for a space-based kinetic system. Following up on last year's successful experiments to understand key sensor technologies, we will conduct in 2004 a Near Field Infra-Red Experiment to observe from space a boosting rocket. This data will assist in the selection of seeker and sensor technologies for a ground-based boost interceptor and development of interceptor guidance and homing algorithms.

Block Activities and Budget

We are working within the MDA and with the Department's operational community to meet the President's objective to establish an initial defense capability in 2004, which begins with Block 2004. The following describes by block our planned fielding opportunities across the FYDP.

Block 2004

This block continues development and integration of elements, components, and facilities in the Test Bed. Block 2004 RDT&E funding will deliver capabilities directed by the President for operational use in fiscal year 2004–2005. We plan to add different capabilities to point-defense capabilities already provided by PAC–3 units. This initial fielding will grow the RDT&E program and expand the physical infrastructure of the Test Bed.

Funds in this block will enable us to conduct major target and countermeasure development and capability demonstrations, integration tests, and experiments. We are investing in a substantive system test program to test system command, control, and battle management (C²BM) and communications across the elements. The Block 2004 Master Test Plan lays out the strategy for conducting a comprehensive set of integrated and distributed ground- and flight-tests to verify performance and characterize the capability of the system. This test program will form the basis of operational and military utility assessments of the Block 2004 initial defense capability.

We will have three major system integration flight tests, the first of which is a large-scale integration event that tests C²BM and communications during multiple element intercept tests. We plan to demonstrate C² capabilities and communications among C² and battle management nodes, weapons, and sensors and to continue work with the Services, Combatant Commands, and the Office of the Secretary of Defense to ensure BMD system interoperability with legacy and planned Department systems and standards.

We are requesting \$3.2 billion in fiscal year 2004 to support RDT&E for fielding Block 2004. Our estimated expenditure for Block 2004 activities across the FYDP is \$6.2 billion (see Table 1).

TABLE 1.—BLOCK 2004 FUNDING FISCAL YEAR 2002–09

(\$M then-year)¹

Project	Fiscal year—							FYDP fis- cal year 2004–09	Totals fis- cal year 2002–09
	2002	2003	2004	2005	2006	2007	2008	2009	
C²BMC Block 2004	21	80	114	79	.....	.....	.....	.....	194
Hercules Block 2004 .....	.....	.....	18	27	.....	.....	.....	.....	46
Joint Warfighter Support Block 2004 .....	.....	.....	24	13	.....	.....	.....	.....	37
Test & Evaluation Block 2004	47	57	37	33	.....	.....	.....	.....	70
Targets & CM Block 2004	75	104	197	170	.....	.....	.....	.....	367
THAAD Block 2004	808	888	622	635	65	.....	.....	.....	1,322
GMD Test Bed Block 2004	636	452	1,205	868	.....	.....	.....	.....	2,073
Aegis BMD Test Bed Block 2004	413	440	648	894	98	.....	.....	.....	1,640
ABL Block 2004	454	348	345	150	.....	.....	.....	.....	494
TOTALS	2,454	2,369	3,212	2,868	163	.....	.....	.....	6,242
									11,065

¹ Numbers may not add exactly due to rounding.

Boost Elements.—We are developing directed energy and kinetic energy boost phase intercept capabilities to create a defense layer near the hostile missile's launch point. We require quick reaction times, high confidence decision-making, and redundant engagement capabilities to counter ballistic missiles in this phase.

ABL is currently under development to acquire, track, and kill ballistic missiles in boost phase using speed-of-light technology. ABL integrates three major subsystems (Laser; Beam Control; and Battle Management, Command, Control, Communications, Computers and Intelligence (BM/C⁴I)) into a modified commercial Boeing 747-400F aircraft. We will continue major subsystem integration and testing activities. Block 2004 activities involve completion of ground-testing, to include first light on the test bed aircraft, first flight of the complete weapons system, and the successful track and high-energy laser engagement of a missile-shaped target board dropped from high-altitude. In fiscal year 2005, we will deliver one aircraft for BMD system integration and testing and demonstrate a missile shoot-down against a boosting threat-representative target.

Midcourse Elements.—Midcourse defense elements engage ballistic missiles in space after booster burnout and before the warhead re-enters the atmosphere. The GMD element defends against long-range ballistic missile attacks, and Aegis BMD will counter from the sea medium- and short-range ballistic missiles.

The Department's plans are to add by the end of fiscal year 2004 one more Ground-Based Interceptor (GBI) at Fort Greely in Alaska for a total of six GBIs at that site, and four interceptors at Vandenberg Air Force Base, for a total of up to 10 interceptors at both sites. The decision to develop two interceptor sites is consistent with our layered approach and operational concept and will allow us to work through critical integration, battle management, and command and control issues early on.

There are a number of other activities we need to undertake in fiscal year 2005. We are asking for appropriations to produce up to ten additional GBIs for fielding at the Fort Greely site, for a total of sixteen interceptors in Alaska and four in California. We also plan to produce by the end of 2005 between ten and twenty SM-3 missiles for deployment on three Aegis ships converted to the missile defense mission. Because we are starting from a base of zero, each interceptor we field between now and 2005, up to the full complement of twenty ground-based and twenty sea-based interceptors, will increase significantly our overall capability to defend this country, our troops, and friendly countries against long- and medium-range threats.

Included in the Test Bed and as part of the initial missile defense architecture are plans for integrating Early Warning Radars (EWR) at Eareckson AS (the Cobra Dane radar at Shemya, Alaska) and Beale AFB (Upgraded EWR). We will add to this infrastructure multiple fire control nodes and improved lines of communications connecting sites in Alaska and the continental United States using fiber optics and satellites. As you know, the Administration is working to secure allied approval to upgrade and integrate into the BMD system early warning radars currently located in the United Kingdom and Thule, Greenland to view threat missiles launched out of the Middle East. The United Kingdom already has approved the use of the Fylingdales radar. We also plan to build by September 30, 2005 a Sea-Based X-Band Radar (SBX) to improve the testing regime and enhance initial missile defense system performance.

We have made dramatic progress in recent months with the GMD element, including in the areas of silo construction, development of a nationwide communications network, and integrated flight-testing. We have excavated six silos at Fort Greely, seven weeks ahead of schedule, and we are in the process of constructing and establishing appropriate security for multiple Test Bed facilities at Fort Greely and Eareckson.

By the end of 2005, we will upgrade SPY-1 radars on fifteen Aegis warships for enhanced surveillance and track capability. Three prototype surveillance and track Aegis destroyers will be available starting in 2003; we will modernize additional destroyers for surveillance and track and BMD engagement capability. Two Aegis cruisers in addition to the USS LAKE ERIE, our test cruiser, will receive BMD engagement modifications.

The next SM-3 flight test, scheduled for later this year, will use a reengineered Monolithic Divert and Attitude Control System (MDACS) for the first time in the interceptor's kinetic warhead. MDACS has proved to be more reliable than the previous model, faster to build, and less expensive. Five at-sea flight tests and numerous tracking exercises, including participation in GMD integrated flight-tests, are planned through 2005. Our cooperative research with Japan will continue to enhance the capabilities of the SM-3 interceptor. The focus of that research is on four components: sensor, advanced kinetic warhead, second stage propulsion, and lightweight nosecone.

Terminal Elements.—THAAD is designed to be rapidly deployable and protect forward-deployed United States and friendly troops, broadly dispersed assets, population centers, and sites in the United States by engaging short- to medium-range ballistic missiles or their payloads at endo- and exo-atmospheric altitudes. THAAD could have more than one intercept opportunity against a target, a layering potential that makes it more difficult for an adversary to employ countermeasures effectively. This terminal defense capability will help mitigate the effects of a WMD payload.

This year we will complete missile and launcher designs, initiate manufacturing of missile and launcher ground test units, and begin testing the first completed radar antenna. We will continue fabrication of the second radar and building the battle manager and launcher test beds. A total of four exo-atmospheric flight tests at the White Sands Missile Range, New Mexico are planned for fiscal year 2004–05.

PAC-3 provides terminal missile defense capability against short- and medium-range ballistic missiles, anti-radiation missiles, and aircraft with a low radar cross-section employing advanced countermeasures. PAC-3 successfully completed initial operational testing last year, intercepting ballistic missiles, aircraft, and cruise missiles. The tests uncovered problems that we have since corrected in collaboration with the Army. We have completed development of the PAC-3 missile and made C²BM modifications to enable PAC-3's integration into the BMD system. We will continue to conduct PAC-3 tests this year. Later in Block 2004 we will demonstrate PAC-3's integration with other BMD system elements.

With the support of Congress, the Department already has accelerated PAC-3 missile production and currently has a plan to increase that production rate to 20 missiles per month in 2005. Given current production plans, by the end of 2005 the PAC-3 inventory will stand at 332 missiles.

The Department has transferred PAC-3 procurement and RDT&E funding to the Army, which is reflected in the Army's fiscal year 2004 budget request. The MDA will retain responsibility for defining and testing BMD system interoperability and continue to work with the Army on PAC-3 engineering, development, and testing. The Department realigned the Medium Extended Air Defense System (MEADS) program on March 31, 2003 to the Army.

The Arrow Weapon System, developed jointly by the United States and Israel to counter short- to medium-range ballistic missiles, is operational at two sites in Israel and interoperable with U.S. missile defense elements. We worked with Israel to deploy its first two Arrow batteries, and are currently assisting that country to procure a third battery.

The Arrow System Improvement Program, a spiral development upgrade of the current operational system, includes technical cooperation to improve the performance of the Arrow system and test it at a U.S. test range. The first flight test was conducted successfully on January 5, 2003. We continue to support additional Arrow flight-testing to assess technology developments and overall system performance and to collect data and conduct annual hardware-in-the-loop exercises with Israel to enhance interoperability.

Block 2006

Block 2006 work continues to improve existing capabilities and provide new sensors and interceptors for integration with fielded elements. Our focus will be on evolving and integrating the capability to achieve a more synergistic and layered BMD system. We will continue rigorous system and element flight-test demonstration and validation efforts and use wargames to help develop concepts of operation and operational procedures.

We are requesting \$2.2 billion in fiscal year 2004 to support RDT&E for Block 2006. Our estimated expenditure for Block 2006 activities across the FYDP is \$11.3 billion (see Table 2).

TABLE 2.—BLOCK 2006 FUNDING FISCAL YEAR 2002–09
(\$M then-year) ¹

Project	Fiscal year—							FYDP fis- cal year 2004–09	Totals fis- cal year 2002–09
	2002	2003	2004	2005	2006	2007	2008	2009	
C ² BMC Block 2006	4	27	53	104	116	.....	.....	.....	273
Hercules Block 2006 .....	.....	.....	19	18	45	45	.....	.....	127
Joint Warfighter Support Block 2006 .....	.....	.....	.....	12	24	12	.....	.....	48
Test & Evaluation Block 2006	1	1	2	9	41	39	.....	.....	92
Targets & CM Block 2006	1	4	32	110	213	172	.....	.....	526
THAAD Block 2006 .....	.....	.....	109	208	598	498	113	.....	1,525
GMD Block 2006	2,460	2,109	1,605	1,774	1,354	1,235	.....	.....	5,969
Aegis BMD Block 2006 .....	.....	.....	24	73	377	299	.....	.....	773
ABL Block 2006 .....	.....	.....	10	86	150	79	81	55	461
BMD-S Radars Block 2006 .....	.....	.....	101	145	134	.....	.....	.....	380
STSS Block 2006	55	232	276	285	285	204	75	35	1,160
TOTAL	2,520	2,372	2,232	2,823	3,335	2,583	270	90	11,333
									16,225

¹ Numbers may not add exactly due to rounding.

Boost Elements.—We will enhance and test the integration of the ABL aircraft into the BMD system. Candidate enhancements include improvements in BMC⁴I, interoperability, pointing and tracking, and target engagement. We will continue evaluation of the ABL test aircraft capability against a range of threats. This aircraft will be available to provide an emergency operational capability except for a maximum of six months during fiscal year 2007 when it may undergo modifications and enhancements.

Midcourse Elements.—We plan to enhance defensive capability and further develop the Test Bed by maturing hardware and software of all GMD interceptor, sensor, and C²BM components. We will continue our ground- and flight-testing to demonstrate improved weapon and discrimination performance and critical interfaces with external sensors. We also plan to complete the upgrade of the Thule EWR should we get approval from Denmark.

Aegis BMD flight missions will incorporate remote engagements of targets as well as demonstrations against intermediate-range ballistic missile (IRBM) targets. We will continue development of Aegis BMD sensor discrimination capability. Prototype BMD signal processors will be tested aboard Aegis ships with SPY-1 radar modifications. SM-3 missile deliveries will begin in 2004. Our plans are to build an inventory of up to thirty-five SM-3 interceptors by the end of 2006. Also, if directed, we would prepare to field up to twenty additional SM-3 interceptors in 2007. We will proceed with our cooperative BMD research with Japan to enhance the SM-3. We have two joint flight tests of the advanced nosecone planned in the fiscal year 2005–2006 timeframe, and we will continue to look at possibilities for co-development.

Terminal Elements.—The THAAD interceptor begins in the third quarter fiscal year 2006 a series of five flight tests that are scheduled to conclude in first quarter fiscal year 2008. We will improve THAAD's exo-atmospheric and endo-atmospheric endgame discrimination capability against increasingly complex targets.

Sensors.—Current plans call for a new forward-based radar in late 2006 for positioning close to the threat at sea or on land. Enhanced forward-based sensor capabilities and improved sensor netting will enable the BMD system to handle threats posing a more difficult discrimination challenge and provide a launch-on-remote capability. A midcourse radar will be added as part of our layered approach. Additional radar configurations will be procured as necessary to satisfy Block 2006 objectives.

Current plans are to launch two low-earth orbit satellites in fiscal year 2007 to validate space-based sensor concepts for target acquisition, tracking, and discrimination and to provide a space node for the Test Bed. STSS will improve in subsequent blocks to provide data fusion, radar/sensor cueing over-the-horizon, and interceptor handover and fire control. Production alternatives will be evaluated at least annually based upon element performance and integrated BMD system performance.

Block 2008

Block 2008 represents a major step in BMD system evolution. We plan to complete multiple layers of weapons and sensors, based on fixed and mobile platforms, to counter a range of ballistic missiles. This block will include C²BM components that enable integrated control of all system assets throughout the battlespace. Primary development projects include adding boost phase weapons to the Test Bed, integrating space sensor platforms, and fusing multi-sensor discrimination products. We will integrate capability-based targets and payload suites (to include new and more complex countermeasures) into our system testing to demonstrate effectiveness against evolving threats.

We are requesting \$572 million in fiscal year 2004 to support RDT&E for Block 2008. Our estimated expenditure for Block 2008 activities across the FYDP is \$16.3 billion (see Table 3).

TABLE 3.—BLOCK 2008 FUNDING FISCAL YEAR 2002–09
(\$M then-year) ¹

Project	Fiscal year—								FYDP fis- cal year 2004–09	Totals fis- cal year 2002–09
	2002	2003	2004	2005	2006	2007	2008	2009		
C ² BMC Block 2008 .....	.....	.....	1	12	27	144	145	147	476	476
Hercules Block 2008 .....	.....	.....	19	17	17	17	62	60	192	192
Joint Warfighter Support Block 2008 .....	.....	.....	.....	.....	.....	12	29	31	71	71
Test & Evaluation Block 2008 .....	.....	.....	1	1	4	13	85	87	190	190
Targets & CM Block 2008 .....	.....	.....	.....	57	77	68	239	253	694	694
THAAD Block 2008 .....	.....	.....	.....	.....	237	227	369	300	1,134	1,134
GMD Block 2008 .....	.....	.....	.....	.....	.....	.....	878	877	1,756	1,756
AEGIS BMD Block 2008 .....	.....	.....	.....	116	186	322	470	386	1,481	1,481
ABL Block 2008	11	237	256	402	582	561	366	267	2,435	2,683
BMDs Radars Block 2008 .....	.....	.....	.....	.....	.....	136	102	22	261	261
STSS Blk 2008 .....	.....	.....	.....	.....	.....	82	177	89	348	348
BMDs Interceptor Block 2008	54	100	296	529	1,013	1,562	1,939	1,890	7,229	7,383
TOTAL	65	337	572	1,134	2,145	3,146	4,862	4,409	16,268	16,669

¹ Numbers may not add exactly due to rounding.

Boost Elements.—ABL will integrate new technologies to improve performance and lethality and enhance operational suitability. We will continue development of promising technologies for insertion into Block 2008 and beyond and design and develop a system-level ground-test facility for ABL. We plan to test a second ABL aircraft in the Test Bed during Block 2008.

Plans also are to develop and integrate a mobile ground-based boost phase hit-to-kill capability into the Test Bed for flight-test demonstration. We will initiate a space-based test bed development to determine the feasibility of intercepting missiles from space. Initial on-orbit testing would commence with three to five satellites in Block 2008.

Midcourse Elements.—We will conduct up to three GMD flight-tests annually to demonstrate advanced engineering and pre-planned equipment improvements for the boosters, interceptors, early warning and fire control radars, and C²BM and communications software builds. We plan to enhance the Aegis Weapons System AN/SPY-1 radar to improve discrimination for engaging both unitary and separating targets. We will assess GMD integration with the BMDs Interceptor and also test the interceptor on board an Aegis warship.

Terminal Elements.—We will complete the development and testing of the THAAD weapon system. We are planning up to eight developmental and operational-type flight tests to stress interceptor, radar, and C²BM performance in realistic scenarios that include advanced countermeasures.

Sensors.—Our work will build on the initial BMDs Radar configuration and conduct sensor research to improve capabilities and develop advanced algorithms. We will improve Family of Radar coverage, performance, and flexibility and address vulnerability within the context of the overall BMD system global sensor network. STSS operations will continue to be integrated with other BMD elements in the Test Bed and support enhanced C²BM development initiatives. STSS will demonstrate the ability to acquire, track, and discriminate midcourse objects with space-based infrared sensors.

Block 2010

Work in this block will continue spiral development projects for weapon and sensor improvements and platform integration. C²BM and communications improvements will enable highly resolved sensor data to be exchanged with all BMD system elements.

We are requesting \$24 million in fiscal year 2004 to support RDT&E for Block 2010. Our estimated expenditure for Block 2010 activities across the FYDP is \$4.7 billion (see Table 4).

TABLE 4.—BLOCK 2010 FUNDING FISCAL YEAR 2002–09
(\$M then-year) ¹

Project	Fiscal year—								FYDP fis- cal year 2004–09	Totals fis- cal year 2002–09
	2002	2003	2004	2005	2006	2007	2008	2009		
AEGIS BMD Block 2010						8	104	145	257	257
STSS Block 2010/2012	179	55	24	44	232	565	750	1,065	2,680	2,914
BMDS Interceptor Block 2010					97	146	585	974	1,803	1,803
TOTAL	179	55	24	44	329	719	1,439	2,184	4,740	4,974

¹ Numbers may not add exactly due to rounding.

Boost Elements.—Block 2010 activities will improve exo-atmospheric BMDS Interceptor performance and enable greater basing mode flexibility, to include possible adaptation to sea-based platforms. We will develop and test an advanced space-based test bed to augment or replace the Block 2008 space-based test bed.

Midcourse Elements.—We will continue flight-testing improved weapon and sensor components and work toward the integration of an advanced BMDS Interceptor. Aegis BMD will incorporate prior block developments into the Navy-developed next-generation, open architecture Combat System.

Terminal Elements.—THAAD will integrate proven technologies to enhance its capability against longer range and faster ballistic missiles without sacrificing existing mobility and performance. Fielding and survivability upgrades also are planned to demonstrate a capability against both IRBM and ICBM threats.

Sensors.—New technologies will be inserted into subsequent STSS blocks to provide precise threat tracking and improved discrimination. We will develop and launch a satellite with improved sensors integrated into the first common satellite bus, and develop and integrate advanced ground station equipment and software. The Block 2010 STSS will deliver a space-based capability to acquire, track and discriminate ballistic missiles based on larger aperture track sensors, increased vehicle lifetime, and increased, near-real-time on-board data processing. The funding also includes launch services for Block 2010 satellites. C²BM funding focuses on integrating STSS data into the sensor net.

Mission Area Investments

Our Mission Area Investments are investments common to the entire BMD system that enable us to implement over time our block fielding approach. Mission Area Investments maintain core development and testing infrastructure and facilitate the integration of future block capabilities. The President's Budget requests \$1.69 billion in fiscal year 2004 for these investments. This program activity accounts for about \$11.3 billion, or just over 20 percent of the total funding estimate across the FYDP. Table 5 provides a detailed breakdown of funding for each investment activity.

TABLE 5.—MISSION AREA INVESTMENTS FUNDING FISCAL YEAR 2002–09
(\$M then-year)¹

Project	Fiscal year—								FYDP fis- cal year 2004–09	Totals fis- cal year 2002–09
	2002	2003	2004	2005	2006	2007	2008	2009		
System Engineering	236	397	436	474	501	510	580	578	3,079	3,713
C ² , BM & Communications	16	16	119	125	178	201	204	218	1,045	1,076
Test & Targets	359	332	338	332	328	352	316	333	1,998	2,688
International Programs	211	205	148	215	129	100	89	89	769	1,185
Advanced Concepts	347	176	388	418	363	437	524	534	2,664	3,187
Program Operations	232	170	264	252	283	306	317	333	1,754	2,156
TOTAL	1,400	1,296	1,692	1,817	1,783	1,904	2,029	2,083	11,309	14,005

¹ Numbers may not add exactly due to rounding.

The significant Mission Area Investments are as follows:

System Engineering

The System Engineering activity defines, manages, and integrates the layered BMD system. Capability-based acquisition requires continual assessment of technical and operational alternatives at the component, element, and system levels. Our system engineering process assesses and determines system design and element contributions and the impact of introducing new technologies and operational concepts to ensure properly synthesized system blocks. These activities provide the technical expertise, tools, and facilities to develop the BMD system and maintain an intelligence and research capability to ensure that the system evolves in a way that is responsive to known and anticipated threats.

We are increasing our focus on risks related to producibility, manufacturing, quality, cost, and schedule of the BMD system elements. We dedicate resources to examine the applicability of technology to system needs and transition readiness. Industrial and manufacturing investment strategies for achieving system affordability and facilitating insertion of successive new capabilities are increasingly vital to the program.

Command and Control, Battle Management & Communications (C²BMC)

Our activities related to C²BMC create interoperability among a wide variety of legacy systems and emerging elements over joint and coalition networks. The C²BMC activity will continue development and integration of the C²BM and communications functions for the BMD system. By fielding software development spirals that improve system synergism, integration capability, and interoperability with external systems, this activity expands the inherent C²BM capabilities of fielded terminal, midcourse, and boost defenses. Communications funding will develop and improve BMD system-wide communication links and sensor netting functions to enable enhanced early warning and quicker interceptor response times. The Joint National Integration Center (JNIC) provides a common environment for the BMD elements to conduct experiments, demonstrations, and exercises and is a key-operating C²BM component of the Test Bed.

BMD Tests & Targets

The missile defense program includes significant test and evaluation infrastructure, test execution capabilities, and analytical tools for program-wide use. The Agency conducts risk reduction, developmental, and operational element and component testing as well as tests to collect critical measurements, such as plume signatures. We also have a rigorous measurements test program to collect data in support of design, development, and engineering activities. Measurements from dedicated test events and targets of opportunity enable us to design components, characterize potential countermeasures, test algorithms, undertake lethality and kill assessment, and validate our critical models and simulations.

Investments providing ballistic missile targets, countermeasures, and other payloads support our test objectives. Presentation of the targets and payloads for flight test events involves designing, prototyping, developing, procuring, certifying, and qualifying for testing. In fiscal year 2003 we will establish a single prime contractor to further enhance system level management of targets and countermeasures activities.

In fiscal year 2004 we will continue to resource critical test facilities, launch capabilities, instrumentation, telemetry, communications, and safety systems underpinning our testing regime. With the enhanced realism of the Test Bed, the increasing complexity of our tests, and the escalating tempo of test activity, our investments in this area will emphasize flexibility, standardization, and mobility.

International Programs

The President has underscored the importance of working with other countries to develop missile defenses and provide protection against ballistic missile threats. We are building defensive layers that could potentially involve a variety of locations around the globe and probably involve many other countries. Last summer inter-agency teams briefed key allies on the international participation framework. Today we are well along in our discussions with several governments regarding their possible participation in the missile defense program and improvements in our industrial relationships.

Advanced Concepts

We have several Science and Technology (S&T) initiatives to increase BMD system firepower and sensor capability and extend the engagement battle space of terminal elements. In fiscal year 2004, we will continue to focus on the Miniature Kill

Vehicle (MKV) project, which could lead to a flight-test in fiscal year 2005. Fiscal year 2004 funding will support investigating Early Detection and Tracking (ELDT) technology, Laser/LADAR technologies for improved tracking, weapon guidance, and imaging, and technologies for a space-based, high-power laser. While our S&T activities are not on a critical path for insertion into the BMD system, each one of them is being considered for their block enhancement value.

Program Operations

Our Program Operations expenses are primarily for government personnel performing management support activities, contractors that assist in performing these activities, and O&M-like costs associated with operations and maintenance at numerous facilities around the country, supplies and equipment, communications and printing, travel and training, and information technology management.

Management and Oversight

The missile defense program uses an acquisition approach tailored to the unprecedented nature of the technology involved in missile defense. We will continue to work very hard to ensure that the program has adequate management and congressional oversight. There is an improved process in place within the Department that preserves management, technical, and financial oversight by cognizant authorities on the Senior Executive Council and the Missile Defense Support Group. Senior warfighters, including the Joint Requirements Oversight Council, have reviewed missile defense objectives and will continue to do so several times a year. Internally we have in place configuration management procedures, and we produce on a regular basis the necessary threat, system, and configuration control documentation to ensure that our activities continue to support our development and fielding objectives. As directed in the 2002 and 2003 Defense Authorization Acts, we have identified cost, schedule, testing, and performance goals and developmental baselines in the President's fiscal year 2004 Budget justification materials and shown clear linkages between the Agency's budget and key performance measures.

Closing

Mr. Chairman, we are on track with our missile defense program. We know that the technology fundamental to the current generation of missile defenses works. We have demonstrated many times over the past two years that we can collide with a warhead and destroy it. We have the confidence to proceed with plans for an initial defense capability. A few years ago, I could not have said this to the American people. Today I can. We will build confidence in the system over time as we invest in the program.

We also recognize that we have much more work to do to improve the BMD system. The architecture we have in 2004 and 2005 will probably be very different a decade later, depending on how our RDT&E efforts proceed. Our objective continues to be one of improving missile defense capability over time. We have made considerable progress in missile defense over the past three years. With the President's direction, and with your approval of our budget request, we will take another important step on that long road before us.

Thank you, Mr. Chairman.

OPENING STATEMENTS

Senator STEVENS. Thank you very much, General.

I apologize to my colleagues. I had some things in the way, and I didn't call on the Senators. Senator Cochran, did you have an opening statement?

Senator COCHRAN. Mr. Chairman, thank you very much. I will be glad to proceed to hear from Mr. Christie. I think they have done a great job with this program, but I appreciate the recognition.

Senator STEVENS. Senator Shelby.

Senator SHELBY. Same with me. I'd rather hear from the witnesses.

OPERATIONAL TESTING

Senator STEVENS. Mr. Christie.

Mr. CHRISTIE. Thank you, Mr. Chairman, and distinguished members of the committee. I also appreciate this opportunity to ap-

pear before you today to discuss operational test issues involved with building a missile defense testbed that may also have some inherent defensive capability.

Let me emphasize up front my strong support for building this testbed as a means of conducting more realistic ballistic missile defense testing. It will provide us with an excellent capability to test the integrated missile defense system against more challenging targets and under more realistic engagement conditions. Designed to accomplish this testing mission, this testbed will have some limited capabilities to defend against an actual threat, depending of course on certain assumptions about intelligence of an imminent attack and the positioning of sensors to acquire, track, and target the threat.

Regardless of what we call this initial collection of equipment, communications, and personnel, the fact remains that we must build this test capability and put it in the field before we can test the system. Additionally, it is prudent to develop operational concepts and to train personnel in concert with the testbed's development so that whatever inherent capability exists in the testing infrastructure, it could be employed to defend the United States in the event of a ballistic missile attack.

I understand and share the concerns raised by several members of Congress with the precedent of fielding operational systems without adequate operational testing. The Missile Defense Agency (MDA) under General Kadish is proceeding with a design and development strategy that is very proactive when it comes to testing. My staff and I are involved on a daily basis with the MDA and the program managers for the various ballistic missile defense system developments. We are reviewing test plans, participating in planning meetings, witnessing tests, providing coordinated advice, and responding in written reports to Congress on the adequacy of these testing programs. I have access to all the information I need to fulfill these responsibilities.

I have completed my assessment of the PAC-3 initial operational test and evaluation and documented the results in a classified beyond low rate initial production report that was provided to the Congress last November. I have also completed my annual assessment of the overall MDA testing programs and submitted that report to the appropriate committee of this Congress.

In that report I do conclude that the ground-based midcourse defense (GMD) element of the Ballistic Missile Defense System (BMDS) has yet to demonstrate operational capability. This conclusion is based on the fact that many essential components of the GMD element have yet to be built. We cannot test the GMD element without these critical components and we cannot test it realistically without the testbed.

This was illustrated recently when the exoatmospheric kill vehicle failed to separate from the booster in Integrated Flight Test 10. MDA subsequently restructured the flight test program, eliminating further testing with the old booster system. This decision considered the poor performance of the surrogate booster system, and the risks of diverting booster developers from the objective booster design effort, compared with the advantages of gathering additional data from those flight tests.

Beginning later this year and prior to the 2004 decision, testing will resume with two flight tests for each of the candidate boosters and a risk reduction flight for a target launched from Kodiak in Alaska. Intercept testing will continue in IFTs-14 and 15, using a new booster motor. This is followed by integrated ground testing of the testbed and culminates in a system test readiness review.

Current plans call for three more intercept flights for the Aegis Ballistic Missile Defense system prior to the end of fiscal year 2004; the first two intercepts against a non-separating target and the last flight conducted against a separating target. Additional flight testing beyond this point is still in the planning stage. The purpose of the testbed is to establish and define a baseline capability to realistically integrate and test components of the BMDS, and to enhance capability incrementally through block development.

The real challenge is to develop an operational concept for using this testbed that integrates components of the BMDS as they become available in order to evaluate the operational capability of the system and to defend against a ballistic missile attack, if needed. If we don't develop an operational concept and an attack does come, then we will have failed in a most serious way. On the other hand, if an effort to refine an operational concept for an interim system significantly distracts from building the objective system in an expeditious fashion, then we risk similar failure against more sophisticated threats down the road.

While the testbed is a research and development system, this does not preclude us from addressing operational test and evaluation. In fact, it is common for systems in development to combine developmental and operational test objectives. The testbed, including missiles, will provide us an early opportunity to acquire valuable ground test data on intra- and interoperability between the command and control center and the silo/missile complex; on the system and missile health and status built in testing capability; and on system safety, reliability, maintainability, and logistics supportability. Availability of this data will permit lessons learned from the testbed to be considered in improving the objective GMD.

Every major GMD ground and flight test, both prior to and after the 2004 testbed is available, formally addresses both developmental testing and operational testing objectives, consistent with the maturity level of the system. The Service Operational Test Agencies personnel are dedicated to planning the details of the operational test portions of these ground and flight tests, and analyzing and reporting relevant operational test data. My staff is working with these agencies to define independent operational plans for the operational test activities. I will review and approve these operation test and evaluation plans and their associated data requirement. I will use both developmental and operational test data as the basis for my operational assessment in advising General Kadish and the Defense Acquisition Executive. This assessment will also be the basis for my annual report to the Congress.

Mr. Chairman, ladies and gentlemen, my staff has worked diligently with the MDA staff to build what I feel is a very effective relationship. I will continue to work closely with General Kadish to ensure that the mission of the testbed, as a testbed, is kept in per-

spective. I will continue to monitor planning and testing activities to ensure that we test as realistically and as thoroughly as we can, advise the Director, MDA of operational testing concerns, and report my assessments of progress to the Secretary and to you.

This concludes my opening remarks and I welcome your questions.

[The statement follows:]

PREPARED STATEMENT OF THOMAS P. CHRISTIE

Mr. Chairman, Senator Inouye and distinguished members of the committee, I appreciate this opportunity to appear before you today and discuss operational test issues involved with building a missile defense testbed that may also have some limited inherent defensive capability. Let me emphasize up front that I strongly support building this testbed as a means of conducting more realistic ballistic missile defense testing. It will provide us with an excellent capability to test the integrated Ballistic Missile Defense System (BMDS) against more challenging targets under more realistic engagement conditions. Designed to accomplish this testing mission, this testbed will have some limited capability to defend against an actual threat, depending, of course, on certain assumptions about intelligence of an imminent attack and the positioning of sensors to acquire, track, and target the threat.

Regardless of what we call this initial collection of equipment, communications, and personnel, the fact remains that we must build this test capability and put it in the field before we can test the system. Additionally, it is prudent to develop operational concepts and train personnel in concert with the testbed's development, so that whatever inherent capability exists in the testing infrastructure could be employed to defend the United States in the event of a ballistic missile attack.

I understand and share the concerns raised by members of Congress with the precedent of fielding operational systems without adequate operational testing. Let me take a moment here to discuss my assessment of this situation.

The Missile Defense Agency under General Kadish is proceeding with a design and development strategy that is very proactive when it comes to testing. My staff and I are involved on a daily basis with the Missile Defense Agency and the program managers for the Ballistic Missile Defense System elements. We are reviewing test plans, participating in planning meetings, witnessing tests, providing coordinated advice, and responding in written reports to Congress on the adequacy of the testing programs. I have access to all the information I need to fulfill these responsibilities.

I have completed my assessment of the PAC-3 Initial Operational Test and Evaluation test results, which is documented in a classified Beyond Low Rate Initial Production report, provided last November to the Congress. I have also completed my annual assessment of the MDA testing programs and submitted the report to the appropriate committees of the Congress. In that report, I conclude that the Ground-based Midcourse Defense element of the BMDS in essence has not yet demonstrated operational capability. This conclusion is based on the fact that many essential components of the GMD element have not yet been built. We cannot test the system without these critical components, and we cannot test it realistically without the testbed.

This was illustrated recently, when the exoatmospheric kill vehicle (EKV) failed to separate from the booster in Integrated Flight Test-10 or IFT-10. MDA subsequently restructured the flight test program, eliminating further testing with the old booster system. This decision considered the poor performance of the surrogate booster system and the risks of diverting booster developers from the objective booster design effort, compared with the advantages of gathering additional data from those flight tests.

Beginning later this fiscal year and prior to the 2004 decision, testing will resume with two test flights for each of the candidate boosters and a risk reduction flight for a target launched from the Kodiak target launch site in Alaska. Intercept testing will continue in IFTs-14 and 15, using the new booster. This is followed by integration ground testing of the testbed and culminates in a system test readiness review.

Current plans also call for three more intercept flights for the Aegis Ballistic Missile Defense system prior to the end of fiscal year 2004, with the last flight conducted against a separating threat target. Additional flight testing beyond this point is still in the planning stage. The purpose of the testbed is to establish and define a baseline capability, to realistically integrate and test the components of the BMDS, and to enhance capability incrementally, through block development.

The real challenge is to develop an operational concept for using the testbed that integrates components of the BMDS as they become available, in order to evaluate the operational capability of the system and defend against a ballistic missile attack if so needed. If we don't develop an operational concept and an attack does come, then we will have failed in a most serious way. On the other hand, if an effort to refine an operational concept for an interim system significantly distracts us from building the objective system in an expeditious fashion, then we risk similar failure against more sophisticated threats down the road.

While the testbed is a research and development system, this does not preclude us from addressing operational test and evaluation issues. In fact, it is common for systems in development to combine developmental and operational test objectives. The testbed, including missiles, will provide an early opportunity to acquire valuable ground test data on intra- and interoperability between the command and control center and the silo/missile complex; on the system and missile health and status or built in testing capability; and on system safety, reliability, maintainability, and logistics supportability. Availability of this data will permit lessons learned from the testbed to be considered in improving the objective Ground-based Midcourse Defense system.

Every major GMD ground and flight test, both prior to and after the 2004 testbed is available, formally addresses both developmental testing and Operational Testing objectives, consistent with the maturity level of the system. The Service Operational Test Agencies personnel are dedicated to planning the details of the operational test portions of the ground and flight tests, and analyzing and reporting relevant operational test data. My staff is working with the Operational Test Agencies to define independent evaluation plans for the operational test activities. I will review and approve these Operational Test and Evaluation plans and their associated data requirements. I will use both developmental and operational test data as the basis for my operational assessment, in advising General Kadish and the Defense Acquisition Executive. This assessment will be the basis for my annual report to the Congress.

Mr. Chairman, Ladies and Gentlemen, my staff has worked diligently with the MDA staff to build what I feel is a very effective relationship. I will continue to work closely with General Kadish to ensure that the mission of the testbed, as a testbed, is kept in perspective. I am working with the Service Operational Test Agencies to identify data requirements for an operational evaluation plan that I will review and approve. I will continue to monitor planning and testing activities to ensure that we test as realistically and thoroughly as we can, advise the Director, MDA of operational testing concerns, and report my assessments of progress to the Secretary and to you.

This concludes my opening remarks and I welcome your questions.

Senator STEVENS. Thank you very much, Mr. Christie. Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you very much.

I first want to congratulate both of you, General Kadish and Mr. Christie, for a very workman-like and outstanding performance in the duties that you have. This is a very challenging task that we have given to you, but I think you have demonstrated an ability to use the resources that you have been given by the Congress and to develop tests and field some very impressive missile defense systems. I think the comprehensive approach is the right approach, for long-range ballistic missile defense to shorter-range tactical challenges that we face, and most recently in Iraq.

I would like, building on the experience we have had in Iraq, to ask you what your assessment is of the missile systems that we utilize to protect our troops and population centers in the recent conflict. Could you tell us specific observations that you have about the efficacy of the PAC group for example, and other systems that we may have used?

General KADISH. Let me start first, Senator Cochran, and give you some insight from where we sit on the Patriot as a system and Patriot-3 in particular, and Mr. Christie can add to it.

PATRIOT SYSTEM PERFORMANCE

As you would expect, a lot of the data that I would like to talk about is classified, so I will keep it in the unclassified range. But I guess when you look at the performance right now of Patriot as a system, which includes earlier versions of Patriot as well as Patriot-3, I would characterize the overall performance as very encouraging. And the reason I say it that way is that I think it is probably more proper for us to discuss this when the war is over and we have the chance to look in detail at all the engagements of Patriot and Patriot-3 that occurred during the war.

Now having said that, I would like to talk about some of the things that we really know about the engagements and some of the things that we think we know about the engagements.

What we know about the engagements is that from a ballistic missile standpoint, we have engaged I think nine ballistic missiles of short range character. In addition, what we know is we have engaged those nine targets with a combination of Patriot-2s and 3s. And the final thing we know is that they didn't hit their targets for one reason or another. There were some shots that we let go because they did not threaten any particular defended area, but overall, the performance is very encouraging from that standpoint that we seem to have engaged the targets successfully.

Now what we think we know enters into a lot of speculation because of the data gathering from the war and those kinds of things we have ongoing, and it is probably better to wait until the end of the war and we will have some more information coming in to make definitive statements about it.

But from every indication I have seen and from the data available, we have a pretty good combination and capability against these missiles, and effectively it provides a national missile defense capability, if you will, for Kuwait and so forth.

In addition to that, I think you know that the Israeli system, the Arrow is working in combination with their own Patriot-2s and are in country on that side. So overall, the performance of Patriot, and particularly Patriot-3, which has had two specific engagements against BDMs, has been very very good and as expected, but there is a lot of data we have to gather to make sure that we can stand behind those statements based on the battlefield type of information we're getting.

But it is a major first step and kind of a microcosm of what we are trying to do in missile defense, because I can conclude now that if this data proves out to be as I expect, that hit-to-kill works in combat conditions, at least against short range missiles.

Senator COCHRAN. Mr. Christie, do you have any comments?

Mr. CHRISTIE. I would add a couple thoughts to that. You have received my classified report of last fall which pointed out some problems that we experienced in the initial operational testing. I am heartened that it appears some of the more serious problems encountered in the operational testing had been addressed and fixed by the Army before the deployment. While we cannot get into the classified aspects of Patriot Performance, it appears to have worked quite well.

My other comment is that I am concerned about the fratricide incidents, and of course they are under investigation. We don't know at this point in time whether we can blame them on Patriot or blame them on problems with the aircraft that were engaged.

I support General Kadish's statements otherwise.

U.S. NAVY INTEGRATION IN MISSILE DEFENSE

Senator COCHRAN. The other day we had before the committee the Chief of Naval Operations (CNO), Vern Clark, and he made some comments about the Navy's capabilities that they were testing and developing, that he said offered promise for I think a mid-range defense surveillance system based on cruisers. Tell me what your assessment is now of our capabilities and the promise that we may be able to utilize the Navy in that way. Are you encouraged by the progress of testing programs or do you have plans for more aggressive testing in this area to prove these systems?

General KADISH. Yes, Senator. The Aegis system itself is part of the testbed that we're talking about here, and the early fielding of equipment. We are very encouraged by the SM-3 successes, which is a component of that system now. We were three for three and planning more tests this year and next before we actually start building more of these early missiles.

In addition to that, I will just point out again that in the Gulf area, the U.S.S. *Higgins* has been providing early warning cues to the Patriot system for these engagements, which is again, the type of integration that we want to see between the systems and among the systems to make them work better.

So, I am very encouraged with the Aegis BMD program and the Navy is working very well with us to handle the operations impact of having surveillance capability as well as potentially a defense against medium range missiles in the 2004 time frame, very big steps forward in that regard.

Senator COCHRAN. I'm only going to ask one more question and then yield to others.

MISSILE DEFENSE TESTBED

The fact that you have made a decision to use the testbed in Alaska as a deployed system in fact that would provide our Nation some defense or a defense capability against ballistic missiles is encouraging to me, and I applaud you for it, and I want you to know you have supporters in that decision. And I wonder, when do you think you will be able to have the first test of that testbed, what is the timetable?

General KADISH. I think we're still nailing down some of the details, but I think it will be in the first quarter of calendar year 2005 is when we're planning the first integrated test of the testbed with an intercept test. Prior to that time we will be doing an awful lot of ground testing, integration testing on all the equipment across the board. So if I'm not mistaken, I think that's the target time frame.

Mr. CHRISTIE. In particular, we will be using different geometries, firing the target from Kodiak with an intercept or launching from Vandenberg. That would be the first time we have gotten away from the relatively unrealistic geometries used in testing to

date with the interceptors out of Kwajalein and the targets from Vandenberg.

General KADISH. The plan currently includes, and we're still debating this internally, two to three tests a year out of the testbed configuration involving intercepts, and many more ground tests involved. And we are even starting the planning to do multiple systems integration, where we will try to do a test against a long-range missile and at the same time will try to intercept a medium-range missile with Aegis and other types of systems. So that planning is ongoing and we haven't nailed all those things down because this is new and quite complicated, but that's the direction we're going.

Senator COCHRAN. Thank you, Mr. Chairman.

Senator STEVENS. Senator Shelby.

MINIATURE KILL VEHICLE (MKV)

Senator SHELBY. General, would you tell us what you can about where the development of the miniature kill vehicle, the MKV program currently is, and what improvements your 2004 budget request will allow you to make in this program? And just say what you can. I understand where we are.

General KADISH. The miniature kill vehicle advanced development is ongoing. We have an acquisition strategy to put contractors on contract to actually build these vehicles and start testing them. And I am very encouraged by the whole process. In fact, we're looking even closer at how we can do that better than where we started because of what we found out over the past year.

And the budget request supports that effort in the overall process, and we're looking cautiously optimistic about having that added to the architecture in the latter part of the decade, if we have the success that we expect.

STRATEGIC MISSILE DEFENSE COMMAND

Senator SHELBY. What about the role of the SMDC and the Technical Center is playing in this? They are right in the center of this, are they not?

General KADISH. That's right. The SMDC and the folks surrounding that, particularly in the Huntsville area, have been the key to a lot of our successes. In fact when I look across the board, we have an awful lot of people counting on us across the country, particularly in places like Huntsville and others at SMDC, to make it successful. And we only have about 550 some odd days before we want to actually declare the testbed in operational capability, and everyone is working hard to make that work.

Senator SHELBY. General, do you feel pretty confident that the mission of the MKV is on track to meet your flight experience test goal in 2005.

General KADISH. I do, Senator. It's not going to be easy.

Senator SHELBY. Like Senator Cochran says, it's a real challenge but, you have been meeting those challenges.

General KADISH. We have, and I'm confident in our planning and the management approach that we're taking, it all comes down to people in the end, and we have some good people.

Senator SHELBY. General, I fully support the President's plan to field initial BMD capabilities in 2004. Establishing the testbed is a critical step for the ground-based missile defense strategy. This initial BMD strategy will set the stage as we have been talking about, for a more robust and realistic testing of ground integration of the future layered ballistic missile defense capability. I expect there's enormous complexity to this program, more than complex, I guess, and want you to succeed.

GROUND BASED MID-COURSE DEFENSE

But some of us are concerned about the health of the ground-based midcourse defense segment. I am concerned that the GMD segment has been used to cover other funding requirements within the MDA, to the extent that near-term objectives are threatened. Is the GMD segment currently facing a budget shortfall and if so, how large?

General KADISH. Well, Senator, we always have more requirements than we do funding. So starting from that premise, as I look at the GMD budget, we have increased the budget over our last year's request in the 2004 column by about \$400 million. We have added some tasks to make the operational testbed portion of this, and I would say that overall in every program, we rebalanced and reallocated, and it was somewhere around \$400 million to \$800 million that had to be readjusted, but there is a net increase to the overall budget in GMD. And it's a matter of prioritizing the tasks to be done, and at this point in time, I believe our request is adequate for what we have set out to do. However, just like any other program, if we run into problems and we have issues that we have to use money, we're going to have to make some tough decisions in the overall process.

Senator SHELBY. Do you believe that you will be able to meet your deployment testing and development objectives of GMD?

General KADISH. I believe we can under the current framework, and I will be the first to let you know if we run short.

Senator SHELBY. Yes, sir, let this committee know.

General KADISH. Yes, sir.

MDA NATIONAL TEAM

Senator SHELBY. Lastly, we are concerned about the impact of the National Team. Is it fair to say that the National Team is central to the MDA's ability to accomplish its mission?

General KADISH. I believe it is, and we have been—there is some misunderstanding about what I mean by the National Team. What I mean by the National Team is it includes government, contractors, industry members across MDA to pull together and do the hard engineering among and between the systems. And quite frankly, I don't know how to get the technical job done without that kind of effort.

And we have been 14 or 15 months into it. I would like it to be a little further downstream in terms of our ability to solve some of the problems.

Senator SHELBY. Is that your major concern?

General KADISH. I think so, it's a major concern, but you know, from a realistic standpoint, I think we're doing about as good as

we possibly could do at this point in the process. And by this time next year, I think we will be much better off than we are today in that regard.

Senator SHELBY. General, we appreciate the job you're doing and the leadership that you have shown. Thank you, Mr. Chairman.

Senator STEVENS. Senator Inouye.

Senator INOUE. Thank you very much. I regret that I was late, Mr. Chairman, and I request that my statement be made part of the record.

Senator STEVENS. It will be.

[The statement follows:]

PREPARED STATEMENT OF SENATOR DANIEL K. INOUE

Today I am pleased to join our Chairman in welcoming to the committee Lieutenant General Ronald T. Kadish, Director of the Missile Defense Agency and Mr. Thomas Christie, Director of Operational Test and Evaluation.

Missile defense is, of course, a program of great interest to many, and one not without controversy. Indeed, the missile defense program is one of the most critical national security issues of today and for the foreseeable future.

There is no question that the ballistic missile threat against our nation and our troops in the field will continue to grow as technologies to develop and acquire ballistic missiles continues to proliferate.

The question our country faces is how best to meet this threat. The administration's plan calls for a "layered" defense to intercept ballistic missiles of all ranges, and in all phases of flight to defend the United States, our allies and friends, and our deployed forces around the world.

This is an expensive program. The fiscal year 2004 budget request includes over \$7.7 billion for the Missile Defense Agency. It is also a complex program. Despite successes in recent tests—and for that I commend you both—there are still many technological hurdles to overcome.

Let me assure you, General Kadish, this committee views the missile defense program as critically important to our national security. And we will do our best to support your efforts. Nevertheless, given the risks and costs of this program we will remain ever vigilant in our oversight.

Today's hearing provides the committee an important opportunity to understand the Department's fiscal year 2004 budget request and the priorities and challenges of the missile defense program.

Gentlemen, we welcome your testimony.

AIRBORNE LASER (ABL)

Senator INOUE. General, can you give us an update to the status of the airborne laser, its cost, its schedule, the so-called weight increase, and why the funds were less for 2004 than this year?

General KADISH. Senator, the overall situation in the ABL is that I guess I would characterize it is we are cautiously optimistic about our ability to execute the ABL effort. We have about 18 percent of the effort left to go if you measure it in terms of the cost versus the tasks that we think we have to do. So, about 80 percent done or thereabouts, with the toughest 18 percent to go.

From a cost standpoint, I believe we have enough budget to handle the program as we currently understand it. We are heading towards a shoot-down of a ballistic missile sometime in the 18 to 20 month timeframe ahead of us. We're working that schedule hard every day because when, if you look at Edwards Air Force Base where we have all the hardware coming together, it's all out there and we're putting it in the ground, and the system that we have there in the carcass of a 747.

One of the things I'm looking forward to right now this year is something we call "first light". That is, when we get the laser to

work in the ground-based configuration that we have, and then we're going to put it in the airplane and do it in the air, prior to shoot-down. If we accomplish that first light this year, my confidence in meeting our scheduled goal of 18 to 24 months or thereabouts to do the shoot-down will go up tremendously.

So that's what I'm looking for next, and we're having some technical issues meeting those schedules, but I think on balance we're doing pretty good given the technology.

There's this issue that kind of surrounds the program about the weight of the laser modules in the airplane. Now certainly, I would invite the committee members to go out to Edwards to see this technical marvel, in my opinion. If you look in the back of that 747, you can imagine how big the back of this cargo airplane is. We fill up that cargo airplane with a lot of plumbing and a lot of exotic material, and things that produce this laser and the beam surrounding it.

The weight issue gets down to how heavy all this equipment is for the overall airplane, and the fact that some of it is in a certain part of the airplane. And you can overgross a part of an airplane in terms of its floor weighting and that type of thing, but not affect the overall weight of the airplane and how it flies. So it's a complex interaction but the way I would say it is, the weight issue is really not a problem with the lasers, from my opinion. We know what it is.

What it affects is how long it flies; instead of 4 hours it may be 3½ hours before refueling. And we know that it meets the individual weight requirement for where we put it in the airplane. So it's pretty heavy for the spot we put it in, but it's still okay for the overall weight. Now what it means for the long-term health of ABL is whether or not we can make the airplane stay airborne longer from the overall operational context, and certainly that will be desirable. But my main goal right now, along with the many hundreds of people working that program, is to make the laser work and shoot down a missile with it, and the weight issue is not preventing us from doing that and in fact is not something that we're worried about too much for this configuration, it will be for later.

The budget request for fiscal year 2004, I think is a little bit less than what we asked for last year, but that reflects the fact that we want to be finished with this particular part of the program in the fiscal year 2004 time frame.

Now we're going to have to look at our performance on the airplane to see whether or not we're actually going to finish on time. As I said, we still have some uncertainty between 18 to 24 months, or when exactly that shoot-down is going to occur. But to sum it all up, I am cautiously optimistic.

The cost issue, we potentially could overrun somewhere between 15 to 20 percent on the program. We have enough budget to cover the program effort and we are right on the edge of making this very revolutionary technology to prove itself or fail, and we just don't know the answer to that question, yet.

Senator INOUE. So we should not be too concerned about your reduction in the request?

General KADISH. At least not right now, Senator. It's kind of like I was telling Senator Shelby about the ground based. It will depend

on how well we can execute this year's budget for ABL, and I think we have enough money now.

NAVY INTEGRATING, AEGIS

Senator INOUE. What is your arrangement with the Navy on the Aegis system? There's a cruiser under your command isn't there?

General KADISH. That's right. We needed to have a dedicated vessel to do a lot of our testing for Aegis and in talking with the Navy senior leadership, particularly the CNO, Admiral Clark, we came to an arrangement where the Navy will actually give us a cruiser to use for full-time testing. And they are also working, having operational ships doing the mission for the testbed that we described earlier. So we have been making pretty good progress and we have the assets now, and we can do the job.

Senator INOUE. So you would say you are pleased with the agreement so far?

General KADISH. Yes, sir, very pleased.

Senator INOUE. Thank you very much. Thank you, Mr. Chairman.

LASER FUNDING

Senator STEVENS. Thank you, Senator.

General, I'm a little concerned about the reduction in laser money funding too. Is there any real reason for that in terms of, was that your decision or was that a decision of others?

General KADISH. Well, Senator, that was done internally at MDA and we basically made the allocation decisions I guess over the past 6 or 8 months, and that's what you're seeing in the final budget release. But as I said earlier, the time difference between when we put the budget together and the execution of the program may yield a different answer, but right now I believe we have enough dollars to do the job. I could get back with you later, both you and Senator Inouye, with details of that for the record, and talk to you about it.

[The information follows:]

AIRBORNE LASER

We were able to rephase ABL's fiscal year 2004 and fiscal year 2005 funding between the submittals of PB03 and PB04. The fiscal year 2004 reduction from \$830 million to \$610 million is due primarily to the "just in time" payment schedule of the "Green aircraft" in fiscal year 2005 and stretching of the iron bird funding and a better definition of the Block 2004 requirements.

MDA TESTBED, FORT GREELY

Senator STEVENS. Is your Initial Operational Capability (IOC) for Fort Greely still the same?

General KADISH. It is.

Senator STEVENS. For 2004 or 2005?

General KADISH. We're heading—I have to be more precise in order to manage the program and set goals, so our precise date is September 30, 2004. Now recognize that date could move depending on the problems we deal with in execution, but we are driving the schedules to that date on balance.

Senator STEVENS. And how many interceptors does that call for at Fort Greely?

General KADISH. That's up to 10 interceptors.

Senator STEVENS. Will there be any interceptors at Kodiak?

General KADISH. No, sir.

Senator STEVENS. Will there be any at Vandenberg?

General KADISH. There will be four at Vandenberg and six at Fort Greely, and then the next year we add 10 to Fort Greely.

AIRBORNE LASER

Senator STEVENS. Back to the laser. Do you have a schedule for that in terms of what its IOC is?

General KADISH. I guess the way, the sort of short answer is no right now, because we have to actually do the demonstration and the test before we can be confident on when we can actually build more of those systems. But another way to look at it is that once we have the shoot-down with the airplane that we have today, we will have a basic capability in that airplane if it's needed for other reasons, just like we do with the ground-based testbed.

So, a prerequisite for me to answer that question with some certainty is when we actually demonstrate the capability to shoot down a missile with high energy laser from that airplane, we could make a decision on whether or not we should proceed or how we should proceed to build more of those systems. That planning is ongoing now but we haven't nailed down a date. I would assert that it would be as soon as practical if it's successful, because it's such a big addition to the overall architecture.

BOOST VEHICLE TESTING

Senator STEVENS. Our staff tells me that the Director of Operational Test & Evaluation (DOT&E) fiscal year 2002 Annual Report indicates that testing of boost vehicles thus far has been limited to relatively low velocity intercepts, which tests only a small portion of the threat engagement space. What's your comment on that? Why is that?

General KADISH. That's true. This gets back to having the test geometry that flies our targets out of Vandenberg and intercepts the interceptors out of Kwajalein. Two years ago we didn't know whether hit-to-kill could actually work, so what we were trying to do with that basic test geometry is to show that it not only can work but it can repeatedly do it in the same geometry. We have proven that.

So it is true that the overall envelope, if you will, all the different points that we could actually possibly intercept an incoming missile, has not been tested. But the key element of whether or not we could do it at all and do it reliably has been tested in a very small part of that envelope. Now we have models and simulations that tell us that all the other parts of the envelope, even with that limited amount of testing, we could be confident to some degree that this thing would work if it was in the right place and deployed configuration.

So I think this is a natural progression, and that is why we need the testbed, so that we could take different geometries and plot them within the overall envelope, and then we would have more

confidence in our computer models and simulations, even more than we do today, that it's accurate with real data.

So, we started out very legitimately with what we are testing today, and that provides us some data but it's directed to a very limited part of the envelope. Now we want to build a testbed and over the next few years fill out the rest of it, and that will give us more confidence in our operational capabilities.

PATRIOT FRIENDLY FIRE INCIDENTS

Senator STEVENS. Turning to Patriot, there have been two instances in Iraq where the Patriot has really locked on to friendly force equipment. It was explained to us that that was the result of a failure of the use of proper Identification, Friend or Foe (IFF) codes. Is that true?

General KADISH. Well, certainly that might be a contributor, but I just don't think we know yet based on all the things that we need to have from the investigation of that problem. Now certainly what we call combat identification, which these IFF codes help us with, has been a problem for friendly fire incidents for a long time, and any system like this has to deal with it. But I don't think we can definitively answer that question until we get the investigation over with and we get the ops tempo of the war to the point where we can do even more investigation on it.

Senator STEVENS. Have we ever tested the Patriot-3 against Scuds?

General KADISH. Yes, Senator, we have, and Scud-type materials, and we have a pretty good characterization of what we think Patriot-3 can do against those types of threats. Going beyond that, I would prefer to give you more classified information on that.

PATRIOT TESTING/PERFORMANCE

Senator STEVENS. I'm just interested in whether we have really explored the full capability and envelope on what the Patriot should be relied upon and whether there is a gap there in terms of our basic missile defense system.

General KADISH. I would say that with the testing we've done, we have anchored the models and simulations. I think maybe Mr. Christie could add some comments to this, but we have a pretty good analytical capability anchored in actual test data on the capabilities of Patriot-3.

Senator STEVENS. Mr. Christie?

Mr. CHRISTIE. As I stated earlier, we forwarded a classified report to Congress last November which is explicit as far as the PAC-3 system's demonstrated capabilities and against the various threat targets, that we feel confident about.

Senator STEVENS. I'm not familiar with that report. Did you give it to the Armed Services Committee?

Mr. CHRISTIE. That was a report sent to Congress in November 2002, and we can certainly make sure that you get a copy.

The report was based on the testing that was done prior to that time, the initial operational testing for PAC-3. PAC-2 was used during those tests also. As I stated earlier, problems that we encountered in testing, the Army took action to clear up. Without get-

ting into detail, I would recommend that you take a look at the classified report.

SEA BASED X-BAND RADAR

Senator STEVENS. I will. Those are PAC-3s that are over there now, right?

Mr. CHRISTIE. Yes. I think we have fired four.

General KADISH. We have fired four PAC-3s, but most of the engagements have involved the PAC-2 version in the blast fragmentation activities, so it's an integrated system, and they've used it to good advantage. One of the reasons we're not using only PAC-3s in my view is that we just don't have enough of them in the initial production, and I think the PAC-2 is handling it.

Senator STEVENS. You know, I feel a little responsible for that to a certain extent, given that we asked the question of why it should be used solely against an incoming vehicle, I remember that, but we asked the military to boot it up to a PAC-2 level and now this PAC-3 level.

But I really don't totally understand the problem of interception with a combat identification or IFF concept. Maybe we ought to talk about that in classified session.

General KADISH. I think that would be helpful.

Senator STEVENS. Why don't we do that, and I want to ask is whether that's a defect in the system or a defect in the application of the system.

General KADISH. I think it may be both, it could possibly be both.

Mr. CHRISTIE. There are investigations underway into each of the three incidents. I think we should wait until they are complete before we begin jumping to conclusions as to where the fault lies.

Senator STEVENS. You talked before about this in terms of the sea-based X-band radar concept. Where does that stand now and where is the platform?

General KADISH. The sea-based approach is ongoing and they are doing the engineering and naval architecture and everything they need to do to build that radar. I believe the platform is about ready to be brought to the United States for construction and modification, and we're on the verge of doing that.

Senator STEVENS. What's the time frame on that?

General KADISH. I believe that's imminent. I would have to get you the exact date for the record.

[The information follows:]

SEA-BASED X-BAND RADAR

The SBX platform departed Sandefjord, Norway, under tugboat power, on April 25, 2003. It arrived in Brownsville, Texas, on May 30, 2003.

Senator STEVENS. This has been significantly accelerated, as I understand it; is that right?

General KADISH. I'm not sure it's accelerated, but it's an aggressive plan that we had to build this radar. The platform, we were planning on doing it by September 2005, have it in the testbed and part of the test for architecture.

Senator STEVENS. Is that going to be added or part now of the ground-based midcourse defense system?

General KADISH. From a testbed standpoint, yes, and then we will have to decide whether or not it can contribute from an operational standpoint.

Senator STEVENS. Is it planned to move that to various portions of the world to test it?

General KADISH. There is a plan to move it all around the Pacific, to be a part of the tests that we have been describing here. And that's important, because that also has an envelope that we have to characterize. And the disadvantage we have now with the radar we have in Kwajalein is that it's out of place, it's too far back in the trajectory. And these radars are rather huge, this is a 5 million pound radar, the construct it's going to sit on. And the advantage we have is that we can move it around the Pacific, we don't have to place it on land somewhere, and then do the types of trajectory tests that we need to do. So it's key from that standpoint.

Senator STEVENS. I hate to tell you, General, but my mind goes back to the films my son showed me when he was the captain of a king crab boat, a 170-footer, in the Pacific facing 30-foot seas. I hope your people are nautical enough to know what you're doing to put that kind of a weight on a barge and trying to move it around the North Pacific.

General KADISH. That's something we're paying a lot of attention to, Senator. The last thing we want to do is jeopardize that type of an asset. We appear, and I have good confidence in the naval architects that are doing this and all the contractors involved, and I have seen the data on the 100-year wave type of activity, and operationally I don't envision we would be putting it in that kind of harm's way unless we absolutely had to.

Senator STEVENS. Well, respectfully, I don't think you can tell you which direction they are going to come from out there. That earthquake that hit Hawaii put a tidal wave up our inlet, and it came across the sea as a 60-foot wave. Anything that was even anchored on shore in either Hawaii or Alaska was destroyed and a cruise ship. I really seriously question putting that kind of equipment—it's going to be on a platform, it's going to be barge-operated, isn't it, pulled by a barge?

General KADISH. No, it has its own power.

Senator STEVENS. It's self-propelled? What's its dimension, do you remember, how wide is it?

General KADISH. I would have to get the actual numbers for the record but I think it's got, the platform on top is at least 300 yards wide.

[The information follows:]

SEA-BASED X-BAND RADAR

The SBX platform is self-propelled, and when complete it will be able to travel at a maximum rate of approximately 10 knots. Normal transit speed will be approximately 7 knots. The Moss CS-50 platform is 238 feet across at its beam and 389 feet long. It is 137 feet tall, from its keel to the main deck.

Senator STEVENS. So it's self-propelled and 300 yards wide?

General KADISH. This type platform operates in the North Sea today doing oil drilling, so it's designed to be stationary.

Senator STEVENS. I've seen it; in fact, it's Norwegian.

General KADISH. That's right.

Senator STEVENS. It has a drilling rig on it, it didn't have that kind of weight on it. Well, I'm not going to belabor it, but I have serious questions in terms of, you know, the shores of Alaska are just loaded with barges which got struck broadside by a wave.

General KADISH. I understand, and we're taking those concerns to heart, Senator.

MEDIUM EXTENDED AIR DEFENSE SYSTEM (MEADS)

Senator STEVENS. With regard to the MEADS concept, this is an international program now with Germany and Italy, correct?

General KADISH. That's correct, Senator.

Senator STEVENS. Last year we transferred that program to MDA and this budget transfers it back. Is this going to be a ping pong game? Why is it coming back within 1 year?

General KADISH. Well, I think there are a couple reasons for that. One is that the basis of the MEADS program is the PAC-3 missile. As a key component we decided to make that particular weapons system, and overall it is an international practical system designed to take a PAC-3 missile and make the radars and the mobility of this system fit our operating style for the next decade. It is fundamentally an air defense system with a ballistic missile defense capability, basically what Patriot is today.

And so that combination, along with the fact that we're using the Patriot-3 missile which we basically developed already, makes sense to put it under the management of the United States Army as an integrated system, within Patriot, and have a transition from Patriot to a MEADS type of configuration over time. And we discussed this long and hard within the Department, and the overall conclusion is that this is a better way to manage the program and I think you will see management or program improvements as a result of this process. And from an overall funding perspective, it makes sense to integrate these programs within the Army, and that's why you see it coming back into the Army line.

It is more than just budget, it is how we manage the program. Now, we will still have partnership with the Army over its integration into the overall missile defense system and we're working that management linkage today. But fundamentally it needs to be an air defense and ballistic missile defense integrated system, which is best managed with the Army handling those issues. I don't know if you wanted to add anything.

Mr. CHRISTIE. No, I agree with that. In fact, we just had a review of the program, I guess Monday morning, at which these issues were aired in support of the decision to transfer the overall management responsibility to the Army because of the considerations that General Kadish has outlined here.

Senator STEVENS. Have the current problems we have with Germany and Italy at all affected this program?

General KADISH. I think actually we're coming to the end of what we call the Program Definition and Risk Reduction (PDRR) phase, the research and development stage of this program, getting ready to negotiate the next section of the international agreement. And I think overall, they haven't affected the execution of the present program in the process. Now we may need some adjustments as we go forward into the next phase of the program.

Senator STEVENS. This will require a contribution from all three countries to affect this newest phase?

General KADISH. That would be the hope, yes, Senator, so we can share some of the development costs with the partners that are enrolled. If I recall correctly, I think the cost share is somewhere in the neighborhood of 45 percent for our partners and 55 percent for us, so if we can really make this relationship work, we get a better deal from the overall cooperative program.

MDA TESTBED—KODIAK

Senator STEVENS. This is my last question. You made a comment about the Kodiak phase of this, that there would be no interceptors there, just the missiles to be tested, right?

General KADISH. Targets.

Senator STEVENS. The target missiles; is that right?

General KADISH. That's the current plan.

Senator STEVENS. Have you put a schedule out for that, so we will know in advance how many of those will be tested there?

General KADISH. I think we're working on the next 2 years, and we will get you that information.

[The information follows:]

KODIAK TARGETS SCHEDULE

Over the next two years, our current plan shows two tests using the Kodiak Launch Complex. A STARS target launch conducted as part of a GMD Integrated Flight Test in the 1st Qtr fiscal year 2004 and a STARS target launch conducted as part of a GMD Risk Reduction Flight in the 4th Qtr fiscal year 2004. On the first test the target will fly a trajectory towards Kwajalein. The second test will include a target flying a trajectory toward the open ocean area west of Vandenberg AFB.

Senator STEVENS. I was just wondering, how far out is it going, 2 years?

General KADISH. Right now we're working on the next 2 years with the follow-on program right after that.

Senator STEVENS. That's fiscal year 2004?

General KADISH. Fiscal years 2004 and 2005, and then we will work on the next 2-year process as soon as we get that.

Senator STEVENS. Again, I congratulate you. I share Senator Cochran's point of view that utilizing the testbed concept and having some missiles available, due to the tensions that exist in the North Pacific, is a very wise course to be on, and I congratulate you for it. You were ahead of the curve on that one.

Certainly with some of the developments taking place over there now, I just told Senator Inouye, I went home and talked to them about some of the things that have been going on, and our people are very worried about what's going on in North Korea, and we have every reason to worry about it.

But we look forward to perhaps getting a schedule, gentlemen, if you wish, right after we come back, if we could have a classified session, no hearing, just session where you might talk to the people here who are really concerned about the security phase of this, I would appreciate it.

General KADISH. I would be more than happy to, Senator.

Senator STEVENS. Senator Cochran, further questions?

THEATER HIGH ALTITUDE AIR DEFENSE (THAAD)

Senator COCHRAN. Thank you, Mr. Chairman, I do have a couple more questions. One is about the theater high altitude air defense program, which seemed to have gotten off to a pretty fast start, and there was some sense of urgency following the Gulf War that we needed this system. But it seems that it slowed down, and a fairly low risk schedule at this point seems to characterize the program. I wonder what your plans are for your next intercept test. I understand it's not scheduled until fiscal year 2005. Is that going to be a program that's going to go slower rather than faster?

General KADISH. I think, if I may take a crack at that first, I think some of the lessons we learned from that in what we call the PDRR phase in the latter part of the nineties, we took it to heart and as you know, the last two intercepts were very successful, gave us great confidence in proceeding with THAAD and the program.

The program we put together basically redesigned the missile and the processes involved within THAAD as well as some of the radar work to get a much more capable system than what we had been working on, even in the PDRR phase.

That flight test program was laid up, I guess we started that in the 2000 time frame, and we have been working real hard on that. And the first flight tests are still scheduled for late 2004, early 2005, with the first two tests of the missile being a non-intercept test.

And we believe that is exactly the right development approach for us to take and there are two reasons for that. One is that we're doing extensive ground testing right now at the component level so that we can wring out the quality and design flaws at the component level before we assemble them and then test them in these first two or three flight tests. The second reason why I think that's important is that if we are successful in doing what I just described, that I would have high confidence that our early intercept tests would all be successful. And under those conditions, we could move faster with the balance of the program than if we had failures in the overall sequence.

So, I'm expecting now that we are about 30 percent and climbing complete, almost 40 percent overall finished with this design phase, that we will have done the job that I described and we will set the foundation for success and that in the end, we will have made THAAD in a deployed configuration sooner than if he had tried to go faster. And I know that has been a major debate, but only time will tell if we were right about that.

Mr. CHRISTIE. I totally agree with that. I think we learned some harsh lessons, and in fact that's where the term rush to failure was coined in the description of some of the activities that we had underway in THAAD. As General Kadish says, we have backed up and are doing some component testing which have been successful recently, walking before we run and doing this right, so when we get to the actual flight tests of the system next year, the latter part of next year, we will have confidence and we will not encounter some of the problems that we had before.

SPACE TRACKING SURVEILLANCE SYSTEM (STSS)

General KADISH. And I would add one thing. If we add those successes early on, we will find it's taking major risks if we accelerate, and we feel that it is adequate.

Senator COCHRAN. Last year you restructured the Space Based InfraRed System (SBIRS) low program and renamed it STSS. What does that stand for?

General KADISH. Space tracking and surveillance system.

Senator COCHRAN. My question is, it seems to be a less ambitious program than the earlier version. Do you still think that you need to have these advanced tracking systems deployed in space, or are you rethinking that entirely?

General KADISH. I know we're rethinking the combination of sensors we have without the treaty now. We want to make sure that we have the best combination of sensors, and there is a major debate inside the community, if you will, over whether we should have space sensors or land-based or terrestrial-based radars, or a combination of things based on affordability reasons and a whole host of other catch phrases. In my view, that debate is not resolved yet, and the STSS program that we put together is designed to get us more data than just view graphs to base the decision on, and it is important for us to proceed in that regard.

So, we are rethinking the overall sensor requirements for a system without treaty restriction. What I see today does not dissuade me that we do not need to do—I should probably say that I am persuaded that the track we're on is the right track, and we need to get these systems better understood. And a fundamental issue around STSS is whether the long-wave infrared is the appropriate technology to use for that satellite, and we will answer that question with the STSS program.

Senator COCHRAN. Thank you.

Senator STEVENS. Senator Inouye?

Senator INOUE. Thank you very much.

MISSILE DEFENSE COUNTERMEASURES

Mr. Christie, some of the critics have suggested that very inexpensive countermeasures such as balloons or chaff can foil our very expensive missile defense systems. Are we testing more complex countermeasures and decoys?

Mr. CHRISTIE. As we go on with our flight tests, yes, we will, you know, address more complex countermeasures than we have in the past. You know, one has to step back and think, do these complex countermeasures, we have a difficult time building them ourselves, and we have to wonder what kinds of capabilities are really going to be there with the enemy's system. But yes, we do plan to get into more complex, more difficult countermeasures.

We, again, in the program or test flights that we've had to date, we were trying to demonstrate primarily the hit-to-kill capability, and we were using simple countermeasures to get some idea about the ability of the seeker to discriminate. And again, that was walk before you run, so some of the criticisms I think have been misplaced. You can't just jump in with a massive countermeasure to defeat the purpose of your original test, which was more technology

oriented. But as we go along with our flight tests, our present plan is to increase the complexity of the systems that we are targeting, yes.

MDA TEST SCHEDULE

Senator INOUE. So you're satisfied with your testing schedule?

Mr. CHRISTIE. Well, as a tester, one would always want to test more, but I understand and support the concepts of the plan that we have underway right now, and I think it's so important that we get this testbed in place in order to overcome some of the artificialities that we have had in our testing to date, which the critics have jumped on. This testbed will permit us to do far more realistic testing, not just in the context of countermeasures, but geometries, velocities that we talked about, crossing angles and other parameters that we need to be looking at in a more realistic fashion.

ADDITIONAL COMMITTEE QUESTIONS

Senator INOUE. Like my colleagues, I would like to tell you that I am very satisfied with the work your agency is doing, and I for one will be in favor of keeping your roles. But, as you know, my friend from Alaska and I do live in the Pacific, and we do get a little edgy once in a while. Thank you.

Senator STEVENS. Any more questions, Senator?

Senator COCHRAN. No, sir.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL RONALD T. KADISH

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

AGGRESSIVE TESTING SCHEDULE

Question. Thomas P. Christie, Director of Operational Test and Evaluation for the U.S. Department of Defense, cited the past tests lacked realistic positioned mid-course sensor to track incoming enemy missiles and variety in test intercept locations, and asserts more stringent and improved testing procedures are needed to ensure the success of the program.

Can you confirm that we have in fact embarked on an aggressive testing schedule that adequately addresses the real world intercept and decoy scenarios a missile defense system may face?

Answer. Yes, I can confirm that both the ground and flight testing that is planned for the BMDS system and its elements are aggressive and build in complexity, to include more realistic test geometries and more sophisticated countermeasures. One of the characteristics of the capabilities based approach is to take manageable steps toward the objective system, while learning how to improve performance and expand coverage based on its performance during earlier block testing. This is particularly important in an evolving threat environment.

AVAILABILITY OF A MATURE EFFECTIVE BMDS

Question. At our current rate of testing and development, when do you think we will have the technological maturity to fully field an effective missile defense system?

Answer. Since the state of threat technology continues to progress, we will have to continually improve BMDS performance and verify new capabilities through testing. This will include conducting tests against new, more challenging targets, and associated countermeasures. In this respect, technological maturation will continue even after full fielding is realized. If we successfully complete testing that is currently scheduled, I believe that we will improve the BMDS and, more importantly, our confidence in its performance, so that by the end of the decade we will have

a well-characterized capability that can be relied upon. It is more difficult to predict whether or not countermeasures designed to defeat the BMDs will keep pace with development.

BOOSTER ENHANCEMENTS FOR AEGIS

Question. Before deployment, the Sea and Ground Based Mid-Course segment will need to improve the effectiveness of the Standard Missile-3 (SM-3) to intercept ICBMs during the ascent phase of mid-course flight. To achieve this, the current SM-3 will need to be larger and faster than the current model used for testing.

Is the improved SM-3 ready for testing?

Answer. Because the Block 04 Aegis BMD is not intended to engage ICBMs, only SRBMs and MRBMs, no propulsion improvements to the SM-3 missile are currently planned. Consequently, readiness for testing becomes moot.

NO AEGIS BOOST PHASE CAPABILITY IN BLOCK 04

Question. If not, will any delay dramatically affect the capabilities of the Block 04 system the administration is looking to deploy?

Answer. The lack of an enhanced booster for the Aegis BMD system will not affect the capabilities of the Block 04 system. The role of Aegis in the Block 04 system will be to provide engagement capability against SRBMs and MRBMs, surveillance and tracking of long-range targets, automatic search and acquisition of a target from a cue provided by an external sensor, and limited ship self defense. The target cue provided by Aegis will be used by the Ground-based Midcourse element of the Testbed to launch ground-based interceptors at the threat. Subsequent block development will include the enhancements to the Aegis Weapon System for IRBM capability.

Question. The 2004 missile defense budget is seeking \$7.7 million for RDT&E (research, development, test and evaluation).

Given the high costs that have already been projected for RDT&E, based upon current research and success, what do you estimate the complete layered system will cost?

Answer. As directed by the President, we have a near-term architecture for a limited missile defense system. A capabilities-based architecture provides the flexibility to evolve the system over time in response to changes in threat and technology. Fielding opportunities occur throughout the development, starting with Block 2004. The cost of a "complete" system is unknowable at this time because the threat we may have to counter is unknowable. We're embarking on an affordable R&D program that fields modest capabilities in fiscal year 2004 and then improves them over time to keep pace with an evolving threat.

Question. The completed ballistic missile defense system will need to be an overlapping system-of-systems that is reliable, robust, capable of incorporating up-grade features as their feasibility is demonstrated, and able to engage threats at each stage of their employment-boost phase, midcourse, and terminal. The President requested to have a missile defense system in place by fiscal year 2004 and the implementation of a final overlapping system-of-systems by fiscal year 2010.

Based on the current success of the program, do you believe that this milestone will be met?

Answer. We have an aggressive RDT&E program that is on track to develop a set of missile defense capabilities for initial defensive operations in fiscal year 2004. Our recent testing and analysis gives us confidence in responding to the President's December direction to deploy an initial capability, and we will continue robust RDT&E to build on that initial capability in an evolutionary manner to keep pace with emerging threats and technological advances.

Question. In the fiscal year 2004 budget request, there was a request for an exemption of further operational testing of the ballistic missile defense system. In March, the Undersecretary of Defense, Edward Aldridge announced, "It was not our intent to waive operational testing."

If the intent was not to exempt testing prior to fielding the weapon system, what was the purpose of the exemption request?

Answer. The question refers to proposed section 8061, which read in full:

"Sec. 8061. Funds available to the Department of Defense under the heading, 'Research, Development, Test and Evaluation, Defense-Wide' may be used to develop and field an initial set of missile defense capabilities, and such fielding shall be considered to be system development and demonstration for purposes of any law governing the development and production of a major defense acquisition program. The initial set of missile defense capabilities is defined as 'Block 04' Ballistic Missile Defense system fielded in fiscal year 2004 and 2005. Subsequent blocks of missile de-

fense capabilities shall be subject to existing laws governing development and production of major defense acquisition programs.”

This was not drafted to waive operational testing, as the fielded developmental items will continue to be tested. However, we understand concerns that the language “and such fielding shall be considered to be system development and demonstration for purposes of any law” would have that effect, and agree to delete it and all that follows.

Question. Does testing under the guidelines of the Director of Operational Testing and Evaluation negatively impact the program?

Answer. No, the program is not negatively impacted by DOT&E testing guidelines. MDA and DOT&E have established an effective working relationship. DOT&E is a member of the Missile Defense Support Group and provides testing advice to the Director, MDA and to USD (AT&L). Additionally, DOT&E produces a congressionally directed annual report on the status and effectiveness of the MDA test program.

Question. What is the current MDA position on this request?

Answer. MDA supports striking all after “capabilities”, so that Sec. 8061 will read as follows: “Funds available to the Department of Defense under the heading, ‘Research, Development, Test and Evaluation, Defense-Wide’ may be used to develop and field an initial set of missile defense capabilities.”

QUESTIONS SUBMITTED TO THOMAS P. CHRISTIE

QUESTION SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. Is the Theater High Altitude Area Defense program experiencing a shortfall in funding that will delay the program’s progress? If so, please explain your plan to remedy the situation.

Answer. The THAAD program is not experiencing a shortfall in funding that would delay the program’s progress. The THAAD element just completed a program re-plan that provides for the most efficient use of resources, the most effective program schedule, and realigns the flight tests for a balanced program. The program is progressing well in Block 04 and executing on plan to initiate Block 04 flight-testing with first flight in 4QFY 2004, followed by four additional flight tests to be conducted before the end of Block 04 (December 2005). The THAAD program is currently engaged in intensive piece part, assembly, and component ground testing to assure Block 04 flight test success.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

Question. Mr. Christie, in your statement, you mentioned your initial assessment (annual review) concluding the GMD (Ground-based Midcourse Defense) element of the BMDS has not yet demonstrated operational capability is based on the fact that many essential components of the GMD element have not yet been built.

What are these components?

Answer. Booster motors, sea-based radar (x-band), missile silo complex at Fort Greely and Vandenberg.

Question. Are any of these components scheduled for procurement at a later block?

Answer. *Booster motors.*—Booster motors that are currently under development will be used for the Block 2004 Test Bed and initial defensive operational capability. Testing of the OSC and BV+ boosters is a high priority for MDA, and there will be four flight tests (two booster verification flights and two integrated flight tests with simulated intercepts) during the rest of this fiscal year.

SBX.—The SBX is planned to be added to Block 2004 at the end of 2005.

Missile silo complex at Fort Greely and VAFB.—The silos at Fort Greely are currently under construction as part of the Block 2004 initial GMD parts of the BMDS Test Bed and IDO capability. The additional silos at VAFB will be renovated to support Block 2004 IDO.

Question. When should we expect the essential components to be fielded?

Answer. *Booster motors.*—Booster motors will be fielded in the initial defensive operational capability no later than September 30, 2004.

SBX.—The SBX is planned to be added to Block 2004 at the end of 2005.

Missile silo complex at Fort Greely and VAFB.—Six silos at Fort Greely and four at VAFB will be a part of the initial defensive operations capability fielded in 2004.

Question. When will the MDS be accurately tested for operational capability?

Answer. With the President's decision to field an initial set of missile defense capabilities, we now have a clear, basic, near-term architecture for a limited system to address a range of missile threats. The initial testbed will be used to test maturing BMD systems as they become available to evaluate the operational capability of the system.

Current testing of the Ground-Based Midcourse Defense (GMD) Element developmental prototype is structured as combined Developmental Testing/Operational Testing (DT/OT), occurring in a Combined Test Force (CTF) environment. A CTF environment brings together developmental and operational testers from both the prime contractor team and the government in a common forum to plan and execute all testing in accordance with combined DT and OT objectives to the maximum extent practicable. Because GMD is an evolutionary development, at designated intervals this process culminates in BMD Elements characterization, performed by the Operational Test Agencies (OTAs), i.e., Army Test and Evaluation Command (ATEC), Air Force Operational Test and Evaluation Center (AFOTEC), and Joint Interoperability Test Command (JITC).

The Aegis Ballistic Missile Defense Program has a Memorandum of Agreement with Commander, Operational Test and Evaluation Force (COMOPTEVFOR), the Navy's OTA, to participate in the planning and observe all Aegis BMD Block 04 testing. Within 60 days of the conclusion of each test, COMOPTEVFOR provides a "Letter of Observation" which provides formal OTA feedback regarding system performance to the Program Director, Aegis BMD. COMOPTEVFOR's recommendations are then considered and, if possible, implemented in subsequent testing. Flight Mission 9, which is currently the last test of the Aegis BMD Block 04 program, is currently being planned as a combined DT/OT in that COMOPTEVFOR will conduct a formal Operational Assessment of the system.

Current planning efforts for Initial Defensive Operations (IDO), scheduled to be in place on September 30, 2004, include the identification of test objectives based upon element interoperability; Command and Control, Battle Management, and Communication (C²BMC); Engagement sequences, and Warfighter operational control issues. These will be overlayed onto GMD and Aegis BMD element tests scheduled between now and IDO that will afford an opportunity for an operational assessment of BMDS Initial Defensive Capability (IDC). Tests will be conducted in the BMDS Test Bed with operational configurations and user participation.

Question. Mr. Christie, if the initial fielding of the BMDS is to develop a testbed for further research and not employ an actual defense system, wouldn't it be more cost effective to complete the testing under the initial fielding, with minimum missiles, than to field the budget request and have to go back later to retrofit?

Answer. Before the President's December decision to deploy a missile defense, the fiscal year 2003 President's Budget reflected the development of a set of test bed capabilities that could be made operational. The fiscal year 2004 President's Budget I, based on the President's direction, asks Congress to authorize and appropriate funds to allow us to add to this test bed and make it operational in 2004. Therefore, instead of building a test bed that might be used operationally, we are fielding an initial defensive capability that we will continue to test.

There is tremendous benefit to fielding this unprecedented technology, in manageable increments, to provide some defense, to learn more about it, gain experience with it, and improve it over time. To achieve this benefit for MDA and our warfighters, we must have the assets and infrastructure in the field if we are going to begin to test the system under operationally realistic conditions. If we do not have the weapons and sensors fielded at operationally useful locations, we cannot realize these benefits and ensure the integrated system works in a useful manner for our military.

Additionally, there is historical precedence in this approach as evidenced with development of our first reconnaissance satellites and land- and sea-based ballistic missiles. Urgent national security requirements pressed us to deploy capability soon, and through trial and error we did. The parallels between these pioneering programs and the missile defense program are clear.

Our test bed evolutionary approach to initial defensive capability is rational from a cost standpoint as well. We do not now have adequate understanding of our long-term architecture to submit a budget for many tens of billions of dollars, and we don't need to submit such a budget to achieve our goals in the interim. We are able to purchase and field capabilities in small numbers and this approach will allow us to control costs and mitigate the requirement for retrofitting.

Finally, we have to strike a balance between our desire for perfection in missile defenses that we deploy, and our desire to have, as soon as possible, some defensive capability where none exists today.

SUBCOMMITTEE RECESS

Senator STEVENS. Thank you very much, General Kadish and Mr. Christie. We appreciate you being with us this morning and look forward to you talking to us after the recess.

The subcommittee will next meet on April 30 for the defense medical program hearing. Thank you very much.

[Whereupon, at 11:17 a.m., Wednesday, April 9, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, April 30.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2004

WEDNESDAY, APRIL 30, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 11 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.
Present: Senators Stevens and Inouye.

DEPARTMENT OF DEFENSE

MEDICAL PROGRAMS

STATEMENT OF LIEUTENANT GENERAL JAMES B. PEAKE, SURGEON GENERAL, UNITED STATES ARMY

OPENING STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. Just to advise the chairman of the committee, I have just been advised Chairman Stevens is at the White House meeting with the President. He will be slightly delayed, so in his behalf I'd like to welcome you to our hearing this morning to review the Department of Defense (DOD) medical programs, facilities and the health program.

As you know, under the chairman's leadership, this subcommittee has a long history of supporting and protecting the medical needs of our military. As our soldiers, Marines, airmen, and sailors are deployed in harm's way, our military health system is vitally important. We have all been captivated by the scenes displayed on television 24 hours a day, enabling the public to witness our military in action.

What we do not see is the entire force health protection. Our military health care covers all the bases from the TRICARE program, medical treatment facilities, predeployment physicals, medics and field hospitals to the continued monitoring of our military personnel in the field and after they return. These all are essential pieces to the health of our military.

Over 24,000 medical personnel have been deployed in support of Operation Noble Eagle and Enduring Freedom and Iraqi Freedom. Unfortunately, the services have been granted limited authority to backfill those positions, and cannot afford to contract all the additional support that is needed. In order to address some of these shortfalls, Congress provided additional funding in the fiscal year

2003 supplemental appropriations for the medical treatment facilities and care for the service members and their families at home.

At this morning's hearing, I hope the committee will hear how the fiscal year 2004 budget request addresses our medical treatment facilities, and our medical care, and how we do deal with the potential gap in resources if the current OPTEMPO remains as high during fiscal year 2004. And so we look forward to a frank and open discussion this morning with our panels.

In particular, we will want to look into the status of the next generation contracts for TRICARE, our force health protection system, optimization, and the rising costs of health care, among others. I'd like to thank our chairman for continuing to hold hearings on these issues, which are very important to our military and their families.

If I may, I'd like to call upon the first witness, Lieutenant General James Peake, Surgeon General for the United States Army.

General PEAKE. It is an honor to represent Army medicine before you today. Once again, it is the support of this committee that it has given to the care of soldiers and their families, support of the committee for military medical infrastructure to train the medical force, their research over an extended period of time that really has allowed us to field items like advanced skin protectant, or chem/bio protective systems for medical units, or vaccines to protect the soldiers, or for hemostatic dressings.

That support has paid off for the men and women injured and wounded in the service to their nation. Wounded soldiers have been treated far forward with surgical teams that we really didn't have during Desert Shield, Desert Storm. They moved rapidly back through our combat support hospitals, now modularly configured hospitals. They flew back on Blackhawk medevac helicopter fleet, not the old UH-1s, military helicopters, including the UH60 Limas with specially designed patient care compartments facilitating in route care.

Our soldiers have been strategically evacuated with critical care teams back to Landstuhl or Rota. I had the honor of pinning a Purple Heart on one of our noncommissioned officers at the burn unit at Fort Sam Houston last week. Both arms were outstretched with fresh skin grafts. The burns on his face were extensive and covered with silvadene cream which had its genesis from the burn research unit in years past.

He told me about each of his men, and he told me about the tremendous care that he received as he and they moved back from the theater of operations on Army hospitals on the U.S.N.S. *Comfort* back to Landstuhl, and at the burn unit.

I can tell you that the soldiers with me that were taking care of him stood taller as he related the story to us.

That burn unit is another story. It is an institute for surgical research working not only on burns, but on the physiology of injury. It is where some of the work on hemostatic bandages is going on now, where we have done key studies on orthopedic consequences of land mines. There they deal with trauma every day as part of the Trauma Consortium in San Antonio. It is commanded by Colonel John Holcomb, a trauma surgeon with our special operations forces in Somalia during Blackhawk Down.

The issue is key people at the right places who understand not only the environment in which we work, but the bonds of soldiers in combat. Key people in the right places like the Ranger doc whose hand of Private First Class (PFC) Lynch would not let go of during her rescue, medics at the tip of the spear.

At Walter Reed, our land mine center of excellence is a strong partnership with the Veterans Administration as we look at the long-term care and leveraging the very best care across the country. As we do all of this, military medicine is resetting the TRICARE contract, looking to improve the service we give with fewer regions, with some functions returning to the direct care system in 2004 with the national pharmacy coverage, to improve portability and all of that is important to taking care of our soldiers, but also in keeping a full and rewarding practice for those doctors that are in Iraq today taking care of patients.

It is fundamental to our medical readiness and medical retention. Our joint training programs at places like Walter Reed and Wilford Hall and San Diego are the force generators of our medical force of the future. The care we give in such places as the 121 Hospital in Korea or Fort Irwin or Fort Polk or on a distant battlefield is linked to the quality base that those centers provide.

As always, this committee's support for keeping the full spectrum of military medicine of a quality befitting our soldiers, sir, and their families, is appreciated by all of us here and by those across the world serving our Nation.

Things as important and as big as the things we talked about, things as important as being able to purchase clothing for our soldiers as they are evacuated back from military treatment facilities or the authority recently authorized in the supplemental in that allow military families to see their patients that are in military treatment facilities (MTFs), and for us to be able to facilitate that. And so for the little things, sir, and the big things, we thank you for your support and the chance to be with you today.

PREPARED STATEMENT

Senator INOUE. I thank you very much, General Peake. May I now call on Vice Admiral Michael Cowan, Surgeon General of the Navy.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL JAMES B. PEAKE

Mr. Chairman and Members of the Committee, I am Lieutenant General James B. Peake. I thank you for this opportunity to appear again in front of your committee. This is my third time before you as the Army Surgeon General and each time it has been a different environment of challenges. Each has underscored the importance of Army Medicine specifically and military medicine in general.

All around the world, Army medical personnel are serving in splendid fashion to carry out our mission of supporting America's Army as it defends freedom.

That a soldier could be severely wounded in Afghanistan on a Monday and on Saturday night be at Walter Reed Army Medical Center in Washington, D.C., telling me of his care at the forward surgical team in Afghanistan, his movement to the combat support hospital in Uzbekistan; the transit through the Air Force facility at Inckerlick, Turkey, and the operation he got at Landstuhl, Germany—all in less than a week—is nothing short of miraculous.

The Army fighting for freedom in Iraq has confidence in its medical support. While we help carry out national policy in that arena, we also carry on other missions. We are providing quality medical assistance in over 20 countries today. Med-

ics are helping keep the peace in the Balkans, standing guard in Korea and Europe, supporting anti-terrorist efforts in the Philippines, training on medical assistance missions in Central America and supporting assistance missions in Africa.

We made visible progress in the past year transforming our field medics into the new 91W Healthcare Specialist Military Occupational Specialty. I am frankly excited at the increase in emphasis on medical skills that can mean the difference between life and death for a soldier on the battlefield.

To continue this success between the garrison and field units is paramount. Visiting the 25th Infantry Division in Hawaii, I walked the lanes for combined Expert Infantry and Expert Field Medical Badge testing. It reaffirms the unique link that we in the Army Medical Department (AMEDD) have with those who close with and destroy the enemy, and underscores the need to hone medical skills as we are doing with the 91W program.

This marriage between garrison and field operations is also where we need to go for the longitudinal, digital record of patient care. We are not where we need to be, but we have an exciting axis of advance with CHCS (Composite Health Care System) II and the linkage with the corresponding theater system, CHCS II (T). I am anxious to see the Stryker Brigade at Fort Lewis demonstrate the use of the hand held input devices at the level of the medic, in garrison or in the field. This device digitizes the key information of the patient encounter at the first level of care and will follow that patient, ensuring that vital information is archived and longitudinally available, to enhance his or her care wherever in our system he receives his follow on care. Resourcing this transformational process will create the model for health care across the nation.

We have transformed 28 percent of Corps and Echelon Above Corps medical force structure through the Medical Reengineering Initiative (MRI). The transformed units promote scalability through easily tailored capabilities-based packages that result in improved tactical mobility, a reduced footprint and an increased modularity for flexible task organization.

MRI supports the Army Legacy and Interim Forces and is the organizational "bridge" to the Objective Medical Force. MRI enables supported Army, Joint Force, Interagency and Multinational leaders to choose among augmentation packages that result in rapid synchronization of enabling medical capabilities.

Within the Army Reserve, this force structure results in improved personnel readiness due to reduced personnel requirements. It also improves the average age of Army Reserve hospital equipment sets, due to redistribution of newer sets against reduced requirements. We must keep moving along this path to improved responsiveness.

Medical Research and Materiel Command is making great progress in equipping medics to serve with the transformed Army of the future on expanded, technology-dense, rapidly-changing battlefields.

Some of the recent initiatives include:

- The Forward Deployable Digital Medical Treatment Facility, a research platform to develop lighter, more mobile field hospitals using new shelters and technology. Plans are for two to four soldiers to be able to carry and set up a tent and all the equipment in it. The facility will include a wireless local area network and a communication system interoperable with the Warfighter Information Network architecture.
- Portable oxygen generators to avoid the necessity of transporting numerous 150-pound canisters of oxygen to field medical units. We have already seen the value of this as we prototyped into Afghanistan.
- The Telemedicine and Advanced Technology Research Center is exploring how personal digital assistants can be used to improve medical record keeping, give providers instant access to medical information and patient histories, alert providers of lab results, speed the flow of information and shorten the time medics on the battlefield must spend filling out forms. One deploying brigade has been outfitted with a prototype of an electronic "dog tag" to make sure we understand how this might change our business practice and improve our record keeping in the ground combat scenario.
- The U.S. Army Medical Materiel Development Activity and Meridian Medical Technologies developed an improved autoinjector for nerve-agent treatment shots, which was approved by the Food and Drug Administration last year. The injector allows a soldier to inject atropine and 2 pralidoxime chloride through the same needle. Compared to older equipment, it will take up less space, is easier to carry, easier to use and puts the drugs to work faster.

The Interim Brigade Combat Teams are beginning to receive the first Stryker Medical Evacuation Vehicles. With a top speed of 60 miles an hour, this armored ambulance will be able to keep up with the fight. It can carry four litter patients

or six ambulatory patients, and allows basic medical care to be provided during transport. The excitement is palpable in our young soldiers who have had their first hands on experience with this vehicle. They see it designed with enroute care in mind; a medical vehicle that can keep up with the force, share a common, maintainable platform, and link to the common operating picture with those they support.

The deadly potential of chemical, biological, radiological, nuclear or high-yield explosive (CBRNE) weapons has been known for centuries, but never before has the threat seemed as evident or as imminent.

This history underscores the importance of the medical system as the front line of defense. In the past year we have emphasized the training of all Army Medical Department (AMEDD) personnel to ensure we have the edge when it comes to responding to the threat of terrorism using CBRNE weapons. The Army Medical Department Center and School has prepared exportable, tailored and scalable courses for use at medical treatment facilities; it is addressing CBRNE in every short and long course; and addressing CBRNE casualties in every ARTEP (Army Training and Evaluation Program) unit testing program.

Among the course changes:

- AMEDD soldiers common skills.*—In addition to long-established NBC defense skills and buddy aid, all AMEDD soldiers get CBRNE orientation and patient decontamination training.
- Advanced Individual Training and functional courses.*—Military specialty training courses and specialized skill courses have incorporated specialty-specific CBRNE instruction, including both classroom and field exercise segments.
- Leadership courses.*—These now include basic, intermediate or advanced Homeland Security classes including information about the Federal Response Plan, the Army's CBRNE role and leader skills required by the audience.
- Primary Care courses.*—Army medics are learning CBRNE first-responder skills. CBRNE training for physicians, nurses, physician assistants and dentists is part of officer basic training. "Gold standard" courses, such as the Medical Management of Chemical and Biological Casualties, and Medical Effects of Ionizing Radiation, are being incorporated into physician/physician assistant lifecycle training plans.
- Postgraduate Professional Short Course Program (PPSCP).*—These courses now embody course-specific CBRNE training, plus a Web-based "Introduction to CBRNE" review that is now a prerequisite for PPSCP enrollment. The interactive program is available at www.swankhealth.com/cbrne.htm. It provides both narration and text, with additional details available at the click of a mouse. It includes a history of CBRNE incidents, the nature of the terrorist threat, descriptions of agents and symptoms, a glossary of terms and links for additional information.

Our AMEDD Center & School is also developing and disseminating exportable products, including emergency-room training materials; a SMART (Special Medical Augmentation Response Team) training package; a CBRNE mass-casualty exercise program for medical treatment facilities; ARTEP tests that embody CBRNE challenges; and proficiency testing materials.

A three-day CBRNE Trainer/Controller course was held in San Antonio, Texas. It brought in 226 people from all Army medical treatment facilities—including caregivers and officials charged with planning emergency-response plans. The audience was schooled on both clinical aspects of managing CBRNE casualties and the organizational aspects of managing CBRNE mass-casualty emergencies. Attendees went home with materials they can use to deliver CBRNE instruction to their colleagues, guidance for developing CBRNE emergency plans that meet Joint Commission on Accreditation of Healthcare Organizations standards; and scenarios and evaluation guidelines for CBRNE exercises.

Planners at the U.S. Army Medical Command have drafted formal guidance to medical treatment facilities for planning, training and preparing to support their installations, communities and regions during CBRNE incidents. They are aggressively pursuing links with other commands and civilian agencies to smooth the processes of communication, synchronization, coordination and integration needed to support the Federal Response Plan.

We have organized Special Medical Augmentation Response Teams (SMART) to deliver a small number of highly-skilled specialists within hours to evaluate a situation, provide advice to local authorities and organize military resources to support response to a disaster or terrorist act. These teams, located at Medical Command regions and subordinate commands throughout the country, have critical expertise in nuclear, biological and chemical casualties; aeromedical isolation and evacuation; trauma and critical care; burn treatment; preventive medicine; medical command,

control, communications and telemedicine systems; health facilities construction; veterinary support; stress management; and pastoral care.

These teams are organized, equipped, trained and ready to deploy within 12 hours of notice. Their capabilities were demonstrated last year when seven members from Tripler Army Medical Center deployed from Hawaii to the Pacific island of Chuuk to assist residents injured during a typhoon.

Last year patient decontamination equipment was fielded to 23 medical treatment facilities with emergency rooms, and personnel have been trained in its use. With this equipment, up to 20 ambulatory patients an hour can be decontaminated. Another 33 MTFs will be similarly equipped during the current fiscal year.

We also purchased 1,355 sets of personal protection equipment for emergency responders and SMART team members; and 11 chemical detector devices for selected medical centers and the SMART-NBC.

We are partners with the Centers for Disease Control and Prevention in the Laboratory Response Network, which is augmenting a regional system of reference labs to quickly test and identify suspected pathogenic agents like anthrax. The AMEDD is designing seven high-containment Biosafety Level 3 labs—five in the continental United States, one in Hawaii and one in support of our Forces in Seoul, Korea. Construction is scheduled to begin in September.

The U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID) at Fort Detrick, Md., is a great national resource of expertise on dealing with dangerous diseases, whether natural outbreaks or the result of biological warfare. When anthrax-laced letters were sent through the mail in 2001, USAMRIID geared up for a phenomenal effort to analyze thousands of samples collected from possibly-exposed sites, looking for the deadly bacterium. They continue to assist law enforcement agencies attempting to identify the criminal responsible for these acts of terrorism.

USAMRIID now is partnering with the National Institute of Allergy and Infectious Diseases (NIAID) at Fort Detrick on biodefense-related diagnostics, drugs and vaccine research. This effort will marshal research capabilities while leveraging resources in response to the nation's changing needs and builds on a long, productive relationship in collaborative research.

Addressing these changing needs required additional research infrastructure. USAMRIID is planning to expand its current facilities and continue its mission of research on drugs, vaccines and diagnostics to safeguard the health of the nation's armed forces. NIAID is set to construct an integrated research laboratory to implement its complementary mission of conducting biodefense research to protect the public health. The new facilities will house biosafety laboratories comprised of Biosafety Level 2, 3 and 4 areas.

USAMRIID and NIAID have been joined by representatives from the Department of Homeland Security, the Department of Agriculture and other federal agencies to lay the groundwork for an Interagency Biodefense Campus at Fort Detrick. The interagency campus takes advantage of existing infrastructure and security at Fort Detrick to promote potential sharing of facilities and leveraging of intellectual capital among federal researchers studying disease-causing microbes that may be used as agents of bioterrorism. Construction is expected to take place over the next several years.

While all this is going on, we still have a mission of operating hospitals and clinics, providing day-to-day health care for our beneficiaries. Last year we began providing care under TRICARE For Life, and we are preparing for a new generation of TRICARE contracts.

It seems one cannot open a newspaper or a magazine without reading about the soaring cost of health care; about the escalating malpractice crisis that is driving physicians to leave the practice of medicine; about the increasing cost shifting from employer to individual; about the restrictive practices that third-party payers impose to be able to profit and survive in this market.

We in Army Medicine coexist in that world of health-care costs. But we continue to place our patients first, whether we are talking about families, retirees or soldiers on point. The ability to respond to warfighters, providing care from forward surgical teams to combat support hospitals, depends on the quality base of our direct-care system.

We are in the era of accountability—for efficiency as well as outcomes and quality. We have adopted a business case approach to justifying requirements that has established credibility for our efforts.

Metrics show improvement in medical board processing, operating-room backlogs and cancellation rates. Routine things like officer and NCO efficiency report timeliness; travel card payment and data quality show positive trends. Both Congress and the GAO have cited the AMEDD as a leader in health facility planning and lifecycle management.

Recently we presented the second annual Excalibur Awards, recognizing excellent performance by AMEDD units and providing an opportunity to share information and stimulate improvements. The medical activity at Fort Hood, Texas; the AMEDD Center and School at Fort Sam Houston, Texas; the 82nd Airborne Division at Fort Bragg, N.C.; and the Kentucky Army National Guard's 1163rd Area Support Medical Company were recognized for initiatives in management of patients with resource-intensive medical conditions, use of satellite communications for extended learning, and innovative approaches to 91W training.

I am confident that the restructuring of the new TRICARE contracts will lead to smoother business processes and better fiscal accountability across the Military Health System. The reduction in contract regions will have a direct effect on the portability issue, as will the national carve-out for pharmacy services. All of this is an important component of our ability to keep faith with the promise of health care for those serving and those who have served. But the TRICARE Contracts are only a component. The heart of our ability to project the right medical force with and for those we put in harm's way comes from our Direct Care base. The quality of the training programs, the focus on the unique community of soldiers with their world wide movement in support of our National Military Strategy, understanding unique stresses and strains on their families, the trust and confidence engendered by customer focused quality care is a force multiplier for the service member and the insurance for quality care on the battlefield. General Shinseki has established THE Army as our standard. It underscores the tremendous importance of our Reserve Components. The importance of the interplay with the direct care system of these Twice-the-Citizen Medical Soldiers cannot be overstated. The current tempo of this Global War on Terrorism could not be sustained without them. The continuity of our system with consistent care and in the familiar medical environment—"Institutional Continuity of Care" even if their usual doctor is deployed is important and a constant in a disrupted life. It is our dedicated reservists who train to this mission, and to whom we turn to sustain the care and continue the quality of our training programs that are feeding the force for the next battles in this Global War on Terrorism.

We looked closely at the lessons of Desert Storm and Desert Shield on the use of our Reserve medical force and have implemented 90-day rotation to minimize the impact on the home communities and to reduce the potential for unrecoverable financial hardships. We have made extensive use of Derivative Unit Identification codes that allow us to identify and only mobilize the exact skill sets that we need in the minimum numbers to sustain the mission and targeting them specifically to the location where they are needed. This is in contrast to the wholesale mobilization of these units and later sorting out where and how they might be best used. Many Medical professionals want the opportunity to serve their country. These policies and procedures will enable them to stay with us in the Reserves and contribute to this important mission.

We appreciate the support from this committee to improve the medical readiness of the Reserve components and their families. The Federal Strategic Health Alliance (FEDS-Heal) program is improving our visibility of their health care needs and the potential for allowing dental care during the annual training periods using FEDS-Heal would be a step towards improved readiness.

The level of quality, the ingenuity, the leadership of our noncommissioned officers, the flexibility and agility of leaders at all levels meeting the unique demands of each mission, tailoring the capabilities packages as missions demand—all make me proud of our AMEDD. It is the kind of "quiet professionalism"—as it was described by a senior line commander—that will assure our success in supporting the force as we continue to root out terrorism.

All that I have highlighted reinforces our integration into tenets of General Shinseki's transformation strategy. One can only speculate on what this new year of 2003 might bring—where we in the Army Medical Department might find ourselves committed around the globe. However, one can confidently predict that wherever we find ourselves, we will be caring for soldiers and soldiers' families with excellence and compassion.

I would like to thank this Committee for your continued commitment and support to quality care for our soldiers and to the readiness of our medical forces.

STATEMENT OF VICE ADMIRAL MICHAEL L. COWAN, SURGEON GENERAL OF THE NAVY

Admiral COWAN. Thank you, Senator Inouye. I'm also pleased to be here to be able to share Navy medicine's activity and our plans for the future. At this time foremost on all of our minds is the U.S.

global war on terrorism and military efforts in Iraq even as they wind down.

As the men and women of the Navy and Marine Corps go in harm's way, I take special pride in the men and women of Navy medicine who are present with them on the front lines throughout the theater of operations and back home providing health protection.

A Marine general eloquently summed all of this up by saying "no Marine ever took a hill out of the sight of a Navy corpsman." As we move into this new millennium, we are likely to be continued to be challenged by a growing variety of worldwide contingencies. Deployable medical assets might have the capability to respond to various missions. Today we are more flexible than yesterday.

Our new forward resuscitative surgical systems and the expeditionary fleet hospitals that General Peake alluded to in the Army have proven their unique life and limb saving value in Operation Iraqi Freedom. I have been unable to document a single case of anyone entering our health care system who is more than an hour between the time he was wounded in battle and first received resuscitative care.

Our wounded patients at Bethesda tell me about these rapid response of the first responders tending to them instantly and timely, and of the lifesaving surgical care nearby. Further, it is not just casualty response that has improved.

The net of environmental and weapons of mass destruction protection that surround our deployed forces is unparalleled in military history. Through military medical research and development programs, we continue to develop and to field new lifesaving products, practices and policies for the best of force health protection.

As only one example, individual Marines deployed to Iraq were equipped with a new clotting accelerator called Quick Clot. It is a bandage that with one hand a wounded Marine can open and administer immediately and effectively stemming hemorrhage before the arrival of any health care professionals.

Navy medicine cares not just for deployed sailors and Marines, but also for their families and our retired beneficiaries. All of these responsibilities are carried out through our mission of force health protection which consists of four key components. That is first fielding a healthy and fit force.

Second, deploying them to protect against all possible hazards; third, providing world-class restorative care for sickness or injury on the battlefield, while at the same time caring for those who remain at home and providing health care for our retirees and their families.

To serve these diverse needs, Navy medicine has made substantial investments to become family centered. We believe that promotion of the health and welfare of the entire family is paramount to the health of the service member.

Furthermore, for active duty members and their families, health care is a key quality of life factor affecting both morale and retention, and that is why I say with no sense of irony that family centered services such as perinatal care—having a baby—are readiness and retention issues. One might think that combat support and having babies are worlds apart, but they are not. Our warriors

love their families and cannot be distracted by unnecessary concerns for family's health.

We understand that, and are dedicated to being there for all the health needs of the entire family. Accordingly, military medicine has moved away from being a system that provided periodic and reactive health care to one whose portfolio is invested in health promotion, disease prevention and family centered care. With our sister services and TRICARE partners, we are dedicated to meeting all the needs of all of our patients in every way.

Finally, I would note that the global war on terrorism has been a watershed for military medicine, as well as for American medicine in general. The aftermath of the terrorist attacks of 2001 have revealed that Americans are vulnerable in our homeland and that the very nature of threats against us has changed. We understand conventional violence. We now must understand chemical violence.

We understand germs as disease. We now must understand germs as a weapon. We understand protecting our citizens by fighting our Nation's battles overseas, we now must understand protecting them in their own homes. Over the months and years to come, America's medical and public health infrastructures will evolve to become a defensive weapons systems in ways never before imagined.

In partnership with the Nation's medical agencies, military medicine will play a vital part in that defensive shield against biological, radioactive, and chemical weapons and will serve our Nation well in these uncertain times. I'll end my opening remarks by saying I still wear the cloth of my Nation for 30 years and one of the reasons I do this is the privilege to associate with some of the finest men and women this Nation has ever produced.

I was speaking to a corpsman in Bethesda, who lost his foot to a land mine while running to tend to a wounded Marine. When he appeared somewhat sad, he was consoled that certainly the loss of a foot would affect anyone that way, to which he responded, "No, sir, that is just a foot. In fact, I have another one. What I'm worried about is that I do not know who's taking care of my Marines."

PREPARED STATEMENT

We can be proud of all of them, Army, Navy and Air Force as they serve in homeland and abroad and it is an honor to serve them. Thank you, sir. Thank you, Chairman Stevens.

[The statement follows:]

PREPARED STATEMENT OF VICE ADMIRAL MICHAEL L. COWAN

This has been a challenging and rewarding year for the Navy Medical Department. We have successfully responded to many challenges placed before us, and we continue to face a period of unprecedented change.

For Navy Medicine, it meant changing our very being and even our motto from Charlie-Golf-One, which means in naval signal flag vernacular "standing by, ready to assist" to Charlie-Papa, "steaming to assist," deploying with Sailors and Marines who will go in harm's way, taking care of the full spectrum of world events from peacemaking to major regional conflicts.

It has been a decade of uncertainty, and what has emerged from the confusion and uncertainty is the ascendancy of enemies who know our military superiority, yet won't allow it to dampen their ardor to harm us and influence our power, prestige, economy, and values.

Our enemies have struck with tools that are seemingly effective: global terrorism and asymmetrical warfare. During the years of the Cold War, America's paradigm was to train and prepare for war in safe homeland bases in our country that were protected by two large bodies of water. We defended the citizens of the United States by fighting our wars overseas. But these enemies have successfully brought the war to our backyard. Now the challenge is how to also protect the citizens of the United States in their own homes.

FORCE HEALTH PROTECTION

The primary focus of Navy Medicine is Force Health Protection. We have moved from "periodic episodic healthcare" and the intervention and treatment of disease to population health and prevention and the maintenance and protection of health. This doesn't, however, change the physiological deterioration of the human body when pierced by a bullet. Medical support services are more essential than ever since those fewer numbers have greater responsibilities within the battle space. Take these complexities, and translate them into providing good medicine in bad places over great distances and the challenge become even more daunting. Yet one thing is certain—no organization in the world provides healthcare from the foxhole to the ivory tower the way Navy Medicine does.

Force health protection can be summed up in four categories: First, preparing a healthy and fit force that can go anywhere and accomplish any mission that the defense of the nation requires of them. Second, go with them to protect our men and women in uniform from the hazards of the battlefield. Third, restore health, whenever protection fails, while also providing world-class health care for their families back home. And fourth, help a grateful nation thank our retired warriors with TRICARE for Life. Navy Medicine has to make all those things work; and they have to be in balance. Any one individual may only see a bit of this large and complex organization. But if each of us does our part right, we end up with force health protection.

To ensure its ability to execute its force health protection mission under any circumstances, Navy Medicine has executed multiple initiatives to ensure optimal preparedness, which includes establishing a Navy Medicine Office of Homeland Security. The office is fully operational and has executed an aggressive strategic plan to ensure highest emergency preparedness in our military treatment facilities (MTFs). Its accomplishments include:

Execution of an MTF Disaster Preparedness Assist Visit Program.—The Navy Medicine Office of Homeland Security crafted a multi-pronged assist visit program to strengthen preparedness in Navy MTFs. A team of homeland security experts is visiting each MTF between November 2002 and April 2004 to conduct a unique program known as "Disaster Preparedness, Vulnerability Analysis, Training and Exercise" (DVATEX). Through this activity, each facility receives a hazard vulnerability analysis to identify where they may be vulnerable to attack or the impact of disaster, emergency medical response training, and an exercise of the hospital's emergency preparedness plan is executed—a critical step in enhancing readiness. This, and multiple other critical initiatives, were funded by a mid-year Congressional supplemental funding action.

Enhanced Education for Medical Department Personnel.—Well-educated clinicians are a critical part of homeland security. Navy Medicine sent over 450 physicians, nurses and corpsmen to the "gold standard" medical management of chemical and biological casualties training program at the U.S. Army Institute of Infectious Disease (USAMRIID). An extensive online training program for Navy Medical Department personnel on response to weapons of mass impact and emergency preparedness is in development at the Naval Medical Education and Training Command.

Pharmacy Operations Emergency Preparedness.—A task force of Navy Medicine pharmacy experts is taking action to ensure strong emergency pharmacy operations and adequate stockpiles of critical medicines and antidotes.

Smallpox Threat Mitigation.—Navy Medicine is leading 2 DOD Smallpox Emergency Response Teams (SERTs) and has executed the initial phase of the DOD smallpox immunization plan.

READINESS/CONTINGENCY OPERATIONS

As we move into this new millennium, our Navy and Marine Corps men and women are called upon to respond to a greater variety of challenges worldwide. This means the readiness of our personnel is now more important than ever. Military readiness is directly impacted by Navy Medicine's ability to provide health protection and critical care to our Navy and Marine Corps forces, which are the front line protectors of our democracy. That's what military medicine is all about—keeping our

forces fit to fight. Our readiness platforms include the two 1,000 bed hospital ships, 6 Active Duty and 4 Reserve 500 Bed Fleet hospitals, as well as different medical units supporting Casualty Receiving and Treatment Ships (CRTS) and a variety of units assigned to augment the Marine Corps, and overseas hospitals. Navy medicine is more flexible now than we were even a few short years ago. Fleet hospitals have been modified to allow smaller and lighter expeditionary modules to be deployed. Yet even those are not flexible enough. Our combat planners are designing a more modular approach to enhance our operational capabilities. The ultimate goal is an ability to task and organize a medical force to rapidly provide support for the full range of potential military operations anywhere on the globe.

I am very glad to report that the Next Generation 4/2 (DUAL SITE) Concept Fleet Hospital (FHSO) gained final approval in April 2002. The first ever-major Fleet Hospital reconfiguration and program change since the command's inception over 20 years ago, this achievement will provide a truly modular, plug and play hospital that will better meet the challenges of today and provide a bridge to the development of the "Fleet Hospital of the Future". This month we will begin building the first 4/2 concept hospital as part of the Integrated Logistics Overhaul (ILO) of Fleet Hospital NINE and will ultimately provide greater flexibility and operability to the Maritime Preposition Forces. In addition, a design for a small 10-bed Expeditionary Surgical Unit (ESU) with an even smaller 4-bed Surgical Component (SSC) is being developed. These new, smaller products have been imbedded into the recently approved Next Generation 4/2 Concept Fleet Hospital for less than \$100,000, and provides Navy Medicine with a new response package to meet the new threat of asymmetrical warfare by providing between Level II and III care. Both the ESU and SSC are intended to provide the FH program with its first ever air-mobile asset and will serve as the foundation for providing humanitarian and disaster relief. The first of these products was implemented with the rebuild of FH08 EMF in September 2002.

Last year, Navy medical personnel supported numerous joint service, Marine Corps, and Navy operations around the world. We flawlessly performed dozens of deployments supporting the war in Afghanistan, and in support of our national strategy, a fleet hospital still provides daily health care services to the Al Qaeda and Taliban detainees at Guantanamo Bay, Cuba. Our medical personnel have also provided preventive medical services, humanitarian care and relief to many countries around the globe.

Over the last few weeks, thousands of Navy Medical Department personnel have deployed to the 1,000 bed hospital ship USNS Comfort, to three fleet hospitals (in their 116 bed Marine Expeditionary Force Configuration) and have augmented Navy and Marine Corps forces world wide, many of whom are deployed in forward areas.

Navy Medicine will continue focusing on improved contingency flexibility in the field and afloat. Our medical care starts right in the midst of battle through the service and dedication of hospital corpsman. Navy Hospital Corpsmen have been awarded the Medal of Honor more often than any specialty in the Navy. Navy-Marine Corps history is filled with heroic acts performed by corpsmen to reach and retrieve wounded Marines. As the Marines deployed to Afghanistan and now to the Middle East, there are always hospital corpsman with them. The ratio can vary according to the mission, but the ratio is around 11 corpsmen per infantry company, which has between 120 and 130 Marines.

Corpsman training includes surgically opening an obstructed airway, field dressing battle wounds, starting IVs, patching a lung-deep chest wound, treating battle injuries in an environment contaminated by chemical or biological weapons, and immobilizing spines of Marines whose backs are broken by explosions.

Navy Medicine has also established training for combat surgical support to enhance the capabilities of the Forward Resuscitative Surgical System deployment by USMC. The cornerstone is the Navy Trauma Training Center at LA County/University of Southern California Medical Center, which convened its first class in August 2002 of physicians, nurses and hospital corpsman tasked with far forward surgery operational assignments. The program is projected to train approximately 120-150 students annually.

In the 1991 Gulf War, our forward units moved so quickly into Iraq that it took an average of two hours to get a casualty to rear-guard medical facilities. Navy Medicine now has trauma doctors with the equivalent to a six-bed emergency room, as part of the Marine Corps' Combat Service Support Company, that follows the front lines on trucks and helicopters. Navy medicine will have trauma doctors available within 30 to 60 minutes of an injury, which reflects our persistent effort to push high quality medical care close to combat. The physicians staffing these units are combat doctors, who the Marines refer to as "Devil Docs" in reference to the nickname "Devil Dogs" that the Marines earned in World War I. Its expected that the emergency and surgery teams will receive the 10 to 15 percent of casualties who

will need immediate treatment to stay alive before they can be sent to more fully equipped echelon II or III facilities in the rear. These teams of two general surgeons, one anesthesiologist and five nurses and corpsmen can perform basic tests and can handle 18 casualties in 48 hours without resupply from the rear. In just one hour, the team can pack up its two tents, one a holding area and the other a surgery room with operating lights, along with ultra-quiet power generators and X-ray and hand-held sonogram machines.

As your aware one of our hospital ship, the USNS Comfort, deployed to the Persian Gulf on 6 January 2003, and is now being fully staffed to provide 1,000 hospital beds, 12 operating rooms, CAT Scan capability and advanced medical care equivalent to university medical centers. Yet, the Navy's first-response medical vessel for injured troops may be a gray hull and not the white USNS Comfort. At the tip of the spear are amphibious assault ships like the USS Tarawa. They launch Marines by helicopter and giant hovercraft, but also serve as Casualty and Treatment Receiving Ships (CTRS: secondary floating hospitals). The USS Tarawa, comes with four operating rooms and beds for 300 patients when Marines are ashore. The medical team manning the facility includes surgeons, neurologists, anesthesiologists, nurses and hospital corpsmen. They know how to treat nearly every battlefield trauma, including gunshot wounds and exposure to chemical and biological attacks. Their training also included the Navy's new hand-held "Bio/Chemical Detection Devices. The detection devices can determine within minutes if Marines or sailors have been exposed to chemical agents, and identify the agents. Patients treated on-board are stabilized and transferred either to hospital ships or military hospitals in Europe or the United States.

PERSONNEL READINESS

Navy Medicine tracks and evaluates overall medical readiness using the readiness of the platforms as well as the readiness of individual personnel assigned to those platforms. One of our measures of readiness is whether we have personnel with the appropriate specialty assigned to the proper billets; that is, do we have surgeons assigned to surgeon billets and operating room nurses assigned to operating room nurse billets, etc.

The readiness of a platform also involves issues relating to equipment, supplies and unit training. Navy Medicine has developed a metric to measure the readiness of platforms using the Status of Resources and Training System (SORTS) concept tailored specifically to measure specific medical capabilities such as surgical care or humanitarian services. Using the SORTS concept, Navy Medicine has increased the readiness of 34 "Tier 1" deployment assets by 23 percent.

Navy Medicine also monitors the deployment readiness of individual personnel within the Navy Medical Department. Feeding the SORTS system is a program known as the Expeditionary Medical Program for Augmentation and Readiness Tracking System (EMPARTS), which Navy Medicine uses to monitor the deployment readiness of individual personnel and units within the Navy Medical Department. Personnel are required to be administratively ready and must meet individual training requirements such as shipboard fire fighting, fleet hospital orientation, etc. Individual personal compliance is tracked through EMPARTS.

Augmentation requirements in support of the operational forces have significantly increased. Our Total Force Integration Plan utilizing both active and reserve inventories has greatly improved our ability to respond to these requirements. Navy Medicine's demonstrated commitment to supporting the full spectrum of operations is mirrored in our motto "steaming to assist" and is in full partnership with the Navy's "Forward Deployed, Fully Engaged" strategy.

I also believe that in order to achieve Force Health Protection we need a metric for measuring the health readiness of our fighting forces. This measure must be beyond the traditional "C-Status metric", which lacks a true measure of one's health. Navy Medicine has developed a measure of individual health, which will also facilitate our measure of population health. Our model has been accepted by the Office of the Assistant Secretary of Defense, Health Affairs, and is being expanded for use by all the Services. A final version of the model and a Health Affairs policy memorandum is expected in a few weeks. In short, the model develops a metric that categorizes an individual's readiness status in one of four groups. The categories to be used include: Fully Medically Ready; Medically Ready with minor intervention; Unknown (i.e. no current evaluation or lost medical record) and Medically Not Ready. Each active duty member will fall into one of the four categories. The elements that will decide what category an individual falls into includes: Periodic health assessments, such as the physical exam, deployment limiting conditions, which include injuries, or long term illnesses, dental readiness using the same standards that have

always been established, Immunization status and possibly vision evaluations and individual medical equipment like gas mask eye-glass inserts. The software needed to collect and track the data has already been developed and is compatible with current data systems. Readiness data can either be entered via SAMS (Shipboard automated medical system) or through our Navy Medicine on-line program. The information can also be stored in the DEERS database. Secure individual readiness data will therefore be available from SAMS, DEERS or Navy Medicine on-line. Reports will array data by command and drill down to an individual, and can be accessed by line leadership.

I am also pleased to report that we recently implemented a new Reserve Utilization Plan (RUP) that has optimized our use of reservists during peacetime and contingencies. The Medical RUP is Navy Medicine's plan for full integration of Medical Reserves into the Navy Medical Department. The RUP is being currently used to support the allowed 50 percent reserve augmentation of our deployed active duty staff and matches up reserve specialties with the needed services at each of our hospitals.

OUR PEOPLE

People are critical to accomplishing Navy Medicine's mission and one of the major goals from Navy Medicine's strategic plan is to enhance job satisfaction. We believe that retention is as important if not more so than recruiting, and in an effort to help retain our best people, there has been a lot of progress. Under our strategic plan's "People" theme, we will focus on retaining and attracting talented and motivated personnel and move to ensure our training is aligned with the Navy's mission and optimization of health. Their professional needs must be satisfied for Navy Medicine to be aligned and competitive. Their work environment must be challenging and supportive, providing clear objectives and valuing the contributions of all.

All Navy Medicine personnel serving with the Marine Corps face unique personal and professional challenges. Not only must they master the art and science of a demanding style of warfare, but they must also learn the skills of an entirely separate branch of the armed services. Whether assigned to a Marine Division, a Force Service Support Group, or a Marine Air Wing, Navy medical personnel must know how Marines fight, the weapons they use, and the techniques used to employ them effectively against harsh resistance. To excel in this endeavor is an accomplishment that should be recognized on a level with other Navy warfare communities.

As we work to meet the challenges of providing quality health care, while simultaneously improving access to care and implementing optimization, we have not forgotten the foundation of our health care—our providers. We appreciate and value our providers' irreplaceable role in achieving our vision of "Navy Medicine being the provider of choice by achieving superior performance in health services and population health."

Within each of our medical facilities there has been an overall initiative to reward clinical excellence and productivity and to ensure that those who are contributing the most are receiving the recognition they deserve. Additionally, selection board precepts now emphasize clinical performance in the definition of those best and fully qualified for promotion.

I would like to report to you on the status of our corps:

Medical Corps

The Medical Corps is currently manned at approximately 101 percent. This number is deceptive because there are several critical specialties in which undermanning is high and needs to be watched to avoid impacting our ability to meet wartime requirements and provide INCONUS casualty medical care: Anesthesia (82 percent manned), General Surgery (72 percent manned), Pathology (82 percent manned), Dermatology (83 percent manned), Diagnostic Radiology (79 percent manned) and Radiation Oncology (80 percent manned). Because the average loss of providers exceeds the currently programmed input, shortages are expected in fiscal year 2005 in Anesthesiology, General Surgery and its subspecialties, Urology, Pathology, Radiology, Gastroenterology, and Pulmonary/Critical Care. We are also monitoring specialties in which we're currently overmanned. Because of the nature of medical training, it can take from 8 to 12 years to train a medical specialist. Various training and accession programs feed that pipeline and loss rates are often hard to project. We have improved our management oversight of those communities and will continue to seek improved means of meeting end-strength goals.

In order to compete in the marketplace for a limited pool of qualified applicants for medical programs, and to retain them once they have chosen the Navy as a career, adequate compensation is critical. The civilian-military pay gap that has al-

ways existed has increased steadily, which makes it almost impossible to recruit or retain physicians in these high demand specialties. Strategic increases in the use of Incentive Special Pay, Multiyear Specialty Pay and use of Critical Skills Retention Bonuses that correspond to the Navy's medical specialty shortages may help improve retention in these critically manned specialties.

Dental Corps

Despite continued efforts to improve dental corps retention, the annual loss rate between fiscal year 1997 and fiscal year 2002 increased from 8.3 percent to 11.8 percent. Current projections for fiscal year 2003 predicts a 12.6 percent loss rate. These numbers represent higher actual and projected loss rates compared with similar data from last year. In addition, declining retention rates of junior officers has negatively impacted applications for residency training, which have dropped 16 percent over the last five years. The significant pay gap compared to the civilian market and the high debt load of our junior officers seem to be the primary reasons given by dental officers leaving the Navy.

Nurse Corps

Closely monitoring the national nursing shortage and increasing number of competitive civilian compensation packages, Navy Medicine continues to meet military and civilian recruiting goals and professional nursing requirements through diversified accession sources, pay incentives, graduate education and training programs, and retention initiatives that include quality of life and practice issues. Successful tools have been the Nurse Accession Bonus, Certified Registered Nurse Anesthetist Incentive Pay, Board Certification Pay, and Special Hire Authority; it is imperative that they are continued in the future years to meet our wartime and peacetime missions. In addition, clinical and patient care needs are continuously evaluated to target our education and training opportunities in support of specific nursing specialties, such as advanced practice nurses, nurse anesthetists, nurse midwives, and perioperative nurses. Over the past 2-3 years, CRNAs have been successfully retained in the Navy, creating a consistent fill of available billets based on a variety of factors. The combination of special pays (Incentive Specialty Pay and Board Certification Pay), lifting of practice limitations, and a focus on quality of life issues have been the major factors for this success. The most recent Critical Skills Retention Bonus has had a positive influence on CRNAs staying beyond their obligated service period.

Medical Service Corps

Medical Service Corps (MSC) loss rates in general are relatively stable at about 8.5 percent, but as with the rest of the Navy, were lower than that in fiscal year 2002 (6 percent). Loss rates vary significantly between specialties however, and are not acceptable in all MSC professions. A key issue for this Corps is increasing educational requirements and costs. Many of our health professionals incur high educational debts prior to commissioning. Recent increases in loan repayment requirements causes issues for many junior level officers trying to repay their education loans. Additionally, the increasing number of doctoral and masters level requirements for the various healthcare professions is beginning to put a strain on the Defense Officer Personnel Management Act (DOPMA) promotion constraints for this Corps, an issue we will be monitoring. Currently our critical specialties to recruit and retain are optometry, pharmacy, clinical psychology, social work, entomology, and microbiology. When funded, we expect the new pharmacy and optometry special pays to help our retention in those two communities. Further we have begun using the Health Profession Loan Repayment Program for some specialties and are having success with it.

Hospital Corps

Within the Hospital Corps, we are currently under-manned, defined as being below 75 percent, in seven Navy Enlisted Classifications (NECs). In the operational forces, USMC reconnaissance corpsman are currently manned at 53.8 percent. In the MTFs, cardio-pulmonary technicians are staffed at 74.3 percent, occupational therapy technicians 63.2 percent, bio-medical repair technicians 66.3 percent, psychiatric technicians 72.4 percent, morticians 50 percent and respiratory technicians at 73.5 percent. In the Dental technician community, we are currently under-manned in the dental hygiene community at 63.1 percent. An enlistment bonus for hospital corpsman and dental technicians would assist in competition with the civilian job market.

Medical Special Pays

The primary mission of the Military Health System (MHS) is Force Health Protection. This readiness focus involves programs to ensure we maintain a healthy and fit force, providing medical care in combat. The MHS also has an important peace time mission of providing health services to active duty members and other beneficiaries. In order to provide these services, the MHS must retain health providers that are dedicated, competent and readiness trained. This challenge is particularly difficult because uniformed health professionals are costly to accession, train, and are in high demand in the private sector.

It's essential for the MHS to maintain the right professionals, the right skill mix and the right years of experience to fulfill our readiness requirements. Continued military service is not only based on pay, but also the conditions and nature of the work. Yet, adequate compensation must be provided. One of the major tools used to retain providers are special and incentive pay bonuses.

National Defense Authorization Act of fiscal year 2003 (NDAA 03) set new upper limits for specific medical pays. Where as this act delineates the dollar limits at which pays may be paid; it leaves the administration of these pays to the Assistant Secretary of Defense for Health Affairs and the Services. The administrative policy for special pays is accomplished through a tri-service effort where specific manpower needs for each service and community pay is evaluated and applied to an annual tri-service pay plan. It is this pay plan that determines at what pay levels will be paid for specific specialties at any given time. Currently there have been no decisions or budgetary inputs to provide for any increase in these pays for fiscal year 2003 or fiscal year 2004.

Workgroups both within each service and as a tri-service collective are examining the application of special pays to include increases utilizing the new upper pay caps. However, it is too early to comment on possible applications.

UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

As the Executive Agent of the Uniformed Services University of the Health Sciences (USUHS), I would like to comment on the extraordinary achievements of the University in 2002. USUHS granted 163 Medical Degrees for a current total of 3,268 uniformed physician graduates since the first USUHS graduation in 1980. USUHS graduates, with retention averaging twenty years of active duty service, now represent over 22 percent of the total physician officers on active duty in the Armed Forces. And, as provided to the Congress during 2002, the median length of non-obligated service for physician specialists in the Military Health System, not including USUHS graduates, is 2.9 years; however, the median length of non-obligated service for USUHS graduates is 9 years. Thus, USUHS graduates are exceeding the original expectations of Congress when the university was established, thus ensuring physician continuity and leadership for the military health care system. In addition, a total of 183 Masters of Science in Nursing Degrees have been granted since the establishment of the USUHS Graduate School of Nursing in 1993; and, 728 Doctoral and Masters Degrees have been granted through the USUHS School of Medicine Graduate Education Programs.

The military unique curricula and programs of the Uniformed Services University, successfully grounded in a multi-Service environment, draw upon lessons learned during past and present-day combat and casualty care to produce career-oriented physicians, advanced practice nurses, and scientists with military unique expertise. The USUHS-unique training centered in preventive medicine and combat-related health care is essential to providing superior force health protection and improving the quality of life for our service members, retirees, and families. USUHS also provides a significant national service through its continuing medical education courses for military physicians in combat casualty care, tropical medicine, combat stress, disaster medicine, and the medical responses to weapons of mass destruction (WMD).

Four USUHS activities, internationally recognized by the emergency responder and health care communities, stand by ready to provide cost-effective, quality-assured WMD-related training and consultation. The Casualty Care Research Center; the Center for Disaster and Humanitarian Assistance Medicine; the Center for the Study of Traumatic Stress; and, the Armed Forces Radiobiology Research Institute have established credibility in providing military unique expertise covering four areas of WMD-related concerns: (1) the preparation of emergency responder communities; (2) ensuring communication and assessment of military medical humanitarian assistance training; (3) addressing traumatic stress of both civilian and uniformed communities during WMD-related incidents; and, (4) the development of

medical radiological countermeasures to include the provision of unique training for the response to radiological emergencies.

I am pleased to report that USUHS has begun collaborative efforts with the Department of Veterans Affairs on its WMD-related educational and training programs. As directed by H.R. 3253, The Department of Veterans Affairs Emergency Preparedness Act, Public Law 107-287, VA education and training programs on medical responses to terrorist activities, shall be modeled after programs established at USUHS. The cost-effective provision of quality-assured, web-based training and expertise for the medical response to WMD for the emergency and health care provider communities is ready to be transmitted from the USUHS Simulation Center located in Forest Glen, Maryland. I look forward to the further development of these collaborative efforts and the future contributions of USUHS.

ESTABLISHMENT OF THE NAVAL MEDICAL EDUCATION AND TRAINING COMMAND

The Naval Medical Education and Training Command (NMETC) was established under the command of a Flag Officer, as a result of BUMED realignment activities. NMETC is going to be a central source of learning that will act as a catalyst for web based education and training initiatives available to our staff on a world wide basis. The Command's mission also dovetails well with CNO's Task Force Excel (TFE) initiative, whose cornerstone is the stand up of primary organizations with responsibility for training, education, human performance/development, and alignment of resources and requirements. Current Navy Medicine training staff is conducting a gap analysis between NMETC key functions, and those functions envisioned in CNO's training commands, in collaboration with TFE staff.

FAMILY CENTERED CARE

Our health system must remain flexible as we incorporate new technologies and advances in medical practice, struggle to maintain our facilities, optimize our health care delivery, embrace new health benefits, enhance patient safety, and increase our ability to provide care to beneficiaries over age 65 in the coming months. Navy Medicine has been working tirelessly to maintain our superior health services in order to keep our service members healthy and fit and ready to deploy while providing a high quality health benefit to all our beneficiaries. As you know, healthcare is an especially important benefit to service members, retirees and family members. It is an important recruitment and retention tool. For active duty members and their families it's one of the key quality of life factors affecting both morale and retention. A deployed service member who is secure in the knowledge that his or her family's healthcare needs are being met is without question, more effective in carrying out the mission. Additionally, the benefits afforded to retirees are viewed by all as an indicator of the extent to which we honor our commitments.

I'm proud of the cultural transformation Navy medicine has undertaken in support of Family Centered Care. Our patients, our Navy leadership, and Navy medicine understand that if we want to evolve beyond being a reactive health care system—with periodic, episodic, reactive healthcare—we have to make our customers partners in their care. Our goal is to be a proactive health system with the achievement of unprecedented levels of population health, the ultimate measure of our success. But we can't get there if patients aren't comfortable with their healthcare. We can't achieve higher states of health without individuals being actively involved in the process. Navy medicine has made a commitment to the cultural transformation. We are working every day towards being patient-centric.

We have placed particular emphasis on achieving customer satisfaction with our perinatal services. Delivering babies is a very important component of our force health protection. It is one of the richest opportunities we have to affect health behaviors, and for building strong families from the beginning. What better opportunity is there to interest our Sailors and Marines in their health than when they are creating a family? The Navy's Family Centered Care (FCC) program promotes practices that enhance patient safety, health, cost efficiency, and patient and staff satisfaction. Elements of the FCC program were derived directly from patient and staff responses to multiple survey instruments and convenience samples. During 2002, Navy Medicine demonstrated its commitment to patient-centered care by investing \$10.2 million in the FCC program. MTFs were able to upgrade equipment and furniture and received enhanced maternal-infant safety and patient-centered care training. Our accomplishments include a Tri-service effort to develop a uniform Family Centered Care program. We have collaborated with Army and Air Force Medical departments to develop coordinated plans since February 2002. We have also increased the availability of private post-partum rooms in Navy MTFs by 52 percent from 2001, while simultaneously increasing provider continuity for prenatal

visits to at least 75 percent in those MTFs not affected by the current OPTEMPO. We have deployed the DOD developed Interactive Customer Evaluation (ICE) system to monitor patient satisfaction with the FCC program and have established partnerships between the BUMED Perinatal Advisory Board, Health Services Organizations, and the BUMED Inspector General to assist in implementing and monitoring of the FCC program.

We have standardized and enhanced prenatal education in all MTFs through the purchase of the USAF developed Spring Garden interactive education material and have contracted with a nationally recognized expert on Single Room Maternity Care to provide consultative services at MTFs undergoing the construction of Labor, Delivery, Recovery and Postpartum units. We are ensuring that MTFs review and revise policies to include family members at prenatal visits and at the delivery and are currently implementing the DOD/VA Clinical Practice Guideline for Uncomplicated Pregnancy in Navy MTFs.

Finally, we have funded, filmed, and distributed marketing video spots, introducing patients to the Navy's Family Centered Care program.

Optimization

Readiness, must be supported by integration and optimization forming what I refer to as the "ROI concept"—Readiness, integration and optimization. ROI is simply our effort to be good business people. Our optimization efforts have met with good success and led to more integration in our military health system. We work with our sister services very closely, both within the health care system, and operationally. We are all utterly dependent on one another for our mutual success. Nothing of any significance is done alone. Further, we have increased our integration and cooperation in other areas. A prime example is our continued efforts to build mutually advantageous health care and business relationships with the Department of Veterans Affairs.

There is no more important effort in military medicine today than implementing the MHS Optimization Plan to provide the most comprehensive health services to our Sailors, Marines and other beneficiaries. Optimization is based upon the pillar of readiness as our central mission and primary focus.

For several years now, we have attempted to shift our mindset from treating illnesses to managing the health of our patients. Fewer man-hours will be lost due to treatment of injury or illness because we manage the health of our service men and women, which keeps them fit and ready for duty. With this in mind, TRICARE Management Activity and the three services created an aggressive plan to support development of a high performance comprehensive and integrated health services delivery system. We took lessons learned from the best practices of both military and civilian health plans. The outcome was the MHS Optimization Plan. Full implementation of this plan will result in a higher quality, more cost effective health service delivery system.

The MHS Optimization Plan is based on three tenets. First, we must make effective use of readiness-required personnel and equipment to support the peacetime health care delivery mission. Second, we must equitably align our resources to provide as much health service delivery as possible in the most cost-effective manner—within our MTFs. And third, we must use the best, evidence-based clinical practices and a population health approach to ensure consistently superior quality of services.

During the last year, we accomplished a lot, both locally and at an enterprise level by focusing on concept education, primary care management techniques, clinic productivity standards, administrative health plan management and best practice integration. Accomplishments include:

Clinical Advisory Boards	Provider Support Staff and Exam Rooms
Clinical Practice Guidelines	Clinic Management Course
Primary Care Manager By Name implementation	Access monitoring
Patient Safety Initiative	Appointment Standardization
Population Health Improvement Plan and Tools	Data Quality Initiatives
Population Health Navigator	Transition to New DEERS
Primary Care Optimization Model	Medical Record Control
Optimization Report Card	Pharmacy Profiling
TRICARE On-line	Fleet Liaison Instruction
Clinic Business Reengineering	Policy Statement to Reward Clinical Excellence

Our Optimization funding has allowed us to pursue investment opportunities designed to achieve an "Order of Magnitude Change" within Navy Medicine Treatment Facilities. Over 140 field proposals underwent a rigorous review; those demonstrating the most significant Return on Investment (ROI) are being implemented:

- Musculoskeletal initiatives at 4 sites
- Mental Health initiative at 1 site
- Primary Care initiatives at 4 sites
- Pharmacy initiatives at 4 sites
- E-Health /TRICARE On-Line
- Webification of Navy Medicine
- Population Health Navigator/Primary Care Optimization Model
- Clinic Manager Course
- Radiology Residency—NMC Portsmouth
- Birth Product Line Expansion at 2 sites
- Virtual Colonoscopy
- Carido-thoracic Surgery at NMC Portsmouth
- Sleep Lab Expansion at 3 Sites
- Nurse Triage/Nurse Advise Line at 2 sites
- Chile Health Center—NMC San Diego
- Case Management Project

The Optimization Fund projects are at various points in the approval, funding and implementation process. Implementation plans and outcome metrics will be monitored closely.

Although many commands report numerous efforts to optimize or improve their facility, I am concerned that frequently these efforts are not tied to specific goals or objectives. This is where performance measurement comes in. Performance measurement provides focus and direction, ensures strategic alignment and serves as a progress report.

In the Navy, we are making available comparative performance data on all facilities—so MTF commanders can see where they stand and learn from each others' successes. Ultimately, it allows us to raise the bar for the whole organization.

We have already made adjustments to our measures and have found that many of the measures have data that only changes once a year. This may be fine to measure how well we are doing in moving towards some of our strategic goals, but they are not adequate by themselves to manage the complexity of the Navy Medical department. This year we've added more "levels" to our metrics. One is a group of Annual Plan measures. After reviewing our strategic plan in light of the current environment, understanding the strengths, weaknesses, opportunities, and threats to our organization, we identified several priorities for the year. We then identified measures to track progress on these items—and this data has to be measurable at least quarterly. Finally, we have added more measures for our "Dashboard of Leading Indicators" that our leadership will be looking at on a monthly basis. Once we look at the historical data for these dashboard indicators, we will be setting not only targets for where we want to be but also action triggers in case we are going the wrong direction in some area. We will agree on a level below which, we will no longer just watch and see if it improves, but we will take action to change the processes. We in the Navy have web based our Optimization Report Card and the satisfaction survey data is provided to MTF commanders in a more user friendly display on a quarterly basis. As we continue to improve our performance measurements, we will begin to identify targets for our system and for each MTF. Holding MTF CO's accountable for meeting those targets will be the next step in this evolution.

NAVY MEDICINE/DVA RESOURCE SHARING

As I mentioned, VA resource sharing is part of our optimization program. Collaboration between the Veterans Affairs and Navy Medicine is an important way to enhance service to our beneficiaries and veterans. Navy Medicine is an active participant in the DOD/VA Executive Council working to establish a high-level program of DOD/VA cooperation and coordination in a joint effort to reduce cost and improve health care for veterans, active duty military personnel, retirees and family members. The Executive Council is made up of senior DOD and VA healthcare executives and has established seven workgroups to focus on specific policy areas. Navy Medicine participates on three of the workgroups (Benefit Coordination, Financial Management and Joint Facility Utilization/Resource Sharing). The Presidential Task Force to Improve Health Care Delivery to our Nation's Veteran's meets monthly and representatives from BUMED attend every meeting as well as members from the VA and other Services. To date, BUMED currently manages 193 sharing agreements with the VA and provides resource sharing with the VA on over 2,800 individual healthcare line items. We have also established a new BUMED/VA web site, which will provide our commands an overview of joint sharing ventures and updates on local command initiatives. It's essential that our Commanding Officers pursue

VA sharing initiatives in their daily business activities. Specific Navy/VA Joint Ventures and other MTF agreements initiatives include:

- NH Great Lakes and the North Chicago VAMC have reached agreement on forming a joint North Chicago Ambulatory Healthcare system which will support the mission at Naval Training Center (NTC), Great Lakes with modern and efficient healthcare services.
- The NMC Key West, Florida and VA Medical Center, Miami, Florida are sharing a new joint medical clinic that is staffed by VA and Navy providers.
- NH Corpus Christi and the VA have also signed an agreement to share surgical services and various ambulatory care services.
- In Guam, the VA Outpatient Clinic is collocated at USNH GUAM; Navy is considered the primary inpatient facility for veterans.
- NH Pensacola has several VA/DOD agreements in place and is working to establish additional agreements: Current agreements include: Emergency Room Services, Inpatient services, OB services and Orthopedic services, Lab and Radiology Services, Active Duty physicals and Mental Health Services. Options are also under review for new shared ambulatory healthcare settings.
- NMC San Diego and NH Cherry Point are working with the VA to establish a Joint Community Based Outpatient Clinic (CBOC).
- NH Lemoore is negotiating a new sharing agreement with the VA in Fresno, California to replace a recently expired agreement.
- Agreements under development include: Corry Station—a combined DOD/VA Outpatient Clinic. A project workbook has been started and discussions continue. A site location has not been determined at this time.

The Consolidated Mail Outpatient Pharmacy (CMOP) Pilot Program is also providing promising results. The purpose of the CMOP pilot is to evaluate the impact and feasibility of shifting some of the DOD prescription refill workload from MTF pharmacies to VA CMOPs while maintaining quality service to DOD beneficiaries. VA and DOD have made important progress in their efforts to conduct a DOD/VA CMOP pilot for evaluating the merits of using CMOPs MHS wide. Timelines and metrics have been established, pilot sites have been selected, and the interfaces are developed and are being tested. A Navy pilot site is at the Naval Medical Center San Diego.

E-HEALTH TECHNOLOGY

The Internet has dramatically changed the way we live and do our business in ways totally unforeseen even as recently as ten years ago. This is especially true in Medicine where the Internet offers the opportunity to extend healthcare access, services, and education to improve the care we provide our patients. Online services and information offer patients the ability to take control of their healthcare and partner with their healthcare provider to stay healthy.

In Navy Medicine, we have recognized the enormous potential of the Internet, both in healthcare services and in accomplishing our mission. We want to move from reactive interventional healthcare, waiting for people to get sick before we intervene, to more proactive Force Health Protection where we identify the most common causes of illness and injury in our patients and then aggressively act to prevent those things through good preventive services and education. We realize we cannot achieve this vision if our patients have to come to the hospital for those services. As a result, we look to the internet to help us extend healthcare services, access, and education outside the hospital in a convenient, easily accessed manner.

We also realize that the internet can help us extend healthcare services to remote areas where specialty care has historically required medically evacuating patients. Finally, we also realize that the internet can be a valuable tool to help us support our operational commanders while concurrently improving our internal efficiency and effectiveness.

These four goals, (1) extending healthcare services outside our hospital to help move us to proactive Force Health Protection, (2) extend healthcare services to the patient, regardless of location, (3) improve support to operational commanders, and (4) improve our internal efficiency and effectiveness comprise the four main goals of Navy Medicine's e-health initiatives.

There are three initiatives I would like to highlight to demonstrate our progress in this area:

- TRICARE OnLine*.—This is the MHS new healthcare portal. A revolutionary concept, it allows our patients to go online, create an account, and access customizable personalized healthcare information for their specific needs. They can also create an online healthcare journal for their healthcare providers to use and to help them track their health. There are no comparable services in

the civilian sector and it represents the very hard work of a dedicated staff who took this from concept to widespread deployment in less than two years. Navy Medicine is partnering with TRICARE OnLine to share applications, jointly develop new applications, and ensure interoperability for new innovations in the future.

—**RADWORKS.**—Radiology is increasingly important in the rapid diagnosis and treatment of patients. Rapid access to radiology expertise is critical to getting the best and quickest care for our patients. Since we cannot have radiologists everywhere, we are leveraging digital radiography over the web to provide this service. We recently completed installation of this technology onboard USNS COMFORT for use in supporting optimal care and disposition of any casualties. Our patients will have immediate access to the best radiologic support quickly regardless of their location anywhere in the world.

—**Smallpox Tracking System.**—With the threat of smallpox, it is critical for us to both immunize the force and provide our commanders with as near a real time view of their immunization status as possible. Previous reporting used to be paper-based, was very labor-intensive, and was almost always out of date when received. We did smallpox immunization tracking differently. Within two weeks of program start, a dedicated Navy Medicine web team developed and implemented a real time web-based tracking system that allowed us to provide, on a daily basis, real time immunization reports to line commanders for their use. This was subsequently upgraded to a more robust system in use today. Navy Medicine responded quickly and effectively to the needs of our commanders and the support we needed to give to keep our Sailors and Marines healthy and ready to go.

The bottom line is that Navy Medicine is at the vanguard of leveraging the net and emerging web-based technologies to improve our healthcare services, better support our operational commanders, and ensure our Sailors, Marines, family members, and retirees receive the very best care possible anywhere, at any time.

MEDICAL RESEARCH

Navy Medicine also has a proud history of incredible medical research successes from our CONUS and OCONUS laboratories. Our research achievements have been published in professional journals, received patents and have been sought out by industry as partnering opportunities.

The quality and dedication of the Navy's biomedical R&D community was exemplified this year as Navy researchers were selected to receive prestigious awards for their work. CAPT Daniel Carucci, MC, USN received the American Medical Association's Award for Excellence in Medical Research for his work on cutting edge DNA vaccines. His work could lead to the development of other DNA-based vaccines to battle a host of infectious diseases such as dengue, tuberculosis, and biological warfare threats. Considering the threat of Biological terrorism, DNA vaccine-based technologies have been at the forefront of "agile" and non-traditional vaccine development efforts and have been termed "revolutionary". Instead of delivering the foreign material, DNA vaccines deliver the genetic code for that material directly to host cells. The host cells then take up the DNA and using host cellular machinery produce the foreign material. The host immune system then produces an immune response directed against that foreign material.

In the last year, Navy human clinical trials involving well over 300 volunteers have demonstrated that DNA vaccines are safe, well-tolerated and are capable of generating humoral and cellular immune responses. DNA vaccines have been shown to protect rodents, rabbits, chickens, cattle and monkeys against a variety of pathogens including viruses, bacteria, parasites and toxins (tetanus toxin). Moreover recent studies have demonstrated that the potential of DNA vaccines can be further enhanced by improved vaccine formulations and delivery strategies such as non-DNA boosts (recombinant viruses, replicons, or, importantly, exposure to the targeted pathogen itself).

A multi-agency Agile Vaccine Task Force (AVTF) comprised of government (DOD, FDA, NIH), academic and industry representatives is being established to expedite research of the Navy Agile Vaccine.

As other examples of scientific achievement, Navy Medicine is developing new strategies for the treatment of radiation illness. Navy Adult Stem Cell Research is making great strides in addressing the medical needs of patients with radiation illness. The terrorist attacks of 2001 identified the threat of weapons of mass destruction, to potentially expose large numbers of people to ionizing radiation. Radiation exposure results in immune system suppression and bone marrow loss. Currently, a bone marrow transplant is the only life saving procedure available. Unfortunately,

harvesting bone marrow is an expensive and limited process, requiring an available pool of donors.

In the past year, NMRC researchers have developed and published a reproducible method to generate bone marrow stem cells in vitro after exposure to high dose radiation, such that these stem cells could be transplanted back into the individual, thereby providing life-saving bone marrow and immune system recovery. This is the type of technology that will be needed to save the lives of a large number of victims.

In this same line of research, Navy Medicine is developing new strategies for the treatment of combat injuries. We are developing new therapies to “educate” the immune system to accept a transplanted organ—even mismatched organs. This field of research has demonstrated that new immune therapies can be applied to “programming stem cells” and growing bone marrow stem cells in the laboratory. The therapies under development have obvious multiple use potential for combat casualties and for cancer and genetic disease.

Other achievements during this last year include further development of hand-held assays to identify biological warfare agents. During the anthrax attacks, the U.S. Navy analyzed over 15,000 samples for the presence of biological warfare (BW) agents. These hand-held detection devices were used in late 2001 to clear Senate, House and Supreme Court Office Buildings during the anthrax attacks and contributed significantly to maintaining the functions of our government. Some of the most important tools that are used to analyze samples for the presence of BW agents in the field are hand-held assays. The hand-held assays that are used by the DOD were all developed at Naval Medical Research Center (NMRC). Currently NMRC produces hand-held assays for the detection of 20 different BW agents. These hand-held assays are supplied to the U.S. Secret Service, FBI, Navy Environmental Preventive Medicine Units, U.S. Marine Corps, as well as various other clients. Since September 2001, NMRC has produced over 120,000 assays and has fielded approximately 23,000 assays. In addition to the in-house production, NMRC has also provided emergency production capacity of antibodies needed for DOD fielded bio-detection systems, including the hand-held assays produced by JPO/BD for DOD use. The hand-held Assays have recently been upgraded with Platinum detection systems which will be 10 to 100 times more sensitive than the current systems, depending on what agent is being identified.

The Navy's OCONUS research laboratories are studying diseases at the very forefront of where our troops could be deployed during future contingencies. These laboratories are staffed with researchers who are developing new diagnostic tests, evaluating prevention and treatment strategies, and monitoring disease threats. One of the many successes from our three overseas labs is the use of new technology, which includes a Medical Data Surveillance System (MDSS).

The goal of the MDSS is to provide enhanced medical threat detection through advanced analysis of routinely collected outpatient data in deployed situations. Originally designed to enable efficient reporting of DNBI statistics and rapid response of preventative medicine personnel, MDSS may also enable supply utilization tracking and serve as a method of detecting the presence of chemical and biological agents. MDSS is part of the Joint Medical Operations-Telemedicine Advanced Concept Technology Demonstration (JMOT-ACTD) program. Interfacing with the ship-board SAMS database system, MDSS employs signal detection and reconstruction methods to provide early detection of changes, trends, shifts, outliers, and bursts in syndrome and disease groups (via ICD-9 parsing) thereby signaling an event and allowing for early medical/tactical intervention. MDSS also interfaces with CHCS and is operational at the 121st Evacuation Hospital in South Korea, and is being deployed at the hospital and clinics at Camp Pendleton. Currently, MDSS may have an opportunity to collaborate with other industry and service-related efforts for the purpose of developing homeland defense-capable systems. Homeland defense initiatives are currently being coordinated through the Defense Threat Reduction Agency.

CONCLUSION

Navy Medicine has covered a lot of ground over the last year and we face the future with great enthusiasm and hope. The business initiatives, along with new technical advances join to make our Navy Medical Department a progressive organization. I thank you for your continued support and in making the military health care benefit the envy of other medical plans. You have provided our service members, retirees and family members a health benefit that they can be proud of.

I think we have been extraordinarily successful over the years, and we have opportunities for continued success, both in the business of providing healthcare, and the mission to supporting deployed forces and protecting our citizens throughout the United States.

We are one team, with one fight, and we are now in the middle of that fight. I am certain that we will prevail.

Senator STEVENS. Thank you very much. I apologize for being late. I had another meeting. John Taylor.

STATEMENT OF LIEUTENANT GENERAL DR. GEORGE PEACH TAYLOR, JR., AIR FORCE SURGEON GENERAL

General TAYLOR. Mr. Chairman, Senator, it is a pleasure to be here today for the first time. It is also my very great privilege to represent the Air Force Medical Service. They are dedicated to providing outstanding force protection to our Armed Services as they have so ably demonstrated over the last year and a half.

The Air Force Medical Service brings important capabilities to support any operation or contingency as a key component of agile combat support to the Nation's Aerospace Expeditionary Forces (AEFs), our sister services and allied forces both abroad and at home.

We have been transforming for many years. Since the first Gulf War, we have achieved improvement in every step of the deployment process from improving predeployment health to post deployment screening and counseling. We believe in a lifecycle approach to health care. It starts with accession and lasts as long as the member is in uniform, and beyond through the Department of Veterans Affairs.

As we deploy, we are now seeing a more fit and healthy fighting force for which we have the best fitness and health data ever. And we know how to take care of them. Our medical personnel are more prepared than ever. Training such as our advanced trauma training and readiness skills verification program assure that our war-time skills are current.

Expeditionary medicine has enabled us to move our medical forces forward very rapidly, as in the initial deployments during Operation Iraqi Freedom. The capabilities we bring to the fight today provide troops a level of care that was unimaginable just 10 years ago, capabilities that make us a lighter, smarter and a much faster medical service.

Our preventive medicine teams go in on the very first planes into the theatre of operations. This small team of experts gives us vital food and water safety capabilities. They begin collecting vital water hazard data and provide basic primary care. In fact, during Iraqi Freedom, one of our environmental medicine flight personnel actually parachuted with the Army's 173rd Airborne Brigade as part of the Air Force's 86th contingency response group and the initial contingent deployed in a Northern Iraqi air base. This independent duty medical tech was later joined by five remaining members of the flight to provide on-scene environmental security and force protection at that location.

EXPEDITIONARY MEDICAL SUPPORT UNITS

Our surgical units, lightweight, highly mobile Expeditionary Medical Support units, or EMEDs, can be on the ground within 3 to 5 hours. EMEDs are comprised of highly deployable medical teams that can range from large tented facilities to five-person teams with backpacks. These five person mobile field surgical

teams or MFSTs, travel far forward with 70 pound backpacks. In them is enough medical equipment to perform 10 lifesaving surgeries anywhere, at any time, under any conditions.

OPERATION ENDURING FREEDOM

During a 6-month rotation for Operation Enduring Freedom one of these mobile surgical teams performed 100 infield surgeries, 39 of those were for combat surgeries. And when our sick and injured must be removed from the theater and transported to definitive care, we have the state of the art medical air evacuation system.

In fact, another major advance since the Gulf War is our ability to move large numbers of more critically injured patients. Our Critical Care Air Transport Teams tend to these very ill patients throughout the flight providing lifesaving intensive care in the air. Last year in support of Operation Enduring Freedom, we transported 1,352 patients through the air evac system of whom 128 were just such critically ill or injured patients. And for Iraqi Freedom, we performed over 2,000 patient movements, 640 of those were people with combat injuries.

And thanks to the Department of Defense (DOD) TRANSCOM Regulating and Command and Control Evacuation System (TRAC²ES), we were able to track each patient from the point of pickup to the point of delivery in real time.

It is important to note that each of these new programs have been woven seamlessly into a joint medical capability. This joint service interoperability was demonstrated during the crash of an Apache helicopter last April in Afghanistan. The two pilots had massive facial and extremity fractures. The injured pilots were initially treated and moved by an Air Force pararescue member who had been delivered onsite by an Army Special Forces helicopter crew. The two were then stabilized by an Army surgical team, transferred to a C-130 and then air evacuated out on a C-17.

In flight they were restabilized by one of our Air Force Critical Care Air Transport Teams and landed safely at a military base in the European theater to be cared for by a jointly staffed military regional medical center, and all this was done within 17 hours of the time they hit the mountain in Afghanistan. This is just one seemingly unbelievable but in fact increasingly routine example of our integrated medical operations.

Together, the three medical services have built an interlocking system for care for every airman, soldier, sailor, Marine or Coast Guardsman in harm's way. We have fielded data-capture mechanisms to extend and enhance our force protection efforts. Using automated systems, we have documented and centrally stored almost 37,000 deployed medical patient medical records since 9-11, capturing almost 71,000 patient encounters. This is an update to what I told the House Armed Services Committee last week because it includes Operation Iraqi Freedom.

We have tools in place to collect relevant environmental health data and are forwarding them for centralized analysis. This linkage between individual patient encounters and environmental data is absolutely critical to ongoing and future epidemiological studies. We are working hard with health affairs to ensure we maintain a solid, finely tuned deployment health surveillance system.

In fact, the Air Force inspection agency assesses the deployment health surveillance program in each of our bases, active duty and Air Reserve Component, to ensure the quality of this vital program. And in the last 2 years, largely through their efforts and crosstalk, we have reduced significant discrepancies fourfold.

TRICARE

Another crucial element of protecting our troops is ensuring peace of mind of their families. We continue to work hard to optimize the care we provide in our facilities for more than 1 million TRICARE patients and 1.5 million TRICARE for Life patients.

We are doing this in many ways by ensuring providers have support staff, that their processes are efficient, and that their buildings and equipment are adequate. We look forward to the next generation TRICARE contracts and are stepping forward in optimization for these. Both are structured to give more resources and more flexibility to our local commanders.

RECRUITING AND RETENTION

After all, politics and health care “is local”. The challenge we continue to face is medical professional recruiting and retention. I personally believe the solution is twofold. First, incentives such as loan repayment, accession bonuses, increased specialty care, and increased specialty pay are beginning to make a difference. And again, we appreciate your critical support.

Secondly, I believe that optimization and facility improvement projects, those that I mentioned above, will create a first-class environment of care for our outstanding, well-trained and highly talented staffs.

PREPARED STATEMENT

In conclusion, as we face the many challenges of our missions at home and abroad, your Air Force Medical Service remains committed to offering families quality, compassionate care and to supporting our troops as they protect and defend our great country. I thank you for your vital support, the support that you provide to your Air Force and to our families, and I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL DR. GEORGE PEACH TAYLOR, JR.

Mr. Chairman and members of the committee, thank you for the opportunity to discuss with you some of the challenges and successes of the Air Force Medical Service, or the AFMS.

As with all other aspects of the military, the AFMS is transforming itself.

Transformation is a word that is being regularly used around Washington these days. To the Air Force, transformation is not just new technology, such as uninhabited combat aerial vehicles or space-based radars. Transformation is merging new technologies with new concepts of operations and new organizational structures.

Think about the Air Force combat controllers on the ground in Afghanistan directing B-52s to drop directed-munitions within 500 meters from their positions. This was accomplished by using global positioning satellites, laser range-finding devices, and new state-of-the-art munitions to provide a new kind of effect: enhanced close-air support, which proved to be pivotal in the fight with the Taliban. This success

serves as an example of one of many progressive steps the Air Force is taking in its march toward Transformation.

The Air Force Medical Service is no stranger to transformational changes. In many ways we lead the Air Force and like to say “that we were transforming before transformation was cool.” Our modular, lightweight medical and preventive medicine teams, same-day laparoscopic surgery, advanced imaging—among many other components—have changed the face of military medicine, from home base to battlefield.

Our five Air Force Medical Service core competencies provide compelling lenses through which we view the transformational activities.

I would like to briefly describe each core competency and share some of the exciting accomplishments we have achieved under each.

Our first Air Force Medical Service’s core competency is population-based health care. As the name indicates, population-based health care strives to keep our entire beneficiary population healthy by preventing disease and injury. But, if any do become sick or injured, our system will provide exceptional care.

Our next core competency is human performance enhancement and sustainment. These include methods and equipment that protect our forces from harm and permit our troops to perform their missions better.

Fixed wing aeromedical evacuation, our third core competency, addresses the innovative and life-saving ways we use aircraft to transport patients from the theater of operations to the nearest capable medical treatment facility.

Our fourth core competency, medical care in contingencies, entails all the training, equipment, and logistics needed to provide care during humanitarian or combat operations.

World health interface, our final core competency, recognizes the importance of interaction with other nations. Air Force medics are called to serve from Atlanta to Afghanistan, and from San Antonio to Sierra Leone. Therefore, we have institutionalized training programs that teach medics the language and customs of those countries in which they might be called to serve.

These five core competencies are the heart and soul of the Air Force Medical Service. I would like to describe each in a bit more detail to better demonstrate to you the innovative ways in which the Air Force Medical Service is transforming itself.

Population-Based Health Care

The U.S. military health care system cares for 8.3 million people and costs \$26 billion. This huge system is in every state and in numerous countries. Yet, as immense as this system is, I adhere to the philosophy that all health care is local.

What matters most in medicine and dentistry is the care our patients receive from their provider. It is my mission—my passion—to ensure that every provider has the leadership, training, people, facility space, and medical equipment he or she requires to give those patients the care they need, the care they deserve. Our first core competency, population-based health care, is critical to ensuring this becomes a reality.

We have transitioned from the old medical paradigm—treating sick people—to the new paradigm of preventing people from getting sick in the first place. The old way makes for better TV drama, but the new way makes for better medicine. This new paradigm is called population-based health care. The programs I will discuss support population-based health, especially how it applies to our active duty forces.

Because of the global war on terrorism, there has never been greater imperative to have a military force that is fully ready to “fly the mission.” Our comprehensive Individual Medical Readiness program, ensures our military members are “medically ready” to perform.

To help illustrate the Individual Medical Readiness program, I ask you to think of an aircraft—a new F/A-22 fighter, for instance. From the moment each aircraft enters our arsenal, it undergoes continuous monitoring, routine inspections, preventive maintenance, and if needed, repairs. These activities happen before, during, and after this weapon system is employed.

A far more valuable resource—our airmen, the “human weapons system”—receive that same level, if not more, of devoted care. Through our Individual Medical Readiness program, we constantly monitor the health of our airmen through inspections and preventative maintenance—called Preventive Health Assessments—and, if needed, repairs.

The Individual Medical Readiness program has four main components, the first of which is the Preventive Health Assessment. At least once a year, we review the total health care needs and medical readiness status for every airman. During this appointment we make sure they have received all recommended and required preventive care, screenings, immunizations, and assessments. Preventive Health As-

assessments are the equivalent of the routine inspections and preventive maintenance provided to aircraft.

Second, at each visit, whether in garrison or deployed, we take care of our troop's complaints, look for other preventive interventions, and ensure their fitness for duty.

Third, we perform medical evaluations before and after troops deploy so that we can monitor the effect—if any—the deployments have on their health.

Finally, we have created innovative new information systems designed to track all individual medical readiness and preventive health care requirements. It is called the Preventive Health Assessment Individual Medical Readiness program (PIMR).

At the local level, PIMR can tell the medics which troops need blood tests, evaluations, or vaccines, who is healthy enough to be sent to the field, and who should remain behind until they are healthy. At the global level, PIMR provides leaders near real-time statistics that tell them what percent of their troops are medically fit to deploy. PIMR's metrics are also used to provide feedback and shape policies and programs so we can continually improve the readiness of our force.

Population-Based Health Care is more than just the method to keep the active duty members healthy. It benefits all beneficiaries—active duty, their families, retirees and their families, and is our overarching model for healthcare. Our AFMS must accomplish three critical processes to ensure full-fledged Population-Based Health Care.

First, care team optimization. An optimized primary care team, for example, has as its members a provider, nurse, two medical technicians, and one administrative technician. The team is provided the optimal number of exam rooms, medical equipment, and support staff needed to ensure that such things as facility constraints and administrative responsibilities do not hinder their ability to provide care to our airmen and their families. In such teams, our medical staff flourish.

Where we have optimized our primary care clinics, we have enjoyed success. Based upon this success, the AFMS has embarked upon expanding this strategy. Soon, every clinical and non-clinical product line will undergo an expeditionary capability analysis, clinical currency analysis, and business case analysis to determine how best to optimize the use of our resources.

In short, we have seen that optimization has great potential in the primary care setting, so now we hope to spread that success by optimizing specialty care. This year we will launch pilot programs for the optimization of orthopedics, general surgery, otolaryngology, OB/GYN, and ophthalmology.

The result of optimization is clear: Our people are receiving outstanding healthcare delivered by highly trained teams.

A second critical process of Population-Based Health is "PCM by name." PCM stands for "primary care manager." A PCM is a provider who takes active oversight in every aspect of a patient's care. Beneficiaries are assigned a "PCM by name," meaning they will routinely see that same provider. Previously, beneficiaries would arrive at the clinic and frequently did not know who their provider would be that day. Now, through PCM by name, they are assigned to a PCM who will see the patient for all routine medical care. The PCM becomes much like a trusted, small-town family doctor who becomes intimately involved in the care of the patient and his or her family.

We have over 1.2 million customers enrolled to our 74 medical locations—and 100 percent of those beneficiaries are enrolled to a PCM by name.

The tandem success of the Optimization and Primary Care Manager by Name efforts are serving our TRICARE beneficiaries well. The Health Employee Data Information Set Standards—or HEDIS—are the civilian national standards by which most Managed Care Organizations are measured. Here is how HEDIS ranks some of our efforts compared to civilian commercial health care plans:

- For providing timely cervical cancer screenings, the Air Force is in the top 10 percent of all health care plans in the United States.
- For breast cancer screenings the Air Force surpasses 66 percent of commercial plans.
- Our diabetic care program is in the top 9 percent of all similar plans nationwide.

And, recently, the Air Force Medical Service was recognized by civilian experts at the Kilo Foundation as one of two U.S. health care organizations on the cutting edge of optimizing health care delivery—the other organization being Kaiser-Permanente.

We optimized our care teams to deliver the best care, now we must also optimize the buildings in which our patients receive that care. Facility recapitalization is the third critical process that must be accomplished to support population-based health.

Whether we are talking about the human body, aircraft, or buildings, the more each ages, the more they wear out, break down, creak and leak. They become more expensive to maintain. For that reason, the Defense Health Program currently supports the goal of medical facility recapitalization at a 50-year rate rather than the 67-year rate provided to other, non-health-care facilities.

We use the funds we are provided annually to pay for necessary renovations, modernization, and replacement needs.

Before I discuss our remaining AFMS core competencies, I will mention a few population-based health care items I find worthy of mention, one of which is our success in suicide prevention.

Suicide is the most preventable cause of death, yet is the 11th leading cause of death in the United States. Among people of military age, it is the fourth leading cause of death behind accidents, cancer, and heart attacks.

Fortunately, suicide among our Air Force members and their families is nearly the lowest it has been in 20 years.

We teach our leadership, airmen, and family members how to recognize, assist, and intervene when they identify members who might be contemplating suicide. Our efforts are succeeding. Throughout the mid 1990s, there were over 14 Air Force suicides for every 100,000 members. That number is now just 8.3 for every 100,000. We are striving hard—very hard—to lower it yet more. We recognize that we can never completely eradicate suicide, but every life saved is crucial to the Air Force. And the quality of life for all those who seek and receive care is immeasurably enhanced.

Another important quality of life initiative is our focus on enhancing obstetrical care in our military treatment facilities for our patients. We are working very hard across the Air Force, and indeed DOD, to optimize our OB programs. We are increasing routine prenatal ultrasound capability, improving continuity of care with patients and OB providers, and enhancing OB facilities to provide more comfortable labor and delivery rooms.

Preliminary findings from the specialty care optimization pilot at Nellis AFB, show increases in access to care, in patient-provider continuity, and an increase in mothers desiring to deliver their babies at Nellis. In the last year alone nearly 11,000 mothers-to-be visited our OB clinics for a total of 193,000 visits. Carrying through on these optimization efforts, we feel confident that when it is time for our OB patients to choose their provider, they will choose their local military treatment facility. They will choose us.

Our optimization efforts throughout the Air Force Medical Service are complemented by partnerships with Department of Veterans Affairs clinics and hospitals. The DOD has seven joint venture programs with the VA; the Air Force oversees four of them at Travis, Elmendorf, Kirtland, and Nellis Air Force Base Hospitals.

One of our most successful joint ventures is our first—Nellis Air Force Base's VA/DOD hospital. This joint venture replaced the outdated Nellis hospital and offered VA beneficiaries a local federal inpatient facility for the first time in the area's history. The facility enjoys a fully integrated Intensive Care Unit, operating suite, emergency room, post anesthesia care unit, and shared ancillary services.

Kirtland's joint venture is also impressive. There, the joint venture has gone beyond the sharing of staff and facilities. At Kirtland, the Air Force and VA have created Joint Decontamination and Weapons of Mass Destruction Response Teams. Their teamwork will permit a homeland defense capability that is superior to either organization could provide separately.

Our four joint venture opportunities saved \$2.5 million and avoided over \$16 million in the just the last two fiscal years. Not all DOD hospitals are candidates for joint ventures, but we are excited about finding those that are and investing in the opportunity.

Partnerships with the VA where they make good sense not only save money; they enhance care to both of our beneficiary populations. The new contracts promise enhanced pharmacy support and health care to beneficiaries.

An additional enhancement to the DOD's health care benefit is that of Tricare For Life—the extension of Tricare benefits to our retirees. This program has dramatically improved the quality of life for our Medicare-eligible retirees and their families. In the first year, Tricare for Life produced 30 million claims. The program also significantly improved access to pharmaceuticals to our retiree population. Retirees appreciate both the quality of care and the knowledge that the country they proudly served is now there to serve them.

I have described many activities the AFMS performs to ensure that the airmen we send into the field are healthy. But, once they are there, we must also work to ensure they stay that way—that they are protected from injury, disease, and biologi-

cal and chemical weapons. We must provide an operations environment that is safe. This leads me to our second core competency, Human Performance Enhancement and Sustainment.

Human Performance Enhancement and Sustainment

Airmen are our most valuable assets. Their readiness directly impacts the combat effectiveness of the United States Air Force. Therefore, it is not good enough to just have disease-free troops, they need to be working at their optimal performance level during strenuous military operations. To that end, the Air Force Medical Service has developed a Deployment Health Surveillance program that ensures and protects the health of its members from the day they enter service and don their first uniform, during deployments, and throughout their entire career.

Deployment Health Surveillance is more than just the application of exams immediately before and after a deployment; it is a Life Cycle approach to health care that lasts as long as the member is in uniform and beyond. Some of the most recent developments in Deployment Health Surveillance are the most exciting. These include technologies that rapidly detect and identify the presence of weapons of mass destruction, technologies such as genomics, bio-informatics, and proteomic clinical tools.

Each of these state-of-the-art efforts promises speedy revolutionary diagnostics, enabling near real-time bio-surveillance. And, whereas, most bio-chemical detectors take hours or days to detect and warn us that agents have been released into the environment, the sensors we are now developing will have near real-time capability to warn us of an attack.

The AFMS was the first to transition polymerase chain reaction technologies into a fielded biological diagnostic detection system. This technology keeps watch over troops in the field and our homeland. It provides better protection for our entire nation while simultaneously revolutionizing daily medical practice.

Whether these detection units stand sentinel over military men and women overseas or guard major population centers here at home, their presence translates into markedly decreased mortality and morbidity. Additionally, because it can quickly detect and identify pathogens, it decreases wasted time and resources in laboratory and therapeutic interventions.

The AFMS is working to overcome another threat to our troops and citizenry—a threat more often associated with science fiction than with current events: directed energy weapons—lasers. Directed energy devices are now commonplace. Hundreds of thousands of lasers are employed by many countries around the world . . . mostly for peace, many for war. Militaries, including our own, use lasers in weapons guidance systems to help them drop bombs with pinpoint accuracy.

In response to this threat from our enemies, we developed—and continue to improve upon—protective eyewear and helmet faceplates. These devices are designed to absorb and deflect harmful laser energy, thus protecting pilots from the damaging and perhaps permanent eye injuries these weapons inflict.

We are also investigating commercial off-the-shelf, portable medical equipment that can quickly scan retinas and automatically determine if a person's eye has suffered damage from lasers.

The AFMS is teaming with other Air Force organizations to transition several protecting and surveillance technologies to allow our forces to enter, operate and safely prevail within the laser-dominated battle space.

Lasers are not the only threat to our forces. There is also the familiar threat of biological and chemical weaponry. Congressional members and their staff, journalists, post office workers, and average citizens fell victim to anthrax attacks in the fall of 2001. As sobering as these attacks were, we were fortunate they were committed with a biological weapon for which we had a ready defense—an antibiotic—and that the anthrax was delivered in small amounts.

Our nation and its medical community learned much from the incident; so did our enemies. They will know better how to strike us next time, and we must be prepared.

To detect and combat such a threat, the AFMS is developing detection, surveillance, and documentation systems to help us recognize and respond to future biological and chemical warfare attacks. The Global Expeditionary Medical System—or GEMS—is one such system.

GEMS was first developed and deployed during Operation DESERT SHIELD/DESERT STORM as a means to monitor and help protect the health of deployed forces. During that initial deployment, it captured over 11,000 patient encounters in the field and relayed this valuable information to what is now the Brooks City Base in Texas for analysis.

GEMS is now a mature, fully functioning asset. It establishes a record of every medical encounter in the field. It then rapidly identifies clinical events such as a potential epidemic. Whether the outbreak is accidental such as food poisoning, or intentional such as the release of a weapon of mass destruction like Anthrax at an airbase, GEMS can quickly alert medics about the presence of the weapon and allows our medics to attack and defeat the biological or chemical agent before its effect can become catastrophic.

GEMS does not look like much . . . it is a ruggedized laptop computer with a few small attachments, but its toughness and small size make it ideal for troops in the field. GEMS will soon be incorporated into the Epidemic Outlook Surveillance system, or EOS. EOS is an initiative to network—to link together—all systems that detect and identify biological and chemical warfare agents. It also incorporates all data produced from provider-patient encounters. From this, medics and leadership can monitor the possible presence of weapons of mass destruction, determine their current and predicted impact on troops, and respond with precision to defeat their effect. This is all accomplished to protect not just a base, nor theater of operations; rather EOS will provide overarching, worldwide oversight of the health of our troops.

What is fascinating about this system is its speed. The current standard to detect and identify a biological or chemical agent—and contain the epidemic it could create—is five to nine days. Aboard ship, or in a military base, the resources needed to care for the infected and the high casualty rate would overwhelm the mission. Even if the agent were detected in the first three days, we expect that up to 30 percent of our troops would fall ill or worse.

When it comes to identifying chemical and biological weapons attacks, lost time means lost lives. We are fast now. We strive to be faster. Our goal is to recognize and combat a potential epidemic within the first three hours of its introduction into the population. We are working with the other services to create sensors with this capability. These technologies are just over the horizon, but we are developing man-portable sensors capable of detecting chemicals and pathogens almost instantly. When fully developed, these sensors will have the capability to read the genetic structure of a biological agent to tell us exactly what it is and what antibiotics would best defeat the attack.

Obviously, such programs have both military and civilian application, so we are working with many other military, federal, university, and civilian organizations to develop, deploy, and share this amazing technology.

The enemy is not the only threat our troops face. During extended operations, our airmen find themselves combating fatigue. Physical and mental exhaustion lead to judgment errors, errors that in combat can cost lives. With its “Global Reach, Power and Vigilance” mission, the Air Force continues to strain the physiologic limits of its aircrews. It must develop methods of protecting its troops from the dangers of fatigue, for fatigue is a killer in the battlefield.

We have been working hard with the Air Force Research Laboratory, Air Combat Command and our aircrews to develop advanced techniques to maximize performance and safety on long-duration missions. These techniques include planning missions around the body’s natural sleep cycles—the circadian rhythm—diet manipulation, and pharmacological and environmental assistance.

Such activities greatly aid our force-protection measures in an ever-changing battle space. But, during operations, the AFMS’ “bread and butter” is the level to which we can properly treat and move wounded battle participants.

This leads me to our third core competency: Fixed Wing Aeromedical Evacuation.

Fixed Wing Aeromedical Evacuation

We have invested many resources and much time into keeping troops healthy and enhancing their performance. But in the operational environment, people do become sick. They do get injured. For such cases we developed an aeromedical evacuation system that can move patients from the field to definitive care, often within hours of their acquiring the illness or injury.

The Aeromedical Evacuation System is a unique and critical part of our nation’s mobility resources. The need to move critically injured, stabilized patients from forward areas to increasing levels of definitive care has driven significant changes in the fixed-wing environment.

In the past, Aeromedical missions were limited to certain airframes such as the C-141 cargo aircraft or our special C-9 Nightingale AE aircraft. However, aeromedical evacuation is a mission and not a particular aircraft platform; and it is a mission recognized as a core competency within the larger airlift mission. As we retire our aging AE platforms and transition from dedicated to designated air-

craft in the mainstream of airlift flow, we are developing new tools such as the Patient Support Pallet, or PSP.

The PSP is a collection of medical equipment compactly assembled so that it can easily fit into most any cargo or transport aircraft. When needed, it is brought aboard, unpacked, and within a short time is transformed into a small patient care area. This means that patients no longer have to wait hours or even days for an aeromedical evacuation flight. Just give our medics a PSP and an hour, and they will take the C-5 that just unloaded troops and tanks, and will convert a small corner of that plane into an air ambulance.

Our 41 PSPs strategically positioned around the globe permit any suitable airframe in the airlift flow to be used. This awesome capability minimizes delay of movement, maximizes available airlift, and most importantly, saves lives. We plan to buy more.

Insertion of critical care skills early in this process is provided in the form of specially trained Critical Care Air Transport Teams, or CCAT teams. These teams—comprised of a physician, nurse and cardiopulmonary technician—receive special training that enables them to augment our air evacuation crews and deliver intensive care support in the airborne environment. Our Active Duty medics have 42 CCAT teams, but our ARC forces are full partners in this new capability. The Air Force Reserve contributes 25 CCAT teams, and the Air National Guard 32 teams to our AE mission. Each is ready for rotation into the AEF along with their Active Duty counterparts.

Another valuable tool is the TRANSCOM Regulating and Command & Control Evacuation System, otherwise known as TRAC²ES. TRAC²ES is a DOD/Joint enterprise that allows us to plan which patients should fly out on what aircraft, what equipment is needed to support each patient, and what hospital they should fly to; and it provides us in-transit visibility of all patients all the time. TRAC²ES provides command and control of global patient movement in peacetime, contingencies and war.

TRAC²ES is an overwhelming success. It has accomplished all of the goals specified in the re-engineering process and has produced benefits that no one anticipated. To date:

- There have been more than 1,700 patients/soldiers moved as a result of activities during OEF, and nearly 17,000 such moves worldwide last year.
- Every patient was directed to the appropriate treatment facility for the needed care.
- And an amazing 100 percent in-transit visibility has been maintained on all patients moved through the TRAC²ES system.

TRAC²ES is also de-linked to specific aircraft. This is critical to its success, especially during the activation of our Civil Reserve Air Fleet or CRAF. The CRAF is comprised of up to 78 commercial aircraft—both cargo and passenger—that are provided to the Department of Defense by civilian airline companies. We use them to transport material and people into the theater of operations. We could also use them to potentially evacuate sick or injured troops out of the theater. If so, TRAC²ES will still function, regardless of the service, regardless of the aircraft.

Patient movement during current operations has incorporated all aspects of this continuum: maintenance of health in the field, use of organic airlift, versatile equipment support packages, early-on critical care intervention, and information systems that track and inform leadership of the health and location of their troops.

From battlefield injury to home station, there is seamless patient movement under the umbrella of qualified, capable aircrew members and trained critical care professionals.

I must mention here, that 87 percent of the aeromedical evacuation capability I have described resides within the Air Force Reserve Command and Air National Guard. These dedicated men and women of these organizations are truly our Total Force partners.

Medical Care in Contingencies

Medical Care in Contingencies, is our fourth core competency and one in which we have also seen significant transformation.

The Air Force Medical Service provides the full spectrum of ground-based medical care during contingencies. Described as a “Red Wedge” capability, expeditionary medical care begins with a rapid ramp-up of medical capability. First into the field is our small Prevention and Aerospace Medicine—or PAM—Team. PAM teams are 2- to 4-person teams who are our first-in-and-last-out medics. They are inserted with the very first troops and are capable of providing health care, on location, before the first tent stake is in the ground.

Team members include an aerospace medicine physician, bioenvironmental engineer, public health officer and an independent duty medical technician. They provide initial health threat assessment and the surveillance, control, and mitigation of the effects of the threat. Additionally, the aerospace medicine physician and independent duty medical technician provide primary and emergency medical care and limited flight medicine.

As forces start to build in theater, so does the size of the medical contingency. The PAM team is quickly followed by a small but exceptionally skilled Mobile Field Surgical Team [MFST].

This highly trained surgical team includes a general surgeon, an orthopedic surgeon, an emergency medical physician and operating room staff, including an anesthesia provider and an operating room nurse or technician. The 5 team members each carry a 70-pound, specially equipped backpack of medical and surgical equipment. Within these few backpacks is enough medical equipment to perform 10 emergency, life-or-limb-saving surgeries without resupply.

By putting backpack providers deep into the theater or operations we save time and we save lives. No longer do we wait for the wounded to come to us, we take the surgery to the soldier.

The MFST's capability has been proven in Operation Enduring Freedom. For example, less than one month after Sept. 11, Air Force medics assigned to Air Force Special Operations in OEF saved the life of an Army sergeant who lost nearly two-thirds of his blood volume when he fell and severely damaged his internal pelvic region. Within minutes, an Air Force MFST reached him and worked more than four hours to stabilize him enough for transportation to a U.S. military medical facility.

A Canadian journalist at Bagram Air Base—not far from Kabul, Afghanistan—was horribly injured when a grenade ripped open her side. Our medics were there instantly to provide initial stabilization, treatment, and her first surgery. Our Aeromedical and CCATT teams arranged rapid aeromedical evacuation and provided care in the air. The TRAC²ES system tracked her movement from Southwest Asia to Europe. It provided early warning to the receiving facility of her condition and extent of her wounds. When she landed she was met by our medics and taken to a military hospital for definitive care.

Both patients survived. Just a few years ago, before we created this capability, both would have died.

We can provide full spectrum care—anytime—anywhere.

Expeditionary Medical Support—EMEDS—is the name we give our deployed inpatient capability. The small PAM and MFST teams I described are the first two building blocks of an EMEDS. To them, we add 17 more medical, surgical, and dental personnel. These medics bring with them enough tents and supplies to support four inpatient beds. We can keep adding people and equipment in increments as needed until we have erected a 125-bed field hospital. A unique capability of EMEDS is that they are equipped with special liners, ventilation and accessories to protect against biological and chemical warfare attacks.

As an additional measure to defend against these weapons, we field Biological Augmentation Teams. They provide advanced diagnostic identification to analyze clinical and environmental samples centered around RAPIDS, our Rapid Pathogen Identification System. Each team has two laboratory personnel who can deploy as a stand-alone team or in conjunction with an EMEDS package.

After our successful deployment of Biological Augmentation Teams to New York City in response to the October 2001 anthrax attack, we realized just how invaluable these teams were to local public health and Centers for Disease Control officials. Since then, we have reached a total of 30 fully staffed and equipped teams, and additional 14 manpower teams designed to backfill or augment the other teams. They have been—and continue to be—deployed throughout OPERATION Enduring Freedom.

A common attribute of each medical team I have described is that they are small. The Air Force expeditionary medical footprint is shrinking. These smaller units can be assembled in increments; therefore, are flexible to the base commander's requirements.

Their small size makes them cheaper, easier, and faster to transport. A few years ago we used to talk about how many aircraft we needed to move our huge Air Transportable Hospitals into a theater. Now we talk about how many pallets we need on an aircraft.

In just a little over a decade, we have become far more capable with fewer people, less size, less weight, less space—and less time.

This is important. Speed counts. CNN claims it can have a journalist anywhere in the world reporting within seven minutes of an incident. We may not beat CNN

to the scene, but our light, highly-mobile expeditionary medical support teams will be on the ground shortly thereafter—perhaps within as little as three to five hours. For any humanitarian or combat contingency, our EMEDS concept is a true force multiplier. It gives the combatant commander state-of-the-art, worldwide medical care for his deployed forces.

Our transformation has accelerated the speed with which Air Force medics get to where they are needed. Our training programs ensure that once they get there, they are fully capable of providing life-saving care.

Two medical training programs are especially crucial to this capability; one is our Readiness Skills Verification Program (RSVP).

Each member of a deploying health care team, whether a physician, logistician, administrator or nurse, will be called upon to perform numerous tasks in the field, tasks they would never encounter in their home-base medical facility. The RSVP ensures these troops train on, and master, each of these must-know tasks.

Our medics practice them routinely. The list is varied: treating tropical diseases, linking our computer to foreign networks, using ruggedized surgical equipment in field tents—troops must master these tasks before their boots touch the ground in a deployed location.

The other medical training program vital to our expeditionary medicine mission is the Center for the Sustainment of Trauma and Readiness Skills, or C-STARS.

Because our military physicians care for arguably the healthiest population in the world, the medical problems they see during the normal duty day are different from the traumatic and life-threatening injuries the providers will encounter in the battlefield.

To prepare our medics to care for these injuries, we train them in one of three C-STARS locations: civilian hospitals in Cincinnati—where our Reserve personnel train; St. Louis—where Air National Guard medics train; and Baltimore where active duty personnel train. Our staff work side-by-side with civilians in these facilities to care for patients suffering from knife and gunshot wounds, crushing injuries, and other traumatic wounds; the kind of injuries our medics can expect to encounter while deployed.

Hundreds of our medics have trained at C-STARS over the last 2 years. At one time, more than 75 percent of the Air Force special operations medics in Afghanistan received their first “battle-field medicine” experience at C-STARS, as have all of the CCAT care-in-the-air teams I mentioned earlier.

Interfacing with World Health

Our allies and coalition partners around the world are paying close attention to these initiatives. They are eager to work with us in improving their military medicine programs. This leads me to discuss our final core competency, Interfacing with World Health.

The Department of Defense’s Joint Vision 2020 states that today’s U.S. forces must be prepared to operate with multinational forces, government agencies, and international organizations. The Air Force International Health Specialist Program fulfills this mission. The International Health Specialist program identifies medics with specialized language and/or cultural skills, trains these airmen to enhance their skills, and provides a database of medics tailor-made for specific international missions.

Active Duty, Air National Guard, and Air Force Reserve International Health Specialists regularly interact with the U.S. Unified Command Staff, non-governmental agencies, members of foreign military units, and interagency personnel. They provide insightful recommendations on a variety of issues and situations.

Whether assisting with blast resuscitation and victim assistance missions in Cambodia, conducting on-site capability surveys in Sierra Leone and Senegal, or by participating in discussions on international humanitarian law, our International Health Specialists are at the forefront of global health engagement. Their involvement in host-nation exercises and civic assistance activities ensures we are ready to deploy assets wherever and whenever needed, and that the Air Force Medical Service can effectively engage in multi-national environments.

Through our Professional Exchange Program, foreign military physicians provide care shoulder-to-shoulder with our staff in Air Force medical facilities. In addition, our Expanded International Military Education and Training Program uses Air Force medics to “train the trainers” of foreign military and civilian medical facilities. In the last couple of years we have trained 1,700 healthcare providers in 18 countries. We share our expertise on how to train and prepare for, and react to, medical contingencies. Often, our foreign students are receiving such instruction for the very first time.

Ultimately, if a regional contingency does occur, our medics will be able to respond to it as one of many partners in a carefully orchestrated international coalition of medics.

To summarize, those are our five core competencies: Population-based Health Care, Human Performance Enhancement and Sustainment, Fixed Wing Aeromedical Evacuation, Medical Care in Contingencies, and Interfacing with World Health.

Human Resources

Our successes in these core competencies could not be accomplished were it not for the phenomenal people whom we recruit and maintain among our ranks. We know our medics are among the best in their fields. For example, the internal medicine program at Wilford Hall Medical Center at Lackland AFB, Texas, recently scored third out of 398 programs nationwide during the Medical Resident in Training examinations, placing them in the top 1 percent in the nation. This is extremely impressive when one considers we're being compared to medical programs such as Harvard's. This is but one example of the caliber of our nearly 45,500 Active Duty and Reserve Component medical personnel. This number includes more than 1,400 dentists, 5,000 physicians, and 7,000 nurses. However, attracting and keeping these troops is difficult. We seek only the most educated and dedicated nurses, physicians, and dentists. Obviously, those attributes are also highly sought by civilian health care organizations.

The Air Force offers these young professionals a career of great self-fulfillment, awesome responsibility, and excitement. The civilian market offers these incentives, too, but in many cases—in most cases—provides a far more attractive financial compensation. Furthermore, the life and family of a civilian provider is not interrupted by deployments—something our troops are experiencing at a frequency not seen since World War II.

These deployments are a burden to our active and reserve forces. I am keenly aware of the elevated use of our Air Reserve Component over the last decade, and the difficulties deployments create for their family and work lives. My staff does their utmost to only use ARC forces on voluntary status, to activate them for the shortest time possible, and to call upon their services only when other options are not available.

However, it is for these reasons—the lure of more attractive civilian compensation and the frequent deployments—that we find it difficult to attract the kind of medical professionals we badly need.

For instance, our fiscal year 2002 recruiting goal was to acquire over 300 fully trained physicians—we recruited 41. We required 150 new dentists—we recruited 39. Nurses, we needed nearly 400—we recruited 228.

Fortunately, last year's National Defense Authorization Act permits increased compensation for these skills. It allows for loan repayment, increased accession bonuses and specialty pay. I thank you for providing these incentives. They are very useful tools and a good start toward obtaining the quality and quantity of medical professionals we so urgently need.

Conclusion

In conclusion, I am incredibly proud of our Air Force medics and honored to lead them. Each of these five core competencies demonstrates how far the Air Force Medical Service has transformed since the fall of the Berlin Wall, especially in the last five years. We will continue to anticipate the challenges of tomorrow to meet them effectively.

We are very proud to have a leading role in support of our expeditionary Air Force. As the U.S. Air Force focuses more and more on improved effects, we are in lockstep with the line in our ability to provide the right care at the right time with the right capability. We remain at the right shoulder of war fighters, at home base to provide for a healthy workplace and home, and in the field to keep war fighters protected and at the peak of their mental and physical capabilities.

We thank you for the critical support you provide that makes this possible.

Senator STEVENS. Senator Inouye, you heard most of the testimony. Would you like to ask questions first?

Senator INOUE. I thank you very much, Mr. Chairman. Before I proceed with my questions, I'd like to make four observations. Whenever a military person is wounded on the field or on a ship or in the air, I believe the first person he calls for is a medic or corpsman. That was my experience. No one called for his wife, but they called for a medic.

Secondly, whenever the chairman and I have visited bases and camps, met with enlisted personnel and officers, the first question or the bulk of the questions asked refer to health care for dependents. In fact, very few have ever touched upon pay raises. It is always on health care for my kids or my wife.

Third, it is obvious that morale depends upon the level of care that the personnel, their spouses, and their children receive.

And fourth, this is a personal matter, but I say it in looking over the citations of medals for high bravery, especially for medals of honor. This is a common phrase, he killed 25, captured 18. Medics do not kill or capture. As a result, medals of courage for medics are very, very rare, and I think something should be done with that because if you ask any infantrymen or any Marine who will tell you that the bravest of them all are the medics or the corpsmen. And somehow, our award giving system does not cover that.

INCREASED MEDICAL COSTS

And so with my question, I have a general question for all three of you. Since 9–11 the military has been taxed with additional missions both here and abroad. You have cited all of them. Each additional requirement results in increased medical costs, which are not always accounted for in the budget or fully covered in the supplemental request. The monitoring of our personnel before, during and after they are deployed is a result of the lessons learned after the Gulf War.

Additionally, costs increased to backfill deployed medical personnel, handle casualties of war, and treat personnel in theater and at home. With our continued involvement in these missions in the upcoming fiscal year, I'd like to hear from the services on how they are executing fiscal year 2003 and what they anticipate for the next fiscal year 2004.

MEDICAL BUDGET SHORTFALL

And my question will be for the services, will your services have sufficient funds to execute fiscal year 2003 and do you anticipate any budget shortfalls in fiscal year 2004? Are there ways to address the potential shortfall in fiscal year 2004?

Because I'm certain all of us realize that we will be involved in the continuous global war on terrorism, not for the next 6 months, not for the next 6 years but much more than that. So with that in mind, General Peake?

General PEAKE. Well, sir, first I would like to thank the committee for the help with the supplement that is working its way to us now and the \$501 million that was designated for the Defense health program with the comments that need to get focused down to the direct care system.

We haven't seen yet the amounts that will come down to us. It is clearly needed because we have been forward funding the effort that you have described, sir, from opening places like Fort McCoy and Fort Dix, where we do not necessarily have a presence yet, mobilizing soldiers, purchasing their prescriptions, providing them their glasses, all of those things to make them ready medically to go with the force.

We have deployed in the Army now about 3,471 professional fillers out of the day-to-day health care environment into the hospitals that are in Iraq and into the brigades and battalions of our Army to provide them with medical support. And those people we have backfilled partially with reservists. They are terribly important to us. But others we have had to reach out and contract.

Those numbers we are trying to do good accounting for and we look forward to the moneys coming out of the supplement to help us to defray those costs so that we, because what we had borrowed from is the day-to-day health care operations that go on in our large organization, that deliver health care to families and soldiers and so forth. We also have family members coming in from the Reserves who now are TRICARE eligible and we have an obligation to provide them quality care as well.

So from the, from the global war on terrorism, aspects of it, sir, we are looking to see the money that gets to us from the supplement and there may or may not be more required to cover just that particular aspect for fiscal year 2003.

Regarding fiscal year 2003, I am leveraging potential money in our maintenance accounts to be able to ensure that we are covering the health care that we are, should be doing at the quality we should be doing it for our full regular mission. I would tell you, sir, we are busier than just Iraq. We have Afghanistan going. We have people in Colombia, the Philippines, Honduras and Bosnia and a Kosovo mission as well. So it is a very, very busy military and therefore very busy medical structure as well.

With all of that activity, it creates a bit of a unsettling of our business process so we really do have additional expenses that come up. This is a new expense that will have to be accounted for that is not yet accounted for.

As we look to 2004, we will be redeploying our forces. As you say, sir, we will still have people deployed doing the variety of missions that go along with the post-Iraq business as well as the other areas that I have spoken about.

We will have to face what potentially happens with the retention of our soldiers and so forth, which always creates a bit of a turmoil when folks start to return and readjust their lives and so forth. Right now, we are, we use the civilian care and we hire other professionals and nurses, as an example, to come and work in our hospitals to make up that delta, so we can continue the missions in our military hospitals. So those become the kind of bills that we will be facing in fiscal year 2004 as well.

In addition, we are doing the next contracts. There are a variety of things like appointing and utilization management that come back to the military treatment facilities instead of at the contractor level, and we will have to figure out how much that is going to cost us to get those things restarted within our own organizations.

In the long run, we think it is absolutely the right thing to do, but there may be some startup costs that will have to be identified, and we are looking at that as well for 2004.

Admiral COWAN. Sir, I will try to answer your question with a little different approach. Both fiscal year 2002 and fiscal year 2003, Navy medicine has been funded adequately. We are often asked are you fully funded and we say we are adequately funded. We have

enough money to get properly through the year to execute our mission and to not require either supplementals or reprogramming.

At an adequate funding level, we are sustainable for a long period of time, but we do not get at our backlog of military construction, repair, investment, capital investment, new equipment and so on. In fact, we may at this level be getting slightly behind. The newest building in which health care is delivered in Guam was built in 1952.

The budget that we submitted for fiscal year 2004 will also be adequately funding. We are comfortable operating in the fiscal year 2004 time frame. This part of my answer is for the known mission of the health care to our beneficiaries.

The second part of your question is the unknown missions, the ones that we have been involved with, both Iraq and Afghanistan, as well as the others that General Peake mentioned, and others that may come in the future.

That is a harder question for us to answer. For example, right now, I would not be able to tell you the cost of the medical care caused by the Iraq war because much of that has been moved into our TRICARE networks and purchased care and we won't even see those bills for another 120 days.

So, we are working with the TRICARE partners to normalize and make as much of the health care delivery as routine as we possibly can, as we go through these iterations of deployments. But to say that we are, can predict a budget for operational issues is not something I would be comfortable with right now.

Senator INOUE. General Taylor?

General TAYLOR. Senator, I wanted to say first of all, I would be glad to mount up with you on that charge for recognizing the medics who are in harm's way and are doing a great job for our Nation. I think all three of us would be more than happy to get on our steeds and mount that charge with you.

In terms of fiscal year 2003, due to your great efforts through the supplemental, the Air Force is very comfortable that we are going to get through this year in good stead.

In terms of next year for what we budgeted and what Health Affairs submitted for us through the President's budget, we are pretty comfortable. As Admiral Cowan said we are adequately funded. There is no provision in there for additional costs for the global war on terrorism. If we have Reservists and National Guard who remain activated into the next fiscal year, we have to account for their costs.

We have done a very good job I think over the last few months of capturing all of the additional costs that go with a forward deployed force, and we are pretty comfortable we have been able to identify those costs to the Department. There is great uncertainty as the next generation TRICARE contracts come in, for instance, what kind of immediate resources we will have to use within the services to help bridge any gaps that occur as we move from one contract to the other.

And finally, I believe that the optimization funds that are provided have been a Godsend in terms of giving us venture capital to allow each of us to increase the amount of care we deliver in the

direct care system, generating dollars for the pennies invested and giving us that capability.

So in summary, I think the Air Force Medical Service is in a solid state for the rest of this year and as budgeted for fiscal year 2004.

RECRUITING AND RETENTION

Senator INOUE. A bit more specifically, do you have any problems in recruiting and retention, and if so, what areas of concerns do you have on specialties?

General PEAKE. Sir, I think it is a concern for us, and we had good success with critical skills retention bonuses that we, each of our services funded for us this last year that we do not have. It is not a programmed payment. But we have, in terms of a net loss of physicians last year between 2002 and 2003 was 43 and you say that is not that many, but when you start looking at them, 17 of them were anesthesiologists, 17 radiologists. That becomes very expensive.

We are looking to get a change in our benefit in terms of the bonus packages for physicians to be able to recruit better. We are, and I think that that is going to be an important thing for us to follow through on over the course of this year.

Nursing is also a shortage for us, and I think we will hear about that on the next panel more expansively, that they are absolutely critical for our ability for us to do our business. We have had the direct hire authority to be able to hire civilian nurses and that's been really a big plus for us to be able to go out and quickly hire folks and we would, we need to have that authority continued.

Admiral COWAN. Sir, we have shortages in each of the corps. In the medical corps we have traditional shortages, and those specialties that you would expect to have shortages because of pay discrepancies between the civilian and military world.

Unfortunately, many of those tend to be wartime specialties, trauma surgeons, anesthesiologists and the like, and they frequently run in the 80 percent range. We are right in the process of undertaking some initiatives to get at that. We think there are two ways to improve those numbers.

One is through changing the bonus structure for those particular specialties, and the other is providing other nonmonetary incentives for people to come in and serve in various roles, both active duty and Reserves, providing a variety of incentives that we do not have now, particularly in Reserves.

We have a particular problem in the dental corps among young dental officers who accrue large personal debts because of the equipment that they have to buy to get through dental school and the pay differences between civilian practices and the military makes it uncomfortable for them to be financially stable in the military. And we have similar problems with health care providers in the medical service corps such as podiatrists who have large debts and find military service financially unattractive.

We are understaffed in some areas in the hospital corps, and again looking to new programs and incentives that will move corpsmen into those critical specialties.

Senator INOUE. Are those shortfalls occurring right now?

Admiral COWAN. Sir, the shortfalls in the medical field have been chronic for many years.

Senator INOUE. And the anesthesiologists?

Admiral COWAN. Yes, sir.

Senator INOUE. You do not have enough?

Admiral COWAN. No, sir. We do have enough, but we do not have everybody back home. So if we went to two full wars at the same time, it would be very difficult for us to populate all those billets that we need.

General TAYLOR. Very similar in the Air Force. One story is that last summer we had 39 internal medicine physicians who were eligible to leave the service and 38 of them did. There are pay issues in terms of improving pay. We have great authorities to increase pay. We are working diligently to get the funds to match that capability and flexibility.

But it is not only specialty pay and loan repayment plans, it is the environment of work, and all three of us are working very hard to enhance the capabilities of our direct care system facilities, equipment, and staffing to enable all specialties from dental care to nursing corps to podiatrists to anesthesiologists to be able to practice the full spectrum of their capability.

The money has been important to the Air Force as we try to bridge the gap that exists between the staffing we should have and the staffing that we actually have.

We are going to have some terrible shortages in radiology coming up in the next 2 or 3 years. We have a terrible problem with anesthesia, and a 50 or 60 percent staffing range in internal medicine. Those are difficulties that we can contract in for if we can get the funds freed up. That's why the TRICARE-Nex program will lift those funds in the local group, and that optimization money gives us that venture capital to cover.

So those are two important parts. It is not just specialty pay and loan repayment. It is the environment of care that will help greatly in recruiting and retaining wonderful people.

Senator INOUE. I have a few other questions, Mr. Chairman.

STUDENT LOAN REPAYMENT

Senator STEVENS. Thank you very much. I will submit some questions for the record in view of the time frames. I am interested, though, in that line of questions Senator Inouye asked.

In terms of the debts that your professionals have as they come into the service, do you have the system that we have here that we can pay a portion of the debts for each year that they serve, the debts they come to Government with from school, student loans? Are you paying off student loans for those who went to school when they joined the services?

Admiral COWAN. Yes, sir. The way the Navy accesses physicians, we get about 300 a year through either scholarships or paying back, helping them pay their medical school debts. We get about another 50 through the Uniformed Service University and we get a handful through direct accession.

We have similar programs for the dental corps and nurse corps, and in the nurse corps we have a very good incentive program that

sends them along pending successful careers into master's and even Ph.D. programs as a part of their professional development.

Our abilities, for example, to pay for the dentist's debt is, however, limited and because of changes in the way dental education has occurred, we now find ourselves at a competitive disadvantage.

Senator STEVENS. We will be glad to hear some of the problems you have encountered and see if funding is any part of the problem.

Admiral COWAN. Sir, that would be very kind of you.

Senator STEVENS. Particularly where we have a situation where people who are called up, for instance, we ought to find some way to take on that, those debt repayments while they are on the service. I'm talking reservists. They have substantial burdens that we have discovered in this last call-up period.

I'm sure Senator Inouye and I would like to pursue that, but we would be pleased to have you help us with some suggestions that you might have about how we can have a call up bonus, termination, a bonus on return to civilian life, but somehow reflect the costs that they have incurred by coming back in. The Reserve is a very important part of our medical services now.

MEDICAL COMBAT TECHNOLOGIES

Secondly, I would like to ask, we spend a lot of time trying to help finance development of new systems of care for those who are critically wounded, right at the point nearest to the point of injury, so that during the period of transportation to a permanent care facility, they could receive the best care possible. Were any of those new technologies utilized in this recent Iraqi conflict?

General PEAKE. Yes, sir. There were three different types of hemostatic dressings that were quickly pulled off the shelf, some out of the research base to be applied. Admiral Cowan talked about Quick Clot. Chitosan dressing was also purchased and investigational new drug fibrin dressing was provided to the special operations units as well.

Senator STEVENS. We had a description once of a possibility of developing a chair with diagnostic capability within 90 seconds of determining the extent of critical harm to that person, in order that they might be instantly treated. Were any of those facilities, were any of those type of facilities utilized in this recent conflict?

General PEAKE. Sir, this was some life support trauma and transport system forward with a mini intensive care unit with a stretcher with the built-ins, which I think you are referring to. There were folks treated on it. We are getting ready to send a team in for clinical after action lessons learned findings, and those are the kinds of things that are going to be looked at.

We had the UH60 Lima helicopters were deployed for the first time in the theater with the forward looking infrared radar with the patient care capacity in the back that really allows you to work on a patient, and that's the first time we have had that asset. We are really looking forward to hearing the after action reviews on how well all of that worked, and the glass cockpit for aviation.

Senator STEVENS. Well, I do hope if you will convene sort of a symposium of medics who were there and try to get from them, what didn't you have? What could you have used? What type of

procedures or particularly support concepts did you feel you needed, but did not have?

We have to really investigate support right now for military and Defense appropriations. If history repeats itself, it is going to go away fairly soon, and we will be back to battling to get just the moneys that are necessary to continue basic support of the military.

This is the time to fund the innovations that we proffered from the lessons we learned in Iraq, so I hope that you will move quickly, move very quickly to determine that. I have heard my good friend's comments about his four points, and he is absolutely right about the medics. That the difference is right now, with embedded journalism and cell phones, I think the world and families and everyone were contacted quicker, and this was more real exposure to what was going on in Iraq than any war in history. And that will only continue to expand.

So I think that the comments that we have heard, at least that I have heard, at least from those people who were embedded journalists, was nothing but praise for your people and for the medics of this period. I certainly will join Senator Inouye, and I thank you all in trying to see to it that there is more recognition and valor for those people who were right there with the combat forces.

I think we have to do something more than that, in terms of recognition for the future, and again, I think we would like to sit down with you all and talk about that. In terms of not only recognition for exceptional service and valor, but recognition for commitment. I think it takes a special person to be a combat medic. We both had experience on that. In our days, things were a lot simpler than they are now, and I think the stress on these medics must be extreme. Very much extreme.

I would like us to consider spatial periods of readjustment for those medics and have some concept of rest and relaxation (R&R) that are built in to give people incentive to want to be medics in combat periods. But I commend you for what you are doing and hope you will follow through. I do not want to get too—our period up here is not going to be that much longer.

I'm not sure how many wars we are going to sit through. We have sat through, in the last past 35 years, all of them. But we had eight wars so far. That ought to be a record for people on this committee. We want to make sure that we, on our watch, do everything we possibly can to make certain that the next one is handled even better than this one. This one has been handled exceptionally well.

I agree with you about the comment you made about the young soldier who lost his foot. The difference between this generation and ours is a majority of ours was drafted. This was a volunteer.

Admiral COWAN. Sir, one of the most inspiring things I have seen ever is listening to the Marines and corpsmen at the hospital. The corpsmen will only talk about the Marines that they feel responsible for and the Marines will only talk about the corpsmen who they think saved their lives.

Senator STEVENS. Any other questions, sir?

MENTAL HEALTH

Senator INOUE. Just one question. A few days ago, I was watching the networks as most Americans do. And this network spent about half an hour covering an activity with the Marines, and I suppose he said that it covers all services. All of the men who were scheduled for deployment back to the United States were undergoing some psychiatric exercise. Is that the usual practice?

General PEAKE. Sir, I think maybe it was referring to the combat stress debriefing business which we, I think, we all have sort of embraced the notion that you want to get folks able to talk about in a structured environment, the kind of trauma that they may have experienced or seen or been involved with.

As we do the post deployment screening, we expanded the format, as some questions that apply to mental health to try to get at somebody who is having a particular problem.

We will be doing an extensive post deployment screening process as every one of our soldiers, sailors, airmen come back. We will then score that centrally, be able to compare it against their predeployment screening, so what we want to do is identify those that might need additional help or need additional follow up, and so I think we are all planning on being a part of that kind of thing, but there is really two different pieces to it.

Admiral COWAN. Sir, exactly the same way we have found over the years that people subjected to psychological trauma who sit with the others who they went through that with and talk through their feelings have good health outcomes, and the number of people who end up with post traumatic stress syndrome and these sorts of things goes way down, so all three services do that extensively.

General TAYLOR. That's exactly right. The lessons we have learned over the last 100 years in mental health is to treat as far forward as you can with your peers. That's exactly what each of the services does. We feel, as the other services do, that these stress teams are a necessity in all major locations and must interact with troops on a daily basis. This is an ongoing process for all of us.

General PEAKE. If I could add a follow-on, sir, in terms of this notion being an ongoing process. That's something important and something we in the Army are wrestling with now.

The Coast Guard has had an employee assistance program independent of the medical that offers counseling and family counseling and those kinds of things without a "medical statement" or "medical record." I think that's something we do not have in our budget that is something we really need to take on and be able to expand and get support for.

As part of the larger holistic approach was, as you point out, sir, this global war on terrorism doesn't stop with Iraq. This is going to be an ongoing level of activity for us, and a level of stress for our families and our service members, and that kind of support will be important for us in the future, sir.

Senator INOUE. I'm glad you are doing that because in war, mental illness or mental health is considered a stigma and Section 8, so no one talked about it. We just assumed that everything was fine. But reality tells us that there are psychiatric problems, and

I'm glad you are doing that. Mr. Chairman, I have many other questions I would like to submit for the record.

Senator STEVENS. Yes, sir. We will submit some questions for each of you, if you will, and what Senator Inouye said, again, I really think if we look back over the years, the people who were not really compelled to talk about the problems right from the start were the ones that had the greatest problems.

I urge you to think about that, along with we ought to have a psychological advisor right there. It will work much better in the long run. Thank you all very much. We appreciate what you are doing. I hope you'll on behalf of all of us here congratulate all of the people for the wonderful job they have done under our flag. Thank you very much.

We are now going to hear from the chiefs of the service nursing corps. This committee's views on this is critical to our future. We will here from the Army, General William T. Bester, Chief of the Army Nurse Corps. We thank you very much for the service to the Army and our country. We welcome Admiral Nancy Lescavage, Director of the Navy Nurse Corps, and it is really a great pleasure to have you with us again, Admiral. We will proceed with General Bester, since this is his last appearance on our watch.

**STATEMENT OF BRIGADIER GENERAL WILLIAM T. BESTER, CHIEF,
ARMY NURSE CORPS**

General BESTER. Thank you, Mr. Chairman. Senator. Thank you for this opportunity to provide you an update on this state of the Army Nurse Corps. During the past year the Army Nurse Corps has again demonstrated our flexibility and determination to remain ready to serve this great Nation during a very challenging time in our history.

Senator STEVENS. Let me first, if I may, rearrange your testimony. Welcome, General Barbara Brannon, Assistant Surgeon General for Air Force Nursing Services. We welcome you back and apologize to you for not turning the page. General.

General BESTER. Mr. Chairman, what we ask of and receive from our nurses in today's uncertain world is nothing short of amazing. I'd like to begin by telling you what Army nurses are doing at this very minute in places and under conditions as austere as soldiers in this country have ever experienced.

In Iraq and Kuwait, Army nurses have been moving forward with the operational flow, saving lives and treating the wounded as they do so. Army nurses are integral to the success of each and every forward surgical team, Mobile Army Surgical Hospital (MASH) and combat support hospital in the theater.

And as we sit here today, nearly 2,500 active and Reserve component Army nurses have or are currently deployed, with time away from home exceeding last year's level by sixfold. These are selfless dedicated Army nurses who are proud to serve this country of ours and to care for our most precious resource, the American soldier.

I'd like to highlight some of the units currently on the ground supporting Operation Iraqi Freedom, the fine soldiers of the 86th Combat Support Hospital from Fort Campbell, Kentucky are providing far forward medical care. We have watched them perform their expert skills on the television, and we have read about them

in the newspapers. Hundreds of patients have benefited from their presence, although the full impact of their support will not be fully appreciated until the conflict ends.

The 212th MASH from Miesau, Germany initially deployed to Kuwait is now providing the highly mobile surgical care needed for Operation Iraqi Freedom. This is the last MASH unit left in the Army inventory and is again demonstrating the needs for flexible, rapid and mobile medical surgical assets.

Our Reserve component colleagues have stepped to the plate to support current operations. The 396th Combat Support Hospital out of Vancouver and Spokane, Washington activated on January 25 and moved to Fort Lewis, Washington in a matter of 3 days. Scheduled to be part of the contingent that was to go into Turkey, this unit has remained stateside and is now integral to the manning requirements of Madigan Army Medical Center.

The personnel of the 396th that performed over 400 surgical cases and are providing expert care in in-patient and outpatient critical care units, thereby allowing Madigan to maintain a high level of operation, in spite of significant personnel losses to deployment. The men and women of the 396th are just another example of extreme importance of active and Reserve integration.

Army Nurse Corps officers are providing care for our combat casualties throughout the entire continuum of care. As I pointed out earlier, nurses are far forward in order to quickly receive an ill or injured soldier. Our nurses at the higher level care facilities in Europe and in the United States are ready and waiting to provide the care needed once a combat casualty is stabilized for movement.

At Landstuhl Army Medical Center in Germany, nurses are providing critical care for soldiers such as PFC Jessica Lynch. Nurse case managers have been manning the Deployed Warrior Management Control Center since Afghanistan and are now in full operation during Operation Iraqi Freedom. This center was established to enhance case management of any casualty from their initial injury in theater through his or her return to the United States and has facilitated the coordination of care amongst all three services.

Army nurses are also proud to be an integral part of the transformation of the new 91 Whiskey health care specialist, our combat medic.

We are embedded in the training unit as leaders and educators and positively impact on sustainment training of this critical military occupational specialty at every medical treatment facility. I'd also like to commend one of our outstanding young Army nurses, Captain Timothy Hudson, the recipient of the 2002 White House Military Office Outstanding Member of the Year award for a company of great officers.

Clearly, Senators, Army nurses are at the forefront of caring and are responding with excellence to the needs of those all the way from the President of the United States to our great soldiers and their families and our very deserving retirees around the world.

On the recruiting front, we continue to struggle with our recruitment of nurses to support today's health care needs and the needs of the Army in the years to come. The affect of the national nursing shortage continues to affect our ability to attract and maintain quality nurses.

We are still below our budgeted end strength of 3,381, but are actively pursuing incentives to counteract this shortfall and promote the force in our years to come. As a direct result of the 2003 National Defense Authorization Act, we are actively pursuing an increase in the accession bonus beginning in fiscal year 2005.

This spring we plan to implement the health professional's loan repayment program for both newly recruited nurses as well as our cornerstone company grade officers who are serving in their first 8 years of commissioned service.

Understanding the great potential of our enlisted soldiers to serve as commissioned officers, we continue to sponsor dozens each year to complete their nursing education to become Registered Nurses (RN) and subsequently Army Nurse Corps officers via the Army Enlisted Commissioning Program.

We are very proud of these successes, yet we will continue to pursue all recruiting and retention avenues in order to secure more long-term stability in our manning posture.

Sir, the general referred earlier this afternoon to our civilian nurses and they now comprise about 60 percent of our total nurse work force and are clearly key to our nursing care delivery in the medical treatment facilities. I'm pleased to tell you, Senator, in fiscal year 2002, we achieved an 89 percent fill rate of documented civilian Licensed Practical Nurse (LPN) positions. This is an increase of 7 percent and 13 percent, respectively, from last year.

In the direct hire authority that the Surgeon General talked about earlier, granted to us by Congress, has dramatically reduced the length of time it takes from recruitment to first day of work from 111 days to a remarkable 23 days for Registered Nurses. This has resulted in a 50 percent reduction of unfilled RN positions in our facilities.

Clearly, we need to continue this approach to civilian RN recruitment and we will continue to seek expansion of this authority to include LPNs and legislative approval that makes direct hire authority permanent.

Although many of our nurses are deployed or dedicating the majority of their time to the support of the global war on terrorism, nurses are still actively engaged in other nursing activities such as research and education.

I want to offer my thanks and appreciation to this committee for the continued steadfast support of the TriService Nursing Research Program (TSNRP). Since 1992, TSNRP has funded 230 research proposals that have resulted in continued advances in nursing practice for the benefit of our soldiers and for their family members and for our great retirees.

I would also like to extend my appreciation to the Uniformed Services University of the Health Sciences for their continued flexibility and support of the Advanced Practice nurses. Adeptly responding to the needs of Federal nursing, they have established perioperative nursing as well as a doctoral program in nursing, with the first candidates for study in each of these programs to begin this summer.

Our continued partnership is key to maintaining sufficient numbers of professional practitioners necessary to support our mission. Finally, Senators, the Army Nurse Corps once again reaffirms its

commitment to recognizing the Bachelor of Science degree in nursing as the minimum educational requirement and basic entry level for professional nursing practice.

PREPARED STATEMENT

In closing, I assure you that the Army Nurse Corps is comprised of professional leaders who are totally committed to providing expert nursing care. It has been my honor and it has truly been my privilege to lead such a tremendous organization. Thank you for this opportunity to present the extraordinary contribution made by today's Army nurses.

[The statement follows:]

PREPARED STATEMENT OF BRIGADIER GENERAL WILLIAM T. BESTER

Mr. Chairman and distinguished members of the committee, I am Brigadier General William T. Bester, Commanding General, United States Army Center for Health Promotion and Preventive Medicine and Chief, Army Nurse Corps. Thank you for this opportunity to update you on the state of the Army Nurse Corps. In the past year, the Army Nurse Corps has again demonstrated our flexibility and determination to remain ready to serve our great Nation during challenging and difficult times.

The effects of the National nursing shortage continue to impact the ability of the Army Nurse Corps to attract and retain nurses. The decline in nursing school enrollments over the past several years, coupled with the increasing average age of a registered nurse, clearly dictate the need to focus recruitment and retention efforts towards enhancing the image of nursing as a worthwhile and rewarding long-term career choice. We are encouraged by the fact that for the first time in over six years, enrollment in baccalaureate nursing programs in 2001 increased. However, since education resources are limited, there is still a need for such initiatives as the Nurse Reinvestment Act and we applaud the support that you have provided towards this effort. It will be critical that we continue to develop programs of this magnitude.

We are well aware of the impact that the decreased nursing personnel pool has had on our civilian nurse recruitment and retention. Civilian nurses now comprise over 60 percent of our total nurse workforce and we have worked diligently to streamline hiring practices, improve compensation packages and enhance professional growth and development in order to attract the types of nurses who will commit to the military healthcare system. I am pleased to report to you that we have experienced some success in our civilian recruitment actions over the past year. In fiscal year 2002, we achieved an 89 percent fill rate of documented civilian Registered Nurse positions and an 83 percent fill rate of documented civilian Licensed Practical Nurse positions. This is an increase of 7 percent and 13 percent, respectively, from the previous year. The Direct Hire Authority granted to us has dramatically reduced the length of time it takes from recruitment to first day of work from 111 days to a remarkable 23 days for Registered Nurses. This initiative has resulted in a 50 percent reduction of unfilled RN positions in our Medical Treatment Facilities. Clearly, we need to continue this type of long-term approach to civilian RN recruitment.

The Army Nurse Corps is actively engaged in a DOD effort to simplify and streamline civilian personnel requirements. The intent is to recruit, compensate, and promote civilian nursing personnel with the flexibility necessary to respond to the rapidly changing civilian market. We have clearly identified our needs related to the payment of these greatly needed premium, on-call, overtime and Baylor Plan pay strategies and are very ready to implement these strategies when the Defense Finance Accounting Service (DFAS) support is available. In addition, we are progressing with the clinical education template currently required in the legislation in order to ensure consistency of hiring practices. We strongly value continuing professional development of our civilian nurse workforce and are reenergizing our already established Civilian Nurse Tuition Assistance Program to enhance retention and symbolize our trust in the civilian nurse workforce abilities and commitment to taking care of soldiers. We firmly believe that enhancing job opportunities for our military family members is consistent with the Army's overall goal to support the well being of our soldiers and families.

We are also well aware of the impact of the decreased nursing pool on our military nurse recruiting efforts. The Army Nurse Corps is still below our budgeted end-strength of 3,381. We ended fiscal year 2002 at a strength of 3,152, a deficit of 229. We have taken aggressive measures to strengthen our position in both the Army Reserve Officer Training Corps (AROTC) and U.S. Army Recruiting Command (USAREC) recruiting markets. We have re-established targets in the AROTC program and expanded school participation in our AROTC scholarship program by four-fold. As a direct result of the 2003 National Defense Authorization Act, we are actively pursuing an increase in the accession bonus beginning in fiscal year 2005. This year, we were successful in offering a Critical Skills Retention Bonus (CSRB) to 54 percent of our Nurse Anesthetists and 76 percent of our Operating Room nurses. This spring, we are implementing the Health Professions Loan Repayment Program (HPLRP) for newly recruited nurses as well as to our cornerstone company grade Army Nurse Corps officers who are serving in their first eight years of commissioned service. The HPLRP and accession programs, in conjunction with our already established and robust professional and clinical education programs, will allow us to consistently reinforce the value of our Army Nurses through the critical early career timeframe. Finally, we have been extremely successful in providing a solid progression program for our enlisted personnel to obtain their baccalaureate nursing degree through the Army Enlisted Commissioning Program. This year alone, we will sponsor 85 enlisted soldiers to complete their nursing education to become Registered Nurses and subsequently, Army Nurse Corps officers. Since last year, we have increased the number of available slots for soldiers qualified for this program by 30, a 55 percent increase. I want to emphasize that this program provides us with nurses who already possess the strong soldiering and leadership skills that we foster and desire in Army Nurses.

Retention of our junior nurses is extremely important to us. We continue to closely monitor the primary reasons that our company grade officers leave the Service and have determined that the reasons are primarily related to quality of life, work schedules and compensation. We have taken this feedback and used it as the basis to address the focus of our senior leadership efforts at the local level. Compensation strategies such as the Critical Skills Retention Bonus (CSRB) and the Health Professions Loan Repayment Program (HPLRP) have been paramount in our effort to recognize individuals for their tremendous efforts and sacrifices. The Army Nurse Corps continues to sponsor significant numbers of nurses each year to pursue advanced nursing education in a variety of specialty courses as well as in masters and doctoral programs. We are all working to improve the practice environment, foster mentoring relationships, and ensure equitable distribution of the workload among our nurses. We intend to aggressively capitalize on all financial, educational and benefit packages available to recruit and retain dedicated officers.

The Army Nurse Corps continues to answer the call to support the Nation's War on Terrorism as well as other contingency missions. In fiscal year 2002, 1,001 Army Nurses deployed to over 20 countries totaling 25,133 man-days. Since October 2002, the deployment pace is swifter than ever, with 1,162 Army Nurses deployed totaling 80,083 man-days. Our nurses continue to provide expert nursing care on Forward Surgical Teams (FSTs), which provide far forward immediate surgery capability that enables patients to withstand further evacuation to more definitive care. Currently, nurses are deployed in multiple FSTs in support of Operation Enduring Freedom, Operation Iraqi Freedom, and other missions worldwide. The 250th FST was the first to deploy to Kandahar, Afghanistan in direct support of the Combined Special Operations Task Force South-Forward and executed medical operations under the most austere combat conditions. The 274th FST provided surgical coverage of northern Afghanistan and provided care to more than 500 patients to include over 200 combat casualties. In March 2002, the 274th FST received and treated all combat casualties sustained during Operation Anaconda and provided extensive orthopedic and surgical care for the detainees held at the Bagram Airbase. Each of these outstanding forward surgical elements contains a substantial nurse element that is critical to the team's success.

The 86th Combat Support Hospital (CSH) is now supporting Operation Iraqi Freedom and is providing far forward medical care in the most austere conditions for both coalition forces and local nationals. The full impact of their support on the numbers of casualties cared for by these fine soldiers is not known at this time. Always ready, this same Combat Support Hospital was also the most forwardly deployed Level III Combat Support Hospital in Central Asia to support Operation Enduring Freedom. At that time, the personnel in the 86th included Army Nurses from Fort Campbell, Kentucky with augmentation by Army Nurses from Fort Bragg, North Carolina, Fort Belvoir, Virginia, Fort Rucker, Alabama and West Point, New York. This hospital, consisting of a 2-bed operating room, 7-bed emergency medical

treatment section, and 24-bed inpatient area, provided care for 63 combat related casualties as well as the care for the acute health care needs of the deployed forces.

In the past year, we provided expert nursing care with the 28th Combat Support Hospital from Fort Bragg, North Carolina in support of Task Force Med Eagle (TFME) in Bosnia-Herzegovina. In the same theater, the 249th General Hospital conducted Medical Civil Action Programs (MEDCAPs) to improve relations by providing basic medical screenings and care to 130 local national personnel within the Multinational Division-North Area of Operations in Bosnia. In addition, nursing personnel provide support to an ongoing multidisciplinary health promotion program for soldiers and civilian employees in the Task Force. Flexible and ready, some of these same units are now providing the needed support to the soldiers currently in Southwest Asia.

The Army Nurse Corps continues to strengthen our commitment to integrating our Active and Reserve Components. Last year, the 212th Mobile Army Surgical Hospital from Miesau, Germany teamed with the 5501st United States Army Hospital from San Antonio, Texas to conduct maneuvers at the Combat Maneuver Training Center (CMTC) in Hohenfels, Germany. This was the first time that level III health care support was incorporated directly into a CMTC rotation. This is just one example of many where Active and Reserve Army Nurses join forces to provide expert patient care and superb clinical leadership.

In light of current world events, we have imbedded training on the personal and medical response to the chemical, biological, radiation, nuclear and high explosive threat into all our professional nursing and military education courses and deployment preparations. I can assure you that all Army Nurse Corps Officers will continue to be ready to meet any deployment challenge in any environment that they may encounter.

It is a pleasure to be able to highlight good news stories about nurses at the many medical treatment facilities around the world. As a result of a productive collaboration among the Department of Defense, the Army Medical Department's Outcomes Management Section, and the Veteran's Health Affairs Quality Assurance and Performance Improvement Office, we implemented an additional nine Clinical Practice Guidelines (CPGs) in 2002. The practice guidelines relate to the care of Low Back Pain, Asthma, Diabetes, Tobacco Use Cessation, Post Deployment Health, Post-operative Pain, Major Depressive Disorder, Substance Abuse Disorder & Uncomplicated Pregnancy. These compliment the seven other Practice Guidelines already in place and demonstrate the unprecedented collaboration between clinicians and researchers working at Army, Air Force, Navy and Veteran's Affairs facilities. Clinical nurse specialists, nurse practitioners, nurse midwives, nurse educators, community health nurses, and staff nurses are intimately involved in both the development and the implementation of the guidelines. These guidelines may be applied to patient care in both the peacetime and combat hospital settings and aim to decrease variation in the management of specific conditions, thereby improving quality of care. A notable success associated with the implementation of the CPGs includes the fact that none of the 28 Army Medical Treatment Facilities surveyed by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) have had any findings related to the new JCAHO CPG implementation mandates.

Nurses have embraced new technology in support of patient care. The Great Plains Regional Medical Command and Brooke Army Medical Center nurse practitioners are currently testing a new composite computer software program called MEDBASE that will allow Commanders at all levels to have visibility of the data necessary to ensure soldier medical readiness. This database will also facilitate electronic medical record documentation, soldier profiling and tracking, worldwide immunization tracking, electronic health and wellness documentation, procedure and diagnostic coding, and numerous practical medical readiness reports for all levels of the military system. This tool, designed to interface with current and programmed DOD information technology systems, has incredible potential to conserve personnel and fiscal resources and will directly impact our performance improvement initiatives.

MAJ Laura Favand and MAJ Lisa Lehning, Army Nurse Corps Officers from William Beaumont Army Medical Center in El Paso, Texas and Brooke Army Medical Center in San Antonio, Texas, respectively, assisted in the development of another valuable data management tool. The Combat Trauma Registry was employed at Landstuhl, Germany and contains data entered on soldiers injured in Afghanistan in support of Operation Enduring Freedom. The purpose of the Combat Trauma Registry is to examine the feasibility of identifying, collecting, and reporting combat trauma care information from the point of injury to return to duty, discharge from active duty, or death from combat casualties. The data collected in this registry will be used as input into the planning factors used to develop combat health support

models such as casualty estimates, personnel at risk, and injury types for future military operations. This is the first attempt to collect this type of data since the Vietnam conflict.

Army Nurses at Walter Reed Army Medical Center are supporting disaster and bioterrorism preparedness with the implementation of Phase I of the DOD plan for smallpox vaccinations. Phase I includes the vaccination of the military's smallpox response teams and hospital and clinic teams located in military hospitals. Walter Reed personnel prepared and conducted a two-day conference for their staff and personnel, providing smallpox education and training for people who are to be vaccinated and for those administering the vaccine. As Federal agencies reorganize and lines of authority are adjusted in the newly formed Department of Homeland Security, it is clear that nurses across all specialties will play a significant role in the overall medical disaster response strategy.

Army Nurses are proud to be an integral part of the transformation of the new 91W Healthcare Specialist Military Occupational Specialty. We are imbedded in the training units as leaders and educators. In fact, there are thirteen Army Nurse Corps officers directly assigned to the training battalion at Fort Sam Houston, TX in which each new 91W soldier is initially trained. In addition, Army Nurse Corps officers were directly responsible for developing and implementing the hospital based clinical training experience that is part of the sixteen-week 91W initial entry training. Army Nurse Corps officers also serve as preceptors and mentors for these soldiers throughout their initial entry training as well as the sustainment training programs in place across the Army. I want to share with you my impression of these soldiers. Simply put, they are the best-trained combat medics in our history and we are proud to serve side by side with these exceptional soldiers. We will continue to steadfastly support all aspects of this transformation until it is completed.

Army nurses continue to be at the forefront of nursing research. We aggressively pursue evidence-based research focusing on critical military healthcare problems that nurses can positively impact. Last year, I shared with you our five primary research focus areas: the identification of specialized clinical skill competency training and sustainment requirements; issues related to pre-, intra-, and post-deployment; issues related to the nursing care of our beneficiaries in garrison; nurse staffing requirements and their relationship to patient outcomes; and finally, issues related to civilian and military nurse retention. Today I will share with you our progress and accomplishments in these five priority areas.

To insure that our combat medics are trained in critical life-saving skills and ever ready for battle, they are required to become nationally certified as Emergency Medical Technicians. The nurse researchers at Madigan Army Medical Center are assessing the impact of a computer-based three-dimensional virtual Emergency Medical Technician training simulator on overall educational outcomes of students and the resulting national certification pass rates. To date, one hundred thirteen 91W students are enrolled in this study. This adjunct to our educational design could result in improved pass rates and related cost savings as soldiers will be better prepared to pass the national certification examination the first time taken.

The recent increase in our deployment tempo has kept all our medical personnel busy. Nurse researchers at Walter Reed Army Medical Center are engaged in a study to identify the physiologic, psychosocial, work and lifestyle factors of Army Medical Department soldiers who have experienced musculoskeletal injuries. They will examine how these factors may be associated with the occurrence of these injuries. The results of this study will help us devise strategies targeted at reducing the frequency of these injuries in these soldiers. In addition, students in our Nursing Anesthesia graduate program have studied the safety and efficacy regarding the use of an oxygen concentrator in the field environment. Use of this device will allow for the delivery of required oxygen to patients in the field and eliminate the need to transport heavy oxygen bottles. Army Nurse researchers are also conducting a large-scale study to identify the ethical issues nurses encounter in caring for patients in deployed and garrison-based military hospitals. Early results from this study indicate that our military and civilian nurses most often encounter the challenges of staffing patterns that limit quality of nursing care, protecting patient rights to quality nursing care and staffing patterns that limit patient access to nursing care. The intent of this study is to develop pre-emptive educational programs that will prepare nurses in a variety of military settings to best manage the ethical challenges presented to them. All of the studies mentioned are truly targeted at improving nursing care for soldiers in all our practice environments.

Nursing research consistently examines the potential of new technology on practice. Nurse researchers at Walter Reed Army Medical Center are examining the use of telenursing for our remote, home-based patients who are in need of cardiac rehabilitation following coronary artery bypass graft surgery. This program will allow

nurses to “virtually” visit patients up to three times per week to follow both the physiological progress of the patient such as vital signs, surgical incision assessment, and electrocardiograph analysis as well as provide educational interventions that the home-bound patient might otherwise not receive. The nurse researchers at Brooke Army Medical Center have designed a study to decrease ventilator-associated pneumonia in patients at Brooke Army Medical Center and at Wilford Hall Air Force Medical Center. This study has dramatic potential in both human outcomes as well as cost outcomes by determining care criteria that could decrease the number of days that a person is on a ventilator.

Nurse researchers at Madigan and Walter Reed Army Medical Centers completed the Army Nursing Outcomes Database study initiated in 2001 and have extended the concept to include medical treatment facilities from both the Air Force and Navy. This Tri-Service project is dedicated to the collection of standardized and high quality data related to the effects of nurse staffing and patient outcomes. The expanded Military Nursing Outcomes Database will assess data integrity, examine new indicators of quality nursing care and will add a dimension of the rapidity of patient movement into and out of the hospital. The Army Nurse Corps also continues to collect data from nurses who have chosen to leave the military in order to identify those issues that we can positively impact upon with the goal of retaining as many quality Nurse Corps officers as possible. This ongoing assessment indicates that nurses leave the military in order to pursue life goals such as having a family and stabilizing their location. We have taken this feedback seriously and are striving to address the retention needs of our nurses through the initiatives and incentives outlined earlier in this testimony.

In conclusion, Army nurse researchers continue to seek the solutions to the important challenges facing military healthcare. The Army Nurse Corps continues to identify areas for collaboration with researchers in the Navy and the Air Force. Since 1992, the TriService Nursing Research Program has funded 230 research proposals and during fiscal year 2002, seventeen military nurse researchers received funding in areas that include nursing practice during operations other than war, air evacuation, fitness among National Guard personnel, sexually transmitted disease and pregnancy prevention during deployment, and educational strategies for chemical warfare. The Tri-Service Nursing Research Program continues to offer a breadth of supportive activities such as workshops and symposiums to promote, encourage and develop both our novice and seasoned researchers. It is clearly evident by the types of proposals submitted that nursing research is, and will continue to be, focused on relevant and timely research problems that necessitate solid outcome data. Your continued support of the TriService Nursing Research Program is truly appreciated and has resulted in continued advances in nursing practice for the benefit of our soldiers, their family members, and our deserving retiree population.

I would like to extend my appreciation to the leadership and faculty of the Uniformed Services University of the Health Sciences (USUHS) for their continued support in the training of our Certified Registered Nurse Anesthetists and Family Nurse Practitioners. USUHS continues to provide us with professional nursing graduates who have a near perfect pass rate for national certification, easily exceeding the national standard. Adeptly responding to the needs of Federal nursing, USUHS established this past year the Clinical Nurse Specialist Program in Perioperative Nursing as well as the foundation for the Doctoral Program in Nursing, with the first candidates for study in each program to begin this summer. USUHS continues to refine and evolve strong curricula that have three focused research and practice areas including Operational Readiness in Changing Environments, Population Health and Outcomes, and Clinical Decision-Making in the Federal Health Care System. In addition, they have placed cross cutting emphasis on patient safety, ethics, force protection, and international health and leadership. The curricula are interwoven with the necessary military applications essential for the response to any global challenge, such as scenarios involving deployment of weapons of mass destruction, disaster or humanitarian assistance, and contingencies other than war. USUHS continues to be flexible and responsive to our Federal Nursing needs and our continued partnership is key to maintaining sufficient numbers of professional practitioners necessary to support our mission.

Finally Senators, the Army Nurse Corps once again reaffirms its commitment to recognizing the Bachelor of Science degree in Nursing (BSN) as the minimum educational requirement and basic entry level for professional nursing practice. We appreciate your continued support of this endeavor and your commitment to the educational advancement of all military nurses. We continue to be resolute in meeting the challenges we face today and are ready and determined to meet the uncertain challenges of tomorrow. We will continue with a sustained focus on readiness, expert clinical practice, professionalism, leadership and the unfailing commitment to

our Nation that has been the hallmark of our organization for over 102 years. Thank you for the opportunity to present the extraordinary contributions made by Army Nurses.

Senator STEVENS. Thank you, General. Admiral Lescavage.

**STATEMENT OF REAR ADMIRAL NANCY J. LESCOVAGE, NURSE CORPS,
UNITED STATES NAVY, DIRECTOR, NAVY NURSE CORPS**

Admiral LESCOVAGE. Good afternoon, Chairman Stevens, Senator Inouye. I am Rear Admiral Nancy Lescavage, the 20th Director of the Navy Nurse Corps and Commander of the recently established Naval Medical Education and Training Command. It is indeed an honor and a privilege to represent a total of 5,000 active duty and Reserve Nurse Corps officers. I welcome this opportunity to testify regarding the status of the Navy Nurse Corps.

The Navy Nurse Corps is "living" the mission of Navy medicine today providing preeminent health care in worldwide missions. When called to duty recently, our Navy nurses readily packed their seabags and moved forward. Meanwhile, our remaining military and civilian nurses back home continued to be the backbone in promoting, protecting and restoring the health of all entrusted to our care, including those heroes who have gone before us in harm's way.

Not a beat was missed in our mission. This year, to chart the course, we have revised our strategic plan which now parallels Navy medicine's goals of being ready, caring about our people, delivering that health care benefit to all, and promoting best practices.

Through our collective leadership, I'm happy to tell you we are also united with our Federal nursing partners to advance professional nursing practice. What a thrill that is to be one team with my fellow colleagues.

I will now speak to each of our goals and address the status of professional nursing in Navy medicine relative to the national nursing shortage. First of all, to stand ready. Our mission is exemplified in our continuous commitment to readiness in peacetime, wartime, humanitarian and other contingency missions.

Augmenting our 70 Navy nurses who are routinely assigned to operational billets, we have deployed a total of approximately 600 Navy nurses in support of Operation Iraqi Freedom on a variety of platforms. They have been and remain assigned to forward resuscitative surgical support teams, fleet surgical teams, Marine Corps medical battalions, Marine Corps force service support groups, our fleet hospitals, our casualty receiving and treatment ships, and our hospital ships such as the U.S.N.S. *Comfort* currently deployed. Part of that crew will be returning today.

And they also serve aboard our aircraft carriers. Eighty-nine out of 140 nurse anesthetists have been deployed and are serving us well. We have also recalled approximately 400 Reserve Navy nurses to support our operational missions and the continuum of care in our military treatment facilities. You see, we really do truly work as a team, both active duty and Reserve.

During this past year, there have been an additional 43 Navy nurses involved in other missions, such as at Camp X-Ray in Guantanamo Bay, Cuba, Operation Provide Hope and Operation Enduring Freedom. Almost 400 Nurse Corps officers have also been in-

volved in various training exercises in the past year, such as in our fleet hospital training, fleet hospital operational readiness evaluation, and Exercise Battle Griffin.

Strengthening our emergency preparedness posture, Navy nurses now serve in vital leadership roles in Navy medicine's Office of Homeland Security, the Department of Defense smallpox response team, the Marine Corps chem/bio incident response team, and in command emergency preparedness offices. In meeting our readiness mission in all operational environments, training opportunities occur across Federal, as well as civilian agencies. As an example, this past fall, the Navy medicine's trauma training program rotated its first class through the Los Angeles County University of Southern California Medical Center, one of the Nation's top level one trauma centers. We successfully trained many Nurse Corps officers by enhancing their combat trauma skills and medical readiness, and they do that along with their respective platform teams, so they truly are ready for trauma cases.

In addition, five of our Navy medical treatment facilities have established agreements with local trauma centers, training numerous emergency and critical care nurses, as well as our operating room nurses. Collaborating with the Army and the Air Force, we have also shared instructors and training opportunities to enhance these critical skills.

Secondly, in caring about our people, we continually strive to be recognized as an employer of choice in recruiting, training and retaining the right professional nurses. We closely monitor the national nursing shortage projections and civilian compensation packages and determine the best course for us to take in the competitive market.

The Navy Nurse Corps amazingly continues to meet active duty military and civilian recruiting goals and professional nursing requirements. We do that through diversified accession sources. Those are our pipeline programs, for example, in our Reserve Officer Training Corps (ROTC).

We also do that through pay incentives, graduate education and other retention initiatives that address quality of life issues, to meet our special needs, such as critical care. And I really believe we need more Navy nurses in the mental health arena, in midwifery and neonatal nursing. We too are exploring the health professional's loan repayment program in those areas.

For our Civil Service nurses who make up a huge part of our backbone, recruitment, retention and relocation bonuses are used, along with special salary rates and that wonderful special hire authority which we can thank you so much for.

We also had our certified registered nurse anesthetists and operating room nurses this year participate in the critical skills retention bonus. Ninety percent of our operating room nurses who were eligible took that, as well as 70 percent of our nurse anesthetists.

I'd like to highlight our Navy Reserve component. We have processed 63 percent of our accession goal of 261 nurses to enter the Reserves, maintaining the same pace as we did last year. Beneficial incentives in procuring our Reservists in critical wartime specialties include an accession bonus for the Reserves, as well as loan repayment and stipend programs for graduate education. I have no-

ticed through the years that the one thing nurses most want is to be greater educated. We are now proposing to expand bonus eligibility to new nursing graduates. In addition, we are in the initial stages of exploring the feasibility of instituting a pipeline scholarship program for our Reserve enlisted component, those corpsmen who desire to go on to become Navy nurses. And that's similar to the pipeline program for our active duty colleagues.

Through several surveys, graduate education opportunities have been cited as one of our most important retention initiatives. We now are able to focus all of our scholarship training, as Admiral Cowan stated, on master's degrees and doctorate degrees based on our operational specialty requirements, specific health population needs and staffing projections.

We are sending several of our nurses to the recently established perioperative clinical nurse specialist program at the Uniform Services University of Health Sciences (USUHS). We greatly look forward to the new doctoral program at USUHS, and are additionally considering nurse fellowship opportunities in such arenas as gerontology, business management and mental health.

This year, we also instituted nursing internship programs at our three major medical centers and other naval hospitals for all new nursing graduates. The news is good on this as well. There have been several hundred military and civilian nurses who have completed these programs. These new nurses attest to increased self-confidence with clinical practice and are eager to assume greater responsibilities.

Thirdly, delivering that health care benefit. Population health management is at the forefront and our Navy nurses are actively engaged in various clinical settings through health promotion, disease management and case management programs. These innovations do four things for us. They expedite a much quicker return to full duty for our sailors and Marines. They decrease lost work hours, increase productivity, and enhance our customer satisfaction. You see the benefits are endless and the line really appreciates the return to duty.

Embracing force health protection, numerous programs have been developed to ensure a healthy and fit force such as a command preventive health assessment program, nurse managed hyperlipidemia clinic at our naval hospital in Rota, Spain, the ingarrison rehab platoon program at Camp Pendleton and clinical care services, which we call drive-by health care. They pull up to the pier in a van and are able to render basic primary care to our sailors who have just returned.

Just as the health and fitness of our military members is critical to force readiness, so is the health of our extended military family and other eligible beneficiaries. In at least four medical treatment facilities, our nurses are leading the way in the assessment and management of our patients. Diabetes case management has significantly enhanced patient compliance with their recommended plan of care. In support of the unique needs of seriously ill and terminally ill patients, our first Navy palliative care clinic was established at our medical center in Portsmouth. Our mother baby clinic provides follow-up for high-risk mothers and babies for early detection and prevention of complications. Pediatric nurses at our naval

hospital in Naples liaised with the Department of Defense school nurses and teachers to collaborate on taking care of asthmatic children to prevent asthmatic attacks. This sampling of programs demonstrates that Navy nurses indeed are innovative and have specialized knowledge that can be applied in any form in a military setting.

Lastly, promoting best health care business practices. Nurse Corps officers continue to be strategically placed in pivotal roles where they can influence legislation, health care policy and delivery systems. We have active duty and Reserve Nurse Corps officers in executive roles, including our current Navy's Deputy Surgeon General and many others such as commanding officers, executive officers and officers in charge. Personally, I am honored to have been chosen to lead the charge in revolutionizing Navy medicine's education and training.

Always striving for nursing excellence, many commands have aligned their performance metrics with the American Nurse's Association magnet recognition program and Malcolm Baldrige criteria for excellence. These standards provide the framework for sustained quality patient care. Our goal is to complete our first application which is at our medical center in Portsmouth, Virginia, and have that completed by next year.

Nursing research has become our cornerstone for excellence in all settings, from military treatment facilities to the operational environment. Our revised Navy Nurse Corps research plan provides the foundation and scope of military nursing research ranging from the utilization of doctorally prepared Nurse Corps officers in key leadership positions to their responsibilities in leading evidence-based practice studies.

With authority and influence, our Navy nurse researchers now create health policies and delivery systems and are right at the tip of the spear in leading the way in our major medical treatment facilities. We were honored to have one of our nurse anesthetists named researcher of the year by the American Association of Nurse Anesthetists.

We do as well appreciate your support of the TriService nursing research program funding. I would like to highlight just a little bit of our research programs out there. A program involving the studies examined Navy recruits at risk for depression, after undergoing the bootstrap intervention program. This is at Great Lakes. Preliminary results indicate a potential for decreased attrition, improved recruit performance, and an identified cost-effective method of recruit retention.

On the cutting edge of molecular research, a team led by a Navy nurse is investigating the potential use of a readily accessible medication to be used in the field to treat respiratory problems. We also have a multidisciplinary team with nurses in it working on diabetic care and that has enhanced the patient's ability to achieve the mastery of self-care and live independently with potential savings of \$7,000 to \$42,000 per patient a year.

In closing, I appreciate your tremendous support of legislative initiatives and the opportunity to share our accomplishments. In our 95th year of the Corps, our Navy nurses are very proud of our

heritage and professional practice as innovators, change agents and leaders.

In my other role as Commander, Navy Medical Education and Training Command, I fully support the philosophy that continuous learning and guidance for all health care professionals is integral to what we do in meeting our peacetime and wartime missions.

Regarding lessons learned, Chairman Stevens, my command with education and training has a command under it called the Naval Operational Medical Institute. Several years ago, we did come up with the lessons learned program and we are very excited about that. That has already been launched, which really has value in learning from what has just occurred.

PREPARED STATEMENT

I look forward to continuing to work with you and my colleagues during my tenure as the Director of the Navy Nurse Corps. Thank you for this great honor and privilege. In my view, there is no better job.

[The statement follows:]

PREPARED STATEMENT OF REAR ADMIRAL NANCY J. LESCOVAGE

Good morning, Chairman Stevens, Senator Inouye and distinguished members of the Committee. I am Rear Admiral Nancy Lescavage, Director of the Navy Nurse Corps and Commander of the recently established Naval Medical Education and Training Command. It is an honor and a privilege to represent a total of 5,000 Active Duty and Reserve Navy Nurse Corps officers. I welcome this opportunity to testify regarding our achievements and issues.

The Navy Nurse Corps is "living" the mission of Navy Medicine today and fulfilling the vision of the Navy Nurse Corps of preeminent health care in executing worldwide missions. When called to duty, Navy Nurses readily "packed their sea-bags" and moved forward, with dynamic leadership, clinical expertise, teamwork, perseverance and patience. Meanwhile, military and civilian nurses who remained at the homefront continue to be the backbone and structure in promoting, protecting and restoring the health of all entrusted to our care.

This year, to "chart the course," we have revised our Strategic Plan, which parallels Navy Medicine's goals of Readiness, People, the Health Benefit, and Best Health Care Business Practices. Through collective leadership, we have also united with our federal nursing partners to advance professional nursing practice.

I will now speak to each of our goals in the Navy Nurse Corps Strategic Plan and address the status of professional nursing in Navy Medicine relative to the national nursing shortage.

READINESS

Our mission to promote, protect and restore the health of all entrusted to our care is fully actualized through our continuous commitment to readiness in peacetime, wartime, humanitarian and other contingency missions. Both active duty and reserve components have exemplified unselfish devotion to duty, working side-by-side in the continental United States and abroad in a multitude of care delivery environments.

Readiness and Contingency Operations

Augmenting our seventy Navy Nurses in operational billets, we have deployed a total of approximately six hundred nurses in support of Operation Iraqi Freedom on a variety of platforms, such as Marine Corps Force Service Support Groups, Fleet Hospitals, Casual Receiving Treatment Ships, Hospital Ships and with Command Headquarters staff to plan and operationalize our health care delivery system. Eighty-nine out of a total of one hundred and forty Certified Registered Nurse Anesthetists (CRNA) alone have been deployed. We have also recalled approximately four hundred reserve nurses to support our operational missions and the continuum of care in our military treatment facilities. During this past year, there have been an additional forty-three nurses involved in other missions, including Camp X-Ray at Guantanamo Bay, Cuba, Operation Provide Hope and Operation Enduring Freedom.

Almost four hundred Nurse Corps officers have also been involved in various exercises in the past year such as Fleet Hospital Field Training, Fleet Hospital Operational Readiness Evaluation, and Exercise Battle Griffin.

Homeland Security

Strengthening our emergency preparedness posture, Navy Nurses serve in vital leadership roles in Navy Medicine's Office of Homeland Security, the Department of Defense Smallpox Epidemiological Emergency Response Team, the Marine Corps Chemical-Biological Incident Response Force and in command Emergency Preparedness Offices. Involvement in key initiatives to execute our Force Health Protection mission under any circumstance include: multiple training programs; military-civilian partnerships with U.S. hospitals; innovative site visits to identify vulnerabilities and exercise command emergency preparedness plans; and development of disaster response curriculum with other federal agencies.

Readiness Training

In meeting our readiness mission in all operational environments, training opportunities are collectively optimized across federal and civilian agencies. Last summer, Navy Medicine's Trauma Training Program rotated its first class through the Los Angeles County/University of Southern California Medical Center, one of the nation's finest Level I Trauma Centers. We successfully trained many Nurse Corps officers by enhancing their combat trauma skills and medical readiness with their respective platform teams, the Forward Resuscitative Surgical Support or Fleet Surgical Teams. In light of recent events and the national focus on homeland security and terrorism, the curriculum has added treatment of casualties under these stressors, as well as conventional battle injuries.

Seeking to expand training opportunities for nurses assigned to other operational platforms, five military treatment facilities have established agreements with local trauma centers, training over fifty emergency and critical care nurses through didactic and clinical experiences. Collaborating with the Army and Air Force, we have shared instructors and training opportunities in support of critical skills enhancement at the Army Medical Center in Landstuhl, Germany; Wilford Hall Medical Center in San Antonio, Texas; the Critical Care Air Transport Team Course at Brooks Air Force Base in San Antonio to name a few facilities. In addition, Navy Nurses at the Naval Hospital in Rota, Spain are involved in training Embassy, Department of State and foreign military physicians and nurses.

PEOPLE

We continually strive to be recognized as an employer of choice in recruiting, training, and retaining the right professionals. To attain our prestigious standing, we closely monitor national nursing shortage projections and civilian compensation packages and determine the best course for us to take in the competitive market.

National Nursing Shortage

A 2002 study conducted by the Health Resources and Service Administration predicted that the national nursing shortage will experience a deficit of over 275,000 nurses by 2010, based on the dwindling supply of registered nurses and the increasing demand for their clinical expertise. A report by the American Association of Critical Care Nurses, cited factors impacting the nursing work force supply including the declining number of nursing school graduates, job dissatisfaction, and inadequate compensation. We continuously monitor each of these factors because the strength of our nursing work force can best be maintained through a blend of counter initiatives to these dissatisfiers.

Recruitment and Retention Initiatives

FISCAL YEAR 2002 ACCESSION SOURCES: ACTIVE DUTY

Direct Procurement	77
Reserve Recall	15
Nurse Candidate Program	62
Naval Reserve Officer Training Program	52
Medical Enlisted Commissioning Program	42
Other	5

The Navy Nurse Corps amazingly continues to meet military and civilian recruiting goals and professional nursing requirements through diversified accession sources, pay incentives, graduate education and training programs, and other reten-

tion initiatives that address quality of life and practice satisfaction. The increase of the maximum allowable compensation amount for the Certified Registered Nurse Anesthetist Incentive Special Pay (CRNA ISP) and the Nurse Accession Bonus (NAB) in the Fiscal Year 2003 National Defense Authorization Act will further enhance our competitive edge in the nursing market. To meet specialty needs, such as critical care, mental health, midwifery and neonatal nursing, we are exploring the Health Professions Loan Repayment Program. Successful recruitment and retention tools have been the NAB, CRNA ISP, Board Certification Pay and the recent Critical Skills Retention Bonus for our uniformed members. For our civil service nurses, recruitment, retention and relocation bonuses; special salary rates; and Special Hire Authority have significantly decreased our vacancy rates in several of our facilities. All of these pay initiatives will become even more critical in the future years to meet our wartime and peacetime missions and maintain authorized endstrength.

Now, I'd like to highlight our Navy Nurse Corps, Reserve Component. We have processed sixty-eight percent of our fiscal year 2003 accession goal of two hundred and sixty-one nurses, maintaining the same pace as last year. Beneficial incentives in procuring our reservists in critical wartime specialties include: the accession bonus, loan repayment and stipend programs for graduate education. To meet our contributory support mission, we are proposing to expand bonus eligibility to new nursing graduates. In addition, we are in the initial stages of exploring the feasibility of instituting a pipeline scholarship program for the reserve enlisted component similar to those given to our active duty colleagues.

Education and Training Initiatives

Since graduate education opportunities have been cited as one of our most important retention initiatives, we constantly evaluate our patient care requirements to annually update our Duty Under Instruction Scholarship Plan. We now focus our training on Master's Degrees, Doctoral Programs, and fellowships based on operational and specialty requirements, specific health population needs and staffing projections. This year, we are sending several of our nurses to the recently established Perioperative Clinical Nurse Specialist Program at the Uniformed Services University of Health Sciences (USUHS). We look forward to the new Doctoral Program at USUHS and are currently exploring nursing post-graduate fellowship opportunities.

Nursing internship programs have been initiated at the National Naval Medical Centers in Bethesda, Maryland; Portsmouth, Virginia; San Diego and the Naval Hospital in Jacksonville, Florida for all new nursing graduates. There have been a total of one hundred and forty military and civilian nurses who have completed their respective programs. Outcome measures for these new nurses attest to increased self-confidence with clinical practice and the ability to assume greater responsibilities which facilitates their integration into the Navy Nurse Corps.

Navy Nursing supports national initiatives to increase the nursing work force numbers in several ways. Our robust scholarship pipeline programs help to support nursing school enrollment. Through agreements with schools of nursing, military treatment facilities provide varied clinical experiences and clinical experts, who may also serve as adjunct faculty. We also enhance the image of nursing in the community through numerous presentations and approved advertisement campaigns.

HEALTH BENEFIT

Through an innovative framework of nursing practice, we deliver high quality, cost-effective and easily accessible primary and preventive health care services. Population health management has been at the forefront in various clinical settings through health promotion, disease management and case management programs. These innovations expedite a much quicker return to full-duty; decrease lost work hours; increase productivity and enhance customer satisfaction.

Healthy and Fit Force

Embracing Force Health Protection, many programs have been developed to ensure a healthy and fit force. For instance, command Preventive Health Assessment Programs identify at-risk active duty members and promote therapeutic lifestyle changes, such as in the Nurse-Managed Hyperlipidemia Clinic at our Naval Hospital in Rota, Spain. The In-Garrison Rehabilitation Platoon Program at our Naval Hospital in Camp Pendleton, California has expedited the Marines' return to training through improved continuity and coordination of all aspects of patient care, saving 2,100 convalescent leave days over a two-month period. Health Promotion efforts instituted the Choices Program at our Naval Air Station in Sigonella, Sicily. This program focuses on pregnancy prevention through education, including the use of

baby simulators to mimic seventy hours of parenthood. Based on a comparison study, female Sailors who successfully completed the course were three times less likely to get pregnant. Additionally, Family Nurse Practitioners continue to provide support to the Fleet through pierside clinical services, health promotion programs, and disaster training.

Family Centered Care

Just as the health and fitness of our military members is critical to force readiness, the health of our extended military family and other eligible beneficiaries is equally important. Case Management targets prevention, early diagnosis, cost effective intervention and quality outcomes. In at least four medical treatment facilities, Diabetes Case Management has significantly enhanced patient compliance with their recommended plan of care. In support of the unique needs of seriously-ill and terminally-ill patients, the Palliative Care Project at our Naval Medical Center in Portsmouth is the first of its kind in Navy Medicine. This program embraces the philosophy of caring during the final phase of life. Our Mother Baby Clinics provide follow-up visits for high risk mothers and babies for early detection and prevention of complications. Pediatric nurses at Naval Hospital Naples liaison with Department of Defense school nurses and teachers to collaborate on the development of students' Asthma Action Plans based on the National Asthma Education & Prevention Guidelines. This initiative alone has decreased emergency room visits by seventy-five percent and inpatient admissions by eleven percent. Our Nurse-Run Primary Care Clinics use approved protocols to increase access and incorporate population health concepts. This sampling of the aforementioned programs demonstrates that Navy Nurses are innovative and have specialized knowledge that can be applied to many forums unique to military settings.

BEST HEALTH CARE BUSINESS PRACTICES

Nurse Corps officers continue to be strategically placed in pivotal roles where they can influence legislation, health care policy and delivery systems. There are active duty and reserve Nurse Corps officers in executive roles, including the Deputy Surgeon General, Commanding Officers, Executive Officers, Officers in Charge, policy makers and many others.

Strategic Planning and E-technology

Always striving for nursing excellence, many commands have aligned their performance metrics with the American Nurses Association Magnet Recognition Program and the Malcolm Baldrige Criteria for Excellence. These standards provide the framework for sustained quality patient care outcomes, visionary leadership, strategic planning, and exceptional staff performance.

To enhance communication and conduct business, we have strategized and marketed clinical outcomes, research findings and business practices through video teleconferences, newsletters, conferences, and professional journals. Online clinical training sources, Navy e-learning modules and nursing practice resources are tested for effectiveness and linked through our website or Navy Medicine's Telelibrary.

Research

Navy Nurse Corps Research Plan: Focus on

- Deployment Health
- Developing and Sustaining Competencies
- Recruitment and Retention of the Work Force
- Education and Training Outcomes
- Clinical Resource Management
- Military Clinical Practice

Our revised Navy Nurse Corps Research Plan provides the foundation and scope of military nursing research ranging from the utilization of doctoral prepared Nurse Corps officers to their responsibilities in leading evidenced-based practice studies. Placed in positions of authority and influence, our nurse researchers create health policies and delivery systems, advance and disseminate scientific knowledge, foster nursing excellence, and improve clinical outcomes. In addition, our senior nurse executives have promoted a culture of scientific-based practice in all settings from military treatment facilities to the operational environment. Ongoing nursing research and evidence-based practice ultimately effects quality outcome, captures cost effectiveness and enhances patient satisfaction. Nursing Research has become our

cornerstone for excellence. In fact, we have the honor of having one of our Navy Nurses named "Researcher of the Year" by the American Association of Nurse Anesthetists.

Through your support of TriService Nursing Research Program funding, research has been conducted at our three major medical centers, our two Recruit Training Centers, several Naval Hospitals, on more than six aircraft carriers and collaboratively with our uniformed colleagues and more than thirteen universities across the country. Navy nursing TSNRP-funded research has been published in numerous professional journals.

I would like to highlight some of the research that has been supported by TSNRP funds. A program of research involving three studies examined Navy recruits at-risk for depression. After undergoing the BOOT STRAP Intervention Program, preliminary results indicated potential for decreased attrition, improved recruit performance and an identified cost-effective method of recruit retention. On the "cutting edge" of molecular research, a team led by a Navy nurse is investigating the potential use of a readily accessible drug to be used in the field to treat military personnel with respiratory problems. Through a multidisciplinary team approach to diabetic care, a third study focuses on enabling the patient's ability to achieve mastery of self-care and live independently, with potential cost savings of \$7,000–\$42,000/patient/year. Participants report more independence and greater satisfaction with the disease management intervention.

CONCLUSION

In closing, I appreciate your tremendous support of legislative initiatives and the opportunity to share our accomplishments and issues that face the Navy Nurse Corps. Our nurses are very proud of our heritage and professional practice as innovators, change agents and leaders at all levels from policymaking to program implementation, across federal agencies and in all clinical settings. In my other role as Commander, Navy Medicine Education and Training Command, I fully support the philosophy that continuous learning and guidance for health care professionals is integral to enabling uniformed services personnel to meet our peacetime and wartime missions. This foundation transcends across all levels of practice and the "Five Rights" of nursing, which involves placing the right person in the right assignment at the right time with the right education and the right specialized training. Herein lies the basis of our superior performance in promoting, protecting and restoring the health of all entrusted to our care.

I look forward to continuing to work with you during my tenure as the Director of the Navy Nurse Corps. Thank you for this great honor and privilege.

Senator STEVENS. Thank you, Admiral. General Brannon.

STATEMENT OF BRIGADIER GENERAL BARBARA BRANNON, ASSISTANT SURGEON GENERAL, AIR FORCE NURSING SERVICES AND COMMANDER OF MALCOLM GROW MEDICAL CENTER

General BRANNON. Chairman Stevens, Senator Inouye. It is once again an honor and my great pleasure to present the great accomplishments of Air Force nursing. As we vigorously execute our mission at home and abroad, Air Force nurses and enlisted nursing personnel are meeting the increasing challenges with great professionalism and distinction.

Aeromedical evacuation is the critical link between casualties on the battlefield and definitive medical care. Our superb medical crews and the advances in medical technology make care in the air more sophisticated than ever before.

CRITICAL CARE AIR TRANSPORT TEAMS

Our critical care air transport teams or CCATTs were instrumental in the lifesaving airlift of four Afghan children who were caught in the crossfire of war. They received emergency care from an Army forward surgical team and then were treated by our CCATT team during the 2-hour flight to a combat Army surgical

hospital. The team worked in total darkness using night vision goggles until the aircraft was out of danger.

Medical teams from all three services have worked together very smoothly in the operational environment and the patient handoffs were virtually seamless. The teamwork has been phenomenal. Embedded journalists and continuous network coverage have enabled the world to watch this war unfold.

What the world hasn't seen is our Air Force independent duty medical technicians working with pararescue units at the battle's forward edge, their critical skills and training and special operations have made a lifesaving difference during evacuation of the wounded.

They have employed leading edge technology, and the experiences of these brave airmen have set new standards for wartime emergency care. While much of our energy has been directed toward wartime support, there were also exciting initiatives continuing at the home station.

POPULATION HEALTH PROGRAMS

Last year, I talked about our great progress in deploying population health programs. We are now engaged in comprehensive health care optimization to improve effectiveness and efficiency of services in every clinical area. Nurses and medical technicians are the backbone of successful optimization. Their expanded support to providers enable not only treatment of disease, but also stronger focus on preventive services and population health management.

A great example comes from Charleston Air Force Base, South Carolina, where primary care teams launched an aggressive preventive screening campaign. Capitalizing on technology, they use an automated program to generate a letter to patients in their birth month inviting them to come for the recommended screening. This is very successful and the percent who complete screening exceeds national benchmarks by 6 percent.

NURSE CORPS GRADE STRUCTURE

The key to success in nursing is a strong nursing force, a force with the right numbers and with the right experience and skills. Today, almost 79 percent of our authorizations are in the company grade ranks of lieutenant and captain, with only 21 percent in field grade rank. Having a relatively junior Nurse Corps is a growing concern due to the higher acuity of our in-patients, complexity of outpatient care and the robust role that we play in wartime support.

To validate a rebalance in our Nurse Corps grade structure we initiated a top down grade review last year, that will identify by position the skill and experience required. Early data shows a significant need to increase our field grade authorizations. A by-product of this increase would be a greater promotion opportunity, bringing it more in line with other Air Force officer specialties. We expect to recommend that to our leadership in the very near future.

RECRUITING

Recruiting continues to be a significant challenge. We ended last year with 104 nurses below our authorized end strength of 3,974. This was significantly better due to an unusually low rate of separations. We continue to implement new recruiting strategies both at headquarters and local levels. We are currently working with our sister services to fund an increased accession bonus for a 4-year commitment and exploring the feasibility of accession bonus for nurses who choose a 3-year obligation.

Our recruiting at the Air Force Academy has been extremely successful. Six academy seniors have selected nursing for their military profession, the largest group since it became an option in 1997. They will attend Vanderbilt University School of Nursing to earn a 2 year graduate degree.

We are making great strides in enhancing the strength of our nursing care team by capitalizing on the talents of our enlisted personnel. We are partnering with the Army Nurse Corps to enable our medical technicians to attend a superb licensing program at Fort Sam Houston. We hope to increase the capacity of the current program to include 60 Air Force medics per year.

We also recognize the needs to increase our enlisted in baccalaureate nursing programs and are exploring stipend initiatives similar to those used by the Navy Nurse Corps to make it easier for enlisted Nurse Corps to earn a BS, and be commissioned in our Nurse Corps. This year 300 nurses participated in a research program. Collective work expanded evidence-based nursing practices in several clinical and operational areas.

AIR MEDICAL EVACUATION

A key study was on air medical evacuation. As we have increased the use of cargo aircraft for patient movement, the inability to control the temperature in patient areas has adversely affected the seriously ill and injured. Researchers have now identified patient location priorities and tested the effectiveness of improved monitoring and warming devices. Other researchers are using the lessons learned from our deployed nurses and technicians to validate war readiness training programs.

One of the roles I enjoy most is being an advisor to the Uniformed Services University Graduate School of Nursing. They have made incredible progress in their first decade. Under energetic and visionary leadership, the school continues to grow in scope and build programs to meet the emerging needs of military nursing.

Barely 2 years ago we began discussion on the feasibility of a master's program in perioperative nursing, and this fall the first class begins. The nursing Ph.D. program also went from concept to reality in just 1 year and the new curriculum will prepare nursing leaders in research and for key roles in health care strategy and policy.

Mr. Chairman, Senator Inouye, thank you for allowing me to share just a few of the many activities of Air Force nursing with you today. On behalf of the men and women of the nursing services, I want to thank you for your tremendous advocacy, not only

on behalf of military nursing, but also for the advancement of nursing across our Nation.

PREPARED STATEMENT

You can trust that Air Force nursing will continue to serve in peace and war with the same professionalism, pride and patriotism that we have demonstrated for almost 54 years. There has never been a better time to be a member of the Air Force nursing team. Thank you.

[The statement follows:]

PREPARED STATEMENT OF BRIGADIER GENERAL BARBARA BRANNON

Mister Chairman and distinguished members of the committee, I am Brigadier General Barbara Brannon, Assistant Surgeon General, Air Force Nursing Services and Commander of Malcolm Grow Medical Center at Andrews Air Force Base. This is my fourth testimony before this esteemed committee and, once again, I am very proud to represent Air Force Nursing and delighted to share our accomplishments and challenges with you.

First and foremost, as the Air Force aggressively executes its mission in support of our great nation, Air Force medics are keeping our people fit and providing outstanding healthcare wherever it is needed. Air Force nurses and enlisted nursing personnel are meeting increasing commitments and challenges with great professionalism and distinction. Today I'd like to review the following: deployments, training, force management, optimization and research, as examples of these commitments and challenges.

Over the past year, hundreds of Nursing Service personnel have been deployed to every corner of the globe to support the ongoing war on terrorism and to provide humanitarian relief. There are more than 400 nurses and technicians currently deployed in Expeditionary Medical Systems (EMEDS) facilities, and hundreds more prepared and awaiting orders to deploy. The Air Force continues to rely on an ambitious Air Expeditionary Force (AEF) rotation cycle to accomplish deployment missions and maintain home station health care services.

In addition to supporting ongoing commitments to Operation ENDURING FREEDOM, IRAQI FREEDOM and other deployments, Air Force medical personnel have been called frequently to support humanitarian operations throughout the world. Four months ago, twelve nurses and technicians from Yokota AB Japan deployed to Guam to assist in federal medical support in the aftermath of the devastating Super Typhoon Pongsona. Arriving in the middle of the night, they established initial medical capability to triage and treat casualties within 24 hours.

Nurses and technicians also provide humanitarian support through their active engagement in the International Health Specialist program. They are successfully forging and fostering positive relationships around the world. A great example is Major Doreen Smith, recognized as the Air Force International Health Specialist of the Year in Europe 2002 for her outstanding work in Africa. She was instrumental in establishing the first Republic of Sierra Leone Armed Forces (RSLAF) HIV/AIDS Prevention Committee that developed treatment protocols used by field medical technicians to prevent transmission of HIV/AIDS. She later implemented training programs in both Ghana and Nigeria.

Aeromedical evacuation remains a unique Air Force competency and our ability to respond to urgent transport requirements is second to none. Nurses and technicians were integral members of teams providing care during the evacuation of over 2,548 patients from forward areas in Operation ENDURING FREEDOM and IRAQI FREEDOM. Aeromedical evacuation is the critical link between casualties on the front lines and progressive levels of restorative healthcare abroad and in the continental United States.

Captain Michael McCarthy was on a Critical Care Air Transport Team mission over hostile territory to rescue two CIA operatives critically injured during the prison uprising in Kandahar, Afghanistan. This was not a typical mission for our critical care team—the mission was flown in blackout conditions due to Special Operations requirements. Captain McCarthy's expert critical care saved the life of a casualty whose condition deteriorated in-flight. He received the prestigious Dolly Vinsant Flight Nurse Award from the Commemorative Air Force for his heroic actions on this mission.

The tremendous accomplishments of our Air Force Flight Nurses have also been heralded by civilian flight nurse organizations. The Air and Surface Transport Nurses Association (ASTNA) presented the 2002 Matz-Mason Award to Captain Greg Rupert, Critical Care Air Transport Team Program Coordinator, Lackland AFB, Texas, for exceptional leadership and positive impact on flight nursing on a global scale.

Three years ago the Air Force identified that many medical personnel's peacetime healthcare responsibilities did not adequately sustain their proficiency in critical wartime skills. Medical career field managers and specialty consultants developed the specific readiness skills required for each specialty and established training intervals to ensure our people were prepared to meet deployment requirements. This year, we refined the program based on lessons learned in the deployed environment.

As I briefed last year, the Air Force has entered into partnerships with civilian academic medical centers to provide intense training for nurses and technicians prior to deployment. The first "Center for Sustainment of Trauma and Readiness Skills" (CSTARS) was initiated in January 2002 at the Shock Trauma Center in Baltimore. This program provides our health care personnel with valuable hands-on clinical experience that covers the full spectrum of acute trauma management, from first response to the scene, during transport, to trauma unit care, to operating room intervention and finally to management in the intensive care unit. The three-week session also incorporates the Advanced Trauma Care Course for nurses and the Pre-Hospital Trauma Life Support Course for our medical technicians. To date, over 200 personnel have been trained in Baltimore.

Building on the success of this first site, the Air Force has developed and opened two new CSTARS programs, one at St. Louis University primarily for the Air National Guard (ANG) team training, and the other at the University Hospital of Cincinnati for Reserve teams. The St. Louis program started in January 2003, and we expect to train over 270 personnel during their two-week annual tour. Early feedback is impressive as reflected by an end-of-course survey comment, "this is far and away the greatest training program I have been able to attend in the Air Force/ANG".

The CSTARS partnership between the University of Maryland Medical Center (UMMC) and the Air Force was key to the great success of the exercise "Free State Response 2002" conducted in Baltimore, Maryland in July of last year. The purpose of the exercise was to train as many people as possible in community disaster response and to foster effective coordination and collaboration between agencies involved in disaster management. The exercise received wide media coverage in the national capital area and was judged a huge success.

Expeditionary Medical Systems (EMEDS) is a five-day course that provides hands-on field training for personnel assigned to EMEDS deployment packages to prepare them to work in the operational environment. There are currently three sites for EMEDS training: Brooks City Base, Texas primarily for active duty, Sheppard AFB, Texas for Reserves, and at Alpena, Michigan for ANG personnel. So far, 3,608 personnel have been trained in this critical operational requirement.

Overall trends in healthcare delivery and the National Defense Authorization Act of 2001, allowing care for beneficiaries over age 65, have resulted in an increase in the acuity and complexity of the patients we serve. This has increased the need for experienced nurse clinicians. Facility chief nurses have expressed growing concerns over the challenge of providing the most effective care with a relatively junior staff. In our military system, rank reflects the relative experience of the individual. When we look at our current Nurse Corps force structure, we note that more than 72 percent of our authorizations are for second lieutenants, first lieutenants and captains. These nurses range from "novice to proficient" in their nursing skills. Nurses at the major and lieutenant colonel level are "expert to master" in their practice. The ratio of company grade to field grade nurses is significantly higher than for other medical career fields or the line of the Air Force.

To correct the imbalance in our mix of novice and expert nurses, authorizations for field grade nurses would need to be increased. The Air Force Nurse Corps has initiated a Top Down Grade Review (TDGR) to identify, justify, and recommended needed adjustments. We are nearing the end of our data collection and research phase of the study and anticipate draft recommendations for our surgeon general in the next couple of months. If approved, and if additional field grade billets are indicated, the process to adjust authorizations among career fields can be initiated with the Chief of Staff of the Air Force's approval.

In a separate but related issue, the Nurse Corps has the poorest promotion opportunity among Air Force officers. With only 28 percent of our authorizations in field grade ranks compared to 46 percent in the line of the Air Force, it is easy to understand why so many excellent officers are not getting selected for promotion. This

lack of promotion opportunity is a major source of dissatisfaction in our Nurse Corps. The inequity in promotion opportunity has caught the eye of many line and medical commanders and garnered some support for our TDGR initiative. It is anticipated that a TDGR would validate increases in field grade Nurse Corps requirements. An increase in field authorizations would improve Nurse Corps promotion opportunity and bring it closer to that of other Air Force Officers.

Although the programs instituted on a national level to address the nursing crisis are encouraging, recruiting enough nurses to fill positions is still a huge challenge across the United States and in many other nations. Last year was the fourth consecutive year the Air Force Nurse Corps has failed to meet our recruiting goal. We have recruited approximately 30 percent less than the goal each year since fiscal year 1999. At the end of fiscal year 2002, we had 104 fewer nurses than our authorized end strength of 3974. Early personnel projections forecasted we would end the year 400 nurses under end strength. Our final end strength reflects an abnormally low number of separations last year, 136 compared to our historical average of 330. Our fiscal year 2003 recruiting goal is 363 nurses, and, as of February 2003, 100 have been selected for direct commission. This year recruiting service is able to offer an accession loan repayment of up to \$26,000 as an incentive. With \$6.2 million available to fund this initiative, we are hopeful that it will be as successful as last years retention loan repayment program and boost our accession numbers closer to the goal.

Last year we revived an earlier policy that allowed Associate Degree (ADN) nurses who had a Baccalaureate degree in a health-related field to join the Nurse Corps. This was in response to Recruiting Service's belief that this would give access to a robust pool of recruits. But, in reality, only 13 ADN nurses were commissioned under this carefully monitored program. I rescinded the policy in October 2002 since it did not produce the desired effect.

We continue to recruit nurses up to the age of 47 because it proved very successful in fiscal year 2002. Thirty-four nurses over age 40 were commissioned into the Air Force last year. Many of them have the critical care skills and leadership we need to meet our readiness mission and most have the years of experience to make them valuable mentors for our novice nurses.

"We are all recruiters" is our battle cry as we tackle the daunting task of recruiting the nurses we need, and I continue to partner closely with recruiting groups to energize our recruiting strategies. Among other activities, I have written personal letters to nurses inviting them to consider Air Force Nursing careers and have manned recruiting booths at professional conferences. I look for opportunities to highlight and advertise the exciting opportunities Air Force Nurses enjoy, and have had nurses featured in print media coverage. I encourage each nurse wearing "Air Force" blue to visit their alma mater and nursing schools near their base of assignment to make presentations to prospective recruits. I have also assigned four nurses to work directly in recruiting groups to focus exclusively on nurse recruiting. Recruiters are using innovative marketing materials that my staff helped develop to champion Air Force Nursing at conferences, in their website, and in other publicity campaigns.

Retention is another key factor in our end strength. In an effort to identify factors impacting separations, I directed the Chief Nurse of every facility to interview nurses who voluntarily separate. Exit interviews were standardized to facilitate identification of the factors that most influenced nurses to separate. Nurses indicated they might have elected to remain on active duty if staffing improved, if moves were less frequent, if they had an option to work part time, or if they could better balance work and family responsibilities. Most of these are requirements of military life that cannot be changed by the Nurse Corps. With regards to staffing, our nurse-patient ratios are fairly generous compared to civilian staffing models. The Air Force Medical Service has launched an aggressive initiative to develop standardized staffing models for functions across all medical facilities to optimize staffing effectiveness.

We are developing a new survey for all nurses to identify workplace/environmental impediments so we can target opportunities to increase satisfaction. We continue to recommend Reserve, National Guard, and Public Health Service transfers for those who desire a more stable home environment but enjoy military service and can meet deployment requirements.

We appreciate the continued support for the critical skills retention bonus authorized in the fiscal year 2001 NDAA. The Health Professional Loan Repayment Program, implemented in fiscal year 2002, was embraced by 241 active duty nurses saddled with educational debt. These nurses had between six months and eight years of total service and were willing to accept an additional 2-year active duty obligation in exchange for loan repayment of up to \$25,000. This program improved

our immediate retention of nurses and has great potential to boost long-term retention in critical year groups.

The TriService Health Professions Special Pay Working Group identified Certified Registered Nurse Anesthesiologists (CRNAs) and Perioperative Nurses as critically manned and therefore eligible for a retention bonus. This program was enthusiastically welcomed with 66 percent of eligible CRNAs and 98 percent of Perioperative Nurses applying for a critical skills retention bonus in exchange for a one-year service commitment.

We are looking at the benefits of increasing the number of civilian nurses in our workforce. We are grateful for the support of Congress in implementing U.S. Code Title 10 Direct Hire Authority to streamline the civilian nurse hiring process. During the period from August to December 2002, the Air Force was able to use direct hire to bring 14 new civilian registered nurses on duty. With use of Direct Hire Authority, positions that had been vacant for as long as 18 months were filled within weeks. Our ability to hire civilian nurses would be greatly enhanced if we could hire at a competitive salary. We greatly appreciate your support and interest in Title 38-like pay authority for health professions.

We are delighted to report that this year six Air Force Academy graduates selected the profession of nursing for their career field. This is the largest group to choose nursing since the option was instituted in 1997. Cadets selected for direct entry into the Nurse Corps attend Vanderbilt University School of Nursing via the Health Professions Scholarship Program. This accelerated degree program allows non-nurses with a bachelor's degree to obtain a master's degree in nursing after two years of study. To date, eight academy graduates have completed this program. Graduates of the Vanderbilt program have the leadership skills gained at the Academy coupled with a nursing degree from a prestigious university. They are prepared as advanced practice nurses and have the leadership base and potential to become top leaders in military healthcare.

Air Force Nursing has been actively engaged in optimizing the contributions of our enlisted medical technicians by expanding their responsibilities and, in some cases, merging skill sets. In November 2002, the Air Force consolidated three career fields, the aeromedical technician, medical service technician and public health technician. We now have two key career fields, the aerospace medical service technician and public health technician. This consolidation provides more robustly trained enlisted medics and increases manpower to support force health protection and emergency response. In this transition, every health care facility stood up a Force Health Management element responsible for ensuring designated personnel are medically cleared, prepared and ready to deploy at a moment's notice.

Air Force Independent Duty Medical Technicians (IDMTs) have been tasked to support an expanding variety of missions and have become high demand, low-density assets. In Operation Enduring Freedom, they have been added to Special Forces teams for a variety of missions. IDMTs have provided medical care during prisoner transports, on an expedition into Tibet for recovery of remains, on drug interdiction operations, in austere, remote locations and on the front lines. This year, we are substituting IDMTs for the medical technicians assigned to our Squadron Medical Elements, teams deployed with flying squadrons to provide medical care in the operational environment. To support these additional taskings, we have increased our IDMT training program from 108 to 168 per year.

We continue our efforts to expand the scope of enlisted nursing practice through licensed practical nurse (LPN) training programs. This past year, we continued to send personnel to St. Phillip's College in San Antonio, Texas for a six-month program that prepares graduates to take the state board LPN licensure exam. To date, 48 medical technicians have completed the LPN program at St. Phillips College. This year, we are partnering with the Army Licensed Vocational Nurse Program to provide a more structured and comprehensive training program and increase our numbers of graduates to 60 students per year. As of 1 November 2002, a special experience identifier was implemented to provide visibility in the personnel system for licensed practice nurses and enable appropriate assignment actions.

We are successfully maintaining our medical enlisted end strength. The overall manning for technicians in the aerospace medical service career field remains above 90 percent, which can be construed as a positive reflection of satisfaction and the impact of quality of life initiatives. The neurology technician career field has been critically manned for some time, and I am pleased to report that the implementation of a selective reenlistment bonus has been very successful. The neurology career field manning has improved from 69.2 percent in May 2001 to 88.5 percent in November 2002 and is projected to grow to over 90 percent with the graduation of the next training course.

Nursing services is actively engaged in optimizing health care. This maintains a healthy, fit and ready force, improves the health status of our enrolled population and to provides health care more efficiently and effectively. The Air Force has seen continuing growth in the success of Primary Care Optimization (PCO) and we are now beginning the optimization of specialty services throughout our system, moving towards Health Care Optimization (HCO). Nurses and medical technicians continue to be the backbone of successful optimization, and we are refining the roles of the ambulatory care nurse, medical service technician, and Health Care Integrator (HCI) to ensure the patient receives the right care, at the right time, by the right provider.

The PCO team is the epicenter for preventive services, management of population health and treatment of disease. We use civilian benchmarking to assess our healthcare outcomes and progress. The Health Plan Employer Data and Information Set (HEDIS) measures the health of our population and compares our outcomes to those of comparable civilian health plans. Using ideas generated from "Best Practices", we have seen impressive increases in the indicators of good diabetic management. In fact, 91 percent of Air Force facilities exceed the quality indicators for diabetic control measured through blood screening.

Air Force facilities have been highlighted for other outstanding achievements in healthcare. Nurses and technicians at VA/DOD Joint Venture, 3rd Medical Group (MDG), Elmendorf AFB, AK were part of a project to increase the involvement of family and friends in patient care. This initiative's tremendous success led to the facility's selection by the Picker Institute as the #1 Benchmark Hospital in the United States for patient-centered surgical dimensions of care.

In the 3rd MDG's ICU and multi-service unit (MSU), Air Force and Veteran Affairs (VA) nursing personnel are working side-by-side to deliver the highest quality care to DOD and VA beneficiaries. Air Force nurses train VA nurses in the MSU and VA nurses train Air Force nurses in the ICU. The robust and successful professional collaboration is the bedrock of this joint venture.

Another great success in ambulatory care is the implementation of a population-based approach to case management. This program proactively targets at-risk populations and individuals along the health care continuum. One of our leading case managers, Lt. Col. Beth Register at Eglin AFB, FL has built an integrated approach that allows her six team members to each manage 50 cases, 200 percent above civilian industry caseload standards. Lt. Col. Register is preparing a TriService Nursing Research grant proposal to look at "Efficacy of Case Management at an Air Force Facility" and to test and validate the success of this case management program.

Air Force nurse researchers continue to provide the answers to clinical questions that improve the science and the practice of nursing. Twenty-three Air Force nurses are actively engaged in TriService Nursing Research Program (TNSRP) funded research.

The TNSRP-funded Nurse Triage Demonstration Project is in its second and final year of looking at the effective and efficient delivery of TeleHealth Nursing Practice. There have been some demonstrated positive outcomes. Clinical practice has been standardized through the use of medically approved telephone practice protocols; documentation has been improved through computer-based technologies and training programs have been developed and implemented.

Another study conducted on in-flight invasive hemodynamic monitoring identified inaccuracies due to procedural variance. The recommendations resulted in significant process changes—and for the first time change was driven by scientific research. These process changes will be incorporated into the training programs for Critical Care Air Transport Teams (CCATT) and Aeromedical Evacuation (AE) nurses.

The nurse researchers at Wilford Hall Medical Center in Texas are studying the care of critical patients in unique military environments. One of these studies looked at physiological responses to in-flight thermal stress in cargo aircraft used for aeromedical evacuation. The study identified areas in the aircraft where thermal stress was at a level that could be detrimental to critically ill patients. They also identified previously unrecognized limitations in accurate measurement of patient oxygenation during flight. These findings led to a study of warming devices to protect trauma victims from the deleterious effects of thermal stress following exposure in cold field environments or on cargo aircraft.

It has been an exciting year for the Graduate School of Nursing at the Uniformed Services University and it is wonderful to be part of the planning for the development of a PhD nursing program. This program is crucial for Air Force Nursing to help us build leaders who are strategically prepared to lead in our unique military nursing environment.

CLOSING REMARKS

Mister Chairman and distinguished members of the Committee, I have had the opportunity to lead the men and women of Air Force Nursing Services for three years and each has been full of new challenges, great opportunities and many rewards. Our nurses and aerospace medical technicians remain ready to support our Air Force by delivering best-quality healthcare in peace, in humanitarian endeavors and in war. The escalation of world tensions in the last year has afforded a showcase for their enormous talent, stalwart patriotism and devotion to duty. On behalf of Air Force Nursing, I thank this committee for your tremendous support of military men and women, and in particular, for the special recognition and regard you have shown for our nurses. We are forever grateful for your advocacy and leadership. Thank you and may GOD BLESS AMERICA!

Senator STEVENS. Well, thank you very much, all of you and General, thank you very much for your appearances before our committee and wish you well in your further endeavors. I'm going to have to excuse myself now. I had an appointment at noon. This is one of the strangest days. Senator Inouye will complete the hearing. Thank you very much.

NURSE SHORTAGE

Senator INOUE [presiding]. Thank you, Mr. Chairman. As I believe all of you are aware, the American Hospital Association just announced that there is a shortage at this moment in excess of 126,000 nurses in our Nation's hospitals, and the American Medical Association announced that by the year 2020, this shortage will exceed 400,000.

Add to this the fact that all three services have had to send and deploy nurses to Operation Iraqi Freedom. My question to all of you is that during this period, were we able to provide appropriate, adequate, and effective nursing care to the patients at home here?

General BESTER. Senator, I can answer that question with an unequivocal yes. I think each one of our facilities has carefully looked at our nursing staffing situations with our Reserve backfill. Of course, as you had mentioned earlier not at the level that we would like to see it, but certainly with the Reserve backfill that we have got with hiring some additional contract nurses, and then with the support the continued support of our civilian nursing staff, we have looked at the staffing situation by hospital.

In some cases, it means that we have had to divert some patients downtown and in some cases, on rare cases we have had to close or at least decrease the number of operational beds that we have, but I think we have always kept our focus on the quality of care to be sure that we are providing the same quality of care that we did prior to the war.

Admiral LESCAVAGE. Senator, I believe the answer all boils down to great attitude and team spirit. We watched very carefully as we deployed several hundred nurses and saw our wonderful Reservists step in who are used to working in our facility anyway during their Reserve time, as well as our civilian nurses, our backbone.

We also are in line with the Institute on Health Care Improvement, with their big safety initiatives. We have safety programs that occur in our hospitals constantly looking for any discrepancies in care. We have seen zero, and I'm truly confident that our patients continue to receive the best and safest care that they possibly can, both in the war scenario, as well as back at our MTFs.

HOSPITAL SERVICES REDUCTION

Senator INOUE. I have been told that in some facilities they had to curtail certain services like obstetrical surgery and such. Did we experience anything like that?

Admiral LESCAVAGE. Senator, we have curtailed slightly. We worked with the network to take care of those patients, but between what we expected compared to what truly did happen, there wasn't that big of a difference.

Senator INOUE. So Bethesda is still a full-service hospital?

Admiral LESCAVAGE. Yes, sir.

General BRANNON. Yes. I would echo the comments from my colleagues with careful attention to staffing ratios and the acuity of the patients in our facilities. We have been able to ensure that the care we are rendering is just as safe as when we had those other nurses who were deployed.

We did get some backfill after many of our nurses deployed, and that enabled us to keep full services at most installations. Occasionally we needed to close beds and divert patients downtown. At most facilities it was temporary until the acuity of the patients was lower, the same procedure we use in peacetime.

SPECIALIZED TRAINING

Senator INOUE. Very few of our nurses have combat care experience. What sort of specialized training did you provide to prepare them for this? General?

General BESTER. Senator, our nurses are actively engaged in a number of programs. First of all, as was mentioned by General Peake of the Army Trauma Training Center down at Ryder Trauma Training Center in Miami is a place where we train all of our forward surgical teams. We have five full time Army Nurse Corps officers assigned to that facility and in just this last year, we have trained 290 Army Nurse Corps officers, both active and Reserve through that facility.

We send our nurses to the combat casualty care course, a 9-day course in San Antonio, that they experience taking care of patients under combatlike conditions. General Peake initiated a couple years back a superb type of program that is now mandatory to take before any of our courses, short courses that we take. And so many of our Nurse Corps officers are actively engaged in that training.

We feel in addition to that, we have a lot of professional training that goes on. We have some facilities that actually have medical sites, and they do real wartime training in those facilities. We feel we have kept well ahead of that rolling ball as far as training our nurses on a continual basis, so we feel they were very well prepared when it came time for them to deploy.

Admiral LESCAVAGE. Senator, we saw this coming and in order to increase our comfort level, a while ago, we instituted training not only for our nurses but for the teams, the corpsmen, the physicians, as well as the nurses who would be dealing with combat casualties.

As I stated in my testimony, we instituted trauma training courses with LA County. That's working very well. We also have joined our sister services in some of their training as General

Bester just alluded to, such as the combat casualty care course. Across all of our joint service nurses, many of them go to that, as well as to our education and training command. We offer many courses and again I'm fully confident that they are trained very well.

General BRANNON. Well, I think training is one of the real strengths in our Air Force and in our air expeditionary platforms. We ensure that people go for the training they need prior to deployment.

What we have done in the medical service is identify, by task, all of the skills needed by people who are in specific deployment modules and we make sure that they have current training in each of those tasks. We have set up a modular deploying medical force sized from very small units all the way up to our EMEDS unit, which provide more sustaining patient care.

For those smaller, more acute critical teams, we use the Baltimore shock trauma system at the University of Maryland for training through a collaborative partnership. That program has been in existence for more than 1 year. We have trained more than a couple of hundred medics including 70-some nurses. We also have EMEDS training in San Antonio at Brooks City Base. All of our EMEDS people go through that training prior to deployment.

Finally, for many years we have had the Top Start programs at different medical centers where medics, both enlisted and officers, get training for a variety of tasks and procedures. It is a great performance-based training.

PERCENTAGE OF MALE NURSES

Senator INOUE. One last question, and I will submit the rest and Senator Stevens has requested that his questions be submitted also. What percentage of your nurses in the Army are male?

General BESTER. Senator, at the current time, 36 percent.

Senator INOUE. Navy?

Admiral LESCAVAGE. One-third of our nurses or 3,200.

General BRANNON. A little over 30 percent, sir. Similar percentage.

Senator INOUE. I'm glad to see it coming up. For too long, nursing has been looked upon as a secondary position filled with women only. And apparently, this is a man's world yet, and so the more men you get, the bigger pay you'll get. That's not a nice thing to say, but—

General BRANNON. It is very true.

ADDITIONAL COMMITTEE QUESTIONS

Senator INOUE. Those are the facts of life around here. Without objection, all of the statements of the witnesses will be made part of the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO VICE ADMIRAL MICHAEL L. COWAN

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

DEPLOYMENT OF MEDICAL PERSONNEL

Question. The staff's discussions with the Surgeons General indicate that the Services have backfilled for deployed medical personnel at the Medical Treatment Facilities at varying levels.

Some of the Services are relying more heavily on private sector care rather than backfilling for deployed medical personnel.

To what extent has the recent deployment of military medical personnel affected access to care at military treatment facilities? What are you doing to ensure adequate access to care during this time?

Answer. We have been able to maintain services required to address the needs of both patients coming in from the battlefields and those seeking regular care through significant deliberate planning. We implemented core doctrine and conducted intense scrutiny of Military Treatment Facilities (MTFs) services availability. We identified the appropriate reservists to support the Military Treatment Facilities (MTFs) in maintaining services, in some cases adding contract personnel. Each week we tracked the availability of services at each MTF. Our MTF personnel, along with activated reservists worked at unsustainable levels during the deployment and were able to ensure that access to care was maintained at all MTFs. A survey of activated reservists is now underway to fully assess the productivity and effectiveness of all of our personnel, including our reserve support in ensuring that access to care was maintained for all beneficiaries during Operation Iraqi Freedom.

MOBILIZED RESERVISTS IN MEDICAL SPECIALTIES

Question. What percentage of mobilized Reservists in medical specialties are being used to backfill positions in the United States?

Answer. Backfilling of Military Treatment Facilities (MTFs) using Reservists in medical specialties is determined on a "case-by-case" basis, and approved by USD (P&R). During Operation Iraqi Freedom (OIF), the Navy was approved to backfill Navy MTFs (in a phased plan) at a rate of 53 percent of deployed active duty medical personnel. Due to the short course of OIF, Navy MTFs were actually backfilled at 43 percent.

Question. Are there shortages of personnel in some specialties? If so, which specialties are undermanned and by how much?

Answer.

Dental Corps

Due to a significant downward trend in retention of LT/LCDR General Dentists coupled with significant under execution of CNRC DC accessions the Dental Corps is undermanned; specifically Oral Surgeons, Endodontists, and General Dentists.

Dental Corps overall manning has been trending downward for the last three years, ending fiscal year 2002 at 94.4 percent manning (1,294 INV/1,370 BA or -76). The EFY 2003 projection is estimated at <90 percent.

In addition to General Dentists, the Oral Surgeon and Endodontist communities are significantly short due to reduced numbers of officers entering the training pipeline as direct impact from the shortfall in the General Dentist community, and an increase in the loss rates in these communities.

Corps Specialty (PSUB)	INV	BA	PCT	+ / -	Fiscal Year 2004	Fiscal Year 2005
DC—Dentist (1,700)	486	594	82	-108	80	78
DC—Oral Surg(1,750J/K)	66	82	80	-16	78	72
DC—Endodontist (1,710J/K)	44	52	85	-8	83	80

The remaining Dental Corps specialties are stable at this time with sufficient gains to compensate for losses, but is anticipated to become a problem in the future if General Dentist retention and accessions is not significantly improved, as this is the applicant pool for specialty training.

Medical Corps

The Medical Corps continues to have difficulty in retaining certain specialties. The Medical Corps has less than 80 percent manning in Anesthesia, Radiology, General Surgery, Pathology, and Radiation Oncology. Internal Medicine and subspecial-

ties (84 percent) and Dermatology (83 percent) are near the critical point of under manning.

Inability to access or retain specialties noted above can be attributed to significant military-civilian pay gaps and declining number of quality of work attributes that once made practicing in Navy Medicine enticing over the private sector (e.g., increased operational tempo). Additionally, the changing face of medicine in the civilian sector (e.g., fewer applicants for medical school and even fewer medical school graduates going into the above specialties) is affecting Navy Medicine as well.

The primary pipeline for Navy physicians is the Health Professions Scholarship Program (HPSP), which brings in 300 of the 350 individuals entering as medical students. The HPSP recruiting goal for fiscal year 2003 is 300. The Navy is behind in recruiting in that by May, there are usually about 150 recruited. Presently there are only 51. It should be noted that not only is the number of HPSP recruits diminishing, but the quality has also decreased when utilizing MCAT scores as an indicator of quality. In the past, HPSP recipients had MCAT scores of 26–30. Applicants with scores as low as 22 are being considered in order to fill quotas.

Medical Service Corps

Retention in the Medical Service Corps is good overall. End of fiscal year 2002 manning was at 98.5 percent with projections for the next two years at or near 98 percent manning. However, difficulties remain in retaining highly skilled officers in a variety of clinical and scientific professions.

The Medical Service Corps is comprised of 32 different health care specialties in administrative, clinical, and scientific fields. The education requirements are unique for each field; most require graduate level degrees, many at the doctoral level.

Biochemistry, Entomology, and Podiatry are undermanned by more than 10 percent. Average yearly loss rates are high in Biochemistry, Physiology, Environmental Health, Dietetics, Optometry, Pharmacy, and Psychology. Loss rates this year are very high for Microbiologists & Social Workers.

The Medical Service Corps does not have available to them retention tools or special pays for scientists and very limited ones for clinicians such as Optometrists, Pharmacists, and Podiatrists.

Nurse Corps

The Nurse Corps continues to be healthy considering the national nursing shortage. The affect of a decreasing number of students who choose nursing as a career and the ever-increasing demand for professional nursing services will need to be closely monitored to ensure Navy Nurse Corps is able to meet the requisite number and specialty skill mix.

Ability to meet Navy Nurse Corps requirements are due to concerted efforts in diversifying accession sources and increased retention rates and as a direct result of pay incentives and graduate education opportunities.

Hospital Corps

The Hospital Corps continues to have difficulty in retaining certain specialties. Currently there is less than 80 percent manning in 11 Hospital Corps and one Dental Technician NEC. Inability to access or retain some of these specialties can be attributed to significant military-civilian pay gaps.

Question. Are there other ways of structuring the staffing of military medical units that might help address shortages in a few specialties, such as making increased use of civilian contractors or DOD civilian personnel in MTFs stateside?

Answer. MTF Commanders have been tasked with creating business plans for the optimal operation of medical treatment facilities within each market area. An integral part of the business planning process is the assessment of the supply of critical staffing as compared with the expected demand in a given market. MTF Commanders use this analysis in determining shortfalls of critical medical staff. Meeting these critical requirements can be accomplished using a variety of methods. MTF Commanders may shift existing DOD civilian personnel where feasible, hire additional contract personnel or request changes in the billet structure via Manpower at the Bureau of Medicine.

Question. Is DOD considering any changes to the mix of active duty and reserve personnel in medical specialties?

Answer. At this time, no changes are anticipated regarding the mix of active and reserve personnel within medical specialties from Navy Medicine's perspective. Various studies have been initiated but the current view of casualty causes for OEF and OIF do not suggest that any major changes in force structure mix or specialty will be necessary.

MONITORING THE HEALTH OF GUARD AND RESERVE PERSONNEL

Question. An April 2003 GAO report documents deficiencies by the Army in monitoring the health of the early-deploying reservists. Annual health screening is required to insure that reserve personnel are medically fit for deployment when call upon.

Review found that 49 percent of early-deploying reservists lacked a current dental exam, and 68 percent of those over age 40 lacked a current biennial physical exam.

What improvements have been made to the medical information systems to track the health care of reservists? Are they electronic, do they differ among services?

Answer. The Naval Reserve is utilizing the Reserve Automated Medical Interim System (RAMIS), a web-based Oracle product, deployed in March 2002 to serve as an interim system until the Naval Reserve's full participation in the Theater Medical Information Program (TMIP). The system tracks medical and dental readiness requirements and provides roll up reporting capabilities to produce a "readiness snapshot" for unit commanders, activity commanding officers and headquarters. Plans are currently being drafted to begin development work in 2004 for an all Navy (Active/Reserve) web-based system using technology from RAMIS and a Navy active duty product, SAMS Population Health. This product will be part of TMIP and will provide interoperability between all DOD components and services.

NUMBER OF RESERVISTS WITH MEDICAL PROBLEMS

Question. During the mobilization for Operation Iraqi Freedom, how many reservists could not be deployed for medical reasons?

Answer. 436 Naval Reservists were unable to be deployed due to disqualifying medical or dental reasons.

NUMBER OF RESERVISTS NOT IN DENTAL CLASS 1 OR 2

Question. How many deployments were delayed due to dental reasons, and how many reservists are not in Dental class 1 or 2?

Answer. The Naval Reserve averages 90 percent of our personnel in dental categories 1 and 2. We estimate that less than 1,600 personnel out of more than 20,000 Naval Reservists mobilized (approximately 8 percent) were delayed for any amount of time for dental reasons.

Question. What is the current enrollment rate in the TRICARE Dental Program for reservists and what action has DOD taken to encourage reservists to enroll in TDP?

Answer. The fiscal year 2003 end strength numbers for eligible Navy and Marine Corps Selected Reserve sponsors is estimated to be 127,358 (Navy Reserve 87,800 and Marine Corps Reserve 39,558). TDP enrollments as of January 2003 for this eligible population were 8,599 (Navy Reserve 6,566 and Marine Corps Reserve 2,033). These figures represent a 6.8 percent enrollment rate. Marketing of the TRICARE Dental Program (TDP) to all eligible populations is conducted by the TDP contractor. The initial marketing effort by the contractor entailed sending TDP information to each reserve and guard unit. Quantities of information sent were based on unit end strengths. Health Affairs policy 98-021 directed the services to ensure all members of the Selected Reserve undergo an annual dental examination. The documenting tool provided by HA is DD Form 2813; DOD Reserve Forces Dental Examination. A provision in the TDP contract requires network providers to complete the DD Form 2813 for TDP enrolled reservists. It is the responsibility of the reservist to present the form to the dentist. The Defense Manpower Data Center (DMDC) provides the TDP contractor quarterly file listing newly eligible sponsors. This file is used for the ongoing marketing efforts under the TDP. The TDP contractor has also established a website for the TDP. The contractor has a staff of Dental Benefits Advisors (DBA) that travel to military installations to include reserve and guard facilities. TMA's Communications & Customer Service marketing office has worked with Reserve Affairs to develop and post TDP fact sheets on the TMA website that are linked to other reserve and guard websites and the TDP contractor.

REMAINING MEDICAL AND DENTAL REQUIREMENTS

Question. What needs to be done and what will it cost to ensure that reservists are medically and dentally fit for duty?

Answer. The Reserve Components have little or no identified funding support for medical and dental readiness and, under Title 10 authority, are not eligible for Defense Health Program (DHP) funds. OSD(RA) is presently drafting a White Paper in support of a Reserve Health Program that will require a separate appropriation

to support Medical/Dental Readiness for the seven Reserve/Guard Components. Cost estimates will be available when the White Paper is complete.

REPERCUSSIONS FOR UNFIT UNIT MEMBERS

Question. Are there any repercussions for commanders who do not ensure that their troops are fit for duty?

Answer. Unit commanders are responsible for ensuring personnel are trained and ready in all aspects, including medical and dental fitness, for mobilization. Unit commanders are evaluated and ranked, in part, in Fitness Reports based upon total unit readiness.

COMBAT TREATMENT IN IRAQ AND AFGHANISTAN

Question. All of the Services have undertaken transformation initiatives to improve how medical care is provided to our front line troops.

The initiatives have resulted in more modular, deployable medical units which are scalable in size to meet the mission.

How well have your forward deployed medical support units and the small modular units performed in Operation Enduring Freedom and Operation Iraqi Freedom?

Answer. Most of the information provided is anecdotal. We will not have significant formal input until the "lessons learned" are provided by the deployed platforms and the receiving component commanders. The formal collection of feedback is still ongoing as units return from Iraq. Initial reports indicate that the 116 bed Expeditionary Medical Facilities forward-deployed into Iraq functioned as they were designed. The 250-bed Fleet Hospital staged in Rota, Spain also functioned well. The USNS Comfort was on station, on time to receive casualties. The casualties received were handled well. Use of the Comfort by the theater commands raised issues related to inter-theater movement of patients. These issues are being reviewed as part of the overall assessment of CASEVAC/MEDEVAC. The Casualty Receiving and Treatment Ships were stationed and staffed as required. Due to the nature of the conflict, they saw limited action. The Forward Resuscitative Surgical Systems were deployed in pairings with the surgical companies. These locations were less far forward than initially planned and the optimal placement is under review. Reports from Level II and Level III facilities strongly support that interventions by the FRSS were critical in saving lives that might have been lost in previous conflicts. Three PM-MMART teams were deployed to Iraq and were highly successful in providing disease vector assessment/control, epidemiology and epidemiological humanitarian support, industrial and environmental site assessment, sanitation assessment and public health education.

Question. What are some of the lessons learned from our experience in Iraq?

Answer. Smaller, lighter, more mobile works and works well. Task orienting enhances the likelihood of success. Communications in the field between Level I care and higher levels are not optimal. This is also true for inter-service communication. Component UIC's work and work well. Management of the component UIC's needs to remain centrally located. Arbitrary peripheral changes to platforms by individuals and units disrupted the ability to fully staff platforms with qualified personnel and hampered the ability to identify replacements and augments for future needs. Using Fort Benning to inprocess individual augmentees and equip them prior to deployment was highly successful and emphasized joint inter-operability. Personnel policies regarding stop-loss or stop-move should be determined before deployments commence. The policies need to be tailored to the circumstances and not applied across the board unless this is indicated. Provision needs to be made for providing transportation for the PM-MMART units, either as part of COCOM support or as part of the intrinsic equipment package.

Question. What tools/equipment is still required to improve the care provided to combat casualties?

Answer. Dedicated, durable, mobile, state-of-the-art, easily up-gradable communications, both between levels of care and between services is needed. Better CASEVAC capability is required under all circumstances. As we gather "lessons learned" through the formal process, more needs may be identified and further recommendations will be forthcoming.

T-NEX—NEXT GENERATION OF TRICARE CONTRACTS

Question. The award date for these contracts has slipped from the scheduled date in July of 2003. Since the timeline for awarding the contracts has slipped, what is the expected start date for the delivery of T-Nex?

Answer. The overall schedule for the suite of T-Nex solicitations has not been changed although some award dates may be delayed if proposals require more ex-

tensive review. The TRICARE Mail Order Pharmacy Contract was awarded, and performance began on March 1, 2003. The TRICARE Retiree Dental Contract was also awarded and performance on this contract began on May 1, 2003. Proposals have been received for both the TRICARE Healthcare and Administration Managed Care Support and the TRICARE Dual-Eligible Fiscal Intermediary contracts, and the evaluation process for both of these is ongoing. Requests for Proposal have been issued for the TRICARE Retail Pharmacy and National Quality Monitoring contracts, and those proposals are due June 11 and June 3, respectively. Procurement sensitivity rules prohibit disclosure of any specific information or details about the ongoing evaluation of proposals. However, I can tell you that the evaluations are ongoing. No decision has been made to alter the implementation schedule for any of the contracts.

Question. What planning is taking place to help ensure that when the contracts are entered into there will be a seamless transition for beneficiaries?

Answer. No transition of this magnitude is easy. A customer focused perspective in execution is central to making this as seamless as possible. We have already transitioned the TRICARE Mail Order Pharmacy contract with success. The TRICARE Retiree Dental Plan contract was also awarded without protest and now is in its first month of operation without issues. With regard to our managed care contracts, going from seven contracts to three will simplify administration, but more importantly better serve our beneficiaries with incentivized performance standards, greater uniformity of service, alleviation of portability issues, and simplified business processes.

I have instituted a solid oversight structure (see attachment), and appointed a senior executive to spearhead this transition and supervise all aspects of the procurement including the implementation of the new regional governance structure. This operational approach and structure requires my direct involvement through the Transition Leadership Council made up of the Surgeons General, the Principal Deputy Assistant Secretary of Defense for Health Affairs and the Health Affairs Deputy Assistant Secretaries of Defense. This body is supported by a TRICARE Transition Executive Management Team which is chaired by TMA's Chief Operating Officer.

An area of detailed focus right now is access to care and all business processes that will impact access including: networks, provider satisfaction, appointing and scheduling, Military Treatment Facility (MTF) optimization, and local support for MTF commanders. We are optimistic that robust networks can be maintained. On all customer service fronts, my staff and other participants are poised to execute a smooth transition immediately following contract award. Regular meetings are underway to measure our progress and formulate sound decisions on any problematic issues. A contract transition orientation conference is planned for June 2003 to fully engage government participants in all aspects of the transition process.

Question. Are beneficiaries experiencing any change in quality of care due to DOD's inability to enter into new long-term managed care agreements?

Answer. The evaluation of contractor proposals is now underway and will culminate in the awarding of three new Health care and Administration regional contracts. A planned 10-month minimum transition period will precede start of health care delivery. Surveillance for the delivery of services of outgoing contractors during the transition period will remain focused to avoid any deterioration in customer service standards. Current contracts have been extended beyond original termination dates to ensure there is no adverse impact on the beneficiary or quality of care.

Any signs of negative shifts in quality during this transition period will be quickly recognized and dealt with on a priority basis. Our proactive posture is expected to result in a near-seamless transition to next generation contracts. Additionally, in T-Nex contracts, industry best business practices are fully expected to emerge through the competitive process. Customer service protocols will be favorably impacted by outcome-based requirements and accompanying performance standards. Additionally, web-based service applications will also improve business processes and the way customers can access information. This is all very exciting and bodes well for our customers in the new contracts.

Question. Under T-Nex, what services currently provided by the TRICARE contractors will shift to the direct care system and what are the costs associated with this shift in services?

Answer. Appointing, Resource Sharing, Health Care Information Line, Health Evaluation & Assessment of Risk (HEAR), Utilization Management, and Transcription services will transition from the Managed Care Support Contracts to MTFs under T-Nex. The Services have been tasked to provide requirements in each of these areas, cost estimates, and transition timelines. We have worked with the Services to develop a joint approach to determine local support contract method-

ology. Transition of Local Support Contract services must be completed not later than the start of health care under T-Nex in each region. Based on known contract and staffing lag times, funding is required six months prior to the start of health care delivery to ensure smooth and timely stand up of new services. At this stage, cost estimates are varied and of limited value until the requirement is validated and fully known. Initial rough estimates are in the hundreds of millions of dollars. The funding source for Local Support will come from funds committed to the current Military Health System (MHS) Managed Care Support contracts. Those funds were programmed based on existing purchased care contracts that included these services. Because it is understood that these funds may not cover the entire spectrum of Local Support contracts, the Medical Services have prioritized these services across the MHS into three tiers based on impact and need. Initial costs may ultimately include some investment in telephone and appointing infrastructure, thus driving a significant increase in front end costs.

RECRUITING AND RETENTION

Question. Personnel shortfalls still exist in a number of critical medical specialties throughout the Services. The Navy reports shortfalls in Anesthesiology, General Surgery, Radiology, and Pathology, and has stated the civilian-military pay gap is their greatest obstacle in filling these high demand specialties. Recruiting and retaining dentist appears to be a challenge for all the Services.

To what extent have Critical Skills Retention Bonuses or other incentives been successful in helping to retain medical personnel?

Answer.

Dental Corps

When the CSRB was combined with the renegotiation of Dental Officer Multi-year Bonus (DOMRB) contracts, the effect was increased obligation for those that took DOMRB contracts. This in effect tied the one-year CSRB to a multi-year obligation, having some positive effect.

Medical Corps

The CSRB helped retain some individuals in Anesthesia, Radiology, Orthopedics, and General Surgery who would have otherwise gotten out of the Navy. Because the CSRB was limited to a one year contract, the long term benefit is minimal.

Medical Service Corps

The Critical Skills Retention Bonus was not offered to any of the Medical Service Corps specialties.

Nurse Corps

The Critical Skills Retention Bonus was offered to qualified nurses resulting in acceptance rates of 87 percent for Certified Registered Nurse Anesthetists (CRNAs) and 98 percent for Perioperative Nurses. For the CRNAs, it has been a positive influence for staying beyond their obligated service period. We are presently at end-strength in both communities based on a combination of factors such as special pays, scope of practice satisfaction and a focus on quality of life issues.

Hospital Corps

When incentive and special pays have been put in place for undermanned specialties, accessions have increased.

Psychiatry Technician and Respiratory Therapy Technician communities manning increased, 36 percent and 28 percent respectively, after implementation of the Selective Training and Reenlistment (STAR) Program and increased Selective Reenlistment Bonus.

Question. What else needs to be done to maximize retention of medical personnel?

Answer.

Dental Corps

The NDAA fiscal year 2003 raised the caps on the Dental Officer Multi-year Retention Bonus (DOMRB). It is hoped that the anticipated increase in pay while falling significantly short of comparable civilian pay, will demonstrate a commitment by Navy to increase compensation for dentists in the interim while a more comprehensive plan is developed.

There was a slight enhancement in overall retention as a result of increases in dental ASP in 1997 and the initial offering of DOMRB in 1998 compared to previous years, but that effect has since worn off. Despite the introduction of the DOMRB and increase in ASP rates, the overall loss rate continues to climb to the highest it has been at 12.2 percent in fiscal year 2002, higher than the 11-year average of

10.8 percent. The majority of losses are junior officers (LT-03) releasing from active duty at the completion of their first term of obligated service. These year groups are not eligible for the DOMRB at this point in their careers and the current ASP rates are too low to impact their decision to stay on active duty. Furthermore, under current legislation, if the junior officer were to enter residency training they would have to give up the ASP for up to 4 years depending on the program length. Again, reducing the incentive to remain on active duty and pursue training.

There is no incentive special pay (ISP) for dental officers, although it may be helpful to target pay increases for dental specialties with the largest military-civilian pay gap. A comparison of representative civilian and military average pays is as follows (source—the American Association of Oral and Maxillofacial Surgeons):

Avg Mil LCDR Pay	Military Pay	Civilian Pay	Differential
Specialist	\$94,654	\$202,360	\$107,706
Oral Surgeon	94,654	297,360	202,706
General Dentist	68,871	154,741	85,870

Medical Corps

In addition to closing the civilian to military pay gap, physicians look for similar qualities of life as their line counterparts. The ability to increase their level responsibility, take on clinical, operational and administrative challenges, practice their profession the way they feel they should, hone their skills, select for the next higher rank, maintain geographic stability for their families, and have time to spend with family and friends are all important in retaining physicians. Having support staff in adequate numbers, well maintained and current technical specialty equipment, and a professional environment which respects the physician is tantamount to maintaining our physician workforce.

Medical Service Corps

Retention in the Medical Service Corps is good overall. However, difficulties remain in retaining highly skilled officers in a variety of clinical and scientific professions. Retention of these highly skilled officers is predominately affected by:

- Civilian to military pay gap.*—Economic influences as well as civilian workforce shortages can have a profound effect on the size of the pay gap. With the evolving Home Land Security requirements, the demand for our scientific officers with chemical, biological, radiological and nuclear training and experience in the private sector is becoming a significant factor in retention. Need to explore the implementation of U.S. Code: 37, Section 315, Engineering and Scientific Career Continuation Pay to improve the retention of our highly skilled scientific officers.
- Significant student debt load.*—Many of our clinical and scientific professions require a doctorate level degree to enter the Navy. Frequently, there are a limited number of training programs available in the United States and often only available at private institutions. For example, there are approximately seven institutions that train Podiatrists. All of the schools are private institutions. Podiatry school is a four-year academic program after completing their undergraduate pre-professional requirements. The average student debt load for our entering Podiatrists is \$150,000. The use of HPLRP, AFHPSP and HSCP alleviates much of the student debt load for a few of these officers.
- Personal issues.*—Dual family careers, child care and frequent PCS moves can impact retention. However, what may be considered a strong reason to leave military service by one member may be considered a strong reason to stay on active duty for another.

Nurse Corps

Nurse Corps officers seek scope of practice satisfaction that includes continuing formal education opportunities, collegial relationships with physicians and other allied health personnel and current technical capability. Nurse Corps officers also vocalize the need to attend to quality of life issues such as affordable housing and childcare and geographic stability for their families.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

JESSE SPIRI MILITARY MEDICAL COVERAGE ACT

Question. In 2001, a young Marine Corps 2nd Lieutenant from New Mexico lost his courageous battle with cancer. Jesse Spiri had just graduated from Western New

Mexico University and was awaiting basic officer training when he learned of his illness.

However, because his commission had triggered his military status to that of “inactive reservist,” Jesse was not fully covered by TRICARE. As a result, he was left unable to afford the kind special treatment he needed.

I believe that it is time to close this dangerous loophole. That is why I intend to offer a bill entitled the “Jesse Spiri Military Medical Coverage Act.”

This bill will ensure that those military officers who have received a commission and are awaiting “active duty” status will have access to proper medical insurance.

Would you agree that this type of loophole is extremely dangerous for those who, like Jesse, suffer with a dreaded disease?

Answer. When an individual accepts an offer of a commission in the USN or USMC, there is a period of time prior to the beginning of Active Duty when they are in a “inactive reservist” status. During this time, the individual is not covered as a health care beneficiary in the TRICARE program. The individual remains responsible for obtaining their own health care insurance because they are not yet in “active duty” status.

Question. And do you agree that our military health care system should close this loophole, and can do so very cost effectively (given the relatively low number of officers it would affect)?

Answer. We would like the opportunity to more carefully study this situation. There are other categories of individuals who have agreed to serve in the Armed Forces and who need to maintain their own health insurance until they begin active duty or active training. These would include all officer candidates on some type of delayed entry program such as medical students in the Health Scholarship Program, ROTC students, as well as personnel who agree to join the military following college. In addition, there are many enlisted personnel who join the military on a delayed entry program and are required to maintain their health insurance until they begin active training. These individuals are also awaiting entry on “inactive reservist” status. Without studying each of these categories of individuals, estimating their numbers and their likelihood of developing illnesses, it is premature to estimate the financial burden to the Navy in implementing the proposed changes.

MILITARY FAMILY ACCESS TO DENTAL CARE ACT

Question. I think everyone here is familiar with the adage that we recruit the soldier, but we retain the family. That means taking care of our military families and giving them a good standard of living.

I have introduced a bill that would provide a benefit to military families seeking dental care, but who must travel great distances to receive it.

Specifically, my bill, the “Military Family Access to Dental Care Act” (S. 336) would provide a travel reimbursement to military families in need of certain specialized dental care but who are required to travel over 100 miles to see a specialist.

Often, families at rural bases like Cannon Air Force Base in Clovis, NM meet with financial hardship if more than one extended trip is required. This bill reimburses them for that travel and is a small way of helping our military families.

Given that current law provides a travel reimbursement for military families who must travel more than 100 miles for specialty medical care, do you believe it is important to incorporate specialty dental care within this benefit?

Answer. Concur. The Bureau of Medicine and Surgery recommends that Sec. 1074i of title 10 United States Code be amended incorporate specialty dental care within this benefit. By providing a travel reimbursement to military families in need of specialized dental care who must travel over 100 miles to seek that care, we demonstrate our utmost support and recognition of their roles as critical members of the Navy healthcare team.

Currently family members who are enrolled in TDP (TRICARE Dental Program) (Sec. 1076a.—TRICARE dental program) are not eligible for care in military DTFs except for emergencies or when OCONUS. All other (nonenrolled) Family Members are only eligible for “Space A” Care in CONUS. The USAF (with input from USN/USA) is currently sponsoring a proposal to change Title 10 to permit limited treatment of AD family members to meet training, proficiency and specialty board certification.

Question. Do you think this benefit would improve the standard of living of our military families?

Answer. Yes. Dental care is a quality of life enhancement. Reducing out of pocket costs for specialty dental care available only at distances away the homebases of Military Family Members would increase the likelihood that needed dental services would be accessed and result in increased dental health.

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

RESEARCH ON COMPOSITE TISSUE TRANSPLANTATION

Question. Admiral Cowan, it is my understanding that the Navy Bureau of Medicine and Surgery has been engaged in important research into composite tissue transplantation. Clearly, such research has great potential to radically advance our ability to perform reconstructive surgeries on limbs and patients with considerable burn injuries. I have followed similar research into hand-transplantation that is being done in my hometown of Louisville, Kentucky, and have been impressed with the great potential for such surgical and tissue regeneration techniques.

Could you please provide information regarding the extent of injuries sustained by members of our Armed Services who could benefit from reconstructive or transplantation surgeries due to combat or service related injuries?

Answer. During the period of March through May 2003, NNMC received a total of 251 medevac casualties transferred from the Iraqi theater of operations, primarily via Army Medical Center—Landstuhl, Germany and Naval Fleet Hospital—Rota, Spain. Of these, 135 patients required admission to NNMC (112 Marines, 22 Sailors, and 1 Soldier) and 116 were evaluated as transient “RONs” in the NNMC Ambulatory Procedures Unit (104 Marines and 12 Sailors) during their transit through the Aero-Medical Staging Facility at Andrews Air Force Base, Maryland.

Of the 135 patients admitted to NNMC, 63 percent were combat casualties. Of the combat casualties, the majority of patients sustained either blast injuries to upper or lower extremities, crush injuries, or gun shot wounds. These injuries resulted in many extremity fractures, both open and closed. Many of these patients underwent emergency surgery at forward treatment sites which included emergency fasciotomies. As a result, many of the patients required subsequent plastic surgical repair as part of their tertiary care at NNMC. This might be one area of combat injury that would be enhanced by reconstructive or tissue transplantation surgeries.

In addition to the large number of fractures, 6 patients sustained significant traumatic amputations of extremities (3 lower leg, one foot, one forearm, and two patients with finger amputations). These would also be patients who might benefit from tissue transplantation advances.

Question. Could you describe the Navy’s composite tissue transplantation program? What is the current level of annual funding for this program? And could you describe work being done under related extramural grants funded by this program.

Answer. The Navy Bureau of Medicine and Surgery has had, for many years, a research effort in the induction of “tolerance” in transplanted tissues with the hope of developing non-immune suppressing therapies to allow active duty victims of trauma to return to active duty. To this end, a kidney transplant model has been studied, since the mechanisms of rejection are similar to other tissues, though the kidney is a less immune-provoking organ than composite tissues. Thus, the kidney transplant serves as a simpler model for studying rejection and developing therapies against it. The transplant effort is now contained within the Combat Injury and Tissue Repair Program of the Combat Casualty Care Directorate at the Naval Medical Research Center (NMRC), under the leadership of Barry Meisenberg, M.D. The funding for “transplantation” research has been reduced over the past 5 years, leading to a significant scale-back and unfortunate turnover in personnel. The current funding is through the direct Congressional appropriation via the Office of Naval Research. The lead physician investigator on this effort is Dr. Stephen Bartlett, Director of Organ Transplantation at the University of Maryland School of Medicine in Baltimore. The Navy laboratory supports Dr. Bartlett’s efforts with laboratory investigations into the science of transplantation and mechanisms of rejection. The sum of \$964,690 was received from fiscal year 2002 Congressional funding for these efforts. In addition to this, the NMRC supplied \$250,000 from internal “core competency” dollars for a specific project, initiated in fiscal year 2002. In fiscal year 2003, no core competency funds were available to continue this research. It is anticipated that approximately another \$1 million will be received from direct Congressional appropriation for fiscal year 2003.

Question. Has the Navy conducted research on efforts to reduce the extent to which current procedures rely on immuno-suppressive drugs to combat rejection of tissue in transplant patients?

Answer. A brief description of the work that is being performed at NMRC is provided:

Project 1: Cytokine mediators of rejection in kidney transplant patients. This study performs real-time PCR to measure low levels of inflammatory molecules, such as cytokines that may predict rejection among actual patients receiving clinical kidney transplants who undergo periodic surveillance kidney biopsies. Specimens

are obtained in a clinical program at the University of Maryland Transplant Program and transported to laboratories at the NMRC in Bethesda.

Project 2: Cytokine mediation of rejection in primate composite tissue transplant. Pre-clinical research at the University of Maryland School of Medicine involves transplantation of complex tissues (bone, muscle and skin) in primates. The Navy research laboratories perform assays on biopsied tissue, looking at mediators of information and rejection. Tailored immunosuppressive therapies are being developed and studied featuring an anti-CD154 ligand to block the pathways of immune rejection.

Project 3: Studies into the mechanism of action of anti-CD154 ligand—Studies into the mechanisms of thrombotic complications with the use of anti-CD154 ligand. Currently, available supplies of anti-CD154 ligand do inhibit immune recognition, but may also cause activation of platelets leading to clinical thrombosis. These investigations look at the mechanisms involved in both lymphocyte blockade, as well as the mechanisms of thrombosis.

Project 4: Cell-signaling mechanisms after CD154 binding. This study is funded by core capability money from fiscal year 2002 and looks at the cell-signaling mechanism after CD154 binds the lymphocyte to look for potential targets for blockade of lymphocyte activation. A skin transplant model in mice is being developed and potential therapies will be tested in the mice model and available for use in the primate model currently at the University of Maryland. In addition to the above projects, funding has been requested from ONR for studies into the problem of ischemia/re-perfusion injury, which injures tissues both in the hemorrhagic-shock battle field situation, as well as transplantation of harvested tissues.

Additional techniques for immune suppression, including the use of immature dendritic cells, bone marrow cells, expanded bone marrow cells, other ligands with inhibitory properties against lymphocyte activation, are in the preparatory stages pending funding availability.

Question. Does the Navy plan to extend this program to the stage of human clinical trials?

Answer. The Navy would like to see advances in the pre-clinical biology of “tolerance” inducing molecules so that clinical trials can be conducted. More pre-clinical science, however, needs to be performed, including animal models. There are many potentially interesting avenues of investigation, which require collaboration with university laboratories and biotechnology companies.

Question. Are you aware of the clinical research and experience in human hand-transplantation at the University of Louisville and Jewish Hospital in Louisville, Kentucky?

Answer. The Combat Injury and Tissue Repair Program of the NMRC has had informal contacts with the University of Louisville Jewish Hospital in Louisville, Kentucky. There is interest on both sides in conducting collaborative efforts into the pre-clinical biology of tolerance. Currently, there is no funding for such collaboration, although both sides see scientific merit. Other collaborations exist with other universities that also show promise and need further development.

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

PATIENT PRIVACY (TRICARE)

Question. I would like to get your comments about several concerns and questions I have related to the December 14, 2002 break-in of the offices of TriWest, a TRICARE contractor. I am told that TriWest did not notify the Department of Defense of the break-in and theft of personal information of over 500,000 TRICARE beneficiaries for almost a week after the event. Apparently, TriWest didn't have even basic security equipment—guards, locks, cameras—and, as a result, this incident amounts to the biggest identity theft in U.S. history.

Is this information true?

Has the Department of Defense finished its investigation of this case and have sanctions been levied against TriWest or punitive actions taken against TRICARE officials?

Answer. The criminal investigation is being conducted by the Defense Criminal Investigative Service (DCIS) and the Federal Bureau of Investigation (FBI), in coordination with other Federal and local law enforcement agencies. The Assistant Secretary of Defense, Health Affairs [ASD(HA)] directed the Services and TRICARE Managed Care Support Contractors to conduct an assessment of their information security safeguards using a matrix composed of Defense Information Systems Agency physical security requirements and industry best practices. TRICARE Manage-

ment Activity (TMA) conducted on-site validation of these assessments. The ASD(HA) asked the DOD Inspector General to conduct facility security evaluations and a draft report is expected by July 2003.

Sensitive information pertaining to TRICARE beneficiaries is maintained by TRICARE contractors subject to the Privacy Act of 1974, as implemented by the DOD Privacy Program (DOD 5400.11-R). The Act provides criminal penalties for any contractor or contractor employee who willfully discloses such protected information, in any manner, to any person or agency not entitled to receive the information. The Act also provides for civil penalties against DOD if it is determined that the Department (or contractor) intentionally or willfully failed to comply with the Privacy Act. To date, no sanctions have been levied upon or punitive actions taken against TriWest or TRICARE officials. The investigation is still ongoing, and its findings are pending.

Question. Would you please share what you can about the lessons learned as a result of this incident and the steps the Department and the TRICARE organization and its contractors are taking to guarantee beneficiary privacy?

Answer. Maintaining information security controls and awareness has always been a critical priority for the senior leadership of the Military Health System (MHS), in the interest of both national security and beneficiary privacy.

Some of the lessons learned as a result of the TriWest incident include:

- Scrutinized security practices across the entire MHS;
- Emphasized the necessity of staying alert to new information security threats; and
- TriWest widely publicized a new process whereby individual beneficiaries may, through TriWest, seek to place fraud alerts on their records at national credit bureaus.

Some of the steps taken by the Department and its TRICARE contractors to enhance beneficiary privacy include:

- Led and coordinated a health care information security assessment at MTFs and contractor locations;
- Reviewed existing procedures at all locations;
- Ensured physical security of facilities that house beneficiary information;
- Conducted on-site validations of its contractors' assessments;
- Initiated DOD Inspector General facility physical security evaluations;
- Verified that DOD health information systems are compliant with Health Insurance Portability and Accountability Act Protected Health Information requirements;
- Established plan of action for TRICARE contractors to correct deficiencies of the facility security assessment;
- Strengthened the overall security posture of the Military Health System (TRICARE Management Activity, its contractors, and Military Treatment Facilities); and
- Broadened the scope of information assurance and security programs.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

MEDICAL TREATMENT FACILITIES

Question. Healthcare, pay, and housing are the greatest Quality of Life issues for our troops and their families. With the numbers of health care staff deployed from your Military Treatment Facilities, what strategies did you use to effectively plan and care for beneficiaries back home?

Answer. Navy Medicine implemented core doctrine and conducted intense scrutiny of Military Treatment Facilities (MTFs) services availability. We identified the appropriate reservists to support the Military Treatment Facilities (MTFs) in maintaining services, in some cases adding contract personnel. Navy Medicine made every effort to take care of our patients in the MTFs, and assisted in both referral and care management for those patients that required care in the local healthcare network. Each week we tracked the availability of services at each MTF. Personnel (both active duty and reservists) exerted extraordinary efforts (which were possible in the short term but would not be sustainable indefinitely) to ensure access to care was maintained at all MTFs. The health care team felt the same devotion to their special duties during the conflict as did the deployed forces. They recognized that providing care for both returning casualties and local beneficiaries was their part in the war effort. For these reasons, individual productivity was particularly high and resulted in minimal reductions in health care access. A comprehensive survey of activated reservists and MTF operations during Operation Iraqi Freedom is now

underway to fully assess the productivity and effectiveness of our MTFs in ensuring that access to care was maintained for all beneficiaries.

Question. How are you able to address the needs of patients coming in from the battlefields and is this affecting the care of beneficiaries seeking regular care?

Answer. We have been able to maintain services required to address the needs of both patients coming in from the battlefields and those seeking regular care through significant deliberate planning. We implemented core doctrine and deployed active duty forces that were well trained in providing advanced medical care in the field. As a result, intense scrutiny of Military Treatment Facilities (MTFs) services availability and their ability to sustain the Graduate Medical Education (GME) programs were conducted, and we identified the appropriate reservists to support the Military Treatment Facilities (MTFs) in maintaining services and future readiness via sustainment of GME programs.

Question. What authority were you given to back-fill your vacancies and are the funds sufficient to attain that goal?

Answer. Navy Medicine issued \$18 million that was originally targeted for our Maintenance of Real Property, Facility Projects in order to provide MTFs with the funding needed to obtain contract physician and medical personnel needed as back-fill in addition to the 50 percent Reserve Recall. The commands were able to obligate \$11 million of that \$18 million and obtained critical physician specialists on short timeframe contracts and other medical support personnel.

Question. What measurements were used in determining what the services were able to back-fill and how does that compare to current requirements?

Answer. The measurement tool used to assess services requiring augmentation was based on weekly reports that monitored facility services by beneficiary category i.e. AD/ADFM/RET/RETFM. This tool provided the level of detail needed to reflect which MTFs were in need of support based on the services identified, taking into account geographic issues related to Network availability and GME program sustainability. The report is being utilized to follow the flow of returning forces ensuring efficient demobilization of reserve personnel while maintaining MTF service availability.

RETENTION AND RECRUITMENT

Question. With increasing deployments in support of Operation Iraqi Freedom and the Global War on Terrorism, can you describe your overall recruitment and retention status of the Medical Department in each of your services? What specific corps or specialties are of most concern?

Answer. There is no way to predict the influence the current increased operational tempo will have on recruiting and retention. Because active duty personnel must request release from active duty 9–12 months in advance in order to arrange for their billet to be backfilled, the effect upon release from active duty rates won't be known until approximately spring/summer 2004.

Dental Corps: The Dental Corps is currently undermanned at 93 percent

The loss rate for dentists in fiscal year 2002 was 12.2 percent, which was above the 11-year average of 10.8 percent. Projections are for increasing shortfalls with manning at 90 percent or below at the end of fiscal year 2003.

Accession goals have not been reached over last 3 years; accessed only 85 percent of goal. Most significant shortfall is in the Direct (non-scholarship) accession category.

Recruiting goals are not being met with only 10 percent of the goal for Direct accessions (3/39), Reserve Recalls (2/7) and 1925i Dental Student program (0/5) met midway through the third quarter fiscal year 2003. The primary accession pipelines for Navy dentists are the scholarship programs. The Health Professions Scholarship Program (HPSP) and the Health Services Collegiate Program (HSCP) have both been successful in meeting 100 percent of goal for fiscal year 2003 and we expect to access 67 HPSP and 22 HSCP students upon graduation from dental school. HSCP has in the past been a significant but not the largest source of accessions for the Dental Corps. Currently only 25 percent of the combined fiscal year 2004/05 recruiting goal has been attained for HSCP accessions in fiscal year 2004 (12/25) and fiscal year 2005 (0/25). Interest in this program has significantly declined due to the increasing cost of dental school education, which continues to diminish the benefits offered through this program.

Retention rate at first decision point for junior officers steadily declined over past 6 years; low point was 38 percent in fiscal year 2001 from high of 64 percent in fiscal year 1995. Disparity between military and civilian pay and education debt are major factors in low retention rates.

Medical Corps

The Medical Corps continues to have difficulty in retaining certain specialties. The Medical Corps has less than 80 percent manning in Anesthesia, Radiology, General Surgery, Pathology, and Radiation Oncology. Internal Medicine and subspecialties (84 percent) and Dermatology (83 percent) are near the critical point of under manning.

Inability to access or retain specialties noted above can be attributed to significant military-civilian pay gaps and declining number of quality of work attributes that once made practicing in Navy Medicine enticing over the private sector (e.g., increased operational tempo). Additionally, the changing face of medicine in the civilian sector (e.g., fewer applicants for medical school and even fewer medical school graduates going into the above specialties) is affecting Navy Medicine as well.

The primary pipeline for Navy physicians is the Health Professions Scholarship Program (HPSP), which brings in 300 of the 350 individuals entering as medical students. The HPSP recruiting goal for fiscal year 2003 is 300. The Navy is behind in recruiting, in that by May, there are usually about 150 recruited. Presently there are only 51. It should be noted that not only is the number of HPSP recruits diminishing, but the quality has also decreased when utilizing MCAT scores as an indicator of quality. In the past, HPSP recipients had MCAT scores of 26–30. Applicants with scores as low as 22 are being considered in order to fill quotas.

Medical Service Corps

Retention in the Medical Service Corps is good overall. End of fiscal year 2002 manning was at 98.5 percent with projections for the next two years at or near 98 percent manning. However, difficulties remain in retaining highly skilled officers in a variety of clinical and scientific professions.

The Medical Service Corps is comprised of 32 different health care specialties in administrative, clinical, and scientific fields. The education requirements are unique for each field; most require graduate level degrees, many at the doctoral level.

Biochemistry, Entomology, and Podiatry are undermanned by more than 10 percent. Average yearly loss rates are high in Biochemistry, Physiology, Environmental Health, Dietetics, Optometry, Pharmacy, and Psychology. Loss rates this year are very high for Microbiologists & Social Workers.

The Medical Service Corps does not have available to them retention tools or special pays for scientists and very limited ones for clinicians such as Optometrists, Pharmacists, and Podiatrists.

Nurse Corps

The Nurse Corps continues to be healthy considering the national nursing shortage. The affect of a decreasing number of students who choose nursing as a career and the ever-increasing demand for professional nursing services will need to be closely monitored to ensure that the Navy Nurse Corps is able to meet the requisite number and specialty skill mix.

The successful ability of the Nurse Corps to meet requirements is due to concerted efforts in diversifying accession sources and increased retention as a direct result of pay incentives and graduate education opportunities.

Hospital Corps

HM and DT Retention has never been higher and we have met/fulfilled recruiting goals for the last two years. In the past two years our overall manning has significantly increased from 87 percent to 97 percent.

8404 HM E1–6 are on STOP LOSS per NAVOP 005/03 over 2,616 Sailors are affected by this program.

Per the OPHOLD MSG NAVADMIN 083/03 all hospital corpsmen assigned to deployed USMC units, possessing NEC's 8403, 8404, 8425 and 8427 may be OPHELD.

The HM Rating ended fiscal year 2002 at 95.8 percent manning (23,218 INV/24,320 BA or –1,102). The HM Rating has been undermanned since 1997 (low point was 89.1 percent manning as of end fiscal year 2000), but has steadily increased to current end February 2003 of 97.1 percent (23,843/24,553). The improved manning is the result of an increase in the HM A-School plan from a traditional 3,000 inputs to 4,500 inputs per year along with a reduction in HM A-school attrition from 18 percent to 8 percent. Out year projections have the rating maintaining 98 percent manning for the next two years.

As overall HM rating manning has improved, C school seats are increasingly being filled. Along with realignment of SRB and SDAP to retain existing and attract applicants, inventories in the shortfall NECs are steadily improving. Of the 40 distinct HM NECs, the following are critically manned (manning <90 percent) as of end February 2003.

NEC	NAME	INV	EPA	PCT	+ / -
HM-8401	SAR TECH	89	111	80	-22
HM-8403	RECON IDC	26	29	90	-3
HM-8408	CARDIOVASCULAR TECH	77	105	73	-28
HM-8416	CLIN NUC MED TECH	59	70	84	-11
HM-8425	SURFACE IDC	868	1,020	85	-152
HM-8427	RECON IDC	43	70	61	-27
HM-8432	PREV MED TECH	642	710	90	-68
HM-8452	ADV XRAY TECH	566	654	87	-88
HM-8466	PHYS THERAPY TECH	201	252	80	-51
HM-8467	OCC THERAPY TECH	12	19	63	-7
HM-8478	MED REPAIR TECH	197	270	73	-73
HM-8485	PSYCH TECH	273	376	71	-103
HM-8486	UROLOGY TECH	68	87	78	-19
HM-8489	ORTHO TECH	124	153	81	-29
HM-8492	HM SEAL	124	164	76	-20
HM-8493	HM DIVER	83	106	78	-23
HM-8494	HM DIVER IDC	69	80	86	-11
HM-8495	DERMATOLOGY TECH	40	54	74	-14
HM-8506	LAB TECH	1,246	1,594	78	-348
HM-8541	RESP THER TECH	102	147	69	-45

Dental Technicians

—Overall DT rating manning has held constant over the last several years with end February 2003 inventory at 102 percent (3,177/3,150). The DT NECs listed below are critically manned.

NEC	NAME	INV	EPA	PCT	+ / -
DT-8703	DT ADMIN TECH	241	268	90	-27
DT-8708	DT HYGIENE TECH	53	84	63	-31
DT-8753	DT LAB TECH	100	113	89	-13
DT-8783	DT SURGICAL TECH	99	111	89	-12

The shortages in these NECs have been caused by limited availability of school quotas at tri-service schools. The exception is DT Hygiene Tech, established in fiscal year 2000. The Hygiene Tech school pipeline is two years long and inventory has been slowly growing toward the billet target. For the remaining shortages, efforts continue to obtain quotas at the tri-service schools to ensure that we obtain the seat increases we need to maintain the inventory.

Question. Did the Critical Skills Retention Bonus given for this year help these specialties? In light of shortages and the disparity between military and civilian salaries, how have you planned for additional retention bonuses in future years?

Answer. A detailed explanation is provided by Corps in order to detail the impact of the CSRB.

Dental Corps

When the CSRB was combined with the renegotiation of Dental Officer Multi-year Bonus (DOMRB) contracts, the effect was increased obligation for those that took DOMRB contracts. This in effect tied the one-year CSRB to a multi-year obligation, having some positive effect. However, a more comprehensive pay plan is needed for the long term.

—The NDAA fiscal year 2003 increased the caps on the Dental Officer Multi-year Retention Bonus (DOMRB).

—Fiscal year 2004 and fiscal year 2005 dental pay plans need to take advantage of the increase in the cap for the DOMRB as provided by the fiscal year 2003 NDAA which would help bring pay to higher levels, although are not in parity with civilian pay, demonstrate a commitment by Navy to increase compensation. However, in fiscal year 2004, funds have not been budgeted for increases in Medical Special Pays.

—The Health Professions Incentives Work Group (HIPWG) is working on a ULB fiscal year 2006 proposal that will raise Additional Special Pay (ASP) for targeted year groups to enhance retention after the first decision point for junior officers and after training obligations are paid off by mid-career officers. This ULB also proposes retaining ASP while in a training (DUINS) status in efforts to attract more qualified applicants for residency training. This proposal is under review within the Department.

—A comprehensive pay plan is needed to enhance retention and narrow the civilian-military pay gap. In the absence of such a plan and in recognition that the status of the Incentive Optimization Plan previously worked by OSD/TMA is unknown, the Navy has proposed utilizing a multi-year dental CSRB to critical shortages, namely dental officers with 3 to 7 years of service. This is designed to address a significant downward trend in retention of LT/LCDR General Dentists (anecdotally due to high debt load). This shortage in turn has significantly diminished our pool of applicants for residency training. Applications for post-graduate residency training are down 54 percent over past 10 years, which has resulted in increasing difficulty of producing specialists with the skills required to meet mission requirements. This proposal is under review within the Department.

Medical Corps

The CSRB helped retain some individuals in Anesthesia, Radiology, Orthopedics, and General Surgery who would have otherwise gotten out of the Navy. Because the CSRB was limited to a one year contract, the long term benefit is minimal.

The fiscal year 2003 NDAA raised the maximum on special pays to increase flexibility and utility of special pays. Development of a special pay plan for fiscal year 2005 by OOMC and N131 is in progress which takes advantage of the new maximums and increases the Multiyear Special Pay (MSP) to levels that although not in parity with civilian pay, demonstrates a commitment by the Navy to increase compensation. Because of the process involved in creating a DOD Pay Plan, the final pay plan for fiscal year 2005 may not emphasize the Navy's needs, reflecting instead the overall needs of DOD (Air Force and Army.) This proposal is under review within the Department.

Medical Service Corps

The Critical Skills Retention Bonus was not offered to any of the Medical Service Corps specialties.

During fiscal year 2001, DOD (HA) provided guidance allowing the Services to begin paying an Optometry Retention Bonus and a Pharmacy Special Pay based on each Service's "own accession requirements and capabilities." The Army and Air Force have funded the new pays. Due to funding constraints, the Navy has not yet begun paying the Optometry Retention Bonus or the Pharmacy Special Pay, however, the Navy has planned and budgeted for future funding of these bonuses and specialty pays.

Nurse Corps

The Critical Skills Retention Bonus was offered to qualified nurses resulting in acceptance rates of 87 percent for Certified Registered Nurse Anesthetists (CRNAs) and 98 percent for Perioperative Nurses. For the CRNAs, it has been a positive influence for staying beyond their obligated service period. We are presently at end-strength in both communities based on a combination of factors such as special pays, scope of practice satisfaction and a focus on quality of life issues. Therefore because the process involved in creating a DOD Pay Plan must reflect the overall needs of DOD (including Army and Air Force,) the final pay plan for fiscal year 2005 may not emphasize the Navy's specific requirements.

The fiscal year 2003 NDAA raised the maximum on special pays to increase flexibility and utility of special pays. Development of a special pay plan for fiscal year 2005 by the Nurse Corps Office and N131 is currently under review within the Department. The proposal, which takes advantage of the new maximums and increases the Nurse Accession Bonus and CRNA Incentive Pay to levels that although not in parity with civilian pay, demonstrates a commitment by the Navy to increase compensation.

Hospital Corps

We are working on an increase in our critical NEC's in SRB, SDAP and accelerated advancement programs.

Question. Are there recruitment and retention issues within certain specialties or corps? If so, what are your recommendations to address this in the future?

Answer.

Dental Corps

As a result of a significant downward trend in retention of LT/LCDR General Dentists coupled with significant under execution of CNRC DC accessions, the Dental Corps is undermanned.

- Dental Corps overall manning has been trending downward for the last three years, ending fiscal year 2002 at 94.4 percent (1,294 INV/1,370 BA or –76). The EFY 2003 projection is estimated at <90 percent.
- A BUMED-BUPERS working group is evaluating the following recommendations for the future: increase in HPSP Scholarships from 70 to 85 per year; establish a special pay that targets General Dentists with 3 to 7 years of service; establish Dental Corps Health Professions Loan Repayment (HPLRP) Program; increasing the number of years of service for statutory retirement to 40 years of service for 06s, along with raising the age limit to 68. Active Duty dentists tend to leave the service at 22 years vice 30 in order to enter the civilian market at a competitive age range. If given the option of a career for an additional ten years of service, many dentists would choose to stay on Active Duty. Prior to approval additional study is required on how this will impact the 06 promotion cycle.
- The shortage of General Dentists has directly impacted the Oral Surgery and Endodontic communities, which are also significantly undermanned. Since we train the vast majority of our specialists from within, the shortage of General dentists and the increase in loss rates has resulted in a reduction in the numbers of officers available to enter the training pipeline.

Corps Specialty (PSUB)	INV	BA	PCT	+ / –	Fiscal Year 2004	Fiscal Year 2005
DC—Dentist (1,700)	486	594	82	–108	80	78
DC—Oral Surg(1,750J/K)	66	82	80	–16	78	72
DC—Endodontist (1,710J/K)	44	52	85	–8	83	80

- The remaining Dental Corps specialties are stable at this time with sufficient gains to compensate for losses, but that will take a turn for the worse if the problems with General Dentist retention and accessions are not corrected, as this is the applicant pool for specialty training.

Medical Corps

Although pay is just one part of the benefits of a military career, the civilian to military pay gaps are so large in some specialties that it is difficult to recruit or retain someone after completion of their obligated service for training. A comparison of civilian and military average pays is as follows (this data was retrieved from an internet physician pay site used by medical students):

Specialty	Civilian Pay	LCDR Mil Pay	Differential
Anesthesia	\$278,802	\$140,556	\$138,246
Radiology	319,380	140,556	178,824
General Surgery	261,276	133,556	127,720
Pathology	197,300	120,556	76,744
Internal Medicine	160,318	118,556	41,762
Dermatology	232,000	122,556	109,444
Orthopedics	346,224	140,556	205,668
Neurosurgery	438,426	140,556	297,870

To improve accessions (in the above specialties), the following monetary and marketing tools are being evaluated by CNP/BUMED Integrated Process Team (IPT):

- A Health Professional Loan Repayment Program (HPLRP).
- An increase in recall and direct accession goals for medical officers.
- An increase in accession bonuses for health professionals from \$30,000 to an \$80,000 cap for high demand specialties.
- An increase in Incentive Specialty Pay (ISP) and Multiyear Specialty Pay (MSP) to decrease the pay gap. Emphasis is being placed on increasing MSP so that retention may be improved.

Medical Service Corps

All specialties have met (or are expected to meet) fiscal year 2003 recruiting goals except for:

- Entomology (Goal: 4; 0 attained) have not met direct accession goal since fiscal year 1999. There are limited Medical Entomology graduate programs in the United States. Fiscal year 2002 manning was 89 percent.

—Physiology (Goal: 2; 0 attained) have not met direct accession goal since fiscal year 1998. Fiscal year 2002 manning was 86 percent.

Use of the Health Services Collegiate Program (HSCP), a Navy student pipeline program for Entomology was instituted in fiscal year 2002 and for Physiology in fiscal year 2003.

Retention in the Medical Service Corps is good overall. However, difficulties remain in retaining highly skilled officers in a variety of clinical and scientific professions.

Explore the possible use of Engineering and Scientific Career Continuation Pay (U.S. Code: 37, Section 315) to improve the retention of our highly skilled scientific officer.

Other tools being considered:

—Health Professional Loan Repayment Program (HPLRP). Those HPLRP scholarships allocated to Medical Service Corps will be used for both retention and accession.

Nurse Corps

The Active Duty force is expected to meet fiscal year 2003 recruiting goal.

The Reserve force has met 61 percent of the fiscal year 2003 recruiting goal, maintaining the same pace as last year. Successful recruiting incentives for reservists in the critically undermanned specialties include: The \$5,000 accession bonus and loan repayment and stipend programs for graduate education.

The BUMED Integrated Process Team (IPT) will evaluate two initiatives to improve the end-strength of the Reserve force:

—Allocating the \$5,000 accession bonus for all new nursing graduates to the Reserve force. With the civilian recruiting bonuses and loan repayment programs for student graduates, new nurses are deferring entry into the Navy Nurse Corps Reserves until they gain the one-year experience required to qualify for a bonus.

—Instituting “pipeline” scholarship nursing programs for the reserve enlisted component similar to those available to active duty enlisted.

Hospital Corps

No recruitment issues as CNRC has been able to fill requirements.

We have increased retention and programs have been put in place directing Sailors into our undermanned NEC's. Some of the programs instituted include job fairs, Detailers visits along with visits from the Force Master Chief.

Question. Have incentive and special pays helped with specific corps or specialties?

Answer.

Dental Corps

Although pay is just a portion of the military benefits package, the dental military-civilian pay disparity is so large in certain specialties that it is very difficult to recruit or retain a dental officer after completion of their obligated service for training.

—There was a slight enhancement in overall retention as a result of increases in dental ASP in 1997 and the initial offering of DOMRB in 1998 when compared to previous years, but that effect has since worn off. Despite the introduction of the DOMRB and increase in ASP rates, the overall loss rate continues to climb to the highest it has been at 12.2 percent in fiscal year 2002, higher than the 11-year average of 10.8 percent. The majority of losses are junior officers (LT-03) releasing from active duty at the completion of their initial obligated service. These year groups are not eligible for the DOMRB at this point in their careers and the current ASP rates are too low to impact their decision to stay on active duty.

Medical Corps

There is no study that correlates retention and accession with special pays.

Medical Service Corps

The Medical Service Corps has very limited incentive and special pays.

—*Optometry Special Pay (U.S. Code: Title 37, Section 302a).*—Each optometry is entitled to a special pay at the rate of \$100 a month. This special pay has not been increased in thirty years and therefore has lost value as an incentive or retention tool. Fiscal year 2001 and 2002 manning was 88 percent and 98 percent. The manning is expected to drop below 98 percent during fiscal year 2003.

—*Psychologist and Nonphysician Health Care Providers Special Pay (U.S. Code: Title 37, Section 302c).*—This Special Pay is better known as Board Certification

Pay. Board Certified Nonphysician Health Care Providers are entitled to a pay of \$2,000 per year, if the officer has less than 10 years of creditable service; \$2,500 per year (10–12 yrs); \$3,000 per year (12–14 yrs); \$4,000 per year (14–18 yrs); and \$5,000 per year (18 or more). This special pay does not become a significant annual amount until late in an officer's career and therefore has a minimal impact as a retention tool. The Navy is manned at 70 percent licensed psychologists.

—*Accession Bonus for Pharmacy Officers (U.S. Code: Title 37, Section 302j).*—This accession incentive of \$30,000 may be paid to a person who is a graduate of an accredited pharmacy school and who, executes a written agreement to accept a commission as an officer and remain on active duty for a period of not less than four years. This accession bonus was first used in fiscal year 2002 and accession quotas were met in that year. Long-term effectiveness as a successful accession incentive has not yet been established. Fiscal year 2002 manning was 96 percent. The manning is expected to drop below 96 percent during fiscal year 2003.

Nurse Corps

The Nurse Accession Bonus, Incentive Pay for Certified Registered Nurse Anesthetists (CRNAs), and Board Certification Pay (for those eligible) contribute to successful recruitment and retention efforts. Current CRNA manning is 108 percent. Manning is expected to drop to 100 percent throughout the year as members depart.

The increase of the maximum allowable compensation amount under NDAA for the CRNA Incentive Pay and the Accession Bonus will further enhance our competitive edge in the nursing market.

Hospital Corps

When incentive and special pays have been put in place for undermanned specialties, accessions have increased.

Psychiatry Technician and Respiratory Therapy Technician communities manning increased, 36 percent and 28 percent respectively, after implementation of the Selective Training and Reenlistment (STAR) Program and increased Selective Reenlistment Bonus.

Question. How does the fiscal year 2004 budget request address your recruitment and retention goals?

Answer.

Medical Service Corps

The fiscal year 2004 budget request includes funding for the Optometry Retention Bonus and the Pharmacy Special Pay (both discretionary pays).

Nurse Corps

The fiscal year 2004 budget request includes increases to both the Nurse Accession Bonus and the Incentive Pay for Certified Registered Nurse Anesthetists.

FORCE HEALTH PROTECTION (FHP)

Question. As a result of concerns discovered after the Gulf War, the Department created a Force Health Protection system designed to properly monitor and treat our military personnel. What aspects of the Department's Force Health Protection system have been implemented to date? What are the differences between the system during the Gulf War, Operation Iraqi Freedom, and Operation Enduring Freedom and Operation Noble Eagle?

Answer. There has been a fundamental shift in Navy Medicine from treating illness, to focusing on prevention and health. Our mission is to create a healthy and fit force, so that when we deploy a pair of muddy boots, the Sailor or Marine wearing them is physically, mentally and socially able to accomplish any mission our nation calls upon them to perform. This focus on prevention and health includes the delivery of care to the spouses and families at home because by caring for them, our warriors can focus on the fight. The Navy Medicine "office place" is the battlefield because our Sailors and Marines deserve the best possible protection from all potential hazards that could prevent mission execution. A critical element of our FHP continuum is having in place, along with the Department of Veterans Affairs (DVA), mechanisms for making sure that people who become ill after deployment are evaluated fully. Navy Medicine has several established mechanisms with the DVA regarding post deployment illnesses. Between the Gulf War and Operation Noble Eagle, several specific Force Health Protection (FHP) measures were implemented. These include: Pre-Deployment Health Assessment with the DD2795, Disease and Non-Battle Injury (DNBI) surveillance, Post-Deployment Health Assessment with the DD2796, pre- and post-deployment serum archival at the DOD

Serum Repository, anthrax and smallpox vaccination programs, occupational and environmental health surveillance, formation of specialized deployable teams for FHP (Navy Forward Deployable Preventive Medicine Units, Theater Army Medical Laboratory, and Air Force Theater Medical Surveillance Team), and the Post Deployment Health Clinical Practice Guideline. Just before Operation Iraqi Freedom, the Joint Medical Work Station (JMeWS) was deployed in the CENTCOM theater of operations, providing the capability to collect patient encounters, DNBI, and general medical command and control reports. With over 26,000 patient encounters and 1,000 DNBI reports, this system has provided a substantial analysis and archival tool for the combatant commanders and senior leadership.

OPTIMIZATION

Question. Congress initiated optimization funds to provide flexibility to the Surgeons General to invest in additional capabilities and technologies that would also result in future savings. It is my understanding that a portion of these funds are being withheld from the Services. Can you please tell the Committee how much Optimization funding is being withheld from your service, what are the plans for distributing the funds, and why funds since fiscal year 2001 are being withheld?

Answer. In fiscal year 2002 59 Optimization Projects were approved but only one was funded before April 2002. Total funding for fiscal year 2002 was \$49.6 million. Twenty-seven of the projects were funded in late September 2002 and are in their infancy. Since most of the projects involved personnel actions, up to six months passed before personnel were in place due to required DOD civilian hiring processes. Hard evidence of financial return on investment is not yet available. Anecdotal positive feedback, however, is plentiful, especially in the following areas:

—*Case management (\$8.5 million fiscal year 2002).*—All facilities are reporting that the recently hired case managers are champions for the transition from intervention to prevention. Commanders have commented that case management is “one of the best BUMED programs in 30 years.” The primary barrier to success is the lack of integration of case management software with the Composite Health Care System (CHCS).

—*Clinic manager's course (\$400,000 fiscal year 2002).*—Over 500 personnel have benefited from the week long course and 80 percent of participants reported in follow up surveys that the course adequately prepared them to implement optimization concepts within their clinics. Barriers to achievement of the goal of improved clinic effectiveness include lack of reliable, readily available performance data and high turnover of clinic management teams.

—*Population Health Website (\$400,000 fiscal year 2002).*—Access to real time patient level data regarding disease prevalence, care provided, and patient panel demographics was viewed as “extremely valuable” by the 103 users trained thus far. Key to success is WEB access (begun January 2003) and dedicated training.

\$11.4 million was devoted to critical advances in Medical Practice supporting longer term goals of sustaining quality and reducing invasive procedures where possible. The remaining \$29.3 million was devoted to targeted improvements in the Primary Care Product Line, Birth Product Line and Mental Health Product Line as well as specific interventions designed to ensure continued excellence in training in mission-critical specialties (radiology and cardiology). Many of the initiatives are designed to correct staffing ratios allowing clinicians more time to devote to direct patient care. A full review of financial and non-financial performance measures is underway for each of the projects but conclusive data is not yet available given the recent start up of the vast majority of the initiatives.

Question. How have you benefited from optimization funds? What projects are on hold because OSD has not released funding?

Answer. Navy Medicine has not delayed projects due to OSD withholding funds.

Question. What are the projected projects using the proposed \$90 million in the fiscal year 2004 budget request?

Answer. If the Navy's share of the \$90 million in the fiscal year 2004 budget request amounted to \$30 million, the following is the current proposal for the use of funds. Continuation of current optimization projects is expected to require \$16.6 million, planned advances in medical practices (AMP) programs will require an additional \$10 million, and focused improvements in perinatal care, early mental health intervention and training of clinic managers will require the final \$3.4 million. A full review of the proposed use of the funds is underway as part of the annual budget and business planning process.

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL JAMES B. PEAKE

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

DEPLOYMENT OF MEDICAL PERSONNEL

Question. The staff's discussions with The Surgeons General indicate that the Services have backfilled for deployed medical personnel at the Medical Treatment Facilities at varying levels.

Some of the Services are relying more heavily on private sector care rather than backfilling for deployed medical personnel.

To what extent has the recent deployment of military medical personnel affected access to care at military treatment facilities?

Answer. Recent deployments of medical personnel have had varying impacts upon access to care in individual Army medical treatment facilities (MTFs). With the initial deployment of medical personnel, there was an approximate 15–30 day underlap until Reserve Component (RC) personnel arrived at the various MTFs. Additionally, RC backfills were authorized only at approximately 50 percent of the deployed losses. Although some have indicated that there should be no impact on access to care because medical personnel were deployed as well as troops (i.e., patients), this assumption is flawed. Troops are generally the healthiest of the patient population served and do not comprise a significant portion of the care provided at any one MTF. In addition, at several posts, the medical personnel deployed long before the troop populations mobilized.

While MTFs had varying strategies in dealing with these significant shortages, there was some impact on access to routine and wellness care. Strategies included utilization of the network, hiring/contracting for civilian positions and reserve backfill. Success was limited by network inadequacy, inability to hire, and insufficient reserve backfills. Success varied by location due to the variability of these factors.

Question. What are you doing to ensure adequate access to care during this time?

Answer. Most MTFs have skillfully attempted to manage the access to care issue by closure/consolidation of clinics, beds and operating rooms; shifting of care to the network; extending shifts for both physicians and nurses; double-booking appointments; overtime, including mandatory weekend overtime; increasing resource-sharing contracts and increasing contract hires. Urgent care access was maintained, but all MTFs have had varying degrees of success in maintaining access to routine and wellness visits. They have managed to decrease the number and significance of access-to-care issues, but most MTFs continue to struggle with the issue.

Question. What percentage of mobilized reservists in medical specialties are being used to backfill positions in the United States?

Answer. The Reserve Component (RC) provided 22 percent of its mobilized medical specialties to backfill the Army's Active Component (AC) losses in the Medical Treatment Facilities (MTFs). This accounts for 1,631 reservists' backfilling AC personnel losses in MTFs out of the total mobilized RC medical force of 9,195. This does not take into consideration the physicians, dentists, and nurse anesthetists that are on a 90-day rotation policy. There are 485 scheduled 90-day rotators in the aforementioned 1,631 RC personnel backfill. To further compound the backfill requirements the Senior Civilian Leadership only authorized a 50 percent backfill cap or one RC backfill for every two AC losses.

Question. Are there shortages of personnel in some specialties?

Answer. Yes.

Question. If so, which specialties are undermanned and by how much?

Answer. The Reserve Component (RC) backfill was initially undermanned by seven medical specialties for a total of sixteen personnel. These medical specialty shortages were Nuclear Medicine Officer, Pulmonary Disease Officer, Dermatologist, Allergist, Pediatric Cardiologist, Peripheral Vascular Surgeon, and ten Obstetrics Nurses. The 90-day rotation policy added additional requirements by having to rotate physicians, dentists, and nurse anesthetists. In the second 90-day rotation the following medical specialties were undermanned by an additional ninety-five physicians and dentists: three Urologists, an Obstetrician and Gynecologist, six Psychiatrists, thirty-six Family Physicians, six General Surgeons, five Thoracic Surgeons, five Orthopedic Surgeons, two Radiologists, five Emergency Physicians, and twenty-six Dentists.

Question. Are there other ways of structuring the staffing of military medical units that might help address shortages in a few specialties, such as making increased use of civilian contractors or DOD civilian personnel in MTFs stateside?

Answer. The staffing of Army Medical Treatment Facilities (MTF) is a mix of Active Duty military, direct hire civilians, and resource sharing/contract arrange-

ments. The Active Duty component is based upon the wartime needs of the numbers and types of health care providers needed to staff the deploying medical support units (Professional Filler System and cadre hospital organizations). Many of the more expensive specialties required at the MTF are the same specialties needed for deployments. Even though more than 50 percent of the MTFs' staffing is non-military, this tends to be in specialties that can be afforded by the General Schedule payment tables. Beyond the direct hire civilian staffing, MTFs also form a number of resource sharing agreements and local contracts for services available in the area. These contracting efforts are in addition to the TRICARE network that may have some health care resources in the area. Healthcare providers not already engaged with the MTF are fulltime engaged in their own practices with limited expansion capability. The sudden demand for additional health care services in an area is an immediate shock and drain on the limited healthcare resources in the area.

Changes to structure and policy would assist in the future. There should be a restructuring of Reserve Component Table of Distribution & Allowance assets to match those of PROFIS losses in our MTFs. Modules within Combat Support Hospitals (CSHs) and Forward Surgical Teams (FSTs) to facilitate the mobilization/movement of mission-specific teams should have corresponding backfill modules in the reserves. Military authorizations for high OPTEMPO specialties—61J (General Surgery), 61M (Orthopedic), 60N (Anesthesia), 66F (Nurse Anesthetists), 66H8A (Intensive Care Nursing) and 66E (Operating Room Nurse)—should be increased for these hard-to-hire specialties. Pay scales need to be increased for health care specialties as current scales and funding levels for Civil Service and contracts are out-of-sync with the civilian market. Increasing military authorizations for primary care specialties in order to fill the PROFIS requirements for 62Bs (Field Surgeon) would prevent the military from having to use critically short subspecialties, such as pediatric cardiologists, to fill these slots. Some specialties—60C (Preventive Medicine) and 61N (Flight Surgeons)—have had to be structured to the military setting and it is difficult to recruit for these same positions through the civilian sector since the training, education, and experience levels are so different. This lack of military-focused training in these specialties has made it impossible to backfill losses in these specialties with the reserves.

MONITORING THE HEALTH OF GUARD AND RESERVE PERSONNEL

Question. What improvements have been made to the medical information systems to track the health care of reservists? Are they electronic, do they differ among services?

Answer. The Army Medical Department's (AMEDD) Medical Operational Data System (MODS) has added modules to address the need of improving the health care for both the Guard and Reserve. The Active Duty Medical Extension (ADMR) Web Reporting module manages those Guard and Reserve soldiers requiring medical treatment that cannot be completed in less than 30 days. The Line of Duty (LOD) Automated module automates the completion of LOD Investigations and ancillary activities. To assist the National Guard (NG) MODS has a NG Physical Web Reporting module that allows the NG to obtain the physical information on each soldier by state. The Automated Voucher System (AVS) facilitates scheduling physical exams, dental exams, and immunizations for Army National Guard and Army Reserve personnel. As a closeout to the AVS cycle, AVS provides Medical Readiness results to MEDPROS module. MEDPROS provides the Army Knowledge On-line (AKO) with a real time update of Active Duty, National Guard and Army Reserve Individual Medical Readiness elements to over 1.2 million registered AKO users at logon.

There is no significant difference in the Individual Medical readiness tracking between the active or reserve component of the Army.

Question. During the mobilization for Operation Iraqi Freedom, how many reservists could not be deployed for medical reasons?

Answer. Overall the medically non-deployable rate for reserve component (RC) soldiers was 2.2 percent or 3,147 out of 141,365 RC soldiers processed for mobilization. 566 of these non-deployable soldiers are currently undergoing a medical board. More than 80 percent of the non-deployable soldiers had a chronic medical problem. The most common medical reasons for non-deployability were orthopedic and mental health problems followed by adult onset diabetes. 27 percent of reserve component soldiers had orthopedic conditions with the most common problem areas being the back (32 percent), knees (24 percent), and shoulders (14 percent). 8 percent of the non-deployable RC soldiers had mental health problems and 6 percent had diabetes. Orthopedic conditions and diabetes are expected to be more common in reserve component soldiers given their generally older average age.

This information will be used to guide policy changes. Health Affairs has mandated an Individual Medical Readiness metric that requires the armed services to monitor compliance with required periodic health assessments and identification and management of those soldiers with deployment limiting conditions. Improving and enforcing the profile process will enable earlier identification of significant medical problems. However, until a digital profile process is in place early identification of deployment limiting conditions will remain problematic.

Question. An April 2003 GAO report documents deficiencies by the Army in monitoring the health of the early-deploying reservists. Annual health screening is required to ensure that reserve personnel are medically fit for deployment when called upon. Review found that 49 percent of early-deploying reservists lacked a current dental exam, and 68 percent of those over age 40 lacked a current biennial physical exam. In addition, monitoring the health of reservists returning from deployment will be critical to ensuring the long term health of those service members, and assisting in the identification of common illnesses, such as those associated with the Gulf War Syndrome.

How many deployments (soldiers) were delayed due to dental reasons, and how many reservists are not in Dental Class 1 or 2?

Answer. Only 192 soldiers (0.11 percent of 176,846 mobilized) were delayed due to dental reasons; 33 were disqualified (0.02 percent). However, several factors contributed to this extremely low number. First, dental assets at mobilization sites, composed of both active and reserve dental assets, worked very assiduously to bring mobilizing reservists to deployable standards. Despite poor dental health of many reservists, dental facilities worked tirelessly to accommodate their acute oral health needs. Second, as funding for dental readiness of the reserve components is lacking, Army G-3 provided an additional \$23 million in OMA funds to support medical and dental readiness. As a result, many reservists obtained dental examinations and requisite dental care prior to mobilization. This care was provided primarily by contracts with civilian network providers. Recent figures from mobilization sites reflect that only 14 percent of those reporting to mobilization sites were dental class 3 (non-deployable), reflecting a vast improvement in dental readiness of our reserve forces over previous mobilizations.

Current dental readiness of the reserves, reflected in MEDPROS data, reflects that 64.4 percent (223,140) of the Army National Guard are dentally non-deployable, and 72.9 percent (241,907) of the U.S. Army Reserve (USAR) are dentally non-deployable. For the USAR, a significant number of Class 4 soldiers are in the Individual Ready Reserve, who are not considered early deployers. With adequate funding, these statistics would be greatly improved.

Question. What is the current enrollment rate in the TRICARE Dental Program (TDP) for reservists, and what action has DOD taken to encourage reservists to enroll in TDP?

Answer. Data provided by TRICARE Management Activity (TMA) reflects an overall DOD reserve component enrollment rate of 4.9 percent as of January 2003. Mobilizations and deployments have decreased enrollment temporarily; as a result, latest numbers were not used. Army specific numbers are: USAR = 4.3 percent, and ARNG = 3.1 percent.

The TDP contractor markets the plan to its potential beneficiaries. The initial marketing effort by the contractor entailed sending TDP information to each reserve and guard unit. Quantities of information sent were based on unit end strengths. The Defense Manpower Data Center provides the TDP contractor quarterly files listing newly eligible sponsors. This file is used for the ongoing marketing efforts under the TDP. The contractor has also established a website for TDP. The contractor has a staff of Dental Benefits Advisors that travel to military installations to include reserve and guard facilities. TMA's Communication and Customer Service marketing office has worked with Reserve Affairs to develop and post TDP fact sheets on the TMA website that are linked to other reserve and guard websites.

Question. What needs to be done and what will it cost to ensure that reservists are medically and dentally fit for duty?

Answer. Despite numerous initiatives, the active component dental assets shoulder the majority of Reserve Component (RC) mobilization workload, a requirement for which they are not resourced. Additionally, when active component dental assets are shifted to accommodate RC mobilization requirements, a concomitant drop in active component dental readiness occurs (a 7 percent drop in dental readiness of the 3rd Infantry Division occurred at Fort Stewart during mobilization of the 48th Infantry Brigade [ARNG]). Use of active component dental assets will remain a necessity, but ideally only as a back up and not the primary means of preparing RC soldiers for deployment.

Title 10 USC Section 1074a authorizes members of the Selected Reserve that are assigned to units scheduled for deployment within 75 days after mobilization, an annual dental screen and dental care required to ensure deployability, at no cost to the soldier. However, funding for this requirement is lacking. When OMA funds were recently shifted to support this requirement for current operations, dental Class 3 (non-deployable) rates dropped to 14 percent for RC soldiers reporting to mobilization sites, a vast improvement from earlier deployments that documented a range of 20–35 percent dental Class 3 (depending on mobilization and units involved). If a greater response time had been available, even greater improvements in dental readiness would have been realized. Adequate funding for this requirement would greatly enhance dental readiness of the RC.

Several avenues are being studied to fulfill the dental requirements outlined in Title 10 USC Section 1074a. DOD(HA) has chartered an integrated process team to determine the best course of action. However, one estimate of Class 3 costs, based on a Tri-Service Center for Oral Health Studies Year 2000 Recruit Study of oral health needs reported a cost of \$334 per trainee. Annual dental examination and required radiographs are estimated at \$116 per soldier. Another estimate using the TRICARE Dental Program to pay the entire premium and selected co-pays to eliminate only Class 3 dental conditions resulted in a government cost of \$124.4 million for premiums and \$16.5 million for Class 3 dental care.

Question. Are there any repercussions for commanders who do not ensure that their troops are fit for duty?

Answer. Fitness for duty effects overall readiness of a unit. It is the commander's responsibility to ensure that all of his soldiers are medically fit. He can do this by ensuring the soldiers have current physicals, immunizations, dental exams, and participate in the semi-annual Army Physical Fitness Test (APFT) and weigh-in. It is also the commander's responsibility to take appropriate action when a soldier does not meet the medical fitness standards as prescribed in Army Regulation (AR) 40–501, Standards of Medical Fitness. Appropriate action would include the medical board process and/or separation of soldiers in accordance with (IAW) AR 135–175, Separation of Officers or AR 135–178, Enlisted Administrative Separations. Repercussions for commanders who do not enforce individual medical readiness standards are not punitive in nature, but could include relief of command or less than adequate comments on the commander's performance evaluations.

COMBAT TREATMENT IN IRAQ AND AFGHANISTAN

Question. How well have your forward deployed medical support units and the small modular units performed in Operation Enduring Freedom and Operation Iraqi Freedom?

Answer. The transformation initiatives have greatly enhanced the ability of the medical planners and commanders to place the appropriate amount of medical care, up close where the soldiers needs it, yet balanced with an economical use of the force. The Forward Surgical Teams (FST) were used very effectively first in Afghanistan and then they demonstrated dramatic results in Operation Iraqi Freedom (OIF). The FST is extremely lightweight, 100 percent mobile and has the speed to stay close to the combat element and provide immediate surgical care close to the place of injury. In OIF a FST was placed with each Brigade Combat Team. In addition each Brigade Combat Team was assigned 3 Medical Evaluation Helicopters to link the FST with the next element of care the Combat Support Hospital (CSH). The CSH has a split base operating capability demonstrated in OIF with the 21st CSH and the 86th CSH. This flexibility allowed for the unit to more appropriately move with the flow of Combat, remain with evacuation distance, yet provide the next echelon of medical care in the theater. Three CSHs were assigned to the 5th Corp and 3 CSHs were in the theater rear.

DEPLOYMENT OF MEDICAL PERSONNEL

Question. What are some of the lessons learned from our experience in Iraq?

Answer. Operation IRAQI Freedom (OIF) reinforced the timeless lessons of military medicine of proximity to the wounded, preventive medicine, echeloned care, flexibility, and mobility. What was unique about this war was the large dimensions of the battlefield and the speed of the operation. The AMEDD has applied many of the lessons learned from the first Gulf War and recent operations other than war. As a result, our service members reaped the benefits of revised doctrine and procedures during OIF. During the first Gulf War, Combat Support Hospitals (CHSs) designed for the Cold War were large and immobile. Today our CSHs are modularized and able to provide split based operations. This war validated the importance of Forward Surgical Teams (FST), which are attached to brigade combat teams. These

teams are light, extremely mobile, and have been trained as a trauma team at some of the most advanced trauma centers in the United States. FSTs take advantage of the "Golden Hour" and quickly provide life-saving surgery close to the point of wounding. OIF also validated our 91W transformation program. The 91W (Health Care Specialist) program increased the training of basic combat medics to the Emergency Medical Technician (EMT) level. Furthermore, medical planning officers were included at the various operational staff levels in the planning of OIF military campaign plan.

The Army and the Army Medical Department (AMEDD) have a formal lessons learned process. As part of the initial OIF planning, The Surgeon General directed comprehensive data collection to facilitate the lessons learned process. Currently data collection is in process and additional lessons learned will result from formal data analysis.

The preliminary analyses of injuries from this war indicate that improved ballistic protection for the head and thorax resulted in a reduction of immediately life threatening injuries. Patterns of injury were very different in Iraqi vs. U.S. soldiers. Iraqi soldiers experienced the whole spectrum of injuries: upper and lower extremities, chest, abdomen and back. U.S. soldiers have had predominately upper and lower extremity injuries. The use of body armor has reduced abdominal, chest and head penetrating injury.

Excellent pre-deployment screening and preventive medicine kept the disease rate extremely low. Increased automation of the AMEDD's major systems such as logistics and patient tracking highlighted the need for improved access to assured data communications throughout the battlefield. The TRANSCOM Regulating and Command and Control Evacuation System (TRACES) improved the ability to evacuate casualties. However this system is still evolving and with appropriate funding, should have the capability to electronically track patients from point of injury to final disposition. The lessons learned from this war indicate that the AMEDD is on the right track and will keep improving as medical transformation continues.

IMPROVEMENT OF EQUIPMENT FOR COMBAT CASUALTY CARE

Question. What tools/equipment is still required to improve the care provided to combat casualties?

Answer. In order to expedite treatment, it is critical that evacuation assets be available to facilitate the continuity of patient care. Current modes for patient evacuation include ground and air platforms, which includes the modernization of the UH60 Aero-medical fleet. As part of the Aviation Modernization Program, the HH60 Aero-medical evacuation helicopter has demonstrated exceptional capability in providing enroute care in Afghanistan and during Operation Iraqi Freedom. This is a significant improvement in the standard of care provided during Operation Desert Storm. Continued fielding throughout the entire MEDEVAC fleet is paramount to continued future success.

T-NEX, THE NEXT GENERATION OF TRICARE CONTRACTS

Question. The next generation TRICARE contracts will replace the seven current managed care support contracts with three contracts. This consolidation is intended to improve portability and reduce the administrative costs of negotiating change orders and providing government oversight across seven contracts.

The award date for these contracts has slipped from the scheduled date in July of 2003.

Since the timeline for awarding the contracts has slipped, what is the expected start date for the delivery of T-Nex?

Answer. The Army has not been notified of the slippage of award date you describe. However, if that were to occur, we anticipate that the currently planned start dates for all regions except Region 11 will likely remain the same and that the Region 11 start date will be adjusted to allow for a full ten month transition period.

Question. What planning is taking place to help ensure that when the contracts are entered into there will be a seamless transition for beneficiaries?

Answer. It is very important that transition to the T-Nex family of contracts be seamless to beneficiaries and that continuity of care be preserved to the greatest extent possible. Planning for seamlessness and continuity started with the development of the T-Nex contract request for proposals (RFP). Rules for interfacing of outgoing and incoming contractors to ensure smooth hand off of claims, records, and the like are designed into each RFP. A communications plan to inform beneficiaries and providers about the change has been developed and is being executed. Further, our beneficiary counseling and assistance coordinators are trained and ready to assist beneficiaries should T-Nex issues, questions, or problems arise. For example,

the first T-Nex contract—TRICARE Mail Order Pharmacy (TMOP)—occurred March 1, 2003. Based on a very low number of patient complaints, hand off of patient records and prescriptions and delivery of pharmaceuticals according to schedule went well from the beneficiary perspective. When problems occurred, they were relatively minor and the incoming contractor moved quickly to correct them. Our beneficiary counseling and assistance coordinators were prepared and ready to assist beneficiaries if problems occurred.

The larger Managed Care Support Services T-Nex contract, due to be awarded this summer, is a larger and more complex contract than TMOP, but the principles of execution to support seamless transition and continuity still apply: intense prior planning and designing in phase in/phase out rules to ensure smooth hand offs of records and claims information, develop and execute a communication plan to inform beneficiaries and all TRICARE providers of the coming contract change, and intense preparation of the cadre of beneficiary counselors to directly assist with beneficiary problems, issues, and concerns should they occur. Other more specific provisions in this contract include requiring the incoming contractor to negotiate with all current network providers and encourage them to remain in the network, careful planning to preserve continuity of care when resource sharing agreements are converted to direct contracts or other contracting arrangements within the military treatment facilities, preservation of the access standards as in the previous contracts, preservation of the primary care manager concept, and continuation of major programs—like TRICARE for Life and TRICARE Prime Remote—continue unchanged.

Question. Are beneficiaries experiencing any change in quality of care due to DOD's inability to enter into new long-term managed care agreements?

Answer. Due to extensions of all seven current managed care support contracts, beneficiaries continue to access quality health care both in military treatment facilities and in the civilian networks just as they have over the course of the current contracts. Quality of care complaints from beneficiaries remain rare and almost always come from beneficiaries in remote areas. When quality of care issues are raised by beneficiaries, the complaint is immediately validated and is brought to the attention of the relevant Lead Agent medical director. The medical director presents the case to the responsible managed care support contractor for investigation and resolution of the complaint.

Question. Under T-Nex, what services currently provided by the TRICARE contractors will shift to the direct care system and what are the costs associated with this shift in services?

Answer. Services that shift from the current TRICARE contractors to the direct care system are military treatment facility appointing/referral management, management of all resource sharing agreements, internal utilization management services, management of the Health Evaluation Assessment Report, management of the health care information line, and transcription services. The estimated total cost to implement these services by Army facilities is \$753.4 million through the last contract option, fiscal year 2008.

The cost for appointing services consists of personnel and essential telephone equipment upgrades. To start health care delivery in fiscal year 2004 (prorated to account for staggered start ups) \$16.7 million is required with \$26.5 million needed for the full fiscal year, 2005.

The estimated cost for replacing contractor personnel and equipment to perform internal utilization management services for fiscal year 2004 is \$6.5 million and \$21.9 million in fiscal year 2005.

Converting over 1,100 resource sharing providers to direct contracts or other arrangements to preserve continuity of care requires \$15.8 million in fiscal year 2004 and \$104.6 million in fiscal year 2005.

To manage the health care information line, we estimate \$2.3 million in 2004 and \$7.3 million in 2005 is necessary. To assume management of the Health Evaluation Assessment Report within our facilities, the Army requires \$.3 million in 2004 and \$1.1 million in 2005.

RECRUITING AND RETENTION

Question. Personnel shortfalls still exist in a number of critical medical specialties throughout the Services. The Navy has reported shortfalls in Anesthesiology, General Surgery, Radiology, and Pathology, and has stated the civilian-military pay gap is their greatest obstacle in filling these high demand specialties. Recruiting and retaining dentists appears to be a challenge for all the services.

To what extent have Critical Skills Retention Bonuses or other incentives been successful in helping to retain medical personnel?

Answer. The table below shows the results of the recent Critical Skills Retention Bonus (CSRB).

Corps	Eligible	Takers	Percentage
Medical Corps	753	177	24
Dental Corps	596	416	70
Nurse Corps	493	329	67

As can be seen, the program seems more successful within the Dental and Nurse community than the physician. What overall effect this will have on retention has yet to be determined. We are hopeful that those who opted for the CSRB in fiscal year 2003 will remain in the force beyond that. The increases in the Fiscal Year 2003 National Defense Authorization Act (NDAA) to the special pay ceilings may help us retain some assuming that appropriation support for these increases is also forthcoming.

Question. What else needs to be done to maximize retention of medical personnel?

Answer. The retention of our highly trained and skilled health care professionals is one of our greatest challenges. A recent study submitted to Congress indicated that the pay compatibility gap at seven years of service is between 13 and 63 percent, depending on the specialty. The Fiscal Year 2003 National Defense Authorization Act (NDAA) raised the ceilings on discretionary special pays for our health care providers for the first time in ten years. We are now working within our system to obtain funding to support increases in our special pays against these new ceilings. However, we need to recognize that it isn't all about the money. The pay compatibility gap will never be completely closed. There are a multitude of other factors that we have addressed and keep addressing. Such things as adequate and skilled administrative support staff to allow our clinicians to maximize the time they spend practicing their craft is vitally important. That, coupled with modern facilities and equipment, create an environment of practice that is attractive to health care providers, and is often more important than pure economics. In many cases the scope of practice of our non-physician health care providers is greater than that in the civilian community and is extremely satisfying. The ability of our personnel to enter academic or research fields, in addition to the purely clinical is another important facet that we will continue to support. Quality of life is equally important to many of our personnel. The benefits of service, such as housing, paid leave, and base facilities, are difficult to replicate in the civilian sector. By addressing the whole package—money, quality of life and environment of practice, we hope to retain dedicated health care professionals that will insure the soldier on point will not be alone and will have world class health care both at home and while deployed.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

JESSE SPIRI MILITARY MEDICAL COVERAGE ACT

Question. In 2001, a young Marine Corps 2nd LT from New Mexico lost his courageous battle with cancer. Jesse Spiri had just graduated from Western New Mexico University and was awaiting basic officer training when he learned of his illness. However, because his commission had triggered his military status to that of "inactive reservist," Jesse was not fully covered by TRICARE. As a result, he was left unable to afford the kind of special treatment he needed. I believe it is time to close this dangerous loophole. That is why I intend to offer a bill entitled the "Jesse Spiri Military Medical Coverage Act." This bill will ensure that those military officers who have received a commission and are awaiting "active duty" status will have access to proper medical insurance.

Would you agree that this type of loophole is extremely dangerous for those who, like Jesse, suffer with a dreaded disease?

Answer. Yes, we agree that for someone like Jesse, who has a terminal illness, having no health insurance is very dangerous. We mourn, as well, for the tragic loss of Jesse Spiri. The death of one's child is perhaps the most difficult thing a parent must bear, and my heart goes out to his family. The more potent issue for the Military Health System is that Jesse suffered from a disease which made him unable to perform military duties, and that existed prior to service (EPTS). Similarly, any soldier on active duty who had Jesse's condition would have been separated from active duty. And for those on active duty less than 8 years who suffer from congenital or hereditary conditions, they would not receive any disability benefits or coverage for health care after they are discharged.

Question. And do you agree that our military health care system should close this loophole, and can do so very cost effectively (given the relatively low number of officers it would affect)?

Answer. We agree that individuals such as Jesse, who are part of the 41.2 million uninsured (2001) in our country, face negative health and financial consequences from terminal illnesses. We also recognize that finding solutions to the problem of health coverage for the uninsured is difficult and will require the efforts of both the government and private sectors. The mission of the Military Health Care System is to meet the challenge of maintaining medical combat readiness while providing the best health care for all eligible personnel. These include active duty and retired members of the uniformed services, their families, and survivors, which today total approximately 8.5 million. Congress can expand the categories of eligible personnel, but there are significant policy and equity issues of expanding eligibility only to selected inactive Reserve Component officers. And any expansion of TRICARE benefits to any Reserve Component personnel and/or families must be accompanied by increases in Defense Health Program budgets. The list of hereditary or congenital components (e.g., brain damage from an Arteriovenous malformation, certain types of breast cancer, retinitis pigmentosa) is continually growing as medical science advances, making it impossible to implement fairly a system that mandates denial of benefits if a condition is determined to be hereditary or congenital. The Army would like to attain congressional approval of an initiative that would reduce the 8-year provision to requiring only 18 months of continuous active service before pre-existing conditions are covered.

MILITARY FAMILY ACCESS TO DENTAL CARE ACT

Question. I think everyone here is familiar with the adage that we recruit the soldier, but we retain the family. That means taking care of our military families and giving them a good standard of living. I have introduced a bill that would provide a benefit to military families seeking dental care, but who must travel great distances to receive it. Specifically, my bill, the "Military Family Access to Dental Care Act" (S. 336) would provide a travel reimbursement to military families in need of certain specialized dental care but who are required to travel over 100 miles to see a specialist. Often, families at rural bases like Cannon Air Force Base in Clovis, NM meet with financial hardship if more than one extended trip is required. This bill reimburses them for that travel and is a small way of helping our military families.

Given that current law provides a travel reimbursement for military families who must travel more than 100 miles for specialty medical care, do you believe it is important to incorporate specialty dental care within this benefit?

Answer. I fully concur with the concept of providing a travel reimbursement for military families who must travel more than 100 miles for specialty dental care. However, most active duty family members participate in the TRICARE Dental Program (TDP), the DOD-sponsored dental insurance program. If these family members must travel greater than 100 miles for specialty dental care at a civilian TDP provider, travel reimbursement would ease some of their financial burden. Management of this program may prove difficult, however. Unlike the TRICARE Health Plan, DOD does not monitor nor control where TDP enrollees go for care. Verification of that travel may prove problematic, as greater reliance on the contractor (United Concordia) for verification would be necessary.

Question. Do you think this benefit would improve the standard of living of our military families.

Answer. Clearly, this benefit would improve the standard of living of our military families.

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

PATIENT PRIVACY (TRICARE)

Question. I would like to get your comments about several concerns and questions I have related to the December 14, 2002 break-in of the offices of TriWest, a TRICARE contractor. I am told that TriWest did not notify the Department of Defense of the break-in and theft of personnel information of over 500,000 TRICARE beneficiaries, for almost a week after the event. Apparently, TriWest didn't even have basic security equipment—guards, locks, cameras—and as a result, this incident amounts to the biggest identity theft in U.S. history. Is this information true?

Answer. The physical break-in of the locked TriWest Healthcare Alliance corporate offices and theft of computer equipment occurred on Saturday, December 14, 2002. On Monday, December 16, 2002, the break-in and theft was discovered, au-

thorities contacted, and TRICARE Management Activity (TMA) operations staff were advised. Back-up tapes were run on Tuesday, December 17, 2002, (which took 30 hours), and on Friday, December 20, 2002, TMA/HA leadership was notified of the beneficiary information theft. TriWest at that time had available from their back-up tapes beneficiary information including names, addresses, phone numbers, Social Security Numbers, some claims information with relevant procedure codes, and personal credit card information on 23 individuals.

To date, the Army Medical Department has not received notification of a single verified case of identity theft related to TriWest stolen computer equipment.

Question. Has the Department of Defense finished its investigation of this case and have sanctions been levied against TriWest or punitive actions against TRICARE officials?

Answer. The criminal investigation is being conducted by the Defense Criminal Investigative Service (DCIS) and the Federal Bureau of Investigation (FBI), in coordination with other federal and local law enforcement agencies.

To date, no sanctions have been levied upon or punitive actions taken against TriWest or TRICARE officials. The investigation is ongoing, and its findings are pending.

Sensitive information pertaining to TRICARE beneficiaries is maintained by TRICARE contractors subject to the Privacy Act of 1974, as implemented by the DOD Privacy Program (DOD 5400.11-R). The Act provides criminal penalties for any contractor or contractor employee who willfully discloses such protected information, in any manner, to any person or agency not entitled to receive the information. The Act also provides for civil penalties against DOD if it is determined that the Department (or contractor) intentionally or willfully failed to comply with the Privacy Act.

Question. Would you please share what you can about the lessons learned as a result of this incident and the steps the Department and the TRICARE organization and its contractors are taking to guarantee beneficiary privacy?

Answer. As a result of close evaluation of our physical and information security we found the following:

- Backup tapes not protected. For example, tapes left on the top of servers, or left lying out in the open.
- A general lack of proper security in areas where servers reside. In particular, Defense Blood Standard System and Pharmacy servers were not being properly protected.
- Most sites had excellent password management policies and guidelines in place, but they were not being followed.
- In general, there were proper locks on doors, but in several cases, not being properly used. Many doors that should have been locked after hours were found open which allowed entry to areas where patient information is kept. Most items not secure were portable medical devices containing patient medical information and medical records.
- In many cases contingency plans for disaster recovery were lacking or out-of-date.
- Lost hardware not reported through official channels.
- Hardware being turned in without data being wiped from hard drives.
- Concerning recent physical security self-assessments, a second look found almost 60 percent of local assessments were inaccurate or inexact.
- As a result of the TriWest issues all Army medical activities participated in a Health Affairs directed self-assessment of local physical security practices. Mitigation plans for all deficiencies are due on May 16, 2003.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

MEDICAL TREATMENT FACILITIES

Question. Healthcare, pay, and housing are the greatest Quality of Life issues for our troops and their families. With the numbers of health care staff deployed from your Military Treatment Facilities, what strategies did you use to effectively plan and care for beneficiaries back home?

Answer. The most expeditious means to maintain services for our beneficiaries was accomplished by looking across our own regional medical commands for opportunities to cross-level providers when possible. The TRICARE Health Plan was designed with contingency operations in mind and the Managed Care Support Contractor's (MCSC) network of providers becomes the second echelon for health care services if the MTF is unable to provide the care. Before requesting any reserve

component activation for backfill support, the MEDCOM staff coordinated with the TRICARE Lead Agents and the MCSC to evaluate the adequacy of the civilian provider network, especially in relation to specific clinical specialties and locations that were hard hit. When network adequacy was less than adequate, the request for reserve component backfill request was prepared to maintain health care services. Additionally, the MCSC provided backfill providers and support staff through resource sharing agreements. A summary of resource sharing backfill by DOD Region and skill type is provided below for Army MTFs. The MCSC was successful in providing 88 percent of the requested backfill. The majority of those filled by the MCSC were in the Registered Nurse and Para-Professional skills. For those positions capable of being filled with resource sharing personnel, the MCSC's average "fill time" was 16 days compared to the industry standard of 90 days.

Skill Type	Data	DOD TRICARE Region					Grand Total	Percent By type
		3	5	6	12	7/8		
Physicians	Subtotal FTEs Requested	3	5	0.5	1.66	8.5	18.66	12
	Subtotal FTEs Filled	3	5	0.5	1.66	8.5	18.66	14
	Subtotal FTEs Requested	1	1	.....	.....	.....	2	1
	Subtotal FTEs Filled	1	1	.....	.....	.....	2	1
RNs	Subtotal FTEs Requested	21	9	.....	.....	39	69	45
	Subtotal FTEs Filled	11	9	.....	.....	39	59	43
	Subtotal FTEs Requested	19	5	.....	.....	30	54	35
	Subtotal FTEs Filled	10	5	.....	.....	30	45	33
Paraprofessionals	Subtotal FTEs Requested	.....	9	.....	.....	2	11	7
	Subtotal FTEs Filled	.....	9	.....	.....	2	11	8
	Total FTEs Requested	44	29	0.5	1.66	79.5	154.66	.....
	Total FTEs Filled	25	29	0.5	1.66	79.5	135.66	88

Question. How are you able to address the needs of patients coming in from the battlefield and is this affecting the care of beneficiaries seeking regular care?

Answer. Casualties evacuated from Operation IRAQI Freedom (OIF) and Operation Enduring Freedom (OEF) were initially sent to either the fleet hospital at ROTA Spain or Landstuhl Regional Medical Center (LRMC). The staffing of LRMC was increased to manage the flow of casualties. This enabled LRMC to execute both its peacetime mission of providing health care to beneficiaries stationed in Europe and its wartime mission of the primary OCONUS military treatment facility (MTF) supporting the Global War on Terrorism. Evacuation from Europe was facilitated by the TRANSCOM Regulating and Command and Control Evacuation System (TRACES). This system improved the ability to send casualties to medical centers best equipped to manage their specific medical problem. For example: TRACES expedited the evacuation of burn patients to the specialized burn center at Brooke Army Medical Center (BAMC).

Army Medical Centers, such as Walter Reed Army Medical Center and Womack Army Medical Center/Fort Bragg, and Army Community Hospitals, such as the hospital at Fort Hood, deployed many health care providers and paraprofessionals. Reserve component backfill and cross leveling within the Army Medical Department maintained the capacity of most MTFs in the Army. Localized shortages of certain beneficiary services did occur. However, when the network capability was adequate, beneficiaries were able to obtain health care on the local economy through TRICARE if care within the MTF was not available or if waiting times exceeded TRICARE access standards. In some locations, the TRICARE network capability and the adequacy of that network, remains problematic. In these areas, TRICARE access standards were exceeded. Across the Army there has been approximately a 20 percent increase in purchased care. This increase combined with the augmented numbers of reserve soldiers on active duty, and the need to send health care providers on extended temporary duty, will significantly increase the resource requirements of the Army Medical Department.

Question. What authority were you given to backfill your vacancies and are the funds sufficient to attain that goal?

Answer. The Army Medical Department has supported and is supporting a number of missions requiring the deployment of medical personnel in addition to those deployed in support of Operation Iraqi Freedom (OIF) and Operation Noble Eagle. None of our MTFs are overstrength, and the impact of these deployments is always felt, but can generally be managed for the short duration missions.

Dr. David Chu, Under Secretary of Defense for Personnel and Readiness, authorized a 50 percent backfill by Reserve Component personnel of the number of vacancies created by the deployment of active duty in PROFIS (professional filler system) positions to OIF only. Additionally, limiting the amount of active duty time to 90-day rotations for RC physicians, dentists, and Nurse Anesthetists has been problematic as there are insufficient reserves to fill multiple rotations in some specialties. Attempting to maintain the high quality of care and the access to care for our beneficiaries with this reduction in personnel has been extremely challenging. Increasing the amount of funding for reserve backfill would increase the ability to replace losses, especially in areas of inadequate TRICARE networks. To accommodate the 90-day rotational policy, a significant increase in the number of slots for reserves will be needed.

Question. What measures were used in determining what the services were able to backfill and how did that compare to current requirements?

Answer. Current staffing before deployment; staff losses, by specialty, due to deployment; loss of borrowed military manpower; losses due to other taskings; TRICARE network adequacy; non-network adequacy; historical ability to hire/contract healthcare workers; reserve availability; and the ability of the regions to cross-level losses, especially low-density specialties, were all taken into account to determine the level and kind of backfill needed. As deployment schedules, troop mix and actual units changed for this fluid operation, reserve backfill and cross-leveling were and continue to be adjusted.

RETENTION AND RECRUITMENT

Question. With increasing deployments in support of Operation Iraqi Freedom and the Global War on Terrorism, can you describe your overall recruitment and retention status of the Medical Department in each of your services?

Answer. Our current accession projections for the year (as of May 7, 2003) are in the table below:

Corps	Mission	Projection	Percentage
Army Nurse Corps	373	283	75.87
Dental Corps	117	112	95.73
Medical Corps	389	389	100.00
Medical Service Corps	369	369	100.00
Medical Specialist Corps	83	106	127.71
Veterinary Corps	40	43	107.05
Total	1,371	1,302	94.97

Our current loss projections seem to be following a historical glide path, but this may have been influenced by the various programs put in place to stop personnel from exiting the service. Once these programs are no longer in place, it is unclear how our force will react. If we utilize, for example, the number of people eligible for Incentive Special Pay compared to those that elected to execute a contract, we see that this fiscal year is significantly below the last three years. This may well indicate a problem within the Medical Corps. We project meeting our accession program for Medical Corps officers. However, chronic shortages in some specialties (such as surgical subspecialties) continue to exist in the Medical Corps.

Question. What specific corps or specialties are of most concern?

Answer. Currently, the Army Nurse Corps is of the most concern. The nation wide shortage, coupled with two years of an inability to achieve our accession target, has created a significant shortage of skilled nurses. We are hopeful that utilization of the Health Professions Loan Repayment Program, changes with United States Army Cadet Command and planned increases in the Accession Bonus will enable us to more successfully compete within the civilian market place for these skills. Within the Medical Corps, our surgical specialties continue to present us with the largest challenge. General surgery, orthopedic surgery and anesthesiology continue to be specialties with a high Operational Tempo. This high Operational Tempo, coupled with a significant pay gap when compared to civilian situations, makes the retention of these specialties difficult. Our radiology community is also experiencing a decline in the inventory. Our past efforts within the Dental Corps are now starting to pay dividends. While still short in terms of total inventory, past increases in our student program support for this Corps has resulted in positive strides toward eliminating our accession problems.

Question. Did the Critical Skills Retention Bonus given for this year help these specialties?

Answer. Within the Nurse Corps, 55 percent of the Nurse Anesthetists and 76 percent of the Operating Room Nurses that were eligible for the Critical Skills Retention Bonus (CSRB) opted for the program. Within the Dental Community, 70 percent of those eligible took the program. Medical Corps response was somewhat less than this with only 24 percent of the eligible physicians opting for the program.

Question. In light of shortages and the disparity between military and civilian salaries, how have you planned for additional retention bonuses in future years?

Answer. The Fiscal Year 2003 National Defense Authorization Act (NDAA) increased the ceilings on our retention and accessions pays. In the absence of any appropriation to support these additional authorizations, we have attempted to make small modifications within existing budgets for fiscal year 2004. However, working with our sister services and Health Affairs, we are developing an aggressive plan with increases in all specialties for fiscal year 2005 and beyond. The actual amount of the increase will be determined based on projected inventory. The proposed increases range anywhere from \$2,000 to \$25,000 (assuming a four year contract) depending on the specialty. This plan is contingent on the availability of funds. Currently funds are not programmed within the Defense Health Program or the services military personnel accounts for this initiative.

Question. Are there recruitment and retention issues within certain specialties or corps?

Answer. Currently, the Army Nurse Corps is of significant concern. The nationwide shortage, coupled with two years of an inability to achieve our accession target—86 percent (288 of 333 authorizations) and 79 percent (291 of 367 authorizations) for fiscal year 2001 and fiscal year 2002 respectively—has created a significant shortage of skilled nurses. Our predominant nursing shortages are for Operating Room Nurses—86 percent (290 of 339 authorizations), Nurse Anesthetists—72 percent (200 of 277 authorizations) and OBGYN Nurses—73 percent (129 of 177 authorizations). We are hopeful that utilization of the Health Professions Loan Repayment Program, changes within United States Army Cadet Command and planned increases in the Accession Bonus will enable us to more successfully com-

pete within the civilian market place for these skills. Within the Medical Corps, our surgical specialties continue to present us with the largest challenge. General Surgery—50 percent (126 of 251 authorizations), Orthopedic Surgery—54 percent (116 of 215 authorizations) and Anesthesiology—84 percent (138 of 164 authorizations) continue to be specialties with a high Operational Tempo. This high Operation Tempo, coupled with a significant pay gap when compared to civilian situations—36 percent for General Surgeons, 48 percent for Orthopedic Surgeons and 42 percent for Anesthesiologist (data as of fiscal year 2000 for providers at seven years of service as reported in the Health Professions' Retention-Accession Incentives Study Report to Congress by the Center for Naval Analysis) makes the retention of these specialties difficult. Our radiology community—58 percent (119 of 204 authorizations) is also experiencing a decline in the inventory. Our past efforts within the Dental Corps are now starting to pay dividends. While still short in terms of total inventory—87 percent (987 of 1,136 authorizations), past increases in our student program support for this Corps has resulted in positive strides toward eliminating our accession problems (achieved an average of 77 percent of accession requirements over the past five years, as opposed to an average of 64 percent success rate over the last ten years). We continue to use a variety of bonus programs as well as initiatives to improve the quality of medical practice to enhance provider satisfaction and improve retention.

Question. If so, what are your recommendations to address this in the future?

Answer. Fully funded student programs coupled with accession incentives comparable with those offered within the civilian market place will be critical to maintaining our force structure. Aggressive utilization of the Health Professions Loan Repayment Program as a retention tool within the Nurse Corps will hopefully change some retention behavior. We are also increasing the use Reserve Officer Training Corps scholarships, restructuring bonuses and seeking increased funding to increase bonus payments. We are also working to improve our providers' satisfaction with the quality of their clinical practice to improve retention. If this is successful within this Corps, we will evaluate its utility within other Corps.

Question. Have incentive and special pays helped with specific corps or specialties?

Answer. This is a difficult question to quantify. The percentage of officers who elected to avail themselves of these special pays can be an indication of success. For example, when we offered new retention pays to our Optometry and Pharmacy community, 86 percent and 88 percent respectively, opted for the pays. There is no way to refute the argument that some of these individuals would have been retained without these pays, however the bottom line is they work and are a valuable aid to retention.

Question. How does the fiscal year 2004 budget request address your recruitment and retention goals?

Answer. The Army has funded to 100 percent the requested Program Objective Memorandum (POM) through fiscal year 2004. Even though the fiscal year 2003 NDAA increased the discretionary special pay caps, additional dollars were not appropriated. The Army is supportive of validated POM requirements submitted for fiscal year 2005–09. We anticipate the ability to implement partial changes in fiscal year 2004 and further aggressively increase special pay rates in fiscal year 2005 and the out-years.

FORCE HEALTH PROTECTION

Question. As a result of concerns discovered after the Gulf War, the Department created a Force Health Protection system designed to properly monitor and treat our military personnel.

What aspects of the Departments' Force Health Protection system have been implemented to date?

Answer. The Persian Gulf War and experience with illnesses among Gulf War veterans highlighted some deficiencies in the Army's force health protection capabilities. The Army Medical Department (AMEDD) has made significant progress in addressing these shortfalls, but more needs to be done.

The U.S. Army Center for Health Promotion and Preventive Medicine (USACHPPM) was formed in 1994 to improve integration of AMEDD's force health protection efforts for the warfighter. The emerging capabilities of USACHPPM allow the AMEDD to anticipate, communicate, and protect against health threats to deployed soldiers, including those posed by the environmental health threats on the battlefield, through Occupational and Environmental Health Surveillance. The USACHPPM, in collaboration with the Armed Forces Medical Intelligence Center (AFMIC) and other elements of the Defense intelligence community, has dramati-

cally improved the intelligence preparation of the battlefield so that commanders are informed about potential environmental health risks before they occupy a site that could cause their soldiers to become ill. This is accomplished in part through a secure website. The USACHPPM deploys preventive medicine teams to survey the occupational and environmental health (OEH) risks to our forces. As these potential OEH risks are identified, control measures are quickly recommended to local commanders in the field. In addition, these exposure data are now archived and will be included as part of the Defense Occupational and Environmental Health Readiness System (DOEHRS) for review in later retrospective health studies. Occupational and environmental health surveillance policy, doctrine, tactics, techniques and procedures are also continually being developed and updated by the AMEDD to further promote the safety of our deployed forces.

The AMEDD tracks soldiers health throughout the career life-cycle through the Defense Medical Surveillance System, which includes data on pre- and post-deployment health assessments, episodes of health care, immunizations, reportable disease conditions for over 7.6 million personnel serving on active duty since 1990, and is linked to the DOD Serum Repository in Silver Spring, MD, housing over 31 million serum specimens collected from active duty service members since the late 1980's.

The 520th Theater Army Medical Laboratory, bringing state-of-the-art medical laboratory science and technical support for the combatant commander, was established in 1995 and first deployed to Bosnia in early 1996.

The Medical Protection System (MEDPROS) automates the Army's medical readiness system, including tracking immunizations for soldiers, beginning with anthrax vaccine in 1998, and continuing with smallpox and other militarily important vaccines today.

The Army is Executive Agent for the DOD Global Emerging Infections Surveillance and Response System (GEIS), established in 1996. Since 2001, GEIS has operated Project ESSENCE to provide early notification of outbreaks of infectious diseases in military communities around the world, including those that may represent manifestations of use of a biological weapon.

Since 1991, the U.S. Food and Drug Administration has licensed vaccines against hepatitis A, Japanese encephalitis, and smallpox, and Soman Nerve Agent Pretreatment, Pyridostigmine (SNAPP). These and other products of military medical research allow the AMEDD to provide high quality disease countermeasures to protect the deployed force.

As always, the AMEDD attends to the health care needs of soldiers while they are deployed. In 2000, the AMEDD began the transformation of the combat medic into the 91W ("Whisky"), the medical soldier for the objective force.

The AMEDD provide quality care for soldiers following deployment, employing valuable lessons learned from the first Persian Gulf War in the Deployment Health Clinical Practice Guideline, and establishment of the DOD Deployment Health Clinical Center at Walter Reed Army Medical Center, Washington, DC in 1998.

Question. What are the differences between the system during the Gulf War, Operation Iraqi Freedom, and Operation Enduring Freedom and Operation Noble Eagle?

Answer. All accomplishments listed above reflect the growth and evolution of the Army's robust deployment surveillance capability since 1991. Probably the most significant improvements in this capability are the Deployment Health Clinical Practice Guideline and the extensive longitudinal baseline health database provided by the Defense Medical Surveillance System.

The Deployment Health Clinical Practice guideline is a very useful tool for health care providers to assist patients with any health problem or concern that the patient judges to be related to a military deployment. By addressing deployment-related concerns proactively, we anticipate that this guideline will facilitate appropriate, timely, and trusted health care for soldiers and their families following deployments.

The Defense Medical Surveillance System permits extensive analysis of health issues among deployed personnel from all Services. In the wake of the Gulf War, we were unable to answer many basic questions about health and disease among military members due to lack of appropriate data. With the establishment and growth of the Defense Medical Surveillance System, including the DOD Serum Repository, we can provide much more timely, accurate, and comprehensive answers to questions about the health of the service members, individually and collectively, including those deployed on contingency operations.

For Operation Iraqi Freedom, the deployment health surveillance program has been enhanced with the addition of a more extensive post-deployment health assessment questionnaire, a requirement for face-to-face encounter between a health care provider and each service member before demobilization, and the collection of a post-deployment serum specimen to be added to the DOD Serum Repository. In this

way, we are collecting adequate information on the health of redeploying service personnel to satisfy our surveillance requirements while assuring that each service member receives the appropriate medical attention and care he or she deserves before demobilization.

OPTIMIZATION

Question. Congress initiated optimization funds to provide flexibility to the Surgeons General to invest in additional capabilities and technologies that would also result in future savings. It is my understanding that a portion of these funds are being withheld from the Services.

Can you please tell the Committee how much Optimization funding is being withheld from your service, what are the plans for distributing the funds, and why funds since fiscal year 2001 are being withheld?

Answer. The AMEDD validated and approved 23 projects in fiscal year 2003. At this point, 15 of those projects with a fiscal year 2003 cost of \$2,143,800 have not been funded by OSD. My staff is reviewing an additional 14 Optimization projects targeting fiscal year 2003 funding. Once approved, they will be forwarded to OSD for funding. Optimization funding is being held by OSD to resource a portion of their fiscal year 2003 \$800 million shortfall. OSD does not plan to distribute funding until they resolve the funding shortfall.

Question. How have you benefited from optimization funds?

Answer. Army Medical Treatment Facilities have benefited greatly from your support to optimize the direct care system. This support enables the Army to exploit cost effective opportunities to achieve maximum benefit from existing MHS structure. The AMEDD actively manages 32 Optimization initiatives with an annual investment value of \$16 million and a projected net annual savings at maturity of \$5 million. Although these projects are in varying stages of maturity the majority have achieved self-financing status and are positioned to recoup their initial investment. Much of the savings occur in private sector care expenditures. Optimization funding is being used not simply to recapture workload from the private sector but rather optimize the mix of services making the most efficient use of existing MHS infrastructure and private sector care capability. The benefits of optimization may not always be apparent due in large part to the gap between budgeted and actual medical inflation rates and changes to the medical benefit. Optimization funding reduces the overall cost to the MHS. Those costs would be rising at an increased rate absent your support and commitment to the Optimization program.

Question. What projects are on hold because OSD has not released funding?

Answer. The AMEDD has 15 Optimization projects on hold awaiting OSD release of funds. Although time may not permit me to go into great detail on each, there are some interesting characteristics of this group. A VA/DOD sharing agreement brings MRI capability to the Fort Knox community while increasing the VA's capacity to deliver those same services in their local market. Optimization projects targeting child mental health in the Northwest, active duty inpatient psychiatry in the Southwest, and substance abuse in Hawaii are awaiting funding. A number of projects such as lithotripsy at Fort Bliss and automated surgical clothing swap stations at Fort Campbell can be implemented quickly and offer rapid return with a modest investment.

Question. What are the projected projects using the proposed \$90 million in the fiscal year 2004 budget request?

Answer. My subordinate commanders continue to develop optimization opportunities in anticipation of fiscal year 2004 and beyond funding. The AMEDD has institutionalized the optimization process. Early successes improved our ability to develop and implement initiatives. I anticipate increasing incremental benefit of the Optimization program going forward.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

PATIENT PRIVACY (TRICARE)

Question. In December, 2002, one of the Department's managed care support contractors for the military's TRICARE program experienced a significant theft of military beneficiary personal identification—possibly the largest personal identification theft in U.S. history. This theft has potentially significant and serious implications for those beneficiaries, and the vulnerability of these individuals may well extend for years.

The Department pledged a full investigation of this matter, yet little has been heard on the status and outcome of internal and external reviews and investigations.

What is the status and outcome of the Department's Inspector General investigation into this theft?

Answer. As requested by the Assistant Secretary of Defense for Health Affairs [ASD(HA)], the DOD Inspector General will complete all facility physical security evaluations, by the end of May 2003. Soon thereafter, they will brief the ASD(HA) on their preliminary findings.

Question. Has the Department determined that its policies and oversight of its TRICARE managed care support contractors' personal information security are adequate given the December incident?

Answer. We believe that our policies are strong, sound and adequate, and this has been verified by a study conducted by the Gartner consulting group. Each TRICARE contractor has the primary responsibility for implementing sufficient security safeguards to prevent unauthorized entry into its data processing facility and unauthorized access to TRICARE beneficiary records in contractor custody. We have also initiated a review of TRICARE contract language to ensure that it incorporates current security policies. In addition, we continue with oversight of managed care support contractors through DOD's process of ongoing accreditation and certification of contractor systems and networks, a process which incorporates into its criteria a variety of facility physical security controls.

Question. Is the Department convinced its policies for the security of personal health care information adhere to established industry best practices?

Answer. The results of recent assessments, validations and the Gartner study demonstrate that the Department's policies for the security of personal health information meet, and in some cases, exceed established Federal, DOD, and industry information security standards.

Question. Does the Department need any new authorities to address personal information security and deal appropriately with entities failing to adequately safeguard such sensitive information?

Answer. At this time, DOD does not require any additional authorities to address personal information security.

Question. Is the Department considering implementing a system of sanctions or penalties against companies who fail to provide reasonable protections for personal information?

Answer. DOD currently has procedures and mechanisms in place to address inappropriate management of personal and medical information. Sensitive information pertaining to TRICARE beneficiaries is maintained by TRICARE contractors subject to the Privacy Act of 1974, as implemented by the DOD Privacy Program (DOD 5400.11-R). The Act provides criminal penalties for any contractor or contractor employee who willfully discloses such protected information, in any manner, to any person or agency not entitled to receive the information. The Act also provides for civil penalties against DOD if it is determined that the Department (or contractor) intentionally or willfully failed to comply with the Privacy Act.

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL GEORGE PEACH TAYLOR, JR.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

DEPLOYMENT OF MEDICAL PERSONNEL

Question. The staff's discussions with the Surgeons General indicate that the Services have backfilled for deployed medical personnel at the Medical Treatment Facilities at varying levels.

Some of the Services are relying more heavily on private sector care rather than backfilling for deployed medical personnel.

To what extent has the recent deployment of military medical personnel affected access to care at military treatment facilities? What are you doing to ensure adequate access to care during this time?

Answer. Despite deployments, access to routine health care in the Air Force Medical Service (AFMS) has improved seven percent since August 2002. Currently, military medical treatment facilities (MTFs) are able to provide routine access to health care (within seven days) 83 percent of the time. MTFs are able to provide access to acute care (within 24 hours) 96 percent of the time. MTFs have met peacetime standards, but there has been an overall increase in costs, particularly to supple-

mental care, in order to meet the health care needs of Guard and Reserve members called to active duty.

Through the working relationships between our Managed Care Support Contractors (MCSCs) and our MTFs, gaps in beneficiary access were determined and resolutions sought throughout the activation and deployment of service members to contingency locations. A multi-level communication plan was developed and disseminated to support our MTF effort to educate our beneficiaries of where and how medical services could be accessed.

Question. What percentage of mobilized reservists in medical specialties are being used to backfill positions in the United States?

Answer. No Air Force medical reservists were activated as backfill during Operation Iraqi Freedom.

Question. Are there shortages of personnel in some specialties? If so, which specialties are undermanned and by how much?

Answer. The Air Force Medical Service has personnel shortages in a variety of specialty areas. According to the Health Manpower Personnel Data System Data from September 30, 2002, some of our more significant shortages can be found in:

- Anesthesiology (63 percent staffed)
- Aviation/Aerospace Medicine (Residency Trained Only) (81 percent staffed)
- Cardiology/Cardiovascular (64 percent staffed)
- Emergency Medicine (79 percent staffed)
- Otorhinolaryngology (ENT) (77 percent staffed)
- Radiology (65 percent staffed).

Question. Are there other ways of structuring the staffing of military medical units that might help address shortages in a few specialties, such as making increased use of civilian contractors or DOD civilian personnel in MTFs stateside?

Answer. The TRICARE Next Generation (T-Nex) of contracts addresses this very issue. While the current contracts provide staffing during times of war, the new contracts allow for civilian backfill staffing through a spectrum of military operations. Specifically, the T-Nex Statement of Work states: “a contingency plan designed to ensure that health care services are continuously available to TRICARE eligible beneficiaries as the military treatment facilities respond to war, operations other than war, deployments, training, contingencies, special operations, et cetera.” Additionally, contingency plans require an annual review and require the contractor to implement their contingency plan within 48 hours of notification.

Question. Is DOD considering any changes to the mix of active duty and Reserve personnel in medical specialties?

Answer. The mix of skill sets in the Active and Reserve Components is currently being examined in several forums. The Operational Availability Study, the OSD AC/RC Mix study, as well as individual Service studies are all looking at the right mix of Active and Reserve capabilities to ensure that the needs of the National Security Strategy are met through the key factors of availability, responsiveness, agility, and flexibility. The studies are ongoing, but initial results indicate some capabilities need to be addressed. We will be examining the possibility of rebalancing capabilities within war plans and between the Active and Reserve Components. While recent mobilizations have highlighted shortages in certain capabilities that stressed Reserve forces, there are multiple solutions to address those issues. Application of a variety of actions, including innovative management techniques for the Reserves, will maximize the efficiency of our existing forces and may therefore require very little change to existing force structure.

MONITORING THE HEALTH OF GUARD AND RESERVE PERSONNEL

Question. An April 2003 GAO report documents deficiencies by the Army in monitoring the health of the early-deploying reservists. Annual health screening is required to insure that reserve personnel are medically fit for deployment when call upon.

Review found that 49 percent of early-deploying reservists lacked a current dental exam, and 68 percent of those over age 40 lacked a current biennial physical exam.

In addition, monitoring the health of reservist returning from deployment will be critical to ensuring the long term health of those service members, and assisting in the identification of common illnesses, such as those associated with the Gulf War Syndrome.

What improvements have been made to the medical information systems to track the health care of reservists? Are they electronic, do they differ among services?

Answer. Although I am not familiar with the capabilities of the other services, both the Air Force Reserve Command, and Air National Guard unit programs have developed independent state-of-the-art computer physical exam management sys-

tems that track the health and dental status of all assigned personnel, in real time. Data is available at each supervisory level so all commanders can know the status of their troops.

The Air National Guard and the Air Reserve Personnel Center implemented the Reserve Component Periodic Health Assessment and Individual Medical Readiness (PIMR) software this fiscal year to track the medical readiness of the Air National Guard. Air Force Reserve Command will soon attain this milestone. This software tracks six key elements identified by Health Affairs for monitoring individual medical readiness.

Headquarters Air Reserve Personnel Center has developed an access database for all the 12,000+ Individual Mobilization Augmentees. It provides Direct demographics downloaded from personnel system; Tracking/recording of physical exam dates; Tracking/management of medical/dental deferment, assignment and deployment restrictions, and medical board action; Tracking/management of deployment and post-deployment medical information (DD2796). Post-deployment assessment has recently been upgraded to include a more robust questionnaire, an interview with a provider, and a blood sample for later analysis.

Question. During the mobilization for Operation Iraqi Freedom, how many reservists could not be deployed for medical reasons?

Answer. The Air Force Reserve Unit program was able to meet 100 percent of its taskings with 1.5 percent not being able to deploy for medical reasons (only 22 out of 1,450 total mobilized).

Five percent of our Individual Mobilization Augmentees were unable to deploy; 40 out of 800 mobilized. Of these 40, four were later mobilized by exception to policy (ETP) due to mission requirements. A plan of care for these members was identified before mobilization and approved by the wing commander.

The Air National Guard was able to meet 100 percent of its mission taskings with 5,500 members deploying, each being medically and dentally qualified for deployment. Local units may have substituted personnel, but numbers are not available at this time.

Question. How many deployments were delayed due to dental reasons, and how many reservists are not in Dental class 1 or 2?

Answer. Air Force Reserve Command: Five personnel had deployments delayed for dental reasons. Currently 1,470 reservists are dental class three and 34,473 are in dental class four (35,943 are not class one or two). It is important to note that the majority of class three or four reservists are in that category because of administrative and dental records issues that can be corrected quickly if notified of deployment. At a minimum, 78 percent of all class three and four members are in that category because they have yet to insert their most recent civilian dental examination paperwork into their Air Force dental record. This issue is usually rectified immediately upon notification of deployment and has not had negative impact on readiness during Operation Iraqi Freedom or previous contingencies.

Air Reserve Personnel Center had 21 personnel out of 800 (2.6 percent) with delayed deployments for dental reasons. Currently the Immediate Medical Associates (IMA) dental program has 328 personnel in class three, and 4,616 (37 percent) who are class four.

Air National Guard had no deployments delayed due to dental reasons. As of April 15, 2003 with 50 percent of the Air National Guard units reporting: One percent was Class III (622); five percent was Class IV—no exam (2,488). NOTE: When PIMR gets 100 percent populated (July 2004) with data, the Air National Guard will be able to see percentages on a real time basis.

Question. What is the current enrollment rate in the TRICARE Dental Program for reservists, and what action has DOD taken to encourage reservists to enroll in TDP?

Answer. Air Force Reserve Command (unit and IMA programs): 11 percent (8,290 Personnel with Dental Contracts of the 73,961 assigned); Air National Guard 8 percent (6,158 Personnel with Dental Contracts of the 78,663 assigned).

The Air Force Reserve and Air National Guard have all fully advertised the TDP including notices on their web pages, coverage of the program at major conferences and direct mailings to all personnel.

Question. What needs to be done and what will it cost to ensure that reservists are medically and dentally fit for duty?

Answer. Both the Air Force Reserve Command and the Air National Guard welcome enactment of legislation authorizing funding for annual dental exams.

The Air Force Reserve favors funding annual dental exams, which would cost approximately \$3 million to \$4 million. It is likely this cost will be offset by the number of personnel who see their civilian dentists and provide a completed DD Form 2813 (DOD Active Duty/Reserve Forces Dental Examination). To ensure that reserv-

ists are medically ready for duty, full funding of validated dental support Unit Type Codes and full time manpower requirements will give medical units the requirements necessary to accomplish the exams and assessments.

The Air National Guard favors providing dental treatment as a benefit; pay the member's premium for dental insurance. The projected cost to provide such a benefit to 78,663 traditional members at \$9.00 per month is \$8.5 million.

Unlike medical examinations, annual dental examinations are a new unfunded requirement. Compliance with this requirement is contingent on receipt of funds unlike the medical examination process, which is well established and fully supported through POM submissions.

Both Air Force Reserve Command and Air National Guard continue to enhance long established medical examination processes and record keeping. This evolving process enjoys a robust partnership with active duty support, the guidelines for which are included in the Program Objective Memorandum (POM). No additional funding is required.

Question. Are there any repercussions for commanders who do not ensure that their troops are fit for duty?

Answer. Although there are no commander-specific repercussions specified in Air Force Regulations, fitness for duty is part of the overall unit readiness equation along with factors such as dental fitness and training reports. These factors are reviewed at Wing, Numbered Air Force (or State), and Command levels. Disciplinary actions for low readiness levels are at commander's discretion at each of these levels.

COMBAT TREATMENT IN IRAQ AND AFGHANISTAN

Question. All of the Services have undertaken transformation initiatives to improve how medical care is provided to our front line troops.

The initiatives have resulted in more modular, deployable medical units which are scalable in size to meet the mission.

How well have your forward deployed medical support units and the small modular units performed in Operation Enduring Freedom and Operation Iraqi Freedom?

Answer. Our transformation to these smaller, highly mobile, units has paid huge dividends in Afghanistan and Iraq. Although many Expeditionary Medical Support (EMEDS) activities in Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) are still classified, I can share with you that we have positioned 24 EMEDS facilities in 12 countries. Four of these units are currently far forward in Iraq.

When U.S. forces captured one of the Iraqi air bases, elements of the Air Force Medical Service were there with the entering forces. Prior to creation of EMEDS units, it would have taken two to three weeks before we could have erected an Air Force medical facility to care for or troops occupying the base. In this conflict, we had the capability to provide care to our troops the same day we took the air base. Within just a couple days, we had established, equipped, and manned a fully functioning EMEDS unit.

EMEDS not only ensures we can provide health care far forward, it also helps us prevent illnesses and injuries. In OIF we have achieved the lowest disease and non-battle injury rate in military history—almost 20 percent lower than Operation DESERT SHIELD/STORM.

I am also quite proud of the Aeromedical Evacuation (AE) piece of the EMEDS system. To date they have moved more than 2,000 patients (including 640 battle casualties) in OIF without using dedicated AE aircraft.

Aeromedical Evacuation operations in OIF comprise the most aggressive evacuation effort since Vietnam, with not a single patient death in transit, which makes it the most successful aeromedical operation in military history.

Question. What are some of the lessons learned from our experience in Iraq?

Answer. The Air Force Medical Service is in the initial stage of collecting Operation IRAQI FREEDOM lessons learned. Two major issues identified at this point are as follows.

First, concerns with "In-Transit visibility" (ITV). ITV of our deploying personnel and equipment is a significant problem. Many man-hours were spent searching each Aerial Port of Embarkation (APOE) pallet yard for medical equipment pallets that did not meet the required delivery dates. Additional man-hours were spent tracking down individuals who departed their Continental United States (CONUS) duty station, but did not make it to the deployed destination by the required in-place dates. This severely hampered the ability of operational planners and commanders to effectively employ constrained resources to meet mission requirements.

TRANSCOM Regulating and Command & Control system (TRAC²ES) was designed to provide ITV of patients returning from the theater of operations to more definitive care. TRAC²ES was never designed to provide visibility of patients when they exit the system, nor does it provide information to deployed commanders on a return to duty status or the patient's medical condition. Therefore, commanders, who have overall responsibility for these individuals, in some cases had no visibility of their status or medical condition, and no service-wide system exists to provide them that critical information.

Second, validation of our concept of Critical Care in the Air. Operation IRAQI FREEDOM demonstrated the value of teaming our Critical Care Air Transport (CCAT) teams and our Aeromedical Evacuation (AE) system. The CCAT teams are capable of providing critical care in the air, a level of medical service that was unavailable to our forces until our recent conflicts in Afghanistan and Iraq. Additionally, CCATs can accompany their wards on most any cargo aircraft transiting the theater through the use of innovative Patient Support Pallets (PSPs). These pallets contain the tools and equipment that permit CCAT team members to quickly convert cargo aircraft into aeromedical evacuation platforms. The synergistic relationship between our AE, PSPs, and the CCAT teams who use them, permitted the AE movement of over 2,000 patients, some critically ill/injured and unstable, in the first 35 days of Operation IRAQI FREEDOM, including 640 battlefield casualties.

Question. What tools/equipment is still required to improve the care provided to combat casualties?

Answer. The challenges facing the deployed medical commander drive requirements that the traditional conventional wartime scenario never anticipated. As conflicts become more diverse and the potential for unconventional warfare increases, so does our need for tools and equipment that will assist us in preventing, detecting, and operating within an unconventional chemical or biological environment.

Of great importance is the research and development, testing and evaluation of initial patient decontamination equipment. These tools are being developed now and will greatly aid our medics by allowing them to perform their life-saving activities while protecting both provider and patient from the contaminated environment.

Once biological, chemical, or radiological weapons are detected, the Air Force medics will need NBC Casualty Treatment Capabilities (ventilators, facility and personal protective equipment, etc.). This equipment currently exists, but we require more to ensure a full spectrum protection of our fielded medics and the patients for whom they will provide care.

Disease surveillance programs are critical to early identification of disease trends and appropriate responses. This includes both Weapons of Mass Destruction (WMD) detection units and the software programs capable of aggregating their data and providing meaningful information to commanders and medics about potential epidemics or WMD attacks.

Another critical component to any casualty treatment plan is oxygen, specifically the ability to generate oxygen for treatment in a deployed environment. The Air Force Medical Service requires Deployable Oxygen Systems (DOS) that can be inserted into its modular treatment facilities in austere environments.

Finally, although TRAC²ES performs successfully to provide us visibility of our patients as they are transferred in virtually any aircraft, that visibility becomes much more difficult once the patient enters the receiving medical facility. As of yet, there is no TRAC²ES-like system that track the patient's discharge or transfer to other locations. The entire Department of Defense health care system would benefit from a program that would provide overarching patient location visibility in both the sky and on the ground.

T-NEX—NEXT GENERATION OF TRICARE CONTRACTS

Question. The next generation TRICARE contracts will replace the seven current managed care support contracts with three contracts. This consolidation is intended to improve portability and reduce the administrative costs of negotiating change orders and providing government oversight across seven contracts.

The award date for these contracts has slipped from the scheduled date in July of 2003. Since the timeline for awarding the contracts has slipped, what is the expected start date for the delivery of T-Nex?

Answer. The overall schedule for the suite of T-Nex solicitations has not been changed although some award dates may be delayed if proposals require more extensive review. The TRICARE Mail Order Pharmacy Contract was awarded, and performance began on March 1, 2003. The TRICARE Retiree Dental Contract was also awarded and performance on this contract began on May 1, 2003. Proposals have been received for both the TRICARE Healthcare and Administration Managed

Care Support and the TRICARE Dual-Eligible Fiscal Intermediary contracts, and the evaluation process for both of these is ongoing. Requests for Proposal have been issued for the TRICARE Retail Pharmacy and National Quality Monitoring contracts, and those proposals are due June 11 and June 3, respectively.

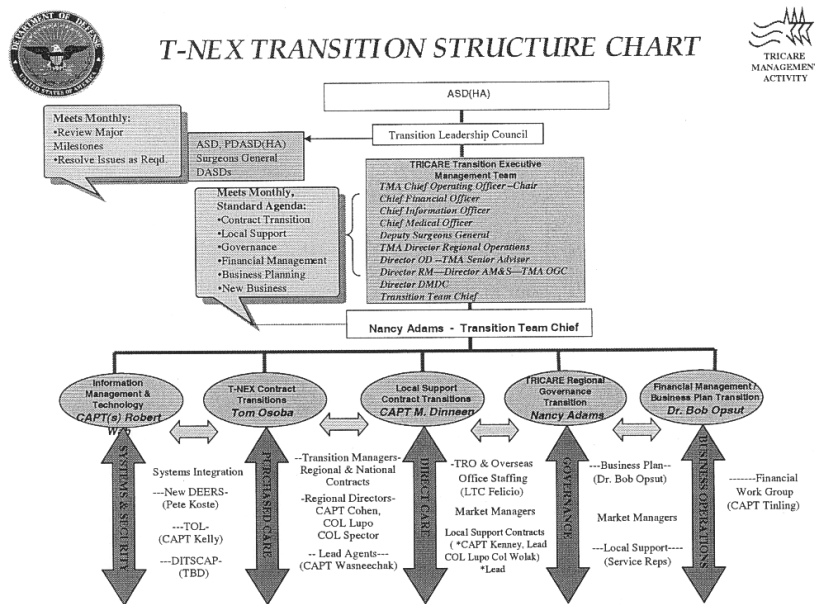
Procurement sensitivity rules prohibit disclosure of any specific information or details about the ongoing evaluation of proposals. However, I can tell you that the evaluations are ongoing. No decision has been made to alter the implementation schedule for any of the contracts.

Question. What planning is taking place to help ensure that when the contracts are entered into there will be a seamless transition for beneficiaries?

Answer. No transition of this magnitude is easy. A customer-focused perspective in execution is central to making this as seamless as possible. We have already transitioned the TRICARE Mail Order Pharmacy contract with success. The TRICARE Retiree Dental Plan contract was also awarded without protest and now is in its first month of operation without issues. With regard to our managed care contracts, going from seven contracts to three will simplify administration, but more importantly better serve our beneficiaries with incentivized performance standards, greater uniformity of service, alleviation of portability issues, and simplified business processes.

I have instituted a solid oversight structure (see attachment), and appointed a senior executive to spearhead this transition and supervise all aspects of the procurement, including the implementation of the new regional governance structure. This operational approach and structure requires my direct involvement through the Transition Leadership Council made up of the Surgeons General, the Principal Deputy Assistant Secretary of Defense for Health Affairs and the Health Affairs Deputy Assistant Secretaries of Defense. This body is supported by a TRICARE Transition Executive Management Team which is chaired by TMA's Chief Operating Officer.

An area of detailed focus right now is access to care and all business processes that will impact access including: networks, provider satisfaction, appointing and scheduling, Military Treatment Facility (MTF) optimization, and local support for MTF commanders. We are optimistic that robust networks can be maintained. On all customer service fronts, my staff and other participants are poised to execute a smooth transition immediately following contract award. Regular meetings are underway to measure our progress and formulate sound decisions on any problematic issues. A contract transition orientation conference is planned for June 2003 to fully engage government participants in all aspects of the transition process.



Question. Are beneficiaries experiencing any change in quality of care due to DOD's inability to enter into new long-term managed care agreements?

Answer. The evaluation of contractor proposals is now underway and will culminate in the awarding of three new Health Care and Administration regional contracts. A planned 10-month minimum transition period will precede start of health care delivery. Surveillance for the delivery of services of outgoing contractors during the transition period will remain focused to avoid any deterioration in customer service standards. Current contracts have been extended beyond original termination dates to ensure there is no adverse impact on the beneficiary or quality of care.

Any signs of negative shifts in quality during this transition period will be quickly recognized and dealt with on a priority basis. Our proactive posture is expected to result in a near-seamless transition to next generation contracts.

Additionally, in T-Nex contracts, industry best business practices are fully expected to emerge through the competitive process. Customer service protocols will be favorably impacted by outcome-based requirements and accompanying performance standards. Additionally, web-based service applications will also improve business processes and the way customers can access information. This is all very exciting and bodes well for our customers in the new contracts.

Question. Under T-Nex, what services currently provided by the TRICARE contractors will shift to the direct care system and what are the costs associated with this shift in services?

Answer. Appointing, Resource Sharing, Health Care Information Line, Health Evaluation & Assessment of Risk (HEAR), Utilization Management, and Transcription services will transition from the Managed Care Support Contracts to Military Treatment Facilities (MTFs) under T-Nex.

The Services have been tasked to provide requirements in each of these areas, cost estimates, and transition timelines. We have worked with the Services to develop a joint approach to determine local support contract methodology.

Transition of Local Support Contract services must be completed not later than the start of health care under T-Nex in each region.

Based on known contract and staffing lag times, funding is required six months prior to the start of health care delivery to ensure smooth and timely stand-up of new services. At this stage, cost estimates are varied and of limited value until the requirement is validated and fully known. Initial rough estimates are in the hundreds of millions of dollars. The funding source for Local Support will come from funds committed to the current Military Health System (MHS) Managed Care Support contracts. Those funds were programmed based on existing purchased care contracts that included these services. Because it is understood that these funds may not cover the entire spectrum of Local Support contracts, the Medical Services have prioritized these services across the MHS into three tiers based on impact and need. Initial costs may ultimately include some investment in telephone and appointing infrastructure, thus driving a significant increase in front end costs.

RECRUITING AND RETENTION

Question. Personnel shortfalls still exist in a number of critical medical specialties throughout the Services. The Navy has reports shortfall in Anesthesiology, General Surgery, Radiology, and Pathology, and has stated the civilian-military pay gap is their greatest obstacle in filling these high demand specialties. Recruiting and retaining dentist appears to be a challenge for all the services.

To what extent have Critical Skills Retention Bonuses or other incentives been successful in helping to retain medical personnel?

Answer. Critical Skills Retention Bonuses (CSRB) helped retain several hundred medical specialists, but may have had a greater impact if it were to have been executed in its original form, as a two-year program. This additional impact may have provided each Service with a bridge to the long-term initiative of optimizing Special Pay incentives, currently a goal for fiscal year 2005. Just over 850 physicians, dentists, and nurses in critical specialties accepted the CSRB despite its one-year design. The CSRB became more of a good faith gesture to show that we are making plans for the future, acknowledging to those in the field that special pay increases are necessary if we value the professions and the investment that the Air Force has made by training highly specialized personnel.

We have a success story with the incentives that were implemented to improve recruitment and retention of Pharmacists. We are interested in repeating this success for physicians, dentists, and nurses if we are allowed to optimize new special pay authority from the Fiscal Year 2003 National Defense Authorization Act. The Pharmacy accession bonus increase to \$30,000 in fiscal year 2002 and especially the

Pharmacy Officer Special Pay (implemented in fiscal year 2002) has greatly improved recruiting and retention of pharmacists to the point that we will reach our targeted endstrength in fiscal year 2003. Obtaining appropriation for optimizing Special Pays by fiscal year 2005 is a priority.

Lastly, we have seen short-term success in applying the Health Professions Loan Repayment Program (HPLRP) and hope to continue using it over the next several years. We currently offer HPLRP for both recruiting (accession) and retention, and the program has been quite successful in buying-down debt in our critically manned specialties within Biomedical Sciences Corps, Dental Corps, and Nurses Corps with 133, 74, and 241 HPLRP contracts signed respectively in fiscal year 2002. The HPLRP not only improves quality of life for personnel by reducing their debt, it benefits the Service by adding a minimum of two-year active duty commitment for one-year of loan repayment amount of up to \$26,000. (Note: The recipient of HPLRP has a two year minimum active duty obligation attached to the first year of loan repayment and for second, third and fourth year of loan repayment it is a one for one active duty obligation payback). The goal is to enable officers to remain serving and not be overburdened with financial commitments (debt). For all Corps it is seen as a good faith gesture and carries active duty obligation payback. For the Medical Corps (MC) and Dental Corps (DC) and Certified Registered Nurse Anesthetist (CRNA) program it is a bridge to the long-term optimization of the Health Professions Scholarship Program (increased quotas for MC, DC and CRNAs. It is also a bridge to implementing the discretionary pay increases authorized by the Fiscal Year 2003 National Defense Authorization Act (mentioned). Funding of HPLRP is necessary beyond fiscal year 2005 to offer the accession incentive necessary to recruit the critical Nurse Corps and Biomedical Sciences Corps specialties. We are hoping to realize additional success especially with the new allowance for Health Profession Scholarship Program and Financial Assistance Program recipients to apply for HPLRP. MC and DC officers will then have better access to the benefits of this program. The Air Force has committed funding through fiscal year 2005 at \$12 million per year (since fiscal year 2002). This commitment is a testament to our belief that HPLRP should remain a tool for both recruiting and retention in the future.

Question. What else needs to be done to maximize retention of medical personnel?

Answer. I perceive a three-fold approach to improving retention of medical personnel: (1) Increasing incentives such as special pays, bonuses, and loan repayment is a key component. The special pays and health professions scholarship programs are two high-impact tools used to recruit and retain medical professionals. Our collective effort to increase the authorizations for these tools under the National Defense Authorization Act 2003 was a true victory, but our commitment will be proven when we provide funding to see these programs through execution. Only then will our people see the benefits of our efforts. (2) Another component linked to improving medical officer retention is continued support for optimizing the medical officer promotion policy. The policy should be enhanced to ensure our clinical staff members are provided equitable opportunity for advancement. (3) Another tool to maximize the retention of our medical personnel is improving the clinical practice environment. This is accomplished by investing in our medical infrastructure—our facilities—and optimizing our support staff. Such optimization funding improves workplace support, enhances workflow, and contributes to both provider and patient satisfaction.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

DOD/VA HEALTHCARE RESOURCE SHARING

Question. Combining the resources of the Veterans' Administration and the Department of Defense to address health care needs of active duty personnel and our veterans is a concept that I am proud to say I championed a number of years ago. That initial effort combined brought together the resources of the VA and AF to provide care for the military at Kirtland Air Force Base and the city of Albuquerque's sizable veteran population. To date, the results have been very good.

General Taylor, can you provide an update on the progress of the joint venture concept in general, and between DOD and VA at the Albuquerque VA hospital specifically?

Answer. The Air Force Medical Service continues to partner with the Department of Veteran's Affairs (VA) in a number of locations. Examples include joint ventures at Elmendorf AFB, AK; Nellis AFB, NV; Travis AFB, CA; and Kirtland AFB, in Albuquerque, NM.

The Albuquerque joint venture in particular has demonstrated the benefits of joint venture relationships. In fiscal year 2002, the VA and Kirtland AFB medical group exchanged \$6.5 million in health care resources. This facilitated 8,100 outpatient referrals, 3,400 emergency department visits, and 14,000 ancillary procedures. If the two partners had purchased the services from local providers—as they would have before the joint venture—it would have cost an additional \$1.32 million. In fiscal year 2003, the joint venture program will build upon its success and expects to execute \$6.7 million of sharing.

Question. What is the status of their agreement to provide professional VA psychologist oversight to our Air Force mental health services in Albuquerque?

Answer. The Veteran's Administration and Kirtland Air Force Base have been extremely successful in this endeavor. The agreement has been in place since 2001 and provides supervision to Air Force psychology residency graduates. This supervision is required as 49 of the 50 states require at least one year of post-doctoral supervision. Without this agreement, the Air Force would be forced to hire additional psychologists. The agreement with the Veteran's Administration is a vital and successful part of the Air Force mental health mission at Kirtland.

Question. Also, has there been progress in reducing the veterans' colonoscopy procedures backlog?

Answer. Over the past year, the Kirtland Air Force Base medical facility has provided both operating room space and support personnel in assisting the VA in completing colonoscopies on veterans. This is another example of the cooperative efforts ongoing between Kirtland and the VA, and allowed the Air Force to perform about 40 VA colonoscopies a month. However, although I do not know how exactly how many procedures are "backlogged," I do know that demand is still outpacing supply.

Recent deployments have required we cease sharing activities for colonoscopies. As most of the combat activity appears to be behind us now, our facility in Albuquerque will soon be able to turn its attention once again toward the joint venture and determine how it can best assist the VA with this and other issues.

JESSE SPIRI MILITARY MEDICAL COVERAGE ACT

Question. In 2001, a young Marine Corps 2nd Lieutenant from New Mexico lost his courageous battle with cancer. Jesse Spiri had just graduated from Western New Mexico University and was awaiting basic officer training when he learned of his illness.

However, because his commission had triggered his military status to that of "inactive reservist," Jesse was not fully covered by TRICARE. As a result, he was left unable to afford the kind special treatment he needed.

I believe that it is time to close this dangerous loophole. That is why I intend to offer a bill entitled the "Jesse Spiri Military Medical Coverage Act." This bill will ensure that those military officers who have received a commission and are awaiting "active duty" status will have access to proper medical insurance.

Would you agree that this type of loophole is extremely dangerous for those who, like Jesse, suffer with a dread disease?

Answer. Lieutenant Spiri's tragedy with cancer is a loss not only to his family, but also to our country that he spent years preparing to serve. This is indeed a tragic case; however, limiting TRICARE coverage legislation to commissioned inactive reservists would establish an inequity with over 40,000 annual Air Force delayed enlistees that have also pledged themselves to our country. Additionally, all new recruits and officers are counseled that they must maintain their private health insurance until they enter active duty to ensure there are no gaps in medical coverage.

Question. And do you agree that our military health care system should close this loophole, and can do so very cost effectively (given the relatively low number of officers it would affect)?

Answer. To understand the scope of the issue, my staff has done some preliminary research on the cost of the change in legislation.

The studied group includes Reserve Officer Training Corps (ROTC) and other commissioning sources where there is a delay from commissioning to active duty and our delayed enlistment programs. Air Force ROTC commissions approximately 2,500 lieutenants annually, while our direct commissioning program for the Judge Advocate Corps, Chaplains and Medical professions bring in about 1,500 officers annually. The delayed entry program for enlistees ensures our military training schools have a steady flow of students and provides new recruits with increased choice of available career fields. We estimate 40,000 enlisted enlistees would be affected.

Your proposed benefit change will affect each source differently due to the commissioning/enlistment dates of the various programs. These delays may be a month

to multiple years based on approved delays (i.e. educational delay). For the purposes of this analysis, we used an estimate that the average wait is two months prior to active duty.

Our 2003 evaluation of military compensation and benefits compared to the civilian sector equates our healthcare benefit to a monthly value of \$279.35 per individual and \$758.36 family rate respectively. Our estimate of 3,000 inactive reserve officers would potentially cost \$1.6 million annually, while the delayed enlistment program would require an additional \$22.3 million bringing the total annual cost for just the Air Force to about \$24 million.

The impact of this legislation on our Sister Services must also be analyzed in order to truly appreciate the total cost and provide an informed recommendation.

MILITARY FAMILY ACCESS TO DENTAL CARE ACT

Question. I think everyone here is familiar with the adage that we recruit the soldier, but we retain the family. That means taking care of our military families and giving them a good standard of living.

I have introduced a bill that would provide a benefit to military families seeking dental care, but who must travel great distances to receive it. Specifically, my bill, the "Military Family Access to Dental Care Act" (S. 336) would provide a travel reimbursement to military families in need of certain specialized dental care but who are required to travel over 100 miles to see a specialist.

Often, families at rural bases like Cannon Air Force Base in Clovis, NM meet with financial hardship if more than one extended trip is required. This bill reimburses them for that travel and is a small way of helping our military families.

Given that current law provides a travel reimbursement for military families who must travel more than 100 miles for specialty medical care, do you believe it is important to incorporate specialty dental care within this benefit?

Answer. Yes, although the proposed legislation (S. 336), as written, does not enhance the current travel benefit because travel reimbursement is already provided when a Primary Care Manager refers a TRICARE Prime enrollee for covered dental adjunctive care under 10 USC 1074i.

Question. Do you think this benefit would improve the standard of living of our military families?

Answer. Yes, travel reimbursements do enhance beneficiary quality of life. Such benefits become especially important to beneficiaries in rural or remote areas since their travel costs can be expensive if they are referred to multiple treatment appointments for a dental condition.

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

PATIENT PRIVACY (TRICARE)

Question. I would like to get your comments about several concerns and questions I have related to the December 14, 2002 break-in of the offices of TriWest, a TRICARE contractor. I am told that TriWest did not notify the Department of Defense of the break-in and theft of personnel information of over 500,000 TRICARE beneficiaries, for almost a week after the event. Apparently, TriWest didn't even have basic security equipment—guards, locks, cameras—and as a result, this incident amounts to the biggest identity theft in U.S. history. Is this information true?

Answer. The physical break-in of the locked TriWest Healthcare Alliance corporate offices and theft of computer equipment occurred on Saturday, December 14, 2002. On Monday, December 16, 2002, the break-in and theft was discovered, authorities contacted, and TRICARE Management Activity (TMA) operations staff were advised. Back-up tapes were run on Tuesday, December 17, 2002, (which took 30 hours), and on Friday, December 20, 2002, TMA/HA leadership was notified of the beneficiary information theft. TriWest at that time had available from their back-up tapes beneficiary information including names, addresses, phone numbers, Social Security Numbers, some claims information with relevant procedure codes, and personal credit card information on 23 individuals.

To date, the Army Medical Department has not received notification of a single verified case of identity theft related to TriWest stolen computer equipment.

Question. Has the Department of Defense finished its investigation of this case and have sanctions been levied against TriWest or punitive actions against TRICARE officials?

Answer. The criminal investigation is being conducted by the Defense Criminal Investigative Service (DCIS) and the Federal Bureau of Investigation (FBI), in coordination with other federal and local law enforcement agencies.

To date, no sanctions have been levied upon or punitive actions taken against TriWest or TRICARE officials. The investigation is ongoing, and its findings are pending.

Sensitive information pertaining to TRICARE beneficiaries is maintained by TRICARE contractors subject to the Privacy Act of 1974, as implemented by the DOD Privacy Program (DOD 5400.11-R). The Act provides criminal penalties for any contractor or contractor employee who willfully discloses such protected information, in any manner, to any person or agency not entitled to receive the information. The Act also provides for civil penalties against DOD if it is determined that the Department (or contractor) intentionally or willfully failed to comply with the Privacy Act.

Question. Would you please share what you can about the lessons learned as a result of this incident and the steps the Department and the TRICARE organization and its contractors are taking to guarantee beneficiary privacy?

Answer. As a result of close evaluation of our physical and information security we found the following:

- a. Backup tapes not protected. For example, tapes left on the top of servers, or left lying out in the open.
- b. A general lack of proper security in areas where servers reside. In particular, Defense Blood Standard System and Pharmacy servers were not being properly protected.
- c. Most sites had excellent password management policies and guidelines in place, but they were not being followed.
- d. In general, there were proper locks on doors, but in several cases, not being properly used. Many doors that should have been locked after hours were found open which allowed entry to areas where patient information is kept. Most items not secure were portable medical devices containing patient medical information and medical records.
- e. In many cases contingency plans for disaster recovery were lacking or out-of-date.
- f. Lost hardware not reported through official channels.
- g. Hardware being turned in without data being wiped from hard drives.
- h. Concerning recent physical security self-assessments, a second look found almost 60 percent of local assessments were inaccurate or inexact.
- i. As a result of the TriWest issues all Army medical activities participated in a Health Affairs directed self-assessment of local physical security practices. Mitigation plans for all deficiencies are due on 16 May 2003.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

MEDICAL TREATMENT FACILITIES

Question. Healthcare, pay, and housing are the greatest Quality of Life issues for our troops and their families. With the numbers of health care staff deployed from your Military Treatment Facilities, what strategies did you use to effectively plan and care for beneficiaries back home?

Answer. The Air Force Medical Service, our sister Services, TRICARE Management Activity, and the Office of the Assistant Secretary of Defense for Health Affairs collaborated to develop a Regional Contingency Response Plan to be executed by each Lead Agent to ensure continued beneficiary care during the current deployments.

Specifically, each Medical Treatment Facility (MTF) and Managed Care Support Contractor (MCSC) were tasked to analyze their capacity and that of the local civilian network with attention paid to possible mobilized assets deployed over a specific period of time.

Working together, MCSCs and MTFs identified potential gaps in beneficiary access that might be caused by the deployment of service members. The MCSCs and MTFs then drafted a comprehensive communication plan MTFs could use to educate beneficiaries of where and how medical services could be accessed.

The uncertainty of the duration of the operations precluded a one-for-one reserve backfill of forces to our MTFs. Specific guidance and requirements to mobilize a Guard or Reserve medical backfill in our MTFs was developed to guide MTFs and Air Force Major Commands.

To ensure continuity of care with our current beneficiaries and the addition of activated Guard and Reserve members and their families, a coordinated Health Affairs letter was disseminated to the field directing our MTFs and Major Commands to prioritize and efficiently use available resources of the direct care system and net-

work system as available. These resources consist of reallocation of internal staff, Major Command leveling manning assistance, expansion by resource sharing and continued partnering with the Veterans Affairs.

Despite deployments, access to routine health care in the AFMS has improved seven percent since August 2002. Currently, MTFs are able to provide routine access to health care (within seven days) 83 percent of the time. MTF are able to provide access to acute care (within 24 hours) 96 percent of the time.

Question. How are you able to address the needs of patients coming in from the battlefields and is this affecting the care of beneficiaries seeking regular care?

Answer. The operational success of our young women and men was not only in our combat victories, but also in our delivery of care from the battlefield through our joint evacuation responsibilities to our theater hospitals. We were able to address the needs of patients coming from the battlefield; one of the most successful was the use of our aeromedical evacuation system. Using non-dedicated available aircraft, aeromedical evacuation crews and our TRAC²ES regulating system provided continuity of care and visibility of our patients from the theater to our CONUS receiving facilities.

United States Joint Forces Command (USJFCOM) revised the Concept of Operations for patient distribution for treatment in DOD/TRICARE facilities ensuring our casualties were closer to their unit's home location and individuals support network. These facilities included the direct care MTFs, TRICARE network partners including the VA and finally the National Disaster Medical System (NDMS) if needed.

Fortunately our casualties were limited and our Military Healthcare System was able to support both missions of caring for patients returning from the Theater of Operations and our regular non-contingency beneficiaries without significant impact to access or quality of care to either.

Question. What authority were you given to back-fill your vacancies and are the funds sufficient to attain that goal?

Answer. The Air Force did not require the Air Reserve Component (ARC) forces to backfill our medical facilities during Operation Iraqi Freedom; however, if we had required backfill to sustain Graduate Medical Education or to expand beds to receive war illness or injuries, the policy providing for this activity was developed in concert with both Assistant Secretary of Defense (Health Affairs) (ASD/HA) and the Assistant Secretary of the Air Force Manpower and Reserve Affairs (SAF/MR) guidance.

Funding was readily available for backfills. Funds to support pay, allowances, and per diem for mobilized personnel are reimbursable funds. Had ARC forces been required, all associated costs would have been charged to Emergency Special Program Coded (ESP Coded) fund which was reimbursable to the Air Force Major Commands.

Question. What measurements were used in determining what the Services were able to back-fill and how does that compare to current requirements?

Answer. AF/SG backfill policy was developed in concert with both ASD/HA and SAF/MR guidance. Backfill requests had to meet the following specific criteria listed below. Before using members to backfill:

- Medical treatment facilities and headquarters certified all non-mission essential deployed personnel had been returned to base for mission support.
- Headquarters re-directed their own personnel who were not mission-essential or working in their specialty to be moved to the unit level to support mission essential requirements.
- Major Commands had to certify that their support requirement could not be met through internal headquarters cross leveling.
- Efforts to support missions through Major Command-to-Major Command headquarters cross leveling/sharing had been exhausted.
- Volunteers had to have been unsuccessfully sought for the position.
- The backfill request had to be in direct support of OPERATION NOBLE EAGLE or OPERATION IRAQI FREEDOM.
- Before receiving backfills, the gaining unit had to prove that their personnel in the requested specialty were working extended duty hours and that their leave/TDYs had been restricted.
- Services that would be provided by the requested specialty had to be unavailable in local area TRICARE Support network.
- Services requested were not currently covered by Resource Sharing Contracts and that ARC assistance was required only for minimum time until a new contract could be approved and funded.
- Services provided by the requested backfill had to be unavailable through VA partnering.

—If the member was involuntarily mobilized, his or her mobilization must be for the shortest duration possible.

Comparison to current requirements is extremely difficult to answer as all medical facilities have different situations. Some were not heavily tasked with contingency responses and have little impact. Others were heavily tasked and have significant numbers of mobilized ARC dependents authorized care. Additionally these facilities have the added weight of post deployment health assessments and follow-up care for both returning active duty and ARC personnel.

RETENTION AND RECRUITMENT

Question. With increasing deployments in support of Operation Iraqi Freedom and the Global War on Terrorism, can you describe your overall recruitment and retention status of the Medical Department in each of your services? What specific corps or specialties are of most concern?

Answer. Recent operations have truly challenged the Services' resources, but our people have responded with vigor and determination. We have noticed little change in the recruitment of medical professionals during recent operations and are on pace to meet or exceed last year's recruiting averages. Retention has artificially improved due to STOP LOSS policy (effective May 2, 2003 for the Air Force) and programs such as Critical Skills Retention Bonus (CSRB).

The specialties we were forced to STOP LOSS provided a summary of our specific concerns (see Table 1). Note that on May 14, 2003, stop loss specialties were released due to the winding down of Operation Iraqi Freedom.

TABLE 1.—AIR FORCE SPECIALTIES UNDER STOP LOSS (MAY 2, 2003)

Specialty	AFSC
Officer Personnel:	
BIOENVIRONMENTAL ENGINEER	43EX
PUBLIC HEALTH	43HX
BIOMEDICAL LABORATORY	43TX
EMERGENCY SERVICES PHYSICIAN	44EX
INTERNIST	44MX
ANESTHESIOLOGIST	45AX
ORTHOPEDIC SURGEON	45BX
SURGEON	45SX
AEROSPACE MEDICINE SPECIALIST	48AX
GENERAL MEDICAL OFFICER	48GX
RESIDENCY TRAINED FLIGHT SURGEON	48RX
FLIGHT NURSE	46FX
NURSE ANESTHETIST	46MX
CRITICAL CARE NURSE	46NXE
OPERATING ROOM NURSE	46SX
Enlisted Personnel:	
MEDICAL MATERIAL	4A1XX
BIOMEDICAL EQUIPMENT	4A2XX
BIOENVIRONMENTAL ENGINEERING	4B0XX
PUBLIC HEALTH	4E0XX
CARDIOPULMONARY LABORATORY	4H0XX

Question. Did the Critical Skills Retention Bonus given for this year help these specialties? In light of shortages and the disparity between military and civilian salaries, how have you planned for additional retention bonuses in future years?

Answer. Critical Skills Retention Bonus (CSRB) helped retain several hundred medical specialists, but may have had a greater impact if it was executed in its original form, as a two-year program. This additional impact may have provided each Service with a bridge to the long-term initiative of optimizing Special Pay incentives, currently a goal for fiscal year 2005. Just over 850 physicians, dentists, and nurses in critical specialties accepted the CSRB despite the one-year design. The CSRB became more of a good faith gesture to show that we are making plans for the future, acknowledging to those in the field that special pay increases are necessary if we value the professions and the investment that the Air Force has made by training highly specialized personnel.

We are currently drafting the fiscal year 2004 Special Pay Plan to address critically manned specialties with application of minimum increases allowed within our current projected allocation.

Question. Are there recruitment and retention issues within certain specialties or corps? If so, what are your recommendations to address this in the future?

Answer. We do have several challenges in maintaining our required number of medical personnel to perform our mission optimally. I believe in a three-fold approach to improving retention of medical personnel. (1) Increasing incentives such as special pays, bonuses, loan repayment and health professions scholarship programs. Our collective effort to increase the authorities under the National Defense Authorization Act 2003 was a true victory, but our commitment will be proven as we provide funding to see these programs through execution. Only then will our people see the benefits of our efforts. (2) Improving the clinical practice environment by investing in our medical infrastructure and optimizing support staff. (3) A final component linked to improving medical officer retention is continued support for optimizing medical officer promotion policies to ensure our clinical staffs are provided equitable opportunity for advancement.

Question. Have incentive and special pays helped with specific corps or specialties?

Answer. The final results of our efforts to increase incentive and special pays are not yet available, but we have witnessed a noticeable impact from increasing our accession and retention bonuses as well as offering Health Professions Loan Repayment. In fiscal year 2002, 241 nurses signed Health Professions Loan Repayment Program contracts and extended their individual service commitments by two years. Likewise, we have seen positive trends in our Optometry and Pharmacy specialties due to increased accession and retention incentives. We have not realized as much improvement in our physician and dental communities as the military-civilian pay gap is much wider. However, we are highly committed to optimizing our health professions officer special pay program.

Special pays are targeted at professional staff (physicians, dentists, nurse anesthetists, and several allied health professionals), and are designed to improve both recruiting and retention, as well as recognize the market value of these highly trained officers. The National Defense Authorization Act 2003 provided significant increases in the authorities to fund special pays and the three Services are in the process of developing their fiscal year 2004 and fiscal year 2005 special pay plans with ASD/HA. We plan to increase several discretionary special pays for the various specialties that are difficult to recruit and retain. Coupled with improved opportunity to train medical professionals under Health Professions Scholarship Program, increasing these pays will help improve the staffing shortages we've experienced in recent years. We would appreciate your continued support in these efforts.

Question. How does the fiscal year 2004 budget request address your recruitment and retention goals?

Answer. The fiscal year 2004 budget request includes three items that have significant impact on recruiting and retention:

Special Pays.—The fiscal year 2004 Special Pays Plan will serve as a bridge to better optimization of special pays in fiscal year 2005. We are currently drafting the fiscal year 2004 Special Pay Plan to addresses critically manned specialties with application of minimum increases allowed within our current projected allocation.

Health Professions Loan Repayment Program (HPLRP).—The Air Force has committed funding through fiscal year 2005 at \$12 million per year (since fiscal year 2002). This commitment is a testament to our belief that HPLRP should remain a tool for both recruiting and retention in the future. HPLRP not only improves quality of life for personnel by reducing their debt and making it more affordable to remain in the military, but adds a minimum two-year active duty commitment for a one-year loan repayment amount of up to \$26,000. (Note: The recipient of HPLRP has a two-year minimum active duty obligation attached to the first year of loan repayment while the second, third and fourth year of loan repayment has a one-for-one active duty obligation payback). The goal is to enable officers to remain serving and not be overburdened with financial commitments (debt).

Health Professions Scholarship Program/Financial Assistance Program (HPSP/FAP).—For fiscal year 2004, Health Professions Scholarship Program and Financial Assistance Program will continue to be one of the best recruiting tools for physicians and dentists. Even though we would like to see an increase in HPSP/FAP allocations in fiscal year 2004, this will not be possible because the budget has been locked for that fiscal year. With the rising costs of medical and dental schools, we will actually have fewer allocations in fiscal year 2003 than we had in fiscal year 2002. We hope to increase allocations from 1300 to 2000 between fiscal year 2006 and fiscal year 2009.

FORCE HEALTH PROTECTION

Question. As a result of concerns discovered after the Gulf War, the Department created a Force Health Protection system designed to properly monitor and treat our military personnel. What aspects of the Departments' Force Health Protection system have been implemented to date? What are the differences between the system during the Gulf War, Operation Iraqi Freedom, and Operation Enduring Freedom and Operation Noble Eagle?

Answer. The Department places the highest priority on protecting the health of military personnel throughout their military careers and beyond. Deployments and other military operations often involve unique environments that must be addressed by force health protection procedures. We use lessons learned from each military operation to improve our force health protection program.

Requirements to assess health before, during and after deployments and to assess, monitor and mitigate environmental hazards predate OPERATION DESERT STORM. However, the Department has implemented a number of significant changes since the Gulf War to further inculcate and improve these procedures. In 1997, deployment health surveillance policy was released directing pre and post-deployment health assessments and the collection of pre-deployment serum samples. If concerns or medical problems are identified, a comprehensive evaluation by a provider is required. Data from health assessments and serum samples are stored in a central DOD repository. Health assessments and records of medical evaluations are placed in the member's permanent medical record.

The Chairman of the Joint Chiefs of Staff released an updated deployment health surveillance policy in February 2002. The policy provides more detailed guidance on required health assessments and required prevention countermeasures for deploying personnel. It also greatly enhances the requirements for environmental assessments and implements operational risk management processes for the theater of operations. From the time the Department standardized the requirements for pre and post deployment health assessments, the Air Force has submitted more than 420,000 pre and post deployment assessments to the DOD repository.

After the Gulf War, the Air Force implemented a deployed electronic medical record, called GEMS (Global Expeditionary Medical System), to record clinical care provided in theater. The Air Force implemented an immunization tracking and management system that allows visibility of immunization records and requirements both at home and in theater. The Air Force also has had an ongoing quality assurance program to assess all Active Duty and Air Reserve Component installations for compliance with deployment health surveillance requirements.

Since the beginning of OPERATIONS ENDURING FREEDOM and NOBLE EAGLE, the Department has accelerated efforts to automate the collection of deployment health surveillance information. OSD is developing a theater medical record system and is now testing parts of a comprehensive theater information management program. Pending implementation of these OSD systems, the Air Force has continued to improve GEMS so it now captures public health and environmental/occupational surveillance information as well as electronically forwards disease and non-battle injury data to headquarters. To date, more than 73,000 theater medical encounters are stored in GEMS.

Furthermore, the Department has implemented a policy for checking, at every patient visit, whether or not a deployment-related health concern exists. The Department implemented a clinical practice guideline, developed by Departments of Veterans Affairs and Defense, to ensure military members receive orderly, standardized evaluations and treatments for deployment-related conditions.

Despite the myriad improvements implemented since the Gulf War, the onset of OPERATION IRAQI FREEDOM illuminated the need for further enhancements to the Department's post-deployment health assessment requirements. Just released OSD policy enhances post-deployment health assessment procedures by requiring that each military member returning from deployment have a blood sample sent to the DOD repository and receive an assessment by a provider to address potential health problems, environmental exposures and mental health issues. The policy also requires more detailed quality assurance programs to validate, within 30 days, that returning personnel have completed all deployment health assessment requirements and that all information is in permanent medical records, and to report on compliance.

OPTIMIZATION

Question. Congress initiated optimization funds to provide flexibility to the Surgeons General to invest in additional capabilities and technologies that would also result in future savings. It is my understanding that a portion of these funds are

being withheld from the Services. Can you please tell the Committee how much Optimization funding is being withheld from your service, what are the plans for distributing the funds, and why funds since fiscal year 2001 are being withheld?

Answer. No optimization funds are being withheld from the Air Force Medical Service. Optimization funds have been released relatively quickly upon request.

Question. How have you benefited from optimization funds? What projects are on hold because OSD has not released funding?

Answer. I view optimization funding as critical to patient care and staff retention. Optimization funds have enabled the Air Force Medical Service to institute loan repayments for selected health professions, with anticipated improvement in recruitment and retention in critical medical and dental specialties; Automate several pharmacies, thereby improving productivity and recapture of pharmacy workload from the private sector; Improve the efficiency of the Heating, Ventilation and Air Conditioning system at Nellis AFB; Hire coders at Medical Treatment Facilities to improve data for billing, population health and accounting; Contract with industry leading business consultants to identify best practices and industry benchmarks to improve Air Force Medical Service business processes; Upgrade Medical Treatment Facility telephony for first time in years for many Medical Treatment Facilities; Contract for providers/staff to address mission critical shortages in Active Duty staffing; Implement a Specialty Care Optimization Pilot resourcing strategy to validate new manpower standards, metrics, and training to improve readiness and clinical currency and increase recapture from network; Perform advanced testing of a Light-weight Epidemiology Detection System; Accelerate deployment of Tele-Radiology capabilities at bases without Active Duty radiology support; Fast-track deployment of counter-chemical warfare training; Accelerate refractive surgery pilot to identify the best technology to address flight crew refractive deficiencies; Accelerate implementation of Long View resourcing strategy Air Force wide for general surgery, orthopedics, ENT, Ophthalmology, and Obstetrics and Gynecology (OB/GYN) to improve expeditionary and clinical currency and increase recapture from private sector to decrease overall DOD cost of healthcare.

No optimization projects are on hold because OSD has not released funding.

Question. What are the projected projects using the proposed \$90 million in the fiscal year 2004 budget request?

Answer. The Air Force Medical Service intends to use its portion of fiscal year 2004 optimization dollars for Health Professions Loan Repayments (\$12 million) and Long View Execution (\$18 million). The Long View is our strategy for achieving the optimal mix of assigned and contracted manpower to Medical Treatment Facilities in such a way as to maximize expeditionary medical capability, clinical currency and cost effectiveness.

QUESTIONS SUBMITTED TO BRIGADIER GENERAL WILLIAM T. BESTER

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

RECRUITMENT AND RETENTION

Question. Recruitment within the services for all the Nurse Corps is better than the civilian market. There have been several tools to help with the recruitment effort including the accession bonus of \$5,000 for Nurses joining the services. The greatest retention tool for all services has been the opportunity for advanced out-service education for a masters or doctorate degree. Other issues that have also positively affected retention are: challenging assignments, more leadership responsibility, and greater promotion opportunities. Of the many tools for recruiting and retention, which tools have been most successful?

Answer. We believe that it is vital to have a combination of recruiting and retention tools in order to maintain a successful manning posture. All the tools provided allow us to retain the flexibility to address regional differences in the civilian recruiting market as well as address the retention needs of our officers currently on active duty. It is imperative that we proactively anticipate the continued civilian competition and must have the money to increase our accession bonuses plus our retention bonuses for our critical specialties such as nursing anesthesia. We also anticipate strong results for both recruiting and retention once we implement the Health Professions Loan Repayment Program. Our current promotion percentages are strong in all ranks except for Colonel. We are taking the appropriate actions to resolve some of the systemic personnel issues that have stalled the promotion to Colonel in the past with the intent to enlarge the promotion rate in the future.

Question. Do you think a Loan Repayment Program would be helpful to recruit more nurses?

Answer. Absolutely. The Health Professions Loan Repayment Program is absolutely essential to our efforts to remain competitive with the recruitment activities currently in place by our civilian counterparts. In fact, we plan to execute the Health Profession Loan Repayment Program through fiscal year 2005 with monies we obtained through a Defense Health Program (DHP) Venture Capital Initiative. We plan to program monies for fiscal year 2006 to sustain this program in the future.

WAR'S EFFECT ON THE NURSE CORPS PLAN

Question. The number one retention tool is the opportunity for advanced education. The war could negatively affect the number of Nurses that will be available to begin out-service education opportunities in fiscal year 2004, thereby mitigating the effectiveness of this important retention tool. How has the war in Iraq and deployments of personnel to the Middle East affected your overall out-service education plan for this year and next?

Answer. We are taking all measures possible to ensure that all Army Nurse Corps officers scheduled to attend an out-service education program this year and next year are redeployed in the appropriate amount of time to begin their education program. At this time, we do not anticipate any education losses due to deployment.

Question. For instance will you have to send fewer nurses to school for advanced degrees this year because of the numbers deployed?

Answer. At this point, we are taking all measures to ensure that officers scheduled to attend out-service education in fiscal year 2004 are redeployed in a timely manner. If redeployment for some or all of the officers is delayed for reasons out of our control, it could result in a decrease in the number of officers attending out-service education and would negatively affect our overall numbers.

Question. How will the continued deployments affect your staffing plans for the Medical Treatment Facilities?

Answer. To ensure we have had adequate numbers and mix of providers, we have taken the following measures to ensure acceptable staffing plans. We have initiated regional cross leveling of staff to ensure appropriate distribution of staff to provide care and meet patient demand and used internal management decisions by commanders such as decreasing the number of beds available for care, and in some instances, decreasing the number of surgical cases performed. In addition, we have combined patient care units, used creative scheduling to ensure appropriate staffing coverage, increased the use of contract nurses, requested and received reserve backfill up to the 50 percent authorized fill rate and invoked the local commander's consideration to send patients to the TRICARE network for care as needed. We will continue to use all appropriate staffing management tools to ensure that we meet the care needs of our beneficiary population.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

RECRUITING AND RETENTION

Question. In light of a national nursing shortage, please describe the status of your recruitment and retention efforts in the Nurse Corps for each of your services?

Answer. We are approximately 230 Active Duty nurses below our budgeted end strength of 3,381. We are proceeding with the following initiatives to improve accessions and maintain a steady state retention posture. We are developing an implementation plan with the Triservice Recruitment and Retention Workgroup to obtain the funding to support an incremental increase in the accession bonus starting in fiscal year 2005. It is imperative that we proactively anticipate the continued civilian competition and must have the resources necessary to increase our accession bonuses plus our retention bonuses for our critical specialties such as nursing anesthesia. Funds for HPLRP are available now (fiscal year 2003) until fiscal year 2005 and we plan to POM funds beginning in fiscal year 2006. We are also exploring the feasibility of reinstituting the Army Nurse Candidate Program as funding permits and have expanded the number of slots available for the Army Enlisted Commissioning Program from 50 to 85 per year. We will continue to send approximately 100 Army Nurse Corps officers to out-service schooling each year and will continue to provide specialty care courses in all our specialty areas. We will continue to provide a wide variety of clinical and work experiences in both the inpatient and ambulatory care settings as well as in the field setting, both in the United States and overseas. We feel strongly that providing leadership opportunities early in the offi-

cer's career is crucial in preparing officers for positions with greater scope of responsibility. We strongly promote collegiality, camaraderie, and teamwork and develop these concepts initially in our entry-level officer basic course and reinforce these concepts throughout the officer's career. We continue to support career progression, educational opportunities, and continuing education for all our officers. Finally, we are proud of our excellent promotion opportunities as well as the military benefit package that all soldiers and their families are entitled.

MEDICAL TREATMENT FACILITIES

Question. With the numbers of nurses and medics/corpsmen deployed from your facilities, how have you ensured the delivery of safe patient care at the military medical facilities here at home?

Answer. To ensure we have had adequate numbers and mix of providers, we have taken the following measures to ensure acceptable staffing plans. We have initiated regional cross leveling of staff to ensure appropriate distribution of staff to provide care and meet patient demand and used internal management decisions by commanders such as decreasing the number of beds available for care, and in some instances, decreasing number of surgical cases performed. In addition, we have combined patient care units, used creative scheduling to ensure appropriate staffing coverage, increased use of contract nurses, requested and received reserve backfill up to the 50 percent authorized fill rate and invoked the local commander's consideration to send patients to the TRICARE network for care as needed. We will continue to use all appropriate staffing management tools to ensure that we meet the care needs of our beneficiary population.

DOCTORATE PROGRAM IN NURSING

Question. Fiscal year 2003, this Subcommittee appropriated funds to create a Nursing PhD program at the Uniformed Services University of the Health Sciences. Students will begin in the fall of 2003. How do you plan to use this PhD Program to educate your leaders and nurse researchers?

Answer. The Army Nurse Corps has 33 validated Army Nurse Corps prepared positions with a current inventory of 26 Active Duty nurses holding Doctorate degrees. The Uniformed Services University of the Health Sciences (USUHS) PhD program will afford us additional diversity for our fully funded doctoral education program. In addition, this program will provide the unique focus on content that is out of the ordinary from civilian content and specific to the needs of the military. This year, we will send two Active Duty Army Nurse Corps officers to USUHS and in the future, will attempt to send 3–4 per year. We also plan to support attendance by Active Duty personnel on a part-time basis. We are exploring the options for attendance by Reserve personnel.

NURSING RESEARCH

Question. The Committee appropriated \$6,000,000 for the TRISERVICE Nursing Research Program and directed the Secretary of Defense to fully fund it in the fiscal year 2004 budget request. To my knowledge, there are no funds for this program in fiscal year 2004. Why was this not funded and what are the potential implications if this is not funded in future years?

Answer. Uniformed Services University of the Health Sciences (USUHS) has long been a strong supporter and proponent of nursing research and the TriService Nursing Research Program (TSNRP) and any decline in this program would have a negative effect on our pursuit of nursing research. In addition, TSNRP has historically been physically located at USUHS. We have learned that USUHS is exploring the development of a center focused on military health and research. If this concept is developed and approved, we feel that this may be an ideal conduit for research funding in the future. We have made contact with USUHS regarding the feasibility of identifying the funding through this option and will continue to explore all options regarding the feasibility of funding TSNRP via USUHS.

QUESTIONS SUBMITTED TO REAR ADMIRAL NANCY J. LESCOVAGE

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

RECRUITMENT AND RETENTION

Question. Recruitment within the services for all the Nurse Corps is better than the civilian market. There have been several tools to help with the recruitment effort including the accession bonus of \$5,000 for Nurses joining the services.

The greatest retention tool for all services has been the opportunity for advanced out-service education for a masters or doctorate degree. Other issues that have also positively affected retention are: challenging assignments, more leadership responsibility, and greater promotion opportunities.

Of the many tools for recruiting and retention, which tools have been most successful?

Answer. Our recruitment and retention efforts targeting active duty Navy Nurses have been successful through a blend of initiatives, such as:

- Diversified accession sources, which also include pipeline scholarship programs (Nurse Candidate Program, Naval Reserve Officer Training Corps, Medical Enlisted Commissioning Program, and Seaman to Admiral Program).
- Pay incentives (Nurse Accession Bonus, Certified Registered Nurse Anesthetist Incentive Special Pay, Board Certification Pay and Critical Skills Retention Bonus).
- Graduate education and training programs focus on Master's Programs, Doctoral Degrees, and fellowships. Between 72–80 officers/year receive full-time scholarships based on operational and nursing specialty requirements.
- Initiatives that enhance personal and professional quality of life, mentorship, leadership roles, promotion opportunities, operational opportunities, professional collegiality and full scope of practice.

Question. Do you think that a Loan Repayment Program would be helpful to recruit more nurses?

Answer. With the increasing number of competitive loan repayment programs for student graduates, a Loan Repayment Program with fiscal support will be helpful to recruit more nurses as the national nursing shortage worsens, particularly if the program has the flexibility to be used to repay either baccalaureate degree loans or master's degree loans for critically under manned specialties.

WAR'S EFFECT ON THE NURSE CORPS PLAN

Question. The number one retention tool is the opportunity for advanced education. The war could negatively affect the number of Nurses that will be available to begin out-service education opportunities in fiscal year 2004, thereby mitigating the effectiveness of this important retention tool.

How has the war in Iraq and deployments of personnel to the Middle East affected your overall out-service education plan for this year and next? For instance will you have to send fewer nurses to school for advanced degrees this year because of the numbers deployed?

Answer. Our Navy Nurses in outservice training have continued with their curriculum, unaffected by present deployments. We do not anticipate any delays in the release of our nurses from their present duty stations to begin their advanced education program this coming academic year.

Question. How will the continued deployments affect your staffing plans for the Medical Treatment Facilities?

Answer. Military and civilian nurses who remained at the homefront continue to be the backbone and structure in promoting, protecting and restoring the health of all entrusted to our care. In addition, key Reserve personnel in designated specialties are utilized at specific Military Treatment Facilities (MTFs). Ultimately, all MTFs do everything possible to conserve and best utilize the remaining medical department personnel through appropriate resource management practices and staffing plans (i.e. leave control, overtime compensation, streamlined hiring practices). Through an active Patient Safety Program, our military, civil service and contract personnel are constantly monitoring the delivery of patient care. To insure consistent superior quality of services, we utilize evidence-based clinical practices with a customized population health approach across the entire health care team. To maintain TRICARE access standards, patients may be guided to the appropriate level of care through the Managed Care Support Contract Network resources, assisting them every step of the way. The TRICARE network is designed to support the military direct care system in times of sudden and major re-deployment of MTF staff.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

RECRUITING AND RETENTION

Question. In light of a national nursing shortage, please describe the status of your recruitment and retention efforts in the Nurse Corps for each of your services?

Answer. The Navy Nurse Corps continually strives to be recognized as an employer of choice. National shortage projections and civilian compensation packages are very closely monitored to determine the best course to take in the competitive market. Our recruitment and retention efforts targeting active duty Navy Nurses have been successful through a blend of initiatives such as:

- Diversified accession sources, which include pipeline scholarship programs such as the Nurse Candidate Program, Naval Reserve Officer Training Corps (NROTC), Medical Enlisted Commissioning Program, and Seaman to Admiral Program.
- Pay incentives including the Nurse Accession Bonus, Certified Registered Nurse Anesthetist (CRNA) Incentive Special Pay, Board Certification Pay and the one-time Critical Skills Retention Bonus.
- Graduate education and training programs that focus on Master's Programs, Doctoral Degrees, and postgraduate fellowships. Between 72–80 officers/year receive full-time scholarships based on operational and nursing specialty requirements.
- Initiatives that enhance personal and professional quality of life including mentorship, leadership roles, promotion opportunities, operational opportunities, professional collegiality and full scope of practice.

Recruiting incentives for reservists include:

- The Nurse Accession Bonus (\$5,000) for critical wartime specialties.
- Loan repayment and stipend programs for graduate education.
- Several additional initiatives are under review with the Department.

MEDICAL TREATMENT FACILITIES

Question. With the numbers of nurses and medics/corpsmen deployed from your facilities, how have you ensured the delivery of safe patient care at the military medical facilities here at home?

Answer. Navy Medicine is committed to high quality, cost-effective and easily accessible primary and preventive health care services, such as our population health management programs through health promotion, disease management and case management. Military and civilian nurses who remained at the homefront continue to be the backbone and structure in promoting, protecting and restoring the health of all entrusted to our care. In addition, key Reserve personnel in designated specialties are utilized at specific Military Treatment Facilities (MTFs). Ultimately, all MTFs do everything possible to conserve and best utilize the remaining medical department personnel through appropriate resource management practices (i.e. leave control, overtime compensation, streamlined hiring practices). Through an active Patient Safety Program, our military, civil service and contract personnel are constantly monitoring the delivery of patient care. To insure consistent superior quality of services, we utilize evidence-based clinical practices with a customized population health approach across the entire health care team. To maintain TRICARE access standards, patients may be guided to the appropriate level of care through the Managed Care Support Contract Network resources, assisting them every step of the way. The TRICARE network is designed to support the military direct care system in times of sudden and major re-deployment of MTF staff.

DOCTORATE PROGRAM IN NURSING

Question. In fiscal year 2003, this Subcommittee appropriated funds to create a Nursing PhD program at the Uniformed Services University of the Health Sciences. Students will begin in the fall of 2003. How do you plan to use this PhD Program to educate your leaders and nurse researchers?

Answer. Navy Nurse Corps participation in civilian PhD programs has resulted in a community of nurses with an in-depth knowledge of clinical specialty practice, leadership, organizational behavior, health policy, education, and/or scientific research. Historically, only two or three PhD candidates are trained annually, one of which is required to support the Navy Nurse Corps Anesthesia Program. When the PhD program is offered at the Uniformed Services University of Health Sciences, Navy Nurses will be strongly encouraged to apply. We anticipate that one will be selected annually to attend USUHS and adjusted accordingly, based on needs. In our vision, nurse researchers will take on the most senior executive positions to create health policies and delivery systems. Their valued experience will be critical to

advance and disseminate scientific knowledge, foster nursing excellence, and improve clinical outcomes across Navy Medicine and Federal agencies. As role models, they will instruct military and civilian nurses in the accomplishment and utilization of nursing research.

NURSING RESEARCH

Question. The Committee appropriated \$6,000,000 for the TRISERVICE Nursing Research Program and directed the Secretary of Defense to fully fund it in the fiscal year 2004 budget request. To my knowledge, there are no funds for this program in fiscal year 2004. Why was this not funded and what are the potential implications if this is not funded in future years?

Answer. The TriService Nursing Research Office, through their component organization, Uniformed Services University of Health Sciences, submitted a request for a fully funded program budget of \$30 million beginning in fiscal year 2004 to fiscal year 2009. Since the first budget request submission in 1994, Health Affairs determined that the fiscal support requirements of other competing programs superceded this request. Health Affairs has not released any fiscal year 2004 funding, however we continue to work within the system to stress the importance of TriService Nursing Research. Through your support of TriService Nursing Research Program (TSNRP) funding, Navy Nurses have expanded the breadth and depth of our research portfolio, increased military nursing research capacity, developed partnerships for collaborative research and built an infrastructure to stimulate and support military nursing research. TSNRP-funded research has been conducted at our three major medical centers, our two Recruit Training Centers, several Naval Hospitals, onboard more than six aircraft carriers and collaboratively with our uniformed colleagues and more than thirteen universities across the country. In addition, our Navy nursing research has been published in numerous professional journals. Without TSNRP funding, the contractual management of 58 current active ongoing research grants will cease. Some open studies may require additional dollars, which would no longer be available. Promising new evidence-based practice initiatives to current and emergency military health care delivery and services will be discontinued. Past and current findings to affect change will be not systematically disseminated and military nursing science will only be a dream.

QUESTIONS SUBMITTED BY BRIGADIER GENERAL BARBARA BRANNON

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

RECRUITMENT AND RETENTION

Question. Recruitment within the services for all the Nurse Corps is better than the civilian market. There have been several tools to help with the recruitment effort including the accession bonus of \$5,000 for Nurses joining the services.

The greatest retention tool for all services has been the opportunity for advanced out-service education for a masters or doctorate degree. Other issues that have also positively affected retention are: challenging assignments, more leadership responsibility, and greater promotion opportunities.

Question. Of the many tools for recruiting and retention, which tools have been most successful?

Answer. Although the Air Force has many excellent recruiting tools, we cannot yet claim to be better than—or to have reached parity with—the recruitment capabilities of our civilian counterparts. However, each tool currently at our disposal has proven to be essential building a strong Air Force nursing force—a force with the right numbers and the right clinical experience and skills.

We believe the General Accession Bonus and Health Professions Loan Repayment Programs are our most successful recruiting tools. The civilian market is flooded with incentives to capture the best nurses, and our incentive programs offer us the opportunity to compete for this scarce pool. As the nursing shortage grows we feel it is imperative that our recruiting tools remain competitive, and funding is crucial.

Health Professions Loan Repayment Program (HPLRP).—Based on the success of HPLRP as a retention tool last year, we have been able to offer up to \$26,000 in exchange for an additional 2-year obligation for new accessions. This is the first time we have offered loan repayment as a recruiting tool and will monitor its impact. HPLRP appears to be a positive incentive for recruitment, a random data pull of 22 new accessions showed 100 percent opted for loan repayment.

General Accession Bonus.—We currently offer a \$5,000 bonus for a four-year service obligation. We have the authority to offer up to \$30,000. The Health Affairs/

Services Special Pays Working Group is currently working the funding to increase this bonus.

The Critical Skills Retention Bonus was hugely successful and boosted retention 82 percent in the limited specialties targeted, the Certified Registered Nurse Anesthetist and Perioperative nurses. This year, 66 percent of CRNAs and 98 percent of Perioperative nurses accepted the bonus for a one-year obligation. Further application and funding would positively impact nurse retention.

The Health Professions Scholarship Program (HPSP) supports nursing, physician, biomedical science and dental education. We are aggressively seeking an increase in HPSP scholarships for nursing to boost recruiting in the Certified Registered Nurse Anesthetist specialty.

Critical Skills Accession Bonus (CSAB).—We have the authority to provide a CSAB to those specialties manned at less than 90 percent. The Air Force Nurse Corps has submitted packages through the appropriate channels on those specialties to be considered for this bonus. Initiative still pending.

Retention in the Air Force Nurse Corps appears to be healthy overall. We have several specialties that are below the 90 percent staffing threshold. They are: Certified Registered Nurse Anesthetists (CRNAs), Perinatal Nurses, Neonatal Intensive Care Nurses, Women's Health Nurse Practitioners, and Emergency Room Nurses.

One of the most successful retention tools targeting our Certified Registered Nurse Anesthetist is our Incentive Special Pay. We have the authority to offer up to \$50,000 on an annual basis for a one-year obligation. Currently we are funded to offer \$15,000 for those personnel who are unconstrained by school obligations and \$6,000 for those with school obligation. The Tri-Service Health Professions Incentive Pay Group is working to increase the funding by \$5,000 in fiscal year 2004 and then incrementally by \$5,000 until the desired retention is met. This program is instrumental in bridging the pay gap between civilian and military systems.

Health Professions Loan Repayment Program was offered to junior Nurse Corps officers with outstanding college debt. Results were outstanding, for fiscal year 2002, 241 nurses accepted up to \$25,000 for loan repayment in exchange for a 2-year service obligation.

Question. Do you think that a Loan Repayment Program would be helpful to recruit more nurses?

Answer. This year the Air Force Nurse Corps was able to offer loan repayment as an accession tool. This is the first time we have offered loan repayment as a recruiting tool and we will closely monitor its impact. Preliminary data indicates this will be a tremendous success. Technical challenges have limited our ability to fully implement this program and we are working hard to overcome the barriers. Loan repayment appears to be a powerful recruiting tool and we will engage to sustain this tool for the Air Force Nurse Corps.

WAR'S EFFECT ON THE NURSE CORPS PLAN

Question. The number one retention tool is the opportunity for advanced education. The war could negatively affect the number of Nurses that will be available to begin out-service education opportunities in fiscal year 2004, thereby mitigating the effectiveness of this important retention tool.

How has the war in Iraq and deployments of personnel to the Middle East affected your overall out-service education plan for this year and next? For instance will you have to send fewer nurses to school for advanced degrees this year because of the numbers deployed?

Answer. The Air Force Nurse Corps has made every effort to ensure the integrity of our advanced degree program starts. We have worked pre, during and post-deployment personnel actions to ensure all selected for programs will be able to start as requested. We will not change our requirements based on deployments or operations tempo as these programs are vital to retention and the enhancement of quality patient care. We will validate all future advanced education requirements through our usual Air Force processes and will stay the course to ensure system integrity.

Question. How will the continued deployments affect your staffing plans for the Medical Treatment Facilities?

Answer. The Air Force Nurse Corps could and did meet all of our deployment requirements. We sparingly applied stop-loss to three of our critical Air Force nursing specialties as an insurance policy against potential expanded deployments of a prolonged conflict for future requirements.

The Air Force Nurse Corps uses a variety of staffing options to avoid patient risk. We can employ reserve units, individual mobilization augmentees, manning assistance and contract personnel.

In addition, our facilities will continue to be staffed based on patient nurse staffing ratios advocated by National Specialty Organizations. If we cannot meet safe patient care standards we divert to civilian facilities, enroll patients to the civilian network or extend clinic hours. This was needed on a limited basis at some of our Air Force Medical Treatment Facilities.

The Air Expeditionary Forces (AEF) cycle continues to be crucial to maintaining not only deployment unit integrity, but also to planning patient care delivery. Most deployments include multiple personnel specialties from physicians and nurses to technicians. The advanced deployment projections of the AEF allows a facility to plan for manning assistance, service closures and/or contracting of personnel to fill voids. By this methodology we ensure safe patient care through planning.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

RECRUITING AND RETENTION

Question. In light of a national nursing shortage, please describe the status of your recruitment and retention efforts in the Nurse Corps for each of your services?

Answer. The programs initiated on a national level to address the nursing crisis are encouraging. Recruiting nurses will continue to be a huge challenge in the coming decade. Fiscal year 2002 was the fourth consecutive year the Air Force Nurse Corps failed to meet its recruiting goal. We recruited approximately 30 percent less than our recruiting goal and shortfall has remained relatively consistent since fiscal year 1999. Our fiscal year 2003 recruiting goal is 363 and as of March 2003, we had recruited 120 nurses.

We believe the General Accession Bonus and Health Professions Loan Repayment Programs are critical to healthy recruiting. The civilian market is flooded with incentives to capture the best nurses and our incentive programs offer us the opportunity to be competitive for this scarce pool. As the nursing shortage grows we feel it is imperative that our recruiting tools remain competitive and funding is crucial.

Health Professions Loan Repayment Program (HPLRP).—Based on the success of HPLRP as a retention tool we have been able to offer up to \$26,000 in exchange for an additional 2-year obligation for new accessions. This is the first time we have offered loan repayment as a recruiting tool and will monitor its impact. We received the funding to start this program in January 2003 and we are working the loan reimbursement constraints. HPLRP appears to be a positive incentive for recruitment, a random data pull of 22 new accessions showed 100 percent opted for loan repayment. Full accounting will be available once all the loan repayments have been made.

General Accession Bonus.—Currently offering a \$5,000 bonus for a four-year service obligation. We have the authority to offer up to \$30,000.

The Critical Skills Retention Bonus was hugely successful and boosted retention 82 percent in the limited specialties targeted, the Certified Registered Nurse Anesthetist (CRNA) and Perioperative nurses. This year, 66 percent of CRNAs and 98 percent of Perioperative nurses accepted the bonus for a one-year obligation. Further application and funding would positively impact nurse retention.

The Health Professions Scholarship Program (HPSP) supports nursing, physician, biomedical science and dental education. We are aggressively seeking an increase in our HPSP scholarships for nursing to boost recruiting in the CRNA specialty. The program covers tuition costs and provides a monthly stipend.

Critical Skills Accession Bonus (CSAB).—We have the authority to provide a CSAB to those specialties manned at less than 90 percent.

Retention in the Air Force Nurse Corps appears to be healthy overall. We have several specialties that are below the 90 percent staffing threshold. They are: CRNAs, Perinatal Nurses, Neonatal Intensive Care Nurses, Women's Health Nurse Practitioners, and Emergency Room Nurses.

One of the most successful retention tools targeting our Certified Registered Nurse Anesthetist is our Incentive Special Pay. We have the authority to offer up to \$50,000 on an annual basis for a one-year obligation. Currently we are funded to offer \$15,000 for those personnel who are unconstrained by school obligations and \$6,000 for those with school obligation. The Tri-Service Health Professions Incentive Pay Group is working to increase the funding by \$5,000 in fiscal year 2004 and then incrementally by \$5,000 until the desired retention is met. This program is instrumental in bridging the pay gap between civilian and military systems.

Health Professions Loan Repayment Program was offered to junior Nurse Corps officers with outstanding college debt. Results were outstanding for fiscal year 2002,

241 nurses accepted up to \$25,000 for loan repayment in exchange for a 2-year service obligation.

MEDICAL TREATMENT FACILITIES

Question. With the numbers of nurses and medics/corpsmen deployed from your facilities, how have you ensured the delivery of safe patient care at the military medical facilities here at home?

Answer. Patient safety remains the central focus of our health care delivery. Our staffing models support healthy patient staff ratios which will not be breached. The Air Force Nurse Corps endorses and supports the standards of practice outlined by nursing specialties or organizations. These standards guide nursing practice and provide the Chief Nurse Executives at our medical treatment facilities the framework for safe care delivery.

We have many tools available to support safe nursing practice. We divert patients to other civilian facilities if patient acuity is higher than the nurse staffing can support. The decision for diversion is a collaborative decision between all healthcare disciplines. Nursing plays a dual role in the diversion option; they are the advocate for patients and staff ensuring neither is placed at risk.

Air Force facilities have embarked on a robust Patient Safety Program that prevents patient harm. The focus of this program is preventive in nature, putting into place the procedures and processes to keep healthcare delivery safe and patients and staff members free from harm.

We have employed the Managed Care Support Contracts and local contracts to fill the gap when deployments have taken their toll on staffing. Air Force Reserve personnel have also been mobilized to fill critical shortfalls.

DOCTORATE PROGRAM IN NURSING

Question. In fiscal year 2003, this Subcommittee appropriated funds to create a Nursing PhD program at the Uniformed Services University of the Health Sciences. Students will begin in the fall of 2003. How do you plan to use this PhD Program to educate your leaders and nurse researchers?

Answer. Each year the Air Force sends nurses back to school for doctorate education in Nursing. Currently there are a total of 20 PhDs in the Air Force Nurse Corps.

The Air Force will request two nurse corps doctoral requirements at the Integrated Forecast Board in June 2003, which is the process the Air Force uses to validate educational requirements. Both of the officers will attend the doctoral program at the Uniformed Services University of the Health Sciences. This program prepares leaders skilled in military-specific health care issues, preparing graduates to conduct research and take leadership roles in federal and military policy development. This program is integral to provide experts who are uniquely qualified in issues specific to the Department of Defense and orchestrates research supporting evidenced-based nursing practice that positively impacts patient outcomes in peacetime and wartime.

NURSING RESEARCH

Question. The Committee appropriated \$6,000,000 for the TRISERVICE Nursing Research Program and directed the Secretary of Defense to fully fund it in the fiscal year 2004 budget request. To my knowledge, there are no funds for this program in fiscal year 2004. Why was this not funded and what are the potential implications if this is not funded in future years?

Answer. Uniformed Services University of the Health Sciences (USUHS) has long been a strong supporter and proponent of nursing research and the TriService Nursing Research Program (TSNRP) and any decline in this program would have a negative effect on our pursuit of nursing research. In addition, TSNRP has historically been physically located at USUHS. We have learned that USUHS is exploring the development of a center focused on military health and research. If this concept is developed and approved, we feel that this may be an ideal conduit for research funding in the future. We have made contact with USUHS regarding the feasibility of identifying the funding through this option and will continue to explore all options regarding the feasibility of funding TSNRP via USUHS.

SUBCOMMITTEE RECESS

Senator INOUE. And I thank all of you for your testimony this morning and the subcommittee will reconvene next Wednesday,

May 7 when we will hear from the chiefs of the National Guard and Reserve components. We will stand in recess.

[Whereupon, at 12:35 p.m., Wednesday, April 30, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, May 7.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2004

WEDNESDAY, MAY 7, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:20 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Cochran, Domenici, Hutchison, Burns, Inouye, Leahy, and Dorgan.

DEPARTMENT OF DEFENSE

NATIONAL GUARD

STATEMENTS OF:

**LIEUTENANT GENERAL H. STEVEN BLUM, ARMY NATIONAL
GUARD, CHIEF, NATIONAL GUARD BUREAU**
**LIEUTENANT GENERAL ROGER C. SCHULTZ, DIRECTOR, ARMY NA-
TIONAL GUARD**
**LIEUTENANT GENERAL DANIEL JAMES III, DIRECTOR, AIR NA-
TIONAL GUARD**

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. We welcome you, General, all of you who are Generals. I'll tell you one of the reasons I'm late, I just had a little demonstration session up on the ninth floor with the Special Operations and Logistics Center. It is extremely interesting. They have brought to show to us here in the Senate a whole series of devices that were really created in demand to situations that developed in Iraq, and it's just a wonderful, wonderful demonstration of the ingenuity of American service people.

They've just adapted to the need and developed even a device to go down into a well. They saw the problem and devised an answer, and produced a result in 4 hours. Now, they can look right down at the bottom of the wells and see if they've hidden anything down at the bottom—very interesting. I was on the phone telling other Senators to get up there and see it before they move it. They're not going to be there very long.

Senator DORGAN. How long are they going to be there?

Senator STEVENS. 10:30.

General, we welcome you to our hearing, and I thank you for stopping by to visit with us yesterday. We've got two panels scheduled today. First, we're going to hear from the National Guard leadership followed by the leaders of the four Reserve forces. On

our first panel, obviously, Lieutenant General Steven Blum, the Chief of the National Guard Bureau, Lieutenant General Roger Schultz, Director of the Army National Guard, and Lieutenant General Daniel James, Director of the Air National Guard.

General Blum, General James, we welcome you to your first hearing before this subcommittee and look forward to working with you throughout your assignments, and General Schultz, it's nice to have you back with us today.

Let me yield to my friend from Hawaii, our co-chairman, and see if he has any comments to make.

Senator INOUE. Mr. Chairman, I thank you very much. First I want to commend you on that show on the ninth floor. It's something that all of us should see, and I wish to join you in welcoming all of the Generals this morning, General Schultz, General Blum, and General James.

May I request that my full statement be made part of the record? Unfortunately, at quarter to 11:00, Mr. Chairman, I will have to leave. I have to get to our favorite place, Walter Reed, for a function.

[The statement follows:]

PREPARED STATEMENT OF SENATOR DANIEL K. INOUE

Mr. Chairman, I want to join you in welcoming our witnesses today, General Blum, General Schultz, and General James of the National Guard who will be followed by General Helmly, Admiral Totushek, General McCarthy, and General Sherrad of the Reserves.

Since September 11th, our Guard and Reserve personnel have been called up at unprecedented rates. They have performed their service in almost every aspect of homeland security and the global war on terrorism. Once again, they have reinforced their integral role in our military.

As a result of the increased activations and deployments, many concerns have arisen on the strain placed on our Guard and Reserve and their families. One must not forget that our Guard and Reserve not only leave their families in most cases but must take leave from their jobs as well. This can cause undo strain on both employers and family finances. Our Guard and Reserve also cover a wide professional spectrum outside the military, including first responders, medical specialists, and engineers. These professions, and many others, are crucial for both civilian and military and their activations create an additional burden on our states and localities. We hope to address some of those issues during today's hearing.

We will also want to focus on the Administration's fiscal year 2004 Budget proposal that merges the Military Personnel Accounts of Active, Guard, and Reserve. As you can imagine, this proposal is being met with some resistance on Capitol Hill and I assume among yourselves as well. As I understand it, this is the first of many account mergers that are headed our way in future budget requests and we would like to begin the discussion today.

This committee also continues to be concerned over the longstanding issues of procuring weapons and equipment for our Guard and Reserve.

Mr. Chairman, I thank you for holding this hearing and look forward to hearing the testimony of our witnesses.

Senator STEVENS. I will be pleased to yield to you, Senator. Does any other Senator have an opening statement?

Senator COCHRAN. Mr. Chairman, I would just like to welcome our witnesses with you and Senator Inouye and commend them for the leadership they have given in this time of real test for the men and women who serve in the National Guard. It's been very impressive. They've been involved in every respect of the national defense, from combat to rear guard operations, and they've achieved conspicuous success, and we appreciate very much your leadership.

Senator STEVENS. Senator, do you have any opening statement?

Senator DORGAN. Mr. Chairman, just to echo your thanks to the Guard and Reserve. In North Dakota, over a third of the members of our Guard and Reserve have been deployed, and I want to ask some questions about that, but I'm enormously proud of our citizens soldiers and what they have done for this country, and thank you for appearing today.

Senator STEVENS. Senator Domenici. Happy birthday, Senator Domenici.

Senator DOMENICI. Well, thank you so much.

Senator STEVENS. Senator Burns, do you have any comments to make?

Senator BURNS. I have a statement, Mr. Chairman. Thank you for this hearing, and I'll submit it and look forward to hearing from the witnesses.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Thank you, Mr. Chairman. I would like to thank all of you for being here today to discuss the status of your respective National Guard and Reserve Components. I know you are all—as so many are—incredibly busy, considering the current situation around the world.

The men and women of the Guard and Reserve have seen an increased operations tempo over the past few years and have been pitching in, working with the Active Component on a more regular basis. This increased optempo does not, however, come with out costs. Short lead times for call-ups, coupled with uncertain or lengthy periods of service can make life very difficult. Employers and communities and families have been incredibly understanding and supportive of these men and women in our volunteer service. However, one can only be supportive and understanding for so long. The difference between military and civilian pay can cause undue stress on families. The loss of one or two employees is a big deal to a small business. In Montana, specifically, where business is small business, some business owners, despite how supportive they have been, have been pushed to the line and are having a real difficult time making ends meet. I know you are all aware of this and are working towards solutions.

Our Guardsmen and Reservists have performed nobly in the latest missions with which they have been tasked—the Global War on Terrorism and Operation Iraqi Freedom. Both the Guard and Reserve are extremely skilled, capable forces, responding to various missions across this nation and across the world. They continue to play very important, but somewhat diverse roles in the protecting our homeland and warfighting operations overseas. This further lends credence to the flexibility, adaptability and rapid reaction of this force.

Ensuring that our Guard and Reserve Components have the proper training, equipment and facilities necessary to carry out their duties is essential. I pledge to do what I can to make sure that our Guardsmen and Reservists have the support they need to get the job done.

Again, I thank all of you for being here today. I look forward to hearing the testimony today and listening to the discussion that takes place this morning.

Thank you.

Senator STEVENS. Senator Domenici.

Senator DOMENICI. I have no statement, but I do want to take this occasion to join with all of you in thanking the National Guard and the Reserve for their great service, and particularly those from New Mexico. New Mexico is having a very, very large contingency at every level. They've done a marvelous job, and we thank you for the leadership you provide for them. Thank you.

Senator STEVENS. It's a pleasure to serve in this committee with such a young man, Senator.

Senator DOMENICI. That's correct. Am I the youngest, looking around? Oh, no, you must be slightly—no. No.

Senator STEVENS. General, I remarked to General Blum yesterday that we've just witnessed the real absolute success in Senator Stennis' policy with regard, which really ultimately led to the total force concept, but when he initiated a concept of trying to get the Guard and Reserve really into active duty formations and have their training with the active duty formations in Europe. I think he started something that we will live with for the rest of our military service people. The concept of total integration, as Senator Burns has said, has just absolutely been demonstrated in Iraq, so we welcome you, and we welcome your statement.

We will put all of your statements in the record in full, and make such statements as you wish. General Blum.

General BLUM. Mr. Chairman, members of the committee, good morning. Thank you for allowing us this opportunity to address you this morning on what we consider to be a national treasure, the National Guard of the United States, and you're all very correct, each and every one of the States that you represent and every State in our Union and our four territories has soldiers right now in 84 countries around the world prosecuting the global war on terrorism and defending our homeland simultaneously, and we have not dropped a single mission in order to do that, and we still have a fairly robust capability available to the Governors to respond for State emergencies, as you have seen happening, unfortunately in the last few days.

On a personal note, I'd like to thank each and every one of you for your solid strong support of my nomination. I intend to lead the National Guard Bureau in a manner that will fully justify your confidence in that nomination and the confidence that you have placed in me. I think the National Guard has assembled a superb leadership team, with Lieutenant General Roger Schultz and Lieutenant General Danny James who will ably assist me. With their vast experience and wide and varying backgrounds I think we have put together a leadership team that will deliver to this Nation the kind of defense and security that they have come to expect from our Army and Air National Guard.

We will also fulfill our obligation as a channel of communications between the Secretaries and the Services in the several States of the United States, the Governors and their Adjutants General.

We will be one National Guard Bureau. We will be unified in our effort. We will be agents of change. We're very proud of our past, but we're more interested in our future, and we need to make sure that the National Guard of the United States is ready to provide the kind of security to our Nation and its citizens for future generations that past generations and the present generation has come to accept as a standard of excellence, so toward that end we will have the following priorities.

First and foremost, it has always been and is today and will always be our number one priority to defend the homeland of the United States of America. It is our oldest mission, but with today's realities and new emerging threats it takes on even a more significant meaning than it did only 2 years ago. We will at the same time support the global war on terrorism, which we view as an extension of homeland defense.

We see it as an away game on defending our homeland. We will take the fight to the enemy anywhere in the world, and we would hope that we could keep that off of the homeland of the United States of America, and in order to do these things, we're going to have to change and transform the National Guard Bureau, the headquarters of the National Guard in the various several States, and some of the units and functions and organizations will need some rebalancing and revisiting so that we are not curators of the historical reenactment group but prepared for current threats and future threats that may face our Nation.

PREPARED STATEMENT

Both General Schultz and General James will now offer some brief comments, after which we would welcome your questions, but I want to take this last opportunity now to thank you once again for the magnificent opportunity to appear before this committee.

Thank you.

[The statement follows:]

JOINT PREPARED STATEMENT OF LIEUTENANT GENERAL H. STEVEN BLUM, LIEUTENANT GENERAL ROGER C. SCHULTZ, AND LIEUTENANT GENERAL DANIEL JAMES III

Mr. Chairman and distinguished members of the Committee, thank you for the opportunity to come before you today to discuss your National Guard. Your continued support and trust have been instrumental in making the National Guard what it is today—a highly capable force, responsive to a myriad of homeland security missions as well as warfighting operations overseas.

Since the first muster of three militia regiments in Salem, Massachusetts, December 13th, 1636, the National Guard has protected America at home and abroad. Nearly every generation in American history can attest to the significant contribution citizen-soldiers and airmen have made in defense of our freedoms and way of life. Long before September 11th, 2001, the National Guard, both at home and abroad, had served this nation at unparalleled levels. In the recent past, the National Guard contributed substantial forces, equipment and personnel to critical stabilization forces in Bosnia and Kosovo; peacekeeping forces in the Sinai; no-fly zone enforcement in Southwest Asia; State-to-State partnerships; domestic emergencies; humanitarian operations; and numerous contingency operations across the world.

The National Guard's number 1 priority is the security and defense of our homeland. For the past 366 years, the National Guard has been actively engaged in this endeavor, which has solidified our roots. We lead Department of Defense efforts in providing force protection, critical infrastructure protection, border security, missile defense, intelligence, Weapons of Mass Destruction civil support, communications support, as well as medical, and air sovereignty capabilities to homeland security. The National Guard is present for duty—bringing great skills, talent and capabilities to bear in an increasingly dangerous world. Our presence in more than 2,700 communities throughout the United States and its territories serves to connect the American people to their fighting forces.

As the Department of Defense works to define its role in providing homeland security, the National Guard will play a key role because of our inherent and unique capability to cultivate better federal/state relationships. In nearly every conceivable scenario, local National Guard units—under the control of State Governors and Adjutants General—will be the first military responders on the scene. The statutory role of the National Guard Bureau is to be the channel of communication between the Army and the Air Force and the National Guard of the several states. Recently, we have coordinated with the Combatant Commander of U.S. Northern Command to perform that same role between NORTHCOM and the states. As part of this arrangement, the National Guard Bureau provides situational awareness on state-commanded National Guard operations to General Eberhart to augment his ability to effectively plan for and manage his command's diverse missions. Having previously served as Chief of Staff to NORTHCOM and NORAD, I witnessed the need for and value of this relationship.

The National Guard's second priority is to support the Global War on Terrorism here and abroad. On September 11th, 2001, while already heavily engaged in other

mission areas, numerous National Guard troops responded to our local, state and national needs. Citizen soldiers and airmen dropped everything and ran to the defense of our nation and communities—many were on the scene literally within minutes. Since then, over 131,000 others have been mobilized to support the front lines of the Global War on Terrorism at home and abroad. This is in addition to the nearly 35,000 Active Guard Reserve members whose already-heavy workload grew significantly as well. Today's National Guard deploys citizen-soldiers and airmen worldwide to dangerous and complex places in 84 countries to include Afghanistan and Iraq to conduct combat operations in the Global War on Terrorism.

Wherever this anti-terrorist warfight goes—the National Guard will go with it—alongside our joint partners in the Active and other Reserve Components. The National Guard has the will and the fighting spirit, however we need sustaining resources for both our people and equipment. This includes simplified and standardized benefits for all National Guard and reserve members, regardless of the status in which they serve their country.

Over the last 18 months, American leaders have come to appreciate fully the adaptability and ability to react quickly provided by the National Guard's three different duty statuses—State Active Duty as the state militia; the federal-funded and state-executed operations under Title 32 as the National Guard of the several states; and the federal role as the National Guard of the United States in Title 10 status. This flexibility should be protected and well-resourced at all times. In addition, many discovered that while Partial Mobilization authority is critical at times of great need, the use of volunteerism in combination with the necessary Partial Mobilization authority gives National Guard commanders the proper tools and flexibility to ensure sustained and ready forces over the longer term.

Still, many of the issues that surfaced following mobilization of National Guard personnel for Operations Noble Eagle and Enduring Freedom revolved around the disparity of benefits associated with different service statuses. Those mobilized under USC Title 10 could claim protection under the Soldiers and Sailors Civil Relief Act, while those serving under USC Title 32 could not.

Many factors influence the abilities of our forces to meet today's increasing demands. Certainly, the level of full-time manning available to the Army National Guard has been a readiness factor for years. Now more than ever, the Air National Guard depends on its full-time force as well to sustain growing air sovereignty alert, force protection, and command and control requirements. Full-time management has always been a critical factor in how we deal with logistics, administration and training, and their impact on readiness, and includes the ability to support traditional forces that contribute at extraordinary rates and in new mission areas.

Infrastructure and facilities are increasingly important. Many National Guard facilities are well past their useful life. Inadequate facilities impact both the training and quality of life of soldiers and airmen, as well as drain valuable resources. Our facilities have to be able to support the developing roles and missions of increased National Guard participation in both homeland security and global contingencies. Infrastructure also includes the tremendous information technology capabilities distributed across the 54 states and territories. This technology is both a current and future warfare enabler—both at home and abroad.

America insists on a relevant, reliable and ready force that is transformed for the 21st Century. Consequently, Transformation, the National Guard's third priority, is necessary to achieve our first two objectives. National leaders have consistently gone on record stating that America cannot go to war without the National Guard. History demonstrates repeatedly, the sage wisdom, and indeed democratic necessity, of including the National Guard in America's warfighting efforts. The National Guard, like no other military entity, ensures the American will and support for military action.

"When you call up the National Guard, you call up all of America." The future in this regard will not be different. National Guard members must be prepared to fight in new combat environments that include high-technology equipment and complex weapon systems. As major contributors to the force structure and capability of the U.S. Army and U.S. Air Force, the National Guard must not be left behind. From the outset and throughout the process, we must be a full and integral part of any plan to transform our military Services.

Now, more than ever, the Army and Air National Guard are critical components of the Total Force and employed in a much different manner than just 15 years ago. Current Operational Tempos are placing wear and tear on our equipment at a much greater pace than planned. Legacy systems that cannot be replaced must be recapitalized to preserve combat capability and retain mission relevance. Life extension programs, re-engining, and modern targeting systems are a few examples of the improvements that continue to be needed to maintain our superior force. It is nec-

essary that the National Guard be a full partner within all Services' modernization plans. This will allow the National Guard to provide the modern joint forces needed by the Combatant Commanders to fight and win America's wars.

The National Guard is strong, our personnel ready, and our missions crucial for the security of America, her interests and her people. Around the world, both Army and Air National Guard commanders have stepped up to the challenge, accepting leadership positions which have allowed them to interact not only with other Service components, but the international community as well. Having commanded multi-national peacekeeping coalition forces in Bosnia, I can personally attest to the full spectrum capabilities National Guard forces bring to a theater. As Chief of Staff to NORTHCOM and NORAD, I saw firsthand that both of these commands cannot perform their missions without the National Guard. Our troops have contributed to and learned from the "jointness" of these environments. This experience will allow National Guardsmen in the future to further leverage their unique core competencies when fighting alongside other Services and our allies.

Whether at home or abroad, securing the safety of Americans through homeland security functions or fighting the Global War on Terrorism are inherent responsibilities of the National Guard. With proper resourcing of both people and equipment, the Guard will always be there when the nation calls. As Former Congressman Sonny Montgomery has repeatedly said, "This nation would be nearly paralyzed by various crises if the Guard did not exist." Thankfully the Guard does exist and will be even better prepared to respond to future threats with the proper support and direction. National security is a team effort. We are proud to be part of that team. Together we must lead our National Guard forward with determination and vision. We must orchestrate a future for the National Guard that combines modern and effective resources, relevant and comparable mission profiles, an enthusiasm to adapt to changing environments, and the unique spirit and patriotism of the National Guard citizen-soldier and airman.

Army National Guard

We have a non-negotiable contract with the American people to win our nation's wars and are entrusted with their most precious assets, America's sons and daughters. These sons and daughters are proud and patriotic members of the Army National Guard family.

The Army National Guard plays a crucial role in providing security to the nation, the nation's citizens, and the interests of the country overseas. We fulfill our role in the National Military Strategy by supporting combatant commanders and conducting exercises around the world. Within our borders, Guard soldiers continue to provide assistance to victims of disaster and protection from our enemies. Our soldiers always stand ready to support the United States and its citizens whenever and wherever they are needed.

From September 2001 to September 2002, the Army National Guard alerted and mobilized more than 32,000 soldiers throughout the country and around the world, fighting the Global War on Terrorism and defending freedom with our engagement in numerous operations. Operation Noble Eagle has mobilized in excess of 16,000 soldiers from 36 States and Territories to provide force protection at various Department of Defense facilities and at our nation's borders. Operation Enduring Freedom has mobilized about 16,100 soldiers from 29 States and Territories to support the Global War on Terrorism in Southwest Asia through the U.S. Central Command area of operations. Army National Guard soldiers are also involved in other peacekeeping operations throughout the world. The Global War on Terrorism, homeland security, and Peacekeeping are expensive undertakings for the country. It is critical that the U.S. armed forces receive the required funding and intelligently utilize those resources throughout what is expected to be a protracted war.

Beyond the war effort, the Army Guard is fully integrated in the Army's transformation. The Objective Force for 2015 will incorporate the Army National Guard as part of a seamless joint, interagency, and multi-national team in support of rapid deployment and operations against a range of threats, including homeland security and the maintenance of a strategic reserve for extended campaigns and multiple engagements.

The nation asks a great deal of the Army National Guard soldiers, and it is our responsibility to ensure that these citizen-soldiers are equipped with the best possible training, the most current aircraft and vehicles, and the most lethal weapon systems.

Army National Guard soldiers, most of whom have successful civilian careers, sacrifice their normal lifestyle in an effort to preserve democracy and freedom in the nation and the world. Family members of our troops provide us with great support and thus help us maintain unit readiness and strength. Employers of these patriotic

soldiers are now being asked to sustain a much greater level of employee absence due to an increased rate of deployment. Our nation owes a debt of gratitude to the soldiers themselves, but no less gratitude is due our families and our employers who allow us to accomplish our missions. Our ability to be ready when called upon by the American people is, and will always be, our top priority and our bottom line.

Readiness

Full-Time Support

Recent events, including fighting the Global War on Terrorism, underscore the vital role Full-Time Support personnel have in preparing Army National Guard units for a multitude of missions both in the homeland and abroad. Full-Time Support is a critical component for achieving unit-level readiness during this period in the nation's history. To meet readiness requirements, the Chief, National Guard Bureau, in concert with the State Adjutants General, has placed increasing Full-Time Support authorizations as the number-one priority for the Army National Guard. Those full-time Guard members are responsible for organizing, administering, instructing, training, and recruiting new personnel, as well as the maintenance of supplies, equipment, and aircraft. Full-Time Support personnel are critical links to the integration of the Army's components.

The Department of the Army validated total and minimum Full-Time Support levels for the Reserve Components in fiscal year 2000 and determined the minimum level should be attained as quickly as possible. The Army, Army National Guard, and United States Army Reserve cooperatively developed an incremental ramping method for achieving minimum Reserve Component Full-Time Support levels by fiscal year 2012. The Army National Guard minimum support level end-state is reflected in the "DA High-Risk Requirement". The Full-Time Support end-state provides 71 percent of the resources required. Congress has supported increases in authorizations and funding in fiscal years 2001, 2002, and 2003. The Army National Guard received 794 additional Active Guard and Reserve authorizations and 487 Military Technician authorizations above the fiscal year 2003 President's Budget; these increases were funded in fiscal year 2003.

While recent developments represent progress, the increase in missions for the Army National Guard has emerged, missions including the Global War on Terrorism and Homeland security that require a further increase in Full-Time Support personnel.

Recruiting and Retention

The United States cannot undertake any worldwide military contingency or operational effort without the National Guard. The events of September 11, 2001 have placed increased demands on the Army National Guard to recruit and retain a quality force of 350,000 soldiers. This force of officer and enlisted soldiers is vital to integrating sufficiently trained and equipped personnel and units for response to State or federal missions.

There is a correlation between the frequency of military deployments and the retention rates of Guard soldiers. This attrition of trained personnel, combined with the soft recruiting market, present new challenges for the Guard to sustain readiness levels.

Although the Army Guard historically recruits and retains a sufficient number of enlisted soldiers to achieve strength objectives, it is currently experiencing a shortage of junior officers. Incentive programs will continue to assist the Army National Guard in keeping readiness levels high in this time of war.

Accelerated Officer Candidate School Program

The Army National Guard initiated a very successful accelerated Officer Candidate School Program in 1996. This accelerated program cuts 11 months off the traditional course duration (eight weeks of full-time versus 13 months of part-time training). This is particularly beneficial to States experiencing large company-grade officer vacancies. Class sizes were increased to 200 students in 2001 and to 400 students in fiscal year 2002 to meet the forecasted training requirements submitted by the States. Moreover, an additional class was conducted beginning in January 2003 to support the current war effort. The Army National Guard will continue to grow the program to address the shortage of company-grade officers.

Initial Entry Training Management

The Chief of Staff of the Army has provided guidance to the Reserve Component to have at least 85 percent of assigned soldiers qualified in their duty specialties by fiscal year 2005. The Army National Guard fully intends to meet or exceed this goal. In the past, the Army National Guard has had difficulty getting the proper

Initial Entry Training quotas to meet the demands of the force. As a result, the Army National Guard has been lacking in qualified personnel in certain occupational specialties. These shortages affect its ability to mobilize and/or deploy.

In order to meet the quota goal, the Army National Guard has taken input from the Adjutants General and has developed a new Initial Entry Training management system. This system has refined the Army National Guard's ability to accurately forecast Initial Entry Training requirements. These forecasts will more closely match that necessary to meet Army National Guard readiness goals than previous methods.

The Army School System and Qualifying Army National Guard Soldiers

The Army School System is a multi-component organization of the United States Army Training and Doctrine Command, the Army National Guard, and the U.S. Army Reserve that has been organized to deliver Military Occupation Skills Qualification Reclassification, Noncommissioned Officer Education System, Officer Education System, and functional military courses. This system provides the National Guard with the means to train and retain quality soldiers and leaders who are so essential to rapidly and effectively responding to the federal mission or to missions of homeland security.

The Army National Guard has developed an In-Unit Training program that has enhanced the ability to produce a larger number of soldiers who have achieved Duty Military Occupational Skill Qualification. The Army National Guard has also provided Mobile Training Teams overseas to sustain the training of its soldiers who are deployed around the world. The Army Guard and Reserve instructional, training development, and budget management staffs are combining efforts to build a future United States Army Training and Doctrine Command that can deliver seamless training to standards as part of the institutional training within the Army.

The Army National Guard supports the initiative by the Army Deputy Chief of Staff for Personnel to hold selective retention boards that will allow selected captains and majors to be retained so that they may reach 20 years of active service. The Army National Guard also supports the Deputy Chief's initiative to select captains for promotion who do not possess a baccalaureate degree or military education certification. The actual promotion to the next higher grade will become effective once the individual completes the required civilian or military education.

Distributed Battle Simulation Program

The Army National Guard has structured the Distributed Battle Simulation Program to satisfy congressionally mandated requirements. Concerned with readiness and training issues, these mandates explore the processes of integrating training aids, devices, simulations, and simulators into live, virtual, and constructive training environments. The program focuses training on individual and crew qualification, platoon maneuver, and leader development/battle staff training at the level of organization. It provides technical support personnel and advisors to commanders at various levels to recommend "best practice" strategies and methodologies to provide objective feedback, continuity, and technical support. With the proper training, simulations, simulators, and advanced training technologies increase opportunities for soldiers and units to minimize post-mobilization training time required for combat units.

The challenge for the Army National Guard is to make maximum use of advanced technologies and simulations so as to develop mechanisms and processes that efficiently and effectively integrate and synchronize individual and collective training requirements.

Empirical data reveals that soldiers who have practiced on various gunnery and maneuver simulators have much higher gunnery qualification rates and conduct maneuvers at higher levels of readiness than soldiers who are not exposed to simulators. Further, after action reviews from both the National Training Center and war-fighter exercises reflect that the Armory Based Battle Staff Training units have increased synchronization and raised the competencies of commanders and staff at brigade and battalion levels.

The continued support for this successful program will ensure the readiness of the Guard in meeting future missions; live, virtual, and constructive training infrastructure; and training modernization.

Combat Training Centers

In fiscal year 2002, over 35,000 Guardsmen in 25 Army National Guard Combat units, including two Enhanced Separate Brigades and a host of support units, conducted war-fighting training at the National Training Center, Joint Readiness Training Center, and Battle Command Training Center. The training contributed to

enhanced unit readiness by allowing these units to execute their wartime combat, combat support, and combat service support missions in realistic wartime scenario.

Mobilization Issues

Mobilizing Active Guard Reserve Soldiers under Title 32

The Active Guard Reserve program is designed to ensure that the training and readiness of Army National Guard soldiers are maintained at a high level. These codes have very specific limits on how the Army or the States and Territories can utilize their Active Guard Reserve force in times of need.

The events of September 11, 2001 brought these limitations to the forefront. Under Title 32, Active Guard Reserve soldiers are not authorized to support State missions after 72 hours unless specific criteria are met, such as the imminent loss of life. The inability of State Governors and Adjutants General to utilize all of their full-time soldiers caused some significant organizational and leadership problems within affected formations.

Active Guard Reserve members are critical assets to the force, enabling units to rapidly respond to State emergencies and homeland security efforts.

Medical and Dental Readiness

Individual medical readiness of Army Guard soldiers has become a heightened priority since September 11, 2001. Individual medical readiness requirements include immunizations, dental, and medical screenings. The speed at which units deploy today places significant time constraints on the Guard to properly identify or correct medical or dental deficiencies at mobilization stations.

In October 2001, the Army National Guard initiated the Medical Protection System, an automated tracking system for medical and dental records. This system also tracks Physical Exam readiness data, as well as HIV and DNA readiness data on file at the Army and Department of Defense repositories; it is used at mobilization stations to verify Individual Medical readiness in the Mobilization Level Application Software. When fully implemented, the system will allow commanders and human resource managers to monitor individual medical readiness of their soldiers. Resources can then be directed where needed, and early decisions can be made regarding the readiness of individuals and units to be deployed.

It is important to understand that with very few exceptions, Army National Guard soldiers are not entitled to medical or dental care for pre-existing disorders, only for injury or illness incurred in the line of duty. Dental readiness is particularly problematic. Both Congress and Department of Defense have attempted to positively influence dental readiness, but the remedy is not yet available. Units are still arriving at mobilization stations with soldiers in need of dental care to bring them to deployment standards.

If the nation continues to utilize the Army National Guard and Army Reserve in support of the Global War on Terrorism, it must ensure that these Reserve Components maintain the same high level of medical readiness as the active component.

Current Operations

Force Protection

In fiscal year 2002, the Army National Guard provided soldiers for deployments in the continental United States and overseas. Almost 20,000 soldiers worked 1,490,000 mandays conducting force protection missions and executing border security missions at 83 sites owned by the Army Materiel Command; U.S. Army Training and Doctrine Command; U.S. Army Forces Command; Immigration and Naturalization Service; and U.S. Customs Service. The National Guard supported homeland security missions by guarding airports, nuclear power plants, domestic water supplies, bridges, and tunnels in support of the State Governors.

Contingency Operations

The Army National Guard has assumed the lead as the stabilizing force in the Balkans and in Southwest Asia. Six Army National Guard brigades and numerous battalions participated in rotations as part of the Multinational Force Observers in the Sinai, and in Southwest Asia, providing support to the Air Defense Artillery units in Kuwait and Saudi Arabia. The Army National Guard is scheduled to provide Division Headquarters and maneuver units to four of the next six rotations to Bosnia.

Partial Mobilization

During fiscal year 2002, the Army National Guard contributed tens of thousands of soldiers to support the Global War on Terrorism. By September 2002, over 20,000 soldiers were mobilized from within the Army Guard's ranks, and those numbers

are expected to continue to increase. These fine citizen-soldiers were deployed with very little post-mobilization training, yet stand ready to enforce the will of the United States.

Military Support to Civilian Authorities

Since September 11, 2001, Army National Guard soldiers have responded to 263 requests for emergency support for a total of 645,419 mandays. These soldiers provided security, logistics support, transportation, and family care centers. They worked in support of World Trade Center relief, the Winter Olympics, and security at American icons such as Mount Rushmore, the Boston Marathon, and the Super Bowl in Louisiana. Major wildfires involving 21 States and consuming over 6.6 million acres required 47,519 mandays of support. The Army National Guard provided aviation support with water-bucket drops, security, and command and control as needed. The Guard's soldiers supported flood recovery operations in Kentucky, West Virginia, Tennessee, and Texas for a total of 23,882 mandays.

Modern Infrastructure and Facilities

Army National Guard facilities are vital for the operations, preparation, and execution of emergency assistance and the Global War On Terrorism missions. Readiness centers, maintenance facilities, and training centers provide the citizen-soldier a base from which to train, maintain equipment, and mobilize at a moment's notice.

Most of the Army National Guard's existing infrastructure was built prior to 1990, with a very significant number being more than 50 years old. The Army National Guard has refined the method used to validate requirements for its aging facilities. This refinement has given the Army National Guard a much more accurate analysis of what is needed to maintain and improve the Guard's facilities. The validated requirement in fiscal year 2004 is approximately \$1.18 billion.

Military Construction

The Army National Guard's Military Construction, Sustainment, Restoration and Modernization and Facilities Base Operations programs support construction, maintenance and operations of Army National Guard facilities.

The programs provide facilities for Guard units and personnel to operate, prepare for, and execute required missions. The priority is to afford units with readiness, maintenance, and training facilities that enhance unit capability to effectively mobilize and deploy when called.

Military Construction funding in 2004 supports general facilities revitalization, the Army National Guard Division Redesign Study, planning and design for Range and Training Lands Program, Aviation Transformation, and the Stryker Brigade Combat Team. General facilities revitalization consists of restoration and modernization based on 67-year recapitalization of existing facilities for current missions and building out facilities to support existing missions. The Army Facilities Strategy is a component of Facilities Revitalization. The program supports readiness by providing standard facilities to support training of personnel and maintenance of equipment for existing and new missions.

The existing infrastructure is outdated and inadequate with many facilities unable to support current unit training or operational requirements. The ranges do not meet current standards and without adequate facilities, units cannot meet war fighting or homeland security readiness. At present, newly fielded vehicles are unable to fit into existing maintenance bays, and there is insufficient space to store equipment properly to ensure adequate operation.

The increased requirements for these programs have been staggering. Funding for Military Construction is on the increase, though not at the same level as requirements. The requirement increases 62 percent in fiscal year 2004 and reaches almost 107 percent for fiscal year 2009. The funding of Military Construction increases over 5 percent in fiscal year 2004 and reaches an increase of about 38 percent in fiscal year 2009.

The Military Construction funding ramp increases considerably over the next five years to address the Army National Guard's facilities shortfalls in quality and quantity. A significant portion of this ramp addresses the 56th Stryker Brigade Combat Team, Aviation Transformation, Army Range and Training Lands program, and Army National Guard Division Redesign. These transformational programs address the facilities needs of our transforming force structure. A full two-thirds of the Military Construction program addresses facilities revitalization from fiscal years 2007 through 2009.

The refinement of the Army National Guard real property inventory has increased the validated requirements for sustainment by an average of \$4 million per year for fiscal years 2004 through 2009. Funding for sustainment in fiscal year 2004 is approximately 93 percent of validated requirements as generated by the Department

of Defense Facilities Sustainment Model. Base Operations, requirements have increased significantly; however, funding has not increased at the same rate.

Environmental Programs

The Army National Guard Environmental Program is a world-class environmental management program; its core competency is "ensuring the sustainable use of Army National Guard training lands and facilities to enable essential training and support functions critical to operational mission accomplishment." Through National Guard pollution prevention, conservation, and restoration activities, the Army National Guard maintains compliance with environmental laws and regulations. The Army Guard also practices sound stewardship and promotes innovative ways to ensure compatible use of sustainable natural resources in its charge and military training lands to support national defense.

Within the past year, the Army National Guard has met statutory requirements to develop and begin implementation of Integrated Natural Resource Management Plans for 90 of the Army Guard's installations. The Army National Guard is aggressively continuing development of Integrated Cultural Resource Management Plans in a similar fashion, in addition to completing many precursor planning-level surveys, such as wetlands and forest inventories that fed the above major environmental management plans. The Army Guard's Environmental Compliance Assessment System program has innovative technology solutions to maintain the Guard's leadership role in this program.

There are approximately 42 listed threatened and endangered species on 36 Army National Guard training sites, and the Army National Guard has proven it can maintain compatible use. The Army National Guard has taken the lead in developing a comprehensive computer-based tool that will provide near real-time data on environmental resource sustainment factors at training centers. These facilities are critical to realistic unit and weapons training. The new electronic tool will be used to assess environmental vulnerabilities to ensure ranges and maneuver lands are available for training. This capability has great potential for pre-emptive rather than reactive environmental management.

Homeland Security

Ground-Based Midcourse Defense Program

The National Guard is playing a significant role in the defense against ballistic missile threat by organizing, manning, and deploying Ground-Based Midcourse Defense Units. The Army National Guard received approval to activate a Missile Defense Brigade, based on the results of the Total Army Analysis 2009. The Brigade Headquarters will be located in Colorado and the first Battalion will be located in Alaska. These organizations will serve as the cornerstone for the Ground-Based Midcourse Defense program.

The Missile Defense Agency, Ground-Based Midcourse Defense-Joint Program Office has agreed to provide pay and allowance for initial personnel required for this program in preparation for Initial Defensive Operations beginning in fiscal year 2004.

As critical as this mission component is to the national defense, it requires adequate full-time manning to achieve full operational capability. By offering the needed manpower to the Army Space Command and the Space and Missile Defense Command, the Army Guard will provide this primary land-based homeland security system.

Anti-Terrorism Force Protection

The Army National Guard's Anti-Terrorism Force Protection and physical security programs provide for security and protection of facilities, personnel, and equipment, as well as the monitoring and maintenance of intrusion detection systems that detect and assess threats at 397 critical sites. Intrusion systems, closed circuit television, and access control systems decrease the number of personnel needed to guard facilities as well as prevent personnel from exposure to potentially harmful situations. The security systems save on personnel costs: Fewer soldiers are needed to guard Department of Defense facilities, equipment, and property and are channeled instead into mission deployment or crisis management.

Guard Knowledge Management

The Guard Knowledge Management initiative and the Distributive Training Technology Project support the Army National Guard's ability to maintain and improve individual and unit readiness, the ability to mobilize, and quick, efficient deployment. Through the effective integration of information technology programs and implementation of Knowledge Management initiatives, the Army Guard is enhancing

its capability to identify, distribute, and access critical information that directly impacts the Army Guard's ability to meet readiness goals and mission objectives.

For example, the Army National Guard saves money and resources and heightens readiness by providing increased foreign language sustainment and enhancement training using distance-learning technologies. Courseware is being developed at several sites throughout the United States, including Iowa, Pennsylvania, Arizona, Arkansas, and New Jersey. In addition, the Vermont Army National Guard has been conducting Information Operations training since February 1999 for all components of the Army. The Army National Guard made full use of its Knowledge Management capabilities to conduct extensive pre-deployment training for the 29th Infantry Division (Light) Headquarters for their peacekeeping rotation in Bosnia.

The Army Guard has also partnered with the National Air and Space Administration to deliver a wide array of educational content to young people to stimulate interest in science, math, and technology. The Army National Guard is building on these and other success stories to help increase readiness through a vigorous implementation of Knowledge Management principles.

Transformation

Legacy Force Sustainment

While still experiencing critical modernization challenges in High-Mobility Multi-Purpose Wheeled Vehicles, Single-Channel Ground and Airborne Radios, chemical and biological detection equipment, and Night Vision Devices, the Army National Guard continues to improve its overall readiness posture. The redistribution of assets will continue to be a part of the remedy to a variety of shortfalls throughout the Army National Guard's force. As the Army National Guard completes its Division Redesign, some equipment will be made available for use in other formations. Similarly, as the 56th Brigade in Pennsylvania transforms, equipment will be redistributed.

Over the last decade, the Army National Guard has made significant progress in modernizing the heavy force with the M1A1 Abrams, M2A2 Bradley, M109A6 Paladin, and M270 Multiple Launch Rocket System. It is the Army National Guard's plan to continue efforts to transform equipment and technologies to ensure interoperability and readiness levels.

Interim Force

The Army National Guard modernization strategy provides for a compatible and fully networked force. A key component of the transformation strategy is the activation of the 56th Brigade of Pennsylvania that is expected to become the first Army National Guard Stryker Brigade prior to 2008. Overall, the six Army-wide Stryker Brigade Combat Teams' mission is to be a rapid deployment force that can be deployed anywhere in the world in 96 hours.

The Army National Guard's highest priority remains maintaining war-fighting readiness. In support of this imperative, the organization is pursuing a modernization strategy that will provide the nation with compatible, interoperable, and strategically viable forces well into the future. The transformation campaign plan articulates the strategy of how to achieve the Army vision of an objective force that is more responsive, deployable, agile, versatile, lethal, and sustainable in times of crisis. Current forces will continue to be viable long into the future and will provide the margin of security that allows the Army to undertake transformation. The Army will maintain the combat overmatch capabilities of the current force through selective modernization, technology insertion, and recapitalization. The Army's plan is to have all of Pennsylvania's Stryker Brigade Combat Team's facility construction and other infrastructure requirements started by fiscal year 2006.

Objective Force

The Army National Guard Division Redesign Study is a four-phase transformation project. Phases I and II of this study will involve the conversion of six brigades along with a portion of two divisions. The purpose is to address a long-standing U.S. Army concern regarding a lack of combat support and combat service support in the force structure.

Military construction is required to meet this critical change, and with the assistance of 24 participating States, the Army National Guard is in the process of planning the modification and rebuilding of older facilities to accommodate this new mission. Phases III and IV are under revision, and the pending Army Guard Restructuring Initiative will most likely impact these later stages of restructuring; funding for this initiative is in excess of \$370 million.

Restructuring Initiative

On September 8, 2002, Secretary of the Army Thomas E. White introduced the Army National Guard Restructuring Initiative at the 2002 National Guard Association of the United States annual conference. Mr. White stated that "in light of our new plan for national defense [we] are now undertaking a new initiative which we will call the Army National Guard Restructuring Initiative. Whereas the original initiative Army Division Redesign Study converts combat formations to support structure, the new initiative restructures a sizeable portion of the National Guard combat formations to better support our combatant commanders' requirements."

The concept is to convert existing heavy and light combat structure to new designs that better support Combatant Commanders (including the new Northern Command) under the new defense strategy. Tentatively called Multi-Functional Divisions and Mobile Light Brigades, these new organizations will be first and foremost war-fighting organizations prepared for full-spectrum operations. The first unit could begin conversion as early as fiscal year 2005.

The conversion to these new organizations, combined with efforts already under way as part of the Army National Guard Division Redesign Study effort, will result in a 30 percent decrease in the current number of tracked vehicles in Army Guard Combat Divisions and Brigades. Although this constitutes a reduction of heavy assets, the National Guard is determined to ensure that the Army Guard does not maintain obsolete systems that are inconsistent with future Army operational concepts including unit design, support and sustainment.

Aviation Transformation

Army National Guard aviation is one of the nation's highest value assets for both wartime and peacetime missions. In wartime, these Army National Guard aviation units provide the sustaining and reinforcing power required for successful execution of the National Military Strategy, as well as the most readily available Army aviation assets for homeland security. In peacetime, these critical aviation assets are equally important for the widest possible range of missions at both the State and Regional levels. These peacetime missions range from Air Ambulance, Search and Rescue, and Counterdrug support in areas having no such civilian capacity, to wide-scale and timely response to both natural and man-made disasters.

The Army National Guard's aviation units continue to contribute almost half of the Army's aviation structure, including Counterdrug Reconnaissance and Aerial Interdiction Detachments in 37 States and Territories, which use specially modified OH-58 observation aircraft to support federal, State, and local law enforcement agencies with counterdrug efforts in the United States. These units are also postured to support homeland security efforts. Six of these units were deployed along the Northern Border supporting the U.S. Border Patrol and Operation Noble Eagle during fiscal year 2002.

Since fiscal year 2002, the Army's Aviation Transformation effort, coupled with other aviation modernization and recapitalization improvements, has not only significantly improved the readiness and capabilities of Guard aviation units, but also has reduced the overall aviation footprint. While significant quantities of modern series UH-60, CH-47, and AH-64 aircraft have been cascaded from active Army units to Army Guard units, the associated equipment (tool set, tool kits, test equipment, and parts) critical for the successful support of these aircraft has not kept pace. Current Army procurement levels will leave the Army Guard permanently short of its required number of aircraft. In addition, many of the remaining allocated aircraft are not scheduled for upgrade to the most current standard configurations:

- AH-64 "Apache"*.—Army National Guard will receive 254 of 296 required (42 short). Of the 254 AH-64s to be provided, only 63 will be the most modern AH-64D model.
- CH-47 "Chinook"*.—Army National Guard will receive 136 of 150 required (14 short). Of the 136 CH-47s to be provided, only 93 will be the most modern CH-47F model.
- UH-60 "Blackhawk"*.—Army National Guard will receive 687 of 775 required (88 short). All 687 are scheduled for eventual upgrade to most modern UH-60M model.
- Homeland Security/RAID Aircraft*.—The OH-58A/C aircraft currently used for this mission are nearing the end of their useful life span.

Personnel Transformation

The Army Guard's Permanent Electronic Records Management System is a web-based system utilizing digital imagery to store and retrieve personnel records. The importance of the Permanent Electronic Records Management System lies in its

seamless records management capability throughout the Army, enhancing both mobilization and personnel readiness.

By consolidating the administrative operations of human resources in one place, the Permanent Electronic Records Management System allows personnel records to follow a soldier regardless of component. In the past, the system was slow and labor-intensive, resulting in pay problems, promotion delays, difficulties in making new assignments, and low personnel morale. Fixing the problem involves the conversion of paper files to electronic files; and is a practice currently used by the Department of the Army for all of its personnel actions. At present the Army National Guard is the only military component that lacks electronic records storage capability.

Under the Department of Defense's vision for a "paperless environment," the Army National Guard will be required to provide electronic capabilities for personnel records in the 50 States, three Territories, and the District of Columbia.

The Army National Guard will adopt an Automated Selection Board System to support and improve the process under which information and votes regarding personnel actions are processed by military personnel boards.

Departing from an obsolete "paper" system to a digital system that views data and images from the Permanent Electronic Records Management System and the Department of the Army Photo Management Information System is a time-consuming process. However, once the Automated Selection Board System is adopted, it will save the Army National Guard more than \$150,000 per year in microfiche production and postage costs.

This system is essential to achieve and fully support Personnel Transformation. The Army National Guard must remain interoperable with the Army and the Army Reserve by adopting this system. The conduct of boards at the State level will become extremely cumbersome due to unavailability of routine printed information. By failing to adopt the Automated Selection Board System, the Army National Guard will be required to download paper copies of an automated viewing and storing system.

Strategic Readiness System

The Army National Guard's Strategic Readiness System was developed pursuant to the Chief of Staff of the Army's guidance for a more holistic assessment of readiness information. The Strategic Readiness System is an integrated strategic management and measurement system that ensures that all levels of the Army, including the National Guard Bureau and the Army National Guard, recognize and align their operations to the vision, objectives, and initiatives of the Army Plan. The system also measures each element's success in achieving these goals.

The Army Scorecard is the tool used to measure progress toward stated goals and objectives. This tool will enable the Army National Guard leadership to see the resource and readiness linkages throughout the system and better predict a modeling capability that improves the allocation of resources to achieve the highest degree of readiness.

Conclusion

The Army National Guard comprises diverse individuals from all walks of life united by the desire to keep the American people safe and secure. Many soldiers in the Guard leave behind promising career tracks and loving families to serve their country without compromise or hesitation. These soldiers lead dual lives; their sacrifices are overwhelming and should not be forgotten or discounted.

Army National Guard soldiers have accomplished much work "behind the scenes" in the past fiscal year, providing relief to victims of catastrophes, security at numerous vulnerable locations, and mobilization to various military operations world-wide. The Army National Guard, the crucial foundation of the Army, reinforces and augments the efforts of fellow soldiers to ensure that objectives are achieved and initiatives are met.

While it has succeeded on many fronts, certain challenges still face the Army National Guard. The issues of recruitment, retention, and subsequent development of junior officers continue to be areas of discussion. Dental and medical care remain sub par or lacking for many soldiers in the Guard. Furthermore, the dearth of cutting-edge, state-of-the-art facilities and equipment hampers the efforts of the Army National Guard to perform at an optimum level.

The Army National Guard is a stalwart entity that is ever ready to protect and defend the United States with zeal and determination. With proper and judicious funding over the coming years, its continued transformation will ensure brighter prospects for the Army itself and the American people.

Air National Guard

The year 2002 will be marked by the volunteer spirit and dedication of Air National Guard men and women spanning the globe: the War on Terrorism at home, the War on Terrorism abroad, and "routine" deployments as full partners in the Air and Space Expeditionary Force. Since September 11, 2001, we've been busier than ever before. We've been flying fighter combat air patrols over cities keeping our country safe. We've been seeking out terrorists where they live. We've been gathering and interpreting data supporting the warfighters and securing airports, bridges, and military installations. We've maintained our aircraft and communications infrastructure so the mission can be accomplished. We've done this with volunteers and mobilized personnel, most of whom left their families and jobs to serve. We've done this as proud members of the Total Force even while we continued to train for what lies ahead.

During his campaign in Tunisia, General Eisenhower said, "It is not the man who is so brilliant who delivers in time of stress and strain, but rather the man who can keep on going." The Air National Guard not only delivered in a time of stress and strain but also kept on going. In this past year we've gone from a surge force to a sustaining force. At the peak of operations in February 2002, almost 15,000 people were mobilized and almost 8,000 were volunteers. Throughout the summer both the volunteers and mobilization numbers came down as the War on Terrorism reached a lower tempo. Often times we were employed as a "just in case" force rather than a "just in time" force, mobilizing personnel in case they were needed rather than when needed to fulfill immediate requirements. On many occasions Air National Guard members were mobilized to backfill deploying active duty troops. Employers understand better, as do families, when Guard men and women deploy overseas rather than backfill. Whatever the call, we were there.

We've been a solid team player in Operation Enduring Freedom and the Air and Space Expeditionary Force. As fiscal year 2002 came to a close, we had flown 25 percent of the fighter sorties, 31 percent of the tanker sorties, and 27 percent of the airlift sorties. Through innovative management techniques such as "rainbowing" units, we've been a seamless part of the Total Force. We will continue to prosecute the War on Terrorism on all fronts.

Combat operations couldn't happen without the exceptional support capabilities provided by maintainers and logisticians; civil engineers and security police; communicators and intelligence analysts. These myriad support skills are brought to bear to make operations successful. Many of these specialties are "stressed" but the troops keep on giving.

Air National Guard citizen-airmen are the backbone of Operation Noble Eagle. By the end of fiscal year 2002 we had flown 74 percent of the fighter sorties, 62 percent of the tanker sorties, and 36 percent of the airlift sorties. We maintained almost 100 percent of the alert sites. The Air National Guard is extremely proud of its ability to execute the homeland security mission. Through smart management of resources and capabilities, we can continue to participate in the homeland security mission as a by-product of our wartime tasking. Continued Air National Guard participation in the Air and Space Expeditionary Force is vital to our wartime readiness. Any unique homeland security missions should be appropriately resourced.

As the War on Terrorism continues, our people and systems will be employed at above-average rates. Through utilization of civilian skills and innovation, Air National Guard professionals are keeping our aging systems up and running. But in the face of fiscal and manpower constraints the nation will not be able to afford the high costs associated with maintaining legacy systems; therefore, the Air National Guard will need to be transformed across the full spectrum of missions with our active brethren. Through transformation to future high-tech systems such as information operations, space-based capabilities, Unmanned Aerial Vehicles, C-17, and F-22 and Joint Strike Fighter, we will be able to continue to leverage our civilian skills to make the most of these systems' capabilities.

Technology, however, is only one part of transformation. Other parts include concepts of operations and organizational structures. The Air National Guard stands ready to explore and implement new concepts of operations and organizations. We've done so already with the 116th Air Control Wing at Robins AFB, Georgia. Together with the active force we've established a Total Force unit that will highlight the capabilities of both components and have broken down barriers that would have otherwise precluded this structure. This is the right kind of unit for the right mission. Not all future total force units should look like this but should be reviewed on a case-by-case basis. Additionally, we should consider "Reverse Associate" units where active duty members are associate to an Air National Guard unit. This will take advantage of the operational infrastructure savings associated with Air National

Guard installations while broadening assignment opportunities and experiences for active members.

Since the entire force cannot be transformed at once, some part of the force will need to be modernized to include the latest capabilities. Areas that are best suited for modernization include facilities, precision-guided munitions, communications systems, air refueling platforms and engines. These systems are necessary to provide the required capabilities to fly and fight in today's battlefields. Today, the Air National Guard is a vital part of this great nation's security. We will proactively face the challenges ahead to remain a ready, reliable, and relevant force.

Ready speaks to being sufficiently manned with trained personnel capable of doing the global mission on short notice. Ready means jumping into an aircraft and launching in minimum time should we be attacked. Ready means support troops who can build and sustain support facilities at austere airfields anywhere in the world when called upon. Ready is being able to deploy in support of the Air and Space Expeditionary Force to Turkey, Bosnia, or Iceland. Ready is the ability to patrol airports or deliver food and supplies to those affected by natural disasters. We are ready!

Reliable means that we can be accessed when we are needed. Reliable means that whether through volunteerism or mobilization we have the required people ready to go when and where needed. Reliable means we can respond to the Governor of a state when in state duty or to a Combatant Commander when federalized. Reliable means we'll be there, and we will be!

Relevant means we are modernized and transformed to carry out missions that are important to support the national security strategy. Relevant means we've got targeting pods and the latest radar and protective gear. Relevant means we're part of the F/A-22, Space, C-17, ISR, and information operations. It means we are an important part of our nation's defense, and right now, we are.

This is our biggest challenge.

As the War on Terrorism continues, as does operations in other critical regions of the world, the Air National Guard will be there. We will continue the militia heritage of defending freedom as we did over 366 years ago. Our citizen-airmen will respond to the nation's call to put on their uniforms to fight for our nation's interests. While they answer our call, we must answer theirs as we provide them with the tools to accomplish the mission. We must give them what they need to be Ready, Reliable, Relevant. Air National Guard. Now More Than Ever!

Air National Guard Infrastructure

The Air National Guard Infrastructure provides the Department of Defense enhanced operational capacity with its presence at 176 locations throughout the country. As a recurring problem, the Air National Guard has experienced significant difficulties in absorbing new mission projects without adversely affecting restoration and modernization efforts to support current weapon systems.

Air National Guard facilities continue to deteriorate due to inadequate funding levels. Many facilities are in "forced use" condition, which requires unit personnel to endure substandard facilities. Lack of safe, efficient and modern facilities is impacting Air National Guard "Quality of Life", recruiting and retention. The condition of the facilities directly impacts how effectively units are able to respond to training, staffing, and other wartime needs.

With respect to homeland defense, we are concerned about the attention to the operational needs of alert aircraft at Andrews Air Force Base, Maryland; Buckley Air Force Base, Colorado; Truax Field, Wisconsin; and other sites either standing alert with fighters and tankers. After September 11, 2001, interim facilities were quickly provided, however little progress has been made since the initial surge to address permanent facilities alert missions at existing and potential sites. The Air National Guard is also concerned about the level of anti-terrorism and force protection funding to protect our personnel and equipment. Terrorism in the homeland has forced us to rethink and reprioritize how we secure our bases and sites.

Our fiscal year 2004 funding request allows us to achieve a recapitalization rate of 170 years, meaning that we renovate or replace our facilities an average of every 170 years. Our goal remains a 67-year recapitalization rate, and our current program would achieve that level in 2000?. Between now and then we plan to follow a smooth glide path down to that level.

Readiness (Full-Time Manning)

As an integral partner in the Total Force, fully imbedded into a formalized Air Expeditionary Force construct, the Air National Guard will routinely provide force structure for day-to-day operations, contingencies and the Global War on Terrorism. Historically, as a "force in reserve" the Air National Guard was funded with limited

full-time manpower to operate and maintain facilities, repair aircraft and equipment, and train the drilling force. Today's operational tempo, combined with aging aircraft, weapon systems and ever increasing support requirements, the Air National Guard must be adequately resourced to ensure these weapon systems are available for training and deployment.

We recently accomplished a complete review of both our full-time and traditional manpower requirements. Our review identified areas where we need to realign our manpower and validated increased requirements. Our fiscal year 2004 budget supports and reflects our realignment and provides some increased full-time funding and end strength. This is just the first step in getting our manpower resources right. Emerging homeland security tasking and mission readiness needs will drive additional manpower requirements and further realignments.

As demonstrated in Operations Noble Eagle and Enduring Freedom, the Air Force could not go to war without the Air National Guard and the Air Force Reserve. Additionally, the Air Force would be severely hampered in conducting peacetime operations without its reserve components.

The National Guard and Reserve Operations Tempo currently provide 25 percent of the aviation and almost 30 percent of the combat support elements for steady, peacetime deployments of the Air and Space Expeditionary Forces. They also provide more than 65 percent of the Air Force's tactical airlift capability, 35 percent of the strategic airlift, 60 percent of the air refueling, 38 percent of the fighters, 20 percent of combat rescue and make significant contributions to bomber, and combat support missions.

Information Operations and Management

The Air National Guard is fully involved in the defensive elements of information supporting the nation's homeland security efforts. The civilian sector is heavily dependent on the national information infrastructure, and the military relies upon the Air National Guard to carry out its missions at home and overseas.

In addition to preparing for conventional combat, the Air National Guard must now provide the most up-to-date protection against what has become known as information or cyberspace' wars. Participation in this mission area requires an investment in infrastructure to allow for the Air National Guard to connect with classified network systems that have sufficient bandwidth and capacity to store, process, and transmit unprecedented amounts of data.

By using advanced technology information weapons systems, the Air National Guard directly supports the Department of Defense's vision of transformation. A new age of warfare includes information that consists of a wide variety of operations and activities, such as psychological operations, electronic warfare, military deception, physical attack, computer network attack, defense, and exploitation, public affairs operations, counter deception, counterintelligence, and counterpropaganda operations.

Annual Dental Examinations Program

Currently, the Air National Guard is required to accomplish a dental examination every five years. The Office of the Assistant Secretary of Defense for Health Affairs has mandated that this exam be accomplished annually beginning February 2004. Air National Guard Medical Squadrons are only authorized two dentists and two dental technicians; however, many units may only have one or no dentists assigned to accomplish these dental requirements. Air National Guard Medical Squadrons are struggling to accomplish the current 400-500 dental exam requirements along with their mandated training. This mandate will increase their workload to 1,100-1,300 dental exams each year.

Mobilization

In today's Air Force, the Air National Guard is central to the Total Force, and plays an ever-increasing role as a partner in the Global War on Terrorism. Now, more than ever, the Guard is needed by the nation to perform the mission they have been trained to do. Most Air National Guard members have served in support of Operations Noble Eagle and Enduring Freedom, and many more will continue to deploy to fill Air and Space Expeditionary Force steady state requirements around the globe. Their service is not without sacrifice and their sacrifice is not without meaning.

Numerous personnel issues have surfaced around the disparity of benefits associated with different status of service following mobilization. Of notable importance, protection under the Soldiers' and Sailors' Civil Relief Act applies only to a member mobilized under the provisions of Title 10 U.S.C., and was not afforded to our citizen-airmen serving in airport security.

Current policies and laws are now under scrutiny to alleviate issues of disparity such as per diem limitations, down-time restrictions, Basic Allowance for Housing I vs. II, income pay protection, leave issues, and a myriad of entitlements and benefits that are affected by either status or length of active duty tours. The Air National Guard, as a full partner in the Total Force, will continue its advocacy for parity in pay, entitlements and benefits. In its role as a force provider, the Air National Guard will honor the commitment to provide the right person, at the right place, at the right time.

Chemical Warfare Defense Equipment Program

The Air National Guard's Chemical Warfare Defense Equipment program plans to be strategically positioned to provide individual equipment protection, including individual chemical suits, gas masks, filter canisters, hoods, boots, and gloves, to protect each member against chemical or biological attack.

The Air National Guard identified a \$66.8 million Chemical Weapons Defense Ensemble Mobility Bag requirement to provide initial protection for all members and to fund the replacement of Mobility Bag shelf-life assets.

Depot Purchased Equipment Maintenance

The Air National Guard's Depot Purchased Equipment Maintenance Account pays for depot level maintenance of all aircraft, aircraft engines, special purpose vehicles, and other major items of equipment (e.g., ground radar/radio sets). The major goal of the program is to decrease the levels of deferred depot maintenance.

The Air National Guard is concerned about the spiraling costs for organic and contract programmed depot maintenance and the impact on our aging aircraft fleet. Increasing costs and under funded budget requirements have resulted in an Air National Guard's Depot Purchased Equipment Maintenance program that approximates an 80 percent funded level.

Based on fiscal year 2003 projected budgets, funding shortfalls may result in eight KC-135, three F-15 and one C-5 aircraft not being inducted into the Depot Maintenance Program at the appropriately scheduled time frame. We are concerned about what impact this continuing annual funding shortfall has upon the current and future readiness of the Air National Guard.

Vehicle Priority Buy Program

The Air National Guard Vehicle Priority Buy program is struggling to keep pace with mission requirements associated with homeland security, new Alert sites, Security Force protection, medical evacuation teams and new aircraft conversions.

At the present time, 43 percent of the Air National Guard vehicle fleet is due for replacement, at a cost of approximately \$315 million. Our budget includes \$40 million, or roughly 13 percent of this requirement, to replace vehicles in the inventory in fiscal year 2004.

The Air National Guard vehicle fleet will continue to age and become more costly to maintain. This underscores the need to replace vehicles. While we plan to replace the rest of the aging vehicles over time, the rate at which we are currently replacing them, coupled with additional requirements to support newly emerging homeland security needs, could severely impact our near-term vehicle readiness.

Nationwide Information Technology Network

The Air National Guard is in the process of modernizing its nationwide information technology network that serves a vital role in homeland security and national defense. Reliable, available and secure information technology is essential to Air National Guard, Air Force, Department of Defense, and state authorities in their ability to exercise control and command of information resources impacting their various constituencies.

The Air National Guard Information Technology Network is critical to the successful transmission of information within a unit, between units, and among the various states. Without a healthy and robust Information Technology network most other Air National Guard missions will not be able to function. No Air National Guard function can stand alone without interface and interaction with several other functions and the network is the link that provides the medium to share information at all levels.

The Air National Guard has made significant progress in procuring network hardware and personal computer and server software that decreases complexity and increases network communication with Air Force and Department of Defense partners. Striving to accomplish a nationwide reduction of network servers by consolidating core network services to regional operations centers, the Air National Guard must first upgrade its own communications and network infrastructure, technologies, and facilities.

Continuing to fund the Air National Guard Enterprise Network at last decades level will continue to give us last decade's capabilities. The rapidly changing hardware and software requirements of our warfighting and combat support functions come with a significant cost to upgrade and maintain a fully capable Information Technology network. The Air National Guard network is funded and maintained at the same level it was during the 1990's. Without a significant infusion of new technology, all other Air National Guard mission areas will be less than fully capable of prosecuting their missions. One time cost estimates to bring the Air National Guard Enterprise Network up to a fully capable and robust condition are approximately \$80 million, coupled with a significant increase in sustainment and refreshment funding to maintain and upgrade the Information Technology Enterprise to fully support all other mission areas in the continuing war on terrorism and homeland security. This modernization initiative will certainly enhance the Air National Guard's interoperability with other federal and state agencies.

Capabilities Based Military Force

The Air National Guard is a solid partner with the Air Force, the Air Force Reserve, and all collective units of the Department of Defense designed to protect national security and maintain international peace. The Defense Department priority is Transformation and therefore the priority of the active services and the reserve components.

Transformation as "relevancy" is dependent on the Air National Guard readiness, in both state and federal missions, being able to support service apportioned and Joint Chiefs validated Combatant Commander required "capabilities." Becoming a "capabilities based" military force translates into the Air National Guard's need to acquire new technology and equipment to maintain a state of readiness and relevancy now and in the future. The Air National Guard must embrace the process of transformation and intelligent risk-taking to provide a fully trained, equipped and ready force to defend the nation at home and overseas.

The Air Force is pursuing innovative organizational constructs and personnel policies to meld the various components into a single, unified force. Future Total Force integration will create efficiencies, cut costs, ensure stability, retain invaluable human capital, and, above all, increase our combat capabilities. Another transformation effort is to "blend," where sensible, units from two or more components into a single wing with a single commander. Active, Guard, and Reserve personnel share the same facilities and equipment, and together, execute the same mission. This is a level of integration unprecedented in any of the Services.

Potential future missions might include Unmanned Aerial Vehicles and their training programs, combining the Unmanned Aerial Vehicle squadrons with their manned fighter counterparts; integrated fighter squadrons realizing the benefits of highly trained personnel flying legacy systems during the transition period to newer fighter aircraft like the Joint Strike Fighter. The Air National Guard has been steadily increasing its participation in space operations over the years and already plays a vital role in missile warning, satellite command and control, and launch operations. These contributions will be key during conflicts envisioned in the future.

These changes confirm and continue the trend in which air and space forces carry a heavier share of the burden in the nation's wars. The new strategy and force-sizing standard point to an increase, not a decrease, in aerospace power.

Since September 11, 2001, Air Force components have flown most of the subsequent air defense sorties in Operation Noble Eagle, with the Air National Guard flying 74 percent of the total missions. The Air National Guard must be resourced in order to sustain our nation's fight against the war on terrorism in defense of the homeland. This new theatre of operations paves the way to transform the experience of the Air National Guard to effectively respond to homeland security missions in an expeditionary role.

The Air National Guard will continue on its Total Force journey hand-in-hand with the Air Force, the Air Force Reserve and, indeed, all of the Department of Defense away from a threat based force toward the "capabilities based" force that will be required into the future. The Air National Guard will always provide a ready, reliable, and relevant force that America can count on now, and, through Transformation, solidly into the future.

Intelligence Surveillance and Reconnaissance

As a strong defense, Air National Guard eyes in the skies' approach to surveillance and reconnaissance provides the nation with protection from hostile air or land attacks. To increase its intelligence surveillance and reconnaissance capabilities, the Air National Guard seeks to expand our capabilities to intelligence imagery with deployable commercial imagery downlink and exploitation system (Eagle Vi-

sion), and modernize and increase the capability of the Air National Guard's signals intelligence. This system will be very beneficial to homeland security missions across the broad spectrum from natural disasters to terrorism assessments.

In much the same way that National Guard assets have been effectively employed in the war on drugs, the mission of the global war on terrorism plays a large role in how the Air National Guard is directing its focus and personnel. New intelligence, surveillance, and reconnaissance capabilities will be particularly useful in conducting domestic missions dealing with natural disasters in which the Air National Guard can assist states with relief efforts caused by tornadoes, floods, and hurricanes.

Air National Guard Space Operations Program

For the Air National Guard, Space Operations provide a critical communications link to communities throughout the nation in the form of satellite support for everyday uses (television, computers, wireless phones), but also serve as an important military deterrence from external threats. Recently, two Air National Guard units in Wyoming and California have come out of conversion to provide operational command control support to Northern Command and to provide round-the-clock support to the Milstar satellite constellation.

Additionally, the 114th Range Flight in Florida is partnered with an active Air Force unit performing the Launch Range safety mission. There are future plans by the Air Force to transition additional space program assets to Air National Guard control.

Logistics Information Technology Program

The National Guard Logistics Information Technology Modernization programs will enable the Air National Guard to operate seamlessly with active and reserve counterparts in support of combat operations or other contingencies in all operational theaters.

This Air National Guard initiative ensures that the organization maintains interoperability with common worldwide contingency systems. This involves plans to modernize logistical information technology systems, including Digital Technical Data, Joint Computer-Aided Acquisition and Logistics Support, Wireless Local Area Network, Tool Accountability Systems, and Integrated Maintenance Data Systems. The Air National Guard effort to sustain these modernization programs and initiatives has been estimated to cost \$314 million.

Expeditionary Medical Support (EMEDS) Transformation

The Air National Guard's Expeditionary Medical Support response platform is a comprehensive medical system that is designed to provide for homeland security consistent with meeting the requirements of major theater warfare or peacetime disaster response support. Like an airborne portable hospital, this is truly the lightest, leanest, and most capable deployable medical platform available to the Air National Guard today.

The Air National Guard Air Surgeon's Office has established personnel packages that will be able to support 15 Expeditionary Medical Support packages (two on-call) for each Aerospace Expeditionary Force deployment and 13 available for homeland security if deployed through state-to-state compacts or the national-level Emergency Management Assistance Compact. The personnel packages were placed in each Air National Guard unit, effective with the publication of the unit manpower and planning documents. Once the equipment sets have been acquired, they will be strategically pre-positioned throughout the continental United States and will provide the flexibility of responding to any disaster within several hours from activation. The equipment and personnel packages will be positioned to provide both a distinct wartime capability and military support to civil authorities in each Federal Emergency Management Agency region. Each region will have an Expeditionary Medical Support +25 or Expeditionary Medical Support +50 capability, with the ability to provide multiple medical response teams configured for support of the first responders. Our objective is to obtain two Expeditionary Medical Support equipment sets, one to be placed on each coast.

With Operation Iraqi Freedom, our transformed ANG Medical Service deployed for the first time ever these revolutionary medical wartime platforms. In several cases, our ANG medical personnel were deploying with this new capability at the same time many active duty units deployed. A remarkable point to be made is that this capability, added to the Guard in January 2003, is currently being deployed to serve our fighting forces in Iraq. Though we are currently recruiting to fill full teams, we have identified 39 teams of critical care physicians, nurses, and technicians, across the ANG, volunteering to go forward. The Air Mobility Command Surgeon General, who is responsible, as the force provider, for these critical care teams,

could not have accomplished this mission without the critical day-to-day clinical expertise of our guard members. We are clearly postured medically for the future.

Modernization

The Air National Guard Modernization program is a comprehensive effort to leverage programs from the Air Force with appropriated funding to keep the Air National Guard ready, reliable and relevant for today and tomorrow's operational theaters. The Modernization Program is segmented into three time frames: short-term (the current and next year's Defense budget), medium-term (out to 2010), and long-term (out to 2015).

The Air National Guard Modernization Program directly supports the Global War on Terrorism by providing weapon systems engaged in combat operations overseas, domestic surveillance and combat air patrols. As upgrades are made to the various systems, it is incumbent on the Air National Guard to provide reliable systems, as well as effective training, to ensure the highest state of readiness for forces participating in the on-going combat operations. The arrival of the Block 25/30/32 F-16s into the Afghan theater, with their Litening II precision targeting pods, provided the Special Forces engaging Taliban and Al Qaeda forces on the ground with a unique, laser-spot-tracking capability. With our forces closely engaged with a tenacious enemy in very rough terrain, the Block 25/30/32 F-16s were the number one choice of the ground troops when requesting close air support. Air National Guard forces were an integral part of Operation Enduring Freedom from the beginning to the end because the Modernization Program that provided a ready, reliable and relevant force.

The Air National Guard Modernization Program directly supports homeland security, most obviously through the combat air patrols flown during Operation Noble Eagle. Well versed in the air sovereignty mission, the Air National Guard responded within minutes to the attack on the World Trade Center, and were immediately patrolling the airspace across the United States. Many American citizens expressed comfort at seeing armed fighter aircraft flying above them while unanimously stating they never thought they would live to see the day American military air power would be used in combat operations so close to home. These continuing operations since September 11th, 2001 highlight the atrophy of the command and control systems associated with our Air Defense network due to decades of neglect. As Northern Command clarifies the air sovereignty mission, this modernization program will be crucial to ensuring the evolving mission needs correspond with the capability of the assigned forces and that any required improvements are adequately resourced.

Besides Operation Noble Eagle, the enhanced defense of the airspace above the United States, the Air National Guard supports Operation Enduring Freedom, the global counter-terrorism campaign. We also continue to support other on-going operations through the Air and Space Expeditionary Force commitments. These commitments include regular deployments to Operation Southern Watch, Operation Northern Watch, and the air defense alert commitment in Iceland. The domestic missions include continued counter-drug flights, fire fighting missions, disaster relief airlifts, and civilian rescue missions.

The key to transforming Air National Guard assets to the future force structure is ensuring that systems are ready, reliable, and relevant. This program begins with a national conference of war fighters from all of the major weapon systems. Given the missions they expect to fight over the next ten years, the war fighters then outline what is needed to keep their platforms relevant. From these requests, the Air National Guard reviews the Air Force modernization program, calculates any resulting shortages, and finds a way to obtain at least an equivalent capability so the Air National Guard can bring a relevant capability to the mission. As OPSTEMPO increases and contingencies multiply, there is an increasing focus on short-term capabilities, restricting funding available for long-term investment. The Modernization Program is a comprehensive effort affecting all aspects of the Air National Guard.

One of the premier accomplishments in the past year is the very short-term identification, development and fielding of the Transparent Multi-Platform Gateway integrated into the Joint Range Extension gateway providing interoperability and connectivity between the Situation Awareness Data Link and Enhanced Position Reporting System network and Link 16. The Modernization Program funded the groundwork required for this capability. By leveraging the on-going Air Force Joint Range Extension program, the Block 25/30/32 F-16s were successfully networked into the command centers, providing a major increase in theater-wide situational awareness. One system is already in operation overseas while follow-on systems are now being acquired to ensure increased flexibility. Additionally, the North American Air Defense Contingency Suite was fielded giving North American Air Defense Command the ability to track targets within the United States and integrate the Federal

Aviation Administration tracks into the military transponder network in support of Operation Noble Eagle.

The A-10 continued its role as the venerable attack aircraft supporting operations from both Kuwait and Bagram AB, Afghanistan. The key modernization program for this aircraft is called Precision Engagement. Precision Engagement will ensure the A-10's continued relevance on tomorrow's battlefields. This cost-efficient program will transform the current A-10 cockpit into a 21st century cockpit, greatly reducing pilot workload and providing additional combat capability in the form of precision guided munitions. Associated with Precision Engagement was a watershed decision to install the new Joint Tactical Radio System on the A-10 making it the first aircraft to be equipped with this future data link and communication suite. During the past year, the A-10 experienced an aircraft modification to improve the personal locator system and consolidate countermeasures equipment. Other modernization efforts include further research into an adequate, engine replacement, an AN/ALR 69 Radar Warning Receiver antenna replacement, and continued COMET infrared countermeasures pod testing.

During the last year, the Air National Guard F-16's provided crucial combat capabilities in both Operation Noble Eagle and Operation Enduring Freedom using Litening targeting pods for precision-guided munitions funded by the Modernization Program. The Commercial Central Interface Unit, and the AN/ALR-69 Radar Warning Receiver Antenna Optimization kits, are all part of our modernization effort over the past year. Initial funding for the Advanced Identify/Friend/Foe upgrade was secured along with funding for 25 more engine upgrade kits for our F-16 Block 42 aircraft. The Theater Airborne Reconnaissance System continued its spiral development and Night Vision Imaging System lighting for the A and B models to support Operation Noble Eagle was installed.

The HC-130 began installation of the Forward Looking Infrared system. Also, installation of aircraft night vision imaging systems and acquisition of rapid onload/offload "canary ramps" for austere locations increase our capability to provide critical combat support day or night.

The HH-60 program started integration of the new M3M .50 caliber defensive weapon, installed an improved insertion extraction system for deploying personnel and bought skis for the Alaska aircraft to facilitate Arctic operations. The Pararescue/Special Tactics program replaced personal equipment for the pararescue jumpers and combat controllers with state-of-the-art weapons and technologies.

The Operational Support Aircraft Modernization Program leased two 737 Boeing Business Jet aircraft and secured funding for a C-40C in fiscal year 2004. The existing Boeing Business Jets will also get upgraded to the C-40C configuration as part of the lease program.

Three new C-130 Js will be delivered in fiscal year 2004. These aircraft will be a welcome addition to our tactical airlift inventory as we move toward an Initial Operational Capability milestone.

The modernization of the Air National Guard training and simulation systems includes partial fielding of the Full Combat Mission Trainer for our A-10 units. Half of these units have received the advanced trainer system and additional funds are required to complete the beddown at the remaining units. The F-16 Block 30 distributed mission training capable flight simulators are in engineering development while funding was secured for two F-15 advanced flight simulators at our flying training unit at Kingsley Field, Oregon. The Iowa Air National Guard's 132nd Fighter Wing has been officially designated as the site of the ANG's Distributed Training Operations Center making it a major hub of Air Force-wide distributed training. The ANG's four Combat Readiness Training Centers and fourteen Ranges are ideal assets for the Joint National Training Capability. The increased use of Precision Guided and Stand Off weapons will drive changes in the airspace and range requirements to properly and safely train. Evolving training requirements, such as "lights out" operations in special use airspace, create unique challenges for operating in the National Airspace System. The potential contentiousness and length of time it can take to establish new or modified airspace makes it essential to identify requirements as early as possible.

The modernization of the F-15 included the initial acquisition of the BOL Infrared countermeasures improvements system, continued installation of the Multi-functional Information Distribution System Fighter Data Link, and the purchase of the first 25 engine upgrade kits.

The C-130 modernization program purchased more aircraft armor; and continued acquisition of the AN/APN-241 Low Power Color Radar, the installation of the Night Vision Imaging System, the Air National Guard-driven development of Scathe View to include various technological spin-offs having application in a myriad of civilian and military efforts; and supported Air Force's development of the AN/AAQ-

24 (V) Large Aircraft Infrared Countermeasures system. We also completed final design review and testing of the new advanced Airborne Fire Fighting System to bolster the fire and protection capabilities nationwide. The Air National Guard is supporting a Joint Program, along with the Navy and Marine Corps, to test and qualify an Electronic Propeller Control System for the C-130.

The Air National Guard fully supports the Air Force plan to acquire the new 767 tanker aircraft and the plan to move more KC-135Rs to the Air National Guard.

Modernization of complex weapons systems is a continuous process, not a goal. Traditionally the Air National Guard gets legacy systems through the equipment that is trickled-down from the active duty forces. With the exception of the Block 50 F-16s and the C-17, these legacy systems do not have the funding to upgrade their capabilities to make them equivalent to the active Air Force. The Air National Guard requires an aggressive program to meet the combat capabilities required for the missions assigned to the Air and Space Expeditionary Forces built, in part, with Air National Guard forces. To keep the Modernization Program focused and to maximize combat capability per dollar, we use the Combat Quadrangle to summate the fundamental combat capabilities required to meet assigned missions. The Combat Quadrangle, derived from the Air Force's core competencies, consists of enhanced survivability, 24-hour operations, combat identification, and precision strike. The Air National Guard includes all aircraft, ground command and control systems, training and simulation systems in the modernization effort. The requirements definitions required to focus this effort must be grounded in clearly defined combat capabilities and missions. The foundation of future efforts is relevance with reliability and readiness. It is increasingly difficult to keep the Air National Guard legacy systems relevant given the transformation of the Air Force to better, more effective technologies. Systems funding will be a continuous and serious challenge since funding levels continue to fall short of mission requirements. Over the foreseeable future, the military services, specifically the Air Force, will be stretched to simultaneously fund current operations, modernization and future Research and Development projects.

The Air National Guard Modernization Program is the key to fielding and supporting a relevant combat capability to meet any emerging challenges for the next 10-15 years. We must sustain an open and honest dialogue from the warfighter through to the President and the Congress in order to maximize the investment of precious tax dollars. The Modernization Program works as seen in the examples above. The Air National Guard Modernization Program will continue to provide success stories as the United States Air Force transforms to meet the future.

We in the Air National Guard are proud to serve this great nation as Citizen-Airmen. Building the strongest possible Air National Guard is our most important objective. Our people, readiness modernization programs and infrastructure supported through your Congressional actions are necessary to help maintain the Air National Guard as the best reserve force. With your continued support, we are confident that the men and women of the Air National Guard will meet the challenges set before us.

Joint Programs

National Guard State Partnership Program

The National Guard State Partnership program is constituted to encourage and build long-standing institutional affiliations and interpersonal relationships with those nations that are striving to establish democratic military organizations. Our citizen-soldiers provide military leaders in partner nations an opportunity to witness our highly trained and capable soldiers at work. National Guard members who serve as role models become a compelling argument for the ideals of democracy, professionalism, and deference to civilian authority. Our personnel gain valuable experience interfacing with people of diverse cultures, as they will encounter when activated and deployed overseas during a federal mission. This also provides the United States with the opportunity to demonstrate the necessity and economy of reserve component personnel who are trained and equipped to respond immediately to civil or military emergency. The program also supports homeland security by helping to develop dependable and collaborative partners for the United States. It supports Secretary of Defense Rumsfeld's New Concepts of Global Engagement and has the capacity to link states with partner nations for the purpose of improving bilateral relations.

The National Guard State's Partnership Program supports missions in which troops prepare to depart their partnership countries for cooperative events, mobilization skills are refined, and National Guard personnel interface with diverse cultures, helping to prepare them for active deployment overseas during potentially hostile activities. The State partners actively participate in a host of engagement

activities ranging from bilateral familiarization and training events, exercises, fellowship-style internships, and civic leader visits.

National Guard Family Programs

As the role of the National Guard becomes focused on the dual missions of Global War on Terrorism and homeland security, units will continue to maintain a high level of readiness for overseas and homeland operations. An integral part of service member readiness is family readiness. The National Guard Family Program Office was established to provide policy, guidance, and resources for developing the Family Program quality of life and family readiness infrastructure to the Adjutants General of all 54 States and Territories, the Chief of the National Guard Bureau, and the Directors of the Army and Air National Guard.

The National Guard Family Program office implements Department of Defense directive to ensure service members and their families are provided a quality of life that reflects the high standards and pride of the Nation they defend, and that this policy be achieved by working in partnership with Department of Defense personnel and their families, recognizing their role in the readiness of the Total Force.

If family members are not prepared for deployments, a service member's readiness, morale, and eventually retention are affected. Family programs are currently in place to assist families during the challenging stages of deployment: pre-mobilization, mobilization, and reunion. The Family Program office provides support to the family program coordinators through information, training, volunteer management, workshops, newsletters, family events, youth development programs, and other such programs. The primary challenge lies in awareness and communication. Consistent feedback indicates many family members are unaware of the various resources available to them. The goal is to increase the level of awareness and participation in existing family resources to improve overall mission readiness and retention.

National Guard Youth ChalleNGe Program

The award-winning National Guard Youth ChalleNGe program is a community-based program that leads, trains and mentors at-risk youth at 31 sites to become productive citizens in America's future. As the second largest mentoring program in the nation, the ChalleNGe program is coeducational and consists of a five-month "quasi-military" residential phase and a one-year post-residential phase. Corps members must be volunteers, between 16 and 18 years of age, not in trouble with the law, drug free, unemployed, and high school dropouts.

As a national model, since its inception, the 31 National Guard Youth ChalleNGe program sites have graduated over 42,000 young men and women who leave the program equipped with the values, skills, education and self-discipline necessary to succeed as adults in society. Significantly, although many ChalleNGe candidates are from at-risk populations, over two-thirds of ChalleNGe graduates have attained either a General Equivalency Diploma or high school diploma. Furthermore, approximately 30 percent of all graduates choose to enter military service upon graduation. Although the program graduation rate is above 90 percent, and the general equivalency diploma attainment is over 66 percent, the National Guard seeks to increase output in both of these areas.

The National Guard is "Hometown America" with deep roots in every community. Its strong community ties makes the National Guard a highly visible and effective entity in many towns and communities across the United States. Involved are men and women who, in their civilian lives, are influential across the spectrum of business, education, and government. National Guard units across the country have traditionally been involved in youth programs designed to help young people become positive and productive members of their community.

Homeland Security

As we begin the 21st century, homeland security is the most important issue facing the United States. For the first time in almost 200 years, the continental United States was attacked with the prospects of future attacks high. To better defend the United States, the government has mobilized its resources and has undertaken a major reorganization to more effectively meet the challenge. While the National Guard performed superbly in response to the attacks of September 11th, 2001, we have begun to make changes to better respond to future attacks.

The National Guard has a significant role in homeland security. Just as the active force is the first to deploy in support of U.S. operations abroad, the National Guard is the first military force to deploy in support of most homeland security requirements. The National Guard is a unique dual status, citizen-soldier force that can be activated by the Governor in support of state emergencies and also can be federalized to support national contingency requirements. The Governor can employ the National Guard under state active duty (state commanded, state financed) and

Title 32 (state commanded, federally financed), or the National Guard can be federalized under the provisions of Title 10 (federally commanded, federally financed). Its dual state-federal status makes the National Guard a cost effective, flexible force that can be deployed in a variety of circumstances. Like the Guard units in the states, the National Guard Bureau (a Title 10 entity) has dual roles. We communicate policy, requirements and situational awareness information in both directions through the federal-to-state channel. Further, because most of the state Adjutants General are also the emergency manager for their state, and because many are also their state's Homeland Security Director, we are involved in intergovernmental issues, as well as federal military and interagency ones. This dual-mission multifaceted capability of the Guard was demonstrated in the aftermath of September 11th.

Immediately after the attack on September 11th, the National Guard responded. National Guard air assets took to the skies to secure our airspace and other forces were quickly sent to the World Trade Center and the Pentagon to assist with security and recovery efforts. Soon after, the President asked the Governors to secure critical U.S. airports and they responded by deploying Guardsmen in Title 32 status at airports in a matter of hours. In addition, many of the states' governors ordered their Guardsmen, in State Active Duty Status, to secure critical infrastructure facilities, such as bridges, nuclear power plants, and federal buildings, throughout their states and many of those missions continue today. Other National Guard units and personnel were activated under Title 10 to augment security at the U.S. borders. Their mission was to support the Department of Justice and the Department of Treasury in ensuring that commerce continued to flow while our vital interests were protected. These homeland security missions and others were conducted, and some have continued to be conducted, while Army and Air National Guard forces have been deployed for peacekeeping and stabilization actions in the Balkans and elsewhere, and as a critical part of the war in Southwest Asia. The Guard has also been mobilized to perform force protection missions in the United States in support of our war efforts. As expected, the National Guard has conducted and continues to conduct all missions in an exceptional manner.

As we move forward, it is apparent that the National Guard will be increasingly involved in all aspects of the homeland security mission. The areas we focus on include:

- Combating terrorism
- Military Assistance to Civilian Authorities
- Responding to chemical, biological, radiological, nuclear and high-yield explosives incidents
- Missile Defense
- Critical Infrastructure Protection
- Information Operations
- Force Protection
- Protecting the Nation's Sovereignty.

In addition to these mission areas, the National Guard Bureau's recently-established Office of Homeland Defense will facilitate military support to civil authorities by the Army and Air National Guard. Military support to civil authorities includes domestic disaster relief operations that occur during fires, hurricanes, floods, and earthquakes. Our support also includes counter-drug operations and incident management assistance, such as would occur after a terrorist event employing a weapon of mass destruction. The National Guard Bureau, in addition to our statutory role as the channel of communication between the Army and the Air Force and the National Guard of the several states, has coordinated with the Combatant Commander of U.S. Northern Command to perform that same role. As part of this, the National Guard Bureau provides situational awareness on state-commanded National Guard operations to the Commander of U.S. Northern Command to augment his ability to effectively plan for and manage the overall role of his command.

The fight against terrorism and the protection of our homeland is expected to be a protracted endeavor much like the Cold War. To that end, many policy experts, reports, and studies have advocated an expanded role for the National Guard in homeland security. While some have suggested that the National Guard should be reoriented, re-equipped, and retrained for the homeland security mission, the reality is that the National Guard is an integral part of the Army and Air Force Total Force mission capability and that role is vital to the survival of the nation. In the past the resources, personnel, equipment and training provided for the war-time mission was sufficient to allow the National Guard to also fulfill its local and state support role by responding to local disasters and military support to civilian authorities. Times have changed, however. The threat posed by well-financed, sophisticated and determined international terrorist groups has raised the bar as to what

the National Guard must be able to do. While the National Guard will continue to maintain a high state of readiness for overseas operations, it must also better prepare itself to respond to the homeland security mission within the United States, the District of Columbia, Puerto Rico, and the U.S. possessions and territories. To that end, we are working hard to find ways to meet the increased demands of the homeland security mission while still maintaining our ability to execute our Total Force requirements.

The increased threat and global proliferation of ballistic missiles poses a significant threat to the United States, our deployed forces, and our allies. In response to this threat, in December 2002 the Department of Defense directed the deployment of an effective missile defense system capable of defending the territory of the United States against limited ballistic missile attack. The Army National Guard accepted the mission to man the Army portion of the Ground-based Midcourse Defense (GMD) system, including both operational and security force elements. The GMD segment is the cornerstone of the Ballistic Missile Defense System Test Bed, and will have an Initial Defensive Operations (IDO) capability by September 2004. This high-visibility program, which will provide protection against limited ballistic missile attack, is an example of the evolving role of the National Guard in Homeland Defense.

Over the next year, and as much longer as it takes, the National Guard Bureau will take the lead in improving the posture of the National Guard for its homeland security mission. The National Guard Bureau will work with the States as they perform a mission area analysis to determine what additional capabilities are needed to accomplish the homeland security mission and will utilize a systematic programmed approach designed to build our homeland security posture for the future. These are the features of that program:

- Consolidate the National Guard homeland security requirements of the 50 States, territories and the District of Columbia. (States know the actual operational requirements better than anyone.)
- Validate these requirements at the National Guard Bureau level and craft them into packages for submission to the appropriate Combatant Commanders, to the Army and Air Force as requirements that can be built into programs for funding, and to the Assistant Secretary of Defense for Homeland Security.
- Use our developed requirements to advise and educate agencies, offices, commands, and leaders that have an interest in supporting homeland security.
- From valid requirements we will build funded programs that ensure the success of homeland security by using a systematic long-term approach. We believe that a long-term approach is needed to ensure a sustained, comprehensive protective posture for our nation.

The road ahead also includes a transformation of National Guard Counter Drug efforts into an integrated Counter Narcotics/Homeland Defense Counter Terrorism program. These mission areas employ many of the same tactics, techniques and procedures, as well as equipment, training and skills. Therefore, a great deal of cross-skill transfer will begin immediately once the change is effected, and a quick, effective, seamless transition between and across mission sets will allow Guard troops to readily take their places on the front lines of the war against terrorism at home and abroad.

Our government has initiated a massive reorganization to better respond to the homeland security challenge. Northern Command has been activated, the new Department of Homeland Security is in the process of being organized, and the Department of Defense has created a position of Assistant Secretary of Defense for Homeland Defense. The National Guard Bureau will work with the Assistant Secretary for Homeland Defense and Northern Command to insure that National Guard missions and capabilities are fully integrated into the overall plan for homeland security. Specifically, it will assist Northern Command as that command moves from an initial operating capability to a full operating capability by:

- Providing situational awareness of activities within the 50 states and territories.
- Integrating and synchronizing existing plans.
- Coordinating National Guard resource and training requirements.
- Facilitating communication between Northern Command and the State Area Commands.

Northern Command will undergo a critical year as it transitions from an initial operating capability to a full operating capability by October 2003. During the coming year, the National Guard will be providing personnel to Northern Command in order to fill critical personnel requirements. Additionally, the National Guard is working to develop situational awareness for Northern Command as to the activities that affect homeland security within the 50 states and territories. Although most

activities of incident management at the federal level will fall under the control of the Department of Homeland Security, a constant monitoring of state-level activities and interests is needed by Northern Command in order to support the lead federal agency when needed. The National Guard, through the National Guard Bureau, is the natural conduit for DOD elements to the states and territories on military-related matters. The majority of the states use the Adjutant General of that state as the state emergency manager. The National Guard is intimately involved in all activities of homeland security at the state level. The National Guard Bureau is actively pursuing discussions and several initiatives within the Department of Defense which will likely result in better exploitation by all segments of the Department of Defense of the Bureau's capability as a two-way channel of communication to the National Guard of the several states. We are excited about assisting Northern Command in its emerging role and look forward to facilitating federally funded support of state activities.

In addition, the National Guard Bureau will work, through the Assistant Secretary of Defense for Homeland Defense, with the new Department of Homeland Security to ensure that the National Guard's capabilities and requirements are fully integrated in the overall homeland security plan. The new Department of Homeland Security will be greatly assisted by the National Guard plans that are already in effect in all of the states and territories. Since the vast majority of homeland security activities come under state and municipal or other local control, the National Guard planning and activities under State Active Duty (state controlled and funded) and under Title 32 (state controlled, federally funded) will be an integral part of the processes being crafted by the new Department. National Guard Training Centers are existing assets that can be economically expanded to support realistic training and exercises with first responders, law enforcement agencies, and all levels of government integrating National Guard capabilities in homeland security roles. Several states have initiated pilot programs for this effort with federal support at the request of Congress. The National Guard is taking an open supportive approach to intradepartmental, interagency and intergovernmental cooperation for the defense of our Homeland. We each must succeed for all to succeed.

The Army National Guard and the Air National Guard bring several inherent strengths to the homeland security environment. Aside from a capable, trained and organized force, there is also an in-place information technology infrastructure that has the potential to provide an efficient, reliable, interoperable, and user-friendly channel of communications for the Office of the Secretary of Defense and Northern Command through the National Guard Bureau to the Army and Air Guard. The present information technology infrastructure provides a robust reach-down capability to Army and Air Guard units in the states. However, to meet the emerging needs of homeland security missions, enhancements in network reliability and security will have to be incorporated. Additionally, the new requirements pose new challenges in areas such as wireless technology that will allow direct command, control and communications with on-site responders. The National Guard Bureau is uniquely positioned to provide this coordinated, controlled capability, consistent with the statutory requirements of Title 10.

The National Guard supports any overseas fight primarily by supporting Army and Air Force initiatives. Most programmatic and force structure actions, therefore, are Service specific, supporting either the Air War or the Ground War through the respective Services. Examples of initiatives underway in this area include the Army National Guard Restructuring Initiative, an initiative to replace a portion of the existing heavy and light combat structure with Mobile Light Brigades prepared for full spectrum operations in support of the new defense strategy. This will meet the Army's evolving needs for expeditionary warfare, as well as giving us more Guard forces well-suited to homeland security tasks in support of U.S. Northern Command and U.S. Pacific Command. In the Air National Guard, a Transformation Initiative will result in capabilities-based forces with improved Intelligence, Surveillance and Reconnaissance, Information Technology, Medical Service and operational aircraft with the ability to make strong contributions to both aspects of the Guard's dual federal-state mission. As we render homeland security support to the Lead Federal Agencies, however, we must change our approach and support them as a Joint Force—not two separate Services. The lead agencies need and want to deal with a single entity within the National Guard and this year we are prepared to provide that in a seamless manner. A Joint Staff approach out of the National Guard Bureau will present a single flow of information and will strive for a single funding line to support operations. In addition, the State Area Command will become a true joint state headquarters with enhanced capabilities. In this way, our team is coming together to support our communities and homeland institutions with expanded capabilities and improved linkages to national command and control mechanisms. In ad-

dition, the National Guard will continue to participate in the planning and execution of interagency exercises with local, state and federal agencies thereby building relationships that may prove useful during future contingency operations.

The ability of the National Guard Bureau to maintain awareness, conduct coordination, provide guidance and resources to the National Guard must be strong to meet the growing needs of homeland security. To that end, the National Guard Bureau's Office of Homeland Defense has evolved as the focal point for that effort. It has assumed responsibility for these initiatives. To further ensure continuity and centralized management of all homeland security activities, our Office of Homeland Defense recently incorporated the civil support function under its control. The NGB Office of Homeland Defense will work with the States to determine their requirements to accomplish the homeland security mission. It will be this entity within the National Guard Bureau that will coordinate with the States, The Joint Staff, U.S. Northern Command, U.S. Pacific Command, and, through the Office of the Secretary of Defense, with other federal government agencies to manage all homeland security efforts.

For the past two years the National Guard has had a very tangible asset to offer in support of the civilian and emergency first responder communities in the area of homeland security—its Civil Support Teams. The Guard has continued to strengthen the Civil Support Program, under which these teams fall. The teams provide rapid support to local, state and federal authorities in dealing with the consequences of chemical, biological, radiological, nuclear or high yield explosive events. Of the 32 Civil Support Teams that have been established, the Secretary of Defense has operationally certified all 32 teams. An additional 23 teams have been authorized by the Congress, and DOD is developing a plan to field them as expeditiously as possible.

Several of the certified teams were integrally involved in response efforts to the September 11th terrorist attack and to the anthrax attacks and hoaxes that were perpetrated throughout the nation in the ensuing months. The Civil Support Teams have been increasingly integrated into the planning, training and operations at every level of emergency response ever since. In fact, during the year following the September 11th attacks, the 27 certified teams collectively performed nearly 800 missions at the request of the agencies they support.

These teams provide state and local authorities specialized expertise and technical assistance to the incident commander to:

- Identify chemical, biological, radiological, nuclear or high yield explosive substances or agents.
- Assess the situation; determine the type of weapon used and the likely consequences.
- Advise the incident commander on potential courses of action.
- Assist the local incident commander's response strategy with cutting edge technology and expertise.

Operationally, these teams are under the command and control of the governors through their respective Adjutants General in a USC Title 32 status. Should it be required, a team can be federalized and called to serve in a USC Title 10 capacity. The National Guard Bureau provides logistical support, standardized operational procedures and operational coordination to facilitate the employment of these teams and to provide depth and backup capability to states currently without a full-time Civil Support Team.

In order to be the best resource possible to those entities they assist, it is crucial that the teams continue to be interoperable with all of the federal, state and local organizations with whom they work. This means that they must continue to be equipped with and trained on the state of the art technologies, requiring that they remain a high priority for resourcing at all levels within the Department of Defense.

Issues of importance that are being addressed at many levels in support of improving this program include the following: coordination with Transportation Command and other commands to formalize the processes of requesting airlift for these units. This is required to minimize response times to remote and/or hard to access incident sites and thereby optimizing their utility to incident commanders. Intensive recruiting, special pay and acquisition issues are being worked by staff at the National Guard Bureau's Homeland Defense Office to address some of the more challenging issues the program faces in remaining a value-added capability to their civilian counterparts.

Our adversaries will not rest—"the clock is ticking"—so our preparation must be immediate, exact and effective. The National Guard gives this nation a tremendous capability in that its members live, work and play within the communities they defend. Many of them are first responders—the Guardsmen know their home turf. The people trust their National Guard and always feel comforted by their presence dur-

ing a crisis. During the next year, we will take that trust and solid experience to build the National Guard into a proactive, technologically superior team that is trained and ready to deal with any and all threats to our homeland. To further that end, the National Guard will continue to cooperate with all local, state and federal agencies in an effort to improve response capabilities. In its dual State and Federal roles, the National Guard will continue to support other government agencies when asked, and will take the lead, when appropriate, in the defense of our homeland.

The National Guard Drug Interdiction and Counterdrug Activities

The National Guard Drug Interdiction and Counterdrug Activities provides airborne support to the domestic counterdrug effort through the Counterdrug Reconnaissance and Interdiction Detachment Program and the Counterdrug Program. These special programs employ specially modified helicopters and C-26 aircraft to detect and track counterdrug targets identified by local, state or federal drug law enforcement agencies. Currently eleven states have counterdrug C-26 units and 37 states have the interdiction units.

The National Guard supports counterdrug operations by providing support that helps law enforcement to stop illegal drugs from being imported, manufactured or distributed; and by supporting community-based drug demand reduction programs. There are six general counterdrug mission categories under current program regulations: program management; technical support; general support; counterdrug-related training; reconnaissance/observation; and demand reduction support.

The National Guard is a partner in a variety of demand reduction activities ranging from educational programs in schools, summer camps and with community anti-drug coalitions. The National Guard operates four counterdrug training academies across the country that specialize in supply and demand reduction curriculum. The courses are available to civilian and military personnel at no cost.

Information Technology Infrastructure

The National Guard has a dual role, the National Guard of the United States (federal mission) and the National Guard of the Several States (state mission). Under Title 10 of the United States Code, the purpose of the National Guard Bureau is to be the channel of communications on all matters pertaining to the National Guard, the Army National Guard of the United States and the Air National Guard of the United States and the Departments of the Army and Air Force. This is a core competency of the Bureau, and its success is dependent on a strong information technology infrastructure under the management of the Chief of the National Guard Bureau. With the creation of the Department of Homeland Security, there is a potential requirement for the National Guard to integrate its communication network with that agency. The National Guard must be empowered to plan, program, and budget its information management program. Additionally, it should control, manage, and operate an information technology infrastructure that meets the requirements of both the federal mission of the National Guard of the United States, and the state missions that include homeland security.

The National Guard network should provide an efficient, reliable, interoperable, and user-friendly information technology channel of communications for the Department of the Army, Department of the Air Force, U.S. Northern Command, Department of Homeland Security, and others. There is also a need for a channel of communications to be established by the states through the National Guard Bureau with the Department of Homeland Security. This is a proper role for the Bureau, and the Bureau's mission should be expanded to include that it serve as a channel of communications to the Department of Homeland Security. In this new role, the Chief Information Office would manage the information technology requirements for the homeland security mission. The Chief Information Office would also provide leadership for establishing National Guard information technology strategy, policy, standards, and infrastructure to support National Guard forces performing their federal and state missions. In addition to federal funds for information technology to support the National Guard of the United States, the National Guard Bureau Chief would plan and administer federal funds that are appropriated for information technology support for states under the homeland security mission. The Chief Information Office would work with the Army, Air Force, U.S. Northern Command, and Department of Homeland Security Chief Information Offices to assure that our information technology network is integrated and standardized with each other as well as other partners.

Senator STEVENS. General, if I may, before hearing from General Schultz and General James I'd like to yield to Senator Inouye for any questions he might have. He's going to leave here at 10:45 to

go to an important meeting, and I thought perhaps he might have some comments or questions to make before he left. Sir.

Senator INOUE. General Blum, the strain on Reserve forces may also depend on the skills needed for duty in Iraq compared to the number of active duty forces with these skills. What are the top skill groups for those who have been mobilized to Iraq thus far?

FORCE PROTECTION

And the other question I have is that I understand that the Guard will be providing personnel to help the Air Force increase force protection; while in the fiscal year 2004 budget, the Army itself will be experiencing a 53 percent increase in force protection requirements. Do you have enough to take care of your force protection, in addition to the Air Force?

General BLUM. Sir, let me answer those questions in turn if I may. General Schultz, you can come in there any time, and General James, you can come in any time you think it would be helpful.

Sir, the skill sets, if I understood the question correctly, you wanted to know what skill sets were required in Iraq. It is across the full spectrum, everything from special operations, the kind of innovation that you just saw up on the ninth floor and the unconventional approach to dealing with the combat in Iraq. We have significant special operations forces over there, both in Special Forces psychological operations as the United States Army Reserve and Civil Affairs, but in addition, we have infantry on the ground over there, combat support units and combat service supports of every stripe and color, so there's nothing specific. It is full spectrum across-the-board combat formations that were called upon by the combatant commander that we provided from the National Guard.

Back here at home, it's a little bit different. They've mostly been security forces for critical infrastructure protection, and the amazing work that the civil support teams were able to provide almost on a daily basis to keep the populations calm, that we were not under an attack by any chemical or biological agent from a foreign nation.

The very fact that they were able to test and sample and verify that these samplings were not something lethal or threatening to our population has helped, a very calming influence, and I think the soldiers and airmen that we have had doing our critical infrastructure protection in nearly every State in this Nation has served as a significant deterrent, and have probably prevented any disruption of our mobilization process, our ability to project forces abroad, and to attack our citizenry or our ability to provide good Government here at home.

I hope that addresses your question. If not, please press me a bit. Roger.

General SCHULTZ. Senator, if I could help with a piece of that answer from the Army Guard point of view. We have 24,000 soldiers from the Army Guard in Central Command duty today. Primary duty is going to be, obviously, in support-related fields, military police (MP), perhaps chemical, perhaps medical, perhaps engineer.

That's kind of the skills that are going to be required more so, even now, as the mission changes in theater.

We're working today with the leadership in the Central Command land component command to figure out what kind of units, how long they need to stay, and do we have the right mix.

Now, specifically to your point, we're short military police in the Army, in the Guard, and we're going through the acquisition process of acquiring more. We can use more military police here in the homeland as well, so today in the homeland we have over 16,000 soldiers securing critical facilities; 8,100 of those members are securing Air Force bases, and the money, in the case of the Army Guard, is coming by way of the Air Force, so that's an Air Force budget line item. We think that will be a 2-year mission, so we're in the first year of that mission, standing by for a second.

So security police in the Air Force, military police in the Army. We're short those kinds of forces today.

Senator INOUE. What are you doing about that?

General SCHULTZ. We're actually going through the process of finding units, turning in units, buying more military police units, if I could explain it that way. We're going through the acquisition process right now, today, acquiring more MP units in the Guard.

Senator INOUE. Thank you. Thank you very much, Mr. Chairman.

Senator STEVENS. Thank you. General Schultz.

General SCHULTZ. Thanks, Mr. Chairman, the distinguished committee members. We say thanks for allowing us to be here today, and for your ongoing support for our first priority, our soldiers.

I would like, Mr. Chairman, to introduce Command Sergeant Major Frank Lever. He's senior enlisted soldier in the Army National Guard. He's the person, with me, that has the honor of looking after our members across this Nation.

Mr. Chairman, our members have met and satisfied every mission asked, from the homeland through the deployed theaters, and it's an accomplishment that we are most proud of. If you think about the Guard today, we have over 78,000 soldiers deployed, and obviously we talk about the strength of who we are, our first priority would be the members in our formations. Now, today in a special way that also means our families.

And then as you think about our mission since September 11, 2001, just a couple of years ago, we obviously have had tremendous support from our employers, and it's that team that makes what we're doing today possible.

Mr. Chairman, we say to you, for your ongoing support, thanks. Senator STEVENS. General James.

General JAMES. Mr. Chairman, members of the committee, I also would like to add my thanks, as my colleagues have, for the support of this committee and the opportunity to speak to you today on behalf of our Air National Guard.

Like our Army counterparts, our Air National Guard has been very, very busy around the world and here at home. We have approximately 22,000 airmen mobilized at this time, with another 1,100 volunteers added to that figure. Some have been mobilized for almost 2 years. Currently, 55 percent of the Air National Guard

is performing some type of full-time duty when you add in the full-time force.

OPERATION NOBLE EAGLE

In Operation Noble Eagle which is the defense of the homeland, an air sovereignty mission was applying 75 percent of the fighter force, and half of the tanker sorties this past fiscal year.

OPERATION ENDURING FREEDOM

As you have noted, though, the Air National Guard is not a stay-at-home force. We, too, have been deployed around the globe. As of the end of March, we flew 64 percent of the fighter sorties supporting the Aerospace Expeditionary Force (AEF), 48 percent of the airlift sorties, and during that same time we flew almost one-quarter of both fighter and tanker sorties for Operation Enduring Freedom.

OPERATION IRAQI FREEDOM

We've had significant contributions to Operation Iraqi Freedom, and to answer part of your question from the air side, Senator Inouye, we experienced some high frequency/low density specialties in firefighters and also in security forces, but we are in fact total force partners with our great reserve counterparts and our active duty. The National Guard flew 43 percent of the fighter sorties, and an amazing 86 percent of the tanker sorties in Operation Iraqi Freedom.

This committee is directly responsible for our ability to participate in these operations and do our mission, because you have provided the resources for us in areas like targeting pods and funds for our miscellaneous National Guard and Reserve Equipment Appropriation (NGREA) account. You've helped make us a part, a very relevant and important part of the total force, and Mr. Chairman and members of the committee, we're very grateful for that support.

In closing, I would just like to say that in the future we too are looking to transform. I've developed a concept called Vanguard that will enable us to transform the Air National Guard into a force of the future. We also are looking forward to participating in new weapons systems such as the C-17 and the F/A-22, the joint strike fighter, and hopefully the KC-767. We do strongly support the lease of this aircraft. It will allow us to replace our aging K-135E models with R models, and maybe even participate in KC-767 aircraft in some selected Guard units.

Again, thank you for the opportunity.

MERGING GUARD AND RESERVE ACCOUNTS

Senator STEVENS. General, we're grateful to you for those statements and, as you've said, each of you, this committee has been very supportive, but we're getting questions at home now, and I wonder if we're getting to the point where we're burning the candle at both ends.

Before we went into Iraq, we already had 50,000 reservists called up and mobilized for the global war on terrorism. We mobilized

more during the war and, as you said, General James, some of them have been mobilized for the best part of 2 years now. That gets beyond the role of citizen soldier that's there in the event of emergency, and I'd like to have your comments on where we're going. You add that to the Department's request that we merge your accounts into a single account now, and we wonder what's happening as far as the future of the identity of the Army Guard, the Air Force Guard, and the Reserves as separate entities.

Would you comment on those situations, General Blum?

General BLUM. Yes, Mr. Chairman.

First, on the identities, the Constitution will guarantee—unless we change the Constitution we will not lose the identity of the National Guard of the United States because of their dual mission status, unique among the other reserve components.

As far as the operational tempo and the overuse of our National Guard citizen soldiers, I think it's a little too early to tell just yet on what those trends will bring in the long term. Certainly, there are anecdotal episodes or evidences that all of us can quote where it is less than a desirable condition, where there are great hardships on families and significant interruptions, particularly the small businesses, when you pull key people out, or key people in a community that are responsible for either law enforcement or emergency services, but what we have done is set up procedures whereby the Adjutants General of each State can make corrections and modifications and substitutions so that we don't do something that does not pass the common sense test when it's closely examined the next day on mobilizing guardsmen.

The information so far that we've received is relatively positive. In spite of this increased use, the propensity to serve in these young men and women is extraordinary. Remember, they volunteered to serve their Nation. They volunteered to be members of the Army and Air National Guard, and they are proud to respond when their Nation needs them.

I think what we need to do now is pay very close attention to the process that we follow when we demobilize these young men and women and return them back to their civilian jobs and their families. That will play an important part. How they do that will be very important to whether they make a decision to stay with us long term.

LIMITS ON DEPLOYMENT

Senator STEVENS. Well, should Congress consider putting a limitation on the amount of time that a guardsman, a person in the Guard or Reserve can be compelled to serve in any 1 year? We have situations where we have all been contacted—I'm certain I have—by small business people, by persons who ran support facilities for clinics in terms of medical supply units, and they have been called up and, as you say, they're ready to serve, and they did volunteer, but I'm not sure they volunteered to become a regular member of the service to be—they are compelled to stay, once they're called up, for as long as the Commander-in-Chief wants them to stay, and I think there ought to be some sort of a contract with these citizen soldiers that they will not be called up more than

a certain amount of time in any 1 year unless there's a declaration of war.

And we've gone through a series of situations now in the last 20 years where we've had these problems, more than 20 years, really, without a declaration of war, all the way back to Korea, and when you think of the number of people that have been called up and their lives have just been completely changed, I think it's time for us to take a look at it. It may not be this committee.

But we do have before us, however, the thing that bothers me, and that is this concept of the consolidation of personnel accounts into a single active personnel appropriations for each service. In other words, you won't be getting money for the Guard directly. You'll be getting money as part of the Army's appropriation and the Air Force appropriation, and eventually that will lead to less control for the Commanding General of the National Guard.

I don't think I'm going to embarrass you by asking you what you think of that, because you're in uniform and you must respond to the direction of the civilian authorities and your Departments, but this direction worries me as a Senator, and I don't know about others, what they think, but I believe we should do everything we can to encourage an enormous number of young men and women to join the Guard and Reserve, particularly those who have had any service before, and they're Ready Reserve. They're really a magnificent force in the total force concept, but I think we have offended against some of them now and changed their lives and put some of them into bankruptcy, and we've got a job to do to try and straighten that out, in my opinion.

I don't know if you want to make any comments about it, as I said. It's not right, General. It's not right that someone joins the Guard and Reserve and thinks they'll be called up in the event of real war, to be called up on a semi-permanent basis.

Have you got any orders yet to release any of these people?

General BLUM. Well, sir, Mr. Chairman, you've thrown a couple of questions at me at once here.

Senator STEVENS. Several, yes. I'm sorry about that.

General BLUM. Let me try to sort these out. First, are we abusing the soldiers in how often and how long they're called up for? Again I say there are anecdotal evidences that each one of your constituents can articulate where that was probably the case.

What I would argue for here, or urge the committee to do, is to give the leadership of the Guard the maximum flexibility to manage the force. If we are given the flexibility, we have a robust capability. Over 50 percent—even with all of the things that we've talked about here today, we still have a pretty robust capability remaining on the shelf that we can dip into and substitute and plug in place, so to speak, capabilities and special skill sets that are needed so that we don't have to abuse the same citizen soldier over and over, but we must retain that flexibility to do that, and I would urge this committee to make sure that the leadership that's represented here in all of the seven, reserve components have the authority to have some flexibility in that process.

If we do that, I think we can mitigate much of what you're talking about, but as I stated earlier, it is still too soon for me to tell you definitively. We don't have any real trend evidence that says

that this is going to cause us a long-term retention problem or a long-term recruiting problem, and so far it's been quite the opposite in terms of satisfaction, and the feeling that they did something worthwhile for their country when they came back off of service, and in most cases they have assimilated back into their civilian jobs and their families quite well.

On the other issue about the consolidation of pay accounts, you're quite right, I can't comment on that for really two reasons. One is the Department of Defense (DOD) policy, and that I would support the policy, but however, I can't even tell you that today, because I have not seen the implementing instructions for that consolidation, so as you well know, the devil may well be in the details of that, and we have not seen those yet, so I don't know enough about that consolidation initiative to tell you whether that's a good thing or a bad thing for us here today.

Senator LEAHY. Mr. Chairman, could I just mention something? Senator Bond and I are the co-chairs of the National Guard Caucus, and we have sent a letter actually signed by a number of members of this committee to Senator Warner, Senator Levin and yourselves, Senator Inouye, expressing the same concerns that you've just raised.

Senator Bond and I made sure it was a very bipartisan letter, but it is coming your way and expresses the same concerns you've just expressed.

Senator STEVENS. Good. Thank you very much.

Senator Burns was first under the early bird rule. He went upstairs, I understand, to see the exhibit, so we'll count that as being present.

Senator BURNS. I've already been up there. We're really getting a little late down here.

I guess the chairman raised a very important question here, and what we hear out in my State of Montana, not only are we getting some pressure from the employers, but we're also getting some pressure from the self-employed. If you take my State, it has an agricultural base, you've got a young man that's probably had previous active duty, wants to maintain his edge, wants to serve, and also does it in a sort of a way that he makes a little extra money on the side, and doesn't mind that at all, and will spend the extra time in training, but there also are times when the crop's got to go in and when it's got to come out. He's also charged with paying for that farm, and that's a tough enough thing nowadays all by itself, so I'm going to follow this issue very closely.

And also we recruited some people into the Guard that had some special talents, education, skills to fill some of our needs, and I will tell you that all you had to do was go up to 902 and take a look at the new toys that we've got now that have worked very well in the range of high tech. So the people that we're recruiting are really highly skilled people in the private sector, but there again they've got a responsibility there, and I would say most of them want to stay trained.

General James, I thank you very much for the support of our Air Guard in Montana. We're very proud of our Air Guard up there. We've upgraded now to Block 30s, as you well know, and they performed very well, and we're very proud of them, and we appreciate

your leadership, and all of you understanding these problems, but as the chairman says, we've got to start somewhere in coming up with a master plan on how we're going to help these people either survive in the private sector and still rely upon their skills and their talents in time of an emergency.

I think when they joined the Guard they didn't mind a short deployment to hone their skills, or to even go and be away forever on a declared war in the defense of this country, because they're motivated in that direction. They're highly motivated people, we find, but nonetheless—and that's a different circumstance, and we all understand that, but I am going to follow this issue very closely, but I think somebody has got to come up with a plan, a plan B so to speak, in the event that we get into a situation as we face today.

And by the way, I want to iterate that in the Iraqi operation our warriors, all kidding aside, were the best ambassadors we had on the ground over there, and the way they performed, not only in their skills but also in their mission, but also that extra little bit it takes to establish a relationship with the people of Iraq, and that was truly a very sensitive area, and it was also noticed by a lot of folks in this country as being gentlemen and gentleladies of a very special force, so we appreciate that very much.

Thank you, Mr. Chairman.

Senator STEVENS. Senator Dorgan.

Senator DORGAN. Mr. Chairman, thank you. Let me say that I agree with all of the expressions by the chairman. I may be wrong, but I think there could be recruitment and retention issues in the future unless we address this issue. The men and women who serve don't complain, do so willingly, and are enormously proud of doing so, but let me just give you an example.

Part of the 142nd Engineers Battalion from Wahpeton, North Dakota, was deployed to Kosovo in January 2000. They spent 7 months in Kosovo, came back for about 2 years, and now deployed to Kuwait. In all, 700 members of the 142nd were alerted on January 20, mobilized on the 24th, 4 days later, and 2 days after that they began moving their trucks from North Dakota to Fort Carson.

I know normally there's a 30- to 60-day warning before deployment. That's what the Army would like to do, but in this case it was just a matter of a couple of days, so I think these issues are important, and as I say, these are not complainers, they're proud to serve their country, but I think we should address the issues the chairman mentioned.

I'd like to ask more specifically a question I don't think, General Blum, you answered when the chairman asked it. Tell me about demobilization. If there are not now specific plans for beginning to demobilize, who will make those plans, and when will they make them, and I ask that I think on behalf of the families and employers and others. What do you expect with respect to the demobilization of those units that have been sent overseas at this point?

General BLUM. Senator, there are, in fact, plans being formulated as we speak for the demobilization of National Guard soldiers and airmen that were called up for duty. I wish I could give you a simple rule of thumb as to how they're doing that, last in, last out, first in, first out. It unfortunately doesn't work that way, as

nice as we'd like, because they did not follow the normal troop sequencing procedure in the way they called up our units.

We are in an extraordinary time, as you are aware, 9/11, and no one foresaw we were going to prosecute a war in Afghanistan and then very quickly prosecute a war in Iraq. We provide military capability when called upon, and we did not make those plans. We respond to those plans.

The demobilization will—here are our concerns, that we get people off of active duty as quickly as they are not absolutely needed there. These people, these great Americans that you have all talked about, do not mind for the most part interrupting their lives to serve their Nation, but they want to do something meaningful. There are many people right now that are in various stages in the pipeline of going and coming out of there, and we are trying to sort that out so that we don't abuse this precious resource, our citizen soldiers, in that process.

DEMobilIZATION

Senator DORGAN. But how much notice might you give for demobilization, and when can families and employees, employers and others expect some basic notion of whether this unit will continue to be mobilized for 6 months or 1 year, or whether perhaps within 3 months that mobilization will be over?

General BLUM. We are hoping to sort this out in short order. As soon as we have that information we share that immediately with the local commander, in this case the Adjutant General of the State, and then it immediately goes to the family support group and employers within a matter of hours and days.

So we understand the angst that it causes. The uncertainty really creates some frustration and some tensions in employer support and with the family support piece. We are very concerned about this. I hope you didn't take my answer to mean that we are not concerned about the issues the chairman brought up. We are watching this very carefully, and we are advocating for the soldiers. Unfortunately, the General Officers represented here today do not control that process.

COMMUNICATIONS

Senator DORGAN. Let me mention one other thing and then ask General James a question. I met with a large group of families recently. They had two big concerns. One is mail, and the second is telephone contact. I'm sure you're working hard to try to resolve those issues, but it is critical to the families. To be able to communicate is just a critical connection.

The families are very proud of their loved ones serving. They weren't complaining to me. They were just asking for the opportunity to have the Defense Department provide better communications, better movement of mail, and I know in staging areas sometimes that's very hard, but I just wanted to pass that on to you. That was their concern.

AGING AIRCRAFT

General James, you know the Happy Hooligans, the Air National Guard in Fargo, North Dakota have three times won the William Tell Award, the award for the best fighter pilots in the world. Yet they are flying the oldest fighters in the Air Force, which is incongruous to me. You and I have talked about this at great length. They fly the Block 15s. They're the only operational unit in the country still flying them. This needs to be remedied. Are we any closer to a solution to that?

General JAMES. Not currently. The hold that was put on the decision that I had to make about upgrading Fargo was generated by the fact that on relook the active component who supplies us with our equipment, our aircraft, are relooking the need for any more offensive counterair or air sovereignty resources going to the Guard in the F-15.

As you know, as we talked before, the F-15, one squadron was identified. The Guard was approached about taking that squadron, and that squadron was to be activated and put either in Fresno or Fargo, so in either case it would have generated an upgrade in your equipment.

The decision was put on hold. We're still looking at some possible alternatives. I've asked my staff to look at even the possibility of looking at other alternatives, and right now we don't have anything. I cannot give you a positive answer on that.

Senator DORGAN. Mr. Chairman, on 9/11, when the Pentagon was hit, the first jet fighters flying air cover over the Nation's capital were the F-16s of the Happy Hooligans flying out of Langley Air Force Base.

As I indicated, these are people who run drugstores and family farms, and mechanics, and the fact is they've gone out three times and won the William Tell Award against the best pilots and the best equipment in the world, beating all of the Air Force and everybody else, and the fact is, they've been shortchanged here with respect to these planes. They're flying F-16s that are out of time, and they do it, but the cost to maintain them is incredibly high.

And I've heard the same answer about these issues for the last 3 or 4 years, and General, we've got to try to resolve the issue with these planes. You and I need to meet again, and I guess we need to meet with the Air Force Chief of Staff as well, but year after year after year we get the same answer with respect to these old A-model aircraft.

I mean, we've a lot of wonderful people, a lot of missions, a lot of great units around the country, but this one begs for a solution and it hasn't been forthcoming, and I hope I can count on you to do what we ought to do for one of the best units in this country.

General JAMES. We're trying to come up with some solution, because it's unconscionable to have a unit that good flying airplanes that old and still tout ourselves as an important member of the total force, and this is one of my top priorities, Senator, and we'll talk about it more.

I have an out-of-the-box kind of solution that I have had my folks put their pencil to and try to see if it's feasible. I don't know that it's going to be acceptable to the Air Force, but we're going to look

at something that's quite different in the way of getting some new airplanes.

Senator DORGAN. General, I like out-of-the-box solutions. As long as they're solutions, I like them.

General JAMES. Okay.

Senator DORGAN. So this begs for a solution. I appreciate your willingness to put it at the top of your list.

Mr. Chairman, thank you.

Senator STEVENS. Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you. Thank you, members of our panel for being here today and helping us understand the implications of the budget request that's being submitted on behalf of the National Guard. We appreciate very much, as I said in my opening statement, the leadership you have provided in the mobilization as a part of Iraqi Freedom, but it comes on the heels of other mobilizations for Noble Eagle and Enduring Freedom. There's been a very heavy concentration of activity in the National Guard units around the country.

RETENTION

I was impressed with the comments of the Senator from North Dakota about the fact that very little notice has been given for some of these activations. Usually it was a 30-day notice. That's been a tradition or a guideline. Do you worry, as I do, that this may have implications of people not looking with favor on re-enlisting in the National Guard, or depletion of our forces? Have you seen any evidence of that? I know it may be anecdotal at this point. What is your reaction to the effect that that may have on our ability to attract men and women to serve in the National Guard in the future?

General BLUM. Senator, I think you're right to highlight that as an issue. All of the airmen and soldiers that this leadership team have talked to over the last past year have expressed their concern and desire for predictability, for knowing in advance what is required of them as far as possible for knowing when they will be needed and when they will be released. Employers, families, and the service members seem to do much better when we can give them a predictable time line of when they'll be called, how long they'll serve, and when they will return home.

This is not just a service member here. The National Guard is a three-legged stool. The three legs are the airmen and the soldiers, the citizen soldiers and airmen, but their families are equally important, and their employers are as equal partners with the citizen soldiers and airmen and their families for the defense of this Nation. If either of those three legs gets out of balance, we threaten the integrity of the stool, so we are watching this very, very carefully, and the predictability would be highly welcomed by the three General Officers sitting before you today, and I'll let the others speak when they come up here, but any reserve component soldier really would love to have what you're suggesting.

Unfortunately, with some of the realities that have happened, some of these campaigns, the global war on terrorism, ongoing commitments around the world that we were already supporting, the war in Afghanistan and then the follow-on war in Iraq, and then

what may follow on as our involvement in phase 4 of Iraq has yet to be determined, so the predictability puzzle has not yet been solved for all of those events.

Senator COCHRAN. General James, do you have any comments on that issue?

General JAMES. Yes, Senator. I agree predictability is the key. The Air Force has realized this, and that's why they established the AEF concept, the Aerospace Expeditionary Force, to give predictability to the airmen and the families so that they would know when they were eligible to be deployed, and they used this concept in Iraq, in Iraqi Freedom. They actually used the people that were due to rotate into theater, and they also kept some people that were in theater because of the AEF.

Unfortunately, the predictability part for the reserve component is not as good as it is for the active component. We have to be part of our active team. We have to be engaged in these AEFs and activities and contingencies around the world to remain a relevant member of the team, so the predictability is very important.

I would say also that these airmen are very proud to be a part of that, and they're proud to serve, but we don't know exactly what their breaking point is. When is it going to impact on our retention, and one of the things we did in the Air Guard is, we surveyed at the end of the first year and we looked at the results, and I'm pleased to say that they really were more positive than we thought. However, we're going to have to do it again at the end of the second year, and we're going to have to do it again another year or so down the road, because our operations tempo will continue to maintain a pretty high pace.

Normally we lose—we turn over, excuse me, 10 percent of our force. The survey showed us that we'll probably turn over 13, at the very most 15 percent of our force, so it's not going to be an issue that will beg—excuse me, would cause us much concern right now, but again we'll have to relook that, but in doing so we still do have those stress career fields in security forces and in firefighters and in support personnel and in red horses, we call them, people who build these bases.

The Chief of Staff said this morning the most stressed career field in the Air Force right now is—the most limited capability is tents, because we've built over 30 bases around the world just in Operation Iraqi Freedom—not around the world, but to support Iraqi Freedom, and as such we have some stresses in areas we didn't anticipate in our standard Air Force, so we're looking very carefully at that predictability piece, at continuing to be part of the AEF and yet surveying our people to find out what their needs are.

One of the things we do in the Air Guard is, we have contracted family support representatives. My predecessor, General Weaver, started this. We have at least one full-time person at every Air National Guard installation and separated unit for support of the families. Just as General Blum mentioned, the support of the families is very important, and if we can keep the family happy we'll keep the airman happy and they'll stay with us.

EMPLOYER SUPPORT

The second part of that is the employers, the employers' support. By and large, our employers don't have, quote, anything for them. They don't have the predictability that we talked about earlier. They don't have any type of a tax incentive, anything, an incentive on the books that allows them to feel good about, other than being patriotic about having their folks be involved, so we need to get some way to give something back to the employers, and we are working very hard with our Employer Support of the Guard and Reserve (ESGR) people to keep them in the loop, to keep them in the communication loop and feeling good about what they do. The problems we've had have been really very small in terms of the scope of the operation.

Thank you.

Senator COCHRAN. Thank you. General Schultz.

General SCHULTZ. Senator Cochran, the issue is very serious with us. Overly concerned, I would not describe it quite that way, but we are most interested in the impacts of a schedule that drastically changed in the case of an employer or a soldier or a family on short notice as we put together the plans for an ever-changing war concept.

But for the outstanding leadership across our States we couldn't have pulled this off. But for the outstanding soldiers, we couldn't have pulled this off, and some really understanding employers here, so we took plans and greatly moved the line to the left, as we say, and so instead of 30 days, many of our units were actually alerted and mobilized in less than 7, some 1-, some 2-, some 3-day notices, and so I don't know that we've begun to realize the full implication of that activity set here, and of course our Nation's at war. That's why we're, across this country, willing to respond the way we do, and yet we understand there must be some discipline in the schedule over time. I mean, today we have plans that take our unit schedules out 3 and 4 years. You go to this theater, you'll deploy for this period, here's your major training event, and all of that turned upside down as we put together the final plan for Operation Iraqi Freedom, and of course the Guard units were involved in a number of those changes, and we've responded to everybody's credit across this country, but there are second and third order county implications.

Now, what do we think long term? The Army Guard will meet our end strength this year. We're off our program target just a little bit. Retention is actually higher overall than we had planned. The active component has a stop loss policy in place, and about half of our members in the Army Guard come from active duty, so that's 30,000 soldiers that come into our ranks every year from active duty, so when the stop loss rules are all in place, consider those candidates not available to join the Guard, so we're off just a little bit in terms of our prior service accessions.

Senator, we'll get through all of this, but the question you ask we take very seriously, and that is long-term outcomes, the implications, effect of how we handle this mission set, and our soldiers without a doubt will respond to the way we treat them.

Senator COCHRAN. I had a chance just recently to visit the Mississippi National Guard Training Center. It's a regional, counterdrug training facility. It's located on the property of Naval Air Station Meridian, Mississippi, and I want to ask you to answer for the record, if you could, questions about the future possibilities for expanding the activities there to include homeland security and other law enforcement challenges that we have as a result of the war on terror and the threats we have against our country.

C-17 FLEET AT JACKSON AIR NATIONAL GUARD FACILITY

And I also have a question for General James for the record relating to the conversion to the C-17 fleet at the Jackson Air National Guard facility. We've talked about that before, and it would be good if you could bring us up to date and let us know how those plans are proceeding, and when we can expect to see that as a fully integrated part of the Air Force responsibility.

General JAMES. Senator, we have kept in touch with that. As you know, I visited the unit. You had your staffers there. We had briefings on the unit, and I'm pleased to tell you things are going quite well. We're on track. We're a little behind on one of the facilities in the construction, but I think there are some work-arounds that are going to bring that up to timetable pretty soon.

The actual aircraft delivery was 2004, I think January, February 2004. It's been moved up 60 days. The first airplane should arrive this fall, in December, and right now we did have some discussion about the Block airplanes that you're getting. You're still getting the Block 14 airplanes and the Block 15, two other Block 15 airplanes later. There may be some dialogue about making them all the same blocks. As long as they're fairly new airplanes, and having the Air Force take the Block 15s and two more, as I said, low time or new Block 14s so you'd have a homogenous fleet. That's the only thing that's come up lately, and I'm talking with General Handy and General Lipscomb to decide if that's what they want to do. Other than that, it's really a good new story. Things are working, progressing very well.

Senator COCHRAN. Thank you. We appreciate your leadership on that issue. Thank you.

Thanks, Mr. Chairman.

Senator STEVENS. Thank you very much. Senator Domenici.

BORDER PATROL

Senator DOMENICI. Thank you very much, Mr. Chairman. First, by way of a matter that I have some criticism, there's a major story in New Mexico today. It's styled, critics blast border plan, and essentially, General Blum, what it's talking about is that an area on our border, the National Guard provides some valuable support to the Customs department and border inspection operations, and hundreds of guardsmen around the country have become experienced inspectors in inspecting cargo at our borders, seaports, and mail facilities. As a result, Customs inspectors are better able to focus on inspecting terrorists, intercepting terrorists who try to infiltrate our borders.

This work is very important to New Mexico on our border with Mexico. In all, there are approximately 52 guardsmen along the

New Mexico border supporting a total of 90-plus Customs and immigration and agricultural inspectors. In addition to these inspections, the Guard is performing an effective counternarcotics surveillance as well.

Recently, it has come to my attention that the Department of Defense plans to divest the National Guard of its inspection support duties. The rationale is that the inspection mission is not, and I quote, militarily unique.

General, given the heightened state of alert that we have assumed since the terrorist attacks on our country, do you believe that now is an appropriate time to remove experienced guardsmen from our borders, and how does the DOD plan to effect the National Guard counternarcotics mission?

General BLUM. Senator, I have an office call and a meeting set up with the Deputy Assistant Secretary of Defense that is in charge of that particular operation, Andre Hollis. Mr. Hollis and I have had discussions on this when I was in a different job—

Senator DOMENICI. All right.

General BLUM [continuing]. As the Chief of Staff of Northern Command. There is a four-star Air Force General named General Eberhardt who is deeply concerned about what moves across the Mexican border, both ways.

Senator DOMENICI. Right.

General BLUM. The immigration and the narcotics, once viewed as a problem in itself, is an even greater problem when you consider the counternarcoterrorist nexus that can be connected to that, and the goodness in protecting our borders from hostile people, or hostile weapons systems, chem, bio, or nuclear, or high yield explosives coming across, or shoulder-fired missiles—

Senator DOMENICI. Right.

General BLUM [continuing]. That could be used against our civilian aircraft coming across the border. We intend to engage with Mr. Hollis and present the National Guard's position in support of a combatant commander concern, so we do this in a unified effort, to reexamine the counternarcotics and immigration issue not as narcotics and immigration issues but national security issues, which may change the way the Department of Defense views that activity.

I am not sure they totally understand the full value and the implications of what's being considered, but this is too early to tell you how that's going to work out, but at least you know what our concerns and interests are on that.

Senator DOMENICI. General, you know what my concerns are. You've expressed it exactly right, and when the Attorney General and U.S. Attorney there expressed their concerns saying that they're not quite sure we're going to be able to handle it without this component, it does send signals to me that I have to get in touch with people like you and ask you how come this will happen.

Now, on the positive side I want to say that New Mexico has a number, like other States we have a number of areas where weapons of mass destruction civil support teams have been put together. These teams have been trained and certified to respond to biological, chemical and nuclear incidents on key military installations and national laboratories.

General, I applaud the quick action of the Guard, recognize the importance of the national laboratories, recognizing those in a proactive way. You have that going on in our State at Los Alamos National Laboratory, White Sands Missile Range, and the Air Force Research Laboratory installation right in the middle of Albuquerque. We compliment you on that and thank you for it.

Mr. Chairman, for the record, as part of the discussion that has just taken place for the last hour with reference to how are we going to react in the future and what have we learned with reference to the Reserve and National Guard in this last couple of years, it seems to me, Mr. Chairman, that this is an opportune time for us to get information from our Reserve and National Guard units precisely as to how, how we can help them by changing rules and regulations on our end so that the Reserves and National Guard can serve us, as a people, better.

It's obvious to me that we can't treat them in a willy-nilly way, that they just respond and if they're needed, they're needed, and if they're not needed, they're not needed. I think we have to have more objective standards and rules and regulations, because at the heightened time of everybody being excited about being in a war and wanting to serve, that's one thing, but the aftermath, when that's all settled down, then you have to measure what's really happened, what's happening to the attitude of the workers, the employers, and the parents, the families, and I would hope that you would be expressing concern in behalf of those that you represent so that you are not just used by the rest of the military to fill in and say, whatever's needed you all are going to have to do, regardless of the ramifications, and we'll take care of it later. I think that would be bad.

And secondly, we have had to change what we pay to our military people and what we do in terms of helping their families during this war, during this war effort. I hope that if there are things we should be doing, whether—where we are paying more, remunerating better, offering better compensation and the like, and even some tax relief if necessary, I hope you are looking for those to recommend to us with reference to the Guard and the Reserve, because we have been surely looking for instances where we could be more fair, more equitable in that regard.

REDUCING SIZE OF GUARD AND RESERVE

Thank you very much. Thank you, Mr. Chairman.

Senator STEVENS. Senator, thank you for the comments. I'll have some comments later, but I think the Department's answer so far that we've seen, I'll send you the issues study, is that we should enlarge the strength of the active units and reduce the size of the Guard and Reserve. I think a few Governors are going to have some comments about that, and besides that, I wonder—if you don't mind, Pat, if I just ask one question—what are we doing at the time of all these tornadoes? Every one of those States, the first responders should have been the National Guard, and many of those units are in Iraq or off on terrorism duty. Have you got any complaints yet about that?

General BLUM. Sir, we have not received any complaints about that because General Schultz and General James, to the degree

that they were allowed, were very, very careful to not strip any Governor of their total capability to do State mission and anticipate the typical bad weather patterns and the normal Mother Nature-type catastrophes that happen, or leave them a response force in the State if they were to be attacked, particularly during the prosecution of the war in Iraq, by some agents or surrogates of the Iraqi, or sympathizer of the Iraqi people, so we were very careful to leave in every State and territory as much of a robust capability to respond as possible.

Incidentally, in Missouri with the latest tragic events, the unit that responded to that tornado had been activated for war in Southwest Asia. They were at Fort Leonard Wood, Missouri, at the mobilization station. The unit heard its home town had been hit and devastated, and the unit marched back to their home town and responded to their own neighbors and families and friends. Even though they were on active duty, ready to go to war, they interrupted that process to come home to take care of the homeland, and then when that's done they'll go back to Fort Leonard Wood and prepare to go, so the short answer to your question is, we are watching that extraordinarily close.

We want to make sure no Governor is left uncovered, no community is left without a National Guard, and as you may or may not know, the States have interstate agreements where they can mutually support one another now, which they did not have in years past.

Senator STEVENS. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman. In the last Congress I commissioned a General Accounting Office (GAO) study and asked them to look at health insurance requirements of the Guard and Reserve. The report found over 20 percent of our reservists, people who were ready to be deployed across the globe at a moment's notice, currently don't possess adequate health insurance. The report shows that this not only threatens readiness but it certainly raises questions on recruiting, and definite questions on retention. I've introduced S. 852, the National Guard and Reserve Comprehensive Health Insurance Act. It makes reservists eligible for TRICARE on a cost-share basis. The bill would open up TRICARE to help alleviate some of the problems on both readiness and retention.

General BLUM. Senator, any help in that area would be greatly appreciated. We at this table do not view that as an entitlements program. We view that as a readiness issue. The health and dental care of our soldiers and airmen is absolutely vital for them to be able to perform their mission when called upon. If you extend those kinds of benefits to our citizen soldiers and airmen, it also makes them very attractive for employers if they have health care, as you well know, because that gives them an advantage when they're competing for a job, and it may help mitigate some of the downside that an employer may view of hiring a citizen soldier or a reservist.

Senator LEAHY. Thank you. General James, General Schultz, do you agree with that?

General SCHULTZ. I agree with that, Senator.

General JAMES. Yes, sir.

Senator LEAHY. Thank you.

CALL-UPS OF GUARD FORCES

Now, the National Guard has always been America's homeland security force, and the events of September 11, the war in Iraq, demonstrated the Guard's ready to deploy abroad or at home to defend the country. The Green Mountain Boys from Vermont were flying their aged F-16s over New York City almost immediately after the tragedy there.

Actually, I was pretty impressed. I went there and watched some of the operations and you see these mechanics working literally around the clock to keep the planes flying and then the pilots doing the same thing. They weren't carrying dummy missiles, obviously, at that time.

When the Guard is carrying out missions at home, it's usually most effective when it serves under the command and control of the Nation's Governors. They know their communities, and if there's a question of the Guard cooperating with local law enforcement or State law enforcement they know best how to do it. I'm concerned that the Department of Defense has not sufficiently supported callups under the title 32 status. How do you feel, General Blum? Do you support call-ups of Guard forces under the title 32?

General BLUM. Senator, yes, I do. It goes back to the issue of flexibility and responsiveness. To me, you should leave in the hands of whoever is responsible for responding to an event the most flexibility to respond to that event as possible. The unique dual status of the National Guard should not be discarded, it should be embraced. It actually is value-added in most instances.

Senator LEAHY. General James, do you agree with that?

General JAMES. I do agree with that. I think he's right on the mark on that, and as a former the Adjutant General (TAG) I will tell you that it's very important that the Governor and the Adjutant General of that State have the flexibility to utilize and maintain command and control of those forces under title 32 status as opposed to title 10. There are some cases where title 10 status has its benefits, but overall I believe title 32 would be the first choice of the Governor and the Adjutant General.

Senator LEAHY. And General Schultz?

General SCHULTZ. I agree with that, Senator, and if title 32 would bring along a certain set of definitions, meaning it's a training status, perhaps it's time for another status that gets at the realities of post-September 11 attacks on this Nation, where a Governor still would control those first responses in a status, and then maybe the Federal force, the title 10 forces follow on at some logical point in an emergency mission, so I think we've got some work on this, but I do support what's been outlined by our chief here.

Senator LEAHY. As you all know, this committee has, or subcommittee has made the Guard and Reserve equipment account a high priority over the past several years, not that any parochial questions ever arise from this committee, but I—

NATIONAL GUARD AND RESERVE EQUIPMENT

You have gotten out of me my comments about the F-16s and the 158th Fighter Wing, the oldest such equipment. They fly more hours than any other F-16s in the Air Force inventory, and are

doing it well. How do we keep the Guard's equipment as modern as possible? We've got the Guard and Reserve equipment account, but should we be doing more? I mean, how do we do this, and if that's not an open-ended softball you're never going to get one in your life.

General BLUM. Senator, let me thank this committee for what they've done in providing for us in the past in the most generous fashion. The bottom line of that National Guard Reserve equipment account is that it allows the local commander, those charged with responsibility for ensuring readiness, the flexibility they need to manage our readiness, and I think the results are proven. This is a very, very good program, and it's much appreciated by us. Not to be open-ended, but since we are using this equipment at a much-increased rate than we projected even a year and a half ago, the wear-out rate would tend to lean toward, we would like to see this program continued, and if you wish to expand it, that would be most welcome.

Senator LEAHY. Mr. Chairman, the reason I raise that, as we all know, we have to come up with a lot of money for the Department of Defense. We all understand that. Just replacing the munitions expended in Iraq will be very considerable, but it's been a strain on all the equipment, all the way through, but I just don't want anybody to forget the Guard's equipment was strained, too.

Mr. Chairman, I thank you for your courtesy. Gentlemen, it's good to see all of you, and thank you.

General JAMES. Thank you, Senator, and thank you for your support of the LITENING. If it had not been for the LITENING pods and the monies that were spent from the National Guard equipment account, we would not have been able to participate in the last contingency, very simple. LITENING gave us the precision-guided munitions capability that we needed, it kept us relevant, it put us in the fight. Thank you.

Senator LEAHY. Well, General, you made it very clear to me how important those were and I appreciate it.

Thank you.

Senator STEVENS. Senator Hutchison.

OVERUSE OF GUARD AND RESERVE

Senator HUTCHISON. Thank you, Mr. Chairman. Let me say first that the Easter of 2000 was probably the best Easter I've ever spent. It was with General James in Bosnia with our Guard unit. He was the head of the Texas Guard at the time, and we went over there. It was the first time we had a Guard unit in command and control. It was kind of the test case, and our Texans did so well that many have followed since, and it was a wonderful opportunity to go to that sunrise service and visit with our troops.

I won't belabor it, because my staff tells me that others before me have made the same comments and questions about overusing the Guard and Reserves, and I have great concerns in this area as well. I talked to a lot of those young men and women in Bosnia, and have since, about the strains that occur when they are deployed so much, and talked with Senator Stevens on a trip that we took to Saudi Arabia, where we had Air Guard units that had been over there three times over a 2-year period, and they were pretty

worn out, so I am concerned about that, and I just will look forward to working with the Department of Defense on the issues that relate to what is our troop strength in active duty, and what can we realistically expect from the Guard, and do we have the right troop strength there as well, but I won't ask the question because I understand you have thoroughly gone through that.

There is, though, one question that I do have, and it was in the base tour that I took 2 weeks ago, and I found a woman near Diaz and Goodfellow whose husband had gone out with a Guard unit out of Collin, out of Fort Hood, and she was having trouble getting the access that we know our families of deployed have, and it turns out that we don't have a clear mechanism for deployed Guard and Reserve units to be able to go to the nearest base to their home if it's not close to where they're actually deployed from, so I am working on legislation right now that would require that contact to be made to the nearest base for a deployed reserve personnel, and that that person, the next of kin would have the contact at the base, that there would be someone at the base who would be in charge of dealing with the reserve families who are left behind, but I'm going to just ask you if you are aware of this, and if it's something that you could work on before I hopefully pass my bill.

General BLUM. I think that would be most welcome. As you know, the active duty bases are not really ideally located against population centers. Our membership mostly comes from population centers, so anything you could do to make that easier on families and make their access more eased would be most appreciated. Thank you.

Senator HUTCHISON. Well, I will introduce the bill and then either get it in the authorization bill or offered as an amendment, and I don't think there'll be a problem with it, but I don't even think it should be a big problem for you. I think it's just having that little communication mechanism so that—I mean, these people are under a lot of stress, because they're not active duty, so in many instances they don't have the same family support and infrastructure, so I want to give them that to the greatest extent possible.

Senator HUTCHISON. Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator STEVENS. We want to thank you very much, gentlemen, for your testimony. We look forward to working with you on these difficult issues. The subjects that we discussed may primarily be in the province of the Armed Services Committee, although several of them are in the budget transmittal to us, which would require us to act on them, too, so we will be back in touch on some of those issues before we're through. Thank you very much.

General BLUM. Thank you, Mr. Chairman and members of the committee.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL H. STEVEN BLUM

QUESTIONS SUBMITTED BY SENATOR CHRISTOPHER S. BOND

SEAMLESS ENVIRONMENT

Question. What measures are you taking to ensure National Guard soldiers and airmen can operate seamlessly in the Joint Environment and Combined Environment?

Answer. The National Guard is increasingly being called upon to participate in joint and combined operations. The peacekeeping task force in Bosnia is just one of those examples. At the same time, we are undertaking several measures to ensure that Guardsmen can more effectively operate in the full spectrum of operations. These formal and informal opportunities will be evolving as the National Guard's transformation process takes shape over the coming months.

The National Guard is rapidly moving toward a joint configuration and joint operations. The National Guard Bureau is being reorganized into a true joint organization with an effective date of July 1, 2003. Headquarters in the 50 states, 3 territories and the District of Columbia are being reorganized into Joint Force Headquarters effective October 1, 2003. Once formed, these headquarters will better align and mirror our Combative Commands, Joint Staff, and Reserve Component forces within each state.

The transformation of the Guard will be a dynamic and ongoing process. The National Guard Bureau and the National Guard of the Several States will operate in a joint environment on a day-to-day basis. We will undertake joint professional military training for our officers and enlisted personnel; train and groom our future leaders for joint operations; seek joint and combined assignment opportunities for our best leaders; and continue to embrace and expand upon our successful current joint operations, such as Bosnia, Sinai, Iraq, Afghanistan and the numerous National Guard State Partnership programs.

Our soldiers and airmen are being actively encouraged to take advantage of increasing opportunities to serve on Joint Staffs. We have aggressively provided National Guardsmen to serve at U.S. Northern Command. Another set of opportunities will soon exist as U.S. Northern Command stands up its National Guard Augmentation Unit. We continue to monitor with interest the efforts at Joint Forces Command to launch Joint Professional Military Education for Reserve Component members.

The best preparation is experience. WMD Civil Support Team (CST) operations and counter-drug operations involve Army and Air National Guard assets working together. As we stand-up more CSTs, this experience base will expand. Our successful airport security mission involved both Army and Air National Guard members. By virtue of these and other experiences, as well as the planned changes, current and future generations of Guardsmen will be able to operate seamlessly and successfully in all types of joint and combined operations they will be called upon to support at home and abroad.

IMPROVED WMD RESPONSE CAPABILITY

Question. How is the National Guard preparing to improve the capability to better respond to WMD events?

Answer. The National Guard Bureau and the National Guard are engaged in a myriad of initiatives designed to enhance the scope and timeliness of a National Guard response to a WMD incident.

Congress authorized and resourced the current 32 WMD Civil Support Teams (CST) and the National Guard fielded those units on or ahead of schedule. The CSTs have made major contributions to our national readiness and they are responding to civilian authorities on a daily basis. The National Guard Bureau is constantly monitoring new technology that might enhance their capabilities in the future and uses every opportunity to expand and strengthen the skills of CST members as well.

The National Guard Bureau, with Congressional support, developed the Comprehensive Review and Report of September 11th outlining actions taken throughout the emergency management and response communities in the minutes and days following the 9/11 incident. The report's purpose was to make available to the civilian and military communities an overview of actions taken, so that all could be aware of the challenges faced, areas of need and opportunities to further refine response and support capabilities.

The report led to the Automated Exercise and Assessment System (AEAS), funded by the Congress and initially fielded in April 2003. The AEAS' primary objective was to create a fully automated and integrated electronic tabletop exercise tool that

allows Emergency Responders and Emergency Managers to prepare and assess their communities' readiness to respond to incidents concerning WMD. AEAS thoroughly exercises the emergency response community and assists the National Guard in identifying potential mission support requirements by individual jurisdiction.

Critical Incident Stress Management (CISM) training for the Guard was funded by the Congress and conducted during the past year. The National Guard trained 500 personnel as Certified CISM trainers, doubling the number of internationally certified and recognized trainers in the world. These CISM-qualified personnel are available to assist communities as well as their military organizations in time of need.

We have been in close coordination with the Department of Defense to prepare an effective fielding plan to stand up the additional 23 WMD Civil Support Teams per Section 1403 of the fiscal year 2003 National Defense Authorization Act.

I announced as part of my "Transforming the Guard" initiative, that the National Guard would organize itself as a truly joint organization beginning at the National Guard Bureau on July 1, 2003 and in the various states on October 1, 2003. It is the right thing to do for America and it is critical for the National Guard to ensure that we are fully capable of operating across the full spectrum—from the combat war fight, through Homeland Defense and Security, to responding to the governors in times of natural disaster or civil disturbance. Furthermore, this initiative will allow the National Guard to quickly and efficiently respond to the requirements of U.S. Northern Command either as the force provider and/or as the Joint Force Headquarters coordinating a follow-on federal military response.

The second element of the transformation initiative is to leverage our existing war fight capabilities. We must leverage our existing structure and capabilities to ensure our forces are never late to need. We will task-organize 10 National Guard Chemical, Biological Incident Response Forces (NGCBIRF). The task forces will consist of a National Guard CST, an enhanced division medical company with 150 person per hour decontamination/treatment capability, an enhanced engineer company with specialized search and rescue equipment, and task-trained combat units capable of supporting law enforcement. These task forces will meet a previously identified NORTHCOM request for capabilities that are currently limited.

We will expand National Guard involvement in Ground-based Mid-course Missile Defense by including both the Army and Air Guard. We will build on the Nike Hercules Guard model and intend to include Traditional Guard members and M-day units. We will create National Guard Reaction Forces through dual missioning and training existing units. These units will be immediately available to state and federal governments, and for Homeland Security purposes are already forwarded deployed throughout the United States. The units will retain full war fight and homeland security capabilities. These forces will also meet a previously identified NORTHCOM request for available forces.

IMPROVED EFFICIENCIES AT NGB

Question. What effort, if any, are you making to improve efficiencies at the National Guard Bureau to reduce redundancies and improve the response time in routine and crisis operations between State National Guard HQ's, OSD, Northern Command, and civil authorities?

Answer. The transformation of the National Guard Bureau and the headquarters of each State National Guard to joint configuration is the first step to increasing efficiencies and reducing response times to the full spectrum of National Guard response requirements.

The National Guard Bureau is currently increasing its ability to communicate directly with the Department of Defense, U.S. Northern Command, the State National Guard Headquarters, and the civil authorities at all levels.

This is being achieved in two ways. We are reorganizing our communication and information systems to provide more timely, relevant information to those officials who have an immediate "need to know". This can range from the on-scene incident commanders to regional combatant commanders. Critical to the information flow is the soon to be formed Joint Force Headquarters-State, which will be able to rapidly facilitate information passing to and from first responders and other civil authorities within their states. This is a top priority at the National Guard Bureau and will be implemented in the coming months.

Joint Forces Headquarters at the state level will provide NORTHCOM and other federal entities with capabilities that are currently not available. The Joint Force Headquarters will provide a seamless transition and escalation from the almost immediate response by National Guard forces to the later arrival of federal forces. This will provide for continuity of operations and full integration of federal military sup-

port in response to, and in support of, the emergency management, emergency response, and elected officials communities.

CHAIN OF COMMAND

Question. Are you satisfied with the current reporting chain of command that requires you to report through the Air Force and Army Service Chiefs when raising an issue that requires the attention of the Secretary of Defense or the Chairman of the Joint Chiefs?

Answer. The present Channel of Communications is an efficient and effective means of dealing with Service-specific issues. This has effectively produced a highly ready Army and Air National Guard force that has proven itself over and over again. However, since September 11, 2001, the various National Guard in the states have become increasingly engaged in homeland security operations under the command and control of state governors. At the National Guard Bureau, we monitor these operations and facilitate access to equipment within and between states.

The Commander U.S. Northern Command has expressed interest in being situationally aware of state operations and capabilities. The National Guard Bureau is working to help provide NORTHCOM with that awareness and to serve as a communication channel to the states as needed. Our on-going re-organization to a more fully joint staff reflects the National Guard's requirement to more effectively operate in the joint environment.

There may be merit in studying the possible expansion of the National Guard Bureau's purpose by adding service as the Channel of Communications between the states and the Department of Defense and the Joint Chiefs of Staff. This would enhance the National Guard's capability to effectively work in this joint operational environment and capitalize on our on going transformation. Strengthening links with the Assistant Secretary of Defense for Homeland Security, and the commanders of U.S. Northern Command, U.S. Pacific Command, and U.S. Southern Command, would provide mutual benefits to those organizations as well as the states.

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

TRANSFORMATION PROGRAMS

Question. What are your key Transformation programs in the 2004 budget request?

Answer. The key Army National Guard (ARNG) transformational programs contained in this year's budget request include the fiscal year 2004 portion of Aviation Transformation and conversion of the Pennsylvania ARNG's 56th Brigade to a Stryker Brigade Combat Team (SBCT). The fiscal year 2004 portion of SBCT conversion is fully funded in the request, but Aviation Transformation is not. The 56th Brigade SBCT is programmed for Initial Operational Capability (IOC) in fiscal year 2010. The ARNG is looking at options to accelerate IOC to fiscal year 2008.

There are several key Air National Guard (ANG) transformational programs funded in the fiscal year 2004 budget request: the "blended" active Air Force/Air National Guard (ANG) JSTARS wing at Robins AFB, Georgia; the ANG support squadron to the Rivet Joint wing at Offutt AFB, Nebraska (it was formed from the Nebraska ANG's air refueling wing); and ongoing funding for the Washington ANG's 162nd Information Warfare Squadron at Bellingham, Washington, which was re-missioned from a "sunset" combat communications role.

TRICARE HEALTH CARE COVERAGE

Question. What are your thoughts on extending TRICARE health care coverage to members and families of the National Guard on a cost-share basis? Would this provide a needed service to our Guardsmen? Would employers view it as an incentive to hire Guardsmen?

Answer. In general, the National Guard supports extending health care coverage under TRICARE for Reserve Component members and families to improve medical readiness, recruitment, and retention. We believe it would be appropriate to extend this benefit to National Guard members as part of a more equitable compensation package that has become more compelling in light of increasing military commitments and operational tempo shared with the active component.

Compared to the untenable costs of citizen-soldiers and citizen-airmen being unfit to deploy, extending TRICARE coverage to all of our members would provide a cost-effective means of ensuring medical readiness. Providing health care coverage to those Reserve Component members who do not have private health insurance be-

cause it is not affordable would not be an entitlement as much as it would be a readiness issue. Furthermore, employers would definitely view this as an incentive to hire Reserve Component members, as it would provide a direct cost benefit.

SOLDIERS AND SAILORS RELIEF ACT

Question. How well has the Soldiers' and Sailors' Relief Act supported your members and are there any improvements to the act you can suggest?

Answer. In the past, the Soldiers' and Sailors' Civil Relief Act (SSCRA) did not support the National Guard as well as it could because the SSCRA only applied to National Guard members in Title 10 status. As a result, Guardsmen who provided security to the nation's airports following the events of September 11, 2001 were not eligible for SSCRA benefits because although requested by the President, they conducted operations under section 502(f) of Title 32. Last year's addition to the SSCRA to include members of the National Guard called to Active Duty at the Request of the President was a tremendous and appreciated improvement. It has helped many members of the National Guard who have been called to active duty.

Additional considerations the Congress may wish to take up include: increasing rent protections for high cost areas; the ability to terminate car leases; protecting tuition and class standing for members who are college students; and lowering home mortgage interest rates to the prime, but no greater than 6 percent.

H.R. 100, the Servicemembers Civil Relief Act, introduced in the House, proposes to revise the SSCRA and provides a new definition of servicemember, which is the term used to trigger many protections. If H.R. 100 moves forward, the definition of "servicemember" should be modified to include Army and Air National Guard members when acting under section 502(f) of Title 32, or the trigger for servicemember protections should be tied solely to the proposed definition of "military service".

EMPLOYER SUPPORT OF THE GUARD AND RESERVE

Question. How can you recommend we better support the employers of our National Guard members?

Answer. With the increased utilization of reserve component personnel, employers are being impacted more than ever. As a result, programs such as the Employer Support of the Guard and Reserve (ESGR) are key to our efforts in gaining and maintaining the support of our civilian employers. ESGR greatly assists civilian employers with their Guard and Reserve employees by providing information, rewarding them for their sacrifices, and if necessary, resolving disputes. Accordingly, Congress should support the continued resourcing of this important program.

We conduct numerous employer symposiums during the course of the year and we hear from employers about their concerns. One way we can make a significant difference with the employers of our soldiers and airmen is by providing them advance notification (at least 30 days or more, if possible) of any mobilizations, and we are continuously working with the Services to allow sufficient prior planning. Small businesses are especially hard hit by mobilizations so more predictability would be very beneficial to them.

QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

COUNTERDRUG SCHOOLS

Question. This year the Iowa National Guard received \$3.5 million to set up the fifth National Guard Counterdrug School (Mid-West Counterdrug Training Center) for training of law enforcement officers and community based personnel at Camp Dodge, Iowa. Utilizing existing facilities and National Guard personnel to administer the program, the Iowa Guard has begun to provide training by certified law enforcement personnel to thousands of officers in over ten states throughout the Midwest. In fiscal year 2004, MCTC needs \$3.0 million to continue the training of thousands of law enforcement and community leaders, who currently have no training available in their areas. Could you describe the assistance and training the MCTC is providing to regional law enforcement to reduce drug trafficking in the Midwest, and the number of people being trained?

Answer. The Midwest Counterdrug Training Center (MCTC) facilitates law enforcement and community-based organization training, with a drug nexus, by setting the conditions for training at Camp Dodge, Iowa, and through the use of mobile training teams as requested by the host state law enforcement agency. The yearly training calendar is established based on training requirements set by county sheriffs, police chiefs, and state patrol commanders primarily in the fifteen-state Northwest Counterdrug Region.

In its first year, the MCTC has planned for thirty-three courses and nine training seminars. Our goal in the first year is to facilitate the training of 900 personnel. Indications are that MCTC will exceed the "number trained" goal by 600–700 personnel. MCTC's students represent thirty-three states and territories. Classes range from highway interdiction techniques and procedures to street-wise Spanish. MCTC facilitates Intelligence Analysts training with threat assessment instruction, "follow-the-money" techniques, and computer evidence recovery. Other courses include clandestine laboratory certification, highway drug investigations, and drug nexus interview and interrogation techniques.

COUNTERDRUG SCHOOLS

Question. By utilizing existing facilities and manpower at Camp Dodge to support the community and law enforcement personnel, does this cause any decrease in the combat capability or readiness of any National Guard soldiers or airmen?

Answer. No. In fact, we believe that it enhances readiness. There is no decrease in combat capability, readiness or availability as National Guard soldiers and airmen remain assigned to their units and are deployable as members of those units. Facilitating training for law enforcement through training centers, such as the Midwest Counterdrug Training Center (MCTC), does not affect any unit's deployable status or readiness posture. Soldiers and airmen who support MCTC are better prepared because they have already been medically screened to deployment standards, and are already in the Army's medical data banks.

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL ROGER C. SCHULTZ

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

ARMY NATIONAL GUARD 56TH STRYKER BRIGADE COMBAT TEAM

Question. General Schultz, I have been informed that the Secretary of Defense has reconsidered the planned transformation of the Pennsylvania Army National Guard's 56th Brigade to a Stryker Brigade Combat Team, a unit which is currently ahead of schedule and doing well. Failure to continue the transformation, a process already well under way, will have great consequences and would be detrimental to the Army, the Pennsylvania Army National Guard, and to the Commonwealth of Pennsylvania. With this in mind, do you not believe that implementing the Secretary of Defense's plan to scrap the first transformational Army unit in the National Guard would degrade the modernization of the Guard and Reserve Components by not including them in the early phases of the SBCT program?

Answer. The 56th Brigade conversion to become a Stryker Brigade Combat Team is on schedule. It has been our intent from the beginning to transform Army National Guard units. Plans are on schedule to field the brigade in its new design. The Army Guard is fully capable and prepared to modernize units across our formations. The 56th Brigade is leading the way in our efforts to modernize Guard units. The Army's efforts to modernize include the Guard. Any delays to the current schedule will degrade our ability to accomplish the emerging mission we are currently assigned. It has been my recommendation to proceed with fielding the Stryker Brigade Combat Team in the 28th Infantry Division.

Question. Is it possible that transformation of the Guard and Reserve may produce different results than transformation of active units?

Answer. No. The 56th Brigade will provide the Army with the same organization, structure and capability as an AC SBCT. It will provide a modernized combat brigade that is quickly deployable, lethal, survivable and have the ability to operate in a joint environment.

Question. What impact will exclusion of the transformation of the Guard's 56th Brigade have on readiness?

Answer. In the short term, readiness will remain status quo in the 56th Brigade and the Army National Guard. However, the lack of modern equipment and systems that are programmed to accompany a SBCT would mean that the Army National Guard would not receive some of the newest systems and the new equipment training associated with the fielding of these systems. The 56th Brigade, and the other divisional maneuver brigades are not equipped with the same modern systems found the active army, and are short major equipment such as tactical wheeled vehicles. The SBCT is programmed to be fielded with the latest equipment and be filled to 100 percent of the authorized amount.

FUTURE FIXED WING AVIATION REQUIREMENTS

Question. I understand that the Army National Guard forwarded a study in July 2001 to the Committee on Appropriations that identified future fixed wing aviation requirements to support and sustain planned missions such as weapons of mass destruction and national missile defense.

Answer. To develop the 2001 response, and answer the Appropriations Committee's inquiry on fixed wing requirements to support weapons of mass destruction and national missile defense, the Army National Guard thoroughly reviewed the minimum fixed wing cargo capabilities required by the approved Fixed Wing Investment Strategy (FWIS) dated August 1993. The FWIS's minimum required FW cargo aircraft capabilities were compared to those necessary to adequately support weapons of mass destruction and national missile defense efforts. The overall finding of the Congressional response demonstrated the Army National Guard requires an improved fixed wing cargo aircraft, with the minimum required capabilities defined in the Army's FWIS in order to support both weapons of mass destruction and national missile defense mission requirements. The Army has developed a new FW requirements document called The Fixed Wing Operational and Organizational Plan. This TRADOC and G3 approved document maintains the same minimum FW cargo aircraft requirements that were defined in the in the FWIS with some additional mandates.

C-23 SHERPA CARGO AIRCRAFT

Question. Have you determined whether the C-23 Sherpa cargo aircraft currently operated by the Army National Guard can perform the missions identified in the Army National Guard Fixed Wing Study?

Answer. The C-23 Sherpa does not meet any of the minimum required capabilities defined in the Army's Fixed Wing Operational and Organizational Plan. The C-23 does not adequately support mission requirements for weapons of mass destruction or national missile defense.

Question. If you have determined that the C-23's performance limitations necessitate the procurement of a future aircraft capable of meeting projected mission requirements, please indicate whether you have identified such an aircraft.

Answer. There are a few commercial off the shelf (COTS) fixed wing cargo aircraft available which are able to fully meet the Army's stated minimum performance requirements as well as meeting those critical mission requirements in support of homeland security and national missile defense. The Army National Guard does not have a research and development staff to specifically identify or provide the name of an aircraft that meets both the Army's mission demands and homeland security.

Question. If you have, in fact, identified an aircraft that can better support the projected mission requirements identified in the July 2001 study, please state the funding level that would be required to support its initial procurement in fiscal year 2004.

Answer. Shortly after the completion of the Congressional response, the National Guard general staff received an unsolicited bid for 44 cargo aircraft that fully met all of the Army's minimum required cargo aircraft performance parameters. The unsolicited bid was for approximately \$3.0 billion. As indicated in the bid, this cost included the complete life cycle funding, flying hours and maintenance for the 44 aircraft over a 25 year period. It is not known if the bid and the offer are still valid or accurate for today's dollars.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

C-23 SHERPA CARGO AIRCRAFT

Question. The C-23 Sherpa, the Army's medium cargo fixed wing aircraft, experienced some shortfalls during operations in Iraq, including limitations for flight into icy conditions, lack of short takeoff and landing capability, and poor performance in high/hot conditions, lack of short takeoff and landing capability, and poor performance in high/hot locations. Does the Army National Guard have any plans to modernize or replace the C-23s?

Answer. The C-23 was originally designed as a short distance commuter aircraft. As the Army's only tactical fixed wing cargo aircraft it has all of the performance limitations mentioned and more. The C-23 does not meet any of the Army's minimum cargo aircraft performance parameters as defined in the Fixed Wing Operational and Organizational Plan. The modernization of the Army National Guard C-23 fixed wing aircraft is tied to Army modernization and funding. Currently, the

Army has a small amount of money identified in the fiscal year 2009 time frame to look at a possible replacement FW cargo aircraft.

C-27J SPARTAN TACTICAL AIRCRAFT

Question. Would the C-27J Spartan tactical lift aircraft provide a more capable alternative?

Answer. The C-27J Spartan was designed and built as a tactical support aircraft. From what I understand, its capabilities meet all of the Army's stated minimum performance requirements and would greatly increase the Army National Guard's ability to perform its Federal and State missions including homeland security and national missile defense.

RESERVES

STATEMENTS OF:

LIEUTENANT GENERAL JAMES R. HELMLY, CHIEF, ARMY RESERVE
VICE ADMIRAL JOHN B. TOTUSHEK, CHIEF, NAVAL RESERVE
LIEUTENANT GENERAL DENNIS M. McCARTHY, CHIEF, MARINE
FORCES RESERVE
LIEUTENANT GENERAL JAMES E. SHERRARD III, CHIEF, AIR
FORCE RESERVE

Senator STEVENS. We'll now call for the commanders of the Reserve forces to join us today. We have with us today Lieutenant General James Helmly, Chief of the Army Reserve, Vice Admiral John Totushek, Chief of the Naval Reserve, Lieutenant General Dennis McCarthy, Chief of the Marine Force Reserve, Lieutenant General Sherrard, Chief of the Air Force Reserve.

I'm told that it would be proper for me to extend to you, Admiral, a bravo zulu. Well done. We understand this is your last appearance before us. We certainly wish you well in all your endeavors, and thank you for your service to our country.

I assume the best way to proceed would be just in the order that I read the names, if that's agreeable, so we'll start with General Helmly, Chief of the Army Reserve.

General HELMLY. Thank you, Mr. Chairman, members of this distinguished subcommittee. I thank you again for the opportunity and the privilege to testify on behalf of the 205,000 soldiers, 11,000 civilian employees, and their family members, all members of the United States Army Reserve.

Today, as we speak, over 68,000 Army Reserve soldiers are mobilized throughout the world in America's global war on terrorism. They serve alongside their Army National Guard and active component counterparts courageously, skillfully, and proudly. These modern-day patriots have willingly answered the call to duty to perform the missions they've trained for and to honor their commitment as an indispensable component of the world's finest ground force, the United States Army.

This committee, through its dedicated support of the soldiers in the Army Reserve has played a major and integral part in increasing the relevance and, indeed, strengthening the readiness of today's Army Reserve. Your concern, witnessed here today, for our people, our most precious resource, who dedicate a significant part of their lives to defending our Nation, in addition to honoring commitments to employers and families, as well as their communities, is evidenced by your invitation to review the present state of the Army Reserve. Thank you for that.

One of our units, the 459th Multirole Bridge Company, based in Bridgeport, West Virginia, is a unit so honoring their commitment. This unit of 172 soldiers supported fact, the First Marine Expeditionary Force and similar to traveled first with the Marine Recon

Battalion so that they could bridge the various rivers en route to Baghdad. This unit fought as infantry in a Marines firefight in al-Nasariya. One of the soldiers, a noncommissioned officer, Sergeant Paul Abernathy, remarked upon leaving al-Nasariya, we all signed up knowing that we might have to go do this. Now that we're here, you have to keep in mind this is our job as soldiers. We came to fight and win.

I might add that they were proud to serve with the United States Marine Corps in this operation. It shows that we fight not only intracomponent, but also jointly amongst all the components, and with combined forces. But excelling in current missions is not sufficient by itself. It is also necessary that we concurrently confront today's challenges while preparing for tomorrow's.

The Army must at all times maintain its nonnegotiable contract to fight and win the Nation's wars as we concurrently transform to become more strategically responsive and dominant across the spectrum of military operations. The concurrence of these dual challenges, transforming our force while fighting, winning, and preparing for today's wars, is the crux of our challenge today, transforming while concurrently at war.

Today's war has mobilized 35.4 percent of the United States Army Reserve. That is far higher than the 27 percent of the Army Reserve mobilized for Operation Desert Shield/Desert Storm. Since 1996, we have averaged 9,265 Army Reserve soldiers mobilized annually. On December 31, 2002, we had approximately 9,900 Army Reserve soldiers mobilized. Three months later we had over 69,000 mobilized. That is a vertical spike of unprecedented proportions in terms of the speed. You have alluded to that this morning.

Since September 11, 2001, our world has changed drastically. The very nature of this global war on terrorism, long duration, very fluid and volatile at various places and times around the world, dictates that in fact major changes are required to practices, procedures, and policies related to how we organize, man, train, compensate, and mobilize for use the soldiers of the Army Reserve.

What was once a force in Reserve has now become a full partner, indeed almost an auxiliary force, of the Army across the spectrum of operations needed to satisfy the demand and need for highly skilled, specialized soldiers and units. Our ability to remain relevant and responsive depends on the interoperability and condition of our equipment but principally and foremost on the training, readiness, and support welfare of our soldiers.

We're grateful to the Congress and the Nation for supporting the Army Reserve and the centerpiece of our formations, our soldiers, the sons and daughters of America. I cannot in words express how very proud I am of our soldiers, as well as their families. They are in the hearts and prayers of a grateful Nation, and they will stay there until the job that we have come to finish is at hand.

PREPARED STATEMENT

Thank you again, sir, for the opportunity to appear before you and the distinguished members of this subcommittee this morning, and I look forward to addressing any questions that you may have.
[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL JAMES R. HELMLY

INTRODUCTION

Mr. Chairman, members of this distinguished subcommittee, thank you for the opportunity and the privilege to testify on behalf of the 205,000 soldiers, 11,150 civilian employees, and their family members of the United States Army Reserve.

Today, over 69,000 Army Reserve soldiers are mobilized in America's Global War on Terrorism, serving courageously and proudly around the world. These modern day patriots have willingly answered the call to duty to perform the missions they have trained for and to honor their commitment as part of a responsive and relevant force, an indispensable component of the world's finest ground force, the United States Army.

This committee, through its dedicated support of the soldiers in the Army Reserve, has played a major part in increasing the relevance and strengthening the readiness of the Army Reserve. Your concern for the reserve soldier and employee who dedicates a significant part of his or her life to defending our nation, in addition to honoring commitments to employers and families, is evidenced by your invitation to review the present state of the United States Army Reserve. I am honored by that opportunity.

The occasion to testify before this subcommittee comes at a time of profound importance and immense change in our nation's security environment, as well as dynamic change in the international political landscape and unprecedented improvements in technology that add significantly to both friendly and enemy military capabilities. We are engaged with a wily, determined enemy, intent on destroying our very way of life; confronting regional powers and potential use of weapons of mass destruction at home and abroad; and struggling with the challenges of how to secure our homeland while preserving our precious rights and freedoms. It is within this very challenging environment that the Army Reserve serves with excellence today.

Excelling in current missions is not sufficient by itself. It is necessary that we concurrently confront today's challenges while preparing for tomorrow's. The Army must maintain its non-negotiable contract to fight and win the nation's wars as we concurrently transform to become more strategically responsive and dominant at every point on the spectrum of military operations. The concurrence of these dual challenges, transforming our force while fighting, winning, and preparing for other wars, is the crux of our challenge today—transforming while at war.

This is my first opportunity to address this subcommittee as the Chief, Army Reserve. I am humbled and sobered by the responsibility bestowed to me. The Army Reserve is an organization that demonstrates its ability to be a full and equal partner, along with the Active Component of the Army and the Army National Guard, in being the most responsive dominant ground force the world has seen.

The strength and goodness we bring to that partnership is drawn from the people who serve in our formations. The Army Reserve is the most ethnically and gender diverse force of all the armed services. Overall, ninety-two percent of our force holds high school diplomas. Our force consists of individuals who are community and industry leaders, highly trained and educated professionals, experts in their chosen field who give of their time and expertise to serve our nation.

The Army Reserve has been in a continuous state of mobilization since December of 1995. Prior to that, our contributions to Desert Shield/Desert Storm numbered over 84,000 soldiers. The Army Reserve also mobilized over 2,000 soldiers in support of Operation Uphold Democracy in Haiti. Since 1996, the average number of soldiers mobilized has been 9,265 soldiers per year. Our soldiers are part of the rotational forces that are keeping the peace in Eastern Europe. Military police, medical and public affairs soldiers provide ongoing capabilities in Operation Joint Endeavor and Operation Joint Guardian in Bosnia and Kosovo. The depth of the current mobilization reflects a higher percentage of the force since Desert Shield/Desert Storm and still our soldiers are raising their hands to re-enlist in the Army Reserve, making our enlisted troop retention rates the best they have been since 1992.

The attacks of September 11th intensified the pace of operations. Within hours of those attacks, the Army Reserve deployed a mortuary affairs company from Puerto Rico—a company that ten years earlier performed its mission with distinction in Desert Shield/Desert Storm—to deploy to the Pentagon to assist with searching and recovering the remains of the victims of the attack. They proved to be so invaluable to the recovery efforts that they did not return to their homes until September of 2002, after cataloging not only all of the personal effects of the dead but items from the Pentagon as well. It is worth noting that we prepared and deployed the unit in advance of a Presidential declaration of mobilization on Army Reserve training orders. To those who question the Army Reserve's ability to respond rapidly and

completely to dynamic short notice missions, we are pleased to provide the 311th Mortuary Affairs Company's responsiveness as a case study. There are numerous other, similar examples as well.

In downtown Manhattan, Army Reserve soldiers were also assisting with the recovery efforts after the attack on the World Trade Center. Emergency Preparedness Liaison Officers were on site shortly after the attack to assist with rescue and later, recovery efforts. Army Reserve units provided equipment, Army Reserve center space and other logistical support throughout the days and months that followed. Similarly, these responses were in advance of formal mobilization.

This Global War on Terrorism is unique for Americans because its battlefronts include not only far-off places like Afghanistan and the Philippines but our own homeland. What was once a "force in reserve" has become a full partner across the spectrum of operations to satisfy the demand and need for Army Reserve soldiers and units around the world. Wherever the Army committed forces in the world—Afghanistan, Uzbekistan, Pakistan, the Philippines, Kuwait, Iraq and here at home—Army Reserve soldiers are an integral part, providing critical specialized capabilities and augmentation.

In the time that has followed those days, our military has been engaged in fighting the Global War on Terrorism around the world. Operation Anaconda in Afghanistan seriously impaired Al Qaeda's ability to continue to spread terror and ousted the Taliban. Civil Affairs units consisting of Army Reserve soldiers who possess civilian acquired and sustained skills in the fields of engineering, city planning, and education were deployed to the region to lead in establishing a free, functioning society. Numerous new schools were built and medical aid offered to the people of Afghanistan. These soldiers represent the goodwill and interests of the American people with every classroom they build and every skill they teach, every functioning society capability they help create, and every contact they make with the native population. And they are doing an incredible job.

But despite the clear relevance and strength demonstrated by the aforementioned examples, we are, as an institution not without our challenges. It is necessary that we not only transform the institution, but we must also resource our requirements and transform the institution to even higher levels of readiness, responsiveness and capabilities. These resourcing requirements include recruiting and retention, family programs, information technology, anti-terrorism and force protection, equipment procurement and modernization, and facility revitalization.

RECRUITING AND RETENTION

Recruiting and retention is an area of the highest importance to the Army Reserve and a volunteer force. Our responsibilities require the best soldiers America can provide. In this regard, we are most appreciative of the help your subcommittee has provided us. We would be remiss if we did not thank you for the attention you have paid to our recruiting needs in recent legislation. With your help we have met our recruiting mission for three straight years from 2000 to 2002. In fiscal year 2003, however, we are 213 accessions short of expected year-to-date mission. While cause for concern, I am not alarmed over this because we are at 102 percent strength.

Although generally successful in overall mission numbers, we continue to experience difficulty in attracting and retaining qualified individuals in certain critical wartime specialties, particularly within the Army Medical Department. Your continued support on behalf of recruiting and retention incentives, allowing for innovative readiness training and the funding of continuing health and educational opportunities will help us with this difficult task.

The Army Reserve, in partnership with the United States Army Accessions Command, conducted a thorough review of Army Reserve recruiting. This review has helped us forge a stronger relationship with the Accessions Command and has streamlined our processes to support the symbiotic relationship between recruiting and retention. To that end, we will seek to ensure that all Army Reserve soldiers are involved in recruiting and retention activities—we all are a part of the Army's accessions efforts. We are removing mission distracters allowing the Accessions Command to focus on their core competency of recruiting non-prior service applicants; we are focusing on life cycle personnel management for all categories of Army Reserve soldiers and our retention program seeks to reduce attrition, thereby improving readiness and reducing recruiting missions.

During 2003, the responsibility for the entire prior service mission will transfer from the Accessions Command to the Army Reserve. Tenets of this transfer include: establishment of career crosswalk opportunities between recruiters and retention transition NCOs; localized recruiting, retention and transition support at Army Re-

serve units and increased commander awareness and involvement in recruiting and retention efforts.

To support recruiting and retention, the Army Reserve relies on non-prior service and prior service enlistment bonuses, the Montgomery GI Bill Kicker and the Student Loan Repayment Program in combinations that attract soldiers to fill critical MOS and priority unit shortages. The Army Reserve must be able to provide a variety of enlistment and retention incentives, for both officer and enlisted personnel, in order to attract and retain quality soldiers. Fully funded incentive programs must be available to ensure success in attaining recruiting goals and maintaining critical shortages and skills.

Our retention program is a success. Faced with an enlisted attrition rate of 37.5 percent at the end of fiscal year 1997, we adopted a corporate approach to retaining quality soldiers. Retention management was an internal staff responsibility before fiscal year 1998. In a mostly mechanical approach to personnel management, strength managers simply calculated gains and losses and maintained volumes of statistical data. Unfortunately, this approach did nothing to focus commanders on their responsibility of retaining their most precious resource—our soldiers.

The Army Reserve developed the Commander's Retention Program to correct this shortcoming. A crucial tenet of this program places responsibility and accountability for retention with commanders at every level of the organization. Commanders now have a direct mission to retain their soldiers and must develop annual retention plans. Additionally, first line leaders must ensure all soldiers are sponsored, receive delivery on promises made to them, and are provided quality training. In this way, the Commander's Retention Program ensures accountability because it establishes methods and standards and provides a means to measure and evaluate every commander's performance. Since the introduction of the Commander's Retention Program, the Army Reserve has reduced enlisted Troop Program Unit attrition by nearly nine percentage points. The enlisted attrition rate in fiscal year 2002 was 27 percent. Current projection for fiscal year 2003 is an increase of 28.6 percent, due to projected demobilization, the Commander's Retention Program, and increased retirements.

The Army Reserve is experiencing a 4,200 company grade officer shortfall. Retention goals focus commanders and first line leaders on junior officers. The establishment of a sound leader development program is a cornerstone of Army Reserve Transformation. Providing young leaders the opportunity for school training and practiced leadership will retain these officers. A transformed assignment policy will enhance promotion and leader development. Increased Army Reserve involvement in transitioning officers from active duty directly into Army Reserve units will keep young officers interested in continuing their Army career. Allowing managed flexibility during their transition to civilian life will be a win for the Army and the officer.

Overall, the Army Reserve successfully accomplished the fiscal year 2002 recruiting mission while achieving the Department of the Army and Department of Defense quality marks. This year our enlisted recruiting mission will stabilize at approximately 20,000 non-prior service due to the success of our retention efforts. The accomplishment of the recruiting mission will demand a large investment in time on the part of our commanders, our retention NCOs, and our recruiters as they are personally involved in attracting the young people in their communities to their units.

However, the same environmental pressures that make non-prior service recruiting and retention difficult affect prior service accessions. With the defense draw-down we have seen a corresponding decrease in the available prior service market in the Individual Ready Reserve. This impacts Army training costs, due to the increased reliance on the non-prior service market, and an overall loss of knowledge and experience when soldiers are not transitioned to the Army Reserve. Consequently, the Army Reserve's future ability to recruit and retain quality soldiers will continue to be critically dependent on maintaining competitive compensation and benefits.

Special attention needs to be placed on the recruiting budget, for advertising, to meet our requirements in the next several years. Young people of today need to be made aware of the unique opportunities available in the different military components. The best way to get this message out is to advertise through the mass media. Funding our critical advertising needs is imperative if we are to be honestly expected to meet our recruiting goals. Your continued support of our efforts to recruit and retain quality soldiers is essential if we are to be successful.

Family Programs

Family programs provide invaluable family assistance during peacetime and mobilization, to include training for family program directors and volunteers in support of family readiness activities. These volunteers and contract employees provide information referral and outreach to family members and deployed soldiers. Within this system are twenty-five contractors serving in Family Program Director positions whose duties include aiding in promoting families' awareness of benefits and entitlements, orienting family members to Army Reserve systems, programs, and way of life. These directors also assist in the deployment of unit Family Readiness Groups during peacetime and deployment.

In preparation for mobilization deployment, these volunteers and service members provide an extensive briefing for both families as well as members. These family services include briefings by members of the Chaplains Corps who explain what happens to spouses or families upon separation. We also provide briefings when the service member returns and coach the family members to expect changes upon the soldier's return to home.

During Desert Shield/Desert Storm Army Reserve family readiness programs were sparse. Today, these programs are extensive, and they are working to provide refuge and support network for our families. We have been able to meet the needs of our deployed soldiers of which about 4,000 Army Reserve soldiers are on a second consecutive year of mobilization. We are anticipating challenges in the future.

Information Technology

Network Service/Data Center

The Army Reserve is redesigning its information technology infrastructure to support the Global War on Terrorism and greatly increase the survivability of our information technology infrastructure in the event of a cyber or physical attack. This redesigned infrastructure will establish a network service/data center which supports the Continental United States. A robust provision of network defense for protection at the consolidated and interconnected sites will be integral to the redesign and creation of the network service/data centers.

Our plan to establish a Reserve component network and data center would give the Army Reserve the capability to manage dissemination of information supporting command and control concerning mobilization, training and overall data exchange as well as Joint and Army wide information technology systems.

Secure Communications

Secure communications ensures the protection and sustainment of the Army Reserve's information and information systems during peacetime, war and national emergencies. The geographic dispersion of the Army Reserve makes telecommunication services the primary means of conducting command and control, mobilization timelines, training data exchange, and "reach back" capabilities in support of the combatant commands. The Army Reserve is challenged to expand applications and service demands, increased security requirements and increased network capability to ensure throughput and reliable connectivity.

With this redesign, the Army Reserve would have the technological capability to sustain existing Army systems or field any new Army systems to meet readiness requirements, manage timely dissemination of information supporting command and control in the areas of mobilization, training, and overall data exchange.

Antiterrorism and Force Protection

Security and preparedness to meet the known and unknown threats facing Army Reserve installation and facilities worldwide are an integrated set of three distinct programs: Antiterrorism, Force Protection, and Installation Preparedness.

Antiterrorism is the foundation of the overall Force Protection program within the Army Reserve. It assesses vulnerabilities at stand alone facilities and Army Reserve installations.

Force Protection programs correct, upgrade, and repair facilities in accordance with Department of Defense Antiterrorism and Force Protection construction standards. This program also determines the level of access to installations and facilities within the Army Reserve.

Installation Preparedness concentrates on training and equipment for first responders such as fire, police and emergency services to weapons of mass destruction incidents near or at Army Reserve installations and facilities.

The Army Reserve is challenged with its existing military and civilian manpower structure as well with its capability to adequately plan, execute and assess this real world critical program at all levels. Therefore, we must expand contract require-

ments for antiterrorism vulnerability assessments, exercise planning, and training for the entire Army Reserve.

Currently, the Army Reserve is able to restrict access to its installations, but sustainment of access control combined with additional security requirements since the Global War on Terror has become a challenge. Funding of these programs will allow the Army Reserve to meet security and preparedness for threats facing Army Reserve installation and facilities worldwide.

Equipment procurement and modernization

Increasing demands placed on the Army Reserve highlight the importance of equipment that is mission-essential. In addition, the increased use of Reserve forces in operational missions and the Global War on Terrorism has highlighted the importance of having compatible and modern equipment. In order for our soldiers to be able to seamlessly integrate on the battlefield, our equipment must be operationally and technically compatible. Without complete interoperability, the ability of the Army Reserve to accomplish its Combat Support and Combat Service Support missions would be diminished.

Combat support and combat service support transformation is a vital link to the Army Transformation Plan. The Army Reserve is the main provider of this capability for the Army and the Army must continue to modernize the Reserve components along a timeline that ensures the Reserve components remain interoperable and compatible with the Active component.

Equipment modernization of the Army Reserve is indispensable in meeting the goals of the Army's Transformation Campaign Plan. Full integration into the Army's modernization plan to implement force interoperability enables our units to deliver required Combat Service and Combat Service Support ensuring our Army's operational success.

In the Army's Combat Service and Combat Service Support Transformation Plan, key enablers are identified to meet the deployment vision outlined by the CSA. These enablers help to reduce the Army's Combat Service and Combat Service Support Demand on Lift and Logistical Footprint requirements while increasing strategic responsiveness. To reduce the Combat Service and Combat Service Support Demand on Lift and Footprint, investments are required in the appropriate Army Reserve Combat Service and Combat Service Support Enablers.

The Army Reserve has 20 percent of Combat Support and 47 percent of the Combat Service Support requirements in the Army. We must have these enablers on hand to support the Army's Combat Service and Combat Service Support Transformation Strategy.

Facility revitalization

The Army Reserve installation community proudly sustains two of the Army's major installations and 12 Regional Support Commands. These regional commands function as "virtual installations" with facilities in 1,300 communities across all 50 states, most United States territories, and in Europe.

Our primary facilities, Army Reserve centers, are prominent symbols of The Army on "Main Street America". They often create the very first impressions of the entire Army and present a permanent "billboard" for all Americans to see. Unfortunately, most Army Reserve facilities consist of 1950's era structures that remain virtually the same as when they were constructed. They are sorely in need of modernization or, as in most cases, replacement.

Army Reserve soldiers train in widely dispersed reserve centers and support facilities worldwide that use 45 million square feet. This equates to more square footage than Forts Hood, Sill and Belvoir combined. Our facilities experience the same type of challenges active Army posts do. The impacts of poor facility conditions are even more acute for our soldiers. Overcrowded, inadequate and poorly maintained facilities seriously degrade our ability to train and sustain units as well as decay soldier morale and esprit de corps.

Transformation

Clearly, our priorities and the way we approach national security changed. We must and will win the war on Terrorism. But the nature of this war dictates that major changes are required to practices, procedures and policies relating to use of our force. The processes and policies in place were designed for a different time and a different type of war than we are engaged in today. As a result, some have challenged our ability to respond early in a contingency operation, and to sustain continuous mobilization while continuing to attract and retain quality young men and women such as the ones who currently populate our force. I challenge this assertion.

The Army Reserve is preparing changes to training, readiness and policies, practices and procedures. We are restructuring how we train and grow leaders within

the Army Reserve by establishing a Trainee, Transient, Holdee, and Student Account, much like the Active Army, to manage our force more effectively. We are preparing implementation plans for the continuum of service concept recently proposed by the Office of the Secretary of Defense that would allow ease of movement between Army components as dictated not only by the needs of the Army but also by what is best for the soldier developmentally and educationally. We are excited by the potential of such proposals.

A challenge to realizing the capabilities and potential of our highly skilled, loyal and sacrificing soldiers is a antiquated Cold-War era mobilization process. The nation's existing mobilization process is designed to support a linear, gradual build-up of large numbers of forces and equipment and expansion of the industrial base over time. It follows a construct of war plans for various threat-based scenarios. It was designed for a world that no longer exists. Today, multiple, operational requirements, unclear, uncertain, and dynamic alliances and the need for agile, swift, and decisive combat power, forward presence in more responsive ways, and smaller-scale contingency operations, demand a fundamentally different approach to the design, use, and rotation of the Army Reserve. Rather than a "force in reserve", it has become and serves more as a force of discreet specialized, skill rich capabilities and a building block for teams and units of capabilities, all essential to force generation and sustainment. The process to access and employ these forces must be streamlined, flexible, and responsive to the President and Nation's needs yet considerate and supportive of the soldier, family and civilian employer.

There is an ongoing debate concerning the wisdom of reliance on the nation's Reserve components both for operations of a smaller scale nature, such as the Balkans rotations and early reliance in the opening phases of a contingency operation. Only thirty-three percent of the Army Reserve troop strength is currently mobilized. But raw troop strength numbers are not an accurate indication. Often, Army Reserve capabilities in Civil Affairs and Medical support are cited as but two of many examples of over reliance on the reserve components. There are specific types of units that have been used more than others. The demand for certain type units to meet the mission requirements of the Global War on Terrorism is higher in some more than others. Military Police, Civil Affairs, Military Intelligence, Transportation and Biological Detection and Surveillance capabilities are the highest in utilization. As an example, the Biological Detection and Surveillance units consist of one Active component unit and one Army Reserve unit. The Army Reserve unit has mobilized five times since 1997 and is currently in their second year of mobilization. A second Army Reserve unit will be organized this month and is prepared to mobilize by the fall of this year. There are future plans for additional such units in both the Army Reserve and the active component. This is but one example of a high demand, low density unit. Currently, 313 Standard Requirement Codes (types of units) are exclusively in the Army Reserve. The Army Reserve has been able to meet the challenges to date with this structure but clearly the structure requires change to meet the continuing demand for these skill rich capabilities which are more practical to sustain in a reserve component force.

The Army Reserve has been transforming its force since 1993 when it reorganized to produce a smaller, more efficient and effective structure. Our overall strength was reduced by 114,000 soldiers, or thirty-six percent, leaving us with a 205,000 soldier end strength today. In our transformation from a Legacy Force Army Reserve (or a Cold War Force) to an Interim Force, we are poised to put changes in place that will keep us moving on the path of transformation to the Objective Force. In the 1990s, we cut the number of our Army Reserve Commands by more than half and re-invested that structure into capabilities such as medical and garrison support units as well as Joint Reserve Units. We reduced the number of our training formations by 41 percent and streamlined our training divisions to better meet the needs of the Army and its soldiers. Our transformation journey actually began ten years ago and is accelerating rapidly today.

Changing the way we mobilize starts with changing the way we prepare for mobilization. The current process is to alert a unit for mobilization, conduct the administrative readiness portion at home station and then send the unit to the mobilization station for further administrative and logistical preparedness and to train for deployment. This process, alert-mobilize-train-deploy, while successful in Desert Shield/Desert Storm, today inhibits responsiveness. By changing to train-alert-deploy, and performing the administrative and logistical requirements prior to mobilization, we will reduce the time needed to bring a unit to a campaign quality level needed for operations.

The Army Reserve is the nation's repository of experience, expertise and vision regarding soldier and unit mobilization. We do have forces capable of mobilizing in twenty-four hours and moving to the mobilization station within forty-eight hours,

as we did in response to September 11th. This demonstration of quick and precise mobilization ability will become institutionalized in the processes and systems of the future and give our forces the ability to mobilize rapidly and smoothly. We will overcome challenges posed by units manned with untrained soldiers through initiatives that strengthen soldier readiness and leader development.

While changing industrial age mobilization and personnel training and development policies is necessary, restructuring our force so that we can implement predictable and sustainable rotations based upon depth in capability is also necessary. Predictable and sustainable utilization is a key factor in soldier, family, and civilian employer support. One of the goals of transforming our force is to change policies that are harmful to soldiers and families. Predictable rotation schedules will allow the Army Reserve to continue to be a value-added source of skill rich capabilities for small-scale contingency conflicts and follow-on operations. It will provide our units with operational experience; provide a sense of fulfillment for our soldiers; impart a sense of predictability for our soldiers and evens out the work load across the force. We must begin now to implement new strategies to build a force with rotational capabilities.

Individual Augmentee Program

Under the current Army posture, there is a growing need to establish a capability-based pool of individual soldiers across a range of specialties who are readily available, organized, and trained for mobilization and deployment as Individual Augmentees. In spite of numerous force structure initiatives designed to man early deploying Active Army and Reserve component units at the highest possible levels, a requirement remains for individual specialists for unforeseen, unplanned-for-contingencies, operations, and exercises. Therefore, I have directed the establishment of an Individual Augmentee Program within the Selected Reserve to meet these needs.

The purpose of the Individual Augmentee Program is to meet real-world combatant commander requirements as validated in the Worldwide Individual Augmentation System (WIAS). Additionally, this program will preclude the deployment of individual capabilities from active or reserve component units adversely impacting their readiness, cohesion, and future employment possibilities. It will allow soldiers to participate at several levels of commitment and supports the Office of the Secretary of Defense proposal for a continuum of service.

Continuum of service offers the Army flexibility in accessing and managing personnel. Soldiers can serve through a lifetime in different ways from active duty to troop program unit to individual augmentee to retiree. The ability to move seamlessly through components and statuses can only benefit the Army and the soldier. Matching the right soldier in the right status at the right time makes sense. The Army Reserve will lead the way in making a reality of the phrase "Once a Soldier, Always a Soldier".

Our initiatives concerning the management of individuals in the Army Reserve are the catalyst of Army Reserve Transformation—The Federal Reserve Restructuring Initiative. In order for the Army Reserve to continue to transform, six imperatives must be implemented. These imperatives are: re-engineer the mobilization process; transform Army Reserve command and control; remove unready units; implement human resources life cycle management, build a rotational base in our force; and re-engineer individual capabilities.

The Chief of Staff, Army has stated that the engine of transformation is our people. Our Army Reserve transformation plan attacks directly those outdated, unresponsive policies, practices, and procedures that inhibit our people's ability to transform. Your awareness and Congressional support of our efforts is invaluable.

SUMMARY

In our current military environment, the Army Reserve has many challenges that we accept without hesitation. These challenges are embedded in the current wisdom of early reliance on the reserve component in early contingency operations and the wisdom of the use of the reserve components in scheduled operational rotations such as Bosnia and Kosovo. Historically our nation has placed great reliance on the reserve components of soldiers, sailors, airmen and marines, to expand the armed forces for operations during time of war. The nature of warfare has changed drastically and we must also change. This Global War on Terrorism, as our President has described, is a long-term campaign of inestimable duration, fought in many different places around the world. The issues we have brought to you today—changing how we recruit, prepare, maintain, and resource our force recognizes the Commander-in-Chief's intent, to prepare for future wars of unknown duration, in places we have yet to fight, and against enemies who threaten our freedoms and security.

We are grateful to the Congress and the Nation for supporting the Army Reserve and our most precious resource, our soldiers—the sons and daughters of America.

I cannot adequately express how proud I am of our soldiers. They are in the hearts and prayers of a grateful nation and will continue to stay there until we finish the job at hand.

Thank you.

Senator STEVENS. Thank you, General. Admiral.

STATEMENT OF VICE ADMIRAL JOHN B. TOTUSHEK

Admiral TOTUSHEK. Thank you, Mr. Chairman, and thank you on a personal note for the kind words about my service to the country. I'm just humbled and proud to be representing the 88,000 men and women of the Naval Reserve Force, and I would tell you that they have once again stood forth, just as the other component members have, when the Nation needed them.

I'd like to talk a little bit about the Naval Reserve Force as a whole, just talk about a couple of things you've already brought up. The first is the overuse issue. It seems to me that perhaps, rather than changing the numbers in the active component and reserve component mix, perhaps we need to be looking at the mission areas so that we don't recall people year after year after year.

In the Naval Reserve we've done a pretty good job of doing that, and the data that we have, which is current as of the end of AEF—OEF, I'm sorry—shows that the people that have been mobilized actually have a higher retention rate than those people that have not been mobilized, so at least for the Naval Reserve Force, as of current, after the Afghanistan operation, we have not seen, and the data reflects about a 50 percent better attrition rate, if you will, than the people that are just doing their time, if you will, drilling. I think that shows us that the men and women of the Naval Reserve Force at least, and I would expect the other components as well, are willing to serve and, in fact, are expecting to serve a little bit more differently than they have in the past, and I would just ask that as we think about the way we're going to try to structure the military of the future, that we don't try to put a one-size-fits all, or put too many constraints on us that prevents us from doing our mission, or allowing our people to serve.

The second thing is that we've heard some talk about the fact that it's not a good idea to have 100 percent of any capability in the reserve component, because that would also suggest that we would be overusing them. The Naval Reserve has several capabilities that we do the entire mission for the Navy. One of the good examples is our intratheater airlift. All the transport airplanes that we have, if you see an airplane that says Navy on the side, it's either carrying people or cargo, that's a Naval Reserve airplane.

Once again, during Operation Iraqi Freedom, we did wonderfully well there, bolstering the support to the theater by about 300 percent, and we did much of it without mobilization. Much of it was on a volunteer and a detachment type of basis, so I think we have proven over and over again that we can do that mission for the Navy cheaper, better, and with more expediency than even trying to outsource this would be able to do, and I would just ask us to keep that in mind as well, that there are certain missions that are perfect for the reserve components.

Lastly, I'd like to talk about the length of time it takes to mobilize. We all expect and would like to give our members as much notice as we can, but in these times when we are at war, I think everybody understands that if it is a quick mobilization, that there are some instances where that is necessary, and our people are willing to sign up for that as long as it isn't the usual case. If we can plan, as the other commanders have pointed out, on a regular basis, and then perhaps understand that once in a while it's going to be now, people will understand that.

I, too, would tell you that just like the other component commanders, the employers and the families of our people have been very, very important to us. We've taken steps in both cases to make sure that those equities are recognized, and I would tell you that by and large all of those families are standing up and doing a wonderful job, just as our people have.

PREPARED STATEMENT

Thank you very much for our continued support. I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF VICE ADMIRAL JOHN B. TOTUSHEK

It has been a remarkably challenging and successful past year for the Naval Reserve. We are continuing at an unprecedented pace in support of the war on terrorism, while at the same time navigating the Naval Reserve through the complex process of Transformation. Today, Navy's ability to surge rapidly and decisively to new crisis points rests primarily on active force capabilities with some Naval Reserve augmentation. Yet, any new crisis could potentially strain Navy's ability to sustain existing commitments, thus increasing the value of maintaining—and using, when needed—flexible operational capabilities resident in the Naval Reserve.

<p>The Naval Reserve provides Navy with necessary operational and organizational agility</p> <ul style="list-style-type: none"> —Operational readiness —Parallel capability—reinforcing/sustaining/optimizing for crisis —Incubating new capabilities —Stand alone missions

We ask a lot from our individual Reservists. And they have responded heroically. As Operations Noble Eagle and Iraqi Freedom demonstrate, mobilized Naval Reserve capabilities are often required to meet the risks associated with surge, and to sustain Navy commitments. Despite various opinions to the contrary, my Reserve Force has not been overtasked during the continuing Global War on Terrorism. We've recalled nearly 19,000 Naval Reservists to-date, or approximately 25 percent of our force. We've recalled entire commissioned units as well as individuals with unique skills. While attrition across my force has been averaging in the high 20 percentile, our Career Decision Surveys targeted to those personnel demobilizing indicate that their attrition is holding at a mere 12 percent. We are confident that we have policies in place to manage and mitigate the strains we place on our Sailors and their employers. The bottom line is that Naval Reserve personnel are staying Navy, and we were able to reduce our enlisted recruiting goal by 2,000 endstrength this year.

The Naval Reserve: a proven source of Navy flexibility
 —Mobilization for war or contingency
 —Relieving stress on active PERSTEMPO
 —War fighting and support capability at reduced cost

Observing the work performed by our Naval Reservists over the past year, I have concluded that heroes are just ordinary people who do extraordinary things.

Among the Naval Reserve heroes who represent the extraordinary sacrifices made by all of our members in support of Operations Enduring Freedom, Noble Eagle and Iraqi Freedom are people such as these:

—Commander Neal Bundo, from Crofton, Maryland, and members of Navy Command Center Unit 106 at the Pentagon mobilized and drilled around-the-clock to maintain the watch in the aftermath of the destruction of the center and the murder of fellow Sailors.

—Utilityman Second Class Marianne Johnson, who lives in San Diego and is a single parent of two daughters and an accounts receivable clerk for Pepsi. She was mobilized to Pearl Harbor with Construction Battalion Maintenance Unit 303 to provide security support for Commander, Navy Region Hawaii. Although she could have waived her commitment, she arranged for a friend to take her apartment and temporary custody of her children for a whole year.

And there are Naval Reserve heroes among the spouses of our reservists.

—The husband of Susan Van Cleve was also recalled with Construction Battalion Maintenance Unit 303. Without any formal Ombudsman training, Mrs. Van Cleve took on the task of representing the dependents and relatives of more than 180 mobilized Seabees. What's remarkable is that the Van Cleves, from Lake Elsinore, California, have five children at home under age five.

Ordinary people. Summoned to do extraordinary things. I call them heroes. Anyone associated with the Reserve Components of this nation could go on and on with such stories because there are thousands of them. They are the people whose dedication we honor and must support.

We are at the height of the mobilization in support of Operations Noble Eagle, Enduring Freedom, and Iraqi Freedom, with more than 12,000 sailors providing support around the world today. A perfect example of this is Strike Fighter Squadron (VFA) 201, based at Naval Air Station Joint Reserve Base, Fort Worth, Texas, which was ordered to active duty by President George W. Bush, as a unit of Carrier Air Wing (CVW) 8 embarked aboard the USS Theodore Roosevelt (CVN 71). Reports indicate that the "Hunters" of VFA 201 are leading the Air Wing in every measurable category.

The majority of Naval Reservists that have been mobilized are individuals with unique specialties. They included significant numbers of law enforcement officers and security specialists. Medical, supply, intelligence and other specialties continue to be heavily tasked. Entire units of the Naval Coastal Warfare commands were activated.

Naval Reserve fighter pilots flew combat air patrol over our great cities. P-3C Orion pilots and crews are still flying surveillance missions. Logistics aircraft crews maintain a continuous presence in Bahrain and their operations tempo has increased by 25 percent, most of which is being done without mobilization.

Top Five Priorities.—And while our deckplate sailors continue training to support combatant commanders, at the headquarters level we are still adhering to our Top Five priorities for the Naval Reserve. Let me briefly review highlights of these goals to illustrate how we are making progress.

The Fiscal Year 2003 Top Five Priorities for the Naval Reserve
 —Manpower
 —Training
 —Equipment & Information Technology Compatibility
 —Force Shaping
 —Fleet Support

Manpower.—Our recruiting numbers look good, and we are meeting goal. A continuing challenge is to fill targeted rates. While we initially saw that the percentage of prior service Navy entering the Naval Reserve bottomed out after 9/11, it quickly rebounded, and we finished the year over end strength. Our attrition rate hovers

near 25 percent, sharply down from a few years ago but short of our goal of 22 percent. One major improvement is that we are consolidating our recruiting efforts with the active Navy and expect that benefits will accrue to both.

Training.—Our training emphasis is on supporting the Chief of Naval Operation's Task Force Excel and Commander, Naval Education and Training, through integration of Naval Reserve personnel at all levels in the Navy Training Organization. This integration will enable the Naval Reserve to be in a position to take advantage of training initiatives underway throughout the Navy. We are also providing Joint Professional Military Education and ultimately building a cadre of Reserve Officers with joint experience and designated as Fully Joint Qualified. This will involve working closely with joint gaining commands to identify billets requiring joint experience to be filled by Reserve Officers, an opportunity that has previously been non-existent. Additionally, in order to take advantage of current and future training available through Distance Learning, we have been working hard to develop and implement a policy to provide drill pay to those personnel completing Distance Learning courseware at the direction of their Commanding Officer.

Equipment and Information Technology Compatibility.—In fiscal year 2004 we see a continuation of the decline in procurement of equipment for the Naval Reserve. Total Naval Reserve equipment procurement steadily decreased from \$229 million in fiscal year 1997 to about \$91 million in fiscal year 2003.

Among the few bright spots in the fiscal year 2004 equipment budget is funding for the acquisition of one new C-40A logistics aircraft. These aircraft are of vital importance to fleet logistics since the Naval Reserve provides 100 percent of the Navy's organic lift capability and direct logistics support for combatant commanders in all operating theaters. In addition, the fiscal year 2004 budget calls for the procurement of another C-40A aircraft.

Other programs slated to receive procurement funding in the fiscal year 2004 budget include: the C-130T Aviation Modernization Program that will make 18 logistics aircraft compliant to fly worldwide; surveillance equipment upgrades and small boats for Naval Coastal Warfare forces; and ground and communication equipment for the Naval Construction Force.

Despite these welcome Reserve modernization efforts, essential F/A-18 modifications, P-3C upgrades, and SH-60B helicopters still require substantial investments. Currently one squadron of Reserve F/A-18A aircraft lack the capability to deliver precision-guided munitions and need ECP-560 upgrades to avionics, software and accessories. Under the Navy-Marine Corps TACAIR integration plan, a Naval Reserve squadron is slated for disestablishment in fiscal year 2004.

P-3C aircraft used by the Naval Reserve constitute approximately 40 percent of the Navy's capability. Currently, these aircraft provide only limited support to operational commanders because they lack the Aircraft Improvement Program (AIP) upgrade. Active component AIP aircraft were used extensively in Afghanistan due to their improved communication and surveillance capabilities. To enable our P-3C squadrons to fully participate and integrate with the active component in support of operational requirements, an investment needs to be made to upgrade our 42 P-3C aircraft in the Naval Reserve's seven P-3C squadrons. Improving Reserve squadron integration with active forces will reduce active component's operational tempo and increase overall Navy mission capability. Spending to achieve equipment compatibility and equivalent capability between active and Reserve components is always a wise investment. Finally, the Littoral Surveillance System (LSS) provides timely assured receipt of all-weather, day/night maritime and littoral intelligence, surveillance and reconnaissance data. For fiscal year 2003, Congress appropriated funds for a second LSS to support Naval Coastal Warfare. I'm encouraged that the emerging Homeland Security requirement to secure land and sea borders from potential terrorist attack is an emerging mission to which LSS capability can contribute. It is joint, transformational, and is consistent with Naval Reserve capabilities. I look forward to working with our Coast Guard friends in assisting them in protecting our coastal waters and ports.

In the Information Technology area, we have implemented the New Order Writing System (NOWS) online, and it is up and running smoothly. Within budget constraints, we continue with implementation of the Navy Marine Corps Intranet (NMCI). By the end of 2003, 100 percent of the Naval Reserve Force will be on the NMCI. Our goal is a seamless information and communication systems integration between the active Navy and the Naval Reserve. To meet our primary mission of delivering sailors, equipment and units to combatant commanders requires information technology improvements in the manpower, personnel, communications, training and financial management areas.

Force Shaping.—On July 20, 2002, the Naval Reserve stood up the Naval Reserve Forces Command. In doing so, it eliminated the old title of Commander Naval Sur-

face Reserve Force and merged separate Naval Reserve air and surface chains of command. This ongoing alignment, which is examining every facet of Naval Reserve operations—is making the Naval Reserve more flexible and responsive, improving its systems and focusing on customer service. The alignment of the New Orleans headquarters staff allows one-stop shopping for the active duty Navy to reach the Naval Reserve Force and has provided additional full time support to the fleet.

Fleet Support.—Earlier I mentioned the direct support we have been providing to combatant commanders, and we are prepared to do more. While we continue monitoring potential risks of sustained and repeated recalls, to date we have seen improved retention rates of recaltees measured against the rest of the force. Every one of our 86,000 Naval Reservists wants to participate in winning the war on terrorism. We must ensure that they have the tools to do their jobs and integrate smoothly into the Fleet.

Transformation.—Within the think tanks of Washington and in the Pentagon E-Ring hallways, there is much talk about how the Navy will participate in the DOD-wide Transformation process. And though the Naval Reserve's traditional mission of reinforcing active forces and sustaining capabilities has always been valid, there are additional ways in which we can support Transformation.

The Naval Reserve is the “flex” Navy needs to navigate, and even accelerate its passage through a challenging and uncertain future. As it did throughout the Cold War, Post-Desert Storm and Post 9/11 periods, the Navy will continue to depend on its Reserve as a mobilization asset, affordably extending Navy's operational availability. At the same time, the Navy will continue to rely on Naval Reserve units and individuals to provide day-to-day peacetime operational capabilities and to reduce the stress on active personnel tempo. The extensive operational warfighting and service support experience resident in the Naval Reserve will be crucial to assisting Navy in achieving its Sea Strike, Sea Shield and Sea Basing capabilities.

Some of our terminology will change as we transform. We no longer talk about CINCs; we talk about combatant commanders. We don't talk about TARs; we talk about Full Time Support personnel. We're not using the phrase Total Force, but we are talking about a transformational force that is simply one Navy.

The Navy is shaping itself in the 21st century in an environment of competitive resources, fluid planning assumptions, and operational uncertainty. As it begins the transformation, the Navy is also fighting the war on terrorism and maintaining a challenging global forward presence. Juggling such priorities involves risk.

The Naval Reserve's traditional function as a reservoir of capabilities that are not needed continuously in peacetime, but are needed in crisis, is crucial to mitigate such risks.

As one example, Naval Coastal Warfare forces have been called upon to provide a security framework on the home front as well as overseas. The mission—protection of strategic shipping, shallow water intrusion detection, traffic control, and harbor defense—has resided exclusively in the Naval Reserve for more than 10 years. Today, this force protection presence is made up of 100 percent Naval Reservists, who conduct fully integrated command, control, communications, surveillance and harbor defense missions around the globe. Because these are ongoing requirements in this mission area, we will be integrating an active Mobile Security Force with existing Naval Reserve Coastal Warfare forces.

Another example is also tied to the aftermath of 9/11: the immediate requirement for Master-at-Arms and law enforcement specialist to provide force protection to the Navy. This was a very small mission area for the Navy that, when the need arose, they were unable to fill with active duty Sailors. The Naval Reserve took care of the requirement until the Navy could implement long-term measures.

However, the Naval Reserve can do more. Our agility can spread across a spectrum of other challenging areas: manpower, operations, planning, force structure and mix. We can be a great reservoir for experimentation and innovation. In these and many other ways, the Naval Reserve can mirror and complement the Chief of Naval Operation's visions in Sea Power 21: to project power, protect U.S. interests, and enhance and support joint force operations.

Myths.—Before I close, since this is probably the last opportunity I will have to appear before this committee, I would like to take this opportunity to briefly comment on several myths about the Naval Reserve that I have encountered during my tour as the Chief of Naval Reserve.

The first myth is the popular opinion of many that Reserve Forces have been overused during the GWOT. As I mentioned in the beginning, I can assure you that the Naval Reserve has not been overused and is ready and able to do more to support the Navy. I know this not only because of the conversations that I have had with Naval Reservists on a daily basis, but also because of some very interesting statistics that have come out of our 9/11 mobilizations, such as the one measure

that indicates our current attrition rate for those mobilized for the GWOT is approximately 12 percent, which is considerably lower than our historical attrition rate. I'm a firm believer that the Naval Reserve Force needs to be used to be relevant.

The second myth is that it is unwise to place 100 percent of a mission within the Reserve. I firmly believe that certain missions are designed perfectly for the Reserve and are very cost effective. A perfect example is the 14 Naval Reserve squadrons of our Fleet Logistics Support Wing which have very successfully provided 100 percent of the Navy's worldwide intra-theatre airlift support on a continuous basis for over a decade. There are currently 14 Naval Reserve logistics aircraft deployed outside the continental United States, which is a 230 percent increase since 9/11, yet we have done this while only mobilizing one airlift squadron.

You may have heard discussions about changing the mix of active component versus Reserve component. The Naval Reserve is working closely with the Navy to address High Demand/Low Density type units. Through innovative sharing of assets and essential skill sets, Reserve personnel have been used to train new Active Component crews as well as carry some of the load of the deployment rotation. VAQ 209, flying EA-6B electronic warfare jets based at NAF Washington, deployed overseas for 45 days this past summer flying combat patrols in support of Operation Northern Watch, their fifth such deployment in the last seven years. Yet when they were here at home, they provided personnel and aircraft to the Fleet to support multi-week flight training detachments. By doing this they maximize the value of the dollars Navy has already spent to train and equip them while sustaining and exercising their warfighting skills. The renewed demand for Naval Coastal Warfare units, as mentioned before, has caused Navy to reevaluate the requirement and to create Active Component units. Naval Reserve, in this case, has served to provide the storehouse of skills so that as the demands of warfighting changed Navy was able to quickly meet the new challenge. These are just two examples of how your Naval Reserve Force provides the organizational flexibility needed to navigate the rapid changes of a transforming world.

A myth that certainly has to be dispelled is that Naval Reservists cost more than their active duty counterparts. A cost comparison done for a seven year period from fiscal year 2003 through fiscal year 2009 shows that a Selected Reservist, not mobilized at any time during that period, costs approximately 21 percent of the cost of an active member. The cost of a Selected Reservist mobilized for a two year period during the 7 year time frame still reflects a considerable savings—less than half of that of an active member. In 2002, Navy estimated that it costs \$1.26 million to train an F-18 pilot, taking that “nugget” pilot from “street to fleet.” By the time that same pilot will become a member of the Reserve Force, Navy will have invested many more millions of dollars to hone his or her skills. When that pilot joins a Naval Reserve squadron we will have recaptured every one of those training dollars. My point is that the cost of a valuable mobilization asset should not be looked at only in the limited context of the period during mobilization, but, rather in the larger context; that of an amazingly cost effective force multiplier available both during periods when the nation's active forces are able to handle the PERSTEMPO and OPTEMPO without Reserve augmentation and during those periods of crisis that require Citizen-Sailors to leave their civilian lives and jobs and be mobilized.

An additional myth is that the Naval Reserve should only be employed for full mobilization scenarios. Much like VAQ 209, which I mentioned earlier, our Naval Special Warfare units and Naval Special Warfare helicopter squadrons, either by providing personnel or by providing deploying units, have participated in smaller scale contingency operations such as Uphold Democracy in Haiti. Our Naval Reserve intelligence community is contributing daily to the processing and evaluation of intelligence information. Our maritime patrol squadrons and Naval Reserve Force frigates are continuously employed in the war on drugs. These scenarios do not involve full mobilization, they involve ad hoc contributions that keep our Naval Reservists engaged in something that is important to them—the safety, security and preservation of our country. If we want to continue the capable reserve force we have today, we must utilize their talents or they will not stay.

And the last myth is that it takes too long for us to mobilize and be ready. Fortunately, I have a timely example to use to dispel this myth. On October 4th, 2002, a mobilization order was issued to VFA-201. Within 72 hours 100 percent of squadron personnel had completed the mobilization process, and within 90 days, all refresher training had been completed and the squadron was deployed on board the U.S.S. Theodore Roosevelt. Every aviator has cruise experience, over 1,000 flight hours, and many have 2,000 hours in aircraft type. Squadron aviators provided leadership to the air wing in strike planning, flight execution, and carrier operations. Their experience in operations around the world and in adversary tactics continue

to aid increased air wing readiness. Since mobilization, the Hunters of VFA-201 have flown more than several thousand Sorties, have flown over 300 hours in combat and have dropped over 60,000 lbs. of precision-guided munitions. Not only were we ready to respond to the call quickly, but, I am please to report that VFA-201 pilots had the highest qualification grades in the Air Wing and were awarded the Squadron "Top Hook" award. I am also pleased to report that VFA-201's twelve F-18A+ aircraft are equivalent to F-18C aircraft primarily because of funding for equipment upgrades provided by Congress via the NG&RE appropriation.

Running Myths about the Naval Reserve

- Naval Reserve forces are being overused
- It is unwise to place a mission entirely in the Naval Reserve
- The active/reserve force mix for High Demand/Low Density units should be changed
- The Naval Reserve should be used only for full mobilization scenarios
- It takes too long for the Naval Reserve to mobilize and get ready

Summary.—The Naval Reserve is meeting big challenges with a Force that is remarkably fit and ready to continue doing the heavy lifting for the Navy Marine Corps Team. If we are successful at procuring the compatible equipment we need, we can become even more effective at world-class service to the Fleet. We look forward to meeting the challenges ahead, both within the Naval Reserve and in support of the Navy's strategic vision.

As I review the state of our Naval Reserve Force over the past year, I take pride in what the Naval Reserve has accomplished. All things considered, it has been a remarkable year.

Senator STEVENS. Thank you very much. I think the committee would be very interested in the number of volunteers that came forth in each one of your branches. I've got to tell you, I've had more calls from people who were irritated that they weren't called up than I got for those who called up who were irritated, so there's a balance there somewhere.

General McCarthy.

General MCCARTHY. Mr. Chairman, members of the committee, with my colleagues I thank you for the opportunity to appear and to talk briefly about the Marine Corps Reserve. Most importantly, I would like to say that as an advocate for the Marine Corps Reserve I want to thank the Congress and this committee in particular for the support that you have provided over the years, and I think it's clear that the investments that the Congress and this committee have made in the Marine Corps Reserve have been well used, and have borne fruit in this most recent period of combat for our country.

As you pointed out, Senator Stevens, it is truly a totally integrated force. The Marines and their units in the Marine Corps Reserve are indistinguishable from their active units. They are part of those units. Their units are combined, and it truly is, I believe, a validation of the concept of a total force.

Over 50 percent of the marines and sailors who serve with us in Marine Reserve units have been mobilized, and the vast majority, I think over 75 percent of those mobilized right now, were mobilized for service in the U.S. Central Command's area of responsibility. They have been directly engaged with the enemies of our Nation. They have suffered their share of casualties. They've served across the full spectrum of Marine operations, infantry, aviation, tanks, light armored reconnaissance, reconnaissance units, engineers, combat service support, ANGLICO units serving

with Special Operations Command and with the first United Kingdom forces in Southern Iraq. In short, in every aspect of Marine operations in Operation Iraqi Freedom, Marine Reserves and their units have been an integral part.

We are now focused at my headquarters on bringing these units home, on demobilizing them and refitting them and getting them ready for whatever challenges may lie ahead. That demobilization process is our number one focus of effort, and as soon as that process is complete, we will begin to focus on reconstituting and rebuilding the capabilities of the Marine Corps Reserve, and that is going to be a challenging task, but it is one that I believe we can accomplish.

It's clear that as we bring units home there will still be units remaining in the area of operations. Some of the last units to leave Iraq, I believe, will be Marine Corps Reserve units, Civil Affairs units, a couple of infantry battalions, and light-armored reconnaissance come immediately to mind, but I just left the theater on Sunday night, and I talked to I think hundreds, maybe thousands of Marines while I was there, I visited with the senior marine commanders, and I come away convinced that your Marine Corps Reserve has done a tremendous job, and that it will continue to do so. It will come out in good order, and we will begin the process of getting ready for whatever challenges lie ahead. We will work in close coordination with the Congress, and again I would state my appreciation for your support.

Thank you, Senator.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL DENNIS M. MCCARTHY

INTRODUCTION

Chairman Stevens, Senator Inouye and distinguished members of the Committee, it is my privilege to report on the status and the future direction of your Marine Corps Reserve as a contributor to the Total Force. On behalf of Marines and their families, I want to thank the Committee for its continued support. Your efforts reveal not only a commitment for ensuring the common defense, but also a genuine concern for the welfare of our Marines and their families.

YOUR MARINE CORPS RESERVE TODAY

Today's Marine Reserves are ready, willing and able to support the Active component and to serve our communities in peace or war. During the Global War on Terrorism, Reserve units have filled critical roles in our nation's defense—whether deployed to Afghanistan, Djibouti or the Persian Gulf or on standby to respond to Homeland Security crises.

As of April 21, approximately 21,100 Marines were activated as part of units or individual augmentees in support of Operations Noble Eagle, Enduring Freedom, and Iraqi Freedom. This represents approximately 52.8 percent of the Selected Marine Corps Reserve and 4.7 percent of the Individual Ready Reserve. Roughly 75 percent of the Selected Marine Corps Reserve Marines currently activated are participating in Operation Iraqi Freedom. From the 2nd Battalion, 23rd Marine Regiment operating up front with the 1st Marine Regiment, to Reserve KC-130s flying supplies into Iraq and evacuating prisoners of war, to the 6th Engineer Support Battalion purifying over a million gallons of water, to members of the 3rd Civil Affairs Group establishing local police forces and organizing joint patrols with Iraqi policemen, Marine Reserves continue to play a major role in Coalition operations in Iraq.

Reserve integration readily enhances Marine Corps operational capabilities, however, the Commandant of the Marine Corps recognizes that the Reserve is a finite resource and insists on its judicious use. In the first year of Operations Noble Eagle and Enduring Freedom we activated no more than 11 percent of the Selected Ma-

rine Corps Reserve (units and Individual Mobilization Augmentees) and less than 2 percent of the Individual Ready Reserve. All of the Individual Ready Reserve members were volunteers.

Mobilization readiness is our number one priority all the time and the men and women in the Marine Corps Reserve have responded enthusiastically to the call to duty. Only 1.8 percent of those receiving orders have requested delay, deferment or exemption from duty. The hard work and dedication of the Marines and Sailors to this task has resulted in the efficient execution of the mobilization. We moved personnel and cargo directly from reserve training centers to embarkation points using tractor-trailers, chartered buses and flights—without missing a designated arrival date. No reserve unit had to ask for relief to enter theater without the required anthrax and smallpox inoculations. As we begin to see combat operations taper off, we are now preparing for the equally efficient demobilization of many of our reserve units.

The ability of the Reserve to rapidly mobilize and integrate into the Active component in response to the Marine Corps' operational requirements is a tribute to the dedication, professionalism and warrior spirit of every member of the Marine team—both Active and Reserve. Our future success relies firmly on the Marine Corps' most valuable asset—our Marines and their families.

MARINES AND THEIR FAMILIES

We continue to evaluate personnel policy changes regarding entitlements, training and employment of Reserve forces, and support for family members and employers to minimize the impact of mobilization on our Marines. Success in this area will enhance our ability to retain the quality Marines needed to meet our emerging operational requirements.

We need your continued support to attract and retain quality men and women in the Marine Corps Reserve. Our mission is to find those Marines who choose to manage a commitment to their family, their communities, their civilian careers, and the Corps. While such dedication requires self-discipline and personal sacrifices that cannot be justified by a drill paycheck alone, adequate compensation and retirement benefits are tangible incentives for attracting and retaining quality personnel. This challenge will be renewed when mobilized units return from Active duty and begin the process of reconstitution.

Last year, the Marine Corps Reserve achieved its recruiting goals, accessing 5,900 non-prior service and 4,213 prior service Marines. This is particularly challenging because the historic high rate of retention for the Active component has reduced the pool for prior service recruiting. Enlisted attrition rates for fiscal year 2002 decreased approximately 2.8 percent from our four-year average. Marine Corps Reserve officer attrition rates were slightly higher than historical averages which can in part be attributed to Reserve officers leaving non-mobilized Selected Marine Corps Reserve units to be mobilized in support of individual augmentation requirements.

The incentives provided by Congress, such as the Montgomery G.I. Bill and the Montgomery G.I. Bill Kicker educational benefits, enlistment bonuses, medical and dental benefits, and commissary and Post Exchange privileges, have helped us to attract and retain capable, motivated, and dedicated Marines, which has contributed to the stability of our Force. Congressional enhancements allowed us to increase our recruiting and retention incentive programs during fiscal year 2002. We are funding these programs to the same levels in fiscal year 2003 through internal realignment. The increase is also reflected in our fiscal year 2004 budget request. The tangible results of your support for these incentives are the aforementioned decreased attrition and recruiting successes.

The Marine Corps is the only Service that relies almost entirely on its prior service population to fill the ranks of its Reserve officer corps. Although the Marine Corps Reserve exceeded its recent historical Selected Marine Corps Reserve unit officer accession rates in fiscal year 2002, staffing our unit officer requirements at the right grade and military occupational specialty continues to be our biggest recruiting and retention challenge. We are exploring ways to increase the Reserve participation of company grade officers.

The long-term impact of serial or repeated mobilizations on recruiting and retention is still undetermined. More than 3,000 of our activated reserves have now exceeded the one-year mark. We will not know the overall retention impact until we demobilize a significant number of these Marines and they have an opportunity to assess the impact of mobilization on their families, finances and civilian careers.

Should Active or Reserve Marines choose to make a transition back to civilian life, the Marine for Life program is an initiative which is already proving to be of im-

measurable value to our returning citizens. The Marine For Life Program was developed to achieve the Commandant's vision of "improving assistance for our almost 29,000 Marines each year who honorably leave Active service and return to civilian life, while reemphasizing the value of an honorable discharge." While work continues to complete all necessary details of this broad program, Marine For Life has begun the transition toward initial stand up. Combining a nationwide network of hometown links administered by Reserve Affairs at Headquarters Marine Corps, Marine For Life provides Marines with information and assistance required to make a successful transition from Active service to civilian life in their desired hometown. This year marked the release of numerous policies and information outreach campaigns on the use and benefits provided by Marine For Life to the Total Force Marine Corps as part of our ongoing efforts to improve the overall life of all Marines. The Marine For Life Program will build, develop and nurture a nationwide network of transitioning Marines, veterans, retirees, Marine Corps affiliated organizations, and friends of the Corps.

Combat readiness and personal and family readiness are inseparable. Our Marine Corps Community Services organization works aggressively to strengthen the readiness of our Marines and families by enhancing their quality of life. Our many Marine Corps Community Services programs and services are designed to reach all Marines and their families regardless of geographic location—a significant and challenging undertaking considering the geographic dispersion of our Marines and their families throughout the United States and Puerto Rico. During the current mobilization we are seeing the payoffs of our significant investment over the past several years in family readiness programs. Key volunteers and site support personnel are assisting families and keeping communities informed.

In December 2002, the Marine Corps began participating in a two-year Department of Defense demonstration project providing 24-hour telephonic and online family information and referral assistance. Referred to as "Marine Corps Community Services One Source", it is similar to employee assistance programs used by many of the nation's major corporations as a proven Human Resource strategy to help employees balance work and homelife demands, reduce stress and improve on-the-job productivity. We are already receiving positive feedback from users.

The support our Reserve Marines receive from their employers has a major impact on their ability to serve. We have partnered with the National Committee for Employer Support of the Guard and Reserve to foster a better mutual understanding and working relationship with employers. During the current partial mobilization many employers have voluntarily pledged to augment pay and extend benefits which has greatly lessened the burden of activation on our servicemembers and their families. I would like to acknowledge and thank the public and private sector employers of our men and women serving in the Marine Corps Reserve for their continued support.

Like the Active component Marine Corps, the Marine Corps Reserve is a predominantly junior force with historically about 70 percent of Selected Marine Corps Reserve Marines serving their first enlistment. Many of our young Marines are also college students. Currently, there are no laws that would offer academic and financial protections for students and schools affected by mobilization. We support Employer Support of the Guard and Reserve's new initiative to improve communication between Reserve component personnel and their educational institutions.

In addition to supporting Operations Noble Eagle, Enduring Freedom, and Iraqi Freedom, Marine Reserves continued to provide operations tempo relief to the Active forces. Notably, more than 300 reserves volunteered to participate in UNITAS 43-02, creating the first Reserve Marine Corps UNITAS (an annual U.S. sponsored exercise in South America). From August to December, the Marines sailed around South America conducting training exercises with military forces from Brazil, Colombia, Ecuador, Argentina, Peru, Chile and other countries. Marine Forces Reserve also provided the majority of Marine Corps support to the nation's counter drug effort, participating in numerous missions in support of Joint Task Force 6, Joint Interagency Task Force-East and Joint Interagency Task Force-West. Individual Marines and Marine units support law enforcement agencies conducting missions along the U.S. Southwest border and in several domestic "hot spots" that have been designated as high intensity drug trafficking areas.

The Active Duty Special Work Program funds short tours of active duty for Marine Corps Reserve personnel. This program continues to provide critical skills and operational tempo relief for existing and emerging augmentation requirements of the Total Force. The demand for Active Duty Special Work has increased to support pre-mobilization activities during fiscal year 2002 and fiscal year 2003 and will be further challenged during post mobilization. In fiscal year 2002, the Marine Corps executed 1,208 work-years of Active Duty Special Work. Continued support and

funding for this critical program will ensure our Total Force requirements are fully met.

Maintaining overall Selected Marine Corps Reserve end-strength at current levels will ensure the Marine Corps Reserve's capability to provide operational and personnel tempo relief to Active Marine Forces, maintain sufficient full-time support at our small unit sites, and retain critical aviation and ground equipment maintenance capabilities. Selected Marine Corps Reserve units are structured along the Marine Air Ground Task Force model, providing air combat, ground combat and combat service support personnel and equipment to augment and reinforce the Active component. Less than one percent of our Selected Marine Corps Reserve unit strength represents a reserve-unique capability. The current Marine Forces Reserve structure also reflects a small tooth-to-tail ratio with a minimal number of Active duty and Reserve personnel in support roles, and a majority of our Reserve and active Marines and Sailors as deployable warfighters.

The Marine Corps Reserve also provides a significant community presence in and around our 187 sites nationwide. One of our most important contributions is providing military funerals for our veterans. The Active duty staff members and Reserve Marines at our sites performed approximately 6,170 funerals in 2002 and we anticipate supporting as many or more this year. The authorization and funding to bring Reserve Marines on Active duty to perform funeral honors has particularly assisted us at sites like Bridgeton, Missouri, where we perform several funerals each week. We appreciate Congress exempting these Marines from counting against active duty end strength.

CURRENT READINESS

I am happy to report that the the general state of readiness in the Marine Corps Reserve today is good. This condition is attributable to the spirited "can do" attitude of our Marines, and increased funding in the procurement and operations and maintenance accounts provided by the Congress in fiscal year 2002. Most important, we remain ready and prepared to augment the Active Component in support of standing and crisis action requirements.

The \$5 million provided by National Guard and Reserve Appropriations in fiscal year 2002 was used entirely for warfighting priorities which will help us get to the fight and remain effective. Night vision upgrades to our KC-130s and CH-53 helicopters have been extremely valuable—enabling support of operations in Afghanistan and of the 24th Marine Expeditionary Unit. Your support of National Guard and Reserve Appropriations proposed for fiscal year 2004 will continue to enhance the readiness of the Reserves and their ability to integrate with the Active duty forces. The \$10 million provided in fiscal year 2003 National Guard and Reserve Appropriations will further enhance the Reserve aviation assets as well as provide communications systems compatible with our Active duty counterparts. Additional funding provided by Congress has also enabled us to begin issue of the new Marine Corps combat utility uniform. By the end of 2003 every Marine in the Marine Forces Reserve will have at least one set.

During the most recent mobilizations, the benefits of previous Congressional support that provided for the creation of our Nuclear, Biological and Chemical Defense equipment storage facility were realized. Every Reserve Marine deployed with modern, serviceable equipment.

Maintaining current readiness levels into the future will require continued support as our equipment continues to age at a pace which, unfortunately, exceeds replacement. Within our Reserve aviation community, the average age of our "youngest" platform is the UC-35 at 5 years, followed by the AH-1W Cobra at 10 years, CH-53E at 15 years, KC-130T at 17 years, F/A-18A at 19 years, and F-5 at 30 years. Our oldest platform, and platforms which have exceeded programmed service life, include the UH-1N at 32 years (20-year service life) and the CH-46E at 36 years (20-year service life with "safety, reliability, and maintainability" extension to 30 years). Maintaining these aging legacy platforms requires increased financial and manpower investment with each passing year due to parts obsolescence and higher rates of equipment failure. Aircraft maintenance requirements are increasing at an approximate rate of 8 percent per year. For example, for every hour the CH-46 is airborne, it requires 37 man-hours of maintenance.

The situation within our Reserve ground community, while not as dire as the aviation force in terms of nearing or exceeding service life of platforms, also is a growing concern. The average age of our Logistics Vehicle System fleet is 16 years; Light Armored Vehicles at 17 years; High Mobility Multipurpose Wheeled Vehicle A1s at 18 years; 5-ton trucks at 21 years; M-198s at 20 years; Reverse Osmosis Water Purification Units at 18 years and Assault Amphibious Vehicles at 30 years,

although all of our Assault Amphibious Vehicle P7A1 personnel carriers have been upgraded through the Reliability, Availability, and Maintainability/Rebuild to Standard program which significantly increased vehicle readiness and lowered the support cost. Our 5-ton trucks have exceeded their programmed service life, but will be slowly replaced with the Medium Tactical Vehicle Replacement beginning in June 2003. The Reverse Osmosis Water Purification Unit, which currently has a critical role in Iraq, has also exceeded its programmed service life but will not be replaced until fiscal year 2006. While some are being replaced or upgraded with service life extensions, maintaining these aging legacy platforms still requires increasing financial and manpower investments for the reasons cited earlier. Due to affordability, we have taken some near-term readiness risk with the level of funding we proposed in fiscal year 2004 for depot level maintenance.

In addition to equipment aging, operations and maintenance expenses are also being driven upwards by increasing equipment utilization rates brought about by greater integration and support with the Active component, both in peacetime and more recently in support of the Global War on Terrorism. We are pursuing various measures internally to mitigate these trends by focusing on better business practices. One example is transferring unit non-essential equipment to central storage locations for preservation and maintenance.

We are thankful for and remain confident that the additional funds provided by Congress in fiscal year 2003 will ensure the continuing readiness of the Marine Corps Reserve, and we seek your continued support in the fiscal year 2004 President's Budget.

INFRASTRUCTURE

Our long-range strategy to maintain our connection with communities in the most cost effective way is to divest Marine Corps owned infrastructure and to locate our units in Joint Reserve Centers wherever feasible. With the opening of the new Joint Reserve Center in Wahpeton, North Dakota, this year, Marine Forces Reserve units will be located at 187 sites in 48 states, the District of Columbia, and Puerto Rico. Over 75 percent of the reserve centers we are in are more than 30 years old, and of these, about 37 percent are over 50 years old.

Investment in infrastructure has been a bill-payer for pressing requirements and near-term readiness for most of the last decade. The transition to Facilities Sustainment, Restoration and Modernization funding has enabled us to more accurately capture our requirements. Like the Active Component Marine Corps, we do not expect to be able to bring our facilities to acceptable levels of readiness before fiscal year 2013. Thirty-seven percent of our facilities are currently rated below acceptable levels. We have over a \$20 million backlog in restoration and modernization across the Future Years Defense Program. Maintaining facilities adequately is critical to providing quality training centers our Marines need.

Last year's vulnerability assessments identified \$33.6 million in projects to resolve anti-terrorism/force protection deficiencies at the 42 sites that we own or otherwise have responsibility for site maintenance. We are prioritizing and addressing these deficiencies now and in the future years. The age of our infrastructure means that much of it was built well before anti-terrorism/force protection was a major consideration in design and construction. These facilities will require resolution through structural improvements, relocation, or the acquisition of additional stand off distance. All of these more expensive solutions will be prioritized and achieved over the long term to provide the necessary level of force protection for all our sites. Our fiscal year 2004 President's Budget submission for Military Construction, Naval Reserve is \$10.4 million, 20 percent lower than the fiscal year 2003 enacted level. The fiscal year 2004 request addresses our most pressing requirement—a new Reserve Training Center at Quantico, Virginia. Joint construction often provides the most cost effective solution. We support a Joint construction funding account, as long as it is structured correctly.

In addition to the Military Construction, Naval Reserve program, we are evaluating the feasibility of other innovative solutions to meeting our infrastructure needs, such as real property exchange and public-private ventures. The overall condition of Marine Corps Reserve facilities continues to demand a sustained, combined effort of innovative facilities management, proactive exploration of and participation in Joint Facility projects, and a well-focused use of the construction program.

MODERNIZATION AND TRANSFORMATION

In recent years the Marine Corps has made a deliberate choice to fund current readiness over recapitalization and transformation. It is well documented that this practice has led to a downward spiral in which we annually invest more funds for

operations and maintenance to maintain aging equipment leaving insufficient funds for new equipment procurement. Generating savings to reinvest in procurement, while essential for recapitalization and transformation efforts, should be accomplished with great care, using a risk management approach to evaluate existing legacy equipment. The following modernization priorities represent low investment/high pay-off capabilities, closely linked to Marine Corps operational concepts and doctrine, relevant to the combatant commanders, and essential to the survival of our Marines in combat.

Modernization

F/A-18A Engineering Change Proposal 583

Our top modernization priority remains unchanged from fiscal year 2003: upgrading our fleet of 36 F/A-18A Hornet aircraft with Engineering Change Proposal 583. This Marine Corps Total Force program encompasses 76 aircraft. This Engineering Change Proposal converts early lot, non-precision, day fighter/attack aircraft into F/A-18C Lot 17 equivalent aircraft capable of day/night operations employing the newest generation of air-to-air and air-to-ground precision-guided munitions, including the Joint Direct Attack Munition, Joint Standoff Weapon, Standoff Land Attack Missile-Expanded Response, and AIM 9X. Additionally, this Engineering Change Proposal replaces the APG-65 radar with the APG-73, adds a global positioning system to the navigation suite, replaces radios with the ARC-210—a digital communication system, and installs new mission computers and many other components.

As the Chairman of the Joint Chiefs of Staff stated in recent testimony, there is “increased reliance on our Reserve components to defend the Nation’s coastlines, skies and heartland, as well as protect our interest worldwide.” For the relatively low investment cost of \$5.2 million per aircraft, the combatant commanders, first, will have access to an additional 76 capable and interoperable war-fighting assets. Second, with many F/A-18C aircraft nearing service life limits, upgrading these aircraft helps to mitigate the Navy’s decreasing inventory of tactical aviation assets. Third, it is supportive of a goal outlined by the Secretary of Defense in recent testimony—to continue transforming for the threats we will face in 2010 and beyond.

Congress has funded 52 aircraft Engineering Change Proposal 583 upgrades through fiscal year 2003 with 20 more aircraft requiring follow on funding. The fiscal year 2004 President’s Budget funds \$27.0 million, which will provide 6 aircraft with the 583 upgrades.

CH-53E Helicopter Night Vision System

Our second modernization priority also remains unchanged from fiscal year 2003: upgrading our fleet of 21 CH-53E helicopters with Helicopter Night Vision Systems. This Marine Corps Total Force program encompasses 152 aircraft, including 131 Active Component aircraft. The primary component of the Helicopter Night Vision Systems is the AN/AAQ-29 Forward Looking Infrared. Helicopter Night Vision Systems “expands the envelope” by providing improved night and all-weather capability. The importance of having a robust and capable heavy lift capability was displayed in Afghanistan where the Corps’ CH-53Es transported Marines and supplies hundreds of miles inland to austere operating sites. To operate effectively and within safe margins mandates that our CH-53Es be equipped with Helicopter Night Vision Systems. Congress has funded 84 Helicopter Night Vision Systems through fiscal year 2003 with 68 remaining unfunded (59 Active Component/9 Reserve Component). The fiscal year 2004 President’s Budget funds \$5.6 million, which will provide another 5 Helicopter Night Vision Systems.

Initial Issue Equipment

On the ground side, our most important priority concerns the need for adequate initial issue equipment for our individual Reserve Marines. Individual issue equipment includes body armor, cold weather items, tents, and improved load bearing equipment. Supplemental funding provided through the Defense Emergency Response Fund in fiscal year 2002 allowed us to replace/replenish unserviceable gear which was paramount to the success of the recent mobilization of the Reserve forces.

Transformation

The value of the Marine Corps Reserve has always been measured in our ability to effectively augment and reinforce the Active Component. Over the next several years, the overall structure of the Marine Corps Reserve will remain largely the same; however, we are working to create new capabilities to adapt and orient the reserve force to the changing strategic landscape. The capabilities were identified as part of an internal comprehensive review begun in 2001 and do not involve any changes to the number of reserves or the geographic laydown of the force.

- Foremost among these capabilities will be the creation of two Security Battalions and an Intelligence Support Battalion. The Security Battalions will provide a dual-use capability consisting of eight Anti-Terrorism Force Protection platoons and an augmentation unit for the Marine Corps Chemical Biological Incident Response Force.
- Recognizing the increased requirements at Marine Corps and Joint Commands for rapid, flexible staff augmentation, the Marine Corps Reserve is enhancing and modifying the Individual Mobilization Augmentee program to increase the quantity and distribution of augmentee billets to better support the warfighting commander's needs.
- Additional Reserve capability improvements involve information technology, environmental protection, and foreign language skills.

CONCLUSION

In early February this year while visiting a group of Marines in Qatar, the Commandant of the Marine Corps made the following comment: "I understand from the numbers that two-thirds of you here are reservists—I know you simply as Marines—and looking at performance I can't tell the difference." Testaments like this tell the real story of our success. Our greatest asset is our outstanding young men and women in uniform. Your consistent and steadfast support of our Marines and their families has directly contributed to our success. The Marine Corps appreciates your continued support and collaboration in making the Marine Corps and its Reserve the Department of Defense model for Total Force integration and expeditionary capability.

Senator STEVENS. Thank you. General Sherrard.

General SHERRARD. Yes, sir. Mr. Chairman, members of the committee, I, too, would like to thank you for the opportunity to come before you representing the men and women of the Air Force Reserve Command, nearly 76,000 strong, of which we have in excess of 15,000 mobilized today.

As has been expressed by all the members of your committee, as well as my colleagues, the men and women of our command, along with all our cohorts, have just been fabulous in what they've done in response to the needs of the Nation, and we could not be more proud. We have a responsibility, each one of us, to make certain that we in fact look after their needs and make certain that they in fact are met, and I want to thank the committee for the things that you have done for us in the past, and for those that you'll do for us in the future in terms of pay and education benefits, in terms of modernization capabilities for our equipment, and as General James mentioned the LITENING II pods. That's one of the greatest things we've ever done for your Air Force, in terms of giving that capability to our F-16s, and we're now taking it into the A-10 and the B-52, and it gives it remarkable capability, and if it were not for your support that would not have been possible.

MOBILIZATION

I would tell you that our priorities in the command remain our people, readiness and modernization. We want to make certain that our people are always our number one objective. In doing so, as we go through the mobilization period we were faced with the same things that my cohorts have already mentioned, in some cases very short notice. We did not have the normal 30-day notice that we would like to have had. The members responded. In fact, I will tell you in reality they responded in the volunteer state and deployed before we had mobilization authority. They deployed as volunteers, and then we mobilized them in place in some cases.

READINESS

In terms of the readiness side, we want to continue to pursue our accessing as many prior active service members as possible. That gets to be a major challenge for us, particularly as was mentioned by the earlier panel. When there is a stop loss of the active force, that does put a restriction on our recruiters, but I am very proud to tell you that our recruiters are out there, they met goal by getting as many of the nonpriors to fill in those holes where the prior service members were, in fact, not available, but the prior service members are certainly our key to success. They give us that experience level that is so critical for us to be able to do the things that we ask our members to do in light of the very limited time that they would have to serve with us when they're not in a mobilized state.

MODERNIZATION

In terms of modernization, as I mentioned, we need to continue to make certain that our weapons systems are relevant. The combatant commanders insist upon that. If not, they don't invite you to the fight. We've got to make sure that they're interoperable not only with our active force and the Air National Guard, but also with our other component friends here, because we're all using the same battle space, and we've got to make certain that we can communicate and know who is the friend and who is the foe.

DEMOBILIZATION

The things that I would tell you are most critical to us, as I mentioned earlier on the demobilization side, we have demobbed just under 3,000 people to date. We are bringing the people back as fast as the combatant commander releases them, back to the gaining major commands, who in turn will release them to us, but we want to make certain we do it in a very rational manner, that we provide the member the opportunity to exercise all the rights of reconstitution, of leave, and most importantly of the medical assessment, so we can determine if there have been some issues that would need to be addressed in the future for that member. We take that time and ensure that we don't do something that would place our members into harm's way when we could have prevented that if we had just taken some time and been a bit more orderly in the way we go about it.

I think the Air Force has got a very reasonable and rational plan in bringing our members back and making certain that we do it properly. I will tell you, that as we in the blue suit community know very well, we are in fact all tied together, the active force, the Air Force Reserve, and the Air National Guard, seamlessly, and I would tell you our unit equipped units as well as our very cost-effective associate units give us a capability that allows us to meet the Air Force needs worldwide.

I'd like to just close with the statement that I had the opportunity to discuss with one of my outstanding troops. I was having a conversation with one of our special operators when he was in theater, and he put it very succinctly, but also it touched what I think is the very reason that all of you are talking about today,

why are our men and women willing to go sacrifice in some cases maybe their business, they certainly sacrifice time with their families and with their employers, and he put it very straightforward. He said, you know, if it's not me, then who, and if it's not now, then when, and I think that statement, or those two statements are, in fact, the things that each member of the Guard and Reserve components ask themselves, because it is their dedicated efforts that allow it to happen, and we could not be more proud of the response that they have stepped forward when asked. I thank the committee again for their service and support of us, and I also will tell you that we're very, very proud to be serving with our Air Force, and I look forward to questions that you may have. Thank you.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL JAMES E. SHERRARD III

Mr. Chairman, Senator Stevens, and distinguished members of the Committee, I appreciate the opportunity to appear before you today and I certainly want to thank you for your continued support, which has helped your Air Force Reserve address vital recruiting, retention, modernization, and infrastructural needs. Your passage of last year's pay and quality of life initiatives sent a clear message to our citizen airmen that their efforts are not only appreciated and supported by their families, employers, and the American people, but also by those of you in the highest positions of governing.

HIGHLIGHTS OF 2002

We culminate 2002 and begin 2003 focused on transforming our air and space capabilities as well as streamlining the way we think about and employ our forces. We continue to develop our airmen into leaders, bring technology to them at their units and in the battlespace, and integrate operations to maximize our combat capabilities. These three basic core competencies are critical to the Air Force Reserve as we become more and more relevant in the future total force.

The Air Force, with the Air Force Reserve Command (AFRC), has enjoyed over 30 years of unparalleled Total Force integration success. We were the first to establish associate units which blend Active and Reserve forces into the correct mix. Our members perform in almost every mission area and seek involvement in all future mission areas, as those areas become relevant. Key to our successes, to date, is the fact that AFRC is a very dynamic organization in a dynamic environment, still putting our airmen first, and using new technology to seamlessly integrate all our forces, whether associate or unit equipped, in both peace and war.

DEVELOPING OUR AIRMEN

I am pleased to tell you that the Air Force Reserve continues to be a force of choice for the Air Force and the warfighting commanders, as we respond swiftly to each phase of the Global War On Terrorism (GWOT). We focus our attention on our people to assure they are provided the full spectrum of training opportunities, enhancing their war-fighting skills, the capabilities of the Air Force Reserve, and thus, the capabilities of the Air Force.

As we strive to retain our best and brightest, we must continue to reward them through compensation and benefits. We continue to challenge our family support personnel, commanders, and first sergeants to find improved ways to look after the families who remain while our members deploy. We reach out to their employers with our thanks for their sacrifice and support. We encourage open dialogue among the troops, and from the troops, through their chain of command, to me, to exchange ideas and receive feedback. Finally, it is critical to partner with you to ensure we remain the strongest air and space force in the world.

The Air Force is a team—we train together, work together, and fight together. Wherever you find the United States Air Force, at home or abroad, you will find the active and Reserve members working side-by-side, trained to one tier of readiness, READY NOW! and that's the way it should be.

RECRUITING

In fiscal year 2002, Air Force Reserve Command (AFRC) exceeded its recruiting goal for the second year in a row. This remarkable feat was achieved through the outstanding efforts of our recruiters, who accessed 107.9 percent of the recruiting goal, and through the superb assistance of our Reserve members who helped tell our story of public service to the American people. Additionally, AFRC was granted permission by the Assistant Secretary of the Air Force, Manpower and Reserve Affairs, in coordination with the Under Secretary for Defense (Personnel and Readiness), to surpass its fiscal year 2002 end-strength due to the ongoing support of current operations. AFRC end strength reached 102.59 percent of congressionally authorized requirements.

Several initiatives contributed to Air Force Reserve recruiters once again leading the Department of Defense in annual accessions per recruiter. For example, in fiscal year 2001, AFRC permanently funded 50 recruiter authorizations through accelerated authorizations and appropriations by the Congress, we extended the much appreciated Congressional action through the Programmed Objective Memorandum process. Further, they instituted a new 1-800 call center, redesigned the recruiting web site, launched an advertising campaign targeting those accessed from other services, and re-energized the "Get One" program, whereby Air Force Reserve members receive incentive awards for referrals and accessions given to recruiters.

Moreover, AFRC received permanent funding for an "off-base" real estate program to set up offices in malls and other high visibility areas. This initiative was desperately needed to provide recruiters greater exposure in local communities and access to non-prior service (NPS) applicants—a significant recruiting requirement since the active duty drawdown.

While fiscal year 2002 was an outstanding year for Recruiting, fiscal year 2003 is shaping up to be a very challenging year. A personnel management program, "Stop-Loss," was implemented for Air Force members. Historically, Reserve Recruiting accesses close to 25 percent of eligible separating active duty Air Force members (i.e. no break in service), accounting for a significant portion of annual accessions. Although Stop-Loss has since been terminated, the continued high OPS/PERS tempo may negatively impact our success in attracting separating airmen. As a result, Recruiters will have a difficult task accessing through other sources, including NPS, Air Force separatees with a break in service, and accessions from other service's former members.

Additionally, one of the biggest challenges for recruiters this year is a shortage of Basic Military Training (BMT) and technical training school (TTS) quotas. BMT and TTS allocations have not kept pace with increasing NPS recruiting requirements. Specifically, Recruiting Services enlisted almost 1,500 applicants in fiscal year 2002 without BMT and TTS dates. We are working closely with Air Force Specialty Code Functional Managers (FAMs) and the personnel community to increase the future number of BMT and TTS quotas available. In the interim, when we cannot match Basic Training and Technical Training Schools back-to-back, new airmen can complete basic training, report back to their unit for orientation and local training, then attend their technical school at a later date convenient to both the Air Force Reserve and the applicant.

Finally, while overall end-strength of the Air Force Reserve exceeds 100 percent, some career-fields are undermanned. To avoid possible readiness concerns, recruiters will be challenged to guide applicants to critical job specialties. To assist in this effort, we continually review enlistment bonus listings to achieve parity with active duty listings for our airmen in these critical career-fields. It is an on-going management process involving all levels from career advisors to those of you on this committee to look into the future, anticipate the high demand specialties, and increase bonuses to balance supply and demand.

RETENTION

Retention is a major concern within the Air Force Reserve. With the lifting of Stop Loss and extended partial mobilizations, the full impact on Reserve retention remains to be seen. Nevertheless, our over-all enlisted retention rate of 86 percent for fiscal year 2002 exceeded the five year average. For officers, retention remains steady at approximately 92 percent.

We continue to look at viable avenues to enhance retention of our reservists. We are exploring the feasibility of expanding the bonus program to our Active Guard and Reserve (AGR) and Air Reserve Technician (ART) members; however, no decision has yet been made to implement. In addition, the Aviation Continuation Pay (ACP) continues to be offered to retain our rated AGR officers. The Reserve has made many strides in increasing education benefits for our members, offering 100

percent tuition assistance for those individuals pursuing an undergraduate degree and continuing to pay 75 percent for graduate degrees. We also employ the services of the Defense Activity for Non-Traditional Education Support (DANTES) for College Level Examination Program (CLEP) testing for all reservists and their spouses. These are our most notable, but we continue to seek innovative ways to enhance retention whenever and wherever possible.

QUALITY OF LIFE INITIATIVES

In an effort to better provide long term care insurance coverage for its members and their families, the Air Force Reserve participated in the Federal Long Term Care Insurance Program (a commercial insurance venture sponsored by the Office of Personnel Management). This program affords members of the Selected Reserve insurance coverage for a variety of home and assisted living care requirements. Legislative changes are being pursued to open program eligibility to those members who are "gray area." The Air Force Reserve expanded its Special Duty Assignment Pay (SDAP) program to include an additional 17 traditional, 7 Active Guard and Reserve (AGR), and 10 Individual Mobilization Augmentee (IMA) Air Force Specialty Codes, and continues to advance staff efforts to mirror the active duty SDAP program. Additionally, an initiative to pay Congressionally authorized SDAP to members performing inactive duty for training was approved on the thirteenth of February, this year.

THE BIG PICTURE

We have learned much from the events of September 11, 2001, as it illustrated many things very clearly, not the least of them being the need for a new steady state of operations demanding more from our people and our resources. Within hours, and in some cases within minutes of the terrorist attacks, AFRC units throughout the country were involved in transporting people and resources to aid in the massive humanitarian relief effort. Air Force Reserve aeromedical evacuation (AE) aircrews were among the first to respond and provided almost half of the immediate AE response provided. However, the larger need was mortuary affairs support, of which the Air Force Reserve provides 75 percent of Air Force capability. Again, one hundred eighty-six trained Reservists immediately stepped forward, in volunteer status, for this demanding mission. Reserve airlift crews were among the first to bring in critical supplies, equipment and personnel, including emergency response teams from the Federal Emergency Management Agency (FEMA), fire trucks, search dogs, and earth moving equipment. F-16 fighters and KC-135/KC-10 air refueling tankers immediately began pulling airborne and ground alert to provide combat air patrol support over major U.S. cities.

In direct support of OPERATION ENDURING FREEDOM (OEF), Air Force reservists have flown a multitude of combat missions into Afghanistan. Most notably, the 917th Wing at Barksdale AFB, Louisiana (B-52s), the 419th Fighter Wing at Hill AFB, Utah (F-16s), the 442d Fighter Wing at Whiteman AFB, Missouri (A-10s) and the 926th Fighter Wing at NAS Joint Reserve Base, New Orleans (A-10s). Reserve aircrews have flown C-17 airdrop missions into Afghanistan delivering humanitarian aid, provided refueling tanker crews and support personnel from the 434th Air Refueling Wing at Grissom ARB, IN, and 349th Air Mobility Wing at Travis AFB, California (KC-10). Additionally, Air Force Reserve F-16 units have been involved in support of Noble Eagle by flying combat air patrols over American cities (301st Fighter Wing, JRB NAS Fort Worth, Texas, 482d Fighter Wing, Homestead ARB, Florida, and 419th Fighter Wing, Hill AFB, Utah). Our AWACS associate aircrew from Tinker AFB, OK, flew 13 percent of the OPERATION NOBLE EAGLE sorties with only 4 percent of the Total Force crews. Air Force Reserve C-130s with their aircrew and support personnel, under the direction of NORAD, in support of OPERATION NOBLE EAGLE, provided alert for rapid CONUS deployments of Army and Marine Quick response Forces and Ready Response Forces. Reserve units were also refueling those combat air patrol missions with refueling assets from various Reserve wings. Also in direct support of OPERATIONS ENDURING FREEDOM/NOBLE EAGLE, Air Force space operations' reservists have conducted Defense Meteorological Satellite Program (DMSP), Defense Support Program (DSP), and Global Positioning Satellite (GPS) operations, providing critical weather, warning, and navigation information to the warfighter. Additionally, Air Force reservists have supported Aerospace Operations Center efforts providing COMAFSPACE with situational awareness and force capabilities to conduct combat operations at all levels of conflict.

Also, to date in support of OPERATION IRAQI FREEDOM (OIF), we have seen our reservists make huge contributions to each discipline key to its ongoing success.

In strategic airlift, we contributed 45 percent of the C-17 support, 50 percent of the C-5 support, and 90 percent of the C-141C aircraft to not only move the people and supplies into theater, but to repatriate the Prisoners of War (POW) after their amazing recoveries. Intra-theater operations have also been critical to the success of the Operation, thus far. We have supplied 25 percent of the KC-10 and KC-135 support for theater refueling and 45 percent of aeromedical evacuation of the injured. Many thanks to you for your help in procuring cutting edge medical equipment such as Modular medical capability that allowed us to safely transport the injured. Our F-16s, B-52s, and A-10s, outfitted with the LITENING II pods and integrated with Army assets on the ground, through the Situation Awareness Data Link (SADL), proved invaluable for Strategic Attack, Close Air Support, and hunting down SCUD missiles. Three more areas that become more critical with each conflict are Special Operations, Combat Rescue, and Space Operations. Again, the Air Force Reserve plays a significant role in their success and support to the mission. We provided 33 percent of the HC-130 and HH-60 combat rescue, 62 percent of the Special Operations crews, and more than 900 space operators, providing Battlefield Situational Awareness key to the Commander's decision loop at all levels.

What makes these units and individuals unique is the fact that our reservists have demonstrated time and time again, the success of an all volunteer force. In fact, many of those who were mobilized, had volunteered to perform duty, and day to day, a significant percentage of Air Force missions are performed through or augmented by AFRC. We are no longer a force held in reserve solely for possible war or contingency actions—we are at the tip of the spear. The attacks on our freedom—on our very way of life—cemented the Total Force policy already in place and AFRC continues to work shoulder-to-shoulder with the Active Duty (AD) and Air National Guard (ANG) components in the long battle to defeat terrorism.

Effective modernization of Air Force Reserve Command (AFRC) assets is our key to remaining a relevant and combat ready force. It is apparent to all, that the Reserve Component is crucial to the defense of our great nation and our modernization strategy is sound, but is dependent upon lead command funding. AFRC has had limited success in getting the lead commands to fund our modernization requirements (CCIU and C-17 sim are two examples), but unfortunately lead command funding of AFRC modernization priorities remains below the level needed to maximize our capabilities. Although the National Guard and Reserve Equipment Appropriation (NGREA) funding helps offset some of these modernization shortfalls, the level of funding precludes us from addressing our larger modernization priorities. Success in meeting our modernization goals depends on robust interaction with the lead commands and in keeping Congressional budgeting authorities informed of AFRC initiatives.

INTEGRATING OPERATIONS

AFRC made major Air Expeditionary Force (AEF) contributions in fiscal year 2002. We met virtually 100 percent of both aviation and combat support commitments, by deploying over 20,700 volunteers overseas and another 12,600 supporting homeland defense, in volunteer status. The challenge for 2003 will be to meet ongoing AEF commitments with volunteers from a Reserve force which has had much of its operations and combat support mobilized for homeland defense and the war on terrorism. As of today, over 12,000 Air Force Reservists are mobilized, and thousands more continue to provide daily support as volunteers. Over 1,500 of those mobilized are Individual Mobilization Augmentees (IMAs), providing critical support to the Unified Commands, active component MAJCOMs, and various defense agencies supporting Homeland Security and OPERATION ENDURING FREEDOM. Required support functions span the entire breadth of Reserve capabilities including security forces, civil engineering, rescue, special operations, strategic and tactical airlift, air refueling, fighters, bombers, AWACs, command and control, communications, satellite operations, logistics, intelligence, aerial port, services, mission support, and medical.

AEF CY02—IN REVIEW

2002 ended as it began, in transition. It began with surging requirements brought on by the GWOT. To manage the surge, we remained true to the AEF concept to hold the negative impact of operations and personnel tempos to a minimum. AFRC was meeting the new taskings brought on by the war and the associated mobilizations while at the same time meeting AEF commitments we made prior to September 11. From the AFRC AEF Cell perspective it was a magnificent effort by all the wings in the command to meet the challenges. The full impact is appreciated when it is understood we did not ask to be relieved of any AEF tasking, met all

new ONE/OEF taskings, and were still able to find volunteers to help fill other identified shortfalls. As the year ended, we transitioned to a lower activity level through demobilizations, but continued to plan for a potential new demanding operation. The constant is that we still have our AEF commitments, we are still meeting them, and we do not have any shortfalls. For next year we expect the number of AEF requirements to reflect the increase brought on by the war on terrorism. The culture change to an expeditionary air force is being realized through all levels of the command and is demonstrated in action as well as words by the response to the AEF, ONE, and OEF taskings of the past year.

ARC participation is central to the AEF construct. The ARC normally contributes 10 percent of the Expeditionary Combat Support and 25 percent of the aviation for steady-state rotations. Air National Guard (ANG) and AFRC forces make up nearly half of the forces assigned to each AEF, with the ARC making up the majority of forces in some mission areas.

TECHNOLOGY TO THE WARFIGHTER

F-16 Fighting Falcon

Air Combat Command and AFRC are upgrading the F-16 Block 25/30/32 in all core combat areas by installing a Global Positioning System (GPS) navigation system, Night Vision Imaging System (NVIS) and NVIS compatible aircraft lighting, Situational Awareness Data Link (SADL), Target Pod integration, GPS steered "smart weapons", an integrated Electronics Suite, Pylon Integrated Dispense System (PIDS), and the Digital Terrain System (DTS).

The acquisition of the LITENING II targeting pod marked the greatest jump in combat capability for AFRC F-16s in years. At the conclusion of the Persian Gulf War, it became apparent that the ability to employ precision-guided munitions, specifically laser-guided bombs, would be a requirement for involvement in future conflicts. LITENING II affords the capability to employ precisely targeted Laser Guided Bombs (LGBs) effectively in both day and night operations, any time at any place. LITENING II was designed to be spirally developed to allow technology advances to be incorporated as that technology became available, and provides even greater combat capability. This capability allows AFRC F-16s to fulfill any mission tasking requiring a self-designating, targeting-pod platform, providing needed relief for heavily tasked active duty units.

These improvements have put AFRC F-16s at the leading edge of combat capability. The combination of these upgrades are unavailable in any other combat aircraft and make the Block 25/30/32 F-16 the most versatile combat asset available to a theater commander. Tremendous work has been done keeping the Block 25/30/32 F-16 employable in today's complex and demanding combat environment. This success has been the result of far-sighted planning that has capitalized on emerging commercial and military technology to provide specific capabilities that were projected to be critical. That planning and vision must continue if the F-16 is to remain usable as the largest single community of aircraft in America's fighter force. Older model Block 25/30/32 F-16 aircraft require structural improvements to guarantee that they will last as long as they are needed. They also require data processor and wiring system upgrades in order to support employment of more sophisticated precision attack weapons. They must have improved pilot displays to integrate and present the large volumes of data now provided to the cockpit. Additional capabilities to include LITENING II pod upgrades, are needed to nearly eliminate fratricide and allow weapons employment at increased range, day or night and in all weather conditions. They must also be equipped with significantly improved threat detection, threat identification, and threat engagement systems in order to meet the challenges of combat survival and employment for the next 20 years.

A/OA-10 Thunderbolt

There are five major programs over the next five years to ensure the A/OA-10 remains a viable part of the total Air Force. The first is increasing its precision engagement capabilities. The A-10 was designed for the Cold War and is the most effective Close Air Support (CAS) anti-armor platform in the USAF, as demonstrated during the Persian Gulf War. Unfortunately, its systems have not kept pace with modern tactics as was proven during Operation Allied Force. The AGM-65 (Maverick) is the only precision-guided weapon carried on the A-10. Newer weapons are being added into the Air Force inventory regularly, but the current avionics and computer structure limits the deployment of these weapons on the A-10. The Precision Engagement and Suite 3 programs will help correct this limitation. Next, critical systems on the engines are causing lost sorties and increased maintenance activity. Several design changes to the Accessory Gearbox will extend its useful life

and reduce the existing maintenance expense associated with the high removal rate. The other two programs increase the navigation accuracy and the overall capability of the fire control computer, both increasing the weapons system's overall effectiveness. Recent interim improvements included Lightweight Airborne Recovery System (LARS) and LITENING II targeting pod integration.

With the advent of targeting pod integration, pods must be made available to the A-10 aircraft. Thirty LITENING II AT pods are required to bring advanced weapon employment to this aircraft. AFRC looks forward to supporting the Precision Engagement program to further integrate targeting pods. Looking to the future, there is a requirement for a training package of 30 PRC-112B/C survival radios for 10th Air Force fighter, rescue, and special operations units. While more capable, these radios are also more demanding to operate and additional units are needed to ensure the aircrews are fully proficient in their operation. One of the A-10 challenges is resources for upgrade in the area of high threat survivability. Previous efforts focused on an accurate missile warning system and effective, modern flares; however a new preemptive covert flare system may satisfy the requirement. The A-10 can leverage the work done on the F-16 Radar Warning Receiver and C-130 towed decoy development programs to achieve a cost-effective capability. The A/OA-10 has a thrust deficiency in its operational environment. As taskings evolved, commanders have had to reduce fuel loads, limit take-off times to early morning hours and refuse taskings that increase gross weights to unsupportable limits.

B-52 Stratofortress

In the next five years, several major programs will be introduced to increase the capabilities of the B-52 aircraft. Included here are programs such as a Crash Survivable Flight Data Recorder and a Standard Flight Data Recorder, upgrades to the current Electro-Optical Viewing System, Chaff and Flare Improvements, and improvements to cockpit lighting and crew escape systems to allow use of Night Vision Goggles.

Enhancements to the AFRC B-52 fleet currently under consideration are:

- Visual clearance of the target area in support of other conventional munitions employment;
- Self-designation of targets, eliminating the current need for support aircraft to accomplish this role;
- Target coordinate updates to JDAM and WCMD, improving accuracy; and
- Bomb Damage Assessment of targets.

In order to continue the viability of the B-52 well into the next decade, several improvements and modifications are necessary. Although the aircraft has been extensively modified since its entry into the fleet, the advent of precision guided munitions and the increased use of the B-52 in conventional and Operations Other Than War (OOTW) operation requires additional avionics modernization and changes to the weapons capabilities such as the Avionics Midlife Improvement, Conventional Enhancement Modification (CEM), and the Integrated Conventional Stores Management System (ICSMS). Changes in the threat environment are also driving modifications to the defensive suite including Situational Awareness Defense Improvement (SADI) and the Electronic Counter Measures Improvement (ECMI), and integration of the LITENING II targeting pod. 5 LITENING II AT pods are required to support this important new capability.

The B-52 was originally designed to strike targets across the globe from launch in the United States. This capability is being repeatedly demonstrated, but the need for real time targeting information and immediate reaction to strike location changes is needed. Multiple modifications are addressing these needs. These integrated advanced communications systems will enhance the B-52 capability to launch and modify target locations while airborne. Other communications improvements are the Global Air Traffic Management (GATM) Phase 1, an improved ARC-210, the KY-100 Secure Voice, and a GPS-TACAN Replacement System (TRS).

As can be expected with an airframe of the age of the B-52, much must be done to enhance its reliability and replace older, less reliable or failing hardware. These include a Fuel Enrichment Valve Modification, Engine Oil System Package, and an Engine Accessories Upgrade, all to increase the longevity of the airframe.

MC-130H Talon

In 2006, AFRC and Air Force Special Operations Command will face a significant decision point on whether or not to retire the Talon I. This largely depends on the determination of the upcoming SOF Tanker Requirement Study. Additionally, the MC-130H Talon II aircraft will be modified to air refuel helicopters. The Air Force CV-22 is being developed to replace the entire MH-53J Pave Low fleet, and the MC-130E Combat Talon I. The CV-22 program has been plagued with problems

and delays and has an uncertain future. Ultimately, supply/demand will impact willingness and ability to pay for costly upgrades along with unforeseeable expenses required to sustain an aging weapons system.

HC-130P/N Hercules

Over the next five years, there will be primarily sustainability modifications to the weapons systems to allow it to maintain compatibility with the remainder of the C-130 fleet. In order to maintain currency with the active duty fleet, AFRC will accelerate the installation of the APN-241 as a replacement for the APN-59. Additionally, AFRC will receive two aircraft modified from the "E" configuration to the Search and Rescue configuration. All AFRC assets will be upgraded to provide Night Vision Imaging System (NVIS) mission capability for C-130 combat rescue aircraft.

HH-60G Pave Hawk

Combat Search and Rescue (CSAR) Mission Area modernization strategy currently focuses on resolving critical weapon system capability shortfalls and deficiencies that pertain to the Combat Air Force's Combat Identification, Data Links, Night/All-Weather Capability, Threat Countermeasures, Sustainability, Expeditionary Operations, and Pararescue modernization focus. Since the CAF's CSAR forces have several critical capability shortfalls that impact their ability to effectively accomplish their primary mission tasks today, most CSAR modernization programs/initiatives are concentrated in the near-term (fiscal year 2000-06). These are programs that:

- Improve capability to pinpoint location and authenticate identity of downed aircrew members/isolated personnel
- Provide line-of-sight and over-the-horizon high speed LPI/D data link capabilities for improving battle space/situational awareness
- Improve Command and Control capability to rapidly respond to "isolating" incidents and efficiently/effectively task limited assets
- Improve capability to conduct rescue/recovery operations at night, in other low illumination conditions, and in all but the most severe weather conditions
- Provide warning and countermeasure capabilities against RF/IR/EO/DE threats
- Enhance availability, reliability, maintainability, and sustainability of aircraft weapon systems.

WC-130J Hercules

The current WC-130H fleet is being replaced with new WC-130J models. This replacement allows for longer range and ensures weather reconnaissance capability well into the next decade. Once conversion is complete, the 53rd Weather Reconnaissance Squadron will consist of 10 WC-130J's. Presently, there are seven WC-130J models at Keesler AFB, MS undergoing Qualification Test and Evaluation (QT&E). The remaining three aircraft have been transferred to AFRC and are currently at Lockheed Marietta scheduled for delivery to Keesler AFB. Deliveries are based on the resolution of deficiencies identified in test and will impact the start of operational testing and the achievement of interim operational capability (IOC). Major deficiencies include: propellers (durability/supportability), radar modification to correct (range to range inconsistencies), tilt and start up blanking display errors and, SATCOM transmission deficiencies. AFRC continues to work with the manufacturer to resolve the QT&E documented deficiencies.

C-5 Galaxy

Over the next five years, there will be sustainability modifications to the weapon system to allow it to continue as the backbone of the airlift community. The fleet will receive the avionics modernization which replaces cockpit displays while upgrading critical flight controls, navigational and communications equipment. This will allow the C-5 to operate in Global Air Traffic Management (GATM) airspace. Additionally, the C-5B models and possibly the C-5As, will undergo a Reliability Enhancement and Re-engining program which will not only replace the powerplant, but also numerous unreliable systems and components. The 445th Airlift Wing at Wright Patterson AFB, OH will transition from C-141 Starlifters to C-5As in fiscal year 2006 and fiscal year 2007. Finally, the 439th Airlift Wing at Westover ARB, MA will modernize its C-5 fleet in fiscal year 2007 and fiscal year 2008 when it transitions from C-5As to C-5Bs.

C-17 Globemaster

Beginning in fiscal year 2005, the Air Force Reserve Command will enter a new era as the 452nd Air Mobility Wing at March Air Reserve Base, CA transitions from C-141s to C-17 Globemasters. Although reservists have been associating with active C-17 units since their inception in the active Air Force, March ARB will be the

Command's first C-17 Unit Equipped Unit and will aid in maintaining diversity in the Reserve Command's strategic mobility fleet.

C-141 Starlifter

For the past 30 years, the C-141 has been the backbone of mobility for the United States military in peacetime and in conflict. In the very near future, the C-141 will be retired from the active-duty Air Force. However, AFRC continues the proud heritage of this mobility workhorse and will continue to fly the C-141 through fiscal year 2006. It is crucial that AFRC remains focused on flying this mission safely and proficiently until units convert to follow-on missions.

Replacement missions must be more than the insertion of another airframe. They must be a viable mission that includes modernized equipment.

C-130 Hercules

AFRC has 127 C-130s including the E, H, J and N/P models. The Mobility Air Forces (MAF) currently operates the world's best theater airlift aircraft, the C-130, and it will continue in service through 2020. In order to continue to meet the Air Force's combat delivery requirements through the next 17 years, aircraft not being replaced by the C-130J will become part of the C-130X Program. Phase 1, Avionics Modernization Program (AMP) program includes a comprehensive cockpit modernization by replacing aging, unreliable equipment and adding additional equipment necessary to meet Nav/Safety and GATM requirements. Together, C-130J and C-130X modernization initiatives reduce the number of aircraft variants from twenty to two core variants, which will significantly reduce the support footprint and increase the capability of the C-130 fleet. The modernization of our C-130 forces strengthens our ability to ensure the success of our warfighting commanders and lays the foundation for tomorrow's readiness.

KC-135E/R Stratotanker

One of AFRC's most challenging modernization issues concerns our unit-equipped KC-135s. Five of the seven air refueling squadrons are equipped with the KC-135R, while the remaining two squadrons are equipped with KC-135E's. The KC-135E, commonly referred to as the E-model, has engines that were recovered from retiring airliners. This conversion, which was accomplished in the early-mid 1980s, was intended as an interim solution to provide improvement in capability while awaiting conversion to the R-model with its new, high-bypass, turbofan engines and other modifications. AFRC's remaining two E-models units look forward to converting to R-models in the very near future. The ability of the Mobility Air Forces (MAF) to conduct the air refueling mission has been stressed in recent years. Although total force contributions have enabled success in previous air campaigns, shortfalls exist to meet the requirements of our National Military Strategy. AMC's Tanker Requirements Study-2005 (TRS-05) identifies a shortfall in the number of tanker aircraft and aircrews needed to meet global refueling requirements in the year 2005. There is currently a shortage of KC-135 crews and maintenance personnel. Additionally, the number of KC-135 aircraft available to perform the mission has decreased in recent years due to an increase in depot-possessed aircraft with a decrease in mission capable (MC) rates. An air refueling Mission Needs Statement has been developed and an Analysis of Alternatives (AoA) will be conducted to determine the most effective solution set to meet the nation's future air refueling requirements.

FUTURE VECTOR

As we think about our future, the nature of warfighting, and the new steady state, we anticipate many challenges. While this new mission activity continues, we need to keep our focus—assess the impact of Stop Loss on our operations, provide adequate funding for continuing activations, and keep an eye on sustaining our recruiting efforts. The challenge will be to retain our experience base and keep our prior service levels high.

With your continued support, and that which you have already given, we will be able to meet each new challenge head-on, without trepidation.

Our Citizen Airmen, alongside the Active Duty and the Air National Guard, continue to step through the fog and friction as we prosecute the GWOT. Our support for them is not just in the battlespace, but at home. We will continue to refine the ways we support their families, their employers, and the members themselves as we keep the lines of communication open to you. We must ensure that we are doing as much for them through increased pay, benefits, and finding the right mix between equity and parity with their Active Duty counterparts, as we continue to ask more and more of them. We must continue to think outside the box, to protect their rights as students who are called away from an important semester, as employees

who must turn that big project over to someone else in the company for a while, and just as critically, as sons, daughters, husbands, wives, and parents who will miss birthdays, graduations, and a litany of other events many of us take for granted.

We are making strides at leveling the operations tempo by finding the right skill mix between the ARCs and the AD. In a Total Force realignment of scarce Low Density/High Demand (LD/HD) resources, the 939th Rescue Wing's HC-130s and HH-60s will transfer to the active component in order to reduce the Total Force PERSTEMPO in the LD/HD mission of Combat Search and Rescue. The transfer of these assets to the active component increases full-time personnel without increasing already high volunteerism rates or having to mobilize a significant number of CSAR reservists. The activation of the 939th Air Refueling Wing, Portland, OR addresses the need for more aerial refueling assets on the West coast enhancing our ability to rapidly respond to any crisis.

Additionally, AFRC has assumed responsibility for supporting the National Science Foundation DEEP FREEZE mission. The next three years, the men and women of the 452nd AMW at March AFB, CA, will be flying C-141 support missions in support of this Antarctic operation. We have also assumed 16 percent of the total force Undergraduate Pilot Training programs at seven bases around the United States and we continue to balance, assume, and relinquish missions or parts of missions to accommodate the goals of the Air Force and Department of Defense as world events unfold and dictate change, and as necessary to lessen the burden on our members and the AD.

All of the distinguished members on the committee, and we in the Air Force and Air Force Reserve, have been given an incredible opportunity and an incredible responsibility to shape not only the structure of the world's premiere air and space force, but to shape its environment—its quality people, and the quality of their lives. Our mission will continue to be accomplished more accurately, more timely, and with an even greater pride, as we focus on our best resource.

These and other evolving missions are just some of the areas into which we hope to continue to expand, keeping reserve personnel relevant, trained, and READY NOW when we are called. I'd like to extend my thanks again to the committee for allowing me the opportunity to testify before you here today and for all you do for the Air Force Reserve.

Senator STEVENS. Well, thank you all. The actions of your people and your supervision of them more than validated all the work that we've done to try to upgrade the reserve and to make certain that it had the equipment, you all had the equipment to train and to deploy that would be needed.

RETIREMENT POLICY

You sat through the questions that we had for your predecessors. If you have any comments about those, we would be glad to have them, but I've been thinking about the problem of a total force and what it means to be deployed as often as we have had people deployed during these past years going back to Bosnia and Kosovo, and even back further than that into Panama and various other problems, and I wonder if you've ever thought about the concept of active Guard Reserve having a multiplier for the retirement credit for the times they actually serve in combat status. Any of you ever reviewed that, some added incentive, really reward for those who do answer the call?

We've had people go through prolonged periods of peacetime who had reserve credits towards retirement, but I think when these people are called up, particularly under the circumstances that we've had in the past few years, there should be a change in the retirement system so that there's a recognition for those who have answered the call, and I think it would be an incentive for those who might be called up to respond. Do you have any comments about that? Admiral.

Admiral TOTUSHEK. If I may, Mr. Chairman, everywhere I go today people ask me about a change in the retirement policy and this, of course, was proposed last year to lower the retirement age for reservists down to age 55.

I understand that in the form that it was presented it was a very big bill to the country, but it seems to me there has to be some recognition of, if we're going to use reservists more often, that we in fact do recognize the fact that they are no longer weekend warriors and are very much a part of the total force, so I think an idea like that, or an idea that combines something that allows them to get a little bit of their retirement a little bit earlier, if it makes sense for them, would make sense for all the reserve components.

Senator STEVENS. Well, this would make their retirement come earlier. If you had 2 years' service and it gave you 4, or maybe 6 years' credit to your retirement, then obviously you're going to get it sooner.

Admiral TOTUSHEK. Right.

Senator STEVENS. Because it is a combination of age and total service, isn't it?

Admiral TOTUSHEK. Yes. It's your number of points that you earn, and those basically are done by the year, and this would—an idea like that, but there is an idea out there somewhere, if we put all these things together, that's going to work for our people.

Senator STEVENS. I will ask for a review of that and see if we can get some studies made. There ought to be some recognition so that those—we're in a situation where some people are not called up, and they will go through and get the same retirement as those who were, and I think there ought to be some mark on the wall for having answered the call to duty, and for those people who are already on duty to have intensive duty as compared to just normal peacetime service, but it's one of those things—is there anything you're doing now to assure that we're going to meet the recruiting goals in the future? Are we going to have a drop-off now?

We had an increase in volunteerism, I'm sure you know, a spike there, as this whole situation built up, but I think now that this is over, there's sort of a lull that comes. What are your plans for recruiting in this post-war period? We're not there yet, but it's coming soon, I assume.

General HELMLY. Senator, if I may, for the Army we went back and I looked at Desert Shield/Desert Storm as a point in time. We experienced—since Desert Shield/Desert Storm, the soldiers who served in Desert Shield/Desert Storm, that cohort group has attrited since then by about 85 percent. I've been unable to break that, the number who, if you will, left as opposed to those who completed a term of service, that is, retired after 20 years, and I might add one correction. Your proposal regarding retirement under current law, though, would still not allow the reserve member to receive benefits from retirement until age 60. They might get there faster, but wouldn't get any benefits.

Senator STEVENS. I may not have explained it, but I would reduce—

ATTRITION

General HELMLY. Yes, sir, okay.

Senator STEVENS [continuing]. The age by the equivalent amount.

General HELMLY. I understand.

Senator STEVENS. So that if you served 5 years and you're supposed to retire at 65, you would actually be able to stand down at 55.

General HELMLY. Yes, sir. But regarding attrition, for myself, I dare say for all of us, in an all-volunteer force, that is something we cannot take for granted. We're addressing that. I proposed to the Department of the Army that we retain a stop-loss in place. That stop-loss is good for the period of mobilization plus 90 days. I've asked for that solely because we wish to have the soldier deal, not with emotions and external pressures, but, rather, facts. It is a very volatile situation.

Where we are today, if we retain the current stop-loss in place, based on the number we have mobilized and just the physical factors of how fast you can bring them back home and demobilize them in a humane, considerate sort of way, we will exceed our end strength at the end of fiscal year 2003 by as much as 9,000. Our end strength is 205. We have projections we could come in at 214. In turn, our worst case attrition model says that we could come in as low as 192 at the end of next fiscal year 2004, so I will tell you that it is an extremely volatile situation.

My biggest concern falls in the area of professional medical staff. Two-thirds of the Army's combat medical care is resident in the Army Reserve. Our highest attrition rates are suffered by our professionals in the AMEDD field, self-employed. In fact, we put them some years ago on a 90-day rotation model to be considerate of not breaking private practices, so I don't have any ready-made solutions, other than to say we're putting a full court press on, to include starting tomorrow, myself, personally, going out to hold town hall meetings with soldiers that we have mobilized, and we have about 25,000 in this category that we have mobilized in less than 10 days' notice, gotten trained, and gotten certified for deployment, but the war was over quickly, and they're hung up literally at a mobilization station waiting for us to either demobilize them, give them a subsequent mission in another part of the world, or send them to the desert and bring another unit home, but again, the law of physical mass applies in terms of strategic lift transportation, what kind of unit is needed in theater, sequencing that, et cetera.

So I would just close by saying there's a passage in a new book out, and I apologize, I don't remember the author's name. The book is, *The Principles of War for the Information Age*. One of the passages in that book deals with the requirement for precision mobilization. That is what I alluded to in my remarks when I said that largely the policies, practices, procedures that we employ in the Department with regard to the mobilization and use of reserve members were designed for an age which is no longer with us; that is, a mobilization of masses of people over a long period of time with subsequent demobilization of virtually everyone. We just have to come to grips with that and develop the procedures, policies, and practices to be more precise and, in so doing, very considerate of people and their employers.

Senator STEVENS. Well, I do appreciate that. Do any of the other of you have comments? I do want to make one request, and I'm sure Senator Cochran's got some questions, but I'd like to have each of you for the record provide us information about the percentage of your people who actually stay in your service to retirement time, as compared to the volume that come through your reserve units.

How many of them really stay with you to retirement, particularly with the age you mentioned, 65? That would be interesting for us to look at, because I think there ought to be some greater incentive to keep people through at least the 50, 55 age group, and I'd like to see where that break-off is. Where do they start fluffing off and saying, this is not worth it?

General HELMLY. We can get you that data. We've got that. [The information follows:]

RETIREMENT

The following information is presented to provide a short introduction to the current retirement program for members of the Air Force Reserve as set forth by provisions found in 10 United States Code, Sections 12731, 8911, and 8914. The most notable distinction between reserve (non-regular) retirement and active duty (regular retirement) is that reservists do not receive retired pay until attaining age 60 while active duty (regular retirees) receive an immediate annuity upon retirement.

The Retired Reserve consists of two categories of members. The first category is composed of those members that are actually receiving retired pay. The second category is composed of those members who have met all requirements for retired pay EXCEPT for the attainment of age 60. The Reserve components use age 60 as the "cut-off" for retirement as public law prohibits military service past age 60 (with the exception of general officers, chaplains, and those officers in medical specialties). Originally, the age 60 retired pay eligibility corresponded to the retirement age for federal civil service. The retirement age for full civil service annuity was lowered to 55 over 25 years ago.

Members must complete at least 20 years of satisfactory service to attain eligibility for retired pay (a satisfactory year is a year in which a member earns 50 or more "points" toward retirement). Additionally, the last six or eight qualifying years of this service must have been served in the Reserve component (as directed by changes in public law). The 2003 National Defense Authorization Act made permanent the six-year requirement for qualifying duty in the Reserve component.

Retired pay for active duty members who first joined any military service on or after September 8, 1980 is computed using the average of the highest 36 months of base pay and the member's grade and years of service. Members qualifying to retire under the "active duty" retirement provision (Sections 8911 and 8914), and who have a "date of initial entry to military service" on or after August 1, 1986 may elect to receive a career status bonus at the 15-year point. However, their retired pay will be computed using 40 percent of the "high-three" years of service for 20 years and additional 3.5 percent for each additional year up to a maximum of 75 percent. As with any retirement plan, the greater the time of satisfactory service, the greater the retirement pay at the culmination of the career. This provides an increased incentive for members to stay longer in the Reserve component.

RESERVE COMPONENT RETIREMENT SYSTEM

Qualification for payment of retired pay for non-regular service (Reserve component retirement) is outlined in Title 10, United States Code 12731. It requires that the person:

- Is at least 60 years of age;
- Has performed at least 20 years of service; and
- Performed the last six years of qualifying service while a member of the Reserve components.

Regardless of the total number of years served beyond 20 years, receipt of retired pay is delayed until age 60.

The only monetary incentive for participation beyond 20 years of service (assuming member has served at least the last six in the RC) is the payment of duty per-

formed and the accumulation of additional points to increase the value of the members retirement pay upon receipt at age 60.

Reduction of receipt of retired for RC members acknowledges the contribution of these members when DOD is asking more and more of these citizen airman, soldiers, sailors, marines and coast guardsmen.

Analysis of Congressional bills introduced in the 108th Congress:

	H.R. 331	H.R. 742	S. 445
Introduced By	Rep Wilson (R-2-SC)	Rep Saxton (R-3-NJ)	Sen Landrieu (D-LA)
Title	Armed Forces Retirement Equity Act	To amend title 10 United States Code, to reduce the age for receipt of military retired pay for non-regular service from 60 to 55.	Reservists Retirement and Retention Act of 2003
Requirement of Bill	Member qualifies for receipt of retired pay at 20 years of service, assuming all other requirements of 10 U.S.C. 12731 are met.	Reduces receipt of retired pay to age 55, assuming all other requirements of 10 U.S.C. 12731 are met.	Reduces receipt of retired pay by 1-year for every 2 years the member serves beyond 20, assuming all other requirements of 10 U.S.C. 12731 are met; not to be reduced below age 55
Pros	(1) Pays retirement immediately, based on same length of service commitment as active duty members; (2) Incentive for prior active service members to join the RC.	(1) Reservist waits 5-years less for receipt of retirement pay; (2) Recognizes and rewards the increased use of RC members; (3) Possible incentive for prior active service members to join the RC; (4) Reduces the pay gap between actual retirement and receipt of retired pay at age 60.	(1) Encourages service beyond 20-years to increase the value of members retirement pay and thus reduce age for receipt of payment; (2) Retention tool of current RC members and recruiting tool of prior active service members—good deal for the RC; (3) Members continued service beyond 20 determines the receipt of retired pay before age 60; (4) Reduces the pay gap between actual retirement and receipt of retired pay at age 60
Cons	(1) No incentive for continued service beyond 20 years; (2) Cost prohibitive; (3) To make the proposal cost neutral, would have to reduce the value of each retirement point significantly, thus value of monthly retired pay is reduced.	(1) Little incentive for continued service beyond 20 years—Not a good deal for the RC; (2) Increased cost to pay 5-years early and to include current gray-area Reservists between age 55 and 59; (3) Includes these members and their dependents in the TRICARE Health Program 5-years early.	(1) Increased cost, but as member continues to participate, additional dollars are added to the retirement accrual account thus reducing the up front bill to the services required in H.R. 742
Costs	Unknown; highest cost	Unknown; middle cost	Unknown; lowest cost

NAVAL RESERVE RETIREMENT DATA

The following chart shows the percentage of Naval Reservists that became eligible for retirement for the past four years (1999–2002).

Year	Drilling Reserve Strength	# of Notices of Eligibility for Retirement	Percent
1999	70,872	3,200	4.5
2000	64,163	3,163	4.9
2001	69,636	2,754	4.0
2002	73,142	2,724	3.7

Senator STEVENS. Thank you. Admiral, do you have any comments?

Admiral TOTUSHEK. Yes, and in our case actually, because as I was saying, with some of the mobilizations, that actually increased and helped us, I believe, drive down the attrition that we've experienced historically in the Naval Reserve. I actually lowered my recruiting goal by 2,000 for my enlisted people this year. The war had a little bit more impact on officers and my officer recruiting has dipped off a little bit. We're working hard to try and get that up by the end of the year, but in the near term we don't see a big impact on us.

Now, we're going to carefully measure and again survey to find out exactly what the implications are after the second large mobilization in a row, and I think this additive thing is a thing we're going to have to deal with, now that we're looking at two big ones right back to back. That will have some impact, and we're just going to have to assess what it is.

Senator STEVENS. General McCarthy.

General MCCARTHY. Senator, I would like to just make the point that this question of retention and so forth is another one of those indications that one size doesn't fit all in terms of the various Armed Services. The Marine Corps Reserve, just like the active component of the Marine Corps, is very, very largely a first-term force, about 70 percent. In each case, both the active component and reserve component are first term marines. We are not a long-term or a large career force like some of the others, and so the implications of what constitutes retention are different and vary by service.

Having said that, there clearly is a portion of our force, most of the Officer Corps and those enlisted marines who will go on to be staff noncommissioned officers that we're very, very interested in retaining, and we'll have to study over the next year what the implications of that, of a prolonged mobilization will have on that portion of our force.

Recruiting has continued apace while we've been deployed, and we've continued to meet all of our goals on recruiting, and so I'm less concerned about our recruiting and our ability to recruit in the future than I am about this issue of retention, but as I say, for the Marine Corps, the proportions, or the percentages are significantly different than my colleagues, and so the remedies or the tools that we need to use may be somewhat different as well, but it is an issue that we're very watchful of.

Senator STEVENS. Do you have an in-grade step increase? For instance, you know, in the Civil Service, if you're grade 13 you can

be grade 13 step 1 through 12, I think. Do you have that for sergeants in the Marines?

General MCCARTHY. Yes, sir, and our pay scale is exactly the same as everybody else, so that a corporal with 3 years' service makes less money than a corporal with 4 years' service, and progressing on, yes, sir.

Senator STEVENS. Well, I'd be interested in what you might think would extend some of those people beyond one term, not now, but if you have any incentives in mind—you do have a particularly different force.

General MCCARTHY. Yes, sir.

RETENTION

Senator STEVENS. If you have any concept of what might lead people to re-up for another hitch, particularly coming from active to reserve for at least one additional hitch, those sort of things would augment the total force in a tremendous way, because we all know the Marines have a different focus in terms of mobilization, and they're needed now, you know, so it's a different thing.

General Sherrard.

General SHERRARD. Yes, sir. I would tell you that, as I mentioned in my earlier statement, our key to success is prior service and retaining those members. Anything that we can do that would retain that member to the maximum extent possible, ideally for the enlisted force to their high-year tenure date, or for the officers to their mandatory separation date, it certainly would enhance our ability to keep that experience base that is so critical for us to do our jobs.

As you know, and it was mentioned earlier, when you have attained 20 years of satisfactory service, you are eligible to declare yourself for retired status, realizing you're not going to draw pay until age 60. I'm a firm believer and have been a strong advocate all along that if I can keep them from 20 to 30 years, that 10 years, every time I keep three of those members, that's one that I've reduced the training requirement and a huge training dollar cost significantly for my force and for this Nation. We need to keep that base there.

So I would welcome you to look at all these options, sir, whether it be a multiplier, as you mentioned, for combat service, or whether it would be some option for service beyond 20 years, or some incentivization that you could offer to the member that, as you know, all bonuses and things of that type, with the exception of the pilot bonus for the active duty members, ends at the 20 years.

So really they're working for points that they're going to achieve toward retirement, but if there would be a way to incentivize them beyond that 20-year point, it would certainly be a boon, I think, for our service, and most certainly for our Nation.

Senator STEVENS. I shouldn't get too personal about it, but I remember when I moved to Alaska, the Air Force had a concept that you couldn't have reserve duty in a territory, and that meant that I would have to fly at my own expense to Seattle to train. Obviously, I sent a nasty letter to the Air Force and resigned, but I do think that there are subjective factors in retention that each service ought to look at. Mobility is one. Our people move so much now

around the country, and sometimes the disjunctive of moving from one area to another, where there's no longer a unit that you can join, has a lot to do with retention.

Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you very much.

I was reminded about my reserve experiences personally as well. I got through law school primarily because I could earn money by going back on active duty in the summers and being a member of the teaching complement at the Officer Candidate School at Newport, Rhode Island, and the money I made in the summer I spent in the fall and the spring semesters of law school, so I've always had an appreciation for the opportunity that the Navy gave me to continue to serve while pursuing another career.

LITTORAL SURVEILLANCE SYSTEM

I know the Navy is planning to transfer some of its resources in my State of Mississippi over to the Naval Station in Pascagoula. Admiral Totushek, I understand you're basing your second littoral surveillance system at the Naval Station. I wonder if you could tell us what role you envision this system playing in force protection and possibly with homeland security as well?

Admiral TOTUSHEK. Thank you, Senator Cochran. We think that there is gold in them thar hills in this system. The Coast Guard is very interested in it. Just a quick little primer here. It is a system that allows us to integrate any kind of sensor that the Nation has, whether it be an unmanned sensor, a manned sensor, a satellite kind of sensor, and to integrate that to give you a total picture of an area as large as you would like, depending on how far out you want to employ these sensors, to be able to have situational awareness and, if need be, to mensurate targets. It's that good that it can actually spit out the coordinates of the targets you might be interested in.

We think the implications of that for homeland security are immense. The Coast Guard agrees with us, and we are starting to talk with them about how we can integrate a Naval Reserve capability using this littoral surveillance system, along with what the Coast Guard is doing around our ports, and as they pointed out, in a lot of cases there are areas of interest in the country where there isn't a robust capability, and this would allow us, because it's portable, to take it to another part of the country where you might have an area of interest for a short period of time, and to take a look at something that may be going on in that area.

One scenario would be, as some of these tankers and freighters come into our ports, that we really don't have a good idea of what's on them. If we had a tip that perhaps one of them belonged to somebody we didn't trust, we might want to go out and take a look at that while it's still hundreds of miles from our shores instead of just close in as it's entering the port.

So I think there's going to be a great synergy there between what the Coast Guard's doing and what we're able to support them with in homeland security.

NAVAL COASTAL WARFARE UNITS ROLE IN HOMELAND SECURITY

Senator COCHRAN. I understand also you're planning to move two of your naval coastal warfare units from Gulfport, Mississippi, to Pascagoula Naval Station. When these units are not forward-deployed, what role do you see them providing in support of Coast Guard or homeland security missions?

Admiral TOTUSHEK. We originally got the littoral surveillance system to marry up with these units that basically would surveil a port, and so their being right there, not only is it a great training opportunity for us to have the port there, to have the boats and have the littoral surveillance system, to be able to train for it, but also we now have a great capability for looking at not only the port of Pascagoula, but basically the Gulf of Mexico, and we think that there's a great synergy there not only to train, but to offer that force protection to the entire gulf as well.

Senator COCHRAN. And I also understand the Navy plans to transfer some patrol coastal (PC) craft to the Coast Guard and decommission as many as eight other patrol craft. Do you see a role for these PCs in the Naval Reserve as well?

Admiral TOTUSHEK. The problem with the PCs is, they're very expensive to operate. They're gas turbine engine ships, boats, and they move real fast but they burn a lot of gas, and that's the main reason that the Navy is interested in getting rid of them. They're in great shape. The Coast Guard is taking over six of those, I believe is the number, for use in being able to get out very quickly to look at contacts of interest further from our shores than usual.

We have proposed the idea of the Reserve force taking over some of these. The problem again is the operating cost of the platform. We think there will be a mission area that's going to require something with this kind of capability. Whether that's the right platform or not we're still talking to the Navy about, but we think that it's a real capability that could be used not only in the gulf, but up and down the shores of the Nation.

HURRICANE HUNTERS

Senator COCHRAN. General Sherrard, the Air Guard—no, the Air Reserve unit down in the Biloxi-Gulfport area has what they call hurricane hunters that go out and fly right into the eye of hurricanes, and they conduct surveillance. It's been a mission that has been unique for sometime, and I understand there is some conversation about transferring this. As a matter of fact, there's probably a proposal to transfer this to the National Oceanic and Atmospheric Administration (NOAA), the Oceanographic Administration.

My concern is, whether or not there is a continuing need for weather reconnaissance that's related directly to military operations. I notice the hurricane hunters were deployed recently to Guam to conduct weather reconnaissance support of some operations. They also were operating last month out of Elmendorf, where Senator Stevens has invited me to visit on a couple of occasions, supporting winter weather reconnaissance missions there.

What's your view about the utility of the hurricane hunters as a part of the military force, as opposed to transferring them to NOAA?

General SHERRARD. Well, sir, as you know we have been asked to work with NOAA to look at the transfer. In fact, there has been one meeting and there will be a subsequent meeting scheduled for the 13th, but I was told yesterday that that may be slipped for a week.

I have asked our staff, and we've got some information, sir, and I want to be very candid with you. We're in dialogue with the Air Force leadership about the very issue that you addressed in terms of military utilization, simply because of the fact that we have just recently, as you know, activated that unit, and we are sending them—they are at Guam to do the mission, and there is some concern that on behalf of the organization that I have asked the leadership that I be allowed to bring to them for discussion, and until that happens, sir, I really can't go beyond that, but I will tell you that we're going to have that conversation with the leadership of the Air Force.

Senator COCHRAN. That's good. Well, I appreciate knowing about that very much.

F/A-18 AIRCRAFT UPGRADES

General McCarthy, my question to you has to do with the upgrade of the F/A-18 aircraft, bringing it to a level of modern capability. The upgrade includes the Global Positioning System (GPS) launch precision, guided munitions, et cetera. Could you give us an update on the plans and the likelihood for funding needs in this area?

General MCCARTHY. Yes, Senator Cochran, I can. It's an overall package called the ECP-583, and it's a group of technologies that brings our F-18A models up to the equivalent of an F-18C, enables them to fire precision-guided munitions and some other things. It's been very successful.

We're about 60 percent through our fleet of 48 F/A-18As, and there's a steady program to continue until all of those aircraft are completed, and the impact on the capability of these aircraft is phenomenal, and then fortunately our F-18As, which have never been used in a carrier role, therefore have an extended life so that with this upgrade and their extended life they become among the most capable F-18s that the Marine Corps has.

Admiral TOTUSHEK. I'd like to point out if I could, Senator, that the Naval Reserve has the same kind of a program, slightly different nomenclature, but basically doing the same thing to upgrade As into what we call A pluses. We took one of those squadrons and deployed it into Iraqi Freedom. They flew combat operations and basically led that air wing with some of the oldest airplanes out there, but once again, as we heard earlier, some of our great pilots out there are doing great things, and we would not have been able to do it if it had not been the support of this committee that got us those kits that upgraded those airplanes, so thank you very much.

Senator COCHRAN. That's interesting to know, and we appreciate your advice and counsel on these issues.

General Helmly, I know that there's already been some discussion today about whether some units ought to be active duty or whether they should be reservists, but some I know, medical sup-

port, civil affairs, have had more than the usual amount of activation and active duty experience. Is this going to cause disruption that's a problem for Army reservists? Are you going to have a proposal to make about maybe transferring these responsibilities to active duty units, because these people have been in a perpetual state of activation, many of them, and what's your reaction to that?

General HELMLY. Senator, a couple of facts I'd like to cite, if I may, regarding this issue on the table of overuse. The first caution is that use is much different than abuse, and in a volunteer force one can go to the abuse side with an active force also, and we should be cautious of that. Admiral Totushek in his opening remarks cautioned similarly. I would say that there's concern on all of our parts here. I certainly speak for myself.

The solutions put forth to date are too simple. What we'll do is, either we'll grow the end strength of the active component, or we'll transfer missions to the active component, which implies some sort of tradeoff. You transfer Civil Affairs, some number from the Army Reserve to the active component, and then in turn we pick up some other mission.

I do not concur with those. There were two primary ingredients that went into the Abrams doctrine, and some have described that doctrine as outdated. I would not go down that road so quickly. One was political. That's the one often alluded to, and that was the desire on the part of General Abrams to ensure that we never send the Army to war again without the support of the American people, certainly a valid requirement.

But the other one was more pragmatic and business-like, and that was a recognition that in certain skill sets it is, in fact, more cost-effective to put those into the Reserve. We in the Army Reserve are quite proud of our record in such areas as medical support, civil affairs. The issue that we have on the table is that we are structured wrong. We do not have sufficient depth in those capabilities. General Schultz in the last panel spoke to the issue of military police. The reason we have high-demand, low-density units is that we made a conscious decision to make them at a density level which now proves too low.

We are involved and have put forth to the Army leadership what some would call a radical, I would call it a measured, practical, but still very strong transformation plan which proposes to reduce our structure in some cases, units that we have had little requirement for, and in turn to stand up additional civil affairs capability, medical capability, transportation, military police, a couple of other specialties that are in the high demand area that we believe we can maintain equally effective and at reduced cost within the Army Reserve as opposed to transforming to the Active Component.

We did have in the past year about 6,000 spaces, 6,000 soldier positions, authorizations in the active component that increased in the combat support, service support area. In turn, we in the Army Reserve adjusted slightly by picking up in those high demand areas about 13,000 more authorizations. It's our proposal to go much deeper over the next 3 to 5 years.

Senator COCHRAN. Thank you very much. Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator STEVENS. We thank you all, gentlemen, and you've got sort of think tanks. I'd urge you to just think about retention incentives and give us some ideas. We're perfectly willing to give you some authority to have pilot projects to try to initiate some changes and test them outright during this period. This would be a good test period on a lot of ideas that might lead us to further retention.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL JAMES R. HELMLY

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

ARMY RESERVE TRANSFORMATION

Question. General Helmly, in the fall of 2000, the Chief of Staff of the Army announced a far reaching initiative to transform the Army's combat units and the systems the Army would field to support those units. Could you comment on the progress the Army Reserve has made in transforming itself over the past three years?

Answer. Sir, the Army Reserve is transforming as the Army transforms and we will play a crucial role as the Army fields the Objective Force. Transformation is not new to the Army Reserve. We have essentially transformed ourselves since the end of the Cold War, when we reduced and restructured our force to a smaller, more efficient infrastructure with a greater focus on our core competencies of combat support and combat service support. We have continually improved on this force structure to enhance accessibility to our invaluable capabilities for the Army to achieve a seamless integration of the Army Reserve with the active component. The Army Reserve is pursuing six imperatives to accomplish transformation. First, we are re-engineering the mobilization process to remove impediments between the time competent legal authority authorizes mobilization and the time soldiers arrive at the place they are needed. Second, we will transform Army Reserve command and control to focus on soldier readiness, unit readiness, and shortened mobilization timelines. Third, we are resourcing a smaller more focused, high demand, and capable force manned and organized at Level One of Authorized Level of Organization. A resourced Trainee, Transient, Holdee, and Student account will be a critical enabler to reach this transformational end state. Fourth, we will implement Human Resources Life Cycle Management of Army Reserve soldiers that ensures "once a soldier, always a soldier" is a statement of fact, not a desire. Fifth, we are building a rotational base in our force that will facilitate Army Reserve engagement in a wide variety of Army operations. This provides our units with operational experience, and provides operational tempo relief for the active Army. It also imparts a sense of predictability for our soldiers and evens out the work load across the force. Finally, we are re-engineering the individual capability that the Army Reserve provides to the Army, built to meet real-world combatant commander requirements as validated in the World-Wide Individual Augmentation System.

Question. Of those initiatives, which do you feel are most important to maintaining the momentum for change?

Answer. Sustaining the momentum for change is a very important element of our effort to transform the Army Reserve. The Objective Force of the Army will bring greater capabilities for the nation in its mission to fight and win our nation's wars. Our six imperatives of Army Reserve Transformation will ensure the Army Reserve remains capable of supporting the Objective Force when it is fielded. As such, these imperatives are functionally interrelated and mutually supporting. Any one imperative may generate some positive effect; however, all imperatives will be necessary for Army Reserve Transformation to be able to produce ready soldiers, ready units, shortened deployment timelines, and reduced costs. As I have said, this is a complete package. While certain aspects of it, such as Human Resources Life-Cycle Management and maintenance of a Trainee, Transient, Holdee, and Student account are new functions that will require resources to perform, significant savings will be generated in other areas. These include force structure adjustments that will balance the force for future operational requirements and reduce base operations and equipment costs. A smaller, more focused peacetime command and control structure

will generate efficiencies. Finally, Army Reserve Transformation will produce a ready force organized at Level One of Authorized Level of Organization. This force will be readily deployable without extensive cross leveling, post mobilization training, validation, or equipment purchases, prior to deployment.

RECONSTITUTION OF ARMY RESERVE FORCES

Question. General Helmly, today, we have a large number of forces forward deployed while we simultaneously pursue elements of terror at home and globally. Do you believe we will be able to reconstitute our Army Reserve forces in an orderly manner for a sustained war against terror while meeting our many other commitments around the globe?

Answer. Reconstitution is an ongoing activity. Recently the reconstitution of Army Reserve forces has become increasingly difficult due to the continued growth of our enduring commitments. Some of our mobilized units have been re-missioned to ensure that those commitments can be met. As units demobilize, commanders are tasked with keeping their soldiers trained and prepared for future missions while sustaining high morale and retention. The existence of high demand/low density requirements exclusive to our war against terror, countered by portions of our force that are rarely used, confirms that we need to be able to build the right force to accomplish our changing mission. One of our Transformation Imperatives is to build a Rotational Force within the Army Reserve, which will add depth to those capabilities which are subjected to heavy use.

ARMY RESERVE'S ROLE IN REBUILDING OF IRAQ

Question. As our troops take on the responsibility for shoring up security and starting the rebuilding process in Iraq, what do you see as the Army Reserve's role within that mission?

Answer. The Army Reserve will have a major role in the rebuilding of Iraq. We have the right mix of Combat Support/Combat Service Support units that would allow us for example to be tapped for construction, fresh water, and medical support. The Army Reserve has the capability to provide significant amounts and types of forces required in nation building efforts. The critical operational capabilities that reside at a 75 percent level or more in the Army Reserve include Civil Affairs at 97 percent, Public Affairs at 82 percent, Personnel Services at 87 percent, Supply Operations at 76 percent, Psychological Operations at 83 percent, and Chemical at 75 percent.

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

TRANSFORMATION PROGRAMS IN FISCAL YEAR 2004 BUDGET REQUEST

Question. What are your key Transformation programs in the 2004 budget request?

Answer. The Army Reserve has no key Transformation programs identified in the fiscal year 2004 budget request. The Federal Reserve Restructuring Initiative (FRRI), which is a key structure decision that supports the Army Reserve Transformation and includes the reduction of theater support requirements, incorporation of a Trainee, Transient, Holdee and Student account, and redesign of Army Reserve Command and Control, was accepted as an Army Transformation initiative and endorsed by senior Army leadership. The initial start up costs in fiscal year 2004 for FRRI actions can be accomplished within our requested Operations and Maintenance funding. Building rotational depth in our force that facilitates Army Reserve engagement in a wide variety of Army operations is critical to Army Reserve force development. This operational depth provides our units with operational experience, OPTEMPO relief for the active Army, imparts a sense of predictability for our soldiers, and evens out the workload across the force. The Army Reserve experience in current operations has validated the FRRI imperatives of re-engineering the mobilization process and demonstrated the need for structural and individual adjustments that we knew had to be made. The Army is not a static organization. All components are interconnected; therefore, any change to one component impacts the entire Service.

MOBILIZATION OF FISCAL YEAR 2004 BUDGET REQUEST

Question. How has mobilization for Operation Iraqi Freedom influenced next year's budget request?

Answer. Since the length of the current mobilization is not known, the impact on the fiscal year 2004 budget request cannot be determined at this time. Although lengthy mobilizations can create under execution in the personnel appropriations, any perceived savings often fail to materialize in a period in which the Army is both mobilizing and de-mobilizing Army Reserve soldiers. Additional requirements may be driven by de-mobilization and the re-constitution of equipment and by additional pre-mobilization training requirements. Depending on the speed of de-mobilization and the status of equipment that needs to be re-constituted, the Army Reserve may require additional transfer authority between appropriations or additional funding in fiscal year 2004.

LESSONS LEARNED FROM MOST RECENT MOBILIZATION

Question. What lessons have you learned from the most recent mobilization and how can you improve the process for next time?

Answer. Lessons learned from our most recent mobilization are being addressed internally and are being incorporated in the transformation of the Army Reserve. The mobilization process needs to be reengineered. We must adopt new doctrine and legislation to streamline and automate the mobilization process, which is currently time-intensive, paper-based, and multi-layered. We need to improve the mobilization process to enable flexible, rapid response when necessary, while protecting the rights and lives of Reserve soldiers. Our current force structure must be redesigned to meet a global asymmetrical threat versus any defined adversary. There must be rigor in our decision making process to ensure that support assets required for large mobilizations are established prior to units flowing into the Area of Responsibility.

TRICARE HEALTH COVERAGE

Question. What are your thoughts on extending TRICARE health coverage to members and families of the Reserve on a cost-share basis?

Answer. For those who are self-employed or lack adequate civilian-employer provided medical insurance, the availability of such coverage would be a welcome benefit. The immediate benefit would be offset somewhat, however, by the actual cost to the member—those who typically lack medical insurance are also least likely to be able to afford premium payments—and by the relative inaccessibility of the Military Health System to Reserve Component members. For example, only 20.5 percent of the Reserve soldiers live within an Army catchment area. The vast majority would not reap the full benefit of the TRICARE program unless it was tied to liberal access to TRICARE Remote and TRICARE Prime Remote. Still, limited health insurance is better than none, and I would be inclined to support this effort.

Question. Would this provide a needed service to our Reservists?

Answer. A recent survey by the Office of the Assistant Secretary of Defense Reserve Affairs and the Defense Manpower Data Center showed that 86 percent of Reserve soldiers with dependents have health insurance coverage of some sort. The greatest benefit would be afforded to the remaining 14 percent who lack medical insurance coverage.

Question. Would employers view it as an incentive to hire Reservists?

Answer. Employers are required to offer the same level of healthcare insurance coverage to all employees. TRICARE health coverage would most likely be viewed in neutral terms by civilian employers.

SUPPORTING EMPLOYERS OF RESERVISTS

Question. How can you recommend we better support the employers of our Reservists?

Answer. The Army Reserve strongly supports initiatives to reach the employers of the over 76,000 Army Reserve personnel mobilized for Operations Enduring Freedom and Iraqi Freedom. Retaining the support of employers is essential to the retention of quality personnel within our force. This is even more essential given that our force is largely built upon the civilian skills that many of our Reserve soldier bring to their respective military positions. We are working with the Department of the Army personnel chain to develop an effective means to centrally collect employer information of our soldier. The Army Reserve will continue to support initiatives to recognize employers of mobilized personnel at both home station and as part of a greater strategic effort aimed at retaining employer support for the Army. In April 2003, we implemented the Army Reserve Employer Recognition Program initiating actions to ensure every employer of a mobilized Reserve soldier is recognized by the first General Officer in the chain of command.

EQUIPMENT SHORTFALLS

Question. The Army Reserve has performed world-wide missions in support of the War on Terrorism since September 12, 2001. I am interested in knowing more about the equipment readiness of the Army Reserve and how the deployments might impact that readiness. Specifically, please tell me: What significant equipment shortfalls exist in the Army Reserve?

Answer. Sir, prior to the start of mobilization for Operation Iraqi Freedom (OIF), the U.S. Army Reserve had reached a level of fill for equipment considered essential to effective performance of a unit's mission with the appropriate authorized substitutions. Without substitutes, the percentage of items on-hand would have dropped below 70 percent of the required equipment on hand to perform the mission. Although authorized for substitutions, this equipment is very maintenance intensive and expensive to sustain and in many cases provides less capability than the required system. For example, the Army Reserve is utilizing older 1960's technology 2.5 and 5 Ton trucks as authorized substitutes for the more modern Family of Medium Tactical Vehicles and the Combat Utility Commercial Vehicle instead of the High Mobility Multi-purpose Wheeled Vehicle. The significant equipment shortages that exist in the Army Reserve today include materiel handling equipment; petroleum, oil, and lubrication and water systems such as the 5,000 gal fuel tankers; fuel system supply points; and forward area water points. Additionally, we are short line-haul prime movers and tactical trailers, heavy High Mobility Multi-purpose Wheeled Vehicles, high frequency radios, and night vision goggles. Although short the above requirements, the Army Reserve was able to meet the mission through extensive cross-leveling of equipment from non-deploying units to those deploying units in support of OIF.

Question. How do these shortfalls impact the Army Reserve's mission in support of the war on terrorism?

Answer. Sir, the end result was that the Army Reserve was forced to redistribute assets internally throughout the force to meet the requirement, both prior to and during the mobilization of units. The original minor shortfalls were exacerbated by the increased readiness targets for unit deployments and the additional equipment requirements beyond normal authorizations. The change in mobilization requirements resulted in the Army Reserve units that were not immediately mobilized being depleted of their equipment to support the additional requirement to fill units to 100 percent of their authorizations. As such, there would be a significant challenge for the Army Reserve to provide operational units for any additional contingency operations beyond OIF.

Question. What are the potential future impacts of these equipment shortfalls?

Answer. Sir, as the Army transforms, so will the Army Reserve. Part of our transformation objective is to assure unit readiness and relevance, add operational depth to the Army, successfully meet continuous contingency operations, relieve Army operational tempo, and transform the Army Reserve to the Objective Force. As the Army Reserve transforms and eliminates non-relevant structure, we will redistribute equipment internally to offset current shortfalls, thus improving equipment on-hand shortages. While the proposed force restructuring initiatives will reduce the Army Reserves' equipment shortages, future contingency missions will continue to be successfully met by retaining and maintaining, for some percentage of the fleet, less modern and capable equipment, at increasing operations and sustainment costs.

QUESTIONS SUBMITTED BY SENATOR ERNEST F. HOLLINGS

MODERNIZATION AND SUSTAINMENT CRITICAL SHORTFALLS

Question. General Helmly, the Army Reserve has been utilized continually since 1991. The Army Reserve's operational tempo in support of the War against Terrorism, both at home and globally, has kept a large portion of the Army Reserve mobilized since September 11, 2001. It appears we are asking the Army Reserve to do more and more. I'm concerned whether we are providing these units and soldiers with the resources to accomplish the missions our nation is asking them to perform. For the record, could you please—state the Army Reserve's modernization and sustainment critical shortfalls and explain the near term and long term consequences of not funding these shortfalls.

Answer. Sir, the Army Reserve has maintained a high operational tempo because we are a fully engaged, ready, relevant, and reliable force supporting the nation and the Army's global war on terrorism. Since recent world events indicate that the Army will continue to be engaged in and support a wide variety of contingency operations, equipment modernization and sustainment efforts must be a high priority in

order to continue to successfully meet the full spectrum of operations. The Army Reserve must be modernized to keep pace with the requirements of Army transformation. Some examples of modernization shortfalls include our combat wheeled vehicle fleet of 2.5 and 5 ton vehicles and High Mobility Multi-purpose Wheeled Vehicles (HMMWVs). Additionally, we are short materiel handling equipment; petroleum, oil, and lubrication and water systems; line-haul prime movers; night vision goggles; communication equipment; and the heavy HMMWVs for our frequently deployed Military Police units.

The near term consequences are the reliance on limited overhaul and rebuild programs to sustain older less modern equipment. Additionally, extensive internal cross-leveling is necessary to fill shortages to 100 percent of the requirement for mobilizing and deploying Army Reserve forces. The extensive cross-leveling of equipment from mobilizing to non-mobilizing units poses unique challenges to equipment on hand readiness levels.

The long term consequences are increased maintenance and operational costs as equipment exceeds its economical useful life and eventually some degree of incompatibility with the Active Army forces. This incompatibility is a result of the Army Reserve having older less modern equipment that creates a host of maintenance and compatibility challenges to include Army training programs for mechanics and operators, the establishment of separate repair parts inventories, and special tools and test equipment unique to each equipment model.

QUESTIONS SUBMITTED TO VICE ADMIRAL JOHN B. TOTUSHEK

QUESTIONS SUBMITTED BY SENATOR CHRISTOPHER S. BOND

REDESIGN OF THE NAVAL RESERVE

Question. We understand Navy is involved in an initiative to redesign the Naval Reserve. What changes do you anticipate will be made to force structure, missions and roles, and end strength?

Answer. The Navy continuously reviews how to achieve greater capability from its budget, and redesign of the Naval Reserve is the subject of much review as part of this process. The final outcome of these studies is yet to be determined so identification of future force structure changes, other than those cuts proposed in the President's fiscal year 2004 budget, would be pre-decisional. The Naval Reserve provides a low-cost means to preserve capability and recapture training and knowledge investments. My expectation is that Navy will continue to leverage these investments as we identify ways to maximize the Naval Reserve's contribution to the country's future war-fighting force.

RECAPITALIZATION OF THE NAVAL RESERVE

Question. What is your plan to recapitalize your Naval Reserve force with reduced NG&REA funding levels?

Answer. The \$10 million of NG&REA appropriated during each of the past two fiscal years was used to fund critically needed equipment and upgrades. During this same period there was limited funding provided in Navy's APN and OPN accounts to upgrade Naval Reserve aircraft and surface craft to fleet equivalent mission capabilities. The President's Budget for fiscal year 2004 reflects an upturn in new equipment funding using APN (C-40 Logistics Aircraft, F-5 replacements, MH-60s and C130T Avionics Modernization Program), but there remains a sizeable requirement to upgrade or replace aging Naval Reserve equipment. Until sufficient funds are identified in the Navy's procurement appropriations, Naval Reserve equipment will continue to be replaced by equipment transferred from the active force.

Question. What equipment investments has Navy made into the Naval Reserve in the fiscal year 2004 budget request?

Answer. The fiscal year 2004 budget request contains the following equipment investments for the Naval Reserve:

- Procurement of one C-40A aircraft to replace aging Naval Reserve DC-9 aircraft. (\$64 million)
- Funding commences on an Avionics Modernization Program (AMP) to upgrade 18 Naval Reserve C-130T aircraft. The total AMP requirement is \$122 million. This is the initial funding for these upgrades currently scheduled to be complete in fiscal year 2013. (\$3.3 million)
- Funding to upgrade Naval Reserve cargo aircraft (C-9B, DC-9, UC-12B, C-37A, C-40A) to meet CNS/ATM mandated requirements. This is a multiyear

program with fiscal year 2004 being the initial funding received to perform the upgrades. (\$4.3 million)

- Procurement of 32 Swiss F-5 aircraft to replace 32 Naval Reserve and Marine Corps Reserve F-5E aircraft. (\$4.7 million)
- Funding to procure small boats, table of allowance equipment and upgrade Mobile Inshore Undersea Warfare surveillance equipment. (\$45.6 million)
- Funding to procure table of allowance construction and communication equipment for reserve Naval Construction Force units. (\$10.5 million)

Question. What are the top five Naval Reserve equipment unfunded items for fiscal year 2004?

Answer. Our top five unfunded items for fiscal year 2004 are:

- Procurement of two additional C-40A aircraft to replace aging DC-9 aircraft. (\$131.0 million)
- Funding to upgrade two Littoral Surveillance Systems. (\$19.2 million)
- Procurement of remaining equipment to fill out 10,000 CBR-D sets including storage and phased replacement. (\$8.0 million)
- Procurement of two P-3C AIP kits in order to achieve commonality/compatibility with Active P-3C UD III Squadrons. (\$28.8 million)
- Upgrade third (of three) Naval Reserve VFA squadrons (F/A-18A) with precision-guided munitions capability and procure Advanced Targeting Forward Looking Infrared Radar for three Naval Reserve VFA squadrons. (\$52.8 million)

LITTORAL SURVEILLANCE SYSTEM (LSS)

Question. The Navy's Littoral Surveillance System (LSS) and Navy Patrol Craft are critical assets we need in Homeland Security. Have you considered assigning these assets a Homeland Security mission? If not, why not?

Answer. The Naval Reserve is currently investigating a potential role for the Littoral Surveillance System (LSS) in Homeland Security. Plans are being discussed for LSS participation in two Naval Reserve/Coast Guard Joint Harbor Operations Centers. The Naval Reserve's two LSS systems, being developed and funded from 1999 through 2003, may be used to further expand this systems capability in the Homeland Security mission.

The Navy will transfer five Patrol Craft (PC) to the Coast Guard in fiscal year 2004. The Coast Guard has been using PC's for Homeland Security missions since the September 11th attacks and will continue to do so. Plans for the remaining eight PC's are undecided at this time.

NAVAL RESERVE EQUIPMENT LIST

Question. We understand Navy is considering drastically altering the equipment list for Naval Reserve units. If this is true, how extensive are the cuts and what will the impact be on readiness and the Navy's ability to access its Reserve force?

Answer. The Navy continuously seeks to balance resources and requirements in order to maximize war-fighting wholeness within realistic fiscal restraints. Options to expand integration of Active and Reserve forces are under review; however, identification of potential force structure changes, beyond those proposed in the President's fiscal year 2004 budget, if any, would be pre-decisional.

PB04 makes a significant effort to maximize DON total force warfighting wholeness. The Secretary of Defense identified TacAir Integration as the model transformational program. Leveraging the synergy of a better integrated Navy and Marine Corps Aviation team provides a readier, more surge-capable, and affordable force. Additionally, the PB04 decommissioning of selected E-2 and P-3 reserve squadrons will provide resources necessary for transformation, integration, and recapitalization. The SecDef Counter Drug (CD) Execute Order has reduced the annual requirements for deployed E-2 coverage. The resultant reduction in force structure meets this new E-2 CD commitment. For P-3s, PB04 transitions two Reserve squadrons to augmentation units. Three additional Reserve P-3 squadrons will transition within the FYDP. This migration of reserve units to augmentation units allows for tighter integration between reserve and active forces, facilitates enhanced interoperability, and keeps reservists in the most modern weapons systems.

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

RESERVE HEALTH CARE

Question. What are your key Transformation programs in the 2004 budget?

Answer. The Naval Reserve's overall role in the Transformation of the Department of Defense focuses on the continuing process of integrating the Naval Reserve

with the Active Component. Several ongoing studies are addressing the changing role of the Naval Reserve in a transforming Navy and Department of Defense.

Internally, the Naval Reserve is defining its appropriate role in Homeland Security (HLS), and is actively engaged with Northern Command in the identification of potential requirements. The fielding of the Littoral Surveillance System, for example, will help meet today's threat, contribute to the NORTHCOM mission, and efficiently utilize unique Naval Reserve capabilities. Although these transformational initiatives have not yet progressed to the point of resulting in programmatic changes in the fiscal year 2004 budget, it is anticipated that future budget submissions will reflect increased emphasis on the Littoral Surveillance System and HLS in general, as well as supporting the continued integration of the Naval Reserve with the Active Component.

IMPACT OF MOBILIZATION ON BUDGET REQUEST

Question. How has mobilization for Operation Iraqi Freedom influenced next year's budget request?

Answer. The current goal is to reduce Navy Reserve personnel mobilized from nearly 12,000 to 3,000 (3.4 percent) by the end of fiscal year 2003. The fiscal year 2004 mobilization end state is projected to be zero. In the fiscal year 2004 budget the Reserve participation rates have been adjusted slightly to compensate for remaining "demobilization" from 3,000 to 0, and is therefore considered to have no budgetary impact.

In fiscal year 2004, the O&MNR appropriation is currently priced for peacetime operations. Any increase in operating tempo due to further conflict would have to be addressed with supplemental funding.

From an aviation depot maintenance point of view, it has yet to be determined if any reconstitution costs resulting from increased operating tempo in OIF are required. The aviation depot maintenance budget is currently priced for peacetime operations. Any necessary reconstitution of airframes or engines work would require supplemental funding.

RESERVE MOBILIZATION LESSONS LEARNED

Question. What lessons have you learned from the most recent mobilization and how can you improve the process for next time?

Answer. The Navy is continuously reviewing the processes and progress of our mobilization efforts since September 2001, incorporating several improvements along the way. The Navy headquarters staff was inadequately organized to properly prioritize mobilization requirements and orchestrate the mobilization process. Within days, the Navy created the OPNAV Mobilization Cell to serve as a single submission point for all Navy mobilization requests. The Mobilization Cell is now the single-point of contact for all Navy decisions on mobilization and demobilization sourcing priorities.

Additionally, Navy learned early on that it needed a single, web-based ADP program for tracking and processing mobilization requirements. Within a remarkably quick two-month period, a modified version of the pre-existing Marine Corps Mobilization Processing System (MCMPS) was fielded as the Navy MCMPS (NMCMPs). NMCMPs provides a web-based medium, accessible worldwide, that allows Naval Reserve Activities and Navy Mobilization Processing Sites to update the status of mobilizing Reservists. It also provides gaining Commands and Navy leadership the ability to track the Reservist's status. NMCMPs also consolidates all Navy mobilization order writing at Navy Personnel Command, a task previously executed by over 140 individual Naval Reserve Activities. This consolidation of mobilization (and demobilization) orders writing has eliminated all of the administrative errors experienced when orders were written by individual Commands. There is a third part to NMCMPs that is not yet operational. Navy is working to field a secure, classified part of NMCMPs for the submission and review of mobilization requirements. When this is complete, Combatant and Service Component Commanders will be able to view the status of their Navy requirements from generation and submission, through the Navy Headquarters review process, to the selection and in-processing of Reservists, all the way to their actual arrival at gaining Commands via an automated real-time web-based application. Navy is working to incorporate the full functionality of NMCMPs in the Defense Integrated Military Human Resources System (DIMHRS).

Just as the OPNAV Mobilization Cell provides a single point of contact Commands to submit and staff Navy mobilization requirements, Navy realizes the immense importance of having a single organization to serve as an advocate for our mobilized Reservists. In April of 2002, the Navy created the Noble Eagle Sailor Ad-

vocacy (NESA) Office at the Navy Personnel Command to aid in ensuring a positive mobilization experience for our mobilized Reservists. In particular, a foremost tenet of the NESA team is to pay special attention to those Reservists who are experiencing genuine hardships as a result of early demobilization, or other problems, and forwarding those issues up the chain of command for individual mitigation. Since its creation, NESA has evolved into a program that not only helps mobilized Reservists with hardship issues, but also closely emulates many detailing functions found within the active duty Navy and its Project SAIL (Sailor Advocacy through Interactive Leadership) program, including contacting every mobilized Reservist prior to the end of their orders to discuss their desires and ensure they understand the options available to them.

Many of the same concerns that led to the creation of NESA reaffirm the importance of continuous, open, and clear communication with our Reservists. Throughout the current mobilization, we have maintained communication through such means as messages and public affairs publications, town hall meetings, and leadership visits with our mobilized forces.

As we demobilize over 12,000 Naval Reservists currently serving in support of Operations Iraqi Freedom, Enduring Freedom, and Noble Eagle, Navy is focusing on performing formal assessments of the conduct of Operation Iraqi Freedom, including the mobilization process. We will undoubtedly find many more ways to improve our mobilization process during these assessments, and look forward to sharing those with the Congress once the assessments are completed.

RESERVE HEALTH CARE

Question. What are your thoughts on extending TRICARE health care coverage to members and families of the Reserve on a cost-share basis?

Answer. Approximately 80 percent of Reservists have health insurance coverage when not on active duty as reported in the GAO Report, GAO-02-829, "Defense Health Care: Most Reservists Have Civilian Health Coverage But More Assistance Needed When TRICARE is Used", dated September 6, 2002. This coverage is through employer-sponsored programs or spouse's employer health plans. This report found of that 80 percent, 90 percent maintained their civilian coverage when deployed. The GAO report (GAO-03-549T), "Military Personnel: Preliminary Observations Related to Income, Benefits, and Employer Support for Reservists During Mobilizations" reiterates that most reservists maintain their own healthcare coverage when mobilized.

In addition, 70 percent of Reservists and their families live outside of Military Treatment Facility catchment areas and cannot take advantage of the assistance and array of services found near military treatment facilities (MTFs). These families must rely on the limited TRICARE network of providers for support.

The GAO report also estimates that any TRICARE healthcare program providing continuous TRICARE coverage for reservists and their dependents during the entire enlistment period—regardless of reservists' mobilization status—with benefits similar to those for active duty will cost DOD about \$10.4 billion. This estimate assumes that the current number of DOD MTFs remains constant in services and providers, which is unlikely based on BRAC and manpower adjustments. This cost would escalate with the increased number of active duty and reserve members in need of care through the TRICARE network.

Question. Would this provide a needed service to our Reservists?

Answer. No. It would only serve an extremely small percentage of Reservists. The precedence for opposition to this proposal lies with the TRICARE Dental Program (TDP). Selected Reservists and/or their family members can participate in the TDP. As of May 2003, only 7.8 percent of Naval Reservists are enrolled in the TDP plan.

Question. Would employers view it as an incentive to hire Reservists?

Answer. This question would be best answered by the National Committee for Employer Support of the Guard and Reserve (NESGR), but the impact of employees with other health insurance may be dependent upon their company's benefits. It may negatively impact small business owners by reducing the number of eligible employees for a plan size and increasing plan costs. Larger corporations might not be similarly impacted.

RESERVE EMPLOYER SUPPORT

Question. How can you recommend we better support the employers of our Reservists?

Answer. The best support to the employers of our Reservists is to ensure we have an active Employer Support of the Guard and Reserve (ESGR) organization. We must continue supporting ESGR's efforts to educate employers on their rights and

responsibilities, as well as those of the employed Reservists. Navy believes Congress provides sufficient authority in Title 10 to enable the Services to obtain the employer data the ESGR needs to provide improved support to employers through their Civilian Employment Information (CEI) Program.

Additionally, Navy is implementing lessons learned in the mobilization and demobilization of our Naval Reservists. This allows the Reservists more time to prepare for a "career transition," and provides earlier notification to their employers. DOD policy is to notify Reservists whenever possible at least 30 days prior to their mobilization. While we cannot always provide this much advance notification due to operational concerns, it is essential that every effort be made to meet or exceed DOD's policy.

RESERVE EQUIPMENT

Question. The Navy Reserve has performed worldwide missions in support of the War on Terrorism since September 12, 2001. I am interested in knowing more about the equipment readiness of the Navy Reserve and how the deployments might impact that readiness. Specifically, please tell me:

What significant equipment shortfalls exist in the Navy Reserve?

Answer. The Naval Reserve is short the following equipment:

Airlift, C-40A Transport Aircraft, Qty short—8, Unit Cost \$65 million. This aircraft replaces aging C-9 aircraft.

Individual Protective Equipment, Qty short—30,000, Unit Cost \$1,000.

P-3C Aircraft-BMUP Kits to achieve commonality with Active P-3C UD III Aircraft, Qty short—13, Unit Cost \$9 million.

P-3C Aircraft-AIP Kits to improve ASW capability, enhance weapons suite, improve target sensing, and achieve commonality with Active P-3 Aircraft; Qty short—12; Unit Cost \$14.4 million.

Naval Coastal Warfare Table of Allowance equipment and small boats for a total cost of \$45 million.

F/A-18 Aircraft Modification (ECP 560) to provide precision munitions capability, Qty short—12, Unit Cost \$3.5 million.

F/A-18 Aircraft Modification (Advanced Targeting Forward Looking Infrared Kits) to provide precision guided munitions capability, Qty short—16, Unit Cost \$2.5 million.

F-5 Aircraft Radar Upgrade to better simulate enemy aircraft. Qty short—36, Unit Cost \$360,000.

P-3C Counter Drug Upgrades to provide day and night electro-optic capability, Qty short—13, Unit Cost \$1.5 million.

SH-60B Helicopter Forward Looking Infrared Kits to improve surveillance capability, Qty short—5, Unit Cost \$1.4 million.

Question. How do these shortfalls impact the Navy Reserve's mission in support of the war on terrorism?

Answer. The Naval Reserve supports the overall mission of the Navy, which is, "Be prepared to conduct prompt and sustained combat operations at sea in support of U.S. national interests", which naturally includes any missions in the Global War on Terrorism.

The following equipment enhancements could all be, at some time, used by the Naval Reserve to support Navy Global War on Terrorism missions;

Airlift, C-40A Transport Aircraft, Qty short—8, Unit Cost \$65 million. This aircraft replaces aging C-9 aircraft.

Individual Protective Equipment, Qty short—30,000, Unit Cost \$1,000.

P-3C Aircraft-BMUP Kits to achieve commonality with Active P-3C UD III Aircraft, Qty short—13, Unit Cost \$9 million.

P-3C Aircraft-AIP Kits to improve ASW capability, enhance weapons suite, improve target sensing, and achieve commonality with Active P-3 Aircraft; Qty short—12; Unit Cost \$14.4 million.

Naval Coastal Warfare Table of Allowance equipment and small boats for a total cost of \$45 million.

F/A-18 Aircraft Modification (ECP 560) to provide precision munitions capability, Qty short—12, Unit Cost \$3.5 million.

F/A-18 Aircraft Modification (Advanced Targeting Forward Looking Infrared Kits) to provide precision guided munitions capability, Qty short—16, Unit Cost \$2.5 million.

F-5 Aircraft Radar Upgrade to better simulate enemy aircraft. Qty short—36, Unit Cost \$360,000.

SH-60B Helicopter Forward Looking Infrared Kits to improve surveillance capability, Qty short—5, Unit Cost \$1.4 million.

Question. What are the potential future impacts of these equipment shortfalls?

Answer. Naval strategy identifies the need for the integration of the Active and Reserve components into a seamless and cohesive Total Force capable of meeting all operational requirements in peacetime and in war. These shortfalls impact the ability of the Reserves to maintain compatibility and relevance with the Active Navy's mission accomplishments.

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL DENNIS M. MCCARTHY

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

TRANSFORMATION

Question. What are your key transformation programs in the 2004 budget request?

Answer. The Marine Corps' transformation is broken down into several categories: technological, organizational, operational and acquisition policies and procedures. Currently, we are investing approximately \$1.5 billion per year in transformational initiatives, to include our top ground and aviation investment programs—the Expeditionary Fighting Vehicle (formerly referred to as the Advanced Amphibious Assault Vehicle) and the MV-22.

Within the above listed categories, three investment areas warrant mention as priority and material enablers to transformation. First, Sea Viking 2004 (SV04) represents the main experimentation effort designed to support decisions and strategies for 2015 transformational goals. SV04 will examine Seabasing and Operational Maneuver from the Sea (OMFTS) within a joint context and will provide the conceptual foundation for Naval transformation. Second, an On the Move Combat Operations Center (OTM COC) capability will feature Over the Horizon Communications (OTH Comm), an iridium-based voice and data tactical communication system, and Position Location Information (PLI) imperative for future combat operations. Third, initiation of a synergistic land counter-mine capability. This capability will provide both near term Marine Expeditionary Unit capability sets, as well as science and technology investment in the areas of advanced signature duplication, family of tailored explosives systems and light-weight mechanical breaching systems. Fourth, our fiscal year 2004 program will include the first dedicated funding for Joint High Speed Vessel (JHSV) experimentation. JHSV will have a pervasive transformational impact by providing exponential capability improvements in support of expeditionary maneuver warfare. Finally, in fiscal year 2004, Marine Corps Science & Technology resources will be used to validate the designs and concepts of the first three categories.

Both our Active and Reserve forces will benefit from these transformation initiatives to confront future conflicts as we have in the past, as a Total Force. Our Selected Marine Corps Reserve units are structured and trained based on the Marine Air Ground Task Force model and are ready to augment the Active component with personnel and equipment whenever the need arises.

OPERATION IRAQI FREEDOM MOBILIZATION

Question. How has mobilization for Operation Iraqi Freedom influenced next year's budget request?

Answer. Next year's budget request was already submitted before mobilization of forces for Operation Iraqi Freedom. A request for funding of mobilization costs was submitted with the request for fiscal year 2003 Supplemental Funding. Most of the mobilization cost has been covered with funds received from the fiscal year 2003 Supplemental; however, because forces are still mobilized, requirements have not been fully assessed. It is premature to budget for such costs until they have been completely assessed. Our unfunded fiscal year 2004 costs will be addressed in a supplemental budget request in fiscal year 2004.

LESSONS LEARNED

Question. What lessons have you learned from the most recent mobilization and how can you improve the process for the next time?

Answer. The Marine Corps Reserve was able to successfully mobilize and provide trained war fighters to combatant commanders on a timeline that rivals that of active duty units. 24,221 Reserve Marines were activated and approximately 74 percent were forward deployed to the CENTCOM area of responsibility. Most mobilization plans proved sound and were properly executed by all levels of command.

In addition to the joint lessons learned effort, the Commandant of the Marine Corps tasked the Enduring Freedom Combat Assessment Team Reserve (EFCAT-R) to perform a detailed study of the Reserve experience. The EFCAT-R team surveyed over 4,000 active and reserve component Marines to produce a valuable report. Commander of Marine Forces Reserve (MARFORRES) established a MARFORRES Mobilization Assessment Team (MMAT). Several key areas require early action.

Security Clearances

Many Reservists reported to the Gaining Force Command (GFC) without current security clearances. The primary cause was a shortage of field grade Officers with Top Secret (Special Compartmentalized Information) clearances throughout the Reserves and especially in the Individual Ready Reserve.

A meaningful improvement will require both organizational changes and a significant increase in funding for background investigations.

Program Nine Activation

The Navy mobilization process for medical and chaplain personnel does not fully support Selected Marine Corps Reserve (SMCR) unit deployment. Navy personnel in support of SMCR units are mobilized separately from the Marine unit and take longer to reach the GFC. For Operation Enduring Freedom and Operation Iraqi Freedom, most SMCR units took 7-9 days from notification until they reported to the GFC. The typical Navy corpsman or chaplain required over 22 days from notification to arrival at the GFC.

The solution is to "integrate" Navy personnel into SMCR units for mobilization purposes. Navy and Marine personnel in each SMCR unit would mobilize together and travel jointly to the GFC. We are working cooperatively with Commander Naval Reserve Force and may make joint requests for support to implement this important initiative.

Table of Equipment/Allowance

To reduce the maintenance burden, reserve units have only a portion of their combat equipment at their Reserve Centers. Upon mobilization, the units expect to receive the additional needed equipment from a variety of sources including Logistics Command (LOGCOM), Remain Behind Equipment (RBE), and the GFC. Obtaining this additional equipment not only caused significant confusion but also only a portion of the additional equipment was obtained in a timely manner. Similar problems were experienced during Desert Shield/Desert Storm.

To increase the efficiency of equipment sourcing, equipment reporting accuracy will be improved and Reserve-specific logistics planning will be incorporated into the deliberate planning process. A revised Force policy on internal redistribution of equipment by major subordinate commands will be published. Although this may increase our transportation of things costs, it will better position our equipment for future mobilizations. In order to ensure that sufficient amounts of communication and other "high value-low density" equipment are available upon mobilization, the Single Site Storage Facility (SSSF) program may be expanded.

Personal Recovery/Mortuary Affairs

The mission of a mortuary affairs unit is to respectfully recover, preserve, tentatively identify, and return all remains to the country of origin. Unlike the Army, a Marine mortuary affairs unit functions at the tactical level, occasionally performing its duties on the battlefield. In addition, this unit provides the necessary link between the Marine component and theater agencies responsible for evacuation of remains to CONUS. However, Marine Mortuary Affairs currently lack a doctrine consistent with its utilization in both Operation Iraqi Freedom and Desert Storm. As a result, units are inappropriately organized, trained, and equipped to support the Marine combatant commander in a joint environment.

We plan a revision of the unit organization, manning, and the acquisition of additional equipment.

Key Volunteer Program

The information flow from deployed units to Marine families at home is greatly enhanced by an active and engaged Key Volunteer Network (KVN), an official Marine Corps program. Since the KVN program only has a small operating budget, it is very dependent on the enthusiasm of individual volunteers. As there are 187 separate Reserve centers throughout the United States, Marine Forces Reserve must fight the "tyranny of distance" as it tries to build a close-knit Key Volunteer organization. Information flows are further complicated upon activation. While a Reserve unit may smoothly join the GFC, it is difficult to merge the Reserve and Active Key

Volunteer Networks. As a result, families of Reservists find it more difficult to obtain authoritative answers to questions and concerns.

Making the successful "MCCS One Source" experiment (sponsored by Office of the Secretary of Defense) a permanent program will be recommended. We anticipate working with the National Guard and other Reserve components to develop a system of joint Family Service Centers nationwide.

Accountability Protocol

The active and reserve components of the Marine Corps maintain separate computer systems for tracking personnel. In order to bridge this difference, MARFORRES units were forced to improvise by creating locally generated computer spread sheets. Navy personnel were tracked using a third system.

We will recommend continuing improvements to the current, Manpower Management systems.

TRICARE BENEFITS EXTENSION

Question. What are your thoughts on extending TRICARE health care coverage to members and families of the Reserve on a cost-share basis? Would this provide a needed service to our Reservists? Would employers view it as an incentive to hire Reservists?

Answer. I encourage the continued exploration of TRICARE health coverage alternatives for Reserve Marines, and studying the effectiveness implementation might have on both the reserve component and active component retention. My personal sense is that it would not be a disincentive for active duty retention. Providing such coverage is not duplicative to private insurance coverage as much as an alternative. The challenges associated with implementation—cost, administration of the program, (the mechanisms for enrollment, billing, premium payment, reimbursements, etc.) are considerable; however, this alternative would provide a vital service for our Reserve Marines and would be viewed as an employer incentive to hire Reserve Marines.

SUPPORT FOR EMPLOYERS OF RESERVISTS

Question. How can you recommend that we better support the employers of our reservists?

Answer. Thanks to the good work of the Employer Support to the Guard and Reserve (ESGR) and our concerted partnership with them in the time since Desert Shield/Desert Storm, we have made significant strides in better supporting our nation's employers when our Reserve Marines are called to active duty. But, there is work yet to do. We should: (1) provide employers with tax incentives for supporting Reserve Marines, (2) develop business insurance options for small business owners/employers and self-employed Marines, (3) subsidize companies that maintain health care coverage on the family members of activated Reserve Marines, and (4) continue to explore avenues through which TRICARE could contribute to medical insurance for Reserve Marines, including periods of activation and when not activated.

RESERVE EQUIPMENT SHORTFALLS

Question. The Marine Corps Reserve has performed worldwide missions in support of the War on Terrorism since September 11th, 2001. I am interested in knowing more about the equipment readiness of the Marine Reserve and how the deployments might impact that readiness.

What significant equipment shortfalls exist in the Marine Reserve?

Answer. I am not aware of any significant legacy equipment shortfalls. However, the program manager for infantry weapons has projected significant new acquisition system shortfalls. Systems impacted are:

1. *AN-PVS-17 B & C.*—The AN/PVS-17B night vision device provides 2.25 system magnification and is designed to be used with the M16A2 rifle. The AN/PVS-17C provides 4.5 system magnification and is designed to be used with the M249 Squad Automatic Weapon and M240G Medium Machine Gun. The systems are designed to provide high performance observation, quick man sized target acquisition, and aiming capabilities during night operations. Projected shortfalls: AN/PVS-17B. Qty: 1,037. AN/PVS-17C. Qty: 403.

2. *Thermal Weapon Sight (TWS) AN/PAS-13 (V3) Heavy Thermal Weapon Sights (HTWS).*—The TWS is a high performance forward looking infrared (FLIR) device. The system is virtually unaffected by weather and obscurants. Primarily designed for target detection and engagement with Marine Corps crew serve weapons [M2 50 Cal Machine Gun & MK19 Grenade launcher], it can also be used for all weather surveillance. Projected shortfall: AN/PAS-13. Qty: 644.

Question. How do these shortfalls impact the Marine Reserve's mission in support of the war on terrorism?

Answer. Night capability of reserve units will lag active duty units without this equipment and this could affect mission effectiveness.

Question. What are the potential impacts of these equipment shortfalls?

Answer. Reserve units will be required to use alternative or less capable types of equipment to accomplish assigned missions and tasks.

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL JAMES E. SHERRARD III

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

TRANSFORMATION PROGRAMS

Question. What are your key Transformation programs in the 2004 budget request?

Answer. The Air Force Reserve Command's (AFRC) key Transformation programs in the 2004 budget request involve implementation of the Air Force's mobility modernization plan, tanker roadmap and plans to alleviate active duty Low Density/High Demand (LD/HD) issues. AFRC will retire its C-141 fleet located at Wright Patterson AFB, Ohio, Andrews AFB, Maryland, and March AFB, California—converting those units to C-5A, KC-135R and C-17A missions respectively. The 2004 budget request also funds conversion of one each C-5 Associate squadron located at Dover AFB, Delaware and Travis AFB, California to C-17 Associate units. The Portland IAP, Oregon conversion transfers eight HH-60 and five HC-130 aircraft to the active duty while standing up a KC-135R unit in its place. Additionally, AFRC will transfer two C-130H aircraft to the active duty—part of an overall transfer plan of 14 aircraft moving to Special Operations Command (SOCOM) to alleviate LD/HD issues. AFRC will divest itself of aging KC-135Es at Selfridge Air National Guard Base (ANGB), Michigan and Beale AFB, California in exchange for less costly, and more reliable KC-135Rs. Lackland AFB, Texas is also programmed to take on the role as the AF's sole C-5 Formal Training Unit (FTU) replacing Altus AFB, Oklahoma in fiscal year 2007. Manpower savings from the C-141 retirements and the active duty retirement of Continental United States C-9 at Scott AFB, Illinois allows AFRC to increase its KC-135 Unit Equipped crew ratios from 1.27 to 1.5, and C-130 crews from 1.75 to 2—allowing the Command to better use those assets in accordance with increased requirements in recent years. Overall, the 2004 budget request realigns and changes over 4,500 reserve military and civilian positions in fiscal year 2004, matching personnel to requirements while divesting AFRC of legacy missions. These realignments and changes are primarily driven by AFRC's transformation programs.

OPERATION IRAQI FREEDOM

Question. How has mobilization for Operation Iraqi Freedom influenced next year's budget request?

Answer. Mobilization has not influenced our budget request at all. AFRC budgets are developed to maintain normal training for the entire Air Force Reserve as if there were no mobilization. Because mobilization effects are undeterminable at the time budgets are developed, mobilization is dealt with as an execution year issue.

Question. What lessons have you learned from the most recent mobilization and how can you improve the process for next time?

Answer. Our lessons learned from previous mobilizations helped us immensely in dealing with Operation Iraqi Freedom. Perhaps one of the most important lessons learned is the need for a centralized up-to-date handbook for readiness/mobilization policy and procedures for all three Air Force components to use. As of this writing, a new version of the out-of-date publication (AFH 10-416 Personnel Readiness and Mobilization dated December 22, 1994) is being finalized and coordinated by the active Air Force.

Timely submission of mobilization requirements would improve coordination with gaining MAJCOMs and AFRC and improve the mobilization package for processing and approval by Air Force Manpower and Reserve Affairs (SAF/MR).

Based on a much clearer vision of requirements under this operation, we learned that only the most stressed Air Force Specialty Codes (AFSCs) needed to be included under Stop Loss. Through the use of a Total Force formula for identifying "stressed" AFSCs, only those that are absolutely needed will be Stop Losses.

Finally, we learned that we needed continuous communication and coordination with our gaining MAJCOM partners, in emphasizing the necessity for rotation of

reservists to allow sufficient time prior to demobilization to provide for the use of accrued leave, downtime, medical assessments and reconstitution if appropriate.

TRICARE HEALTH CARE COVERAGE

Question. What are your thoughts on extending TRICARE health care coverage to members and families of the Reserve on a cost-share basis? Would this provide a needed service to our Reservists? Would employers view it as an incentive to hire Reservists?

Answer. Reserve component members become eligible for military health benefits when they are placed on active duty orders. The family members become eligible for TRICARE benefits when the member receives orders for greater than 30 days. The recent changes to policy permitting reserve component members and their families to enter TRICARE Prime at 31 days of active duty orders instead of 179, had a positive impact on members of the reserve in general. It brought a significant benefit in reach to members that required low cost quality health insurance. The proposed legislation of Senate Bill 852 extending health care coverage on a cost share basis to reserve members and their families will complement, complete and make comprehensive the medical benefits we offer Reservists.

GAO report dated September 2002 on Defense Health Care, "Most Reservists Have Civilian Health Coverage, but More Assistance is Needed When TRICARE is Used" identified that 20 percent of Americas are without health insurance and the reserve forces are a microcosm of American society. Therefore at a estimated minimum 20 percent of our reserve component population is without health insurance for themselves and their families. The GAO in their report also indicated that a government purchased/cost share plan would be well received. Offering medical benefits through TRICARE on a cost shared basis, like the TRICARE Dental Program would be a welcomed benefit. There also exist advantages for both the DOD and the member and their family to participate. Below is a short examination of those advantages:

1. Offering a low cost insurance plan will offer greater incentive for individuals to join and/or remain in the reserve. This is especially true for the self-employed.

2. TRICARE as a health plan offers equal to or better benefits than many smaller employers can offer.

3. Keeping the same health insurance and the same physicians even when the member moves from one employer to the next (and mobilization), providing the ultimate experience in health insurance portability and continuity of care. This too serves as an incentive to remain in the reserve and make it a career.

Many small companies/employers may not be able to offer health insurance to their work force so this provides the reserve member the option to look for work in these areas. It frees the member from linking employers to the type of job they must look for.

Advantage to the DOD will be seen in fewer members having problems using TRICARE benefits when activated, since more members will know the TRICARE system better.

Transitioning from active duty status to Transitional Health Care Benefits to a Reserve TRICARE Health Benefits plan would make it seamless, and offers reserve members that don't have jobs to return to more flexibility and make their reserve duty experience less stressful.

4. It may serve as an incentive to hire the reservist. Health insurance, next to salaries, is the most expensive benefit an employer may pay. Ranging anywhere between \$6600.00 to \$7,500.00 annually, an employer may even offer to reimburse the reservist a portion of their premiums if they use their TRICARE benefit. The member themselves may be in a position to negotiate a higher salary or wage based upon lower cost. Many employers will translate this as a "real savings" and bottom line issue.

5. Since this offers real saving to the employer, the government controversy to offer tax saving/incentives to employers who have reservists, the availability of TRICARE health coverage may be seen as benefit without offering additional tax credits.

6. Benefit to the government may be seen in the shape of fewer problems with members and their families transitioning from one health plan to another when brought on active duty or mobilized.

7. Identifying family members that have special medical needs may be easier and reduces the burden/stress on the Military Healthcare System, TRICARE Management Activity (TMA) and the member on how to get care when the member is activated.

Other Recommendations:

1. Law should include that all aspects of TRICARE benefits be extended. Many members live in remote areas and TRICARE Prime Remote/TRICARE Prime Remote for Active Duty Family Members' equivalent must be offered to make this plan relevant to all reservists.

2. Law should direct TMA to expand provider networks and update their participating provider listings annually to keep them current. Many listings are currently long out of date.

3. Cost share premiums must be low enough to serve as incentive to join the plan. Since many employers cost share their plans with their employees, the average cost share (employee cost) ranges from \$150 to \$300 monthly.

RESERVISTS

Question. How can you recommend we better support the employers of our Reservists?

Answer. Employers of reservists are key enablers for maintaining the readiness of our reserve service members and their support is vital to the Total Force. Employers give up key personnel from their workforce to provide support for national defense for extended duration periods. Beyond that, many employers have stepped forward to assure their employee-reservists do not take a substantial cut in pay when called to active duty by making up the difference between their active duty pay and their civilian pay. Other employers have provided continuing health care premium payments to assure ongoing health care coverage for family members of reservists. While these efforts are laudable, it is unreasonable to expect such generosity to continue for an extended period as reservists enter the second year of, or subsequent mobilizations. Moreover, it is also the case that employers should not be faced with a financial disincentive to hire reservists, nor bear an unreasonable proportion of the financial costs of mobilization.

In recognizing employer support of reservists, Congressional leaders have introduced several bills tailored to recognizing the contributions of employers of reservists that would go far in supporting employers. Among these bills are proposed tax relief in the form of tax deductions and credits for employers of reservists, health care initiatives that would address care "gaps" and "continuity of care" issues reported by some reservists. In particular, allowing reservists to participate in a proposed group TRICARE cost-share program would benefit employers, and encourage hiring of reservists at a time when anecdotal reports indicate a less than enthusiastic propensity by some employers to hire reservists. As a major benefit cost for employers would be eliminated, this would provide a strong incentive for civilian employers to hire Reserve Component members. Also, civilian employers would not incur the expense of paying premiums for employees who are mobilized if the member elected to have TRICARE benefits only. Furthermore, TRICARE would be the sole payee for any valid insurance claims.

We must also continue supporting employers and enhance assistance through support organizations such as Employer Support of the Guard and Reserve (ESGR). Ongoing communication between Reserve Component leadership, individual service members, support organizations and employers will strengthen relationships among these groups, minimize problems that arise, and facilitate swift resolution to problems as they occur.

EQUIPMENT READINESS

Question. The Air Force Reserve has performed world-wide missions in support of the War on Terrorism since September 12, 2001. I am interested in knowing more about the equipment readiness of the Air Force Reserve and how the deployments might impact that readiness. Specifically, please tell me:

What significant equipment shortfalls exist in the Air Force Reserve?

Answer. With regard to equipment shortfalls as it relates to the War on Terrorism, and the readiness of the Air Force Reserve to support the War on Terrorism, the following list of items is submitted.

- The WC-130J radar modification.
- F-16 color display processor.
- F-16 Litening II pod upgrade.
- F-16 Litening AT pod procurement.
- Security Forces UTC/LOGDET mobility equipment.
- A-10 Litening AT procurement.
- B-52 Litening AT procurement.
- Deployable secure tactical radios.
- C-5 Airlift Defensive Systems.
- APN-241 radar replacement for C-130E/H.

Question. How do these shortfalls impact the Air Force Reserve's mission in support of the war on terrorism?

Answer. The lack of equipment effectively prevents the Air Force Reserve from achieving its maxim combat capability.

WC-130J radar modification is required to correct display inconsistencies and boost detection range of weather hazards through software and hardware changes for the 10 Hurricane Hunter aircraft. Without these radar modifications the WC-130 J-model is not currently capable of penetrating hurricanes.

F-16 Color Display Processor replaces the overloaded and logistically unsupportable data display processor and provides color multi-functional display for weapons, navigation, and aircraft systems information. The upgraded display will enhance pilot situational awareness in combat and increase overall combat capability of the 69 F-16 aircraft fleet in the Air Force Reserve.

F-16 Litening II pod upgrade enhances target detection range and target tracking accuracy. Pilots will have greater flexibility with increased safety while attacking targets with greater precision and minimizing collateral damage. This upgrade will bring the existing pods up to the capability of the enhanced Litening AT version.

F-16 Litening AT pod is the most capable multi-sensor targeting pod, which provides enhanced precision strike capability while minimizing collateral damage. The Litening II pod was used with great success during the War in Afghanistan and during Operation Iraqi Freedom. Currently, there are 30 Litening II pods shared between 132 aircraft F-16, A-10 and B-52's.

Security Forces UTC/LOGDET mobility equipment funds are required to replace assets such as field telecommunication equipment, tactical radios, night vision devices, pallets and cargo nets. These assets were deployed in direct support of Operations Enduring Freedom and Iraqi Freedom and left in country in support of commander's request. Funds are also required to acquire equipment for newly assigned Security Forces, which have already started deploying without all required equipment due to short notice taskings and previously deployed equipment.

A-10 Litening AT pod is the most capable multi-sensor targeting pod, which provides enhanced precision strike capability while minimizing collateral damage. The Litening II pod was first used by the A-10 in combat with great success during the Operation Iraqi Freedom. Currently, there are 30 Litening II pods shared between 132 aircraft F-16, A-10 and B-52's.

B-52 Litening AT pod is the most capable multi-sensor targeting pod, which provides enhanced precision strike capability while minimizing collateral damage. The Litening II pod was first used by the B-52 in combat with great success during the Operation Iraqi Freedom. Currently, there are 30 Litening II pods shared between 132 aircraft F-16, A-10 and B-52's.

The Deployable secure tactical radios are needed to replace the Scope Shield I and II tactical field radios which are unsupportable and must be replaced. They are no longer depot repairable and are technically unsupportable. Secure tactical radios are the Air Force's primary means of communication for force protection operations.

The C-5 Airlift Defensive System is intended to provide protection against infrared (IR)-guided surface-to-air missile threats in low-threat and some medium-threat environments. The system is designed to detect the threat, alert the crew, and automatically expend IR countermeasure decoys.

The APN-241 Radar replacement for C-130 E/H is the AMC standard radar to replace the APN-59 for combat delivery aircraft. The current APN-59 radar system does not meet mission reliability, maintainability, and supportability requirements. Cost to maintain an antiquated APN-59 system is becoming prohibitive. HQ AMC is working a program to replace the APN-59 radar on the entire C-130 fleet with new generation low-power color radars under the Avionics Modernization Program (AMP); however, the AMP Program has taken several budget cuts and is being extended into the future.

Question. What are the potential future impacts of these equipment shortfalls?

Answer. The potential future impact of these equipment shortfalls will prevent the Air Force Reserve from maintaining interoperability not only within the total force construct, but the entire battle space shared by our sister services and allies. In order to maintain relevance and provide the combat capability required by the Combatant Commanders, the Air Force Reserve must modernize.

SUBCOMMITTEE RECESS

Senator STEVENS. We appreciate your service and your willingness to be with us today. We're going to reconvene on May 14 to hear from the Secretary of Defense.

Thank you very much.
[Whereupon, at 12:25 a.m., Wednesday, May 7, the subcommittee
was recessed, to reconvene at 10:30 a.m., Wednesday, May 14.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2004

WEDNESDAY, MAY 14, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:33 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Cochran, Specter, Domenici, Shelby, Burns, Inouye, Hollings, Byrd, Leahy, Durbin, and Feinstein.

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY

STATEMENT OF HON. DONALD RUMSFELD, SECRETARY OF DEFENSE

ACCOMPANIED BY:

**DOV ZAKHEIM, Ph.D., COMPTROLLER, DEPARTMENT OF DEFENSE
GENERAL PETER PACE, U.S. ARMY, VICE CHAIRMAN, JOINT
CHIEFS OF STAFF**

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Good morning, Mr. Secretary, General Pace, and Secretary Zakheim. We welcome you back before the committee.

Because of the number of people I believe will come to the table, before we get started I ask that all members limit their comments to not more than 2 minutes as we get started on this hearing so we can listen to the Secretary and get Senators' questions.

The committee continues to review the fiscal year 2004 defense budget and we are going to be very interested in hearing from you about the expenditure of the 2003 supplemental for military operations in Iraq and for the global war on terrorism. We also look forward to hearing today your priorities in the budget request regarding investments for the future derived from lessons learned from these overseas operations we have been involved in.

It may be too early to really understand all of those lessons, but we do hope to hear from you about our operations, not only in Iraq, but Afghanistan. I know we will have many times in the coming months to review your statement in full, which we will put in the record as though read.

I yield to my good friend from Hawaii, and I hope all Senators will abide by the 2-minute limitation.

PREPARED STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. Good afternoon, Mr. Chairman. Pursuant to your request, may I request that my statement be made part of the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR DANIEL K. INOUE

Good morning Mr. Secretary. I want to join our chairman in welcoming you as the subcommittee concludes its Defense Department hearings on the fiscal year 2004 budget request. Mr. Secretary, these days we hear the word transformation a lot. I am sure you and the chairman will recall that it was General Shinseki who first used the term to describe his plans for the Army.

Mr. Secretary, today we hope you will inform us how the concept of transformation is incorporated in your budget request for fiscal year 2004. But Mr. Chairman you and I are also keenly aware that the systems that were so successful in the recent war in Iraq were not part of transformation; virtually all resulted from investments by previous administrations.

The M-1 tank, Apache helicopter, and the F-117 were developed in the 1970's. The Tomahawk missile, the B-2 bomber, the aegis ships were first purchased in the 1980's. Even JSTARS, and JDAM missiles were developed long before the current administration came into office.

So we hope to hear as well Mr. Secretary how your fiscal year 2004 request builds on the successes of your predecessors.

During our hearings this year we received testimony from the leaders of the military departments and the Guard and Reserves, and from the Surgeons General. As we have examined the testimony of these officials, it is clear they are basically pleased with your budget request.

The Navy might not have enough ships, but that is mostly because the ship programs aren't ready to be accelerated.

This year, we learned more about the shortfall and aging of our Air Force tanker and transport aircraft while we await your decision on leasing.

General Hagee gave us an optimistic assessment of the V-22 for the marines. We would like to hear your assessment as well.

The Army testified that it desperately needs six Stryker brigades. Again, we await your thoughts on this matter.

We would also like to hear about your reviews of our amphibious forces and submarine fleet, and the status of our space programs. Mr. Secretary, you know this committee wants to help you transform the military to ensure that we can prevent future wars. As always, we stand ready to assist you.

Thank you Mr. Chairman and I look forward to hearing the Secretary's testimony and responses to the committee's questions.

Secretary RUMSFELD. Good morning.

Senator INOUE. Good morning, Mr. Secretary. I want to join my chairman in welcoming you and your staff to be with us today for a very important hearing. May I congratulate you and, through you, the troops of the United States of America.

Secretary RUMSFELD. Thank you very much, sir. They did a wonderful job.

Senator STEVENS. Senator Burns.

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. I will submit my statement for the record, Mr. Chairman. We want to welcome the Secretary of Defense this morning and look forward to hearing his comments. We are looking at a different kind of a world now since the Iraqi operation and I look forward to working with the Secretary in doing some of that planning.

Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Thank you, Mr. Chairman. I would like to thank you, Secretary Rumsfeld, for being here today. I know you all are—as so many are—incredibly busy, considering current events around the world.

Our active military forces have seen a lot of action as of late. The Guard and Reserve components have experienced an increased operations tempo as well. The performance of our military men and women has been outstanding.

Our military has performed honorably in the latest missions with which it has been tasked—the Global War on Terrorism, Operation Enduring Freedom and Operation Iraqi Freedom. While there indeed was a lot that was done right in all of these operations, I hope we continue to look back to see where we could have done better. Here at home, we have witnessed employers and communities coming together to support these men and women and their families.

Ensuring that our military men and women have the proper training, equipment and facilities necessary to carry out their duties is essential. I pledge to do what I can to ensure that the United States military has the tools, skills and support needed to maintain its position as the finest fighting force in the world.

Again, I thank you for being here today. I look forward to hearing your testimony and listening to the discussion this morning.

Thank you.

Senator STEVENS. Senator Hollings.

STATEMENT OF SENATOR ERNEST F. HOLLINGS

Senator HOLLINGS. Thank you, Mr. Chairman.

Mr. Secretary, I have supported you before you became popular, and the jointness that I have in what we call SPAWAR down in Charleston, South Carolina, I want you to see that. That is a Rumsfeld operation and I want you to come and visit it.

Thank you, Mr. Chairman.

Senator STEVENS. Mr. Shelby.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Mr. Chairman, I just want to welcome the Secretary back here. There is nothing like success and you epitomize that.

Thank you.

Secretary RUMSFELD. Thank you, sir.

Senator STEVENS. Senator Byrd.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Thank you, Mr. Chairman.

Mr. Secretary, I want to congratulate the Department on the work that it has done with respect to cleaning up the information concerning the status of accounts. We talked several months ago about the fact that the Defense Department could not trace, could not trace \$3 trillion of its inventory, of its accounts. Dr. Zakheim was just telling me a little while ago that you have gotten that down now to less than \$800 million, you are still working on it, and I want to congratulate you on that, on that progress.

You indicated at that time that you were going to get your teeth into it, that you were going to get hold of it, and you were going to turn it around, and you are doing that. You are doing that. I want to thank you and congratulate you.

Secretary RUMSFELD. Thank you, sir.

Senator STEVENS. Mrs. Feinstein.

STATEMENT OF SENATOR DIANNE FEINSTEIN

Senator FEINSTEIN. Thank you very much, Mr. Chairman.

I would just say welcome. I have a number of questions and I will reserve them for the appropriate time. Thank you.

Senator STEVENS. I thank you all for your cooperation. Senator Leahy, did I call on you?

STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. You did not, but I am glad to see the Secretary. When he first—when he was first Secretary of Defense, he was the youngest Secretary of Defense; I was the second youngest member of the Senate. I have aged. He has done a Dorian Gray; he has not. I am glad to see him here.

Senator STEVENS. Again, I thank you all.

Mr. Secretary, pleased to hear from you, and the statements you have presented will be printed in full in the record.

Secretary RUMSFELD. Thank you very much, Mr. Chairman and members of the committee. I appreciate your putting the entire statement in the record and I will make some remarks from that statement.

Senator STEVENS. We do not have copies of that statement. They gave them out to the press, but we do not have them up here. It would be nice if we had one, too.

Secretary RUMSFELD. I will see that that happens.

Senator FEINSTEIN. Yes, we do.

Secretary RUMSFELD. Others seem to have it. I do not know.

Senator STEVENS. Thank you.

Secretary RUMSFELD. We can pass one up to you, Mr. Chairman.

Senator STEVENS. Thank you very much.

SECRETARY RUMSFELD'S OPENING STATEMENT

Secretary RUMSFELD. Mr. Chairman and members of the committee: I am accompanied by Dr. Dov Zakheim, Comptroller of the Department of Defense, and General Pete Pace, the Vice Chief of Staff—the Vice Chairman correctly, the Vice Chairman of the Joint Chiefs of Staff, in Dick Myers' absence.

We thank you for this opportunity to update the committee on our progress in our efforts to try to strengthen the Department to meet the challenges of the 21st century and to discuss the President's request for fiscal year 2004 to 2009. I also want to thank the members of this committee, Mr. Chairman, and you for the action, prompt action, on the President's emergency 2003 supplemental request for the global war on terror. Passage of that legislation will certainly help provide the fighting men and women with the capabilities they need, to prosecute the war on terror in the weeks and months ahead.

As several of you have said, our troops have been and are doing a truly superb job all across the globe, and we are certainly grateful to them for their dedication and their courage, and also for the fact that they are all volunteers who stepped forward to serve their country. They crossed hundreds of miles in Iraq, facing death squads and dust storms, and liberated Baghdad in less than a month.

What they accomplished is very likely going to go down in history books.

APPLYING LESSONS LEARNED

The Department, as you point out, cannot wait for history to be written. We need to meet the threats that this dangerous new century poses, and threats that emerge often without warning. We have to apply the lessons from the experiences in Afghanistan and Iraq to transform the Department and the services as to how they organize, how they train, how they equip and exercise and fight.

Even now, while the lessons learned process is still in its early stages, we can already see that the experience in Iraq has validated some of the strategic decisions that we made in our defense reviews over the past 2 plus years, decisions that in some ways contributed and drove this 2004 budget.

Consider a few of the lessons. One is speed, and it matters. Coalition forces pressed through southern Iraq in a matter of weeks. It seems likely that the enemy was not able to mount a coherent defense or attack its neighbors, as it had in 1991 with Scud missiles, or destroy its oil wells. It did manage to destroy a handful or so, but not all of them, as they did in Kuwait 12 years ago. We believe that in part this was because the coalition advance was so much faster than had been anticipated.

The experience highlights the value of capabilities that can move quickly into theater, reach targets with speed and agility.

Another important lesson involves intelligence and the ability to act on intelligence rapidly. In Iraq, using time-sensitive targeting cells, the coalition was able to launch attacks on enemy targets in some cases in 20 minutes, based on intelligence information that was fresh. Planes taking off for bombing runs on occasion did not receive their targeting information until they were in the air and well on their way.

The success of Operation Iraqi Freedom helps to validate the recommendation in the budget for increased investments in command, control, communications, intelligence, and persistent surveillance.

Another is the importance of precision. The capabilities employed in Iraq were discrete. One new weapon used for the first time in Iraq, a thermobaric Hellfire missile, can take out the first floor of a building without damaging the floors above and is capable of reaching around corners, striking enemy forces that hide in caves or bunkers and hardened multi-room complexes. It went from development to deployment in less than 1 year.

Coalition military planners used a sophisticated computer model to determine the precise direction, the angle of attack, and the type of weapon needed to destroy desired targets while sparing nearby civilian facilities.

It was important that we won, but it was also important how we won, and the fact that this conflict was done with greater precision than any conflict in history and as a result it had to have persuaded the Iraqi people that the effort was not against the country of Iraq, was not against the Iraqi people, was not against the religion, but, in fact, was against a regime.

We believe that these experiences support the decision to request increases in the 2004 budget for research and development, testing,

evaluation, procurement, as well as the decision to try to begin changing how we develop new capabilities by employing spiral development to allow us to bring new weapons to the field in a matter of months or years instead of decades, which has been the pattern.

Another lesson in Iraq is the importance of joint operations. U.S. forces, as General Tom Franks properly points out, did not fight as individual services on a deconflicted basis, which has been historically the pattern. Instead, they fought as a truly joint force. One example is the rescue of PFC Jessica Lynch, which was made possible by a joint team of Navy SEALs, Army Rangers, Marines, Air Force Special Operators, of course with the help of an Iraqi citizen.

The joint warfighting experience in Iraq supports the request in the budget to make new investments in joint training and in joint warfighting capabilities.

Another lesson was the importance of Special Operations Forces. In Iraq the special operators were the first coalition forces to hit the ground. Indeed, a number of them went in before the war formally began, with hundreds more pouring into the western portion of Iraq and other regions just before the ground invasion, securing airfields, attacking terrorist facilities and regime targets, and taking out the regime's capability to launch attacks against neighboring countries.

These experiences, as well as the remarkable performance of special operators in Afghanistan, we believe support the decisions that we have made and the proposals we have made to transform the Special Operations Command and to request needed new investments in Special Operations in the budget.

There will be other important lessons as we study Operation Iraqi Freedom. But the point is this. This budget was developed with warfare of this kind in mind and the experiences in fighting this war have confirmed the decisions made in the defense review, which are reflected in the budget before the committee.

TRANSFORMING TO MEET CHANGING THREATS

Mr. Chairman, over the past 2 years the senior civilian and military leaders of the Department have been working to determine how the Department of Defense (DOD) can best transform to meet the changing threats of the new century. This year's budget request before you is the first to fully reflect the new defense strategies and policies and the lessons of the global war on terror. Our defense review identified six goals that drive transformation efforts:

First, we have to be able to defend the homeland and bases of operations.

Second, we have to be able to project and sustain forces in distant theaters. That is clear after these two recent events.

Third, we have to be able to deny enemy sanctuaries.

Fourth, we have to improve space capabilities and maintain unhindered access to space.

Fifth, we need to harness our substantial advantages in information technology to link up different kinds of United States (U.S.) forces so that they can fight jointly.

And sixth, we have to be able to protect U.S. information networks from attack and to be able to disable the information networks of our adversaries to limit their ability to communicate.

This budget request funds investments that support these transformational goals. Over the next 6 years, we have proposed a 30 percent increase in procurement funding and a 65 percent increase in funding for research, development, testing, and evaluation above the 2002 baseline budget. That is an investment of roughly \$150 billion annually.

In addition to these increases, the research, development, test, and evaluation (RDT&E) spending will rise from 36 percent to 42 percent of the overall investment budget. This shift reflects a decision to accept some near-term risk in order to accelerate the development of needed next generational systems.

Among the more important transformational investments we propose is a request for funds to establish a new Joint National Training Capability. To ensure that U.S. forces train like they fight and fight like they train, we have budgeted \$1.8 billion over the forward year defense plan to fund range improvements and to permit more of both live and virtual joint training, an annual investment of about \$300 million.

The total investment in transforming military capabilities in this budget request for fiscal year 2004 is \$24 billion or about \$240 billion over the Future Year Defense Program.

BALANCING RISK

Even as we accept some increased near-term risk—and this budget does accept near-term risk—so that we can prepare for the future, it also recognizes that new and unexpected dangers will likely be awaiting us over the horizon. That is why this budget requests increased investments in critical areas such as readiness, quality of life, improvements for the men and women in uniform, and to make certain existing capabilities are properly maintained and replenished.

We have made investments that should stabilize funding for training, spares, and OPTEMPO and put a stop to past practices of raiding the investment accounts to pay for the immediate operations and maintenance needs. So we stop robbing the future to pay for today's urgent bills.

In this request for fiscal year 2004, we increase the shipbuilding budget by \$2.7 billion, making good on our hope last year that we could increase shipbuilding from five to seven ships per year.

We increase the Special Operations budget by \$1.5 billion to pay for equipment lost in the global war on terror and for an additional 1,890 people.

We increase military and civilian pay proposals by \$3.7 billion, increase missile defense by \$1.75 billion, including increased funding for Research and Development of promising new technologies, and to deploy a small number of interceptors beginning in 2004.

The President has asked Congress for a total of \$379.9 billion for 2004. That is a \$15.3 billion increase over last year's budget. But even that increase only moves us part of the way, requiring us to make tough choices between competing demands, and that means that some desirable capabilities do not get funded in this budget.

Yet, in making those decisions we believe we made better choices this year because we followed a new approach to balancing risks that we developed in last year's defense review. It is an approach that tries to take into account not just the risks to operations and contingency plans, but also the risks to the force, to the men and women in uniform, to make sure we can attract and retain the right people, and risks to modernization or the failure to modernize, if you will, as well as the risk to the future or the failure to transform, risks that in the past had often been crowded out by more immediate, pressing demands. The result is, we believe, a more balanced approach and a more overall coherent program.

To free resources, the services have stepped up and will be canceling, slowing, or restructuring a number of programs so that they can invest those savings in transforming capabilities. In all, by retiring or restructuring less urgent programs we believe we can achieve savings of some \$80 billion over the Future Year Defense Program, money that will be reinvested by the services in capabilities for the 21st century.

As you consider the budget, I am sure you will hear pleading for a number of programs and plausible arguments as to why this or that program should be saved or funded at a higher rate. I suspect some may disagree with decisions that have been made in this budget and may want to make changes in the budget proposal, and certainly as a former member of Congress I recognize that Article I of the Constitution, the Congress is Article I, that the President proposes and the Congress disposes. I know that.

But it is also important, it seems to me, that as the committee considers potential changes it recognizes that this budget—we have tried to balance those risks, and it is not an easy thing to do. This is not to suggest that the budget before you is perfect. Certainly no one has a monopoly on wisdom, and there are a number of examples I could cite wherein Congress pressed the Executive Branch over the years to invest in programs, such as the Joint Surveillance Target Attack Radar System (JSTARS), Unmanned Aerial Vehicles (UAV's), that later proved critical to the success of the armed forces.

What I am suggesting is that if changes are made, and they will be, that they be made in a coherent way, that we have a chance to talk them through, and that they are made with a full understanding of the implications, not only on the program in question that somebody may want to increase, but also on the costs in terms of the reductions that have to take place in other areas.

We have done our best to develop a budget with what we believe has been unprecedented transparency. We hope that this spirit of openness and cooperation will continue as Congress deliberates.

IMPROVING MANAGEMENT

Finally, Mr. Chairman, we really cannot transform unless we have the ability to better manage the Department. In an age where terrorists move information at the speed of an E-mail, money at the speed of a wire transfer, and people at the speed of a commercial jet liner, the Defense Department is, to be very honest, still bogged down in bureaucratic processes that resulted from the industrial age, not the information age.

Some of our difficulties are self-imposed by the Department, to be sure. Others, however, are the result of law and regulation, and together they have created a culture that too often stifles innovation in the Department. The result is we are fighting the first wars of the 21st century with a Department that was fashioned, organized, to meet the challenges of the mid-20th century.

Our legislative proposal, the Defense Transformation Act for the 21st Century, would give the Department the needed flexibility. Among the provisions in this legislation, many of which I admit are controversial, and I know that, we have proposed more flexible rules for the flow of money through the Department to give us the ability to respond to urgent needs as they emerge. We have proposed elimination of some of the more onerous regulations that make it difficult or virtually impossible for many small businesses to do business with the Department of Defense.

We have proposed expanded authority for competitive outsourcing so that we can get military personnel out of non-military tasks and back into the field. We have proposed measures for transforming our system of personnel management so that we can gain more flexibility and agility as to how we manage the more than 700,000 civilians who provide the Department such vital support. We need a performance-based promotion system for our civilian work force that rewards excellence, just like the one Congress insisted on for the men and women in uniform.

Mr. Chairman and members, transformation, as you know well, is not an event; it is not something that starts and then ends. It is a process, it is a culture, it is a frame of mind. Our goal is to set in motion that process and culture that will keep the United States several steps ahead of our potential adversaries. To do that, we need not only resources, but equally we need flexibility to use those resources with speed and agility so we can respond quickly to the new threats that we face as this century unfolds.

PREPARED STATEMENT

Mr. Chairman, I thank you for your attention. General Pace and Dov Zakheim and I are available to respond to questions, unless you have a statement, General Pace.

[The statement follows:]

PREPARED STATEMENT OF DONALD H. RUMSFELD

INTRODUCTION

Mr. Chairman and Members of the Committee, thank you for this opportunity to update the Committee on our progress in strengthening the Department of Defense for the 21st century challenges, and to discuss the President's budget request for fiscal year 2004–2009.

I also want to thank you and the members for your action on the President's emergency supplemental request for the global war on terror. Your prompt passage of that legislation will help to provide for our fighting men and women as they prosecute the global war on terror in the weeks and months ahead.

Our troops are doing a superb job and deserve our thanks for their courage and dedication to duty.

What coalition forces have accomplished in Operation Iraqi Freedom is remarkable. They crossed hundreds of miles in Iraq—facing death squads and dust storms—to liberate Baghdad in less than a month.

Today, because of coalition forces' tenacity and skill, the regime of Saddam Hussein is no longer—and the Iraqi people are free to determine their own destiny.

Visiting with the troops, I told them that what they accomplished will go down in the history books. And it will. But at the Department, we cannot afford to wait for history to be written. The threats we face in this dangerous new century are emerging, often without warning. We need to apply the lessons from the experience in Iraq to transform how the Department and the Services organize, train and equip for the 21st century.

The “lessons learned” process for Operation Iraqi Freedom is well underway. It will likely impact budgets and procedures, training and doctrine, and the security of our country for some years to come. But even now, while that process is still in its early stages, we can already see that the experience in Iraq has validated a number of the strategic decisions that were made in our defense reviews over the past two years—decisions that drove the development of this 2004 budget.

Consider a few of those lessons:

One lesson is that speed matters. Coalition forces pressed through Southern Iraq in a matter of weeks, racing towards Baghdad. The enemy was unable to mount a coherent defense, use WMD, attack neighboring countries with SCUD missiles, destroy oil wells, or blow up dams, bridges and infrastructure—in part, we believe—because the coalition advance was so fast. This experience highlights the value of capabilities that can move quickly into theater and reach targets with speed and agility.

Another is the importance of intelligence—and the ability to act on that intelligence rapidly. In Iraq, using “Time Sensitive Targeting Cells,” the coalition was able to launch attacks on enemy targets, in some cases within 20 minutes of receiving the intelligence information. Planes taking off for bombing runs on occasion did not receive their targeting information until they were in the air and well on their way. Ground forces were able to stay “in contact” with the enemy forces, and attack them with great effect, even as those forces made every effort to avoid contact. The success of these efforts in Operation Iraqi Freedom validates the recommendation in this budget for increased investments in command, control, communications, intelligence, and persistent surveillance.

Another is the importance of precision. The capabilities employed in Iraq were discreet. One new weapon used for the first time in Iraq—a “thermobaric” Hellfire missile—can take out the first floor of a building without damaging the floors above, and is capable of reaching around corners, into niches and behind walls to strike enemy forces hiding in caves, bunkers and hardened multi-room complexes. It went from development to deployment in less than a year. Coalition military planners also used a sophisticated computer model to determine the precise direction, angle of attack and type of weapon needed to destroy a desired target, while sparing nearby civilian facilities.

This unprecedented precision allowed the coalition to fight this war with unprecedented care—protecting innocent lives while delivering devastating damage to the Iraqi regime. There was no refugee crisis because Iraqis felt safe to stay in the cities as long as they stayed clear of military targets. As a result, the Iraqi people saw that this war was being waged not against a country, or a people or a religion, but against a regime—and that we were coming not as conquerors but as liberators. We believe these experiences support the decision to request increases in the 2004 budget for research, development, testing and evaluation, and for procurement, as well as the decision to change how we develop those new capabilities—by employing “spiral development” to allow us to bring new weapons to the field in months or years instead of decades.

Another lesson in Iraq was the importance of joint operations. U.S. forces did not fight as individual deconflicted services. Instead, they fought as a truly joint force. One example is the rescue of Pfc. Jessica Lynch—it was made possible by a joint team of Navy SEALs, Army Rangers, Marines, and Air Force Special operators—with the help of an Iraqi citizen. The joint war fighting experience in Iraq supports the request in the 2004 budget to make new investments in joint training and in joint war fighting capabilities.

Another lesson was the critical importance of special operations forces. In Iraq, special operators were the first coalition forces to hit the ground—some of them before the war formally began—with hundreds more pouring into Western Iraq and other regions just before the ground invasion—securing airfields, attacking terrorist facilities and regime targets, and taking out the regime’s capability to launch attacks against neighboring countries. These experiences—as well as the remarkable performance of special operators in Afghanistan—support the decisions to transform the Special Operations Command and to request needed new investments in Special Operations in the 2004 budget.

There will be other important lessons as we study Operation Iraqi Freedom. But the point is this: the 2004 budget was developed with warfare of this kind in mind—

and the experiences in fighting this war have confirmed the decisions made in the defense review which are reflected in the budget before the Committee today.

Mr. Chairman, over the past two years, the senior civilian and military leaders of the Department have been working to determine how DOD can best transform to meet the changing threats of a new century. Together we have:

- Fashioned a new defense strategy.
- Replaced the decade-old two Major Theater War approach to sizing our forces with an approach more appropriate for the 21st century.
- Developed a new approach to balancing risks that takes into account the risks in contingency plans and also the risks to the force, to modernization and to transformation.
- Reorganized the Department to better focus our space activities.
- Adopted a new Unified Command Plan, which establishes the new Northern Command to better defend the homeland; a Joint Forces Command that focuses on transformation; and a new Strategic Command responsible for early warning of, and defense against, missile attack and the conduct of long-range attacks.
- Expanded the mission of the Special Operations Command, so that it cannot only support missions directed by the regional combatant commanders, but also plan and execute its own missions in the global war on terror.
- Worked with Allies to develop a new NATO command structure and begin the development of a NATO Response Force that must be able to deploy in days and weeks, instead of months.
- Taken steps to attract and retain needed skills in the Armed Forces, with targeted pay raises and quality of life improvements.
- Reorganized and revitalized the missile defense research, development and testing program, freed from the constraints of the ABM Treaty.
- Completed the Nuclear Posture Review, with a new approach to deterrence that will enhance our security, while permitting historic deep reductions in offensive nuclear weapons.
- Moved from a “threat-based” to a “capabilities-based” approach to defense planning, focusing not only on who might threaten us, or where, or when—but also on how we might be threatened, and what portfolio of capabilities we will need to deter and defend against those new asymmetric threats.

These are significant changes. Last year’s budget—the 2003 request—was finalized just as this defense review process was nearing completion. So while it included a top-line increase, and made important, and long-delayed investments in readiness, people, maintenance, and replacement of aging systems and facilities, we were only able to begin funding some transforming initiatives as the new defense strategy came into focus.

But this year’s budget—the 2004 request before you today—is the first to fully reflect the new defense strategies and policies and the lessons of the global war on terror.

Our defense review identified six goals that drive our transformation efforts:

- First, we must be able to defend the U.S. homeland and bases of operation overseas;
- Second, we must be able to project and sustain forces in distant theaters;
- Third, we must be able to deny enemies sanctuary;
- Fourth, we must improve our space capabilities and maintain unhindered access to space;
- Fifth, we must harness our substantial advantages in information technology to link up different kinds of U.S. forces, so they can fight jointly; and
- Sixth, we must be able to protect U.S. information networks from attack and to disable the information networks of our adversaries.

The President’s 2004 budget requests funds for investments that will support these transformational goals. For example:

- For programs to help defend the U.S. homeland and bases of operation overseas—such as missile defense—we are requesting \$7.9 billion in the 2004 budget, and \$55 billion over the Future Years Defense Program (FYDP).
- For programs to project and sustain forces in distant theaters—such as the new unmanned underwater vehicle program and the Future Combat Systems—we are requesting \$8 billion in 2004, and \$96 billion over the FYDP.
- For programs to deny enemies sanctuary—such as unmanned combat aerial vehicles, and the conversion of SSBN to SSGN submarines—we are requesting \$5.2 billion in 2004 and \$49 billion over the FYDP.
- For programs to enhance U.S. space capabilities—such as Space Control Systems—we are requesting \$300 million in 2004 and \$5 billion over the FYDP.
- For programs to harness our advantages in information technology—such as laser satellite communications, Joint Tactical Radio, and the Deployable Joint

Command and Control System—we are requesting \$2.7 billion in 2004 and \$28 billion over the FYDP.

—For programs to protect U.S. information networks and attack those of our adversaries—such as the Air and Space Operations Center—we are requesting \$200 million in 2004 and \$6 billion over the FYDP.

Over the next six years, we have proposed a 30 percent increase in procurement funding and a 65 percent increase in funding for research, development, testing and evaluation (RDT&E) above the 2002 baseline budget—an investment of roughly \$150 billion annually.

In addition to these increases, RDT&E spending will rise from 36 percent to 42 percent of the overall investment budget. This shift reflects a decision to accept some near-term risk in order to accelerate the development of needed next generation systems.

Among the more important transformational investments we propose is a request for funds to establish a new Joint National Training Capability. As we saw in Iraq, wars in the 21st century will be fought jointly. Yet too often our forces still train and prepare for war as individual services. That needs to change.

To ensure that U.S. forces train like they fight and fight like they train, we have budgeted \$1.8 billion over the next six years to fund range improvements and permit more of both live and virtual joint training—an annual investment of \$300 million.

The total investment in transforming military capabilities in the 2004 request is \$24.3 billion, and about \$240 billion over the FYDP.

We propose not only transforming the capabilities at our disposal, but also the way we develop new capabilities. The old way was to develop a picture of the perfect system, and then build the system to meet that vision of perfection, however long it took or cost. The result was that, as technology advanced, and with it dreams of what a perfect system could do, capabilities were taking longer and longer to develop and the cost of systems increased again and again—Time is money.

A different approach is to start with the basics, simpler items, and roll out early models faster—and then add capabilities to the basic system as they become available. This is what the private sector does—companies bring a new car or aircraft on line, for example, and then update it over a period of years with new designs and technologies. We need to do the same.

Take, for example, the approach to ballistic missile defense. Instead of taking a decade or more to develop someone's vision of a "perfect" shield, we have instead decided to develop and put in place a rudimentary system by 2004—one which should make us somewhat safer than we are now—and then build on that foundation with increasingly effective capabilities as the technologies mature.

We intend to apply this "spiral development" approach to a number of systems, restructured programs and new starts alike over the course of the FYDP. The result should be that new capabilities will be available faster, so we can better respond to fast moving adversaries and newly emerging threats.

BALANCING RISK

Even as we accept some increased near-term risk so we can prepare for the future, this budget also recognizes that new and unexpected dangers will likely be waiting just over the horizon—and that we must be flexible to face them.

That is why the 2004 budget requests increased investments in critical areas such as: readiness, quality of life improvements for the men and women in uniform, and to make certain existing capabilities are properly maintained and replenished.

Over the next six years, the President has requested a 15 percent increase for Military Personnel accounts, above the 2002 baseline budget, and an increase in funding for family housing by 10 percent over the same period. The 2004 budget includes \$1 billion for targeted military pay raises, ranging from 2 percent to 6.25 percent. Out of pocket expenses for those living in private housing drop from 7.5 percent to 3.5 percent in 2004, and are on a path to total elimination by 2005.

Over the next six years, we have requested a 20 percent increase for Operations and Maintenance accounts above the 2002 baseline budget. We have proposed \$40 billion for readiness of all the services and \$6 billion for facilities sustainment over the same period.

These investments should stabilize funding for training, spares and OPTEMPO, and put a stop to the past practice of raiding the investment accounts to pay for the immediate operations and maintenance needs, so we stop robbing the future to pay today's urgent bills.

In our 2004 request:

- We increased the shipbuilding budget by \$2.7 billion, making good on our hope last year that we could increase shipbuilding from five to seven ships.
- We increased the Special Operations budget by \$1.5 billion, to pay for equipment lost in the global war on terror and for an additional 1,890 personnel.
- We increased military and civilian pay by \$3.7 billion.
- We increased missile defense by \$1.5 billion, including increased funds for research and development of promising new technologies, and to deploy a small number of interceptors beginning in 2004.

The President has asked Congress for a total of \$379.9 billion for fiscal year 2004—a \$15.3 billion increase over last year's budget. That is a large amount of the taxpayers' hard-earned money. But even that increase only moves us part of the way.

Our challenge is to do three difficult things at once:

- Win the global war on terror;
- Prepare for the threats we will face later this decade; and
- Continue transforming for the threats we will face in 2010 and beyond.

Any one of those challenges is difficult—and expensive. Taking on all three, as we must, required us to make tough choices between competing demands—which meant that, inevitably, some desirable capabilities do not get funded. For example:

- Despite the significant increase in shipbuilding, we did not get the shipbuilding rate up to the desired steady state of 10 ships per year. Because of planned retirements of other ships, we will drop below a 300-ship fleet during the course of the FYDP. The Navy is in the process of transforming, and has two studies underway for amphibious ships and for submarines—we have increased shipbuilding in 2004, but we do not want to lock ourselves into a shipbuilding program now until we know precisely which ships we will want to build in the out-years.
- We have not been able to modernize our tactical air forces fast enough to reduce the average age of our aircraft fleet.
- We have had to delay elimination of all inadequate family housing by 2007—though we got close!
- We have not fully resolved our so-called “high-demand/low density” problems—systems like JSTARS, which, because they have been chronically under funded in the past, will still be in short supply in this budget.
- We opted not to modernize a number of legacy programs—taking on some near-term risks to fund transforming capabilities we will need in this fast moving world.
- We did not achieve the level of growth in the Science and Technology (S&T) accounts we had hoped for. Our request is \$10.2 billion, or 2.69 percent of the 2004 budget.
- We have delayed investments to completely fix the recapitalization rate for DOD infrastructure. We still intend to get the rate down from 148 years to 67 years by 2008, and we expect to accelerate facilities investments in 2006 after we have made the needed decisions with respect to the appropriate base structure, at home and abroad. We are reviewing our worldwide base structure, and starting the steps to prepare for the 2005 BRAC. We want to think carefully about how best to match our base structure and force structure.

That's the bad news. But there is good news as well. In making those difficult decisions, we believe we made better choices this year because we followed the new approach to balancing risks that we developed in last year's defense review—an approach that takes into account not just the risks in operations and contingency plans, but also the risks to our force—the people, and risks to modernization and to the future—risks that, in the past, often had been crowded out by more immediate pressing demands. The result, we believe, is a more balanced approach and a more coherent program.

To help free resources, the services have stepped up, and will be canceling, slowing or restructuring a number of programs so they can invest those savings in transforming capabilities. For example:

- The Army came up with savings of some \$22 billion over the six-year FYDP, by terminating 24 systems, including Crusader, the Bradley A3 and Abrams upgrades and reducing or restructuring another 24, including Medium Tactical Vehicles. The Army used these savings to help pay for new transformational capabilities, such as the Future Combat Systems.
- The Navy reallocated nearly \$39 billion over the FYDP, by retiring 26 ships and 259 aircraft, and merging the Navy & Marine air forces. They invested these savings in new ship designs and aircraft.
- The Air Force shifted funds and changed its business practices to account for nearly \$21 billion over the FYDP. It will retire 114 fighter and 115 mobility/

tanker aircraft. The savings will be invested in readiness, people, modernization and new system starts and cutting edge systems like unmanned aerial vehicles (UAVs) and unmanned combat aerial vehicles (UCAVs).

In all, by retiring or restructuring less urgent programs, we believe we can achieve savings of some \$80 billion over the FYDP—money that will be reinvested by the services in capabilities for the 21st century.

We feel a deep obligation to not waste the taxpayers' dollars. We need to show the taxpayers that we are willing to stop doing things that we don't need to be doing, and take that money and put it into investments we do need.

As you consider this budget, I am sure you will hear pleading for a number of programs—and plausible arguments for why this or that program should be saved or funded at a higher rate. I suspect some may disagree with decisions that have been made, and may want to make changes in this budget proposal. As a former Member of Congress, I recognize that the Congress is Article 1 of the Constitution—the President proposes and Congress disposes. But it is also important that, as the Committee considers potential changes, it recognizes that this budget has been crafted to balance a number of risks. And with every change, that balance of risks is affected.

This is not to suggest that the budget before you is perfect—no one has a monopoly on wisdom. And there are numerous examples of instances when Congress pressed the executive branch to invest in programs—such as JSTARS and UAVs—that later proved critical. What I am suggesting is that if changes are made, they be made in a coherent way—that we talk them through, and that the decisions be made with a full understanding of the effects they may have—not only on the program in question, but the costs in terms of the investments in other areas that will be put off as a result.

We have done our best to develop this budget with what we believe has been unprecedented transparency—providing detailed briefings to those interested in defense here on Capitol Hill. Congress was not simply presented with the President's budget—it was kept in the loop as decisions were being made. I am told that the extent of consultation from the Defense Department to the Congress this year has been unprecedented. We hope that this spirit of openness and cooperation will continue as Congress deliberates—so that the final budget is crafted in a way that preserves the balance of risks.

Our hope is that, with this budget, we can further transform not only our military capabilities, but also the relationship between the Defense Department and the Congress—by establishing a new spirit of trust and cooperation.

RESULTS

As a result of these strategic investments and decisions, we can now see the effects of transforming begin to unfold. Consider just some of the changes that are taking place:

- Today, the missile defense research, development and testing program has been revitalized and we are on track for limited land/sea deployment in 2004–05.
- Today, the Space Based Radar, which will help provide near-persistent 24/7/365 coverage of the globe, is scheduled to be ready in 2012.
- In this budget, we believe SBIRS-High is properly funded.
- Today, we are converting 4 Trident SSBN subs into conventional SSGNs, capable of delivering special forces and cruise missiles to denied areas.
- Today, we are proposing to build the CVN-21 aircraft carrier in 2007, which will include many new capabilities that were previously scheduled to be introduced only in 2011.
- Today, instead of 1 UCAV program in development, the X-45, which was designed for a limited mission of suppression of enemy air defense, we have set up competition among a number of programs that should produce UCAVs able to conduct a broad range of missions.
- Today, we are revitalizing the B-1 fleet by reducing its size and using savings to modernize remaining aircraft with precision weapons, self-protection systems, and reliability upgrades—and thanks to these efforts, we are told the B-1 now has the highest mission capable rates in the history of the program.
- Today, in place of the Crusader, the Army is building a new family of precision artillery—including precision munitions and Non-Line-of-Sight Cannon for the Future Combat Systems.
- Today, we have seen targeted pay raises and other reforms help retain mid-career officers and NCOs, so that fewer of them leave the service while still in their prime, so the country can continue to benefit from their talent and experience.

These are positive changes that will ensure that our country will have the capabilities needed to defend our people, as well as a menu of choices from which we can select to shape the direction of the Department, as the 21st century security environment continues to change and evolve.

DEFENSE TRANSFORMATION ACT

Finally, Mr. Chairman, we can't truly transform, unless we have the ability to better manage this Department. To win the global war on terror, our forces need to be flexible, light and agile—so they can respond quickly to sudden changes. The same is true of the men and women who support them in the Department of Defense. They also need flexibility—so they can move money, shift people, and design and buy new weapons more rapidly, and respond to the continuing changes in our security environment.

Today, we do not have that kind of agility. In an age when terrorists move information at the speed of an email, money at the speed of a wire transfer, and people at the speed of a commercial jetliner, the Defense Department is bogged down in the bureaucratic processes of the industrial age—not the information age.

Some of our difficulties are self-imposed by the Department, to be sure. Others, however, are the result of law and regulation. Together they have created a culture that too often stifles innovation. Consider just a few of the obstacles we face each day:

- This department spends an average of \$42 million an hour, and yet we are not allowed to move \$15 million from one account to another without getting permission from four to six committees, a process that sometimes takes months.
- Instead of being streamlined for the fast-paced 21st century, the defense authorization bill has grown with each passing year. Just consider the changes over my brief career:
 - When I was first elected to Congress in 1962, the defense authorization bill was one page.
 - The last time I was Secretary of Defense, a quarter of a century ago, the 1977 authorization bill had grown to 16 pages.
 - When I came back to the Pentagon for this second tour, the 2001 authorization bill had grown to 534 pages.
 - I can't even imagine what it will look like in another 25 years.
- Today we have some 320,000 uniformed people doing what are essentially non-military jobs. And yet we are calling up Reserves to help deal with the global war on terror. The inability to put civilians in hundreds of thousands of jobs that do not need to be performed by men and women in uniform puts unnecessary strain on our uniformed personnel and added cost to the taxpayers. This has to be fixed.
- The department is required to prepare and submit some 26,000 pages of justification, and over 800 required reports to Congress each year—many of marginal value, I am sure many not read, consuming hundreds of thousands of man hours to develop, and untold number of trees destroyed.
- Despite 128 acquisition reform studies, we have a system in the Defense Department that since 1975 has doubled the time it takes to produce a new weapons system, in an era when new technologies are arriving in years and months, not decades.

The point is this: we are fighting the first wars of the 21st century with a Defense Department that was fashioned to meet the challenges of the mid-20th century. We have an industrial age organization, yet we are living in an information age world, where new threats emerge suddenly, often without warning, to surprise us. We cannot afford not to change and rapidly, if we hope to live successfully in this new world.

The Department is already engaged in substantial transformation. We have reduced management and headquarters staffs by 11 percent. We have streamlined the acquisition process by eliminating hundreds of pages of unnecessary rules and self-imposed red tape. And we have begun implementing a new business management structure. These internal changes are important—but they are not enough. We also need legislative relief.

Our legislative proposal, the Defense Transformation Act for the 21st Century, would give the Department some of the needed flexibility, and ability to more rapidly move resources, shift people and bring new weapons systems on line more quickly, so we can adapt to changing events.

Among the provisions in this legislation:

- We have proposed more flexible rules for the flow of money through the Department to give us the ability to respond to urgent needs as they emerge.

- We have proposed elimination of some of the more onerous regulations that make it difficult or virtually impossible for many small businesses to do business with the Department of Defense.
- We have proposed expanded authority for competitive outsourcing so that we can get military personnel out of non-military tasks and back into the field.
- We have proposed measures that would protect our military training ranges so that our men and women will be able to continue to train as they fight while honoring our steadfast commitment to protecting the environment.
- We have proposed measures for transforming our system of personnel management, so that we can gain more flexibility and agility in how we manage the more than 700,000 civilians who provide the Department such vital support. We need a performance-based promotion system for our civilian workforce that rewards excellence—just like the one Congress insisted on for our men and women in uniform.

In other U.S. government agencies, major portions of the national workforce have already been freed from archaic rules and regulations. We need similar relief. If the Department of Defense is to prepare for the security challenges of 21st century, we must transform not just our defense strategies, our military capabilities, and the way we deter and defend, but also the way we conduct our daily business.

Transformation is not an event—it is a process. There is no point at which the Defense Department will move from being “untransformed” to “transformed.” Our goal is to set in motion a process and a culture that will keep the United States several steps ahead of potential adversaries.

To do that we need not only resources, but equally, we need the flexibility to use them with speed and agility, so we can respond quickly to the new threats we will face as this century unfolds.

Thank you Mr. Chairman. I'd be happy to respond to questions.

General PACE. Sir, I do not have a statement, but I would be remiss, Mr. Chairman, if I did not point out that the incredible performance of your armed forces in battle in Iraq is directly attributable to the Goldwater-Nichols Act and the sustained bipartisan support of the Congress. We deeply appreciate that, sir.

If I may have the temerity to ask to put into the record that our thoughts and prayers are with the families of all those who lost their loved ones in this battle, sir. Thank you.

Senator STEVENS. Dr. Zakheim, do you have a comment?

Dr. ZAKHEIM. No, I don't. I am ready to take questions as they come in.

Senator STEVENS. Mr. Secretary, many of the things you addressed are really pending before the Armed Services Committee. I hope we will address questions before this committee that pertain to the budget that has been presented, and I would ask Senators to limit themselves to 7 minutes in the first round to see how well we can do. We may not get through them all in the time that is allotted to us today.

Mr. Secretary, much of what you said is correct and I think we all stand in awe of this generation and what they have done. I have often compared this generation to the generation that Senator Inouye and I and Senator Hollings were part of, that some people call “the greatest generation.” But most of our people were draftees. The people you have dealt with now are volunteers, people that place themselves in harm's way on the basis of their own decisions, and I think they are the finest military force the world has ever seen.

VISITING TROOPS IN THE FIELD AND TANKER LEASING

We are all proud of them, very proud of them, and want to do everything we can to assist you to see to it that we maintain that force as we go out into the future. Having said that, though, I do

express again our sadness that we are not able to go visit the war zone. We have done that on every occasion. I remember when Senator Bellmon and I went into Vietnam two or three times. We were under attack and bombed and shelled and everything else. We never asked for special protection. But in this instance we have been denied so far the opportunity to see Iraq.

I hope that those restrictions will be lifted in the near future. I do not ask for any commitment; just I do express that hope.

One of the things that continues to bother me as a former cargo plane pilot is the status of the tankers. They now average more than 45 years in age. At least one third of them are in the depots for repair. It was suggested to me the other day that I should ask you and Mitch Daniels to join some of us here and go out to Tinker and take a look at those planes that we are trying to repair. Even after we put them through a year of repair, they are still unfit for service. They still have rust and every kind of deterioration in terms of their structural capability, and yet we are insisting on putting them back out and putting money into them to try and make them fly some more, when they average 44 years of age.

Now, Mr. Secretary, we provided several times now for the funds to start a tanker leasing program. I know—I hope that you are going to be able to tell us what is going to happen to that program now.

Secretary RUMSFELD. Mr. Chairman, first let me say that I believe it is very important that members of the House and the Senate who are on relevant committees and interested have opportunities to visit the men and women in uniform and to observe firsthand and fulfil their responsibilities, their oversight responsibilities.

I have talked to General Franks about this. We have worked out what we believe is an appropriate arrangement with the Speaker of the House and with the leadership in the Senate and there certainly will be an opportunity for you and your associates to be able to go to Iraq and Afghanistan in the period ahead.

Second, with respect to the tanker issue, everything you have said, sir, is clearly correct. The tanker fleet is old. It has to be replaced. It will be replaced. The lease-buy issue is one that the Department has been wrestling with for some time and I regret to say still is. We are plowing new ground here. It is not something that the Department has done in the past to any great extent. It certainly will be precedent-setting.

I felt it required appropriately a look by an outside entity and asked one to make a study of it. That report is back. The sheer size of this leasing proposal that was pending is something like 125 pages, with 80 different clauses, and it is not something that can be done quickly or easily, nor is it something that should take as much time as it has taken.

You are right about the corrosion, you are right about the need for replacement, and certainly the Department will be pressing for a conclusion with respect to it. One of the things that is taking place, I am told, at the present time by those folks working on it—and you may want to comment, Dov—is they are still trying to negotiate a better price, and there is some active debate about what the appropriate price ought to be.

Senator STEVENS. Well, Mr. Secretary, I only have 5 minutes. I can only say this: We suggested that leasing proposition when we came back from Afghanistan after talking to tanker pilots who expressed to us their fear of flying those planes. That is almost 2½ years ago, I think. That is 2 years ago, at least.

I think we ought to put some of the people who are holding this up in those tankers and let them fly a little bit and see them and listen to them clank, creak. This delay is unconscionable as far as I am concerned. I hope we can find some way.

Again, I urge you, I ask you. We will get one of your planes and fly down there next week and just take the people from the Office of Management and Budget (OMB) that are holding this up and let them see those planes, because if they see them and understand the concept of really metal fatigue and the whole concept of rust and what that means to these people that are flying them, the idea of putting money into them so they can go out there and fly again for another 20 years is just absurd.

SUFFICIENT FUNDING FOR FISCAL YEAR 2003

I have got one other question to ask and I would like to get down to the money if I can. I want to ask particularly because of the problems we face now. We passed the Iraq supplemental in record time; and that was based mostly on cost models and upon operational assumptions. I would like to know, do you have enough money to finish this year, fiscal year 2003? Are we going to be able to see through the remainder of operations in Afghanistan and Iraq with the money we have provided you?

Secretary RUMSFELD. I guess it is now May 14th. The fiscal year ends October 1st. We still have a number of months in fiscal year 2003. I can say that I have not seen anything at the moment that persuades me that we will necessarily have to come back for an additional supplemental in 2003. Is that—

Dr. ZAKHEIM. That is right. As things now stand, it actually looks that the target which we submitted and that the Congress gave us is pretty accurate. We are reviewing the spending rates very carefully. We have 4½ months to go in this fiscal year. We have already released over \$30 billion out of the supplemental, with more to come. But it is looking like we are pretty much on target, sir.

Senator STEVENS. Thank you very much.

Senator Inouye.

PASSAGE OF DEFENSE TRANSFORMATION ACT

Senator INOUE. Mr. Secretary, the Defense Transformation Act that you discussed in the closing moments is before the Senate authorizing committee. I gather that the chances of passage do not look so well.

Secretary RUMSFELD. I cannot hear you very well, sir.

Senator INOUE. If the details of that legislation are not incorporated in the defense authorization bill, how would it affect your program?

Secretary RUMSFELD. Let me make a couple of comments and then have Dov make a couple of comments. One, I am told that we have 300,000, 320,000 to be precise, men and women in uniform doing jobs that are not jobs for men and women in uniform. They

are jobs that should be done by civilians. They are jobs that should be done by contractors.

And we are doing that because people are rational. We have got three choices in the Department. We can either use someone in uniform, who you can manage; or you can use a contractor, who you can manage; or you can use the civil service, which is very, very difficult to manage. So people do the logical thing. They go and put a military person into a job that is not a military job.

Well, we are worried about the OPTEMPO. We are worried about the fact that we have had to call up Guard and Reserve. We are worried about the fact that we have had to have stop-losses and we would prefer to have fewer stop-losses and fewer Guard and Reserve activated and have them activated a fewer number of times and be more respectful of their lives.

But with 320,000 military people doing civilian jobs, why? Simply because the rules are so difficult, they are so burdensome.

A second example: We cannot hire people right out of school. It is almost impossible. Everyone else—a company can go over and go to a job fair at a college, they can walk in and offer someone a job. We cannot. It takes months to work through all the paperwork, all the civil service requirements.

Now, we have had a bunch of experiments going on at China Lake and other places through authorities that Congress gave us and they have worked. They have done a good job. China Lake is one of them.

In my view we need some flexibility to manage the Department and we are wasting taxpayers' dollars because of the absence of that flexibility in my view.

STRYKER BRIGADES

Senator INOUE. Mr. Secretary, everyone agrees that our military must transform. The Army has taken the lead with the creation of the Stryker Brigades. This year the Army testified that it needs six brigades. Do you support this?

Secretary RUMSFELD. We have supported it by putting in the budget the money for all six Stryker Brigades. As I recall, the decision that was made was to—the first three are already funded and in route. The next one has been funded and approved, as I understand it. Correct me, Dov, if I am wrong.

Dr. ZAKHEIM. That is right.

Secretary RUMSFELD. And the next two will be subject to a discussion as to the Army coming back and discussing ways they think they might improve or strengthen the Stryker model for the fifth and sixth.

Dr. ZAKHEIM. I could add to that if I may. The first brigade is actually undergoing a Congressionally mandated evaluation at Fort Polk, Louisiana, for its operational effectiveness. The second one is being fielded. It is at Fort Lewis. The team is being fielded with the Stryker vehicles. The Army's plan will be presented in July, so it is coming relatively soon.

Senator INOUE. I gather that advance drafts of that plan have been distributed and they seem to support the fifth and sixth brigades; is that correct?

Dr. ZAKHEIM. The funding for all of them is in the plan and it will be for the Secretary of Defense to decide when he looks at the Army's plan as to how and in what way the Stryker is being improved.

LPD-17

Senator INOUE. Mr. Secretary, if I still have time, the Navy's LPD-17 has had some problems, cost overruns and schedule slippage. What are your plans for this program?

Secretary RUMSFELD. Do you have that?

Dr. ZAKHEIM. Yes, I do.

Secretary RUMSFELD. Do you want to comment on it?

Dr. ZAKHEIM. Sure.

As you know, we essentially are gapping, as it were, not funding an LPD-17 in fiscal year 2005. We will have two LPD-17s in fiscal year 2006. We believe that the shipbuilding industrial base can support the production gap.

In addition, we are talking about a move from these sorts of ships to a new kind of maritime prepositioning ship, which is also in the outyears. We are going to evaluate how that transition will take place. So the line remains open, we are funding those ships, the LPD-17, but at the same time as part of our overall transformation we are looking at this new kind of prepositioning ship.

Senator INOUE. What sort of ship is that?

Dr. ZAKHEIM. They are looking at designs right now. The concept is to incorporate some of the elements of the amphibious type LPD-17, which simply stands for "Landing Platform Dock ship," but in addition to take account of the prepositioning needs that were demonstrated again in Iraqi Freedom as well as Enduring Freedom before it.

Senator INOUE. Has this type of ship served its purpose and does it continue to do so?

Dr. ZAKHEIM. There is a sense on the part of the Marine Corps and the Navy that for future requirements you may need considerably more flexibility than the LPD-17 gives you. Again, by definition in funding one in 2004 and two more in 2006 you are committed to those ships for 30-odd years beyond. So it is not a question of those ships being useless or anything. The real issue is when you go past those do you want to have a further flexible capability than what they give you, and there seems to be a consensus that the answer is yes and they are looking at just how to design it.

Secretary RUMSFELD. And the Navy Department and the Chief of Naval Operations and the Secretary of the Navy have been reviewing that as part of a broader look at the shipbuilding budgets generally.

General PACE. And there is no backing off at all, sir, from the requirement to be able to project combat power from ship to shore. But as Admiral Clark and General Hagee and General Jones before General Hagee have looked at this, and in looking at the opportunities presented by the Joint Strike Fighter and the Osprey and the potential adding of a flight deck of some limited capability to the prepositioning ships, that opens up a whole new horizon and they want to make sure that the recommendations they give to the Sec-

retary and the money that is spent is spent on the most capable ship in the future.

Dr. ZAKHEIM. Let me also add that we will continue to buy these ships through fiscal year 2010, which again is an indication that we are not giving up on a ship like this.

Senator STEVENS. We are running out of time.

Dr. ZAKHEIM. Sorry.

Senator STEVENS. Thank you, Mr. Secretary.

Senator Burns.

Senator BURNS. Thank you, Mr. Chairman.

I just have a question and maybe a thought, Mr. Secretary, this morning. As we have seen in the operation in Iraq, it was pretty evident that the technology and the training that we had done prior to that operation really paid off. I am told that your ability through communications, the ability of systems that were interoperable, that it gives the striking force a lot of flexibility even before the operation started and during the operation, that any mission could be changed.

There is no doubt about it that it was a force—we had the most physically fit and I think mentally alert military this Nation has ever known and really people that understand technology and know how to use it. We are also seeing in this country as we train for the force that you visualize that will be our force of the future, we are also seeing our ability to train both in the air space and land-based facilities for our troops and our equipment, we see that being eroded due to encroachment, environmental laws, and a variety of other challenges that we have in front of us.

I would wonder. You will be making the decisions of what kind of facilities and what we are going to need to train for the future and make that assessment, and then probably would start dealing with those challenges ahead. Can you tell us if there is a process in place now where you are making those determinations based on what we have experienced in the Middle East, and at such time as when Congress will be advised or assessed of what your needs will be in the future areas of training and new technologies?

TRAINING RANGES AND FACILITIES

Secretary RUMSFELD. Senator, thank you. You are right that the armed forces of the United States are living in the world and they have training ranges and facilities, and as the world's rules and requirements change and evolve the restrictions grow and the ability to function is limited. We currently have proposals in the transformation legislation before the Congress that would provide some relief from some of the laws that are hampering defense training and that type of activity.

For example, we have been delayed over 6 years in deployment of a surveillance towed array sensor system, low-frequency active sonar system, which is needed against ultra-quiet diesel submarines. It is part of the Marine Mammal Act. We proposed last year several adjustments. They tend not to really be directed at any of the laws that exist, but rather at the legal interpretations that have evolved over the decades since those laws were passed that we feel we need some freedom from.

Do you want to comment, Pete, on this?

General PACE. Sir, thank you.

Senator, we want to be good stewards of the environment and we believe that we can do both, be good stewards of the environment and train. One of the provisions is for this National Training Center that will be both live fire environments, such as TwentyNine Palms and the National Training Center and Nellis Air Force Base, and the virtual environment, that you can pull together people from throughout the entire Nation without having to move anywhere to do a very, very robust exercise.

We are looking at that, sir. We do have a process we are working through the Defense Department to highlight those things that are current constraints, but also to be able to project ways that we can protect the environment and train.

Senator BURNS. Well, General Pace, you know as well as anyone else that Camp Pendleton, parts of Camp Pendleton have come under fire, that we cannot train in that we used to use many years ago, or even in modern day, your training out there. That sort of concerns us.

We look at air space use, especially in the southwestern part of the country, where you have a lot of commercial flights, where we see a restricting of air space both in the space and altitude in which we can train. And I am wondering if those assessments are not going on now, that we will be able to be sharp as we were in this 21 days in the Iraqi operation. If we cannot train and we cannot train under conditions like we are going to have to fight, then I worry about those kind of conditions.

We can talk about equipment, we can talk about money and that, but if we cannot train our troops that is something that we have got to look at very seriously. I would also add that maybe my home State of Montana might have something to offer—strictly parochial.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you very much.

Senator Byrd? Senator Hollings?

Senator HOLLINGS. Thank you very much, Mr. Chairman.

Mr. Secretary, that is an outstanding statement and I congratulate you on bringing Defense into the new century. What happens—and the reason I take the committee's time here to ask about this little installation down in Charleston, back in 1992 at the Base Realignment and Closure Commission there was one thing that both George Bush Senior and Clinton could agree on and that was we are not going to close the Portsmouth Navy Yard. I mean, we got the run-up there in that primary.

So they closed Charleston, which had won all the NAVALEX and everything else. But at the time I debated and argued to have NAVALEX, that you would remember as the former Secretary back in the 1970s, and NAVALEX was combined into SPAWAR. They combined Pawtucket, Maryland, Nebraska Avenue where Secretary Ridge is right now on Nebraska Avenue, Norfolk, and Charleston.

The reason for the question, of course, or comment is an admiral now has asked for a study to find about the cost of moving it. I hope we get that study, because the Secretary of the Navy has just completed a cost efficiency study by Booz-Allen-Hamilton of 15 navy engineering centers and they found that the SPAWAR facility down in Charleston was ranked number one in overall efficiency.

We do not receive appropriated funds. What we do is we design, build, test, and support computer, command and control systems. There are a bunch of little small contractors, and since the big Navy yard was closed the rent is cheap. They love it down there and they have got room to move and expand, and they serve Army, Navy, Air, Marines, but they serve the White House, the Secret Service, the Federal Aviation Administration (FAA), and everything else. It is all contract. It has the joint use that Secretary Rumsfeld is insisting on.

If you could come visit us down there, you will see it, and I think you can use that as an example of succeeding in this joint use effort.

Otherwise, Mr. Secretary, with respect to rebuilding Iraq, do you look upon that as a military or a contract operation?

REBUILDING IRAQ

Secretary RUMSFELD. Well, I think I would rather say what I think of it as, rather than either-or. First of all, I think it is ultimately a task for the Iraqi people. I do not think anyone can rebuild another country for a person. It is up to them to do that. They are going to have to invest their time and their energy and their funds in seeing that that country rebuilds after decades of leadership by a vicious despot who did not invest in the people, did not invest in the infrastructure. He was building palaces and building weapons and putting money in his own accounts outside the country.

So it is going to take some time. It is probably, second, going to be a task for the international community to create—to help the Iraqi people do what needs to be done. It will take time.

Third, I do not think it can be done unless the country is in a reasonably secure and permissive environment, and that is what we need to help with.

Senator HOLLINGS. That is the main point. It has got to start off military, because you must establish law and order. Even after law and order is established, I look upon it and remember the countries of Greece and Portugal coming into the Common Market and the others, Germany, Italy, and all, taxed themselves \$5 billion over 5 years so they could develop the entities of free speech, free press, a respected judiciary, property ownership, and all those kind of things, but first thing was to establish law and order.

Otherwise, if you begin with the people and the people themselves doing it, I agree with you generally, if you allow that you are going to end up with an Islamic democracy. It will be quite some time before we get one man, one vote in downtown Baghdad, and the military is going to have to establish order. I had this experience with all of the demonstrations and everything else: *Salus populi suprema lex*, the safety of the people is the supreme law.

When you have got all kind of entities demonstrating, looting, stealing, and everything else of that kind, you have got to establish the safety of the people.

Secretary RUMSFELD. You are absolutely right. Unless it is a reasonably secure environment, nothing else happens.

Senator HOLLINGS. Right.

Secretary RUMSFELD. It just does not work.

Senator HOLLINGS. Thank you, Mr. Chairman.

Senator STEVENS. Yes, sir, thank you very much.

Senator Shelby.

IMPROVING INTELLIGENCE

Senator SHELBY. Thank you, Mr. Chairman.

Secretary Rumsfeld, I want to first talk a little about intelligence community cooperation, DOD with the intelligence community. Could you give us a little analysis of how far the Department, that is the Department of Defense, has come since September 11th in improving your own intelligence capabilities and cooperating with other intelligence agencies, and what this budget would do to continue that work?

Secretary RUMSFELD. Well, let me answer the second part first, the cooperation. I suppose nothing is ever perfect in life. We are all human beings and we are not perfect. On the other hand, having been in and around government for a lot of decades, I honestly believe that the linkages between the Director of Central Intelligence and Central Intelligence Agency and the intelligence agencies that reside in the Department of Defense and the combatant commanders is I would say better than ever in my knowledge.

It is—I meet with George Tenet probably several times a week, but we have lunch once a week, and we have been able to knit it together at the top. General Franks was able to do that in the region and is currently doing it in Iraq. It is almost not quite seamless between the two.

Senator SHELBY. It is better than it has been, is it not?

Secretary RUMSFELD. Absolutely, absolutely.

Senator SHELBY. Thank you.

Secretary RUMSFELD. And we work hard at it, and I think it is much better.

How much progress are we making generally in the intelligence community? That is a tougher question. I think time will tell. We are doing some big things. As we rewrite war plans and contingency plans and think of them in the 21st century with the changed circumstances, there are things that can be done in intelligence that will inform those plans and enable us to do things differently.

If we have in one case, for example for the sake of argument, 2 weeks warning instead of 2 days' warning, or 2 months' warning instead of 2 weeks' warning, it can affect how we arrange ourselves. We are into that, but we have not completed it. We are working hard at it.

Senator SHELBY. But the intelligence initiative we are talking about, that is central to what you plan to do and how you do it, is it not?

Secretary RUMSFELD. Absolutely.

DOD-NASA PARTNERSHIP

Senator SHELBY. The National Aerospace Initiative. Mr. Secretary, you have been outspoken on the importance of space to military operations and in your support of the National Aerospace Initiative. While the Air Force is partnering with the National Aeronautics and Space Administration (NASA) on various technology

development initiatives that support both their shared and unique mission objectives, I think we can and should do much more to support the National Aerospace Initiative.

Would you elaborate if you could on DOD's partnership with NASA in this regard? Do you see it growing or not growing?

Secretary RUMSFELD. I do not know, to be very direct. The Department has had multiple linkages with NASA dating back to the time when I was on the Space Committee in the Congress in the 1960s, and they have shifted as the focus of our space efforts shift. They each have a distinctive role, the civilian side and the military side.

But we have over the decades, the Department has benefited by the relationship and certainly NASA has benefited by the relationship. How it will evolve in the future I think really I am just not in a position to say.

Senator SHELBY. Would you talk briefly, if you would, about using space superiority to fight smarter and what space-based radar will add to the Department's war-fighting capability? How important is space to all of this? I would say very important, but I would like to hear you.

Secretary RUMSFELD. Indeed it is.

Dov just reminds me here that this budget does provide \$118 million for the National Aerospace Initiative to continue the development of the integrated approach.

In the information age, space plays a critical role and it will increase, not decrease, over time. The need for information and the leverage it provides and the force multiplier it provides through improved situational awareness and through the ability to interconnect the different services and indeed different countries' services into combined joint efforts, space plays a critical linking role there. So you are absolutely correct.

Dr. ZAKHEIM. Sir, as you know, some of our sensors are affected by weather. To answer your question about space-based radar, that would give us 24-hour-a-day, 7-day-a-week capability to see what we want, when we want.

Senator SHELBY. Very important, is it not?

Dr. ZAKHEIM. Yes, sir.

UNMANNED VEHICLES

Senator SHELBY. Secretary Rumsfeld, lastly, the Predator and the Hellfire missile. A lot of us view that as a real achievement, you know, integrating the Hellfire missile onto the Predator unmanned aerial vehicle. Do you see that growing in the future, unmanned vehicles, weaponizing them and so forth?

Secretary RUMSFELD. I do. I think that the things that unmanned aerial vehicles—indeed, I would go so far as to say unmanned vehicles; they may be aerial, they may be surface, they may be subsurface, they may be a variety of things—we will see evolving over the decades ahead in ways that we probably do not even imagine today.

We have been significantly advantaged in the past 2½ years by the availability of unmanned aerial vehicles.

Senator SHELBY. And a lot of that was put together very quickly with the help of our organic labs, was it not?

Secretary RUMSFELD. It was, and indeed, as I mentioned in my opening statement, with some prodding from the Congress.

Senator SHELBY. Yes, sir.

Mr. Chairman, thank you. Thank you, Mr. Secretary.

Senator STEVENS. Senator Hollings—no, Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, and thank you, General Pace and Dr. Zakheim. I note in yesterday's Washington Post the following headline: "Baghdad Anarchy Spurs Call for Help." I read excerpts therefrom: "Baghdad residents and U.S. officials said today that the U.S. occupation forces are insufficient to maintain order in the Iraqi capital and called for reinforcements to calm a wave of violence that has unfurled over the city, undermining relief and reconstruction efforts and inspiring anxiety about the future."

[The information follows:]

[From the Washington Post, May 13, 2003]

BAGHDAD ANARCHY SPURS CALL FOR HELP; IRAQIS, U.S. OFFICIALS WANT MORE TROOPS

(Peter Slevin, Washington Post Staff Writer)

Baghdad residents and U.S. officials said today that U.S. occupation forces are insufficient to maintain order in the Iraqi capital and called for reinforcements to calm a wave of violence that has unfurled over the city, undermining relief and reconstruction efforts and inspiring anxiety about the future.

Reports of carjackings, assaults and forced evictions grew today, adding to an impression that recent improvements in security were evaporating. Fires burned anew in several Iraqi government buildings and looting resumed at one of former president Saddam Hussein's palaces. The sound of gunfire rattled during the night; many residents said they were keeping their children home from school during the day. Even traffic was affected, as drivers ignored rules in the absence of Iraqi police, only to crash and cause tie-ups.

The calls for more U.S. troops to police the city coincided with the arrival of L. Paul Bremer III, the Bush administration's new civilian administrator assigned to run the Pentagon's Office of Reconstruction and Humanitarian Assistance. The U.S. occupation authority, which had previously been headed by retired Army Lt. Gen. Jay M. Garner, has struggled to restore Iraqi institutions since Hussein's government collapsed April 9 in the face of a U.S. military invasion.

Bremer, who met with senior staff members tonight inside the 258-room Republican Palace, pledged that he and Garner would work together for an "efficient and well-organized" transfer of power, with Garner assisting him for an undetermined period. He described his own work as a "wonderful challenge" and said the U.S. task is to "help the Iraqi people regain control of their own destiny."

But the British foreign secretary, Jack Straw, expressed disappointment with efforts so far to bring democracy to Iraq. He told the British Parliament that "results in the early weeks have not been as good as we would have hoped." Straw also said the lack of security in Baghdad has been disappointing.

An office and warehouse belonging to the aid group CARE were attacked Sunday night. In two other weekend incidents, two CARE vehicles were seized by armed men, the organization reported today, asking the U.S. occupation forces to "take immediate steps to restore law and order to Baghdad."

"The violence is escalating," said Anne Morris, a senior CARE staff member. "We have restricted staff movement for their own safety. What does it say about the situation when criminals can move freely about the city and humanitarian aid workers cannot?"

Baghdad residents have been increasingly preoccupied by violence and the uncertainty it has produced, slowing relief and rebuilding efforts. One U.S. reconstruction official said tonight, for example, that as the Americans seek to distribute salaries and pensions, 20 bank branches have been unable to open without U.S. protection in the absence of a credible Iraqi police force.

"Security is the biggest problem we have," the official said. "The banks don't feel comfortable opening, and I agree with that."

Another official said foreign companies have showed interest in installing a badly needed cell phone network, but remain unwilling to do so without a safe environment for workers. The security threat has also limited the ability of reconstruction workers to move through the city and interact with Iraqis. Civilian staff members still have instructions to wear body armor and helmets and travel with military escorts.

Food warehouses, hospitals and government offices have reported security problems, with administrators pleading with U.S. forces to do more. A senior staff member with the U.S. reconstruction office said the responsibility for stabilizing the situation lies with the U.S. military, which President Bush assigned to run postwar Iraq. Any order to increase manpower would have to come from Washington.

"Any time you have a security vacuum," the official said, "the only people who are going to be able to fill it are the military."

U.S. commanders have described Baghdad's security as their top priority and have assigned several thousand troops to guard 200 sites and patrol neighborhoods. But they have also said they do not have enough troops to police the sprawling city or guard every facility that could be targeted by looters.

Lt. Gen. David D. McKiernan, commander of ground troops in Iraq, said the roughly 150,000 soldiers under his command are focusing on many assignments simultaneously, including hunting for weapons of mass destruction and Iraq's missing leaders while also imposing order on a country the size of California.

"Imagine spreading 150,000 soldiers in the state of California and then ask yourself could you secure all of California all the time with 150,000 soldiers," McKiernan told reporters last week. "The answer is no. So we're focused on certain areas, on certain transportation networks we need to make sure are open."

The Pentagon announced early this month that an additional 4,000 soldiers were being dispatched to Baghdad, bringing the total in the city to 16,000. The composition of the force will shift as combat units head home and the number of military police officers grows from 2,000 to about 4,000 by mid-June.

McKiernan emphasized the importance of Iraqis taking charge of their city. So far, perhaps half the city's police force has showed up for vetting and training. But relatively few have returned to active work. All 60 of the city's police stations were looted—five main buildings are occupied by families of squatters.

There is no working communications system, and only a small number of police cars were not ruined by looters during the postwar rampage. Police officers, prohibited by U.S. forces from carrying anything other than a sidearm, are wary of confronting antagonists who can outgun them. The overall situation is further complicated by a disabled court system and a lack of functioning jails.

Carjackings have become particularly frequent. A furniture salesman, Abdulsalam Hussein, said he watched through the picture window of his store as gunmen chased down a Peugeot sedan on a busy square, ordered the occupants into the street and sped away. "They had weapons," he said. "No one could do anything to help."

On Rashid Street today, a U.S. Army patrol endured a busy day in the section of the city soldiers call Looterville. After chasing down two looters inside a telecommunications building, set alight Sunday night, several soldiers from the 3rd Infantry Division returned to their Humvees with sweat running down their dusty faces in rivulets.

"I don't see it getting better. We can't be everywhere, can we?" said Pfc. Jacob Weber, 21. "I feel like a cop, but I'm not a cop."

Across the Tigris River, another 3rd Infantry reconnaissance unit waded into a dispute over a shooting, seized an old pistol and warned the participants to settle their argument by calmer means. The troops headed wearily back to their base, only to stop within several hundred yards of it to investigate reports that gunmen were preventing people from putting out a fire near the gutted Culture Ministry.

"We're like cops in Baghdad now," said one officer in helmet and armored vest. "Iraqi Vice," deadpanned Sgt. Corey Tondre.

Senator BYRD. I was interested in your reference to the lessons that we need to have learned from the past and your comment that we need to apply the lessons from the experience in Iraq. It seems that we are learning the same lesson that Hannibal learned when he went through the entire length of Italy in 16 years. He learned that he needed an occupation force. He needed a force that could stabilize.

He had the speed. He was a great general and I think he was—it was stated by Napoleon that Hannibal was the greatest general

of antiquity. So he could level the cities, he could take the cities, but he could not hold them because he did not have the forces to occupy and to stabilize. As a result, although he had numerous victories throughout the 16 years that he was in Italy, he simply did not have the forces to keep the cities, and as a result city after city, such as Capua, went back over to the Romans after a while.

It seems we are having that same problem in Iraq. The news reports out of Iraq are using words such as "turmoil," "chaos," and even "anarchy" to describe the situation in Baghdad. At this point there is little evidence that the United States had in place any coherent plan for the reconstruction of Iraq following the end of combat.

I fear that we may see a repeat of the situation in Afghanistan, where our forces worked hard to contain the chaos in Kabul, only to see the outlying cities fall back toward warlord control and turmoil.

So I think we have other lessons to learn besides those that you have appropriately listed. We must learn from our mistakes and not be doomed to repeat them. Going into Baghdad, the military had the aim of overthrowing the existing government. Going into Baghdad, we were warned by U.N. agencies and nongovernmental organizations about the lack of water and the unsanitary situation in the city. We knew that medical supplies were scarce. We knew that military action would likely lead to mob action.

I hope that the recent shakeup in the civilian leadership of the U.S. occupation authority will help the situation and will not amount to merely rearranging the deck chairs on the Titanic. But for the time being, it is the U.S. military that has the responsibility of maintaining order in Baghdad.

What specific and immediate steps are you taking as Secretary of Defense to improve the security situation in Baghdad?

SITUATION IN IRAQ

Secretary RUMSFELD. Senator, let me comment on a number of pieces of that. First of all, I think the characterization of "anarchy" is not accurate. It is a headline writer's phrase and it certainly grabs attention. But we were on the phone with the people there and the circumstance is something other than anarchy.

You are quite right, you do not need to learn that lesson that it is important to stabilize. That lesson has been learned throughout history. And General Franks and his team had plans, have plans, and have put in place plans to provide for the security in that country. It is important to note several things.

Number one, every jail in that country to my knowledge was emptied. So on the street are looters, hooligans, and bad people. They have to be rounded up and put back in. That takes a little time. You do not do that in 5 minutes. If we emptied every jail in the United States of America today, you would not in 50 days or 40 days or 30 days or however many days since that war has ended—what is it, 20? 20 days, I guess, 3 weeks—you would not be able to round up all those criminals and bad people and put them away again.

There are also Baathists there. Not everyone was captured or killed. And they do not wish us well. They still are part of the old regime, and they have to be rounded up and identified.

Next, we do have a good force there in the country. I forget what it is, but United States is probably 142,000, and coalition forces are probably another 20,000 plus. They have recruited and put back on the streets in that country I am going to guess close to 20,000 Iraqi police people. We have had donors conferences and force generation conferences in England and elsewhere to get coalition countries to come in and supply, provide additional forces.

We have, if I am not mistaken, plus or minus 15,000 additional U.S. forces that are due to arrive in Iraq over the next 7 to 20 days. The deployment of those forces and how they are actually utilized in Baghdad—and you asked, do we have a plan. The answer is yes. We were briefed on it again today and it is being implemented.

My personal view is that the idea of chaos and turmoil and anarchy in the city is, as I say, an overstatement. We were told today that maybe two-thirds to three-quarters of the city is stable. Now, that is not permissive; it is stable. Another portion of it, particularly in the north, is less so, and most of the city at night the hooligans are out and the criminals, trying to loot and do things.

We have had people shot, wounded, and killed in the last 48 hours there in Baghdad. It is a problem. It is critically important, as Senator Hollings said, that the one thing that is central to success is security. We have a full court press on that. The forces there will be using muscle to see that the people who are trying to disrupt what is taking place in that city are stopped and either captured or killed.

Senator BYRD. How many U.S. troops are currently in Baghdad? Do you expect to increase that number? And are there any other coalition forces currently in Baghdad?

FORCES LEVELS IN BAGHDAD AREA

General PACE. Sir, if I may, the current number of coalition forces and U.S. troops in the greater Baghdad area is about 49,000. There are additional troops arriving as we speak. General Franks and his commanders are reviewing the situation on the ground to see how they might reset themselves in the city to be able to provide the kind of patrolling and presence that is necessary to provide the stability they need.

Senator BYRD. Can you speak to the number, the increase in forces?

General PACE. Sir, right now you have the First Armored Division is arriving as we speak and that is an additional 20,000 troops who are arriving right now, sir.

Senator BYRD. So that would bring it up to 69,000?

General PACE. If General Franks and his commanders determine that that is where they should go, yes, sir.

Secretary RUMSFELD. But it is up to the combatant commander to decide how he deploys those troops and he has not to my knowledge made a final judgment.

General PACE. He has not, sir.

MR. JAY GARNER

And sir, we are out of time, but I would be wrong if I did not point out that Jay Garner is a great American doing a great job, and the term “shakeup” with regard to him and his administration and what he has been doing really does him a disservice. This new civilian going over has always been part of the plan. I should defer to the Secretary on this, but Jay Garner under the U.S. military command that he has been working under has done a fabulous job.

Senator BYRD. My time is up. Let me ask one further question. What commitment has the United States received to date for peacekeeping forces from other nations?

Secretary RUMSFELD. First let me just underline what General Pace said about General Garner. This is a first-rate individual. He has been working since late last year. He has done a spectacular job out there. He has put together a team of people and they are living in very difficult circumstances.

He is not being replaced. From the very outset, it was clearly understood that at some point a senior civilian would be brought in, and Ambassador Bremer is that individual. They are working closely together and it is unfortunate when the implication is suggested that there is some sort of a shakeup because there is a problem. There is no shakeup. This has been part of the plan since the very outset.

COMMITMENTS OF PEACEKEEPING FORCES

I cannot answer your question about how many foreign troops have agreed. There are I believe already something like eight or ten countries that have indicated their willingness to send troops. Some of them, it depends on their parliament approving it. Some of them, it may depend on having a United Nations (UN) connection of some sort, which is now being worked on in New York.

But the talk was of—how many divisions, do you recall?

Dr. ZAKHEIM. Sir, two divisions initially, between now and the next several months.

Senator BYRD. Would you please list those?

Senator STEVENS. Your time has expired. I am sorry, Senator.

Senator BYRD. Yes, I understand.

Would you please list those countries for the record?

Secretary RUMSFELD. If they have publicly so stated, we will be happy to.

[The information follows:]

The following is a list of countries who have publicly provided significant contributions to coalition operations.

INTERNATIONAL SUPPORT AND COALITION CONTRIBUTION TO OPERATION IRAQI
FREEDOM AND POST-WAR IRAQ

Countries supporting Coalition operations: 66.

Troops in the Coalition: more than 40,000.

Aircraft in the Coalition: 190, including ship-based helicopters.

Ships in the Coalition: 58.

Significant Coalition Ground Contributions

Albania—Deployed an Infantry Company in Northern Iraq.

Australia—Deployed Special Operations Forces (SOF).

Bulgaria—Prepared to deploy a light Infantry unit.

Czech Republic—Deployed a Nuclear, Biological, Chemical—Consequence Management (NBC-CM) unit to Kuwait.

Republic of Korea—Deploying a Construction and Engineering Support Group to Iraq to conduct infrastructure reconstruction and repair.

Italy—Prepared to deploy a Mechanized Infantry Brigade.

Kuwait—Committed Peninsula Shield Forces for the defense of Kuwait.

Lithuania—Deployed a cargo handling team to Kuwait.

Netherlands—Deployed Patriot batteries to Turkey, to support NATO Article IV defense of Turkey during hostilities.

Poland—Deployed a Coalition NBC-CM unit to Jordan; deployed Polish SOF; preparing to deploy a division and assume operational responsibility of one sector in Iraq.

Romania—Deployed an NBC-CM unit to Kuwait, to respond to any Area of Responsibility-wide WMD event; maintains additional units on a Prepare to Deploy Order, to respond to component needs within the Iraqi Theater of Operations.

Slovak Republic—Deployed an NBC-CM team to Kuwait, to support AOR-wide response to a WMD event.

Ukraine—Deployed an NBC-CM Battalion to Kuwait, to support AOR-wide response to a WMD event.

United Kingdom—Deployed Special Operations Forces; UK forces were directly responsible for coalition successes in Basrah and southern Iraq.

Significant Coalition Air Contributions

Australia—Provided 14 fighter aircraft, three helicopters, and two aircraft for airlift.

United Kingdom—Provided 66 fighter aircraft, 14 tanker aircraft, 41 helicopters, 10 reconnaissance aircraft, four AWACS aircraft and four aircraft for airlift.

Significant Coalition Naval Contributions

Australia—Deployed three ships (two frigates and one support ship) to conduct Maritime Interception Operations in the Persian Gulf enforcing U.N. sanctions against Iraq; deployed two P-3 aircraft to conduct Maritime Patrol mission in support of OIF.

Denmark—Deployed one coastal submarine and one frigate in the North Arabian Gulf.

Spain—Deployed one frigate and one support ship to the North Arabian Gulf to support their Landing Platform Vessel (LPD) with embarked medical unit.

United Kingdom—Deployed the largest number of coalition vessels in support of OIF, with a maximum of 31 vessels. These forces included destroyers, frigates, aircraft carrier, helicopter carrier, supply ships, mine counter measure forces, and submarines.

Significant Coalition Humanitarian Assistance/Medical Contributions

Australia—Delivered two C-130 aircraft full of medical assets to Talill, Iraq.

Czech Republic—Deployed 50-bed Level III Field Hospital to Basrah; deployed six water purification units to Iraq to areas with urgent potable water requirements. Czech forces will train local Iraqi personnel to operate these units, and leave the units in Iraq.

Denmark—Deployed a three man surgical team to Jordan.

Italy—Deploying a Level III field hospital, with associated security personnel (Carabinieri and Army), water, sanitation, and civil engineering specialists.

Republic of Korea—Deployed a Medical Support Group, consisting of a Level II + Field Hospital to An Nasiriyah. Hospital has 60 beds.

Kuwait—Donated medical supplies to Umm Qasr; Kuwait flew the first non-U.S./Australian/British military aircraft into Baghdad International Airport, delivering a Field Hospital with 40 beds.

Lithuania—Deployed four medical personnel with trauma and orthopedic surgery specialties to Umm Qasr, where they are integrated in the deployed Spanish Field Hospital.

Spain—Deployed one medical facility (Level II+, 14 beds) embarked on an LPD and one deployable Field Hospital (Level II+, 40 beds) to North Arabian Gulf and Umm Qasr, respectively. To date, they have treated in excess of 1,800 non-enemy prisoner of war personnel and incorporated Lithuanian medical personnel in Spanish facility at Umm Qasr. A Marine platoon and engineer unit are supporting humanitarian reconstruction in the Umm Qasr and Basrah areas.

Senator STEVENS. Very well.

Senator Cochran.

Senator COCHRAN. Thank you, Mr. Chairman.

PERFORMANCE OF ARMY PATRIOT PAC-3 SYSTEM

Mr. Secretary, the recent experience in Iraq indicated that the Army Patriot PAC-3 system successfully defended our forces against Iraqi missile attacks. My question is whether or not your assessment is consistent with the reports that were made available to us in the press that this system worked as it was intended and expected to work, and does the budget contain funds to continue to build systems like this and others that might protect our forces and our country against even longer-range missiles?

Secretary RUMSFELD. The budget does have, as I note here, some \$736 million for PAC-3, \$561 million of which is for procurement and \$174 million for research, development, test, and evaluation.

My preliminary impression is identical to yours. I know that the lessons learned will be coming back with greater specificity, but from what you hear anecdotally there is no question but that the PAC-3 was effective. I should also add, however, that we do have to do a better job of deconflicting. You may recall that there were some incidents where PAC-3s actually intercepted U.S. aircraft and friendly aircraft. How that—what those lessons are and how we can improve that—it has always been true in every conflict that those things happen, but our goal obviously is to do it perfectly, and in that case we did not.

Pete?

General PACE. Yes, sir. United Kingdom (U.K.) aircraft, sir.

Senator COCHRAN. General Pace, I understand that the Medium Extended Air Defense System (MEADS), may offer significant enhancements over the PAC-3, but because of funding constraints and other considerations it is not to be fielded until fiscal year 2012. Is this an accurate assessment of when we will see this system deployed and what is the outlook for deployment of other systems that build upon the PAC-3's successes?

General PACE. Sir, there is about \$280 million in this particular budget for the medium-range missile. I do not know the date. As you stated, I will have to take that for the record. But I can reinforce the fact that the PAC-3 system and, in fact, all the Patriot systems in Iraq and Kuwait were—first analysis is that every troop concentration was under an umbrella of a missile system and that no missile got into any of those umbrellas.

[The information follows:]

The current fielding schedule for the Medium Extended Air Defense System (MEADS) is First Unit Equipped in fiscal year 2012. However, recent Defense Acquisition Board (DAB) direction to combine the PATRIOT and MEADS programs should provide a significantly increased Theater Air and Missile Defense capability earlier than fiscal year 2012. The DAB decision to combine the two programs is based upon the successes of the PAC-3 missile as the primary interceptor and the desire to field the MEADS capability to the Services and Allies as rapidly as possible.

MISSILE DEFENSE

Senator COCHRAN. Well, I want to congratulate you and the Secretary in the leadership that is being provided to ensure that we can continue to build upon those successes of missile defense. We know that Testbed Alaska is under construction now and the intent

is to deploy a system that can defend against much longer range missiles in the future.

Do you think the budget request for those longer range systems and the construction schedule is sufficient to meet our needs for defense capability for our homeland?

Secretary RUMSFELD. Senator, I know you have been long active in this important area. With the end of the Anti-Ballistic Missile (ABM) Treaty and the ability for the first time to go out and actually test different ways of doing things, we were able to move into a period that has contributed to our knowledge and to the country's knowledge in these technologies. That is a good thing. It is a good thing from the standpoint of each possible alternative of boost and mid-range and terminal. It is a good thing from the standpoint of the system you mentioned for Alaska. It is also a good thing from the standpoint of sea-based systems.

My feeling is that General Kadish has done a terrific job in that role in my view, has got a pretty good balance in his proposals as to where we ought to put our money to gain additional knowledge and, as you point out, to also develop this beginning of a capability to intercept relatively low numbers of Intercontinental Ballistic Missiles (ICBM's).

SHIP LEASING AND DEFINING REQUIREMENTS

Senator COCHRAN. On another subject, I know that both the Navy and the Army have been experimenting with leased vessels to define the requirements of the Littoral Combat Ship in the case of the Navy and the Theater Support Vessel that the Army considers important for its purposes. I understand too the Army is considering leasing a lot more of these vessels. They are catamaran-type vessels, high-speed vessels.

We have shipbuilding firms on the Mississippi Gulf Coast that are very capable of building cost-effective ships for our military and I wonder whether you will look at this leasing plan and see whether or not it might be more appropriate to build these ships rather than to lease foreign vessels for experimentation and analysis.

Secretary RUMSFELD. Let me have Dov answer that.

Dr. ZAKHEIM. One of the reasons, Senator, that these leases are being looked at is because they are still trying to define exactly what kind of platforms they have in mind. The Littoral Combat Ship is a good example. I know down in Mississippi you have a tremendous composite facility which has come up with a completely new type of composite ship.

The issue really is defining requirements, and until they have got them nailed down—and as you know, the Navy has been working on that for its part and the Army for theirs—in order to just get a sense of what requirements might be needed, they are leasing. I do not believe that that is the long-term intention.

Senator COCHRAN. Thank you very much.

Thanks, Mr. Chairman.

Senator STEVENS. Thank you, Senator.

Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

Interesting listening to this and interesting how much we have improved in the high tech area of our military. Mr. Secretary, you

and I have talked before about such things as using drones and all, but I think we are in absolute agreement on the fact, especially for surveillance and everything else, it is a lot easier to stick something up there that, if it does get shot down, we have lost a drone, we have not lost a person. It can stay longer and you have more flexibility.

We also—I know this committee funded an Advanced Data Link that allowed target information to go to our aircraft quickly. That was an initiative that I had worked on. This committee had funded it. I hear that, from pilots over there, that the Gateway made a real difference and I want to compliment those who used it.

In Iraq we confirmed the total force concept. We had the Guard, the Reserves, the Active force fighting side by side. The commanders tell me they were an integral part of our military victory. I am concerned, however, that benefits for our reservists have not changed. For example, about 20 percent of reservists do not currently possess adequate health insurance. I am told this undermines readiness, undermines recruitment, and so on, retention.

TOTAL FORCE POLICY AND TRICARE FOR RESERVISTS

Would you support legislation to make reservists eligible for Tricare on a cost-share basis?

Secretary RUMSFELD. Senator—

Senator LEAHY. And I just say, I ask that—I am the Co-Chair of the Guard Caucus and it is a bipartisan group. We have a lot of members who are interested.

Secretary RUMSFELD. I have discovered that I best not answer questions like that until I look at the numbers and costs and see what one has to give up to have something like that.

Senator LEAHY. Would you do that and submit it to me?

Secretary RUMSFELD. We will be happy to take a look at it and see what the costs are. I would add this, that you are quite right, however; the total force concept works. It has worked in the conflict. It is working today. But one of the delays in calling people up was that, you are right, their teeth needed to be fixed and various other things that they had not paid attention to.

It may very well be at some point that there would be some advantage in having certain elements of the Guard and Reserve more ready, that is to say having had their teeth checked and having had those kinds of physical checks so that there is not a delay and a big paperwork rush when you are trying to get people on active duty.

Senator LEAHY. I am also concerned about the health insurance because there is a long hiatus and they may be without it. I would be glad to work with your staff on this, but this is a growing concern. Those of us in the caucus from both parties are concerned about it. We hear from our home States and all.

I think it is something, we are pushing for legislation on this. I think it is something that can be done that would ultimately be a very cost-effective thing. I realize this is not a question where you have the answers on the top of your head, but would you direct your staff to work with mine so we can share this information with the whole Guard Caucus?

Secretary RUMSFELD. We would be happy to dig into it. Thank you.

[The information follows:]

The Department has over the past 2 years used existing legislative authority to ensure equality of benefits under TRICARE for the activated Reserve and active duty force and their families.

TRICARE implemented its demonstration authority and provided immediate relief to activated Reserve family members by waiving the requirement that they obtain a non-availability statement from a Military Treatment Facility; by waiving the requirement that they meet their statutory deductible under TRICARE Standard; and by paying up to the legal liability limit to non-participating providers, thereby relieving them of the need to pay anything above their normal cost share.

Recently, the Department changed its policy to allow the activated Reservist's family member residing in the catchment area of Military Treatment Facilities to be eligible for TRICARE Prime after the Reservist has been activated for 30 days, as opposed to the previous 180 days.

Congress last session provided the TRICARE Prime Remote for Active Duty Family Member (TPRADFM) benefit to reserve family members, but only if they "reside with" the reserve member. The Department is interpreting this language liberally to allow the family members to be eligible for TPRADFM as long as they reside with the Reservist at the time orders are received, rather than requiring the family to continuously reside with the member.

The Department, however, does not support legislation that would make Reservists or their family members eligible for TRICARE when not on active duty. The GAO has estimated the cost of providing the TRICARE benefit for Reservists who are not on active duty at approximately \$2 billion per year.

WEAPONS OF MASS DESTRUCTION IN IRAQ

Senator LEAHY. Why haven't we found the WMD?

Secretary RUMSFELD. Locating hidden WMD in a country the size of Iraq will be difficult and time consuming. Voluntary disclosure by Iraqi citizens will probably prove to be the best sources of evidence. Finding documents will aid in the search, however, and interviewing program personnel is critical for locating WMD.

Senator LEAHY. Secretary, were you surprised we have not found any weapons of mass destruction in Iraq yet?

Secretary RUMSFELD. Not really. I have believed all along that the inspections, the U.N. inspectors, had very little prospects of finding anything by discovery. I have always believed that they would be—they or the people on the ground, in this case us, will have the best prospect of finding the weapons programs and documentation and the weapons themselves through people who have been involved in those programs and come up and tell us where to look.

The government lived many lies, but one of the lies they lived for decades, at least better than a decade, was the ability to fool the inspectors. They actually arranged themselves so that they could live with the U.N. inspectors.

Senator LEAHY. No, I understand that, and I have read a number of the reports, as you have, reports we cannot go into in open session. But we are on the ground now. We have gone to a number of the areas, gone extensively into a number of the areas that we had felt and our military and our intelligence had felt would be areas of weapons of mass destruction and have not discovered anything.

I wonder, if those weapons are there, why they—and if they were, they were not used against our troops. I am very thankful

for that, as are you and General Pace and everybody else. But I wondered why, why they were not.

I am also concerned, if they were there, especially in the areas that we had said that we wanted to look at and now have looked at, is there any possibility that they have seeped out and are now in the control of terrorists whose interests are inimical to us?

Secretary RUMSFELD. I certainly would not say that something like that is not possible. With porous borders—and that country I suppose had borders pretty much like we do with Canada and Mexico. There are plenty of things that move back and forth across those borders in Iraq that—

Senator LEAHY. You probably do not want to go too, too far with comparing Iraq's and Syria's borders with ours with Canada and Mexico. We are a little bit friendlier with those two countries, I hope.

Secretary RUMSFELD. My goodness, yes.

Senator LEAHY. I live only an hour's drive from Canada.

Secretary RUMSFELD. We have wonderful people on both sides trying to maintain the border. But the fact is that things move across those borders, and they are moving clearly across the Iranian border, the Syrian border, into Iraq and out of Iraq. I do not think that I could say that, with certainty, that things were not moved out, either by the Government of Iraq or by others.

Senator LEAHY. But you do not have any indication that they had set up with the intent of using such weapons against our forces when we began to attack?

Secretary RUMSFELD. There was—I am trying to think what I can say in an open session and I guess there is not much I can say in an open session.

Senator LEAHY. Well then, perhaps what you may want to do is submit in the normal classified fashion a response on that one.

Secretary RUMSFELD. The fact is we do see intel chatter that suggests that things might have moved, but—

Senator LEAHY. I am talking about the fact of why they did not use it against us.

Senator STEVENS. Your time has expired.

Senator LEAHY. Mr. Chairman, could I request the staff so cleared for such information follow up on that last question in a classified portion? Thank you.

[The information follows:]

It is unclear why WMD was not used. The possibilities include, that the Iraqis were too busy moving the WMD for purposes of flight or hiding that they were unable to use it in combat, that no orders for WMD use came due to quick regime collapse, that Iraqi soldiers refused orders to use WMD, or that the Iraqis destroyed the WMD prior to coalition troops arrival.

Senator STEVENS. Senator Domenici.

Senator DOMENICI. Mr. Secretary, I did not come to the hearing this morning as familiar with what happened to Hannibal and the Romans, but let me tell you I came here just as concerned as Senator Byrd about the stability or lack of stability in the daily lives of the people of that country, and I remain genuinely concerned that we are in a situation where we may have won the war and we lose the battle.

So I cannot stress enough that we do whatever is necessary to bring law and order to that country and that we establish some kind of a plan quickly for the orderliness of that society. I understand that we were surprised by a number of things, such as the condition of their infrastructure. We assumed that it was better than it is. It is breaking down in places and at intervals that we had not expected, and that causes confusion, causes concern, and ultimately blaming Americans if things are not going right.

In that regard, I wonder why your answers continue to be that this will be handled by the distinguished General who won the war. I wonder why it is his job to keep that situation going and why there is not some other kind of order that is going to be established quickly that is not under his direct command. If you might answer that for me in a moment, I would appreciate it.

Secondly, it seems to me that it is absolutely imperative that the United States maintain order, regardless of how difficult it is, because without it there is a real chance that the people of that country will assume that the victory that we claim is not a victory at all. Could I have your comments on that quickly, and I have two other very brief questions.

U.S. COMMITMENT AND COMMAND ARRANGEMENTS

Secretary RUMSFELD. Yes. First, the President has said publicly that the United States and coalition forces will put whatever number of forces are needed for as long as they are needed, and there is no disagreement about the importance of providing security.

Second, the command arrangements are as follows. The combatant commander reports to me and I report to the President. He has the responsibility for security in that country. The humanitarian side of that and the non-security side, the non-military side, is now in the hands of the individual who has been mentioned previously, Ambassador Jerry Bremer, and he has under him all of those things other than security, and he reports to me and I report to the President.

The infrastructure, as you properly point out, was badly degraded over the decades. The power situation, for example, in Baghdad is so fragile that getting it back working 100 percent of the city 100 percent of the time is not a simple matter, and it takes some time. For example, prior to the war only 60 percent of Iraqis had reliable access to safe drinking water. Ten of Basras 21 potable water treatment facilities were not functional before the war.

Now, as I said earlier, you empty all the jails and you put a bunch of hooligans out and you look at an infrastructure that was not working before the war, and then everyone says: Well, my goodness, it is chaos, it is turmoil; what is the matter with you? You have been there for 21 days and you have not solved all the problems.

I think that they are doing a terrific job. They will continue to do a better job. The circumstances of the people in that country are better than they were before the war. They are going to get better every day. We are finding mass graves, thousands of human beings that were killed by that government. What should we do? Would you rather have a policeman here or someone down there guarding those graves? Would we rather have someone here?

There are lots of priorities, and we cannot make a country that has been badly treated and abused and a people that have been badly treated and abused for decades, we cannot make it right, we cannot make it like the United States, in 5 minutes, and we know that. We have got wonderful people out there doing a darn good job and their circumstances are going to get better every single day.

Senator DOMENICI. Mr. Secretary, I wholeheartedly agree with you and I am not arguing with you. I am merely suggesting for the public record that if there is one thing we are good at it is establishing order and establishing a way of putting things into a sense of order and developing construction techniques and construction formats that are credible and that people will believe and can see. And I merely urge that these happen quickly. I have not heard much about that. I assume that I will, and I thank you for your answer.

The second question has to do with one that has bothered me in terms of informing the public of something we did that was rather spectacular. Our ability to target our weapons was a spectacular achievement. It is a combination of technology, much of which is secret, much of which we cannot divulge. But I have wondered whether or not it is possible that you could have a neutral group evaluate how we went about, what care we took, how much emphasis, energy, time, money, and resources we put into this episode, and have it as some kind of a feature to show the world what we have done.

So far it is just something that we can see in terms of the effect. It would seem to me it would make an incredible story, put forth by credible writers, as to what we had to go through to get there. I can imagine the hours spent in trying to determine which target versus another target. I can imagine time spent looking at a building to see who occupied it and when so we would know whether or not to strike it or not because the occupants are innocent people. In fact, I happen to know those kinds of decisions were made.

It seems to me that to get that out in a tabloid form where everybody could understand and see it would be a remarkable positive for American involvement in this particular war. I would like your comments and I thank you for your testimony.

CAREFUL TARGETING IN IRAQ

Secretary RUMSFELD. Senator, you are certainly obviously very knowledgeable and exactly correct. The amount of—the hundreds of hours and the hundreds of people that were involved in looking at targets and making judgments about which targets would give the greatest advantage with the least potential for collateral damage; what time of day to strike a target where there would be the fewest innocent people in any area; what direction the weapon should be directed so that it would avoid civilian areas; what type of weapon to use; how to use that weapon; how to fuse it.

All of those things were gone into with enormous care and detail. And you are right, it would be a story that would reflect very well on the United States and on the people involved.

Senator DOMENICI. Would you mind taking a look at whether that could be done?

Secretary RUMSFELD. I will certainly take a look at whether it could be done.

Senator DOMENICI. I do not mean to burden you with all the other things you have, but it seems to me to be public relations, a very, very positive kind of thing.

Thank you.

Senator STEVENS. The Senator's time has expired.

Senator DOMENICI. Thank you, Mr. Chairman.

Senator STEVENS. Senator Feinstein.

Senator FEINSTEIN. Thank you very much, Mr. Chairman.

ROBUST NUCLEAR EARTH PENETRATOR

Mr. Secretary, I wanted to take this discussion in a slightly different way and I wanted to talk about the Robust Nuclear Earth Penetrator. I read the nuclear posture review when it came out in 2002 and saw where, if that were put into actual public policy, there would be a substantial departure from where this Nation in the past was going with respect to nuclear weapons.

Then as I looked at the doctrines of unilateralism and preemption and see the authorization that has been requested for \$15 million to continue the study of the Robust Nuclear Earth Penetrator (RNEP), the likelihood is that that authorization will pass and that we will be faced with an appropriation of money as well.

The way I see it, development of the RNEP represents a blurring of the line between conventional and nuclear weapons that may very well undermine our efforts to limit proliferation, and which may give nuclear armaments a role in this new United States doctrine of preemption. So I am obviously very concerned about it and wonder why, with the massive conventional weaponry that we have at our disposal, whether it be a daisycutter or a conventional bunkerbuster or the other things that we have, why is it necessary at this particularly tenuous point in time to begin a new effort with respect to nuclear weapons which can only in my view take us down a disastrous course?

Secretary RUMSFELD. Senator, let me make a few comments on some of the things you said so that the record is very clear. You indicated that there is a proposal that you think is going to pass to develop a tactical nuclear weapon, I believe you said.

Senator FEINSTEIN. An authorization for \$15 million for the Robust Nuclear Earth Penetrator.

Secretary RUMSFELD. Right. And I think that is not accurate. I think that there is a proposal to fund a study, not the development, not the production, but a study. Let me tell you why. And you smile, but it is a serious matter that we do not have in the inventory the ability to deal with an underground, deeply buried target.

We are looking and studying a variety of ways that that might be done, one of which is the one you are mentioning, which is a study, not the development, not the building, no major departure as you suggested.

I would say this, that I do not think it would blur—studying the possibility of developing in several different ways, one of which is the one you mentioned, an ability to hit a target that is deeply buried is not going to in my view blur the distinction between conventional and nuclear weapons. You are right, if you study it someone

might say, well, then you could build it some day. And that is true, you could, you could decide it. But that is a totally different issue and it is not part of what is before the Congress, as your statement suggested.

Why do I not think that it would blur it? Nuclear weapons were used once, in 1945, and they have not been fired since in anger. That is an amazing record for human beings. Never in the history of mankind have there been weapons that powerful or anything approximating it, that distinctly different, that have not been used. They have not been used.

Now, what does that mean? It means at least civilized countries, democracies, the ones that have those weapons thus far, and the few that are not democracies that have them, have made a conscious decision that there is a big difference in crossing that threshold. The United States has been at war in Korea, we have been at war in Vietnam, we have been in war lots of places since 1945, and they have never been used.

No President is going to think that the line is blurred suddenly because of a study to see if we can develop an ability for a deep earth penetrator, in my view. Am I correct in—

Senator FEINSTEIN. May I ask you further on that?

Secretary RUMSFELD. Sure.

Senator FEINSTEIN. According to the press reports, the nuclear posture review puts forward several scenarios in which the United States would consider a first use of nuclear weapons. I can mention them here if you wish. And when that comes out in 2002, although it was somewhat debunked by the administration, a year later we find that the studies are beginning to develop new tactical nuclear weapons.

Yes, nuclear weapons were only used once before, but they were used by the United States, and now we have concern about India and Pakistan, we have serious concern about North Korea, and our efforts have been to limit the proliferation of nuclear weapons. To me, it is counterproductive to our overall purposes of limiting proliferation to begin studies that take us into the area of the possible use of tactical nuclear weapons.

Would you comment?

Secretary RUMSFELD. You bet. I have to again correct what you said. You say we now found out that the United States is beginning to develop tactical nuclear weapons.

Senator FEINSTEIN. No, I did not. I beg your pardon.

Secretary RUMSFELD. Oh, I misunderstood, then.

Senator FEINSTEIN. No, no. I say we now find that a study. I mean, I accept your word. I have no reason not to accept your word that this is a study.

Secretary RUMSFELD. My point is we have tactical nuclear weapons, theater nuclear weapons. We have had them for decades. They exist. We have lots of them. We have a fraction of those that—

Senator FEINSTEIN. Can we confine it to the Robust Nuclear Earth Penetrator.

Secretary RUMSFELD. I did. I pointed out it is a study and it is not the development of a tactical nuclear weapon, as you suggested. It just is not. We have lots of studies and we should do studies. We have lots of war plans and contingency plans, and we should have

those. We do not use them all. Obviously, the job of the Department of Defense is to be prepared to defend the American people, and that is what we do. We plan, we study things, we try to develop different kinds of capabilities from time to time.

But any development program would have to come before this body.

Senator FEINSTEIN. No, I understand that. It is just in the public policy that one might look at nuclear weapons. If we are trying to discourage their use, now that we have this well-established doctrine of preemptive action, unilateral action, and you add to this possible scenarios where nuclear weapons could be used, why does that not encourage other nations to become nuclear in response?

Secretary RUMSFELD. Well, first let me say one thing. You mentioned unilateral action. In the Iraq effort there were 49 nations involved. I keep reading in the press about unilateral this and going it alone that. It was balogna. There were 49 countries in one way or another assisting in that effort. It seems to me that that is just a fact.

If you think about the proliferation problem, it is a serious problem, and I agree completely with you and I worry about it a great deal. The fact is we could have 50 percent more, even 100 percent more, nuclear nations in the next 15, 20 years, and that is not a happy world to live in. It is not a good thing.

The idea that our studying a deep earth penetrator, studying a nuclear deep earth penetrator, is going to contribute to proliferation I think ignores the fact that the world is proliferating. It is happening. It is happening without any studies by us. It is going on all around us. North Korea will sell almost anything it has by way of military technologies for hard currency. That is what they do.

I think that any implication that a study in the Department for that would contribute to proliferation simply is not consistent with the fact, because we have got a world that is filled with proliferation. It is pervasive.

Senator STEVENS. The Senator's time has expired.

Senator FEINSTEIN. Thank you, Mr. Chairman.

Senator STEVENS. We will now go to the second round and limit it, if it is agreeable, to 5 minutes. I have agreed that the Secretary and General and Deputy Secretary would be able to leave at 12:30.

Let me start off with just one statement, Senator, Senator Feinstein. The implications of the Senator's questions are that Harry Truman was wrong. Two of us sitting here were part of the 2-million-man force that was in the Pacific that might have had to be used to invade Japan. I think Harry Truman goes down in history for having the courage to make that decision. Not that I think any future President will make the same decision, but if in that same position I hope we have the weapons and I hope we have the President who has the courage to make the decision for our national survival.

My question to you now, though, Mr. Secretary—that took 5 minutes? We have a situation on these weapons of mass destruction. Several of us were among those that were briefed by your intelligence people, the Central Intelligence Agency (CIA), and others

on the probable existence of those weapons. I think it is absolutely necessary we follow every possible avenue to get them.

SOLICITING INFORMATION ON WEAPONS OF MASS DESTRUCTION

My question is, have you advertised a reward for those people who might have that knowledge? Any one of those people who come forward and gives us the knowledge of the existence of those is dead unless we take care of them. I hope we are advertising a substantial sum of money for creating a new life if they come forward and help us get that information.

Secretary RUMSFELD. I have not seen radio or leaflets or specific documents that do that. I do know that we have asked that that be done and that there are reward systems and that people are being encouraged to come forward, and that I have said publicly to the Iraqi people that their circumstance will be much better if they come forward.

The problem of amnesty is a difficult one because of the fact that the Iraqi people may decide to make judgments about Iraqi people who served Saddam Hussein's regime. So it is a tricky business.

Senator STEVENS. Well, we moved this gentleman who came forward on Private Lynch and brought him to this country immediately. I think we have that power now. I hope we use it in terms of this search for these weapons.

Secretary RUMSFELD. I agree, it is extremely important.

CALLUP ON RESERVE COMPONENT PERSONNEL

Senator STEVENS. Let me ask one last question so others may have some time. I know that we have taken into the regular service, I guess we have called up, guardsmen and reserve people. We are now, I am told, demobilizing 50,000 reservists and guardsmen per month, but we are still calling other people up.

What can we see in terms of this process of demobilization as far as the Guard and Reserve is concerned?

Secretary RUMSFELD. Senator, let me say a couple of things. First of all, we are not demobilizing 50,000 a month. I do not know where that came from.

Senator STEVENS. That was a statement that was made to us during the supplemental on the record here, that we would demobilize 50,000 a month.

Secretary RUMSFELD. We would is what it said, I think. You said we are, I thought.

Senator STEVENS. That was the aggressive assumption that was given to us at the time, that we would demobilize 50,000 a month.

Secretary RUMSFELD. I think that may have been an assumption in a proposal that suggested at that point where it was possible to do so from a security standpoint on the ground you would then begin demobilizing. Thus far, what we have returned to the United States both Active, Guard, and Reserve are essentially Navy and Air Force personnel. Practically no Army or Marines have been brought back.

General PACE. Correct, sir. The projection, sir, in that budget supplement was about we thought perhaps 90 days of combat. That turned out to be not the right number. We thought there would be 50,000 per month, because we had to have some kinds of projec-

tions so we could prepare a budget supplemental that had some validity to it. That is where the 50,000 per month comes from.

As we sit here, the services are going through their own analyses and will present to the Secretary later this week or the beginning of next week their proposals on how to reconstitute the force, Active and Reserve, in a very systematic way that allows us to have the force on station that is needed today and allows us to regenerate our long-term capability.

Senator STEVENS. Okay. I do not want to take the time for it now, but that assumption was the assumption for our supplemental. I started today by asking you about have you got enough money. That is tied into that matter. If we are not going to demobilize them, then we do not have enough money to keep them much longer. Would you give us a statement for the record of what we can see in terms of that demobilization, how it affects the money that you have still got available?

Secretary RUMSFELD. Yes, sir, we will do that. I will just say briefly, what we did was we made a set of assumptions and said they were only assumptions, and that if it played out this way this is roughly what it would cost. And then we said, if this were longer, this would be shorter.

[The information follows:]

The fiscal year 2003 Supplemental provided \$13.4 billion to the Department of Defense in Active and Reserve Military Personnel Pay. Presently, U.S. Central Command's stability operations plan for Iraq is still evolving because of the dynamic environment inside the country. The final plan could require a greater than planned presence, including the Reserve Component. The current projection is that the Services will fully execute the funding appropriated in the Military Personnel Accounts. It remains our goal to reduce the numbers of our Reserve Component on active duty as quickly as possible, while at the same time not jeopardizing our commitment to Operation Iraqi Freedom and the Global War on Terrorism.

Senator STEVENS. Right.

Secretary RUMSFELD. And therefore it balanced. And we thought that, regardless of whether the assumptions proved to be exactly right, which as Pete points out they are not right, nonetheless the money might be roughly the same. And at least at this moment, the Comptroller believes that is the case.

Senator STEVENS. But it looks to me like both are longer, Mr. Secretary.

Secretary RUMSFELD. Well, the war was shorter.

Dr. ZAKHEIM. The war was shorter and in addition, if you keep the people out there, then you are not spending the money that we did assume and budget to bring them back. So there really is an offsetting factor, and we are still pretty confident in the number that we got from you for the supplemental.

Senator STEVENS. I would like to see a paper on it if we can.

Secretary RUMSFELD. And sir, if we were continuing the war, instead of like 90 days, think of the ammunition we would be using and the cost of replenishing all of that. So there were so many variables that I think we are probably in the ballpark.

FORCE LEVELS IN IRAQ THEATER

Senator STEVENS. Senator Inouye.

Senator INOUE. Thank you.

Mr. Secretary, if the information is not classified, can you give us the statistics on the number of troops, Army, Navy, Air Force, and Marines, in theater at the height of the battle 3 weeks ago?

Dr. ZAKHEIM. Sir, I can give you a rough guesstimate and give you the exact numbers for the record. But right now Army is at about 160,000, the Marine Corps is at about 65,000, the Navy and Air Force are both at about 30,000 each, sir.

Secretary RUMSFELD. That is in the theater, not in Iraq.

Dr. ZAKHEIM. In the theater. That adds up today—I do not know these numbers, but I do know that the overall number today is right at about 309,000, of which United States in country, correct number, is approximately 142,000.

Senator INOUE. Is it correct that the Marines sent about 60 percent of their available combat forces there?

Dr. ZAKHEIM. I think that math is right, yes, sir. They had 66,000 of their operating forces there. That sounds about right.

Senator INOUE. And the Army sent the equivalent of four divisions?

Dr. ZAKHEIM. That sounds right, sir.

Senator INOUE. And the Navy sent the equivalent of six carrier battle groups?

Dr. ZAKHEIM. Five, sir.

Senator INOUE. Five.

I ask this because this was the bulk of our military, was it not, Mr. Secretary? We have ten divisions available in the Army. Sixty percent of the Marines were there, 5 carriers out of 12 that are available.

My question is, with that type of commitment and assignment, should we be discouraging some of our fellow Americans from considering ourselves invincible? Soon after the battle they were talking about going to Syria and possibly North Korea.

Secretary RUMSFELD. Yes, I see your point.

I would like to answer for the record the answer as to whether it was the bulk, because the Reserve call-up was not the bulk, and therefore if we took the totality of the United States armed forces I think I would guess that it was not a majority.

General PACE. That is true, sir.

Secretary RUMSFELD. Second, you are certainly right that—I should add, they were only there for a relatively short period of time. There was a gradual buildup and a gradual drawdown, with the Air Force and the Navy moving out within some cases a relatively short period of time.

But you are right, no nation is capable of doing everything on the face of the Earth at every moment, and certainly those people in the Department of Defense who worry with these things every day and recognize the costs and the circumstance of our forces understand that fully.

Senator INOUE. Thank you.

Senator STEVENS. Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman.

The word that I used earlier, Mr. Secretary, was “shakeup.”

ASSIGNMENT TO AMBASSADOR BREMER

Secretary RUMSFELD. Yes.

Senator BYRD. And you seemed to take some—not necessarily I would say umbrage, but you sought to differ that classification. Let me read from the Philadelphia Inquirer of May 13 as follows: “The new U.S. civilian overseer, former diplomat L. Paul Bremer, who arrived yesterday to take over the Office of Reconstruction and Humanitarian Assistance from retired Army Lieutenant General Jay Garner, is facing his own housecleaning. Barbara Bodine, the State Department official overseeing the reconstruction of Baghdad, was reassigned after 3 weeks on the job and at least five other senior members of the ORHA [Office of Reconstruction and Humanitarian Assistance]”—“of the ORHA staff also will be returning home, a senior U.S. official said yesterday.”

So I offer that for the record in support of the word which I used, that being “shakeup.” Now——
[The information follows:]

[From the Philadelphia Inquirer, May 13, 2003]

U.S. HINTS AT BOOST IN FORCES AMID IRAQI TROUBLES

(By Maureen Fan, Andrea Gerlin and Soraya Sarhaddi Nelson; Inquirer Staff Writers)

Turmoil yesterday continued to dog Iraq and the American effort to rebuild the country, and the United States' top uniformed military officer hinted that restoring order may require more American troops than originally planned.

Air Force Gen. Richard B. Myers, the chairman of the Joint Chiefs of Staff, said that security and infrastructure problems were the two major issues facing Iraq and that U.S. troops would have a significant role until Iraqis could run their police force independently and basic services were returned.

Additional military units headed to Baghdad—namely the First Armored Division based in Germany—were intended to replace the Third Infantry Division and other units that fought the war, but Myers yesterday said only that they “may” replace units now in Iraq.

Myers also said that other countries had offered troops to buttress the American presence. He declined to be specific and said that their “exact disposition” had not been determined.

Myers' comments illustrated the problems facing the United States as it tries to put Iraq back on its feet without relying on either a lengthy American military occupation or recycled bureaucrats from Saddam Hussein's regime.

The difficulty was made clear again yesterday when Iraq's U.S.-approved health minister resigned after questions were raised about his Baath Party pedigree.

The new U.S. civilian overseer, former diplomat L. Paul Bremer, who arrived yesterday to take over the Office of Reconstruction and Humanitarian Assistance (ORHA) from retired Army Lt. Gen. Jay Garner, is facing his own housecleaning. Barbara Bodine, the State Department official overseeing the reconstruction of Baghdad, was reassigned after three weeks on the job, and at least five other senior members of the ORHA staff also will be returning home, a senior U.S. official said yesterday.

In the Shiite holy city of Najaf, meanwhile, a tearful homecoming for the head of Iraq's largest opposition group came to an abrupt end last night when dozens of followers of a rival cleric shoved their way toward the balcony on which the newly returned leader stood, prompting his bodyguards to hurry him indoors for fear that he might be assassinated.

The bright spot in the day was an announcement that U.S. forces had captured Dr. Rihab Rashid Taha, the British-trained microbiologist known as “Dr. Germ” for her work developing biological weapons for Hussein. U.S. officials also said they had seized the former chief of staff of the Iraqi armed forces, Ibrahim Ahmad Abd al-Sattar Muhammad al Tikriti, but a Pentagon official cautioned that his identity had not been verified.

The abrupt resignation of the health minister, Dr. Ali Shinan—whom critics accuse of corruption and diverting medical supplies at the expense of poor Iraqis—underscored the first challenge for the U.S. rebuilding effort: figuring out how to restore services and chart a new course for Iraq without relying on former Baathist officials. The task is complicated by the fact that Baath Party membership was vir-

tually a condition of employment for anyone who wanted a government job in the last three decades.

"We need to move humanitarian assistance," said the ORHA's Steve Browning yesterday after touring the 1,000-bed al Yarmouk Hospital. "We need to move medical supplies. We need to get people back to work. We need to make salaries. We need to produce petrol. We need to produce electricity. We need to get the sanitation systems working."

The chaos in Najaf highlighted another obstacle to U.S. reconstruction efforts, a growing power struggle within Iraq's majority Shiite Muslim community. Since he returned to his homeland Saturday after 23 years in exile in neighboring Iran, Ayatollah Mohammed Baqr al Hakim, the head of the Supreme Council for the Islamic Revolution in Iraq, has repeatedly called for an end to the struggle for religious control that has emerged since Hussein's fall.

The most visible instigator in this war for Shiite hearts and minds is Najaf cleric Moqtader al Sadr, the youngest son of Muhammad Sadiq al Sadr, a powerful marjah, or senior spiritual leader, who was slain by Hussein in 1999. Followers of the marjah and his son disrupted Hakim's homecoming at Grand Imam Ali Shrine yesterday, holding up posters and a painting of the senior Sadr, whose name they chanted as they beat their chests.

Secretary RUMSFELD. Could I comment on that?

Senator BYRD. Oh, yes. How much time do I have?

Senator STEVENS. About 3½ minutes, sir. It depends on when the Secretary wants to leave.

Senator BYRD. Oh, he is in no hurry to leave.

He is in a fighting mood, I can see that.

Secretary RUMSFELD. Senator, let me comment on that article, from whatever paper it was. Because something is in the press, of course, does not make it so.

Senator BYRD. The Philadelphia Inquirer.

Secretary RUMSFELD. Right. Now, first of all, just some facts. Number one, he was not sent out there as part of a shakeup. He was sent out there as presidential envoy. He was not sent out there to replace Mister—General Garner as head of the Office of Reconstruction and Humanitarian Assistance. He was sent out there as a presidential envoy.

The individual you mentioned who was reassigned had not been there 3 weeks. I can remember seeing her in December or January, which is months ago, when I visited their office in the Pentagon, and then again when I saw them off in the parking lot of the Pentagon to see them away, which was in I believe December or January. So it is a lot more than 3 weeks.

There are a number of things in that article with which I would differ.

NUCLEAR CAPABILITIES IN IRAQ

Senator BYRD. For months, Mr. Secretary, the administration warned of the potential nuclear capabilities of Iraq. Indeed, one of the main justifications for U.S. action in Iraq was to ensure that nuclear weapons and material did not fall into the hands of terrorists. It has been widely reported that U.S. troops in Baghdad have secured some buildings, including the oil ministry. But according to a story in the Washington Post on May 10, our forces failed to prevent looting at seven nuclear facilities.

I quote from the article: "It is not clear what has been lost in the sacking of Iraq's nuclear establishment, but it is well documented that looters roamed unrestrained among stores of chemical elements and scientific files that would speed development in the

wrong hands of a nuclear or radiological bomb. Many of the files and some of the containers that held radioactive sources are missing."

The administration argued that war against Iraq was necessary to prevent the spread and development of nuclear weapons, and yet by failing to protect these sites we may have actually facilitated the spread and development of nuclear weapons. I understand the importance of protecting the oil ministry so that the daily running of Iraq could continue. But, given that one of the reasons for invading Iraq was to prevent the spread of nuclear materials and capabilities, why were these sites not protected, Mr. Secretary?

Secretary RUMSFELD. Senator, I do not believe anyone that I know in the administration ever said that Iraq had nuclear weapons. So the statement I think you read, that we have warned of potential nuclear capability and weapons and materials in the hands of terrorists, in terms of their having them now I do not know anyone who suggested that that was the case.

The Central Intelligence Agency I know has assessed that they had a nuclear program and assessed that they had chemical and biological weapons, a slight difference from the article.

LOOTING IN IRAQ AND PROTECTING SITES

As to looting, my understanding is that a number of sites were located by U.S. forces, coalition forces, on the ground, they were looked at and a judgment was made that they should go to a different site and look at those other sites. In some cases, before they got there things were looted. In some cases, possibly after they got there and went to another site things may have been looted.

It is not possible to have enough forces in a country instantaneously to guard every site before somebody can get into it. I do not know about the choice between the oil ministry and some site that that article may be referring to. I do know that they had a lot of tasks to do. They had to win the war, they had to deal with death squads of Fedayeen Saddam, they had to deal with Baath Party members in civilian clothes that were trying to kill them, and all in all I think they did a darn good job.

We have no evidence to conclude, as that article suggests might have happened, that, in fact, nuclear materials did leave and get into the hands of people. I do not have evidence that it did or did not. That is the best I can do.

Senator BYRD. Why was protecting these well-known nuclear facilities not at least as high priority as protecting the oil ministry?

Secretary RUMSFELD. My impression is from what I know, and I would have to check, that a number of sites were protected. There are something like at the present time—the number changes every month or every week, but I believe there are something like 578 suspected weapon of mass destruction sites. What does that mean? Does it mean they are all sites where something—no, it just means that there was a scrap of information here that suggested that somebody might have been doing something there and you ought to check it out.

But there are hundreds of these possible sites. We also have intelligence that suggested that they took the documentation and a number of the materials, dispersed them and hid them, in some

cases in private residences. So how does any force of any size instantaneously get to all of those locations and provide perfect security for them so someone cannot loot them? I think it is an unrealistic expectation.

Senator STEVENS. Senator, I am sorry. I have got a bunch of appointments and we guaranteed the Secretary we would be through here at 12:30. He has, as I understand it, to go to the White House for a meeting. So with your cooperation, I would like to let him go.

Senator BYRD. Is this a filibuster you are shutting off?

Senator STEVENS. No. You are not filibustering yet, Senator. I have seen you filibuster. This is not that.

Senator BYRD. Well, we will be talking with the Secretary again. Thank you. Thank you, Mr. Secretary.

Secretary RUMSFELD. Thank you, sir.

Senator STEVENS. We appreciate your cooperation.

ADDITIONAL COMMITTEE QUESTIONS

Senator BYRD. Mr. Chairman, may I ask unanimous consent that the article from the Washington Post of Tuesday, May 13, entitled "Baghdad Anarchy Spurs Call for Help," that it be included in the record in its entirety?

Senator STEVENS. It will be.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

THE HURRICANE HUNTERS

Question. Secretary Rumsfeld, I understand the Hurricane Hunters based at Keesler Air Force Base were recently deployed to the Pacific operating out of Elmendorf, Alaska in support of Winter Weather Reconnaissance missions for the National Centers for Environmental Prediction. Similarly, a detachment of the Hurricane Hunters was recently deployed to Guam to perform weather reconnaissance in support of current operations. Can you provide the Subcommittee with an update on their deployment and the unique capability the Hurricane Hunters provide to our ability to predict weather around the world?

Answer. Pacific Air Forces requested weather reconnaissance assistance to cover the period of transition between the failing Geo-stationary Meteorological Satellite GMS 5 and its replacement by the Pacific Geo-stationary Operational Environmental Satellite GOES 9. During the satellite transition, contingency bomber and fighter forces were also deployed to Anderson AFB, Guam in support of Pacific Command (PACOM) requirements. In order to ensure optimum utilization of the air assets, since the deployment coincided with the typhoon season, WC-130 aircraft and personnel from the 53rd Weather Reconnaissance Squadron (WRS) were requested and subsequently deployed to Guam. The WC-130 capability filled the gap and performed the needed mission admirably. Shortly after the departure of contingency bomber and fighter forces, the 53rd WRS redeployed from Guam on 6 June 2003.

Their presence allowed PACOM to operate in the Pacific area of responsibility while avoiding inadvertent typhoon evacuation of the bomber and fighter forces, enhancing the ability to maintain needed force presence and deterrence throughout the contingency. The unit was deployed for approximately 30 days and performed over 100 hours of tropical cyclone reconnaissance providing weather forecast centers world-wide (Joint Typhoon Warning Center, National Center for Environmental Prediction, Air Force Weather Agency, Fleet Numerical Meteorology and Oceanography Center, United Kingdom Meteorology Center, and others) with previously unavailable data over the western Pacific ocean.

The WC-130 aircraft and crews provide a unique capability to gather meteorological data from remote and over water locations from the surface up to the operational capabilities of the aircraft, 30,000 feet or so. They accomplished this by collecting information from the aircraft's special instruments called dropsondes and by

airborne meteorological observations. The dropsondes collect wind direction and velocity, pressure altitude, air temperature, relative humidity and position every one-half second as it descends by parachute.

Initial assessments of WC-130 data seem to indicate an enhanced ability to determine tropical cyclone location and forecast tracks in three separate storm events. WC-130 data fixed storm locations by as much as 80NM from satellite-derived storm locations. Data from the WC-130 missions increased definition of developing storm characteristics and intensities (not well defined by satellite coverage). The WC-130 data provided relevant and accurate information to military decision makers. A comparison study is now underway to determine how and to what degree WC-130 data improved overall typhoon model forecasts for the area of responsibility. The technical data will be assessed and reported through United States Pacific Command upon completion.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Question. Secretary Rumsfeld, as part of the fiscal year 2004 budget process, I understand you have approved an initiative to transfer the weather reconnaissance mission presently performed by the Hurricane Hunters from the Department of Defense to the National Oceanic and Atmospheric Administration (NOAA). Considering recent deployments directly supporting current military operations, I am concerned with the ramifications of this proposed transfer. How will the military support missions be performed if this weather reconnaissance mission is transferred to NOAA?

Answer. The recent deployment of the 53rd Weather Reconnaissance Squadron (WRS) at Keesler Air Force Base, Mississippi is the only instance of unit activation for military weather support since the mission transferred from the active component to the Air Force Reserve in August of 1990. Currently, there is no equivalent military capability that exists to conduct the military weather mission performed by the 53rd WRS.

After the weather reconnaissance mission is transferred to the National Oceanic and Atmospheric Administration (NOAA), there are two separate and distinct ways for the Department of Defense to achieve this type of weather reconnaissance support. First, if the President declares the situation a national emergency, he has the power to transfer resources and officers from NOAA to the Department of Defense. This is provided in 33 USC 3061. The second way is to request NOAA to perform the mission within their resources without being mobilized. This second process could be outlined in the construct of the memorandum of agreement for the mission transfer.

UAVS

Question. Secretary Rumsfeld, when General Myers last appeared before this Subcommittee, he referred to the need for persistent, long-loiter intelligence, surveillance and reconnaissance (ISR) platforms. Unmanned Aerial Vehicles such as Global Hawk have proven to be extremely valuable to our operations. Are we moving fast enough to procure systems such as Global Hawk and other necessary UAV systems?

Answer. During Operation Iraqi Freedom, the Department deployed over 10 different UAV systems to support military operations. This was the widest use of UAVs in any operation to date; they not only provided persistent surveillance and broad area search but also target identification and designation for weapons employment plus battle damage assessment following a strike. UAVs were even, themselves, strike platforms; Predator flew in an armed reconnaissance role with Hellfire missiles engaging and destroying a number of tactical targets. Global Hawk also showed its ability to provide persistent surveillance. A single prototype flew over 350 hours in direct combat support and located over 300 Iraqi tanks, about 38 percent of all the known armor assets of Iraq military. We are procuring Air Force Global Hawk and Predator UAVs at about the right pace when the additional components of communications, command and control and training are included.

Question. Secretary Rumsfeld, when General Myers last appeared before this Subcommittee, he provided testimony indicating the establishment of NORTHCOM has significantly improved the preparedness, responsiveness and integration between the U.S. military and other federal agencies defending the homeland. Considering this integration between the military and the Homeland Security Agency, do you believe integration would be enhanced if the military and the Homeland Security Agency used common UAV platforms, such as Global Hawk, in their operations?

Answer. The Department of Defense and the Department of Homeland Security, at the request of Senator Warner, Chairman of the Senate Armed Services Committee, are jointly examining the potential utilities of unmanned aerial vehicles for

homeland security missions. When the examination is completed, the results will also be provided to the Subcommittee.

Question. Secretary Rumsfeld, I understand the budget request contains funding for one LPD-17 amphibious ship in fiscal year 2004, but no LPD in fiscal year 2005; this appears to be an inefficient program profile. Admiral Clark and General Hagee have both indicated that they could use that ship sooner than later. Can you share your thoughts on the LPD-17 program profile and requirements?

Answer. Yes. This is not an issue of when we need the ships but rather one of balancing requirements with limited resources in view of industrial base and program realities. I believe that everyone agrees that replacing the LPD-4 class earlier rather than later is a good thing. However, during last year's budget review, the Navy concluded that leaving a gap year in fiscal year 2005 was appropriate for the time being because insufficient production data was available to justify adding more LPD-17 workload. Significant design problems led to a number of delays and cost increases—a Nunn-McCurdy cost breach—up to that point. They had four ships on contract with the lead ship still in early production and virtually no construction completed on the other three—and plans to award a fifth ship in the second half of fiscal year 2003. In short, the Navy had a lot of ships on contract or committed with no empirical data that proved the LPD-17 production schedule was back on track. Since the gap was an fiscal year 2005 issue, they had another opportunity to revisit the issue and make adjustments with the benefit of more production data. I reviewed the Navy's plan and I agreed with their approach.

My understanding today is that production on the LPD-17 is progressing well and that the design is proving to be stable. As a result, the Navy has made this issue a priority as part of their program/budget review process. I also intend to conduct a thorough review of this issue this fall as the Department finalizes the fiscal year 2005 budget.

Question. Secretary Rumsfeld, as you know, and have known for several years now, the current rate of shipbuilding is not sufficient to meet the established goal of a 375-ship Navy. In fact, it will fall far short of even a 310-ship Navy, and require enormous investment in the out years simply to catch up. If more funding were available for shipbuilding, how could it be most effectively spent in the near term?

Answer. Because of industrial base reasons and the fact we are in a transition period in shipbuilding—at the end of the production of DDG-51 and at the beginning of several new ship classes—more funding added to shipbuilding in fiscal year 2004 would not be prudent. We currently have DDG-51s, LPD-17s, and T-AKEs already on contract or budgeted in sufficient numbers to load the shipyards to their capacities. Adding additional funds to put more ships on contract will not result in ships being built earlier. Similarly, the long lead-times and the limited industrial base for nuclear components preclude the possibility to increase Virginia class submarine production before the fiscal year 2007 timeframe. And finally, the kind of ships we need to start building (and in large numbers for some) to cope with the threats of the 21st century—DD(X), LCS, MPF(F), CVN-21 and LHA(R)—simply are not yet ready for production.

Question. Secretary Rumsfeld, I understand you would like to consolidate the Active, National Guard and Reserve Military Pay Accounts into one Account that would be managed by the Active components. Do you think that we can make a significant change like this without jeopardizing the integrity of the Guard and Reserve Military Pay Accounts?

Answer. I have proposed the consolidation of 10 Military Pay appropriation accounts into 4. However, I have not proposed that the consolidated accounts be managed by the Active components. The consolidation does not affect the Military Services Title 10 responsibilities. Further, I don't see the consolidation as threatening the integrity of the Guard and Reserve Military Pay Accounts at all. The revised structure consolidates all Guard and all Reserve funding into single budget activities (one for the Reserves and a separate one for the Guard). The consolidation of personnel appropriations is designed to streamline and optimize funds management and eliminates the need to reprogram funds within the Reserve Components by eliminating the \$10 million reprogramming threshold currently imposed on Reserve Component programs. The new structure merges the existing two budget activities for the Reserve and National Guard Personnel funding into one budget activity for each Reserve Component. Over time, the Reserve Components' evolving role has made the two budget activities less meaningful and executable.

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. What have you learned from the mobilization of the reserve component for Operations Enduring Freedom and Iraqi Freedom? Where do you need to improve and what do you need to do it?

Answer. The force structure and the timing of the use of the Reserve Components need adjustment. Due to post Viet Nam adjustments and the "Peace Dividend" of the 1990's many military capabilities necessary to prosecute military actions of modest scale were placed entirely or predominately within the Reserve Components. This limits the flexibility necessary for the use of military force in a post cold war environment, particularly in the war on terrorism.

Force structure and the timing of the use of the Reserve Components are both under review. Active/Reserve Component changes are up for revision (September 2003) with more to soon follow. Review of Operation Plans that contemplate the early use of Reserve Component forces is also under review, with Combatant Commanders tasked to review and revise their plans, reducing the necessity for early mobilization of the Reserve Components.

Question. Do we have the right mix of skill sets in the active and reserve component? Do we need more troops in the active component?

Answer. The mix of skill sets in the Active and Reserve Components is currently being examined in several forums. The Operational Availability Study, the OSD AC/RC Mix study, as well as individual Service studies are all looking at the right mix of Active and Reserve capabilities to ensure that the needs of the National Security Strategy are met through the key factors of availability, responsiveness, agility, and flexibility. The studies are ongoing, but initial results indicate some capabilities need to be addressed.

I do not believe that additional active end strength is required to meet the national strategy. Instead, more progress needs to be made on distributing our skill mix to optimize our force capabilities within existing end strength.

We will be examining the possibility of rebalancing capabilities within war plans and between the Active and Reserve Components. While recent mobilizations have highlighted shortages in certain capabilities that stressed Reserve forces, there are multiple solutions to address those issues.

In addition, over 320,000 military manpower spaces have been identified as performing duties in specialties or situations that can potentially be performed by other kinds of personnel. I have directed my staff to conduct an in-depth review of these positions to determine how many can be reasonably converted to civilian performance, thus freeing military manpower to meet our most pressing demands. Application of a variety of actions including innovative management techniques for the Reserves will maximize the efficiency of our existing forces and may therefore require very little changes to existing force structure.

Question. Should U.S. Forces be based overseas in new locations to better train and respond to today's threats? What is the right level of troop strength overseas?

Answer. Both these questions are under intense review by the Department. These are exactly the kind of new assessments we must do to take account of everything we know about 21st century threats.

Question. Were more private contractors (and contractor employees) involved with Operation Iraqi Freedom than Operation Desert Storm? (Please provide as exact count as possible for each category.) How were private contractors used? What impact does the use of private contractors on the battlefield have for Transformation?

Answer. Contracting for these services was done by a wide variety of Civilian Agencies, Defense Agencies, Military Departments and individual military commands. In addition, contracts and orders under existing contracts for support to deployed forces covered effort both in the country of operations and at other locations including the United States. At present there is no unique identifier in the contracts data system to allow for identification of an effort to a particular military deployment. Therefore, it is not possible to develop this data without having the Military Departments conduct a long and expensive manual data call.

Contractors were used to provide the following services: laundry and bath facilities; clothing exchange and repair; food service; mortuary affairs; sanitation services; billeting/facilities management; moral, welfare and recreation facilities; information management; personnel support; maintenance; transportation; medical services; engineering and construction; signal support; power generation and distribution; automation operations; and physical security.

The use of contractors on the battlefield is not new. The military has always used contractors to support its operations. The military will continue to use contractors to obtain capacity that the military does not possess, to facilitate faster movement into an area of operations, to reduce soldier OPTEMPO or deployment time, and to

maximize combat forces when force size is constrained. Where these issues arise during the transformation process, the use of contractors will be one tool available to resolve the issue.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

Question. What funds from the fiscal year 2003 Supplemental Appropriations Act have been obligated to date? What is the timeline to distribute the remainder of the funds provided in the Supplemental, and how much of the Supplemental do you estimate will be carried over into fiscal year 2004?

Answer. As of May 30, 2003 total obligations from funds made available in fiscal year 2003 for the Global War on Terrorism and Operation Iraqi Freedom totaled \$31,243 million. It is projected that approximately \$4 billion of the \$62.6 billion appropriated in the fiscal year 2003 Supplemental will be obligated in the early part of fiscal year 2004.

Question. What are the Department's total cost projections in fiscal year 2004 for keeping troops in support of Operation Iraqi Freedom or any subsequent missions in Iraq? In the President's pending budget request for fiscal year 2004 sufficient to cover these costs?

Answer. A drawdown of troops in support of Operation Iraqi Freedom is currently underway. I expect the drawdown will continue through the middle of the next fiscal year. Presently, CENTCOM's stability operations plan for Iraq is still evolving because of the dynamic environment inside the country, and may require a significant presence of our forces. The numbers of troops and pace of demobilization not yet been finalized. Therefore, the cost of supporting Operation Iraqi Freedom troops has not yet been determined. The President's pending budget request does not specifically include funds to support Operation Iraqi Freedom troops. During fiscal year 2004 we will assess our funding requirements and determine the means by which we can finance Operation Iraqi Freedom costs. It remains my goal to reduce the numbers of deployed troops as quickly as possible, while at the same time not jeopardizing our commitment to Operation Iraqi Freedom and the Global War on Terrorism.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

DEPLOYMENT OF NATIONAL GUARD

Question. My office has heard reports that the 157th Military Police Company of the West Virginia National Guard has been deployed almost continuously since September 11 attacks, and has recently shipped out for a six-month deployment overseas. While the members of this unit are proud to serve their country, and they have served both in our homeland and around the world with great distinction, their families are increasingly being strained by what seems like a neverending string of mobilizations for citizen-soldiers.

Secretary Rumsfeld, what steps are being taken to minimize the back-to-back deployments of members of the Reserves and the National Guard?

Answer. I signed out a letter on July the 9th to the Secretaries of the Military Departments, the Chairman of the Joint Chiefs of Staff, and the Under Secretaries of Defense directing them to rebalance the forces. In that letter I enumerated three principal objectives that I wanted to achieve:

- Structure active and reserve forces to reduce the need for involuntary mobilization of the Guard and Reserve, and structure forces to limit involuntary mobilization to not more than one year every six years.
- Establish a more rigorous process for reviewing joint requirements; ensuring force structure is appropriately designed.
- Make the mobilization and demobilization process more efficient.

I levied actions that I expect to be completed, and an aggressive set of milestones for the responses. I assure you that I am as concerned as you are and will strive to ensure the continued judicious and prudent use of our valuable Guard and Reserve forces.

Question. Congress enacted a \$100-per-day extended deployment pay in 1999 to encourage shorter tours for our military personnel. This pay was suspended shortly after the September 11 attacks. Does your budget request contain any compensation to help Service members and their families who experience back-to-back deployments? Will these proposals help the families of those who have been deployed since September 11, 2001, or will the compensation only apply to future deployments?

Answer. The Department submitted a proposal for the fiscal year 2004 Authorization Bill that would compensate members for both excessively long deployments and frequent deployments, with compensation at an appropriate scale. The proposal also includes Guard and Reserve members who have been called up for more than 30 days for a second time in support of the same contingency operations. Both the Senate and House Armed Services Committees have similar PERSTEMPO Pay provisions in their respective fiscal year 2004 authorization bills.

The Military Departments did not project funding in the fiscal year 2004 budget for this payment since the current National Security waiver allows the SECDEF to suspend PERSTEMPO payments during a National Emergency. The Department is committed to paying qualified members PERSTEMPO pay once the National Security waiver is lifted.

The Military Departments are also working initiatives to lessen the adverse impacts of high individual TEMPO. Those initiatives focus on providing predictability in deployments; optimizing time required for pre-deployment training work-ups and post-deployment maintenance; and implementing organizational initiatives, such as the Air Force Aerospace Expeditionary Forces.

MANAGEMENT PLANS

Question. The OMB scores agencies on how well they comply with the President's Management Agenda. Agencies are encouraged to submit management plans to the OMB, and to meet the competitive sourcing targets outlined in the President's budget. The OMB has informed me that these plans, while submitted to the OMB for approval, can be released to the public at the discretion of the agency heads.

If the Congress is to appropriate \$380 billion to the Defense Department to employ 636,000 civilians and 2.4 million military personnel, I expect that you would first provide the Congress with a copy of any management plan or competitive sourcing plan that the Defense Department submits to the OMB.

Secretary Rumsfeld, when do you expect to submit your next management plan to the OMB, and how soon can you make that plan available to the Appropriations Committee?

Answer. OMB will receive the competitive sourcing management plan with the fiscal year 2005 budget. OMB must approve the submission, which will then be included in the President's budget submission.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

WEAPONS OF MASS DESTRUCTION IN IRAQ

Question. Secretary Rumsfeld, before the war, we all read the assessments that Iraq possessed large stocks of weapons of mass destruction and that the military was prepared to use them in the event of attack. Thankfully, no attacks were made against our forces, but we still have not been able to locate any of these weapons stocks. Has DOD completed an intelligence assessment of why these predictions proved incorrect? Can the department provide the Committee with a detailed briefing about these reviews? Additionally, can you provide the Committee with a detailed briefing about the possibility that some of these weapons of mass destruction have fallen into the hands of forces hostile to us?

Answer. DOD continues to investigate the extent of Iraq Weapons of Mass Destruction programs and stockpiles. The Iraq Survey Group has been established to coordinate the search for WMD in Iraq. In late July, the Intelligence Community provided to Congress every publication from 1992 to the present on Iraqi WMD programs and on its threat assessments. Additionally, numerous Intelligence Community and DOD officials have been to brief or testify before Congress on this issue.

IRAQ

Question. Secretary Rumsfeld, I am told that the contract with Kellogg Brown & Root on fixing Iraqi oil facilities is classified. Giving a major contract in secrecy to a company with close ties to the administration will only increase suspicions of those inclined to think we are in Iraq to benefit American companies rather than the Iraqi people.

Why is the contract with Kellogg Brown & Root classified (if that is correct)?

Answer. The contract with Brown & Root Services, a division of Kellogg, Brown & Root (KBR), was awarded March 8, 2003, to support the DOD mission of repair and continuity of operations of the Iraqi oil infrastructure. The contract was classified because it was issued before the war started, when the mission was classified because the planning and limited activities being undertaken had to be integrated

with CENTCOM's military planning for the war effort. This included plans for military action to protect parts of the oil infrastructure against potential sabotage in the event of war. Disclosure, before the commencement of hostilities, of plans to repair and maintain continuity of oil operations would have run a serious risk of compromising the related military planning activity. Additionally, the contractor for repair and continuity of operations had to be ready to commence work immediately upon notice to proceed, but it was not known in advance when the commencement of work might be required, since that would depend on the timing of the military campaign and how events unfolded on the ground as the campaign progressed. Therefore, it was not possible to award an unclassified contract prior to hostilities without jeopardizing the success of the mission.

On March 6, 2003, the Department declassified only the fact that it had plans for extinguishing fires and assessing damage to oil facilities in Iraq. The fact that the Department was planning for the possibility that it would need to repair and provide for continuity of operations of the Iraqi oil infrastructure remained classified until March 22, 2003. This prevented earlier acknowledgement or announcement of potential requirements to the business community.

The government's strategy has been to compete the execution effort at the earliest reasonable opportunity consistent with the needs of the mission. The declassification of the mission has enabled the Department to plan a full and open competition in which the U.S. Army Corps of Engineers will solicit competitive proposals to provide the broad range of services that may need to be performed to support this mission in the months ahead. The contracts awarded as a result of this competition will replace the contract now in place with KBR.

Question. How many other contracts addressing reconstruction in Iraq are classified, and what is the total potential value of those contracts?

Answer. Contracts or task orders supporting the DOD mission of repair and continuity of operations of the Iraqi oil infrastructure were classified because they were issued before the war started, when the mission was classified because the planning and limited activities being undertaken had to be integrated with CENTCOM's military planning for the war effort. This included plans for military action to protect parts of the oil infrastructure against potential sabotage in the event of war. Disclosure, before the commencement of hostilities, of plans to repair and maintain continuity of oil operations would have run a serious risk of compromising the related military planning activity. Additionally, the contractor for repair and continuity of operations had to be ready to commence work immediately upon notice to proceed, but it was not known in advance when the commencement of work might be required, since that would depend on the timing of the military campaign and how events unfolded on the ground as the campaign progressed. Therefore, it was not possible to award an unclassified contract prior to hostilities without jeopardizing the success of the mission.

On March 6, 2003, the Department declassified the fact that it had plans for extinguishing fires and assessing damage to oil facilities in Iraq. The fact that the Department was planning for the possibility that it would need to repair and provide for continuity of operations of the Iraqi oil infrastructure was classified until March 22, 2003. This prevented earlier acknowledgement or announcement of potential requirements to the business community.

The contractual actions related to the oil infrastructure mission are as follows:

- Planning Effort—done under a Task Order issued November 11, 2002, under the Army's Logistics Civil Augmentation Program (LOGCAP) contract. The value of the task order is approximately \$1.8 million.
- Pre-positioning Effort—done under a letter contract issued February 14, 2003. The value of the letter contract is \$37.5 million.
- Continued Pre-positioning, and subsequent Execution Effort—done under a contract awarded March 8, 2003. As of May 27, 2003, five task orders had been placed under this Indefinite Delivery/Indefinite Quantity (ID/IQ) contract. The first four task orders are classified since they were issued prior to March 22, 2003. The fifth task order, issued May 4, 2003, is unclassified. The total estimated cost of the five task orders placed under that contract was, as of May 27, 2003, \$184,786,000. The total value of the contract will be the sum of the values of the orders placed under it. Since assessments of the condition of the infrastructure are still being done, it is not possible to predict with precision all work that will be required to complete the mission. The ID/IQ contract enables the government to obtain the services it needs once specific requirements are identified. The Corps of Engineers will limit orders under this contract to only those services necessary to support the mission in the near term.

The government's strategy has been to compete the execution effort at the earliest reasonable opportunity consistent with the needs of the mission. The declassification

of the mission has enabled the Department to plan a full and open competition in which the U.S. Army Corps of Engineers will solicit competitive proposals to provide the broad range of services that may need to be performed to support this mission in the months ahead. The contracts awarded as a result of this competition will replace the contract now in place with KBR, and task orders will then be issued under the competitively awarded contracts.

Question. Do we know whether Iraqi WMD have been given to terrorist groups since the war began?

Answer. There is no credible indication former regime members have provided chemical, biological, radiological or nuclear weapons or components to terrorist organizations since the war began.

Question. How long will it take to search for WMD in Iraq? When will we know the extent of WMD in Iraq before the war?

Answer. On both questions, it is impossible to predict. However, I am confident that we indeed will find evidence of prohibited activity related to weapons of mass destruction.

Question. The International Atomic Energy Agency (IAEA) under the Nuclear Nonproliferation Treaty has the responsibility to ensure nuclear materials in Iraq are safeguarded and the right to inspect nuclear facilities. When will you let IAEA inspectors back in?

Answer. All of Iraq's nuclear material under NPT safeguards is located at the Baghdad Yellow Cake Storage Facility (Location C). From June 7 to 23, 2003, the IAEA conducted a Physical Inventory Verification (PIV) inspection of Location C with support from Coalition forces. All of the proliferation sensitive and virtually all of the other material subject to NPT safeguards was accounted for. Location C has been resealed, and its perimeter is being guarded by U.S. military forces. What has been referred to as "looting" at this site appears to have been limited to the theft of items such as steel barrels or furniture, not nuclear material.

Pursuant to U.N. Security Council Resolution 1483, the Coalition Provisional Authority is responsible for the disarmament of Iraq.

MISSILE DEFENSE

Question. You plan to field a limited ground-based mid-course missile defense system by the end of 2003–2004.

When do you plan to begin operational tests on this system?

Answer. In January 2003, the President decided to capitalize on the demonstrated capabilities of the GMD element. His decision to allow concurrent defensive capabilities and continuing developmental testing is the basis for the Initial Defensive Capability (IDC) planned for September 30, 2004.

MDA has established a joint organization, the Combined Test Force (CTF), to integrate the objectives of the operational tester—the warfighter—and the user into all developmental activities. Planning for formal operational testing continues; however, no final decision has been made regarding when to begin such testing.

Question. When do you plan to test this system at night? When do you plan to test the system against a tumbling target? When do you plan to do a test with one or more decoys that resemble the target?

Answer. Integrated Flight Test-10 (IFT) was planned to be a nighttime intercept; however, the EKV failed to separate from the booster, and an intercept was not attempted. MDA is currently looking at revising a future flight test to make up this missed IFT-10 objective.

GMD flight test complexity continuously increases as additional functionalities are added. Target signatures, countermeasures, and flight dynamics are in concert with the current threat estimates.

Question. When do you plan to test the system against a target without a beacon or GPS transponder? When do you plan to test the system without advance target trajectory and characterization information?

Answer. The beacon is one of several artificialities to be deleted from the test program as the system matures and additional elements come on line. The actual point in the test program at which beacons or GPS data will no longer be used has not yet been determined. The C-Band beacon is currently required for range safety and truth data purposes until the various system radars are fully developed. Due to the lack of an X-Band Radar (XBr) or Upgraded Early Warning Radar (UEWR) in the mid Pacific, target RVs in current flight tests are equipped with a C-Band beacon which is tracked by the FPQ-14 range radar in Hawaii to generate the weapons task plan and to give the interceptor a box in space at which to aim. The flight test program to date has focused on proving and refining hit-to-kill technology, the cornerstone of GMD's mission. Providing the exoatmospheric kill vehicle (EKV) with

target trajectory and characterization information in advance allows us to develop this essential capability without having to wait until necessary BMDS radars and other sensor are in place. The GMD flight test program is constantly under review and evolving as we gain more experience and knowledge.

IFT-21 is planned to be a "pop quiz" test. Current plan for IFT-21 is to withhold the exact launch time until the day of test. Additionally, the target type will be known, but the target complex will not be known a priori; however, all components in the complex will have been previously characterized and flown in a flight test.

It is important to note however, that, in the event of a hostile missile launch, the BMDS will have targeting information in real time. The Block 2004 system will have hostile missile launch early warning and cueing from space-based infrared satellites. The predicted time and location in space where the intercept will occur is calculated in real-time from data provided by tracking radars (i.e., Cobra Dane, Upgraded Early Warning Radars, the Navy's Aegis cruisers and destroyers, and the Sea-Based X-band radar). Based on this real-time information, targeting data is selected from a database and uploaded to the interceptor prior to launch.

Question. Will any of these tests occur before deploying the system?

Answer.

Re: operational tests (OT).—Formal OT will not occur before September 30, 2004.

Re: night test.—MDA is currently examining this issue and hopes to include this objective in an upcoming flight test.

Re: decoys that resemble the target.—Target signatures, countermeasures, and flight dynamics are in concert with the current threat estimates.

Re: without C-Band transponder & GPS.—The C-Band beacon is currently required for range safety purposes and truth data, and as such, it cannot be eliminated from testing; however, it is one of the artificialities that will be removed by development and construction of the BMDS Test Bed.

Re: without advance target trajectory and characterization information.—No. IFT-21, the first pop quiz, is currently scheduled for 2Q fiscal year 2006.

Question. When will the X-band radar be operational? When will the SBIRS-Low and SBIRS-High be operational? How will the missile defense system track and discriminate targets without these key components?

Answer. The Sea-Based X-Band Radar (SBX) will be integrated into the Block 2004 BMDS Test Bed during 4Q fiscal year 2005.

SBIRS Low [renamed Space Tracking and Surveillance System (STSS)] is an R&D effort to demonstrate the value of midcourse tracking to the BMDS. No decision to field an operational system has been made. The first two R&D satellites will be fielded in fiscal year 2007 to support the Block 2006 test bed and demonstrate closing the fire control loop with BMDS interceptors.

Please note SBIRS-High is a USAF program. The following response has been provided from USAF. The SBIRS-High development will field incremental increases in military utility for each of its mission areas—missile warning, missile defense, technical intelligence, and battlespace characterization. SBIRS supports MDA IDO requirements within the fiscal year 2005 BMDS need. Interim support will be available beginning October 4 and fully integrated support is scheduled to be in place April 2005. Major milestones related to certification of missile warning messages will be leveraged by SBIRS High missile defense supporting capabilities beginning with HEO certification in fiscal year 2005, GEO certification in fiscal year 2007, and multi-satellite certification in fiscal year 2009. SBIRS-High will be fully capable at Increment 2 completion in fiscal year 2010.

The critical functions to be performed by an XBR are to detect, acquire, track, and discriminate. Other radars—including the Cobra Dane at Shemya, Alaska; the Beale UWR in California; and the Navy's Aegis—contribute to the performance of these functions to a greater or lesser degree. Discrimination is the function, which most depends on the XBR, but even this function is duplicated, specifically by the EKV's on-board sensors and computer. Even with a system including an XBR, the final discrimination and target selection will be performed by the EKV.

IOWA ARMY AMMUNITION PLANT (IAAP)

Question. The fiscal year 2001 defense authorization bill and the fiscal year 2002 defense appropriation bill required the Department to determine exposures at the Iowa Army Ammunition Plant (IAAP) and to notify current and former employees of the Army side of the plant of possible exposures to radioactive or hazardous substances. The appropriations reports from those years funded a health study of Army workers at IAAP, including screening of all workers for chronic beryllium disease. A report dated August 20, 2002, from Deputy Secretary Paul Wolfowitz included a

letter to the employees, and said that medical surveillance of former workers at IAAP should begin in December 2002.

How many workers at IAAP have been sent the required notification?

Answer. None. The Army received the final version of the security release at our meeting May 23, 2003. When contacting the Department of Energy (DOE) cohort in December 2001 and January 2002, the Army included President Clinton and Secretary Richardson's release to speak regarding nonclassified issues. Through this process, the Army contacted 2,954 former DOE workers or survivors of workers for whom the Army had a known address. In conjunction with this mailing, the Army contacted an additional 7,786 employees we had assumed were DOD employees to give them an opportunity to indicate to us if they had worked on line 1. The Army has not yet sent out the Secretary of Defense security release notice signed by Mr. Wolfowitz. The Army is planning to send that out as a separate mailing along with our cover letter and work history questionnaire. Certainly anyone we contact by mail in the meantime will be given the notification.

Question. What is the status of the health screening, including for chronic beryllium disease? What is the current timeline for the project?

Answer. The American Institute of Biological Sciences review should take eight weeks. The Army will need to resubmit the revised protocol to the University of Iowa Institutional Review Board for review of the modifications.

They may suggest a full board review, which could take a week to one month. Once approved, gearing up should go quickly. The Army anticipates starting screening of the current workforce of about 1,000 at a rate of about 250 per month so it would take about four months. The Army predicts a late September or early October start date for screening. Concurrently we are pursuing access to the IH data to finalize the work/medical history questionnaire and get it in the mail to begin working with the former workers in March of 2004. The Army can screen former workers at a rate of 100 per month at startup. This screening of former workers can be ramped up depending on the total number to be screened and the extent of screening to be performed, all based on the protocol currently under review.

Question. A recent report to Congress on cleanup activities at the IAAP suggested that only paperwork would take place this year (including important groundwater modeling), and said that further soil cleanup has been delayed due to insufficient funding. Contrary to a July 11, 2002, letter to me from Office of Management and Budget Director Mitchell E. Daniels, Jr., Phase 4 soil cleanup is not scheduled to be completed until 2004 and 2005, with further cleanup activities extended many years after that.

What is needed to accelerate cleanup at IAAP? How much funding is needed to complete Phase 4 soil cleanup?

Answer. The Army recently conducted a Program Review of the IAAP restoration program and concluded that the installation met several criteria that made it an ideal candidate for implementation of a performance-based contract strategy. We do not believe that we can in fact accelerate the work effort in fiscal year 2004. The conversion to a performance-based contract is planned to begin in fiscal year 2004 and is expected to improve schedule implementation and control financial liabilities. The implementation of this new contract vehicle is fully expected to accelerate the work efforts once in place.

The current planned funding level of \$150,000 for fiscal year 2004 will be sufficient to complete the Phase 4 soils effort. This information, of course, is based on what is currently known about the sites. Conditions may change once actual soil removal begins this fiscal year, however, substantive changes in cost are not expected.

Question. Has inclusion of IAAP in the FUSRAP program delayed or accelerated cleanup of contaminants at the plant?

Answer. The inclusion of IAAP in the FUSRAP has not delayed the cleanup of contaminants at the plant. Acceleration of the cleanup can be achieved if the FUSRAP cleanup execution schedule is concurred with by the regulators and stakeholders (USEPA Region VII project manager, Iowa Department of Health, and other concerned/interested stakeholders), and all the stakeholders work as a team to achieve the cleanup effort. Phase 4 and 5 soils clean up would have been delayed until fiscal year 2007 or fiscal year 2008 start date without FUSRAP designation.

Question. You have proposed specific exemptions for the Department from several environmental laws. IAAP is a Superfund site, and provides habitat for one known endangered species, but I have had trouble getting answers on the implications of your proposal for this plant.

Would any of the exemptions you have proposed apply to part or all of the IAAP site?

Answer. There are five proposals included in DOD's Readiness and Range Preservation Initiative. These five proposals are essential to range sustainment and reaf-

firm the principle that military lands, marine areas, and airspace that have been set aside for military use exist to ensure military preparedness, while ensuring that the Department of Defense remains fully committed to its stewardship responsibilities. The five provisions:

- Authorize use of Integrated Natural Resource Management Plans in appropriate circumstances as a substitute for critical habitat designation under the Endangered Species Act;
- Reform obsolete and unscientific elements of the Marine Mammal Protection Act, such as the definition of “harassment,” and add a national security exemption to that statute;
- Modestly extend the allowable time for military readiness activities like bed-down of new weapons systems to comply with Clean Air Act;
- Limit regulation of munitions on operational ranges under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) if and only if those munitions and their associated constituents remain there, and only while the range remains operational; and
- Limit regulation of munitions on operational ranges under the Resource Conservation and Recovery Act (RCRA) if and only if those munitions and their associated constituents remain there, and only while the range remains operational.

Because IAAP provides habitat for one known endangered species, the Endangered Species Act proposal could apply if U.S. Fish and Wildlife Service were to propose any installation lands as critical habitat. The Marine Mammal Protection Act proposal is not applicable. The Clean Air Act proposal could apply to any new military readiness activities planned for IAAP in the future. The proposal would allow three years for those activities to meet the requirements of section 176(c) of the Clean Air Act. The CERCLA and RCRA proposals would apply to only operational ranges at IAAP.

Question. Would your proposal remove part or all of the IAAP site from the Superfund program?

Answer. No, Defense Department proposals for Readiness and Range Preservation would not remove IAAP from the Superfund Program. DOD’s RCRA and CERCLA legislative proposals clarify when RCRA and CERCLA apply at the military’s operational ranges. IAAP is addressing contamination from ammunition assembling operations, which is distinct from operational range activities.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

932ND AIRLIFT WING

Question. The Air Force is currently in the process of retiring the C-9 aircraft used for aero medical evacuation. Scott Air Force base has both an active and a Reserve wing, the 932nd Airlift Wing, which have carried out this mission.

I am very concerned that C-9s will be retired and the Reservists’ mission mostly disbanded. These Reservists have served for a many years, and are part of the community. Several hundred Reservists will be left with no mission, and they are unlikely to move to find another Reserve mission. I think our Reservists deserve better treatment.

The statistics that I have seen show that the peacetime domestic aero medical evacuation mission has been reduced because TRICARE allows many military patients to be cared for at local medical facilities. Yet, even by the beginning of the war with Iraq, the C-9s were quite busy—the 932nd Airlift Wing has flown 70 percent of its flying hours over only 6 months of the fiscal year—as of March 31, 2003 the 932nd flew 1,888 hours of a 2,700 hour program. I am concerned that this unit is being disbanded based on peacetime, not wartime need. I understand that some of these flying hours were for mixed transportation missions.

I would like to work with you in finding a solution to retain the 932nd Airlift Wing at Scott Air Force Base. I suggest the following alternate plan:

- Phase out the C-9s instead of precipitously retiring them over the next 5 months.
- Use fewer C-9s, but use those that have recently come out of depot, saving operating costs.
- Use C-40 aircraft in the future for a mixed mission of cargo and passenger transport, as well as patient movements to replace the C-9 aircraft.

Mr. Secretary, will you work with me on this plan or some other plan so that the 932nd Airlift Wing is not left without a mission?

Answer. On behalf of the Secretary of Defense, thank you for your concerns regarding the Air Force's readiness capability for aeromedical evacuation and 932nd Airlift Wing.

The C-9A has been a valuable asset in the Air Force inventory, but under our new aeromedical evacuation concept a dedicated platform is no longer required. Extending the airplane's service beyond the end of fiscal year 2003 would require the use of operations and maintenance funds dedicated to higher priorities. We acknowledge the contributions of the active duty, reserve, and civilian personnel who have served so nobly in support of the aeromedical evacuation mission and we are diligently examining other options for these airmen. However, we must balance the impact of these aircraft retirements against the demands to provide for the national defense. Competition for funding is particularly keen, and priority will be given to requirements supporting reconstitution from recent contingency operations as well as transforming the Air Force. Resources used to extend the C-9s would be particularly difficult to justify since a dedicated aeromedical evacuation platform is no longer needed.

I appreciate your continued support as the Air Force works to modernize our air and space capabilities. Our goal is to balance prioritized requirements with available resources to produce an efficient, cost-effective Air Force. We value your interest and support in this important endeavor.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

Question. For fiscal year 2004 the administration is seeking \$379.9 billion for the Defense Department and has projected an average increase of roughly \$20 billion per year over the next five years, a 32 percent increase above current levels. These dramatic increases do not fully cover actual combat and peacekeeping operations in Iraq and Afghanistan.

Since these operations are not fully covered in the budget, what do you believe the full costs will be to maintain robust and effective peacekeeping forces in Iraq and Afghanistan for the coming year?

Answer. We cannot yet estimate those costs for the coming year. As soon as we do have an estimate, we will need to discuss with the President how to cover those costs.

HIGH ALERT STATUS NUCLEAR WEAPONS

Question. Under the recently approved Moscow Treaty, the United States and Russian Federation have agreed to reduce each nation's nuclear arsenal by 3,200–3,700 nuclear warheads. These weapons, even while designated for destruction, continue to operate on "high alert status."

Do you believe these weapons can and should be removed from "high alert status" pending their elimination?

Answer. Under the recently approved Moscow Treaty, the United States and Russian Federation have both agreed to reduce their number of operationally deployed strategic nuclear warheads to 1,700–2,200 by December 31, 2012. The nuclear weapons stockpile's composition, size, and warhead configuration (Active or Inactive) will be determined as part of the periodic assessment process established by the Nuclear Posture Review (NPR). Operationally deployed nuclear warheads remain at an alert status consistent with national security requirements.

Dealerting (removing from "high alert") concepts have been studied in great detail over the years. Our heavy bombers were removed from nuclear alert a decade ago. Other dealerting proposals have been judged not to be in the United States' interest and in many cases could add instability under certain circumstances.

With regard to concern about accidental or unauthorized launch by U.S. forces, our Intercontinental Ballistic Missiles (ICBMs) and Submarine Launched Ballistic Missiles (SLBMs) are highly secure.

With regard to concerns about accidental or unauthorized a launch by foreign forces, the NPR that was sent to Congress in January 2002 specifically reviewed dealerting and reaffirming the decision of the previous administration not to dealert U.S. ballistic missile forces.

Question. If they were removed from "high alert status" what are the potential cost savings?

Answer. There are numerous options for removing nuclear systems from alert, but none of the options would result in meaningful cost savings.

Most of the costs for strategic nuclear systems are derived from the infrastructure investment in delivery systems and their associated warheads, and from the manpower costs necessary to maintain and operate these systems safely.

De-alerting these systems, whether it is by something as complex as physically removing the warheads from the delivery systems or something as relatively simple as removing a critical component in the firing sequence, would not reduce the infrastructure or operating costs.

However, some dealerting proposals could require the expenditure of additional money (1) to construct devices that would limit the ability to launch a bomber or ballistic missile while allowing for its lawful and timely execution under Presidential direction, or (2) to provide for additional manpower required for verification of the dealerting concept were it to be employed.

ROBUST NUCLEAR EARTH PENETRATOR

Question. As the United States attempts to diplomatically engage countries such as India and Pakistan to convince them to relinquish their nuclear ambitions, why should the Congress authorize \$15 million to study a weapon such as the Robust Nuclear Earth Penetrator, which could undermine our efforts to limit proliferation internationally?

Answer. Studying the feasibility of using an existing weapon to place at risk hard and deeply buried targets associated with weapons of mass destruction will not undermine our efforts to limit proliferation internationally. Nations seek and develop nuclear capabilities to address their regional security concerns, not because the United States has nuclear weapons. Nuclear weapons readiness and capabilities will continue to play a key role in U.S. national security policy and strategy well into the future. Today, as well as in the future, the United States cannot predict with confidence what nations or non-state actors may pose a threat to our vital interests or those of our allies. The United States must possess forces sufficient to dissuade and deter any potential adversary armed with WMD. Studies aimed at finding cost-effective ways to place facilities associated with WMD at risk—like the RNEP study—are fully consistent with maintaining an effective deterrent.

In the 1960s, there were five nuclear weapons states: the USSR, Britain, France, China, and the United States. Today, at least 12 states possess nuclear weapons. Others are seeking nuclear weapons. The United States is making every effort to dissuade these nations from acquiring WMD. The U.S. nuclear deterrent plays a role in this effort by assuring our allies and friends that the United States intends to maintain its forces to deter any future aggression and persuade potential aggressors to halt developments.

As the United States reduces the number of strategic, operationally deployed, weapons by two-thirds by 2012, we increasingly will have to look at options for more effective weapons for deterrence and achieving our defense goals, including programs like RNEP—a study of two existing gravity bombs repackaged to enhance survivability against hard and deeply-buried facilities. We have not abandoned conventional weapons to deal with the WMD facilities; rather, we have enhanced our conventional capabilities. We will need both advanced conventional and nuclear options to furnish the options we need to meet our defense policy goals.

UTILITY OF ROBUST NUCLEAR EARTH PENETRATOR CLASS WEAPONS

Question. What military utility does this new class of weapons have?

Answer. Nuclear weapons have been and likely always will be viewed as necessary to dissuade and deter the worst of threats to U.S. national security, particularly the threat of weapons of mass destruction use against us or our friends and allies. Those who may contemplate aggression against U.S. territory, troops, allies, and friends have learned from past conflicts and adapted new defensive postures against our weapon systems used a decade ago in Desert Storm. The war with Iraq demonstrated the effectiveness of U.S. technology. Technology, however, is perishable. New weapons, tactics, and technologies must be fielded to ensure the continued effectiveness of U.S. forces and our ability to deter weapons of mass destruction use. We must assure that potential adversaries cannot create a sanctuary by building hard and deeply buried facilities. We need to furnish effective options for the President to hold at risk confidently the most protected of capabilities that threaten U.S. territory, forces, allies, and friends—which may only be possible with RNEP-like capability.

The capability technically of a conventional bomb to achieve the structure shock effects necessary to destroy a growing class of hard and deeply buried targets is limited. It can be enhanced by obtaining exquisite intelligence on, proper delivery to, and targeting of key points such as target facility entrances, vents, and other nodes for functional disruption. However, as the depth of these targets increases, the ability to hold them at risk decreases to a point where conventional weapons are no longer effective even when the precise location and nature of the facility is known.

If RNEP delivery, impact, and penetration are made comparable to today's conventional bombs, ground shocks produced by the nuclear blast are propagated hundreds of feet into the earth to address deeply buried facilities in regions where conventional weapons have no capability.

Question. In the fiscal year 2004 budget, there is a request for an exemption of further operational testing of the ballistic missile defense system. In March, the Undersecretary of Defense, Edward Aldridge announced, "It was not our intent to waive operational testing."

If the intent was to not exempt testing prior to fielding the weapons system, what was the purpose of the exemption request?

Answer. The question refers to proposed section 8061, which reads in full:

"Sec. 8061. Funds available to the Department of Defense under the heading, "Research, Development, Test and Evaluation, Defense-Wide" may be used to develop and field an initial set of missile defense capabilities, and such fielding shall be considered to be system development and demonstration for purposes of any law governing the development and production of a major defense acquisition program. The initial set of missile defense capabilities is defined as 'Block 04' Ballistic Missile Defense system fielded in fiscal year 2004 and 2005. Subsequent blocks of missile defense capabilities shall be subject to existing laws governing development and production of major defense acquisition programs."

The Department's version of section 8061, quoted above, confirms the developmental nature of the initial set of missile defense capabilities. Because Block 04 remains in system development and demonstration, the use of Research, Development, Test and Evaluation funds to pay for the development and fielding of the system is appropriate, and the Department ultimately must complete operational test and evaluation of the system.

Question. Does testing under the guidelines of the Testing and Evaluation department negatively impact the program?

Answer. No, the program is not negatively impacted by DOT&E testing guidelines. MDA and DOT&E have established an effective working relationship. DOT&E is a member of the Missile Defense Support Group and provides testing advice to the Director, MDA and to USD (AT&L). Additionally, DOT&E produces a congressionally directed annual report on the status and effectiveness of the MDA test program.

TESTING

Question. Recently, the Missile Defense Agency cancelled Integrated Flight Test-16, which was dubbed the "dress rehearsal for deployment." This test was intended to increase the agency's knowledge regarding the feasibility and effectiveness of GMD's initial defensive capability. In addition, three more test scheduled for the coming years have also been canceled bringing the total number of canceled tests disclosed this year to nine.

Do you believe the system has received sufficient testing to be proven feasible and effective enough to be deployed?

Answer. MDA is confident that the overall BMDS test program is scoped to provide an effective defense against ballistic missiles of all ranges. Additionally, MDA is always reexamining the GMD flight test program to ensure that proven critical components and technologies will be resident in the Block 2004 BMDS Test Bed.

Question. Our experiences in Operation Enduring Freedom and now Operation Iraqi Freedom have demonstrated the need for strategic lift able to access all theaters of the battlefield, regardless of the size and quality of available airstrips.

With the armed forces relying on the C-17 to fulfill many of these missions, are there sufficient numbers of C-17's in the inventory to fulfill your requirements? If not, how many additional aircraft will be needed?

Answer. The Mobility Requirement Study 2005 (MRS05) established an airlift capacity requirement range between 51.1 and 54.5 Million Ton Miles per Day (MTM/D). Further evaluation during the Quadrennial Defense Review established the objective capacity at 54.5 MTM/D. This airlift capacity requirement includes strategic airlift, intratheater airlift, special operations, EUCOM requirements, as well as other CINC requirements. The current C-17 program achieves an inventory of 180 aircraft in fiscal year 2008. At that time, the fleet will be at the desired capacity.

Question. Economic conditions in the former Soviet bloc may stimulate the proliferation of advanced military technology, particularly in regard to surface-to-air missiles and tactical aircraft like the Mig-29 and Su-27. Even though our current

fighter aircraft have been successful in defeating various air defenses, they may not be capable of being modified to the extent needed to provide the stealth and other combat capabilities needed to cope with air defenses many countries may possess in future conflicts.

Do you believe aircraft like the F-22 will be able to fill this role, ensuring air superiority and fulfilling the fighter/attack role in the decades to come?

Answer. Yes. The F/A-22 is designed from the "ground up" to have the unique capability to operate in the presence of and suppress or destroy these anti-access adversary systems as required. The F/A-22's fundamental attributes of stealth, supercruise, advanced maneuverability, lethality, and integrated avionics will ensure Air Dominance in this decade and the decades to come. In future conflicts the aircraft will be essential for successful initial joint forcible entry and follow-on operations. The F/A-22 is a benchmark for Department of Defense and Air Force transformation efforts.

Question. DOD Directive 1344.7 governs personal commercial solicitation on military installations. The Directive protects Service members from unfair business practices. I understand that DOD is in the process of amending the Directive. I am concerned that the changes being considered should not unnecessarily restrict the access of Service members to beneficial insurance and financial planning services. I understand the Department is committed to working with affected parties, including the insurance and financial services companies that solicit business on-base to develop new policy.

Can you offer your assurance DOD will consult with affected parties prior to issuing any proposed draft regulation to ensure the service members continue to have access to competitive insurance and financial planning products and services?

Answer. The Department intends to host two public fora to allow for comments by all those affected by the policy. The Department first intends to host a forum at which the public may express views about the current commercial solicitation policy. These comments will be considered in preparing the draft for publication and public comments as a proposed rule in the Federal Register. After publication, the public will be invited to comment on the draft at an additional forum. The Department will carefully consider the written and oral comments on the proposed rule in promulgating the final rule.

PERCHLORATE

Question. We have now written to you on three separate occasions since November of last year impressing upon you the urgency for the DOD to take an active leadership role in mitigating the contamination of drinking water by perchlorate, a chemical used in most DOD missiles and munitions.

What steps are you taking to respond to our domestic public health problem that is a legacy of DOD operations over the past half century?

Answer. The Department's goal has been and continues to be support of a national process leading to mitigation of risks from perchlorate. The Environmental Protection Agency (EPA) is currently engaged in a process of investigation intended to arrive at an acceptable level of perchlorate in the environment. The Department, the National Aeronautics and Space Administration (NASA), the Department of Energy (DoE) and non-governmental organizations have been actively working with the EPA over the past several years to develop scientifically-defensible decisions regarding perchlorate use, assessment, and cleanup. Since 1997, the Department has spent \$2 million on research to assist the EPA in determining whether low-level perchlorate exposure poses a risk to the American public. In addition, the Department has invested considerable resources in the development of environmental treatment technologies for perchlorate, and has issued several significant research grants to identify possible substitutes for perchlorate in military applications. The Department is committed to using the best available science to inform public policies and decisions. The Department believes that the research undertaken by DOD, NASA, and EPA to evaluate the potential risks associated with perchlorate is a clear indication of that commitment. Pending promulgation of a cleanup standard, the Department will continue to work directly with state and local officials on the best strategies to safeguard our public water supplies.

Question. You have argued for a transformation of the military; a clear need is transformation of the policies and actions that endanger our citizens as a result of practices of the DOD. Currently, the policy of the DOD towards the need for you to clean up a legacy of environmental pollution appears to be old fashioned thinking and not that of a modern defense establishment.

When will you change the policy at the DOD and take positive action?

Answer. The Department is committed to fulfilling the public's trust for protecting and restoring the natural and cultural resources on lands managed by DOD. The Department has an exemplary record of environmental stewardship and faithfully complies with all environmental laws and regulations. In addition, the Department has gone beyond legal requirements by funding and providing to EPA and state regulators important research that helps define the effect of perchlorate on human health. DOD has also conducted a number of surveys to ascertain perchlorate occurrence at DOD facilities since 1998, and issued policy allowing DOD components to sample for perchlorate at facilities where there is a reasonable basis to suspect both a potential presence of perchlorate and a pathway that could potentially threaten public health. My office is currently in the process of developing a more robust policy, which will be used for program planning and prioritization in advance of promulgation of a standard. The Department and EPA, in partnership with NASA and DOE, continue to work together to address unresolved science and science policy issues. The National Academy of Science is now scheduled to review the underlying science issues for a proposed standard. We have also conducted extensive studies in the technology required to cleanup perchlorate. These studies have developed technologies for and supported their use by U.S. industries. Several of these technologies are currently in use. DOD believes that information collected on potential presence of perchlorate and our long history of cooperation with EPA on resolving health science issues has served to augment and accelerate the EPA's regulatory process which will lead to an eventual standard.

Question. I am very frustrated by the lack of response and absence of leadership on the part of the DOD and I would like to see this changed. My staff is prepared to work with your department and other agencies to find a solution.

Whom is the point of contact for my staff to follow-up with to work towards resolving the problem of an absence of leadership within the DOD?

Answer. The Assistant Deputy Under Secretary of Defense for Environment, Safety, and Occupational Health, Mr. John Paul Woodley is available to discuss the Department's position on this issue.

SUBCOMMITTEE RECESS

Senator STEVENS. Thank you, Mr. Secretary, General Pace, and Secretary Zakheim. The subcommittee will reconvene Thursday, May 15, to consider testimony from public witnesses concerning the President's budget request. Thank you very much.

[Whereupon, at 12:34 p.m., Wednesday, May 14, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2004

THURSDAY, MAY 15, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:47 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.
Present: Senators Stevens, Burns, and Inouye.

NONDEPARTMENTAL WITNESSES

**STATEMENT OF CAPTAIN IKE PUZON, U.S. NAVY RESERVE (RETIRED),
DIRECTOR OF LEGISLATION, THE NAVAL RESERVE ASSOCIATION**

OPENING STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS [presiding]. I am not the chairman of this subcommittee. I am just another one of the hired hands. And it is terrible that you get scheduled on a day where we have vote-a-rama. It is not fair to you, it is not fair to us, it is not fair to anybody. So we will all go out and eat worms.

This is the first time that I have participated in this part of the Defense appropriations process, so I feel ill-equipped and ill-prepared, unwashed and uneducated about this whole thing. But I am going to start it. We will be having votes every 10 minutes and that is just not fair. But nonetheless, your testimony will be taken and I am sure it will be reviewed as this committee is pretty good about those things.

I am Senator Conrad Burns and of course our chairman and our ranking member will be back as soon as they cast their votes. I have already voted on this first one, but you have to watch those lights pretty closely. You know, if you miss one vote, well, that shows up in a 30-second spot the next time you run for reelection.

We thank you for your patience and your indulgence with the inconvenience of this. We would like to start off with Captain Ike Puzon, United States Navy Reserve, Retired. He is Director of Legislation for the Naval Reserve Association. Captain, thank you for coming this morning. We look forward to your testimony.

Captain PUZON. Thank you, sir. On behalf of my colleagues, we thank you for being here, and if we can strike quick while no one else is here we will appreciate that.

Senator BURNS. Good.

Captain PUZON. Thank you, sir, and the distinguished members of the Senate Appropriations Committee and the staff, for having us. It is an honor and a pleasure to be here before you representing 22,000 members of the Naval Reserve Association on behalf of over 86,000 members of the Naval Reserve, especially during these times of increased usage of the Guard and Reserve.

I am sure you have already heard in the past several weeks and months what a magnificent job our Guard and Reserve has done, what their families have done, and what their employers have done in responding to the commitment that the Department of Defense has asked these members to do. It is still important to focus on the members today of these units in the Guard and Reserve and the Naval Reserve, as well as the active duty members.

The challenges that our Reserve, Guard, and active components of the military face are gigantic, as you know, during these times of increased threat to our national security. It is encouraging that we have been so successful, but it is really no surprise because of the people.

The focus of what we do next is blurred by constant deployments, constant recalls, increased usage of equipment and Guard and Reserve, and of course modern technology. In my mind, the center stage should always be the people, both Active, Reserve, and Guard, and also modern technology. I think in today's age—good morning, sir.

Senator STEVENS [presiding]. Good morning.

Captain PUZON. All too often the technology charisma overrides the need for people.

Senator STEVENS. Yes, sir. Go ahead.

Captain PUZON. Yes, sir, good morning.

I recently studied for the Secretary of Defense in the 21st century and 2025 what technology would make a difference in 2025. Of the group that I was with in the study, we always came back to was what people we would have in 2025.

Naval Reserve, as you know, are people. They are training, they are responding, they are waiting, and they are deploying. What the Guard and Reserve and the Naval Reserve in particular provides has been discussed several times. Operational readiness, stand-alone missions, parallel capability, and surge capabilities have been talked about.

Yet in current operations and performance I think we need to look at transforming our program and planning documents and our appropriations process and our vision in the Navy. That includes what I call, in a sports metaphor, an all-pro team of experts. These are expert warfighters. They are not just experts from a Reserve component, and they have proven that. We need to include them in all planning documents.

This Reserve force is ready to go, it is ready to fight. It is ready and it is capable units and individuals. I like to talk to them and refer to them as all-pro military experts. Some call them ordinary people doing extraordinary work and extraordinary things. I just refer to them as an all-pro team ready to go when you need them.

In some cases in the past, as you know, only Congress has recognized that the Naval Reserve needed equipment and personnel benefits to keep the force healthy and parallel. We are at that time

again where you the Congress must provide that guidance. Due to affordability issues that you are very aware of and without a doubt have been in constant awareness of, the Congress must step in at this time and provide some guidance and vision for the Naval Reserve. Because of the cuts that are pending in 2004, fiscal year 2004, we will see this decrease in our force structure.

[The statement follows:]

PREPARED STATEMENT OF CAPTAIN IKE PUZON

Chairman, Senator Inouye, and distinguished members of the subcommittee, on behalf of the 22,000 members of the Naval Reserve Association, and the 86,000 active Naval Reservists and the mirrored interests of all members of the guard and reserve components, we are grateful for the opportunity to submit testimony.

A popular fad in the press is to write about the plight of the mobilized Reservist. These articles emphasize the anxiety of being away from work and or family. As was stated in Wall Street Journal, "The activation of tens of thousands of military reservists is beginning to interrupt careers and disrupt workplaces on a scale not seen in more than a decade."¹

In the press today, a climate of despair is painted about the Reservist. Focus is on the needless hardship for members of the Guard and Reserve, for their families and for their employers. The Naval Reserve Association would like to dispel this Myth. In defense of the Reservists, our indication is that there are a statistical few that complain about their circumstances. Portrayed as a predicament by the press, most Reservists, instead, view mobilization as an opportunity to serve their country. Reservists are serving their country in uniform proudly, and are not complaining. They do have concerns similar to anyone in or out of uniform, who is deployed quickly and unexpectedly.

Reservists from any service have shown us time and time again that they'll volunteer when asked, despite the impact of their personal and professional life. This service beyond self is not appreciated by many on the Active side or in DOD. Recent documents show that the Reserve Components are not integrated into the Vision of future conflicts, and Homeland Security.

Since 1990, the Active Duty services have grown languorous from a diet of contributory assistance, recall, and mobilization support. The number of contributory man-days has risen from 1 million in the late 1980's to nearly 13 million a year over the past few years. Rather than confront budget appropriators, the Active Components have been content to fill their force shortfalls with Reserve manpower.

If there is a raw nerve among Reservists, it is caused by how individuals are being utilized, and how often that individual and the unit is being called up. And, why aren't they being used. Pride and professionalism is a large factor in the profile of a Reservist, as it is with any member of the Armed Services. They want to be used how they have been trained, and they want to complement the Active Forces. Too often, they have been called up to do a marginal job, or stand weekend or night watches allowing active members time off. In situations like this, we often hear from our members that the active duty personnel of a particular command are not working overtime. The model used by the Navy calls for active duty personnel to be working a sixty hour work week before Reservists would be involuntarily recalled to active duty. Quite often, the requirement for recall is nothing more than to fill in the gaps in existing active duty manning. Recall and proper use of reservists needs constant monitoring and attention. We agree that transformation of legacy personnel manpower programs is overdue. But, Reserve Component involvement in personnel transformation is mandatory.

Another raw nerve among Reservists is attempts by the Navy to deny individuals their full entitlements. Over and over, Reservists are asked to make a voluntary mid to long term commitment of combining drills with multiple sets of 29 day orders. There is an institutional bias to issuing Reservists one set of orders for longer than 30 days thereby denying them greater entitlements. We strongly believe that this is an injustice to the individual and his/her employer that Congress should question. Recent testimony by the Under Secretary of Defense indicates some entitlements may change, however, a continuum of entitlements for all Armed Services members is due in today's military.

¹Massive Call-Up of Reservists disrupts Careers, Workplaces; Kemba J. Dunham, Kris Maher and Greg Jaffe, Wall Street Journal, Feb. 18, 2003.

Over a year ago, Deputy Assistant Secretary of Defense for Reserve Affairs meet with the Military Reserve Associations and asked how frequently is it acceptable to recall Reservists? His hope was an answer measured in years that could be programmed into a formula. Reservists are not inventory numbers, but individuals, and they belong to warfighting units.

In today's American way of war, the way a Reservist is used and recalled is vital to successful military operations, and essential to gaining the will of America. As Deputy Secretary of Defense Paul Wolfowitz has said, "How we manage our Reserve Components will determine how well we as a nation are prepared to fight, today and tomorrow."²

The question we are asking is: "Are today's DOD legislative initiatives taking us in the right direction for a sound Military and a strong National Defense, and meeting the National Security Strategy?" The ultimate question for the Department of the Navy: "What is your Vision for use and equipping of the Naval Reserve Force?" We hope that DOD is learning lessons from the past to avoid repeating mistakes in the future, and the Naval Reserve Association stands ready to assist in turning lessons learned into improved policy. If current DOD and DoN planning and resource documents are used, there will not be a Naval Reserve Force in the next ten years. If there initiatives are followed, there will be a pool of people somewhere—if they stay—that the Navy can call upon to fill gaps created by the next asymmetric conflict. The Naval Reserve Force has shown, time and again, when engaged—they are the All Pros that are as professional or better than any force. The recent VFA deployment is only one such example.

Our Key message for all to remember: One: Our nation needs a Naval Reserve Force—with Air and Surface assets to go fight and win our nations conflicts, it should be a center piece of our National Security Strategy. Two: As a nation, we must start now to recapitalize these forces, to remain relevant. Three: With the people and pay and benefits at the center, the Naval Reserve Force can play a key role in Homeland Security.

Again, thank you for this opportunity. Details of specific concerns by our Association on DOD initiatives follow, we hope you can help address them:

DEPARTMENT OF DEFENSE INITIATIVES

Roles and Missions

A Pentagon study has highlighted that the Guard and Reserve structure, today, is an inherited Cold War relic. As a result, the Guard and the Reserve organization has become the focus of "transformation." While it won't be denied that there could be a need for change, transformation for transformation sake could be disadvantageous. Visionaries need to learn lessons from the past, assimilate the technology of the future, and by blending each, implement changes that improve warfighting. Transformation is needed to move forward and ensure a Total Force that includes a strong Guard and Reserve.

The Reserve Component as a worker pool

Issue.—The view of the Reserve Component that has been suggested within the Pentagon is to consider the Reserve as of a labor pool, where Reservist could be brought onto Active Duty at the needs of a Service and returned, when the requirement is no longer needed. It has also been suggested that an Active Duty member should be able to rotate off active duty for a period, spending that tenure as a Reservist, returning to active duty when family, or education matters are corrected.

Position.—The Guard and Reserve should not be viewed as a temporary-hiring agency. Too often the Active Component views the recall of a Reservist as a means to fill a gap in existing active duty manning. Voluntary recall to meet these requirements is one thing, involuntary recall is another.

The two top reasons why a Reservist quits the Guard or Reserve is pressure from family, or employer. The number one complaint from employers is not the activation, but the unpredictability of when a Reservist is recalled, and when they will be returned.

100 percent mission ownership

Issue.—Department of Defense is looking at changing the reserve and active component mix. "There's no question but that there are a number of things that the United States is asking its forces to do," Rumsfeld said. "And when one looks at

² Remarks by Deputy Secretary of Defense Paul Wolfowitz, to the Reserve Officers Association 2002 National Conference, Philadelphia, PA, June 20, 2002.

what those things are, we find that some of the things that are necessary, in the course of executing those orders, are things that are found only in the Reserves.”

Position.—America is best defended through a partnership between the government, the military and the people. The Naval Reserve Association supports the continued recognition of the Abrams Doctrine, which holds that with a volunteer force, we should never go to war without the involvement of the Guard and Reserve, because they bring the national will of the people to the fight. While a review of mission tasking is encouraged, the Active Component should not be tasked with every mission, and for those it shares, no more heavily than their Reserve counterparts. Historically, a number of the high percentage missions gravitated to the Reserve components because the Active Forces treated them as collateral duties. The Reserve has an expertise in some mission areas that are unequaled because Reservists can dedicate the time to developing skills and mission capability, and sharing civilian equivalencies, where such specialization could be a career buster on Active Duty.

Augmentees

Issue.—As a means to transform, a number of the services are embracing the concept that command and unit structure within the Reserve Component is unnecessary. Reservists could be mustered as individual mobilization augmentees and be called up because often they are recalled by skills and not units.

Position.—An augmentee structure within the Naval Reserve was attempted in the 1950's/1960's, and again in the 1980's. In one word: Failure! Reservists of that period could not pass the readiness test. The image of the Selected Reservists, sitting in a Reserve Center reading a newspaper originates from the augmentee era. Some semblance of structure is needed on a military hierarchy. Early on, Naval Reservists created their own defense universities to fill the training void caused by mission vacuum.

Combining Active and Reserve Appropriations

Issue.—The fiscal year 2004 Defense budget request makes it clear that OSD intends to consolidate all pay and O&M accounts into one appropriation per service. These consolidations would require various legislative changes before they would become law. The rationale for the consolidations is to provide greater flexibility for the Active chiefs to move monies from the Reserve and Guard pay accounts to fund Active component pay and O&M shortfalls. Managing fewer appropriations would also make managing pay and O&M easier.

Position.—The Naval Reserve Association strongly opposes the proposed consolidation of all Guard, Reserve and Active pay into one service pay appropriation. We similarly oppose the proposed consolidation of all Guard, Reserve and Active operations and maintenance accounts into one service O&M appropriation. While we support seeking efficiencies wherever possible, we view the proposed “business” consolidation as ill conceived, misrepresented as inefficient, and as an attempt to reduce Congressional oversight. We oppose it for a variety of other reasons, as well.

Under current law, the Reserve chiefs are the directors for their respective Reserve pay and O&M appropriations. Public Law 90-168, as amended by the fiscal year 1997 NDAA, vested in the Reserve Chiefs full management and control of their respective Reserve financial resources. Consolidating Reserve and Active pay into one appropriation would divest the Reserve chiefs of this authority and preclude their executing the programs and responsibilities, and maintaining the readiness mandated by Congress.

Much of the Guard and Reserve annual training occurs during the fourth quarter of a fiscal year, the same time frame when the Active components are most likely to run short of funds and to desire to use Reserve pay and O&M to fund their own shortfalls. Allowing the Active components the “flexibility” to use Reserve funds whenever they need to pay Active component bills means that somewhere a Reserve soldier will not be paid or a Reserve unit, Reservist will not be trained for mobilization or receive the specialized training needed for promotion, and ultimately retention. The Active Component will have flexible funding at the cost of Reserve Readiness.

Inferred changes to DOPMA and ROPMA

Issue.—It has been suggested within a DOD Roles and Missions study that promotions in the Reserve Component need not be tied to Active Duty promotion rates. It was further stated that allowing a skilled Reservist to remain at a certain mid-grade rank enlisted or officer rank longer would allow that individual to perform a vital mission longer.

Position.—While NRA might support a change to the “promote up or out” policy; we in no way endorse having the Selected Reserve become an advancement wasteland.

Issue.—Secretary Rumsfeld has also publicly stated that he has the Personnel & Readiness office looking at how DOD can get the benefit of people in a specific job longer, and how we can have people increase the number of total years they serve if they want to. He is willing to extending military careers beyond 60 years of age.

Position.—While current policy permits individual waivers to retain certain skill sets, the Naval Reserve Association feels that authorizing changes to the length of tenure would have a negative impact and a rippling effect. History has shown time and again, if senior leaders are not encouraged to retire, there will be a retention collapse in the middle ranks, which erodes the long-term future of a component force. Few are so skilled, that a junior member can't fill the position with similar qualifications.

Pay and Compensation

Issue.—A premature release of information in the form of a Naval Reserve survey, revealed a DOD initiative to end “two days pay for one days work,” and replace it with a plan to provide 1/30 of a Month's pay model, which would include both pay and allowances. Even with allowances, pay would be less than the current system. When concerns were addressed about this proposal, a retention bonus was the suggested solution to keep pay at the current levels.

Position.—Allowances differ between individuals and can be affected by commute distances and even zip codes. Certain allowances that are unlikely to be paid include geographic, housing, education benefits, travel and adjustments for missing Healthcare.

The Naval Reserve Association holds reservations with a retention bonus as a supplemental source. Being renewed annually bonuses tend to depend on the national economy, deficit, and political winds. Further, would this bonus just be grandfathered to current Reservists, with some future generation forfeiting the bonus as an income source?

As one Reservists said, “With the nonreimbursed expenses for commuting and training, I could afford to drill at one days pay.”

Healthcare

Healthcare readiness is the number one problem in mobilizing Reservists. The governments own studies show that between 20–25 percent of Guardsmen and Reservists are uninsured.

We applaud the efforts of the TRICARE Management Activity. TMA has a strong sense of which the customer is. They emphasize communications, and are proactive at working with the military associations. NRA would like to see a continued effort at:

- Ensuring quality coverage for mobilized Reservist to provide continuity of healthcare.
- Seeking consistency of how TRICARE is implemented for mobilized Reservists and families between regions, and
- Establishing a TRICARE Health plan for uninsured drilling Reservists, similar to the successful SELRES Dental Program.

Business Initiative

Issue.—Many within the Pentagon feel that business models are the panacea to perceived problems with in military structure.

Position.—Reservists have the unique perspective of holding two careers; many with one foot in business and one foot in the military. The Naval Reserve Association suggests caution rather than rush into business solutions. Attempted many times in the past, business models have failed in the military even with commands that proactively support.

Among the problems faced are:

Implementing models that are incompletely understood by director or recipient.

Feedback failure: “Don't tell me why not; just go do it!”

The solution is often more expensive than the problem. Overburdened middle management attempting to implement. Cultural differences.

While textbook solutions, these models frequently fail in business, too.

Retirement: Age 55

Issue.—A one sided debate is being held through the press on whether changes should be allowed to Guard and Reserve to lower the retirement payment age. At a recent Pentagon press conference, Thomas F. Hall, the Assistant Secretary of Defense for Reserve Affairs, said he has “thought a lot about” lowering reserve retirement age. Hall said it would be “expensive” and might encourage Reservists to leave the workforce at too young an age. The Defense Department is now studying the issue to be part of a report to Congress next year.

Position.—Over the last two decades, more has been asked of Guardsmen and Reservists than ever before. The nature of the contract has changed; Reserve Component members would like to see recognition of the added burden they carry. Providing an option that reduces the retired with pay age to age 55 carries importance in retention, recruitment, and personnel readiness.

Most military associations are hesitant to endorse this because they envision money would be taken out of other entitlements, benefits, and Guard and Reserve Equipment budgets. The Naval Reserve Association suggests an approach to this issue that would not be that “expensive.”

The Naval Reserve Association recommends for discussion/debate that Reserve Retirement with pay prior to age 60 be treated like taking Social Security retirement early—if you elected to take it at say age 55, you take it at an actuarially reduced rate.

Most of the cost projected by DOD is for TRICARE healthcare, which begins when retirement pay commences. Again, if one takes Social Security before reaching age 65 they are not eligible for Medicare. NRA suggests that TRICARE for Reservists be decoupled from pay, and eligibility remains at age 60 years. With Social Security as a model, Reservists understand the nature of offsetting payments. The real expense in this proposal would be the administrative startup costs and whatever would be lost in interest crediting in the retirement trust fund.

Retention concerns should be set aside. Commissioned officers typically reach ROMPA limits at age 53. While enlisted are allowed to drill to age sixty, many in the Navy are limited by High Year Tenure policies that take them out of pay before then. When this happens, many submit their retirement without pay requests. By age 50, an enlisted has either already retired or is career.

At a minimum, hearings should be held to broaden the debate.

DEPARTMENT OF THE NAVY INITIATIVES

Temporary Recall of Reserve Officers (Three Years or Less)

Issue.—To properly match the Reserve officer’s exclusion from the active duty list as provided for by 10 U.S.C. 641(1)(D) with a corresponding exclusion from the authorized grade strengths for active duty list officers in 10 U.S.C. 523. Without this amendment, the active component would have to compensate within their control grades for temporary recalled Reserve officers who are considered, selected and promoted by RASL promotion selection boards. This compensation causes instability in promotion planning and a reduction in “career” ADL officer eligibility and promotion for each year a Reserve officer remains on “temporary” active duty. Therefore, Naval Reservists are temporarily recalled to active duty and placed on the ADL for promotional purposes. End result—failure of selection due to removal from RASL peer group.

Position.—Strongly support grade strength relief for the small percentage of Reserve officers who would possibly be promoted while serving on temporary active duty. Granting relief is a Win-Win situation. By removing the instability in promotion planning for the active component, Reserve officers can be issued recall orders specifying 10 U.S.C. 641(1)(D) allowing them to remain on the RASL for promotion purposes.

Equipment Ownership

Issue.—An internal study by the Navy has suggested that Naval Reserve equipment should be returned to the Navy. At first glance, the recommendation of transferring Reserve Component hardware back to the Active component appears not to be a personnel issue. However, nothing could be more of a personnel readiness issue and is ill advised. Besides being attempted several times before, this issue needs to be addressed if the current National Security Strategy is to succeed.

Position.—The overwhelming majority of Reserve and Guard members join the RC to have hands-on experience on equipment. The training and personnel readiness of Guard and Reserve members depends on constant hands-on equipment exposure. History shows, this can only be accomplished through Reserve and Guard equipment, since the training cycles of Active Components are rarely if ever—synchronized with the training or exercise times of Guard and Reserve units. Additionally, historical records show that Guard and Reserve units with hardware maintain equipment at or higher than average material and often better training readiness. Current and future war fighting requirements will need these highly qualified units when the Combatant Commanders require fully ready units.

Reserve and Guard units have proven their readiness. The personnel readiness, retention, and training of Reserve and Guard members will depend on them having Reserve equipment that they can utilize, maintain, train on, and deploy with when

called upon. Depending on hardware from the Active Component, has never been successful for many functional reasons. The NRA recommends strengthen the Reserve and Guard equipment in order to maintain—highly qualified trained Reserve and Guard personnel.

Closure of Naval Reserve Activities

Issue.—A proposal has been made, suggesting that a large number of Naval Reserve Centers and Naval Air Reserve Activities be closed, and that Naval Reservists could commute to Fleet Concentration Areas to directly support gaining commands and mobilization sites.

Position.—The Naval Reserve Association is opposed to this plan for the following reasons.

- The Naval Reserve is the one Reserve component that has Reserve Activities in every state. To close many of these would be cutting the single military tie to the civilian community.
- The demographics of the Naval Reserve is that most of the commissioned officers live on the coasts, while most of the enlisted live in the hinterland, middle America. The Naval Reservists who are paid the least would have to travel the farthest.
- The active duty concept of a Naval Reserve is a junior force, a structure based upon enlisted (E1–E3s) and officers (O1–O2's) billets that can't be filled because the individuals haven't left the fleet yet. When the Coast Guard "transformed" its Reserve force, it was a forced a restructuring that RIFFed many senior officer and enlisted leadership from the USCGR ranks, and caused a number of years of administrative problems.
- If training at fleet concentration centers was correctly implemented, the Navy should bear the expense and burden of transportation and housing while on site. Additionally, at locations such as Naval Station Norfolk, the overlap of Active Duty and Reserve training has shown an increased burden on Bachelor Quarters and messing facilities. Frequently, Reservists must be billeted out on the economy. With these extra costs, training would prove more expensive.
- Such a plan would devastate the Naval Reserves; retention would plummet, training and readiness would suffer.

Replacement of Full Time Staff (TARs) with Active Duty "Station Keepers"

Issue.—Another suggested initiative would to the replacement of Full Time Staff (TARs) with Active Duty "Station Keepers".

Position.—This has failed in the past, because the Active Navy doesn't commit its best or it's brightest to administer Reservists. It is not viewed as career enhancing, and those who complete the assignments tend to do poorly before competitive promotion boards. The assignments tend to often gravitate to unqualified second and third string players who are dead-ended in their careers, and Reservists retention, recruitment, readiness and morale tend to suffer.

CONCLUSION

The Four "P's" can identify the issues that are important to Reservists: Pay, Promotion, Points, and Pride.

- Pay needs to be competitive. As Reservists have dual careers, they have other sources of income. If pay is too low, or expenses too high, a Reservist knows that time may be better invested elsewhere.
- Promotions need to be fairly regular, and attainable. Promotions have to be through an established system and be predictable.
- Points reflect a Reservist's ambitions to earn Retirement. They are as creditable a reinforcement as pay; and must be easily tracked.
- Pride is a combination of professionalism, parity and awards: doing the job well with requisite equipment, and being recognized for ones efforts. While people may not remember exactly what you did, or what you said, they will always remember how you made them feel.

If change is too rapid in any of these four, anxiety is generated amid the ranks. As the Reserve Component is the true volunteer force, Reservists are apt to vote with their feet. Reservists are a durable, and are the "All Pro Team" resource only if they are treated right. Current conditions about the world highlights the ongoing need for the Reserve Component as key players in meeting National Security Strategy, we can't afford to squander that resource.

Senator STEVENS. Thank you very much. I hate to interrupt you here now. We have been given a problem. There will be 30-plus votes on the floor today. They occur every 10 minutes. So we have

to go back and forth to vote. We will have to limit you in time, and what we are going to try—Senator Inouye, Senator Burns, I do not know how long you are going to be here, but we are going to try to rotate so one of us is here at all times. But we will have to keep moving because it is going to be a difficult time.

So I appreciate your courtesy. I do want to say this to everyone. I am going to say, whoever is here is going to say who is the next witness. For instance, the next one is Ms. Holleman, and after that is Mr. Butler. We want you to know who is coming up next so we can determine if that person is not here and call up the next person before the next witness.

Is Mr. Holleman here now? Ms. Holleman. Pardon me.

Captain PUZON. Thank you, sir.

Senator STEVENS. Thank you. I appreciate your courtesy.

Good morning, ma'am.

STATEMENT OF DEIRDRE PARKE HOLLEMAN, ESQ., CO-DIRECTOR, NATIONAL MILITARY AND VETERANS ASSOCIATION, AND NATIONAL LEGISLATIVE DIRECTOR, THE RETIRED ENLISTED ASSOCIATION

Ms. HOLLEMAN. Good morning. Mr. Chairman, Mr. Burns, it is an honor for me to be here to testify on behalf of the National Military and Veterans Alliance. The alliance is an umbrella group made up of 26 military, retiree, veterans, and survivor associations, with almost 5 million members. Our concerns are many, but our time is brief, so I will just touch on a few issues.

It is crucial that military health care is fully funded. These past few months have shown the important part the direct health care system plays in our military readiness. We must continue to be fully funded and the equipment and other supplies that have been used supporting our deployments in Iraq and Afghanistan must be replaced.

Additionally, the purchased health care system is essential to provide the services necessary to maintain a satisfied, healthy, and vigorous military family, whether active duty and their families, retirees, or survivors. It also helps to promote necessary retention.

In the last several years it has been this subcommittee's concerns and actions that stopped the constant funding shortfalls that have occurred for many years, and we are truly grateful. We ask that you continue to make sure that there is full funding in fiscal year 2004 for all parts of the defense health care budget.

The alliance is also deeply concerned about the changes that are going to occur shortly in the Tricare resource sharing program. Through this program at the present time approximately 3,500 health care professionals work at the Medical Treatment Facility (MTFs), treating approximately 2 million patients every year. With the advent of the Temporary National Economic Committee (TNECs), all these contracts will end and new ones will have to be negotiated, presumably through the MTFs. It is crucial that there is no break in services caused by this contractual change. The alliance asks that this subcommittee provide sufficient transitional funding and direction to this valuable program so this valuable program can continue without interruption.

With all the improvements that the military health care has seen in the last few years, one program has been ignored, Tricare Standard. Over 3.2 million military retirees under the age of 65 and

their families are covered by Standard. At this time very little thought is given to them. Tricare Standard beneficiaries should be contacted yearly and informed about their program and any recent changes that have occurred. No such contact occurs at this time.

It is especially important for the TRICARE Management Activity (TMA) to contact grey-area retirees when they reach 60 years old to tell them of their automatic qualification and benefits. They are not contacted now and often these retirees needlessly retain and pay for private health care insurance.

Most importantly, we hope that Tricare Standard will start to help recruit providers and help beneficiaries find them. At this time there is no requirement to do either and therefore Standard is becoming a more and more illusory benefit. The alliance requests that both sufficient funding and direction are given to improve this important program.

The Military and Veterans Alliance thanks you for having this hearing and listening to our concerns. Our written testimony deals with many additional areas. We hope that you will consider those points when finalizing your appropriations bills this year.

Again, Mr. Chairman, thank you very much for your attention.

Senator STEVENS. Thank you for your courtesy. It is nice to see you here today.

Ms. HOLLEMAN. Thank you.

[The statement follows:]

PREPARED STATEMENT OF DEIRDRE PARKE HOLLEMAN, ESQ.

INTRODUCTION

Mister Chairman and distinguished members of the Committee, the National Military and Veterans Alliance (NMVA) is very grateful for the invitation to testify before you about our views and suggestions concerning defense funding issues.

The Alliance was founded in 1996 as an umbrella organization to be utilized by the various military and veteran associations as a means to work together towards their common goals. The Alliance's organizations are: American Logistics Association, American Military Retirees Association, American Military Society, American Retiree Association, American World War II Orphans Network, AMVETS National Headquarters, Catholic War Veterans, Class Act Group, Gold Star Wives of America, Korean War Veterans Foundation, Legion of Valor, Military Order of the Purple Heart, National Association for Uniformed Services, National Gulf War Resource Center, Naval Enlisted Reserve Association, Naval Reserve Association, Non Commissioned Officers Association, Society of Medical Consultants to the Armed Forces, Society of Military Widows, The Retired Enlisted Association, TREA Senior Citizens League, Tragedy Assistance Program for Survivors, Uniformed Services Disabled Retirees, Veterans of Foreign Wars, Vietnam Veterans of America.

The preceding organizations have almost five million members who are serving our nation, or who have done so in the past and their families.

The overall goal of the National Military and Veteran's Alliance is a strong National Defense. In light of this overall objective, we would request that the committee examine the following proposals.

CURRENT AND FUTURE ISSUES FACING UNIFORMED SERVICES HEALTH CARE

The National Military and Veterans Alliance must once again thank this Committee for the great strides that have been made over the last few years to improve the health care provided to the active duty members, their families, survivors and Medicare eligible retirees of all the Uniformed Services. The improvements have been historic. TRICARE for Life and the Senior Pharmacy Program have enormously improved the life and health of Medicare Eligible Military Retirees their families and survivors. DOD's new Medicare Eligible Retiree Health Care Fund has been put into place. This addition should help stabilize funding for military health care in the future. Additionally, reducing the catastrophic cap, improving the TRICARE Prime Remote program and making other TRICARE improvements have

improved the situation of numerous other TRICARE beneficiaries. It has been a very successful few years. But there are still many serious problems to be addressed:

An Adequate Health Care Budget

As always, the most pressing issue facing military health care is an adequate Defense Department Health Care Budget. This is again the Alliance's top priority. With the additional costs that have come with the deployments to Southwest Asia, Afghanistan and Iraq, we must all stay vigilant against future budgetary shortfalls that would damage the quality and availability of health care.

Improving Tricare Standard

While great steps forward have been made in health care for those uniform services' beneficiaries covered under TRICARE Prime and TRICARE for Life, TRICARE Standard has withered on the vine. TRICARE Standard has truly become the stepchild of military health care. The Alliance asks that this Committee financially support this final group of forgotten beneficiaries. Some improvements in the situation can be easily accomplished, others will indeed be difficult.

There should be a requirement that all TRICARE Standard beneficiaries be contacted at least once a year with information of the changes in the program and benefits. The Alliance believes that there is no other health care plan in the country that does not contact its beneficiaries on at least an annual basis. The TRICARE Management Activity (TMA) is considering plans to improve communications between TRICARE Prime and its beneficiaries. Including TRICARE Standard in such a plan would be an easy improvement.

An additional population needing to be contacted is the "gray area" Reservists when they reach age 60 and finally qualify for retirement pay. Too often, this group of retirees is unaware of the automatic enrollment, and individuals carry unneeded medical coverage. They should be informed of the TRICARE Standard as a benefit, and what it covers.

NMVA requests appropriations funding to support TMA making these contacts.

A much harder improvement in TRICARE Standard involves creating initiatives to convince health care providers to accept TRICARE Standard patients. TRICARE reimbursement rates are tied to Medicare reimbursement levels. It is well known that health care providers are dissatisfied with TRICARE reimbursement levels. The Alliance was pleased and relieved by the Administration's and Congress' recent corrections and improvements in Medicare reimbursement rates. This correction in the Medicare program will also be a great help to the TRICARE Program.

Yet this is not enough. The history of low and slow payments in the past for TRICARE Standard as well as what still seems like complicated procedures and administrative forms makes it harder and harder for beneficiaries to find health care providers that will accept TRICARE. Any improvements in the rates paid for Medicare/TRICARE should be a great help in this area. Additionally, any further steps to simplify the administrative burdens and complications for health care providers for TRICARE beneficiaries hopefully will increase the number of available providers.

The Alliance asks the Defense Subcommittee to include language encouraging continued increases in Medicare reimbursement rates.

One key tool in making low-cost MTF care available to military beneficiaries has been the resource sharing program: putting civilian health care professionals and support personnel into military hospitals and clinics. Currently, there are 3,500 people working and providing services in MTFs serving approximately 2 million patients annually.

The Alliance is concerned that a gap exists in the transition of this program from its current configuration to that of the new generation of T-Nex contracts. All current agreements must end with the current contracts, yet there is no clear guidance on how the Services will continue the resource share program, nor when the individual MTFs will be able to renew access to the current resources to implement this program.

The National Military Veterans Alliance request that this committee provide transitional funding to insure uninterrupted service between contracts.

Tricare Retiree Dental Plan (TRDP)

The focus of the TRICARE Retiree Dental Plan (TRDP) is to maintain the dental health of Uniformed Services retirees and their family members. Several years ago we saw the need to modify the TRDP legislation to allow the Department of Defense to include some dental procedures that had previously not been covered by the program. Adding these procedures was necessary to fulfill the intent of the TRDP to maintain good dental health for retirees and their family members. With this modification the TRDP achieved equity with the active duty dental plan.

With ever increasing premium costs, NMVA feels that the Department should assist retirees in maintaining their dental health by providing a government cost-share for the retiree dental plan. With many retirees and their families on a fixed income, an effort should be made to help ease the financial burden on this population and promote a seamless transition from the active duty dental plan to the retiree dental plan in cost structure. Additionally, we hope the Congress will enlarge the retiree dental plan to include retired beneficiaries who live overseas. The Alliance would appreciate this Committee's consideration of both proposals.

NATIONAL GUARD AND RESERVE HEALTH CARE

First, we would like to thank the efforts by the office of Secretary of Defense and TRICARE Management Activity for revising Health Affairs Policy 96-018. The changes made to TRICARE Prime allow families of activated Guardsmen or Reservists to be eligible for TRICARE Prime when the military sponsor has active duty orders for more than 30 days. This revision also allows the family to enroll without enrollment fees or co-payments.

Changes made to the TRICARE Prime Remote for Active Duty Family Members program allow the families of activated Reserve and National Guard, Prime Remote coverage, no matter where the sponsor lives as long as they resided with the service member before he or she left for their mobilization site or deployment location, and the family continues to reside there. We are very thankful for these improvements, however, additional changes are still needed.

Mobilized Health Care—Medical Readiness of Reservists

The number one problem faced by Reservists being recalled was medical readiness. The government's own studies indicate that between 20–25 percent of Reservists are without healthcare plans. Further study will show that another group is under insured. Congress needs to recommend a healthcare coverage for Reservists that could bridge this medical gap.

A model for healthcare would be the TRICARE Dental Program, which offers subsidized dental coverage for Selected Reservists and self-insurance for SELRES families. Reservists pay \$8.14 per month for an individual's enrollment and \$50.88 per month for a family enrollment. If mobilized to active duty for more than 30 consecutive days, the costs will be \$8.14 for a single enrollment and \$20.35 for a family enrollment. Members of the Individual Ready Reserve (Other than Special Mobilization Category) and their family members, and the family members of the Selected Reserve (not on active duty) will pay a new monthly rate of \$20.35 for a single enrollment and \$50.88 for a family enrollment.

In an ideal world this would give universal dental coverage. Reality is that the services are facing some problems. Premium increases to the individual Reservist have caused some of the junior members to forgo coverage. Dental readiness has dropped. Mobilized members have been "readied" by tooth extraction rather than tooth filling. The Military services are trying to determine how best to motivate their Reserve Component members. It is hard to make dental coverage mandatory if the Reservist must pay even a portion of it.

Position.—The National Military Veterans Alliance supports utilization of Guard and Reserve Dentists to examine and treat Guardsmen and Reservists who have substandard dental hygiene. The TRICARE Dental Program should be continued, because we believe it has pulled up overall Dental Readiness. Medical coverage plans should be explored to insure universal medical coverage for Guardsmen and Reservists; Reservists and their dependents should be allowed to join TRICARE.

Some Options

The Department of Defense has a model program extending FEHBP coverage to mobilized employees where basic employees premiums are paid. Other federal agencies can adopt this policy on an agency-by-agency basis but this policy is not uniform across all federal agencies.

Position.—As an option to TRICARE standard, the Alliance would like to see the government pay equivalent premiums directly to private employers if these companies choose to extend health coverage to the Reservist as an option.

Demobilized Health Care

Under the revised transitional healthcare benefit plan, Guard and Reserve who were ordered to active duty for more than 30 days in support of a contingency and have more than six years total active federal service are eligible for 120 days of transition health care following their period of active service. Guard and Reserve members with less than six years service will get 60 days of continued medical care.

Families were excluded from this coverage. An initial fix was a worldwide demonstration project, which permitted family members to be covered under this plan.

Position.—While 75 to 80 percent of returning Reservists will have healthcare when they return to their employers, the balance will be without healthcare beyond the current 120 or 60-day limitation.

—There should not be a demarcation at six years between 60 and 120 days. The jobs performed by the Reserve Component members were identical; their demobilization healthcare coverage should be identical.

—Demobilization transition TRICARE coverage for the post activated Reserve Component members should be expanded. A civilian is allowed up to 18 months of coverage under COBRA when transitioning between jobs. Military should be permitted the same.

Further.—The National Military Veterans Alliance supports OSD efforts to ensure the quality of demobilization processing. Each returning Guardsman or Reservist should be given a benchmark separation physical to document their health as they return from the “battlefields.”

NMVA asks the committee for funding to support DOD’s demobilization health care demonstration programs.

OTHER RESERVE/GUARD ISSUES (LONG-TERM)

Age 55 Retirement Payment Age

Over the last two decades, more has been asked of Guardsmen and Reservists than ever before. The nature of the contract has changed; Reserve Component members would like to see recognition of the added burden they carry. Providing an option that reduces the retired with pay age from 60 to 55 years carries importance in retention, recruitment, and personnel readiness. Some are hesitant to endorse this because they envision money would be taken out of other entitlements, benefits, and Guard and Reserve Equipment budgets. The National Military and Veteran’s Alliance recommends that Reserve retirement with pay be allowed prior to age 60, but be treated like Social Security retirement offset, at lower payments when taken at an earlier age. If a Reservist elects to take retired pay at age 55, it would be taken at an actuarially reduced rate, keeping the net costs at zero.

Most of the cost projected by DOD is for TRICARE healthcare, which begins when retirement pay commences. Again following the Social Security example, Medicare is not linked to Social Security payments. NMVA suggests that TRICARE for Reservists be decoupled from pay, and eligibility remain at age 60 years with Social Security as a model, Reservists understand the nature of offsetting payments. The only remaining expense in this proposal would be the administrative startup costs and adjustments to retirement accrual contributed to the DOD retirement accounts.

Pay and Compensation For Guard and Reserve

We are concerned about a recent DOD initiative to end “two days pay for one days work,” and replace it with a plan to provide 1/30 of a Month’s pay model, which would include both pay and allowances. Even with allowances, pay would be less than the current system. When concerns were addressed about this proposal, a retention bonus was the suggested solution to keep pay at the current levels. Allowances differ between individuals and can be affected by commute distances and even zip codes. Certain allowances that are unlikely to be paid uniformly include geographic differences, housing variables, tuition assistance, travel, and adjustments to compensate for missing Healthcare.

The National Military and Veterans Alliance holds reservations with a retention bonus as a supplemental source. Being renewed annually bonuses tend to depend on the national economy, deficit, and political winds. Further, would this bonus just be grandfathered to current Reservists, with some future generation forfeiting the bonus as an income source. The NMVA strongly recommends that the reserve pay system “two days pay for one days work,” be retained, as is.

OTHER RESERVE/GUARD RECOMMENDATIONS (SHORT-TERM)

Ensure adequate funding to equip Guard and Reserve at a level that allows them to carry out their mission. Do not turn these crucial assets over to the active duty force. In the same vein we ask that the Congress ensure adequate funding that allows a Guardsman/Reservist to complete 48 drills, and 15 annual training days per member, per year. This stems from the concern about a recent DOD plan, the “Defense Transformation for the 21st Century Act of 2003” that would potentially use some of these same “Reserve” dollars to fund involuntary 90-day pre-mobilization call up for training. This funding should come instead from the active duty budget, which will most directly benefit from this “deployment standards” training.

The NMVA strongly recommends that Reserve Program funding remain at sufficient levels to adequately train and support the robust reserve force that has been so critical and successful during our Nation's recent major conflicts.

CONCLUSION

Mr. Chairman and distinguished members of the Subcommittee the Alliance again wishes to emphasize that we are grateful for and delighted with the large steps forward that the Congress has affected the last few years. The new health care programs for Uniformed Service retirees 65 years and over (TRICARE for Life and the Senior Pharmacy) and active duty members and their families (TRICARE Prime Remote and the reduction of the catastrophic cap) have been great successes. We are also very appreciative of recent changes that impact our "citizen soldiers" in the Guard and Reserve. But there is still work to be done to improve health care programs for all qualified beneficiaries, and benefits and mission funding for our Guardsmen and Reservists. We understand that all of these issues don't fall under the direct purview of your subcommittee. However, we are aware of the continuing concern all of the subcommittee's members have shown for the health and welfare of our service personnel and their families. Therefore, we hope that this subcommittee can further advance these suggestions in this committee or in other positions that the members hold. We are very grateful for the opportunity to speak on these issues of crucial concern to our members. Thank you.

Senator STEVENS. Next is Mr. Butler, Deputy Director of Legislation, National Association of Uniformed Services. Good morning.

STATEMENT OF BENJAMIN H. BUTLER, DEPUTY DIRECTOR OF LEGISLATION, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

Mr. BUTLER. Good morning. Mr. Chairman, the National Association for Uniformed Services (NAUS) and the Society of Military Widows is very grateful for the invitation to testify before you about our views and suggestions concerning defense funding issues. There are several issues covered in my formal statement in detail. I would like to highlight a couple here today pertaining to survivors.

First I would like to mention the age-62 survivor benefits program offset with Social Security. NAUS's primary survivor goal is the elimination of the age-62 Strategic Business Plan (SBP) offset. This would increase the annuity from 35 percent to the original 55 percent. Not only were many of the earliest enrollees not provided the full explanation of the social security offset, but the Federal Government provides a substantially higher annuity with no offset for Federal Civil Service survivors. We urge the committee to provide funding for the annuity increase and end the often devastating effects of the offset.

On a related front, the National Defense Authorization Act for fiscal year 1999 provided a paid-up provision to the survivor benefit plan. The law states that, effective October 1, 2008, if a retiree has paid into the program for 30 years and is 70 years old then the premium is paid up. NAUS recommends the appropriate funding to accelerate the paid-up provisions and change the effective date from October 1, 2008, to October 1, 2003, the 30th anniversary of the program. Without a change, enrollees who meet this criteria are being penalized after that date for 5 years.

Also on the survivor front, NAUS strongly urges funding for S. 585. Currently, if the retired military sponsor who enrolls in the survivor benefits program dies of a service-connected disability, the surviving spouse is eligible for both the SBP annuity and dependency and indemnity compensation, or DIC, from the Department of Veterans Affairs. However, the SBP annuity is offset by the full

amount of DIC. Each program's purpose is different. SBP's goal is to provide for the loss of the sponsor's earned retired pay and DIC's goal is to provide the surviving spouse compensation for the loss of their spouse due to injuries caused by his or her service to their country. We strongly urge funding to eliminate this offset.

Finally, I would like to mention the retention of DIC on remarriage after age 55. All other Federal survivor benefits are retained if the beneficiary remarries after a certain age. The only exception is the military widow or widower receiving DIC. Many survivors do not remarry because they cannot afford to lose their DIC. As a matter of equity, a DIC survivor who marries after the age of 55 should retain his or her DIC status and benefits.

We would like to see the funding made available to end the remarriage penalty. NAUS strongly supports the funding for this type of legislation and any legislation that takes care of those that we leave behind.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you for those suggestions and I think you are right about that 55-year-old. We will do our best, Mr. Butler.

Mr. BUTLER. Thank you.

[The statement follows:]

PREPARED STATEMENT OF BENJAMIN H. BUTLER

INTRODUCTION

Mister Chairman and distinguished members of the Committee, The National Association for Uniformed Services (NAUS) is very grateful for the invitation to testify before you about our views and suggestions concerning the following defense funding issues:

Survivor Benefits Program (SBP) Improvements

Age 62 Survivor Benefits Program Offset

The National Association for Uniformed Services primary survivor goal is the elimination of the age 62 Survivor Benefit Program annuity offset. This would increase the annuity from 35 percent to the original 55 percent. Not only were many of the earliest enrollees not provided the full explanation of the benefits and the Social Security Offset, but the Federal Government provides a substantially higher annuity with no offset for federal Civil Service survivors annuities. We urge the committee to provide funding for the annuity increase, and end the often-devastating effects of the offset.

30 Year Paid-Up Status

A secondary goal is the acceleration of the paid-up provisions by changing the effective date from October 1, 2008 to October 1, 2003, the 30th anniversary of the program. Enrollees who have reached the age of 70 and have paid their SBP premiums for more than 30 years (360 payments) are being penalized. We ask that you provide funding to allow those early enrollees to be allowed this relief.

Survivor Benefits Program/Dependency and Indemnity Compensation Offset

The National Association for Uniformed Services strongly urges funding for S. 585. Currently, if the retired military sponsor, who enrolled in the Survivor Benefits Program, dies of a service-connected disability, the surviving spouse is eligible for both the SBP annuity and Dependency and Indemnity Compensation (DIC) from the Department of Veterans Affairs. However, the SBP annuity is offset by the full amount of the DIC annuity. Each program's purpose is different, SBP's goal is to provide for the loss of the sponsors earned retired pay, and DIC's goal is to provide the surviving spouse compensation for the loss of their spouse due to injuries caused by his/her service to the country.

Defense Commissary Agency Funding and Staffing

The active duty service member continues to rate the Commissaries as a top benefit of the Quality of Life and Family Program portion of the military pay and compensation package. The 2002 Active Duty Status of Forces Survey gave the Exchange and Commissaries a 67 percent satisfaction rating. And yet, the Commissaries and Exchanges are still under attack, during a time when our highly trained and motivated military forces are away from their home bases. How can we justify attacking their families' convenient access to high quality food at savings that approach 30 percent?

Issue.—Why would the Department of Defense want to reduce the commissary benefit at its greatest time of need? The answer is money. DOD wants to reduce the subsidy for the commissary system that provides food and other essentials to troops and families around the world, which will end up in the military community losing the benefit.

Position.—The National Association for Uniformed Services strongly urges you to continue to provide the funding for the Commissary Subsidy to sustain the current services, which garnished a 67 percent approval rating, provided to the men and women protecting our nation. Commissaries are a key component of the military pay and compensation package. Any action that reduces the benefit means a diminished quality of life and more out of pocket costs.

Issue.—The Defense Commissary Agency has already begun the process of eliminating 2,650 personnel positions and reducing its funding by \$137,000,000 for fiscal year 2003.

Position.—NAUS believes that a reduction of this size will degrade the quality of the benefit by eliminating smaller commissaries and reducing days and hours of operation.

Issue.—The Department of Defense is planning the consolidation of the Armed Services three-exchange services into one single entity, though still retaining the "look and feel" of each store and maintaining the service culture to which the patrons are accustomed. The goal again, is to save money by elimination of redundant overheads, delivery systems, and the power of economy of scaling purchasing.

Position.—NAUS does not endorse a consolidation, especially if consolidation is for consolidation's sake. Streamlining, improving internal operations and implementation of cost saving measures must not reduce the value of the benefit.

NAUS supports funding for system studies, but not an accelerated consolidation.

Summary.—We all understand the importance of saving scarce taxpayer's dollars. Every taxpayer dollar collected must be used wisely to keep down the amount of taxes the government collects; this is only common sense. Therefore, every government agency, department or system must be as efficient as possible. For example, the leaders of the commissary system have been and are continuing to make internal changes to improve efficiencies and reduce overhead operating costs. DOD should be setting goals, not mandating changes.

Current and Future Issues Facing Uniformed Services Health Care

The National Association for Uniformed Services would like to thank the Subcommittee and the Full Appropriations Committee for its leadership in the past for providing the landmark legislation extending the Pharmacy benefit and TRICARE system to Medicare eligible military retirees, their families and survivors, making the lifetime benefit permanent, establishing the DOD Medicare Eligible Retiree Health Care Fund, reducing the catastrophic cap and making other TRICARE improvements. However, we must again urge that the Senate provides full funding of the Defense Health Program, especially now, while more activated reserve beneficiaries utilize the program.

In addition to medical care we are concerned that the current funding within DOD for maintenance and infrastructure improvements is inadequate. This lack of funding has forced commanders to make band-aid fixes that in the long term require more costly repairs, or even acceleration of closing completely. One example is the Armed Forces Institute of Pathology, located on the grounds of the Walter Reed Army Medical Center and which Congress declared a national resource in 1976. This world-class national resource provides a broad range of patient care consultant activities, educational programs and research for the military medical system, the Department of Veterans Affairs and the civilian medical community nationally and internationally. It is housed in a building that is over 50-years old and deteriorating badly—like much of the Walter Reed complex that is in need of repair and maintenance.

Mr. Chairman, the overall goal of the National Association for Uniformed Services is a strong National Defense. We believe that comprehensive, lifelong medical and dental care for all Uniformed Service beneficiaries regardless of age, status or loca-

tion furthers this goal. In light of these overall objectives, we would request that the committee examine the following proposals:

TRICARE Improvements supported by NAUS

Our first and foremost goal is to increase the provider reimbursement rates to more realistic amounts. Without adequate reimbursement rates, the ability to maintain a viable, qualified list of medical providers is hindered. That directly affects the health of our service members and their families. Secondly, we ask that you provide funding to improve the TRICARE Standard Program, to include increased communication between the TRICARE Management Activity and the Standard beneficiary about the benefits of the program and assisting the Standard beneficiary in locating an available provider. Finally, we encourage the subcommittee to maintain the TRICARE Standard plan as the fee-for-service plan that was initially created and continue its efforts to eliminate the pre-authorizations now required.

Medicare Part B Enrollment

The law enacting the TRICARE for Life program requires Medicare Part B enrollment for participation in the TRICARE for Life program. In addition, Part B is required for all retirees reaching age 65 on or after 1 April 2001 for them to participate in the new pharmacy program.

Secondly, some 12,000 retirees residing overseas are required to participate in Part B Medicare in order to enroll in TRICARE for Life. Since they cannot use the Medicare benefits overseas, we recommend that this requirement be eliminated for all retirees residing overseas and that upon their relocation to the United States be allowed to enroll in Part B without the delayed enrollment penalty.

Also, some retirees who lived near military installations did not enroll in Part B because they relied upon the promise of lifetime medical care at the hospitals and clinics located on the military bases, which have subsequently been closed. Many are in their 70's and 80's now and cannot afford to pay the huge Part B delayed enrollment penalties.

Position.—We recommend that those who relied on these hospitals and were 65 on or before 6 October 2000, the date TFL was enacted by NDAA for fiscal year 2001, be allowed to participate in TFL without enrolling in Part B Medicare or at the very least waive the delayed enrollment penalties.

FEHBP

The National Association for Uniformed Services has been a long time proponent of legislation that would provide military personnel the option of participating in the Federal Employees Health Benefit Program. Though confident that the TRICARE program and the TRICARE for Life program will be successful, because they are an outstanding value for most beneficiaries, in a few cases, the TRICARE/TRICARE for Life options may not be the best choice, or may not be available for the eligible beneficiary. For that reason, we believe the FEHBP option should be enacted. Providing the FEHBP, as an option would help stabilize the TRICARE program, provide a market based benchmark for cost comparison and be available to those for whom TRICARE/TRICARE for Life is not an adequate solution.

Position.—NAUS strongly urges the committee to provide additional funding to support a full FEHBP program for military personnel as an option.

Include Physician and Nurse Specialty Pay in Retirement Computations

Results of the 2002 Active Duty Survey show that pay and benefits are the most important factors impacting retention. Improving specialty pay/bonuses and including specialty pay/bonuses in retired pay calculations would aid retention. Therefore, prompt action to retain these and other highly skilled medical professionals is needed.

Position.—The National Association for Uniformed Services requests funding to allow the military physicians and nurses to use their specialty pay in their retirement computations. The military services continue to lose top quality medical professionals (doctors and nurses) at mid-career. A major reason is the difference between compensation levels for military physicians and nurses and those in the private sector.

Uniform Claims processing and Billing

It has been the long term hope that part of the growing costs of medical treatment in both the Department of Defense and the Department of Veteran Affairs could be paid by billing private insurance companies and Medicare/Medicaid systems (DOD and VA Subvention). Numerous attempts to improve these financial streams have failed.

Position.—In part this failure has been caused because the various systems do not share the same system for claims and billing. Since the dominant system of all medical claims in the country is clearly Medicare if DOD and the VA adopted the Medicare claims system ALL parties—Private Insurance Companies, DOD, the VA and Medicare/Medicaid would know what medical services, pharmaceuticals, laboratory services and the like have been provided. Such a uniform billing plan could also lead to improvements in allowing the VA to be a fully participating TRICARE network provider. This does not solve the other billing problems but at least it would put all the parties on the same sheet of music.

DOD and VA Subvention

The attempt of Medicare subvention (having Medicare pay for treatment of its beneficiaries at MTFs) with the DOD has been a huge disappointment. The Department of Defense has received no stream of payments. Medicare's required level of effort has never been reached by an MTF. But this goal should not be abandoned. The active duty member, his or her working spouse, the Veteran and the Military Retiree have all spent their working careers paying money into the Medicare system. The taxes have been paid but if they receive treatment in a MTF or a VA hospital or clinic the facility receives nothing from Medicare to help pay for that beneficiary's services.

Position.—The financially strained medical systems of the VA and DOD should receive some of the support their patients have paid. Again, if DOD and the VA adopted Medicare's billing system it could support an effective attempt at subvention.

Active and Reserve

The most important element of military readiness is a high quality force. The quality force that we have fighting for us today is the result of over twenty years of effort. The National Association for Uniformed Services doesn't want to see these gains lost.

We understand that DOD plans budget cuts, with the services again looking at end strength reductions especially in the Reserve Components at a time that we are fighting a war against multiple undefined terrorist factions.

We request that you consider language in the appropriations bill to direct DOD to cease further reductions in both Active and Reserve components until the threats to our Nation are properly determined and a National Defense Strategy is clearly defined. We shouldn't forget the needs of our Soldiers, Sailors, Marines and Airmen in the field. Quality of life includes quality on the job. The National Association for Uniformed Services supports a 4.1 percent pay raise for all seven of the Uniformed Services. We further support targeted pay raise proposals for enlisted members in grades E-5 to E-9, and selected warrant officers.

Additionally, NAUS feels that it is important to invest defense dollars for equipment procurement beyond the administration's budget. The service chiefs have provided non-funded requirements for both the active and Reserve components that will be needed by our people in the near future.

We ask that funds be provided utilizing the National Guard and Reserve Equipment Account. While the Senate has pressured to reduce the NGRE, the services have failed in their responsibility to budget for Reserve equipment; until this is resolved we believe the NGRE should be used for this purpose.

Reserve members were quick to step forward; some have already sacrificed their lives during this war as part of this nation's total force. In recognition, we ask for parity between active and reserve components when it comes to pay and compensation and retirement. We encourage this committee to support future hearings dealing with pay and compensation as these proposals are developed.

NAUS believes that funding lifelong medical and dental care for all of the uniformed service beneficiaries, regardless of age, Active or Reserve status or location, supports the goal of mobilization readiness. But we would like to call attention to the ongoing need of funding TRICARE providers and, in turn, supporting the troubled TRICARE network.

This is especially hard on the families of reservists who don't relocate when their warriors are mobilized. We hope the committee will support monies for military treatment facility subvention and utilization of veterans affairs hospitals as TRICARE providers.

Transformation

The Secretary of Defense's office is conducting a series of studies emphasizing transformation, relying on costly, undeveloped technologies, seeking dollar savings by reducing end strength in a flexible, adaptive fighting force.

The first suggested legislation has been released entitled the "Defense Transformation for the 21st Century Act of 2003." While Secretary of Defense Rumsfeld's

staff has attempted to come up with new solutions to old problems, blanket implementation may result in unintended consequences.

Issues Affecting Appropriations

Increased cost to the retirement fund is NAUS's concern if the 75 percent ceiling is lifted, and a unrestricted multiplier is allowed, permitting flag and general officers to be paid more in retirement than on active duty.

NAUS is concerned with removing the pay limitations on retired pay for general and flag officers, which is currently held equal to level III of the Executive Schedule.

Enhanced General Transfer Authority; transfer of funds: NAUS opposes granting authority to SECDEF to permit the transfer of 2.5 percent of the total appropriations between funds (except MILCON) for military functions—five percent in times of war or emergency.

This is too high a sum of money, undercuts the appropriations process, and creates a high risk to have authorized items stripped of funding to support a DOD project viewed as underfunded.

Transfer of Funds to correct specific acquisition. NAUS feels there is no need to allow reprogramming of funds. This is a requested change from \$10 million to \$20 million, again reducing Congressional oversight.

Another suggestion within the Transformation Act is allowing "improved involuntary access" to Reserve Component members for enhanced training prior to mobilization. Suggested language calls this "up to 90 days of active duty for training," which indicates that this preparation for mobilization will come from reserve training funds rather than from the budget of the active duty, which will most directly benefit from this "deployment standards" training.

NAUS requests that the A.T. funding be expanded beyond the 15 days of A.T. per guardsman and reservist, to allow for these additional periods of training, otherwise this unit training will strip away training dollars from individual reservists.

CONCLUSION

Mr. Chairman and distinguished members of the Sub-Committee, we want to thank you for your leadership and for holding these hearings this year. You have made it clear that the military continues to be a high priority and you have our continuing support.

Senator STEVENS. Next will be Mr. Duggan. But, Mr. Duggan will you wait? We will start you when the Senator comes back. I will go vote and someone else will be here.

Senator INOUE [presiding]. Please forgive us for this vote-a-rama.

Mr. DUGGAN. Yes, sir. Good morning, sir.

Senator INOUE. The next witness will be Dennis "Mike" Duggan, Deputy Director of the National Security, Foreign Relations Division of the American Legion.

STATEMENT OF DENNIS M. DUGGAN, DEPUTY DIRECTOR, NATIONAL SECURITY, FOREIGN RELATIONS COMMISSION, THE AMERICAN LEGION

Mr. DUGGAN. Good morning, sir, and thank you. Mr. Chairman, the American Legion, as the Nation's largest organization of war-time veterans, is extremely grateful for this opportunity to present its views regarding the Defense appropriations for fiscal year 2004. We have always valued your leadership in assessing and appropriating adequate funding for the defense establishment, including its military quality of life, readiness, and modernization or transformation.

The stunning military successes in Iraq validate this committee's investing in our armed services and I am sure we are all appreciative of that. As we speak, thousands of soldiers, sailors, airmen, and marines, Active and Reserve components, continue to valiantly serve in the Persian Gulf and Afghanistan. All Americans are

proud of what they have achieved, while cognizant of the fact that the war on terrorism does in fact continue.

Americans expect us to support our troops and to support a strong national defense and we believe this fiscal year 2004 bill does that.

Mr. Chairman, our Armed Forces, as effective as they are, are spread thin and over 220,000 reservists have been activated for homeland security missions and the war on terrorism. Our reserve components are no longer reserve. They are on the front lines. The extent to which they are being used in larger numbers and over longer periods of time may well result, however, in reduced recruiting and retention. We do not know that at this stage.

Some active component, reserve component shifts may be necessary and may improve force levels and strengthen the active capabilities. However, it appears that funding the increase of active duty end strengths is imperative. We believe that, the American Legion does, that the active duty end strengths need to be increased.

We are also aware of a number of aging systems which the Armed Forces continue to keep in their active inventory which probably need replacing at this stage of the game, to include refueling tankers for one. Another, of course, that comes to mind is the CH, aging CH-46 Sea Knight, and there have been a number of accidents involving that and I just wonder if they just need to be replaced.

We understand the CH-47 Chinooks have been pretty well upgraded, the Army version, with new engines and so forth. But the CH-46 Sea Knight may need replacing or at least greatly upgrading.

The American Legion applauds the SASC, Senate Armed Services Committee, bill calling for a survey of military retirees by the Department of Defense (DOD) to determine the viability and the adequacy of the Tricare Standard benefit that was brought up by the last speaker. We do urge that Tricare reimbursement rates probably need to be increased and that the Defense health system as well be fully funded. Many care-eligible military retirees and their dependents remain forever grateful of the Tricare for Life program and the Senior Tricare Pharmacy Benefit as well for those over age 65.

The American Legion applauds the raises in base pay and allowances for the active force. But family separation allowances, hostile fire pay, or imminent danger pays, we believe need to be increased, as does the rather archaic death gratuity benefits as well. The 6,000 bucks is not a whole heck of a lot for families that lose a loved one in action.

Reserve benefits need to be increased consistent with the extent to which reservists are being mobilized to perform active duty missions. Retired reservists should be eligible for reservist pay and Tricare health care before the age of 60 and also reservists should have unlimited access to military commissaries.

Just one last word, Mr. Chairman, and that has to do with the recently enacted combat-related special compensation for disabled military retirees. It flagrantly to a large extent leaves off our disabled reservists and guardsmen who have served 20 or more years

and who are not even eligible to really apply for that special compensation.

Mr. Chairman, we thank you again for this opportunity. Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF DENNIS M. DUGGAN

Mr. Chairman, The American Legion is grateful for the opportunity to present its views regarding defense appropriations for fiscal year 2004. The American Legion values your leadership in assessing and appropriating adequate funding for quality-of-life, readiness and modernization of the Nation's armed forces.

Once again, the United States is involved in two wars—the war against terrorism and Operation Iraqi Freedom. American fighting men and women are proving that they are best-trained, best-equipped and best-led military in the world. As Secretary of Defense, Donald Rumsfeld has noted, the war in Iraq is part of a long, dangerous global war on terrorism. The war on terrorism is being waged on two fronts: overseas against armed terrorists and the other here protecting and securing the Homeland. Indeed, most of what we as Americans hold dear are made possible by the peace and stability, which the armed forces provide.

The American Legion adheres to the principle that this Nation's armed forces must be well manned and equipped, not to pursue war, but to preserve and protect peace. The American Legion strongly believes that past military downsizing was budget-driven rather than threat focused. Once Army divisions, Navy carrier battle groups, and Air Force fighter wings are eliminated from the force structure, they cannot be rapidly reconstituted regardless of the threat or emergency circumstances. Military recruitment has also been sporadic in the face of obvious quality-of-life concerns, frequent and lengthy deployments, and the recession, in spite of the patriotic American spirit which has followed the terrorist attacks of September 11th.

The Administration's budget request for fiscal year 2004 totals \$2.2 trillion and authorizes \$379.9 billion for defense or about 16.6 percent of the budget. The fiscal year 2004 defense budget represents a \$14 billion increase in defense spending over the current funding level. It also represents 3.4 percent of our Gross Domestic Product, more than the 3.3 percent in the fiscal year 2003 budget. Active duty military manpower end strength is 1,388,100, only slightly changed from the 1.37 million of fiscal year 2002. Selected Reserve strength is 863,300 or reduced by about 25 percent from its strength levels during the Gulf War of 12 years ago..

Mr. Chairman, this budget must contain funding to fight the war on terrorism, sustain military quality of life and continue to transform the military. A decade of overuse of the military and it's under-funding, however, will necessitate sustained investments. This budget must also address increases in the military endstrength of the Services, accelerate ship production, and funding for the concurrent receipt of military retirement pay and VA disability compensation for disabled military retirees.

If we are to win the war on terror and prepare for the wars of tomorrow, we must take care of the Department's greatest assets—the men and women in uniform. They are doing us proud in Iraq, Afghanistan and around the world.

In order to attract and retain the necessary force over the long haul, the military continues to look for talent in an open market place and to compete with the private sector for the best young people our nation has to offer. If we are to attract them to military service in the active and reserve components, we need to count on their patriotism and willingness to sacrifice, to be sure, but we must also provide them the proper incentives. They love their country, but they also love their families—and many have children to support, raise, and educate. We have always asked the men and women in uniform to voluntarily risk their lives to defend us; we should not ask them to forgo adequate pay and subject their families to repeated unaccompanied deployments and sub-standard housing as well.

The President's 2004 defense budget requests \$98.6 billion for military pay and allowances, including \$3.7 billion for a 2 percent to 6.3 percent pay raise and \$300 million for the option for targeted pay-raises for mid-grade officers and NCOs. It also includes \$4.2 billion to improve military housing, putting the Department on track to eliminate most substandard housing by 2007—several years sooner than previously planned. It will also lower out-of-pocket housing cost for those living off-base from 7.5 percent to 3.5 percent in 2004—so as to hopefully eliminate all out-of-pocket costs for the men and women in uniform by 2005.

Together, these investments in people are critical, because smart weapons are worthless to us unless they are in the hands of smart, well trained Soldiers, Sailors, Airmen, Marines and Coastguardsmen.

The American Legion's National Commander has visited American troops in South Korea, as well as a number of installations throughout the United States. During these visits, he was able to see first hand the urgent, immediate need to address real quality of life challenges faced by service members and their families. He has spoken with families on Womens' and Infants' Compensation (WIC). Quality of life issues for service members, coupled with heightened operational tempos, play a key role in the recurring recruitment and retention woes and should come as no surprise. The operational tempo and lengthy deployments must be reduced. Military missions were on the rise before September 11 and deployment levels remain high and the only way, it appears, to reduce repetitive overseas tours and the overuse of the Reserves is to increase military endstrengths for the services. Military pay must be on par with the competitive civilian sector. If other benefits, like health care improvements, commissaries, adequate quarters, quality child care, and impact aid for education are reduced, they will only serve to further undermine efforts to recruit and retain the brightest and best this nation has to offer.

QUADRENNIAL DEFENSE REVIEW (QDR)

Since the collapse of the Soviet Union in 1991, America has conducted three substantial assessments of its strategy and force structures necessary to meet the national defense requirements. The assessment by the first President Bush Administration ("Base Force" assessment) and the assessment by the Clinton Administration ("Bottom-Up Review") were intended to reassess the force structure in light of the changing realities of the post-Cold War world. Both assessments served an important purpose in focusing attention on the need to reevaluate America's military posture; but the pace of global change necessitated a new, comprehensive assessment of the current defense strategy for the 21st Century. The current QDR was formatted before September 11, 2001.

The American Legion has supported the force structure proposed by the Base Force Strategy: Maintaining 12 Army active duty combat divisions, 12 Navy aircraft carrier battle groups, 15 Air Force fighter wings and three Marine Corps divisions, and a total manpower strength of at least 1.6 million. The American Legion initially supported the theory behind the two-war strategy: if America were drawn into a war with one regional aggressor, another could be tempted to attack its neighbor, especially if this aggressor were convinced that America and its allies were distracted, lacked the will to fight conflicts on two fronts, or did not possess the military power to deal with more than one major conflict at a time. Determining the right size of U.S. forces for more than one major conflict would provide a hedge against the possibility that a future adversary might mount a larger than expected threat. It would also allow for a credible overseas presence that is essential in dealing with potential regional dangers and pursuing new opportunities to advance stability and peace. The American Legion has always believed that any such strategy should be capabilities-based rather than budget-driven.

The two-war, nearly simultaneously, strategy was criticized as being too narrowly focused on preparing for two specific conflicts, was under-prepared for other contingencies and was never adequately resourced. We believe that for the strategy to be credible it must employ more robust force structures and continued increased budgeting to improve quality-of-life, readiness and modernization. The American Legion believes the "win-win" two-war Bottom-Up Review strategy was delusional. With growing worldwide commitments, America has a "win-hold" strategy, at best, with only 10 Army active combat divisions, three Marine divisions, 12 Navy carrier groups and eight National Guard Divisions to utilize.

The reality of a two-war strategy appears to have arrived. Once again, we have fought in the Persian Gulf while keeping an eye on developments in North Korea. The armed forces have appeared to be over committed for too long with their many missions to include preparation for conventional warfare, peacekeeping in the Balkans, counterterrorism operations in the Philippines and Colombia as well as Homeland Security and the global War on Terrorism to include combat operations in Iraq and Afghanistan.

The American Legion also believes America can no longer afford to become the world peace enforcer by dispatching forces on unbudgeted operations whether the United Nations passes or does not pass a resolution to do so. The American Legion believes Congress needs to remain involved in the decision-making process regarding the commitment of U.S. military forces. These forces should be deployed only when the vital national interests of America are clearly at stake, supported by the

will of the American people and Congress, and a clear exit strategy exists. Congress needs to become involved in the policy of committing U.S. troops before troops are actively committed, not afterwards. Clearly, our war in Iraq has satisfied all these conditions. For that reason, the Armed Forces are deserving of congressional support for increased resourcing.

PROCUREMENT/TRANSFORMATION

Only a few major systems currently in production would be funded in the fiscal year 2004 defense budget. The funding level for procurement is improved but needs to be sustained. The American Legion fully supports the Army's Transformation Program. Major development programs that The American Legion also supports include the Air Force F-22 fighter and C-17, F/A-18Es for the Navy, and Joint Strike Fighters for the Air Force and Navy. Unquestionably, the Navy needs to upgrade its aging fleet and air arm as well as acquire more submarines. The American Legion strongly believes that the seven-ship rate of ship-building needs to be increased so that at least 8–10 ships are built annually.

If left unadvised, omissions in DOD's modernization budget will have the following implications:

- They will result in the continued deterioration of the defense industrial base.
- The future technological superiority of American forces will be at risk thereby increasing the danger to servicemembers should they be called into combat. We are currently retiring ships and aircraft faster than they are being built.
- The failure to replace and upgrade equipment in a timely manner will create a massive modernization shortfall in each of the military services and, possibly, lead to even more serious readiness problems in the long run.

America's winning technology in the Persian Gulf War, like its victorious all-volunteer force, did not develop overnight, but had its genesis in the decade of the 1980's. The modernization of the Armed Forces since the end of the Persian Gulf War, unfortunately, has been delayed and curtailed. The 2004 budget request is designed to advance each of the transformational goals mentioned by the Secretary of Defense in his Congressional testimony last year. It accelerates funding both for the development of transformation programs as well as by funding modernization. Recognizably, transformation is a process, and is a process that must continue. The Chairman of the Joint Chiefs of Staff during fiscal year 1998 defense budget hearings called for procurement budgets of \$60 billion annually, which for the first time was reflected in the fiscal year 2001 budget. Army procurement dollars alone have plummeted by almost 80 percent since the mid-1980's, and by 67 percent for all the services. Trade-offs to maintain readiness within budget constraints have caused the Services to cancel a number of weapons systems and to delay others.

A number of defense consulting firms have predicted that the armed forces are heading for a "train wreck" unless annual defense budgets called for procurement accounts in the \$118 billion range, rather than in the \$45–60 billion range.

The American Legion urges Congress to preserve America's defense industrial base by continuing to fund research, development and acquisition budgets so as to retain its technological edge in the 21st Century and assure that military production can surge whenever U.S. military power is committed. Some of these capabilities, such as tank production and shipbuilding, need to be retained. Key industrial capabilities that preserve more of the defense industrial base need to be identified and retained.

The American Legion opposes termination or curtailing of essential service modernization programs, diminution of defense industrial capabilities, and rejects the transfers of critical defense technologies abroad.

The American Legion firmly believes with the continuing threat of nuclear proliferation, America should retain its edge in nuclear capabilities as represented by the TRIAD system, and the highest priority should be the deployment of a national missile defense. Although the development and deployment of advanced theater missile defenses to protect U.S. forward deployed forces is imperative, any dismantling of acquisition programs to defend the American people is imprudent. America should continue to march on deploying an anti-ballistic missile detection and interception system that is capable of providing a highly effective defense against limited attacks of ballistic missiles. The price of maintaining a strong defense is expensive in terms of tax dollars, but failure to do so could prove much more expensive in terms of human lives and real threats to freedom. The national security framework provides the umbrella that allows Americans to work and prosper without fear. A strong national defense does not inhibit a strong economy; it complements it. Congress and the military establishment must spend tax dollars prudently and effec-

tively. DOD must ensure that all aspects of its procurement and manning levels are responsible and disciplined.

QUALITY OF LIFE

The American Legion's major National Security concern is the enhancement of the quality of life issues for service members, Reservists, National Guardsmen, military retirees, and their families. During the 107th Congress, President Bush and Congress made marked improvements in an array of quality of life issues for military personnel and their families. These efforts are visual enhancements that must be sustained.

In the fiscal year 2002 defense budget, the President and Congress addressed improvements to the TRICARE system to meet the health care needs of military beneficiaries; enhanced Montgomery GI Bill educational benefits; and the addressed homelessness throughout the veterans community. For these actions, The American Legion applauds your strong leadership, dedication, and commitment. However, major issues still remain unresolved: the issue of concurrent receipt of full military retirement pay and VA disability compensation without the current dollar-for-dollar offset needs to be resolved as well as the need to improve Survivor's Benefits.

The American Legion will continue to argue that simple, equitable justice is one reason to authorize and fund concurrent receipt. Military retirees are the only Federal employees who must offset their retired pay with VA disability compensation. Also, proponents claim that the unique nature of military service, given their sacrifices and hardships, should merit these retirees receiving both military retired pay and VA disability compensation. For the past decade, many veterans' programs have been pared to the bone in the name of balancing the budget. Now, military retirees must pay premiums to TRICARE for full health care coverage for themselves and their immediate family members. Many veterans' advocates feel it is time that retirees receive compensation for these fiscal sacrifices.

Often, VA service-connected disability compensation is awarded for disabilities that cannot be equated with disabilities incurred in civilian life. Military service rendered in defense and on behalf of the Nation deserves special consideration when determining policy toward such matters as benefits offsets. The American Legion believes it is a moral and ethical responsibility to award disability compensation to the needs of disabled veterans, given the sacrifices and hardships they incurred during honorable military service to the Nation. We are also aware that many of the disabled retirees receive retirement pay that is beneath established poverty levels and by definition in Title 38 are "indigent" veterans.

Mr. Chairman, The American Legion and the armed forces owe you and this Subcommittee a debt of gratitude for your strong support of military quality of life issues. Nevertheless, your assistance is needed now more than ever. Positive congressional action is needed in this budget to overcome old and new threats to retaining the finest military in the world. Service members and their families continue to endure physical risks to their well being and livelihood, substandard living conditions, and forfeiture of personal freedoms that most Americans would find unacceptable. Worldwide deployments have increased significantly and the Nation is at war: a smaller armed forces has operated under a higher operational tempo with longer work hours, greater dangers, and increased family separations.

Throughout the drawdown years, military members have been called upon to set the example for the nation by accepting personal financial sacrifices. Their pay raises have been capped for years, and their health care system has been overhauled to cut costs, leaving military families with lessened access to proper health care. The American Legion congratulates the Congress for their quality-of-life enhancements. The system, however, is in dire need of continued improvement.

Now is the time to look to the force recruiting and retention needs. Positive congressional action is needed to overcome past years of negative career messages and to address the following quality of life features:

—*Closing the Military Pay Gap with the Private Sector.*—The previous Chairman of the Joint Chiefs of Staff stated that the area of greatest need for additional defense spending is "taking care of our most important resource, the uniformed members of the armed forces." To meet this need, he enjoined Members of Congress to "close the substantial gap between what we pay our men and women in uniform and what their civilian counterparts with similar skills, training and education are earning." But 11 pay caps in the past 15 years took its toll and military pay continues to lag behind the private sector at about 7.5 percent. With U.S. troops battling terrorism in the Persian Gulf, The American Legion supports the proposed 4.1 percent military pay raise, without a 2 percent reduction.

- Basic Allowance for Housing (BAH).*—For those who must live off base, the provision of the Basic Allowance for Housing (BAH) is intended to help with their out-of-pocket housing expenses. Secretary of Defense Rumsfeld set a goal of entirely eliminating average out-of-pocket housing expenses. This committee has taken strong steps in recent times to provide funding to move toward lowering such expenses. Please continue to work to close the gap between BAH and the members' average housing costs.
- Commissaries.*—Several years ago, DOD had considered closing some 37 commissary stores worldwide and reducing operating hours in order to resolve a \$48 million shortfall in the Defense Commissary Agency. Such an effort to reduce or dismantle the integrity of the military commissary system would be seen as a serious breach of faith with a benefit system that serves as a mainstay for the active and reserve components, military retirees, 100 percent service-connected disabled veterans, and others. The American Legion urges the Congress to preserve full federal subsidizing of the military commissary system and to retain this vital non-pay compensation benefit. Furthermore, The American Legion fully supports the full-time usage of commissary stores by members of the Reserve Components, that the system not be privatized, and that DECA manpower levels not be further reduced.

RESERVE COMPONENTS

The advent of smaller active duty forces reinforces the need to retain combat-ready National Guard and Reserve forces that are completely integrated into the Total Force. The readiness of National Guard and Reserve combat units to deploy in the War on Terrorism will also cost in terms of human lives unless Congress is completely willing to pay the price for their readiness. With only ten active Army divisions in its inventory, America needs to retain the eight National Guard divisions, in heightened readiness postures, as its life insurance policy.

Reliance on National Guard and Reserve forces has risen 13-fold over the pre-Gulf War era. This trend continues even though both reserve and active forces have been cut back 30 percent and about 25 percent, respectively, from their Cold War highs. Since the terrorist attacks on the American homeland on Sept. 11, more than 200,000 Guard and Reserve troops have been activated to support homeland defense and overseas operations in the War on Terror.

National Guard and Reserve service today involves a challenging balancing act between civilian employment, family responsibilities, and military service. Increasingly, National Guard and Reserve families encounter stressful situations involving healthcare, economic obligations, and employer uncertainty. Benefit issues of particular concern in this arena include:

- Review and upgrade the Reserve compensation and retirement system without creating disproportional incentives that could undermine active force retention;
- Restore the tax deductibility of non-reimbursable expenses directly related to Guard and Reserve training;
- Streamline the reserve duty status system without compromising the value of the compensation package;
- Improve Reserve Montgomery GI Bill (MGIB) benefits proportional to the active duty program;
- Allow reservists activated for 12 months or longer to enroll in the active duty MGIB;
- Allow them to accrue for retirement purposes all points earned annually; and
- Permit Guardsmen unlimited access to military commissaries.

Growing concerns are that the Reserve Components, especially the National Guard, should not be overused in contingency or peacekeeping operations, as these servicemembers have regular civilian jobs and families as well. The National Guard also has state missions in their home states. The American Legion understands that retention rates and, therefore, strength levels are falling in those states which have deployed or scheduled to deploy Guardsmen overseas. Governors of these states continue to express concern that state missions will not be accomplished. The National Guard from 44 states have had a presence in 35 foreign countries.

The American Legion is also supportive of all proposed quality-of-life initiatives that serve to improve living and working conditions of members of the Reserve components and their families.

HEALTH CARE FOR MILITARY BENEFICIARIES

Today, there are approximately 8.2 million beneficiaries in the military health care program. Military retirees and their dependents make up nearly one half of that number, and over 500,000 retirees have lost or will lose their access to military

health care as a result of the closure of approximately 40 percent of military treatment facilities. Access to affordable health care, regardless of age, status or location, has represented a major concern among military retirees.

The creation of TRICARE for Life and a TRICARE Senior Pharmacy benefit in Public Law 106-398 was an historic triumph for Congress and those 1.3 million Medicare-eligible military retirees and dependents. While TRICARE for Life came with its own funding stream in fiscal year 2002, authorization must be budgeted to provide for the program for fiscal year 2004. The American Legion recommends that you continue to improve this important program by providing the necessary funding. The American Legion also applauds your work last year in eliminating TRICARE co-payments for active duty family members. We also salute the Department of Defense for reducing active duty time for Reservists to 30 days for their families to be eligible for TRICARE.

Although Congress enacted legislation to restore TRICARE to Medicare-eligible beneficiaries as a wraparound to Medicare (TRICARE for Life) and to improve TRICARE for active duty families, further improvements are still needed, especially for retired beneficiaries under age 65. TRICARE must be a consistent, reliable and equitable health care benefit for all uniformed services beneficiaries, regardless of age or geography.

The fiscal year 2001 NDAA eliminated copays for active duty family members enrolled in Prime, and enacted TRICARE For Life (TFL) and TRICARE Senior Pharmacy (TSRx) for Medicare-eligibles. With TFL implementation complete Congress and DOD must turn their attention to improving serious shortcomings in healthcare benefits for TRICARE beneficiaries under the age of 65.

- Low reimbursement rates are causing providers to refuse any TRICARE patients or reduce the number of TRICARE patients they will treat, limiting beneficiary access and choice. Solution: Increase statutory (Medicare) payment rates; require use of existing authority to raise TRICARE rates where necessary to ensure sufficient numbers of participating providers.
- TRICARE is cumbersome to use and causes administrative hassles for providers and beneficiaries attempting to obtain authorization, expedite claim repayment, or move between regions. Solution: Improve TRICARE Prime enrollment procedures, portability, and beneficiary education. Decrease administrative burdens, eliminate non-availability statement requirements, streamline claims processing requirements with greater reliance on electronic claims technology, and eliminate unnecessary reporting requirements. Require TRICARE contractors to assist beneficiaries in finding TRICARE Standard providers.
- Institute “benefits plus benefits” reimbursement methodology. TFL pays beneficiary expenses not covered by Medicare (“benefits plus benefits”). For TRICARE Standard beneficiaries with other health insurance (OHI), TRICARE seldom pays expenses not covered by other insurance (“benefits less benefits”). Solution: Restore TRICARE reimbursement policy to pay up to what TRICARE would have paid had there been no OHI coverage (as was the policy before 1993).

Since the commencement of the first class of graduates of the Uniformed Services University of Health Sciences (USUHS) in 1980, over 3,200 physicians continue to pursue careers as physicians in the Army, Navy, Air Force and the U.S. Public Health Service each year. The USUHS education process emphasizes primary care medicine and also provides special training in military medicine and combat stress courses not found in civilian medical school curricula. USUHS graduates have also proven themselves willing to accept operational overseas assignments often viewed as less than desirable by civilian medical school graduates.

Both the fiscal year 1996 National Defense Appropriations Act and the National Defense Authorization Act prohibit the closure of USUHS. The Defense Authorization Act also provided a five year prohibition on reducing the staffing levels of USUHS below the levels established as of October 1, 1993. The American Legion urges the Congress to resist any efforts to circumvent the law to downscale or close the USUHS. The American Legion is convinced that the USUHS is an economical source of career medical leaders who serve this nation during peace and war and provide military health care consistency and stability. The American Legion urges the Congress to retain and fully fund USUHS as a continued source of career military physicians for the Army, Navy, Air Force and U.S. Public Health Service. The American Legion also supports the construction of an Academic Center to accommodate the USUHS Graduate School of Nursing.

OTHER MILITARY RETIREE ISSUES

The American Legion believes strongly that quality-of-life issues for retired military members and families also are important to sustaining military readiness over the long term. If the Government allows retired members' quality-of-life to erode over time, or if the retirement promises that convinced them to serve are not kept, the retention rate in the current active-duty force will undoubtedly be affected. The old adage that you enlist a recruit, but you reenlist a family is truer today than ever as more career-oriented servicemembers are married or have dependents.

Accordingly, The American Legion believes Congress and the Administration must place high priority on ensuring that these long-standing commitments are honored:

—*VA Compensation Offset to Military Retired Pay (Retired Pay Restoration).*—

Under current law, a military retiree with compensable VA disabilities cannot receive full military retirement pay and VA disability compensation. The military retiree's retirement pay is offset (dollar-for-dollar) by the amount of VA disability compensation awarded. We would like to thank the committee for providing funding for the authorized special compensation programs; however, The American Legion supports restoration of retired pay (concurrent receipt) for all disabled military retirees. The purposes of these two compensation systems are fundamentally different. Longevity retirement pay is designed primarily as a force management tool to attract large numbers of high quality members to serve for at least 20 years. A veteran's disability compensation is paid for an injury or disease incurred or aggravated during military service. Monetary benefits are related to the residual effects of the injury or disease or for the physical or mental pain and suffering and subsequently reduced employment and earnings potential. The American Legion also urges that disabled retired Reservists' and those retired under the early retirement authority be eligible for the authorized Special Compensation programs. What better time to authorize and fund concurrent receipt than during this period of War?

—*Social Security Offsets to the Survivors' Benefits Plan (SBP).*—The American Legion supports amending Public Law 99-145 to eliminate the provision that calls for the automatic offset at age 62 of the military SBP with Social Security benefits for military survivors. Military retirees pay into both SBP and Social Security, and their survivors pay income taxes on both. The American Legion believes that military survivors should be entitled to receipt of full Social Security benefits which they have earned in their own right. It is also strongly recommended that any SBP premium increases be assessed on the effective date, or subsequent to, increases in cost of living adjustments and certainly not before the increase in SBP as has been done previously. In order to see some increases in SBP benefits, The American Legion would support a gradual improvement of survivor benefits from 35 percent to 55 percent over the next five-year period. The American Legion also supports initiatives to make the military survivors' benefits plan more attractive. Currently, about 75 percent of officers and 55 percent of enlisted personnel are enrolled in the Plan.

—*Reducing the Retired Reservist age from 60 to 55.*—The American Legion believes that retirement pay should be paid sooner as many of these retirees will not live to their 60th birthday. Similarly, these retirees and their dependents should be eligible for TRICARE health care and other military privileges when they turn 55.

—*Military Retired Pay COLAs.*—Servicemembers, current and future, need the leadership of this Subcommittee to ensure Congress remains sensitive to long-standing contracts made with generations of career military personnel. A major difficulty is the tendency of some to portray all so-called "entitlement" programs, including military retirement, as a gratuitous gift from the taxpayer. In truth, military retired pay is earned deferred compensation for accepting the unique demands and sacrifices of decades of military service. The military retirement system is among the most important military career incentives. The American Legion urgently recommends that the Subcommittee oppose any changes to the military retirement system, whether prospective or retroactive, that would undermine readiness or violate contracts made with military retirees.

—*The SBP Veterans Dependency and Indemnity Compensation (DIC) Offset for Survivors.*—Under current law, the surviving spouse of a retired military member who dies from a service connected disability and was also enrolled in SBP, the surviving spouse's SBP benefits are offset by the amount of DIC (currently \$948 per month). A pro-rated share of SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. The American Legion believes that SBP and DIC payments, like military retirement pay and

disability compensation, are paid for different reasons. SBP is elected and purchased by the retiree based on his/her military career and is intended to provide a portion of retired pay to the survivor. DIC payments represent special compensation to a survivor whose sponsor's death was caused directly by his or her uniformed service. In principle, this is a government payment for indemnity or damages for causing the premature loss of life of the member, to the extent a price can be set on human life. These payments should be additive to any military or federal civilian SBP annuity purchased by the retiree. There are approximately 31,000 military widows/widowers affected by the offset under current law. Congress should repeal this unfair law that penalizes these military survivors.

—*Uniformed Services Former Spouses Protection Act (USFSPA)*.—The American Legion urges Congressional support for amending language to Public Law 97–252, the Uniformed Services Former Spouses Protection Act. This law continues to unfairly penalize active-duty armed forces members and military retirees. USFSPA has created an even larger class of victims than the former spouses it was designed to assist, namely remarried active-duty service members or military retirees and their new family. The American Legion believes this law should be rescinded in its entirety, but as an absolute minimum, the provision for a lifetime annuity to former spouses should be terminated upon their remarriage. This is consistent with most divorce decrees. Based on this current provision, monthly provisions for life are being granted to former spouses regardless of marital status, need, or child custodial arrangements. The time has come to cease lifetime annuities to former military spouses, should they remarry. Judicial determinations of appropriate support should be determined on a case-by-case basis and not be viewed as an “entitlement” by former spouses as exists under current law. The American Legion urges hearings on the USFSPA.

CONCLUSION

Thirty years ago, America opted for an all-volunteer force to provide for the national security. Inherent in that commitment was a willingness to invest the needed resources to bring into existence a competent, professional, and well-equipped military. The fiscal year 2004 defense budget, while recognizing the War on Terrorism and Homeland Security, represents another good step in the right direction.

What more needs to be done? The American Legion recommends, as a minimum, that the following steps be implemented:

- Continued improvements in military pay, equitable increases in Basic Allowances for Housing and Subsistence, military health care, improved educational benefits under the Montgomery G.I. Bill, improved access to quality child care, impact aid and other quality-of-life issues. The concurrent receipt of military retirement pay and VA disability compensation needs to be authorized and funded. The Survivors' Benefit Plan needs to be increased from 35 to 55 percent for Social Security-eligible military survivors.
- Defense spending, as a percentage of Gross Domestic Product, needs to be maintained at a minimum of 3.5 percent annually, which this budget still does not achieve.
- The end strengths of the active armed forces need to be increased to at least 1.6 million for the Services.
- The Quadrennial Defense Review strategy needs to call for enhanced military capabilities to include force structures, increased endstrengths and improved readiness which are more adequately resourced.
- Force modernization needs to be realistically funded and not further delayed or America is likely to unnecessarily risk many lives in the years ahead.
- The National Guard and Reserves must be realistically manned, structured, equipped and trained; fully deployable; and maintained at high readiness levels in order to accomplish their indispensable roles and missions. Their compensation, benefits and employment rights need to be continually improved.

Although we realize that many of these recommendations must be authorized by the Armed Services Committee, The American Legion urges each member of this subcommittee to work with their colleagues on the Armed Services Committee and secure passage of these much needed improvements to quality of life for all components of our military, included those who have already served.

Mr. Chairman, this concludes The American Legion's statement.

Senator INOUE. Thank you very much, Mr. Duggan. I can assure you that Senator Stevens and I are equally concerned about the problems that families of reservists and guardsmen have expe-

rienced during the recent war, and we have begun discussions also on separation pay and on health programs. We are fully cognizant that the men and women who serve us in uniform and stand in harm's way are volunteers. And if we want them to continue signing up and staying in, we better make certain that life can be made comparably comfortable to those who are not in uniform. We will do our best, sir.

Mr. DUGGAN. Yes, sir. Thank you, sir.

Senator INOUE. Thank you very much.

Our next witness is Dr. Wayne S. Sellman of the American Psychological Association. Dr. Sellman, welcome, sir.

STATEMENT OF WAYNE S. SELLMAN, Ph.D., VICE PRESIDENT AND DIRECTOR FOR PUBLIC POLICY ISSUES, THE HUMAN RESOURCES RESEARCH ORGANIZATION; ON BEHALF OF THE AMERICAN PSYCHOLOGICAL ASSOCIATION

Dr. SELLMAN. Good morning, Mr. Chairman. I am Steve Sellman. I am the Vice President and Director of Public Policy Issues for the Human Resources Research Organization, and I am former Director for Accession Policy in the Office of the Secretary of Defense. For the past 40 years I have been involved in military personnel management, policymaking, and research.

You have been a great friend to the military and military psychology and it is a particular pleasure for me to be here before you today. I have prepared testimony on behalf of the American Psychological Association, which is a scientific and professional organization of more than 150,000 psychologists and affiliates.

Although I am sure that you are aware of the large numbers of psychologists providing mental health services to military members and their families, you may be less familiar with the broad range of behavioral research conducted by the psychological scientists within the Department of Defense. Military behavioral scientists work on issues critical to national defense, particularly with support from the Army Research Institute, the Army Research Laboratory, the Office of Naval Research, and the Air Force Personnel Research Laboratory.

I would like to address the proposed cuts in the President's fiscal year 2004 human-centered research budget for these laboratories within the context of the larger DOD science and technology, or S&T, program. The American Psychological Association joins the Coalition for National Security Research in urging the subcommittee to provide \$11.4 billion for basic and applied defense research across DOD in fiscal year 2004. This figure for the S&T account also is in line with the recommendations of the Defense Science Board and the Quadrennial Defense Review.

In terms of human-centered research, all of the military services conduct or sponsor science in the broad categories of personnel, training, and leader development, warfighter protection, sustainment and physical performance, and system interfaces and cognitive processing. There also are additional smaller human systems research programs funded through the Office of the Secretary of Defense, the Defense Advanced Research Projects Agency, the Marine Corps, and the Special Operations Command.

Despite substantial appreciation for the critical role played by behavioral science in national security, total spending on this re-

search is cut from \$405 million appropriated in fiscal year 2003 to \$377 million in the President's fiscal year 2004 budget. An August 2000 DOD report requested by your subcommittee in the face of continuing erosion of behavioral science funding found that this area of military research has historically been extremely productive, with particularly high return on investment and high operational impact.

The American Psychological Association strongly encourages the subcommittee to restore planned fiscal year 2004 cuts to military behavioral science programs. There is more detail on the specific S&T accounts in my written statement, but the Army, Navy, and Air Force are facing cuts in their applied human-centered research programs. Psychological scientists address many critical and important issues and problems vital to our national defense with expertise in understanding and optimizing cognitive functioning, perceptual awareness, complex decisionmaking, and human-systems interfaces. In these dangerous times, such issues have unfortunately become even more mission-critical, and we urge you to support the men and women in uniform by reversing another round of psychological research cuts.

Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF WAYNE S. SELLMAN

Conflict is, and will remain, essentially a human activity in which man's virtues of judgment, discipline and courage—the moral component of fighting power—will endure—It is difficult to imagine military operations that will not ultimately be determined through physical control of people, resources and terrain—by people . . . Implicit, is the enduring need for well-trained, well-equipped and adequately rewarded soldiers. New technologies will, however, pose significant challenges to the art of soldiering: they will increase the soldier's influence in the battlespace over far greater ranges, and herald radical changes in the conduct, structures, capability and ways of command. Information and communication technologies will increase his tempo and velocity of operation by enhancing support to his decision-making cycle. Systems should be designed to enable the soldier to cope with the considerable stress of continuous, 24-hour, high-tempo operations, facilitated by multi-spectral, all-weather sensors. However, technology will not substitute human intent or the decision of the commander. There will be a need to harness information-age technologies, such that data does not overcome wisdom in the battlespace, and that real leadership—that which makes men fight—will be amplified by new technology. Essential will be the need to adapt the selection, development and training of leaders and soldiers to ensure that they possess new skills and aptitudes to face these challenges.—NATO RTO-TR-8, Land Operations in the Year 2020

Mr. Chairman and Members of the Subcommittee, I'm Dr. Steve Sellman, Vice President and Director for Public Policy Issues at the Human Resources Research Organization, and former Director for Accession Policy in the Office of the Secretary of Defense. I am submitting testimony on behalf of the American Psychological Association (APA), a scientific and professional organization of more than 150,000 psychologists and affiliates. Although I am sure you are aware of the large number of psychologists providing clinical services to our military members here and abroad, you may be less familiar with the extraordinary range of research conducted by psychological scientists within the Department of Defense. Our behavioral researchers work on issues critical to national defense, particularly with support from the Army Research Institute (ARI) and Army Research Laboratory (ARL); the Office of Naval Research (ONR); and the Air Force Research Laboratory (AFRL). I would like to address the proposed cuts to fiscal year 2004 human-centered research budgets for these military laboratories within the context of the larger Department of Defense Science and Technology budget.

DEPARTMENT OF DEFENSE (DOD) SCIENCE AND TECHNOLOGY BUDGET

APA joins the Coalition for National Security Research (CNSR), a group of over 40 scientific associations and universities, in urging the Subcommittee to provide DOD with \$11.4 billion for 6.1, 6.2 and 6.3 level research in fiscal year 2004. This figure also is in line with recommendations of the independent Defense Science Board and the Quadrennial Defense Review, the latter calling for “a significant increase in funding for S&T programs to a level of three percent of DOD spending per year.”

As our nation rises to meet the challenges of a new century, including current engagements in Afghanistan and Iraq as well as other asymmetric threats and increased demand for homeland defense and infrastructure protection, enhanced battlespace awareness and warfighter protection are absolutely critical. Our ability to both foresee and immediately adapt to changing security environments will only become more vital over the next several decades. Accordingly, DOD must support basic Science and Technology (S&T) research on both the near-term readiness and modernization needs of the department and on the long-term future needs of the warfighter.

Despite substantial appreciation for the importance of DOD S&T programs on Capitol Hill, and within independent defense science organizations such as the Defense Science Board (DSB), total research within DOD has remained essentially flat in constant dollars over the last few decades. This poses a very real threat to America's ability to maintain its competitive edge at a time when we can least afford it. APA, CNSR and our colleagues within the science and defense communities recommend funding the DOD Science and Technology Program at a level of at least \$11.4 billion in fiscal year 2004 in order to maintain global superiority in an ever-changing national security environment.

BEHAVIORAL RESEARCH WITHIN THE MILITARY SERVICE LABS

In August, 2000 the Department of Defense met a congressional mandate to develop a Report to the Senate Appropriations Committee on Behavioral, Cognitive and Social Science Research in the Military. The Senate requested this evaluation due to concern over the continuing erosion of DOD's support for research on individual and group performance, leadership, communication, human-machine interfaces, and decision-making. In responding to the Committee's request, the Department found that “the requirements for maintaining strong DOD support for behavioral, cognitive and social science research capability are compelling” and that “this area of military research has historically been extremely productive” with “particularly high” return on investment and “high operational impact.” Given such strong DOD support, APA strongly encourages the Committee to restore planned fiscal year 2004 cuts to military behavioral science programs and provide funding at fiscal year 2003 appropriated levels:

- Increase the Army's overall 6.2 budget from \$66.034 million to \$69.099 million; and the Army's overall 6.3 budget from \$63.508 million to \$74.634 million in fiscal year 2004.
- Increase the Navy's overall 6.2 budget from \$19.982 million to \$24.554 million; and the Navy's overall 6.3 budget from \$28.746 million to \$36.027 million in fiscal year 2004.
- Increase the Air Force's overall 6.2 budget from \$51.764 million to \$55.249 million; and the Air Force's overall 6.3 budget from \$31.641 million to \$35.743 million in fiscal year 2004.

Within DOD, the majority of behavioral, cognitive and social science is funded through the Army Research Institute (ARI) and Army Research Laboratory (ARL); the Office of Naval Research (ONR); and the Air Force Research Laboratory (AFRL). These military service laboratories provide a stable, mission-oriented focus for science, conducting and sponsoring basic (6.1), applied/exploratory development (6.2) and advanced development (6.3) research. These three levels of research are roughly parallel to the military's need to win a current war (through products in advanced development) while concurrently preparing for the next war (with technology “in the works”) and the war after next (by taking advantage of ideas emerging from basic research).

All of the services fund human-related research in the broad categories of personnel, training and leader development; warfighter protection, sustainment and physical performance; and system interfaces and cognitive processing. In addition, there are additional, smaller human systems research programs funded through the Office of the Secretary of Defense, the Defense Advanced Research Projects Agency (DARPA), the Marine Corps, and the Special Operations Command.

Despite substantial appreciation for the critical role played by behavioral, cognitive and social science in national security, however, total spending on this research is cut from \$404.984 million appropriated in fiscal year 2003 to \$376.753 million in the Administration's fiscal year 2004 budget. Whereas basic research (6.1) increases by six percent, due to a substantial increase in the Navy's budget (Air Force 6.1 decreases slightly and Army 6.1 increases slightly), all three services propose cuts in their 6.2 and 6.3 funding. Navy 6.2 human-related research decreases by over 18 percent, and 6.3 research declines by over 20 percent. Only small 6.2 and 6.3 investments in behavioral research by OSD, DARPA, Special Operations Command, and the Marine Corps increase over fiscal year 2003 levels in the President's fiscal year 2004 budget.

Behavioral and cognitive research programs eliminated from the mission labs as cost-cutting measures are extremely unlikely to be picked up by industry, which focuses on short-term, profit-driven product development. Once the expertise is gone, there is absolutely no way to "catch up" when defense mission needs for critical human-oriented research develop. As DOD noted in its own Report to the Senate Appropriations Committee:

"Military knowledge needs are not sufficiently like the needs of the private sector that retooling behavioral, cognitive and social science research carried out for other purposes can be expected to substitute for service-supported research, development, testing, and evaluation . . . our choice, therefore, is between paying for it ourselves and not having it."

The following are brief descriptions of critical behavioral research funded by the military research laboratories.

ARMY RESEARCH INSTITUTE FOR THE BEHAVIORAL AND SOCIAL SCIENCES (ARI) AND ARMY RESEARCH LABORATORY (ARL)

ARI works to build the ultimate smart weapon: the American soldier. ARI was established to conduct personnel and behavioral research on such topics as minority and general recruitment; personnel testing and evaluation; training and retraining; and attrition. ARI is the focal point and principal source of expertise for all the military services in leadership research, an area especially critical to the success of the military as future war-fighting and peace-keeping missions demand more rapid adaptation to changing conditions, more skill diversity in units, increased information-processing from multiple sources, and increased interaction with semi-autonomous systems. Behavioral scientists within ARI are working to help the armed forces better identify, nurture and train leaders. One effort underway is designed to help the Army identify those soldiers who will be most successful meeting 21st century non-commissioned officer job demands, thus strengthening the backbone of the service—the NCO corps.

Another line of research at ARI focuses on optimizing cognitive readiness under combat conditions, by developing methods to predict and mitigate the effects of stressors (such as information load and uncertainty, workload, social isolation, fatigue, and danger) on performance. As the Army moves towards its goal of becoming the Objective Force (or the Army of the future: lighter, faster and more mobile), psychological researchers will play a vital role in helping maximize soldier performance through an understanding of cognitive, perceptual and social factors.

ARL's Human Research & Engineering Directorate sponsors basic and applied research in the area of human factors, with the goal of optimizing soldiers' interactions with Army systems. Specific behavioral research projects focus on the development of intelligent decision aids, control/display/workstation design, simulation and human modeling, and human control of automated systems.

OFFICE OF NAVAL RESEARCH (ONR)

The Cognitive and Neural Sciences Division (CNS) of ONR supports research to increase the understanding of complex cognitive skills in humans; aid in the development and improvement of machine vision; improve human factors engineering in new technologies; and advance the design of robotics systems. An example of CNS-supported research is the division's long-term investment in artificial intelligence research. This research has led to many useful products, including software that enables the use of "embedded training." Many of the Navy's operational tasks, such as recognizing and responding to threats, require complex interactions with sophisticated, computer-based systems. Embedded training allows shipboard personnel to develop and refine critical skills by practicing simulated exercises on their own workstations. Once developed, embedded training software can be loaded onto specified computer systems and delivered wherever and however it is needed.

AIR FORCE RESEARCH LABORATORY (AFRL)

Within AFRL, Air Force Office of Scientific Research (AFOSR) behavioral scientists are responsible for basic research on manpower, personnel, training and crew technology. The AFRL Human Effectiveness Directorate is responsible for more applied research relevant to an enormous number of acknowledged Air Force mission needs ranging from weapons design, to improvements in simulator technology, to improving crew survivability in combat, to faster, more powerful and less expensive training regimens.

As a result of previous cuts to the Air Force behavioral research budget, the world's premier organization devoted to personnel selection and classification (formerly housed at Brooks Air Force Base) no longer exists. This has a direct, negative impact on the Air Force's and other services' ability to efficiently identify and assign personnel (especially pilots). Similarly, reductions in support for applied research in human factors have resulted in an inability to fully enhance human factors modeling capabilities, which are essential for determining human-system requirements early in system concept development, when the most impact can be made in terms of manpower and cost savings. For example, although engineers know how to build cockpit display systems and night goggles so that they are structurally sound, psychologists know how to design them so that people can use them safely and effectively.

SUMMARY

On behalf of APA, I would like to express my appreciation for this opportunity to present testimony before the Subcommittee. Clearly, psychological scientists address a broad range of important issues and problems vital to our national security, with expertise in understanding and optimizing cognitive functioning, perceptual awareness, complex decision-making, stress resilience, and human-systems interactions. We urge you to support the men and women on the front lines by reversing another round of cuts to the human-oriented research within the military laboratories.

Below is suggested appropriations report language which would encourage the Department of Defense to fully fund its behavioral research programs within the military laboratories:

DEPARTMENT OF DEFENSE

Behavioral Research in the Military Service Laboratories.—The Committee recognizes that psychological scientists address a broad range of important issues and problems vital to our national security through the military research laboratories: the Air Force Office of Scientific Research, the Army Research Institute and Army Research Laboratory, and the Office of Naval Research. Given the increasingly complex demands on our military personnel, psychological research on leadership, decision-making under stress, cognitive readiness, training, and human-technology interactions have become even more mission-critical, and the Committee strongly encourages the service laboratories to reverse cuts made to their behavioral research programs. A continued decline in support for human-centered research is not acceptable at a time when there will be more, rather than fewer, demands on military personnel, including more rapid adaptation to changing conditions, more skill diversity in units, increased information-processing from multiple sources, and increased interaction with semi-autonomous systems.

Senator INOUE. Doctor, as you well know, I have an in-house adviser on my staff and he keeps me apprised of all the issues involved in your association. I can assure you of our support.

Dr. SELLMAN. Thank you, sir.

Senator INOUE. Thank you.

Our next witness is Rear Admiral Retired Richard D. West, President of the Consortium for Oceanographic Research and Education. Admiral West.

STATEMENT OF REAR ADMIRAL RICHARD D. WEST, U.S. NAVY (RETIRED), PRESIDENT, CONSORTIUM FOR OCEANOGRAPHIC RESEARCH AND EDUCATION

Admiral WEST. Thank you, Senator Inouye. Good morning, sir.

Senator INOUE. Good morning.

Admiral WEST. Thank you for the opportunity to appear before you and your committee this morning. I would like to talk about basic research within the United States Navy. As you know, I am Rear Admiral Dick West, President of the Consortium for Oceanographic Research and Education, commonly referred to as CORE. I appear on behalf of 71 member institutions, including Penn State, Texas A&M, Scripps Institution of Oceanography, Woods Hole Oceanographic Institute, the Universities of Alaska, Hawaii, Southern Mississippi, New Hampshire, Texas, South Carolina, and California. These institutions and other members represent the nucleus of American academic oceanographic research.

I joined CORE in August of 2002 after retiring from the United States (U.S.) Navy as oceanographer and navigator in the Navy. Prior to this position, I was deputy director for the Ballistic Missile Defense Organization. As an oceanographer, I was a primary customer for the products from our Nation's oceanographic institutions.

I come before you this morning to express concern about a specific direction within the Office of Naval Research (ONR). Since its founding in 1946, ONR has been one of the Nation's leading supporters of high-risk, cutting-edge basic research. The Office has supported the research of 50 Nobel laureates. It has participated in breakthrough discoveries in areas such as lasers, precision timekeeping, and molecular biology. It has served the Navy and all of DOD well.

When we look at the last 50 years, we see a history of courageous investment and bold discoveries that have helped end the Cold War. However, when we look to the coming decades the future of naval research does not appear so bright. Most of the science that underlies today's Navy was high risk and cutting edge when conducted decades ago. None of the researchers then could have imagined how their research would have created the impressive technological edge we just had in Operation Iraqi Freedom.

Today we are concerned that the ONR may be veering off course from its traditional support for high-risk, long-term basic research. We are concerned that the 6.1 account that is supposed to be for discovery-oriented basic research is being migrated to short-term, product-driven applied research. We firmly believe that applied research and advanced technology development are crucial parts of Research, Development, Test and Evaluation (RDT&E), but it is imperative there be basic research if we expect to have the scientific underpinnings for pioneering innovations in the 6.23 and more applied programs.

It is because of the importance of basic science in the capabilities of the Navy After Next that we are concerned by ONR's statements that the Navy's basic research program will be "integrated with more applied S&T to promote transitions of discoveries." This translates to a "show me what you can do for me now" and we fear that this message is going to the program managers and scientists.

A focus on integrating discovery-oriented basic research with more application-driven research will have a negative influence by creating a risk-adverse atmosphere in both the universities and with the program management. Researchers are being discouraged from pursuing bold and innovative ideas, ideas that could take

years to complete but provide those technical breakthroughs in the future, that one technology, that one technology answer, what we will need in the future.

Instead, they are focusing on research that will result in products now. While the results will surely be high quality, they are unlikely to be the type of research that will result in breakthroughs in understanding and technology.

We believe that a message needs to be sent to address research creep in the 6.1 account. While we believe greater investment in Navy S&T accounts is absolutely necessary, all the funding in the world may not lead to new discoveries if the 6.1 account does not address basic research.

Adding congressional attention to the discussion of Navy basic research should serve as a reinforcement to ONR to renew its commitment to the regime of research that has served this country so well. Working together, Congress and the research community must communicate to the Secretary, the Chief of Naval Operations (CNO), and the Commandant that basic research is essential to the fleet and is a congressional priority.

If ONR is not given the ability and direction to pursue an aggressive regime of high-risk, cutting-edge basic research now, we could be shortchanging our fighting forces in the future.

Thank you for this opportunity to bring this to your attention, sir.

[The statement follows:]

PREPARED STATEMENT OF RICHARD WEST

Chairman Stevens, Ranking Member Inouye, and Members of the Defense Subcommittee of the Senate Appropriations Committee, I want to thank you for the opportunity to appear before you this morning and for the strong support you and your committee have shown for basic research within the United States Navy.

I am Rear Admiral Dick West, President of the Consortium for Oceanographic Research and Education, commonly referred to as CORE. I appear on behalf of our 71 member institutions, including Penn State, Texas A&M, Scripps Institution of Oceanography and the Universities of Alaska, Hawaii, Southern Mississippi, New Hampshire, Texas, South Carolina, and California at San Diego. These institutions and our other members represent the nucleus of American academic oceanographic research.

I joined CORE in August 2002 after retiring from the U.S. Navy as Oceanographer and Navigator of the Navy. As you know, the Oceanographer provides oceanographic, meteorological, geospatial information and navigation support to the fleet. Prior to serving as Oceanographer, I was the Deputy Director for the Ballistic Missile Defense Organization. Other shore assignments included Director, Surface Combat Systems Division on the CNO's Staff, Deputy Chief of Staff for Operations CINCSOUTH, and Commander, Operational Test and Evaluation Force. From 1992–1993, as Commanding Officer of the Surface Warfare Officers School, I directed a large, advanced studies academic institution, providing a continuum of professional education and training to prepare naval officers to serve at sea. I served in Vietnam with the riverine forces and commanded ships during hostilities in the Arabian Gulf. As Oceanographer, I was the primary customer for the products from our nation's oceanographic institutions.

Since its founding in 1946, the Office of Naval Research has been one of the nation's leading supporters of high-risk cutting edge basic research. The Office has supported the research of fifty Nobel laureates. It has participated in breakthrough discoveries in areas such as lasers, precision timekeeping, and molecular biology. Without question the past five decades have seen the ONR fulfill its mission, "To plan, foster and encourage scientific research in recognition of its paramount importance as related to the maintenance of future naval power, forced entry capability, and the preservation of national security."

America's oceanographers were and continue to be active partners with the Office of Naval Research in providing today's and tomorrow's sailors and marines with the

tools necessary to be the finest warfighters in the world. When we look back at the past fifty years, we see a history of courageous investment and bold discoveries that paved the path for the end of the Cold War. However, when we look to the coming decades, the picture does not seem so bright.

Bold, high-risk, cutting-edge basic research has been a crucial component of the Navy's battlespace superiority for decades. For example, basic research into packet switching laid the foundation for what we know today as the Internet and has been the fundamental science behind the technology underlying net-centric warfare, an increasingly important asset to the Navy and Marine Corps.

In the Iraqi theatre, ship-launched precision munitions played a crucial role in defeating Iraqi forces while limiting civilian casualties. Navy-supported basic research in precision timekeeping enabled the development of the highly accurate Global Positioning System (GPS). GPS is the backbone of the guidance system that allows commanders to launch and deliver fire-power to targets with previously unimaginable accuracy and lethality. Without the basic research decades ago into the fundamental physics necessary to develop the atomic clocks that are at the backbone of the GPS system, the Navy's ability to accurately strike targets would be severely compromised.

As you may know, basic research supported by the Navy led to the development of the laser. This discovery led directly to the advent of small, easily handled lasers that allow soldiers, sailors, airmen and marines to accurately locate targets and provide coordinates for sailors and airmen to deliver munitions to targets.

The research discussed above was high-risk and cutting edge when it was conducted decades ago. None of the researchers then could have imagined its application or importance in conflicts today. While such research was not focused on specific applications, without it and without the support that made it possible, our soldiers, sailors, airmen and marines would not have had the technological edge they enjoyed in Operation Iraqi Freedom.

Today, we are concerned that ONR may be veering off course in a direction that departs from its traditional aggressive support for high-risk basic research. This concern is not so much with the level of funding in the 6.1, 6.2 and 6.3 accounts. Rather, it reflects a growing tendency to commit funding in the 6.1 account that is supposed to be used for discovery-oriented basic research to short-term applied research that is product-driven. Let me be clear, we firmly believe that applied research and advanced technology development are crucial parts of RDT&E, but it is imperative that there be robust basic research, if we expect to have the scientific underpinnings for pioneering innovations in the 6.2 and more applied programs.

It is because of the importance of basic science in the capabilities of the Navy After Next, that we are concerned by ONR statements that the Navy's basic research program will be "integrated with more applied S&T to promote transitions of discoveries." Unfortunately, this statement could be interpreted as code for "show me what you've done for me lately" and program managers and scientists seem to be getting the message loud and clear.

The focus on integration of discovery-oriented basic research with more application driven research could have a negative impact on naval basic research by creating a risk-averse atmosphere in both the universities and with program management and officers within the Navy. However, the greater risk is that researchers become discouraged from pursuing bold and innovative ideas and lines of research that could take years to complete and have practical application decades from now. Instead, researchers focus on pursuing research that they know will result in products. While the results will surely be high quality, they are unlikely to be the type of research that will result in breakthroughs in understanding.

High-risk research offers the promise of transformational discoveries but it is prone to failure before it yields pioneering discoveries. On the other hand, it is only by pushing the boundaries, constantly taking risks, and looking for bold hypothesis that scientists foster the discoveries that may lead to the next laser, tomorrow's global positioning system, or the net-centric warfare of 2030.

CORE was particularly pleased to note your inclusion of language in the fiscal year 2003 Defense Appropriations report expressing discouragement at the low levels of Navy S&T investment and encouraging the Navy to resume its previously robust support for S&T. We believe that a similar message needs to be sent to address "research-creep" in the 6.1 account.

We are encouraging you today to provide clear instruction to the leadership of the Office of Naval Research to reaffirm the Navy's commitment to high-risk, cutting-edge, basic research. The past successes of such basic research provide a clear justification for renewing this investment in the Navy's future.

We believe that this is a commitment that ONR can and should be willing to make. Often such issues as the character of research supported by ONR are eclipsed

by more direct concerns like funding availability. While we believe greater investment in the Navy S&T accounts is absolutely necessary, all the funding in the world may not lead to new discoveries if the research funding in the 6.1 account is spent on applied research. Adding Congressional attention to the discussion of naval basic research should serve as a “wake-up” call for ONR and return it to the regime of research that has served America’s sailors and marines well for decades.

We ask you to recognize and impress a message upon the Navy and Marine Corps leadership. While the basic research ONR supports today will not deliver today’s admirals and generals a product they can deploy, it may afford the lieutenants and captains under their command profoundly more robust weapons systems when they are combat commanders. It is because of an aggressive regime of basic research thirty years ago, when today’s military leaders were being commissioned, that an effective and diverse suite of combat systems is available to prosecute their mission now. Working together, Congress and the research community must communicate to the Secretary, the Chief of Naval Operations and the Commandant, that basic research is essential to the fleet and is a Congressional priority. If ONR is not given the ability and direction to pursue an aggressive regime of high-risk cutting edge basic research now, the nation could be shortchanging our sons and daughters, the sailors and marines of the Navy After Next.

Again, thank you for the opportunity to bring these important issues to your attention. I welcome the opportunity to answer any questions.

Senator INOUE. Admiral West, we concur with you sir, because we believe that the proper underpinnings for research is basic research. And we believe the recent operation in Iraq demonstrated that, and we hope to convince our colleagues across the river that we should continue that.

Thank you very much.

Admiral WEST. We appreciate your support, sir. We are here to help.

Senator INOUE. Our next witness is the chief executive officer of Sanaria, Incorporated, Dr. Stephen Hoffman, representing the American Society of Tropical Medicine and Hygiene. Dr. Hoffman.

STATEMENT OF STEPHEN HOFFMAN, M.D., CHIEF EXECUTIVE OFFICER, SANARIA, INC.; ON BEHALF OF THE AMERICAN SOCIETY FOR TROPICAL MEDICINE AND HYGIENE

Dr. HOFFMAN. Good morning, Mr. Ranking Member. I am Stephen Hoffman, Chief Executive Officer (CEO) of Sanaria, a company working to develop a malaria vaccine. I am a retired Captain in the U.S. Navy Medical Corps and past president of the American Society of Tropical Medicine and Hygiene. I am here this morning to present testimony on the Society’s behalf. The American Society of Tropical Medicine and Hygiene is a professional society of 3,500 researchers and practitioners—

Senator INOUE. Doctor, can you press that button?

Dr. HOFFMAN. The American Society of Tropical Medicine and Hygiene is a professional society of 3,500 researchers and practitioners, dedicated to the prevention and treatment of infectious and tropical diseases. The collective experience of our members is in the areas of tropical infectious diseases, basic science, medicine, insect vector control, epidemiology, vaccinology, public health, biodefense, and bioterrorism defense.

I am here today to encourage your support for infectious disease research at the Department of Defense. The Military Infectious Diseases Research Program has done an excellent job in its mission to develop new products to protect and maintain the health of our troops wherever they are deployed. Working with other U.S. public health agencies, DOD scientists at the U.S. Army Medical Research

Institute for Infectious Diseases (USAMRIID), the Walter Reed Army Institute of Research (WRAIR), and the Naval Medical Research Center, the latter two working in the Inouye Building at Forest Glen very effectively, and DOD medical laboratories abroad are helping us to better understand, diagnose, and treat infectious and tropical diseases. These include viral diseases such as West Nile Virus, bacterial diseases such as tuberculosis, and parasitic diseases such as malaria.

Infectious diseases are the second leading cause of death worldwide, accounting for over 13 million deaths. Twenty well-known diseases, including tuberculosis, malaria, cholera, and Rift Valley Fever, have reemerged or spread geographically since 1973, often in more virulent and drug-resistant forms. Over 30 previously unknown disease agents have been identified in this period for which therapy is not optimal or does not exist at all, including Human Immunodeficiency Virus (HIV), Ebola, Marburg, and the most recent threat, Severe Acute Respiratory Syndrome, or SARS.

These naturally occurring diseases can strike our troops at any time and they are potential threats for biological warfare or bioterror attack. Historically, tropical diseases such as these have impaired military operations. For example, malaria had a large impact on U.S. service personnel serving in Southeast Asia. In some regions up to 60 percent of troops were reported to be infected.

In the most recent conflict, suspicions of Iraqi supplies of anthrax, botulism, and plague led to fear of biological attacks. The successful administration of anthrax vaccine reduced the risk to American troops, but many suspected biological weapons have no proven treatments and further research is necessary to protect our military personnel.

Military scientists have made significant accomplishments in the fight against these deadly illnesses, which I describe in my written statement. Suffice it to say that the Defense Department's medical research programs are second to none and they play a critical role in our Nation's infectious disease, biodefense, and bioterrorism defense efforts.

The Society believes the military's overseas laboratories deserve special mention. The U.S. Army and Navy currently support medical research labs located in five developing countries—Thailand, Egypt, Indonesia, Kenya, and Peru—with substations in neighboring countries. These research laboratories serve as critical sentinel stations, alerting military and public health agencies to dangerous infectious disease outbreaks and increasing microbial resistance to drugs.

The research stations are an important national resource in the ongoing battle against emerging disease and should be strengthened with increased funding and increased opportunities for collaborations with civilian scientists. The laboratories provide field sites for important research that cannot feasibly be conducted in the United States, including basic research, testing of new drugs and vaccines, and increasing our understanding of disease and the spread of disease.

Therefore, Mr. Chairman, the American Society for Tropical Medicine and Hygiene urges you to support the military infectious disease research program and asks for \$70 million in fiscal year 2004.

The Society also recommends \$35 million for the military HIV research program, which has become a world leader in the study of HIV genetic variation and in the development and testing of new vaccines.

In conclusion, Mr. Chairman, our borders remain porous to infectious and tropical diseases, including the West Nile virus found here in Washington, D.C., and of course most recently Severe Acute Respiratory Syndrome (SARS). Other diseases still largely confined to the troops, like malaria, pose a major threat to our military and to American travelers. In all military operations in the last century where malaria was transmitted, including the Pacific theater in World War II, Vietnam, and Operation Restore Hope in Somalia, more casualties were caused by malaria than by combat injuries. Further research into infectious diseases can reduce the threat to American lives.

Thank you, Mr. Chairman, for the opportunity to present the views of the American Society of Tropical Medicine and Hygiene.

Senator STEVENS [presiding]. Thank you, Doctor. This committee started the research on HIV at the Department of Defense and will continue to support it. I appreciate your courtesy. Thank you.

Dr. HOFFMAN. Thank you.

[The statement follows:]

PREPARED STATEMENT OF DR. STEPHEN L. HOFFMAN

The American Society for Tropical Medicine and Hygiene (ASTMH) thanks the Subcommittee for the opportunity to present this testimony.

The ASTMH is a professional society of 3,500 researchers and practitioners dedicated to the prevention and treatment of infectious and tropical diseases. The collective experience of our members is in the areas of tropical infectious diseases, basic science, medicine, insect vector control, epidemiology, vaccinology, public health, bio-defense and bioterrorism defense.

My name is Stephen L. Hoffman, I am a past president of ASTMH, a retired CAPT in the U.S. Navy Medical Corps, and currently the CEO of Sanaria, a company working to develop a malaria vaccine. I am here today to encourage your support for infectious disease research at the Department of Defense.

IMPACT OF INFECTIOUS DISEASES ON THE MILITARY

Historically, tropical diseases have impaired military operations. For example, malaria had a large impact on U.S. service personnel serving in southeast Asia; in some regions up to 60 percent of troops were reported to be infected. During Desert Storm, potential exposure to the parasitic disease leishmaniasis led to banning American military personnel who had served in the Persian Gulf from donating blood to prevent infecting the U.S. blood supply.

In the most recent conflict, suspicions of Iraqi supplies of anthrax, botulism, and plague led to fear of biological attacks. The successful research into anthrax vaccine reduced the risk to American troops. But, many suspected biological weapons have no proven treatments, and further research is necessary to protect our military personnel.

THE MILITARY INFECTIOUS DISEASE RESEARCH PROGRAM

A Presidential Executive Order issued September 30, 1999, entitled "Improving Health Protection of Military Personnel Participating in Particular Military Operations," mandates that "It is the Policy of the United States Government to provide our military personnel with safe and effective vaccines, antidotes, and treatments that will negate or minimize the effects of these health threats."

Many diseases are endemic to areas of military operations. Accordingly, the primary mission of the DOD's Military Infectious Diseases Research Program is to develop new products with which to protect and maintain the health of our troops in the theater. With worldwide deployment of our military personnel, it is imperative to protect them against infectious diseases that occur around the globe. Often our

troops are exposed to new strains of infections that do not exist within our own borders.

The Department of Defense (DOD) medical research programs are vitally important to maintain the health of our troops wherever they are deployed. Furthermore, the programs play a critical role in our nation's infectious disease, biodefense, and bioterrorism defense efforts. Working with other U.S. public health agencies, DOD scientists at the U.S. Army Medical Research Institute for Infectious Diseases (USAMRIID), the Walter Reed Army Institute of Research (WRAIR), the U.S. Naval Medical Research Center (NMRC), and DOD medical laboratories in Asia, Africa, and South America are helping us to better understand, diagnose, and treat infectious diseases, especially tropical infectious diseases.

The Society believes the military's overseas laboratories deserve special mention. The U.S. Army and the Navy currently support medical research laboratories located in five developing countries, including Thailand, Egypt, Indonesia, Kenya, and Peru. These research laboratories serve as critical sentinel stations alerting military and public health agencies to dangerous infectious disease outbreaks and increasing microbial resistance to drugs. The research stations are an important national resource in the ongoing battle against emerging disease, and should be strengthened with increased funding and increased opportunities for collaborations with civilian scientists. The laboratories provide field sites for important research that cannot feasibly be performed in the United States, including basic research, testing of new drugs and vaccines, increasing our understanding of diseases and their spread. The overseas laboratories strengthen collaborations between U.S. and foreign countries, expanding our knowledge and understanding of infectious diseases, and providing hands-on training for both U.S. and local students and investigators, and for local health authorities.

A MULTITUDE OF DISEASE THREATS

Infectious diseases are caused by a wide variety of viruses, bacteria, and parasites. For example,

- Viruses cause West Nile Virus, dengue fever, yellow fever, Ebola, Marburg, HIV/AIDS, and the most recent threat, severe acute respiratory syndrome (SARS);
- Bacteria cause cholera, tuberculosis, anthrax, plague, and botulism; and
- Parasites cause malaria and leishmaniasis.

Infectious diseases are the second leading cause of death worldwide, accounting for over 13 million deaths (25 percent of all deaths worldwide in 1999). Dozens of well-known diseases—including tuberculosis, malaria, and cholera—have reemerged or spread geographically since 1973, often in more virulent and drug-resistant forms. Over 30 previously unknown disease agents have been identified in this period for which therapy is not optimal or does not exist at all, including HIV, Ebola, Nipah virus, Marburg virus, hepatitis C, and the most recent threat, severe acute respiratory syndrome (SARS).

Moreover, many of these same threats are potential agents for a biological warfare or bioterror attack. Research on these diseases stands to benefit the civilian population as well as the military.

A HISTORY OF SUCCESS IN TROPICAL DISEASE RESEARCH

Consistent with the standard set by our nation's armed forces and the men and women who selflessly serve in our military, it should come as no surprise to anyone that the Defense Department's medical research programs are second to none. As the leader in tropical and infectious disease research, DOD programs have been vital for the successful outcome of military campaigns. It was the DOD research program that developed the first modern drugs for prevention and treatment of malaria, which even today affects 2.4 billion people, or about 40 percent of the world's population, and causes up to 2.7 million deaths each year or about 5 percent of all fatalities worldwide.

Along with Venezuelan Equine Encephalitis, the DOD also developed or supported promising vaccines for prevention of Rift Valley Fever, Argentine Hemorrhagic Fever, Adenovirus disease in recruits, and plague. Two of these vaccines (plague and adenovirus) are no longer licensed in the United States.

As a result of a significant outbreak in Saudi Arabia and Yemen, the first epidemic outside of Africa, Rift Valley Fever vaccine has become of interest to troops in the Middle East. Rift Valley fever is a deadly, fever-causing viral disease which can lead to hemorrhagic fever or encephalitis. It is commonly associated with mosquito-borne epidemics, and it can also be spread through contaminated meat. Spread of this disease to the United States is not out of the question, since mosqui-

toes capable of transmitting Rift Valley Fever are found in the United States. Further development of these vaccines is an important national priority.

Other notable advances accomplished by military experts in tropical diseases working with corporate partners include the invention of hepatitis A vaccine at WRAIR and its ultimate licensure based on studies conducted at the U.S. Armed Forces Research Institute of Medical Sciences (AFRIMS) in Bangkok; the discovery (during WWII), and later licensure of Japanese encephalitis vaccine, based on studies conducted at AFRIMS and WRAIR; and the discovery and licensure of mefloquine and halofantrine for treatment and prevention of malaria. U.S. Navy scientists working at the Naval Medical Research Unit-2 formerly in Taiwan developed intravenous therapy for cholera, and created the foundation for oral rehydration therapy for cholera and other diarrheal diseases, which has been hailed by some as the most important medical discovery of the 20th century.

A significant accomplishment made by military scientists at WRAIR and their corporate partners is the discovery of the first prototype vaccine shown to be capable of preventing falciparum malaria. Novel vaccines, such as a DNA vaccine for malaria, are being developed under the leadership of scientists at the NMRC. Most recently, licensure has been awarded for Malarone, a new drug for prevention and treatment of malaria. Another anti-malarial drug, Tafenaquine, is in advanced field trials with a corporate partner. With the certainty that resistance to malaria drugs quickly appears, these drugs have a useful lifespan of only about ten years. Replacements must be sought continually.

FURTHER DOD RESEARCH IN INFECTIOUS DISEASES NEEDED

A January, 2000, unclassified report from the CIA's National Intelligence Council concluded that infectious diseases are likely to account for more military hospital admissions than battlefield injuries. "The Global Infectious Disease Threat and Its Implications for the United States," labeled global infectious disease a threat to U.S. national security. The report also assessed the global threat of infectious disease, stating "New and reemerging infectious diseases will pose a rising global health threat and will endanger U.S. citizens at home and abroad, threaten U.S. armed forces deployed overseas, and exacerbate social and political instability in key countries and regions in which the United States has significant interests." The recent SARS epidemic has clearly highlighted the ongoing threat of infectious diseases, and it has demonstrated the profound impact these infectious diseases can have, both in terms of health, psychology, and a nation's economy.

ASTMH REQUEST

ASTMH urges a strong national commitment to the DOD infectious disease research programs to accelerate the discovery of the products that protect American military personnel and citizens at home and abroad, and to improve global health and economic stability in developing countries. The DOD's Military Infectious Disease Research Program (MIDRP) has been a highly successful program. ASTMH urges the Subcommittee to make DOD infectious disease research a high priority in the DOD budget for fiscal year 2004, and to provide \$70 million, up from the \$42 million in the current budget, to take full advantage of the high-quality research opportunities.

The Society also hopes this Subcommittee will continue to oversee the DOD's HIV Research Program as new agreements with the National Institute of Allergy and Infectious Diseases (NIAID) develop. The HIV Research Program, mandated by Congress in 1987 because of the significant risk of active-duty personnel in acquiring the HIV virus, is a world leader in the study of HIV genetic variation world-wide and in the development and testing of new vaccines to be used against HIV strains anywhere in the world. It is critical that the overseas collaborations and agreements facilitated by the current leadership from the Walter Reed Army Institute of Research be preserved to ensure the continued progress of current and planned clinical trials to test the efficacy of new vaccine products. ASTMH recommends \$35 million for the HIV Research Program, up from approximately \$23 million in the current budget.

Finally the Society also supports the Global Pathogen Surveillance Act (S. 871) recently introduced by Senator Biden, which authorizes additional resources to increase the number of personnel and expand operations at the DOD overseas laboratories. The Society requests that the Subcommittee fully fund this initiative at the \$18 million level authorized by the bill, if it is enacted into law during the upcoming year.

CONCLUSION

Our borders remain porous to infectious and tropical diseases, including most recently the West Nile Virus, which has been found here in Washington, DC. Other diseases still largely confined to the tropics, like malaria, pose a major threat to our military and to American travelers. In all military operations in the last century where malaria was transmitted, including the Pacific Theater in World War II, Vietnam, and Somalia, more casualties were caused by malaria than by combat injuries. And with global warming, the increasing resistance of insect vectors to insecticides, and the increasing resistance of the malaria parasite to antimalarial drugs, the range of malaria and other vector-borne diseases is expanding.

The ASTMH urges you to provide strong support for the DOD Military Infectious Diseases Research Programs. Our nation's commitment to this research is critically important given the resurgent and emerging infectious disease threats that exist today. If we don't make these important programs a priority, the health of our troops, as well as the health of all Americans, will continue to be at risk; we will continue to experience increased health costs; and infectious diseases will flourish around the world, prolonging economic and political instability.

Thank you for the opportunity to present the views of the American Society of Tropical Medicine and Hygiene, and for your consideration of these requests.

Senator STEVENS. The next witness is Karen Peluso, Director of the Neurofibromatosis Corporation in New England. Good morning.

STATEMENT OF KAREN PELUSO, EXECUTIVE DIRECTOR, NEUROFIBROMATOSIS, INC., NEW ENGLAND

Ms. PELUSO. Good morning, Mr. Chairman. Thank you for the opportunity to appear before you today to talk about the importance of continuing the Army's neurofibromatosis (NF) research program.

Neurofibromatosis is a genetic tumor disorder that causes tumors to grow anywhere on the nerves in or on our body. It can be disfiguring and debilitating. It can cause brain tumors, tumors of the spine, hearing loss, blindness, learning disabilities, and cancer.

I was introduced to neurofibromatosis 20 years ago when my daughter was diagnosed with NF, and I was very fortunate at the time that my pediatrician was able to recognize the café au lait birthmarks on her body, which were an outward sign of NF. At that time I was very frustrated by the fact that I could not find any information. In fact, our pediatrician showed us his medical book, which had a very small paragraph which talked about neurofibromatosis. And myself with a group of other parents became an advocacy group to try to create awareness and promote research.

1993 was a turning point in our quest to find a treatment and cure for NF when this subcommittee made an appropriation of \$8 million for a 3-year study of neurofibromatosis. After that 3 years, the results were astounding. The scientists were so enthusiastic about how studying NF would open new information regarding diseases that affect millions of people, like cancer and brain tumors and learning disabilities, not just the people who have neurofibromatosis. NF was also directly linked to military purposes as it can be used in studying wound healing and nerve regeneration after exposure to chemical toxins.

Congress has given NF research strong partisan support and the Army's NF research has produced dramatic results every year. Now clinical trials have begun to use drugs to try to shrink these tumors.

Twenty years later after I learned that my daughter has neurofibromatosis, I work in the office of Neurofibromatosis, Incorporated, in New England and every day our phone rings with new parents who have received the diagnosis of NF, and they are filled with the same fear that I had 20 years ago: How will this affect my child? What is going to happen to her? NF is so unpredictable.

I can give them the good news and the bad news. The good news is that, thanks to the Army's innovative NF research program, great strides are being made and we are getting closer to a cure. But the bad news is we still do not have a treatment, we still do not have a cure, and we have to keep up this fight.

That is why I am here today to respectfully ask that this committee make a recommendation of \$25 million for the NF research program through the Army in fiscal 2004. We cannot stop our fight now, we have come so far and we are so close. I ask this subcommittee for your continued support and thank you for your past support.

[The statement follows:]

PREPARED STATEMENT OF KAREN PELUSO

Thank you, Mr. Chairman, for the opportunity to appear before you today to present testimony to the Subcommittee on the importance of continued funding for Neurofibromatosis (NF), a terrible genetic disorder directly associated with military purposes and closely linked to many common ailments widespread among the American population.

I am Karen Peluso, Executive Director of NF Inc.-New England, which is a participant in a national coalition of NF advocacy groups. I have been actively involved in creating awareness of NF and promoting scientific research in this area since 1982. I am here on behalf of the 100,000 Americans who suffer from NF, including my daughter, as well as approximately 150 million Americans who suffer from diseases linked to NF, including some of the most common forms of cancer, congenital heart disease, hypertension, and learning disabilities.

Mr. Chairman, I am requesting increased support, in the amount of \$25 million, to continue the Army's highly successful NF Research Program (NFRP). The program's great success can be seen in the commencement of clinical trials only ten years since the discovery of the NF1 gene. Now, with NF in the expensive but critical era of clinical and translational research, scientists closely involved with the Army program have stated that the number of high-quality scientific applications justify a much larger program.

What is Neurofibromatosis (NF)?

NF is a genetic disorder involving the uncontrolled growth of tumors along the nervous system which can result in terrible disfigurement, deformity, deafness, blindness, brain tumors, cancer, and/or death. NF can also cause other abnormalities such as unsightly benign tumors across the entire body and bone deformities. In addition, approximately one-half of children with NF suffer from learning disabilities. It is the most common neurological disorder caused by a single gene. While not all NF patients suffer from the most severe symptoms, all NF patients and their families live with the uncertainty of not knowing whether they will be seriously affected one day because NF is a highly variable and progressive disease.

Approximately 100,000 Americans have NF. It appears in approximately one in every 3,500 births and strikes worldwide, without regard to gender, race or ethnicity. It is estimated that 50 percent of new cases result from a spontaneous mutation in an individual's genes and 50 percent are inherited. There are two types of NF: NF1, which is more common, and NF2, which primarily involves acoustic neuromas and other tumors, causing deafness and balance problems.

Most strikingly, research has shown that NF is closely linked to cancer, brain tumors, learning disabilities, and heart disease, potentially affecting over 150 million Americans in this generation alone.

NF's Connection to the Military

NF research is directly linked to military purposes because it is closely linked to cancer, brain tumors, learning disabilities, brain tissue degeneration, nervous sys-

tem degeneration, deafness, and balance. Because NF manifests itself in the nervous system, this Subcommittee, in past Report language, has stated that Army-supported research on NF includes important investigations into genetic mechanisms governing peripheral nerve regeneration after injury from such things as missile wounds and chemical toxins. For the same reason, this subcommittee also stated that NF may be relevant to understanding Gulf War Syndrome and to gaining a better understanding of wound healing. Today, NF research now includes important investigations into genetic mechanisms which involve not just the nervous system but also other cancers.

The Army's Contribution to NF Research

Recognizing NF's importance to both the military and to the general population, Congress has given the Army's NF Research Program strong bipartisan support. After the initial three-year grants were successfully completed, Congress appropriated continued funding for the Army NF Research Program on an annual basis. From fiscal year 1996 through fiscal year 2003, this funding has amounted to \$110.3 million, in addition to the original \$8 million appropriation. Between fiscal year 1996 and fiscal year 2002, 299 proposals were received, of which 85 awards have been granted to researchers across the country and another 17 projects have been recommended for funding this year.

The Army program funds innovative, groundbreaking research which would not otherwise have been pursued, and it has produced major advances in NF research, such as the development of advanced animal models and clinical trials. The program has brought new researchers into the field of NF, as can be seen by the nearly 60 percent increase in applications in the past year alone. Unfortunately, despite this increase, the number of awards has remained relatively constant over the past couple of years.

In order to ensure maximum efficiency, the Army collaborates closely with other federal agencies that are involved in NF research, such as NIH and the VA. Senior program staff from the National Cancer Institute (NCI) and the National Institute of Neurological Disorders and Stroke (NINDS), for example, have sat on the Army's NF Research Program's Integration Panel which sets the long-term vision and funding strategies for the program. This assures the highest scientific standard for research funding while ensuring that the Army program does not overlap with other research activities.

Because of the enormous advances that have been made as a result of the Army's NF Research Program, research in NF has truly become one of the great success stories in the current revolution in molecular genetics, leading one major researcher to conclude that more is known about NF genetically than any other disease. Accordingly, many medical researchers believe that NF should serve as a model to study all diseases.

Future Directions

The NF research community is now ready to embark on projects that translate the scientific discoveries from the lab to the clinic. This translational research holds incredible promise for NF patients, as well as for patients who suffer from many of the diseases linked to NF. This research is costly and will require an increased commitment on the federal level. Specifically, increased investment in the following areas would continue to advance NF research and are included in the Army's NF research goals:

- Clinical trials
- Development of drug and genetic therapies
- Further development and maintenance of advanced animal models
- Expansion of biochemical research on the functions of the NF gene and discovery of new targets for drug therapy
- Natural History Studies and identification of modifier genes—such studies are already underway, and they will provide a baseline for testing potential therapies and differentiating among different phenotypes of NF
- Development of NF Centers, tissue banks, and patient registries.

Fiscal Year 2004 Request

Mr. Chairman, the Army's highly successful NF Research Program has shown tangible results and direct military application with broad implications for the general population as well. The program is now poised to fund translational and clinical research, which is the most promising yet the most expensive direction that NF research has taken. The program has succeeded in its mission to bring new researchers and new approaches to research into the field. Therefore, increased funding is now needed to take advantage of promising avenues of investigation, to continue to

build on the successes of this program, and to fund this translational research thereby continuing the enormous return on the taxpayers' investment.

In recent years, the program has granted its first two clinical trial awards but had to decline other clinical trial applications that scored in the "Excellent" range in the peer review process, solely because of limited funds. This is why scientists closely involved with Army program believe that the high quality of the scientific applications would justify a much larger program than is currently funded.

I am here today to respectfully request an appropriation of \$25 million in your fiscal year 2004 Department of Defense Appropriations bill for the Army Neurofibromatosis Research Program. This is a \$5 million increase over the current level of funding as a step toward capitalizing on all of the research opportunities now available

Mr. Chairman, in addition to providing a clear military benefit, the DOD's Neurofibromatosis Research Program also provides hope for the 100,000 Americans like my daughter who suffer from NF, as well as the tens of millions of Americans who suffer from NF's related diseases such as cancer, learning disabilities, heart disease, and brain tumors. Leading researchers now believe that we are on the threshold of a treatment and a cure for this terrible disease. With this Subcommittee's continued support, we will prevail.

Thank you for your support of this program and I appreciate the opportunity to submit this testimony to the Subcommittee.

Senator STEVENS. Thank you very much.

Ms. PELUSO. Thank you.

Senator STEVENS. Is there any money anywhere in the budget to your knowledge for that?

Ms. PELUSO. Pardon me?

Senator STEVENS. Any money anywhere in the budget for that NF, do you know?

Ms. PELUSO. Well, last year there was \$20 million. Is there money in this year's budget? I am sorry, I do not know the answer to that, sir. Let me ask—

Senator STEVENS. We will find out.

Thank you very much.

Ms. PELUSO. Thank you.

Senator STEVENS. Mr. Morris, Robert Morris, Chief Executive Officer of the Fort Des Moines Memorial Park and Education Center.

STATEMENT OF ROBERT V. MORRIS, CHIEF EXECUTIVE OFFICER, FORT DES MOINES MEMORIAL PARK, INC.

Mr. MORRIS. Good morning, Senator Stevens. As you are aware, Fort Des Moines is the only military installation that can boast of being the launching point for black commissioned officers, female commissioned officers, and female enlisted troops into the United States Army, and we are very pleased with the record of the descendants of Fort Des Moines in the Iraq War.

Fort Des Moines has introduced a project called the National Education Project (NEP), which is timely since, according to the U.S. Census, the majority of Americans will be non-white by year 2055, as will be our Armed Forces. The project's mission is to educate America's youth with an accurate portrayal of black and female contributions to military history and their impact on equality in the greater society. This youth education will enhance understanding of, support for, and participation in America's armed forces.

The NEP offers multiple multicultural, non-sexist academic lessons related to the military command integration that occurred at Fort Des Moines. The first U.S. Army officer candidate school opened to black Americans in 1917 and to women in 1942 as part

of the First Women's Army Corps give the national historic site a unique place in history.

The target audience for the academic lessons are K through 12 who possess a limited knowledge of non-white and female contributions to the military and to the Nation. The curriculum and documentary programs will be distributed nationwide via Internet and educational television at no cost to the end users. The program includes a series of evaluation measures to ensure classroom usage and effectiveness.

Our National Education Project, an unprecedented educational initiative, is a dynamic response to the diversifying needs of our Nation and our Armed Forces. To this end, we request a \$2.1 million appropriation to develop and implement the project in the long-term interest of our national defense.

As you are aware, Senator, we have had a number of the real pioneers in the military through race involved in our project, including General Hoisington, the first female general, and General Colin Powell, who served on our board for 3 years until he became Secretary of State. This we feel is a very unique opportunity to do something that has never been done.

As you are aware, we have been here before and our park is almost complete. We will be open next July and we are looking forward to expanding our programming nationally.

[The statement follows:]

PREPARED STATEMENT OF ROBERT V. MORRIS

As America's Greatest Memorial to Black and Female Soldiers, Fort Des Moines is the only military installation to hold the distinction of launching black and women commissioned officers and female enlisted troops into the United States Army.

Set for dedication in July 2004, our five (5) acre park includes a 20,000 sq. ft. museum, historic Chapel, reflecting pool and monument by noted sculptor Richard Hunt. In order to achieve sustained nation-wide outreach, Fort Des Moines has introduced a unique National Education Project (NEP) which is timely since, according to the U.S. Census, the majority of American's will be non-white by year 2055 as will our Armed Forces.

The project's mission is to educate America's youth with an accurate portrayal of black and female contributions to military history and their impact on equality in greater society. This youth education will enhance understanding of, support for and participation in America's Armed Forces.

The NEP offers multi-cultural, non-sexist academic lessons related to the military command integration that occurred at Fort Des Moines. The first U.S. Army officer candidate schools open to black Americans in 1917 and to women in 1942 as part of the first Women's Army Corps give our National Historic Site a unique place in history. The target audience for the academic lessons are k-12 youth who possess a limited knowledge of non-white and female contributions to the military and the nation. The curriculum and documentary programs will be distributed nation-wide via internet and educational television at no cost to the end users. The program includes a series of evaluation measures to insure classroom usage and effectiveness.

Our National Education Project, an unprecedented educational initiative, is a dynamic response to the diversifying needs of our nation and our Armed Forces. To this end, we request a \$2.1 million appropriation to develop and implement this great project in the long-term interest of our national defense.

Senator STEVENS. Well, thank you. We will do our best. Colin Powell did call me about this last year. I will talk to him about it again.

Mr. MORRIS. Thank you very much.

Senator STEVENS. Thank you very much for your testimony.

Next is Robert Washington, co-chairman of the Military Coalition.

STATEMENT OF ROBERT WASHINGTON, SR., FLEET RESERVE ASSOCIATION; CO-CHAIRMAN, THE MILITARY COALITION HEALTH CARE COMMITTEE

Mr. WASHINGTON. Good morning, Mr. Chairman.

Senator STEVENS. Good morning, sir.

Mr. WASHINGTON. The Military Coalition is most grateful to the leadership and strong support of last year's significant improvements in military pay, housing allowance, and other personnel programs for the Active, Guard, and Reserve personnel and their families. As much as Congress accomplished last year, very significant inequities and readiness challenges remain to be addressed. The following recommendations are made.

The coalition strongly recommends restoration and funding of service end strength consistent with long-term sustainment of the global war on terrorism and the war in Iraq. The coalition urges the subcommittee to fund the administration-proposed pay raises and restore full pay comparability. The coalition opposes privatization of commissaries and strongly supports full funding of the benefit to sustain the current level of service for all commissary patrons.

The coalition is asking the subcommittee to use your considerable powers of influence and persuasion with the Ways and Means Committee to break the logjam that has stalled military tax relief bill legislation sorely needed to eliminate the tax inequities and penalty on active duty Guard and Reserve members and their families.

The coalition urges the subcommittee to appropriate sufficient funds for DOD to communicate benefit information directly to Standard beneficiaries, develop a Standard beneficiary education program, assist Standard beneficiaries in finding providers who will accept new Tricare Standard patients, including interactive, online lists, and other means of communication, and to develop a program to enhance Tricare Standard provider recruitment; also to appropriate sufficient funds to institute a pilot project at several locations of varying characteristics to test the extent to which raising Tricare Standard rates increased the number of providers who are willing to accept new Standard patients.

The coalition urges the subcommittee to appropriate sufficient funds to make the Tricare medical program available for members of the National Guard and Reserve components and their families prior to activation on a cost-sharing basis, in order to ensure medical readiness and provide continuity of coverage to members of the Selected Reserve.

In conclusion, Mr. Chairman, I again thank you for the opportunity to present the coalition's views.

Senator STEVENS. Well, thank you for coming again. We appreciate your courtesy, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF ROBERT WASHINGTON, SR.

Mister Chairman and distinguished members of the subcommittee. On behalf of The Military Coalition, a consortium of nationally prominent uniformed services and

veterans' organizations, we are grateful to the Subcommittee for this opportunity to express our views concerning issues affecting the uniformed services community. This testimony provides the collective views of the following military and veterans' organizations, which represent approximately 5.5 million current and former members of the seven uniformed services, plus their families and survivors.

Air Force Association
 Air Force Sergeants Association
 Air Force Women Officers Associated
 AMVETS (American Veterans)
 Army Aviation Association of America
 Association of Military Surgeons of the United States
 Association of the United States Army
 Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard
 Commissioned Officers Association of the U.S. Public Health Service, Inc.
 Enlisted Association of the National Guard of the United States
 Fleet Reserve Association
 Gold Star Wives of America, Inc.
 Jewish War Veterans of the United States of America
 Marine Corps League
 Marine Corps Reserve Officers Association
 Military Chaplains Association of the United States of America
 Military Officers Association of America
 Military Order of the Purple Heart
 National Guard Association of the United States
 National Military Family Association
 National Order of Battlefield Commissions
 Naval Enlisted Reserve Association
 Naval Reserve Association
 Navy League of the United States
 Non Commissioned Officers Association
 Reserve Officers Association
 Society of Medical Consultants to the Armed Forces
 The Retired Enlisted Association
 United Armed Forces Association
 United States Army Warrant Officers Association
 United States Coast Guard Chief Petty Officers Association
 Veterans of Foreign Wars
 Veterans' Widows International Network
 The Military Coalition, Inc., does not receive any grants or contracts from the federal government.

PERSONNEL ISSUES

Mr. Chairman, The Military Coalition (TMC) is most grateful to the leadership and members of this Subcommittee for their strong support leading to last year's significant improvements in military pay, housing allowances and other personnel programs for active, Guard and Reserve personnel and their families. But as much as Congress accomplished last year, very significant inequities and readiness challenges remain to be addressed.

In testimony today, The Military Coalition offers its collective recommendations on what needs to be done to address these important issues and sustain long-term personnel readiness.

ACTIVE FORCE ISSUES

Since the end of the Cold War, the size of the force and real defense spending have been cut more than a third. In fact, the defense budget today is just 3.2 percent of this Nation's Gross National Product—less than half of the share it comprised in 1986. But national leaders also have pursued an increasingly active role for America's forces in guarding the peace in a very-dangerous world. Constant and repeated deployments have become a way of life for today's servicemembers, and the stress is taking a significant toll on our men and women in uniform and their families, as well.

Despite the notable and commendable improvements made during the last several years in military compensation and health care programs, retention remains a significant challenge, especially in technical specialties. While some service retention statistics are up from previous years' levels, many believe those numbers are skewed by post-9/11 patriotism and by Services' stop-loss policies. That artificial re-

tention bubble is not sustainable for the long term under these conditions, despite the reluctance of some to see anything other than rosy scenarios.

From the servicemembers' standpoint, the increased personnel tempo necessary to meet continued and sustained training and operational requirements has meant having to work progressively longer and harder every year. "Time away from home" has become a real focal point in the retention equation. Servicemembers have endured years of longer duty days; increased family separations; difficulties in accessing affordable, quality health care; deteriorating military housing; less opportunity to use education benefits; and more out-of-pocket expenses with each military relocation.

The war on terrorism has only heightened already burdensome mission requirements, and operating—and personnel—tempos continue to intensify. Members' patriotic dedication has been the fabric that sustained this increased workload for now, and a temporarily depressed economy also may have deterred some losses. But the longer-term outlook is problematic.

Personnel Strengths and Operations Tempo.—The Coalition has been dismayed and deeply disappointed at the Department of Defense's reluctance to accept Congress efforts to increase Service end strength to meet today's much-increased operations tempo. The Department's response is to attack the problem by freeing up resources to realign to core war-fighting skills. While the Department's transformation vision is a great theory, its practical application will take a long time—time we don't have after years of extraordinary optempo that is already exhausting our downsized forces.

The Coalition strongly believes that earlier force reductions went too far and that the size of the force should be increased, commensurate with missions assigned. The force was already overstrained to meet its deployment requirements before 9/11, and since then our forces have absorbed major contingency requirements in Afghanistan and Iraq.

Deferral of meaningful action to address this problem cannot continue without risking serious consequences. Real relief is needed now. With no evidence of declining missions, this can only be achieved by increasing the size of the force.

The Military Coalition strongly recommends restoration and funding of Service end strengths consistent with long-term sustainment of the global war on terrorism and fulfillment of national military strategy. The Coalition supports application of recruiting resources as necessary to meet this requirement. The Coalition urges the Subcommittee to consider all possible manpower options to ease operational stresses on active, Guard and Reserve personnel.

Pay Raise Comparability.—The Military Coalition appreciates the Subcommittee's leadership during the last five years in reversing the routine practice of capping servicemembers' annual pay raises below the average American's. In servicemembers' eyes, all of those previous pay raise caps provided regular negative feedback about the relative value the Nation placed on retaining their services.

Unfortunately, this failed practice of capping military raises to pay for budget shortfalls reared its head again earlier this year when the Director of the Office of Management and Budget proposed capping 2004 and future military pay raises at the level of inflation. The Coalition was shocked and deeply disappointed that such a senior officer could ignore 25 years of experience indicating that pay caps lead inevitably to retention and readiness problems. Not only was the proposal ill timed as troops massed for a war with Iraq—it's just bad, failed policy.

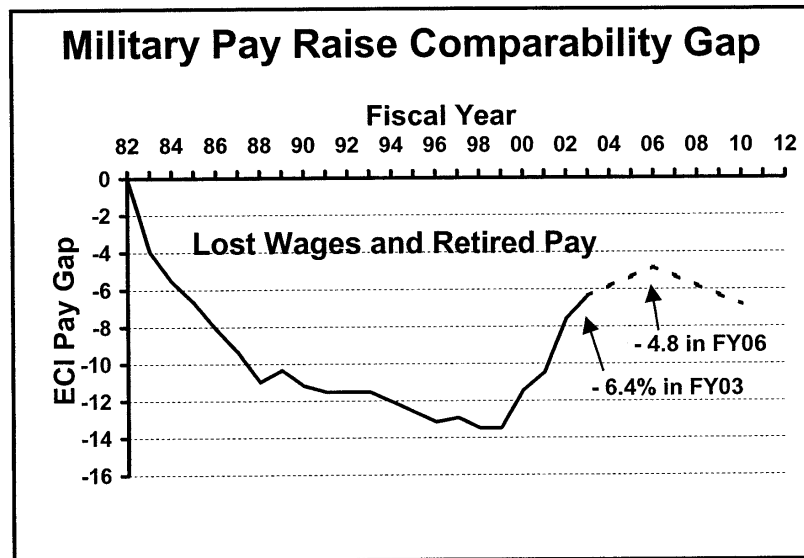
The President rejected his senior budget official's advice for five of the seven uniformed services—but, unfortunately, the Administration's budget for fiscal year 2004 proposes to cap the pay of NOAA and USPHS officers at 2 percent. The Military Coalition strongly objects to this disparate treatment of members in those uniformed services. The Coalition urges the Subcommittee to intercede in their behalf with colleagues on the appropriate oversight committees for NOAA and USPHS personnel to ensure that these commissioned officers receive the same treatment as their fellow comrades-in-arms.

Pay raise comparability with private sector wage growth is a fundamental underpinning of the all-volunteer force, and it cannot be dismissed without severe consequences for national defense.

When the pay raise comparability gap reached 13.5 percent in 1999—resulting in a predictable readiness crises—Congress took responsible action to change the law. Largely because of your efforts and the belated recognition of the problem by the Executive Branch, the gap has been reduced to 6.4 percent as of 2003.

Fortunately, the President rejected his budgeteers' advice, and has proposed an average 4.1 percent raise for fiscal year 2004, which would shrink the gap another full percentage point to 5.4 percent. Even at that rate, it would take another 5 years to restore full comparability. So this is no time to reinstitute pay caps.

On the contrary, we urge the Subcommittee to consider that the law mandating increased military raises will expire in 2006, after which military raises will again be capped one-half percentage point per year below private sector wage growth (see chart below).



The Military Coalition urges the Subcommittee to fund the Administration-proposed raise and restore full pay comparability on the quickest possible schedule. Further, the Coalition strongly urges the Subcommittee to fund equal raises to PHS and NOAA corps officers and not create—for the first time ever—separate pay tables within the uniformed services.

Basic Allowance for Housing (BAH).—The Military Coalition supports revised housing standards that are more realistic and appropriate for each pay grade. As an example, enlisted members are not authorized to receive BAH for a 3-bedroom single-family detached house until achieving the rank of E-9—which represents only one percent of the enlisted force. TMC believes that as a minimum, this BAH standard should be extended to qualifying servicemembers in grades E-7 and above, immediately.

The Coalition is most grateful to the Subcommittee for acting in 1999 to reduce out-of-pocket housing expenses for servicemembers. Responding to Congress's leadership on this issue, the Department of Defense proposed a phased plan to reduce median out of pocket expenses to zero by fiscal year 2005. This aggressive action to better realign BAH rates with actual housing costs is having a real impact and providing immediate relief to many servicemembers and families who were strapped in meeting rising housing and utility costs.

The Military Coalition urges the Subcommittee to fund adjustments in grade-based housing standards to more adequately cover members' current out-of-pocket housing expenses.

Family Readiness and Support.—The family continues to be a key consideration in the readiness equation for each servicemember. The maintenance of family readiness and support programs is part of the cost of performing the military mission. We must ensure that families have the opportunity to develop the financial and readiness skills needed to cope with deployment situations. It is important to meet the childcare needs of the military community including National Guard and Reserve members. Overall family support programs must meet the needs of National Guard and Reserve members being called to active duty in ever-increasing numbers.

The Military Coalition urges funding to improve education and outreach programs and increase childcare availability to ensure a family readiness level and a support structure that meets the requirements of increased force deployments for active duty, National Guard and Reserve members.

Commissaries.—The fiscal year 2003 budget reduced Defense Commissary Agency funding by \$137 million and envisioned eliminating over 2,600 positions from stores and headquarters staff by September 30, 2003. While DeCA indicates there will be no loss in service to the customer, the Coalition is concerned that the size and scope of the reductions may negatively impact quality and service to customers, including additional store closings, reduced hours, longer cashier lines and reduced stock on store shelves. This would have a significantly adverse impact on the benefit, which is widely recognized as a valuable part of the servicemember's compensation package and a cornerstone of quality of life benefits.

The Military Coalition opposes privatization of commissaries and strongly supports full funding of the benefit to sustain the current level of service for all commissary patrons.

Tax issues.—The Coalition understands that tax matters fall under the purview of a different committee. But there are unique issues affecting active duty, National Guard and Reserve members, and their families, and we hope that members of the Subcommittee will use their significant powers of persuasion to convince their colleagues to address these needed changes quickly.

The Coalition strongly urges that every effort be made to break the logjam over the military tax relief bill (H.R. 1664). Considerable congressional support exists for the changes envisioned by this legislation, but the bill is now stalled for a number of reasons—none of which concern the merits of the legislation. This legislation will immediately benefit thousands of military homeowners who have been unfairly (and inadvertently) penalized with capital gains tax liabilities incurred because they were forced to sell their homes after extended government-directed absences away from their principle residences. This legislation will also provide needed tax deductions for unreimbursed travel and per diem expenses incurred by drilling Guard and Reserve personnel, who are asked to train more to enhance their readiness skills to support contingency missions. And, very significantly, the military tax relief bill fully tax exempts the death gratuity benefit paid to survivors of military members killed on active duty—which will immediately eliminate the inexplicable tax these survivors have to pay now.

The Military Coalition urges the Subcommittee to use their considerable powers of influence and persuasion with the Ways and Means committee to break the logjam that has stalled the military tax relief bill—legislation sorely needed to eliminate tax inequities that penalize active duty, Guard and Reserve members, and their families.

The Coalition also supports legislation that would amend the tax law to let Federal civilian retirees and active duty and retired military members pay health insurance premiums on a pre-tax basis. Many uniformed services beneficiaries pay premiums for a variety of health insurance programs, such as TRICARE supplements, the active duty dental plan or TRICARE Retiree Dental Plan (TRDP), long-term care insurance, or TRICARE Prime enrollment fees. For most beneficiaries, these premiums and enrollment fees are not tax-deductible because their health care expenses do not exceed 7.5 percent of their adjusted gross taxable income, as required by the IRS. This creates a significant inequity with private sector and some government workers, many of whom already enjoy tax exemptions for health and dental premiums through employer-sponsored health benefits plans. A precedent for this benefit was set for other Federal employees by a 2000 Presidential directive allowing federal civilian employees to pay premiums for their Federal Employees Health Benefits Program (FEHBP) coverage with pre-tax dollars.

Although we recognize that this is not within the purview of the Subcommittee, the Coalition hopes that Subcommittee members will lend their support to this legislation and help ensure equal treatment for all military and federal beneficiaries.

The Coalition urges the Subcommittee to support legislation to provide active duty and uniformed services beneficiaries a tax exemption for premiums or enrollment fees paid for TRICARE Prime, TRICARE Standard supplements, the active duty dental plan, TRICARE Retiree Dental Plan, FEHBP and Long Term Care.

Death Gratuity.—The current death gratuity amount was last increased in 1991 when it was raised from \$3,000 to \$6,000. This amount is insufficient to cover costs incurred by families responding to the death of an active member.

The Military Coalition recommends funding to increase the military death gratuity from \$6,000 to \$12,000, and making the gratuity tax-free.

HEALTH CARE TESTIMONY

The Military Coalition (TMC) is appreciative of Congress's exceptional efforts to honor health care commitments to uniformed services beneficiaries, particularly for active duty and Medicare-eligibles. However, much remains to be done. We wish to

address certain chronic problem areas, and additional initiatives essential to providing an equitable and consistent health benefit for all categories of TRICARE beneficiaries, regardless of age or geography.

While Congress has substantially eased cost burdens for Medicare-eligibles and for active duty families in TRICARE Prime and Prime Remote, we need to draw attention to the 3.2 million TRICARE Standard beneficiaries under the age of 65, many of whom face increasingly significant provider accessibility challenges.

ADEQUATE FUNDING FOR THE DEFENSE HEALTH BUDGET

Once again, a top Coalition priority is to work with Congress and DOD to ensure full funding of the Defense Health Budget to meet readiness needs and deliver services, through both the direct care and purchased care systems, for ALL uniformed services beneficiaries, regardless of age, status or location. An adequately funded health care benefit is essential to readiness and the retention of qualified uniformed service personnel.

The Subcommittee's oversight of the defense health budget is essential to avoid a return to the chronic underfunding of recent years that led to execution shortfalls, shortchanging of the direct care system, inadequate equipment capitalization, failure to invest in infrastructure and reliance on annual emergency supplemental funding requests as a substitute for candid and conscientious budget planning.

While supplemental appropriations were not required last year, we are concerned that the current funding level only meets the needs of the status quo and does not address the growing requirement to support the deployment of forces to Southwest Asia and Afghanistan. Addressing funding for these increased readiness requirements; TRICARE provider shortfalls and other needs will require additional funding.

The Military Coalition strongly recommends the Subcommittee continue its watchfulness to ensure full funding of the Defense Health Program, to include military medical readiness, TRICARE, and the DOD peacetime health care mission. The Defense Health Budget must be sufficient to provide financial incentives to attract increased numbers of providers needed to ensure access for TRICARE beneficiaries in all parts of the country.

TRICARE IMPROVEMENTS

Access to care is the number one concern expressed by our collective memberships. More and more beneficiaries report that few, if any, providers in their area are willing to accept new TRICARE Standard patients. Enhanced benefits for our seniors and decreased cost shares for active duty beneficiaries will be of little consequence to beneficiaries who cannot find a TRICARE provider.

Network and Standard Provider Availability.—Large numbers of beneficiaries continue to report increased difficulty locating providers who will accept new TRICARE patients, even though the Department of Defense indicates that the number of TRICARE providers is at near an all-time high.

Clearly, there is a problem with how provider participation is measured and monitored. The current participation metric is calculated as the percentage claims filed on an assigned basis. Nowhere does DOD or its support contractors ask or track whether participating or authorized providers are accepting new patients. Since participation is fluid, providers are permitted to accept or refuse TRICARE patients on a day-by-day basis; therefore, beneficiaries often must make multiple inquiries to locate a provider who is taking patients on that day.

Allegedly, current TRICARE contracts require Manage Care Support Contractors (MCSC) to help Standard patients find providers, but this is not the actual practice. Further, there is no such requirement in the new TRICARE Next Generation of Contracts (TNEX). MCSCs are under no obligation to recruit Standard providers or provide up to date lists of Standard providers, leaving beneficiaries on their own to determine if a provider is willing to accept Standard patients. We urge the subcommittee to fund a program to increase Standard provider recruitment by educating civilian providers about the TRICARE Standard benefit. We believe this issue is too critical to depend upon the "chance" that the civilian contractors will voluntarily elect to provide this service as a "valued added product" in all regions.

Simply stated, Standard beneficiaries are neglected. No effort is made to reach out to them, to provide education about the extent of the Standard benefit, to directly communicate benefits information, or provide support to locate a provider. The Coalition adamantly believes DOD has an obligation to develop an education and communication program for Standard beneficiaries. DOD should direct MCSCs to assist Standard beneficiaries as well as Prime beneficiaries. Options should include providing interactive on-line lists of Standard providers, with indications of which ones

are currently accepting new Standard patients. When a beneficiary cannot find a provider, the MCSC should help them do so.

The Military Coalition urges the Subcommittee to appropriate sufficient funds for DOD to communicate benefits information directly to Standard beneficiaries, develop a Standard beneficiary education program, assist Standard beneficiaries in finding providers who will accept new TRICARE Standard patients, including interactive on-line lists and other means of communication and to develop a program to enhance TRICARE Standard provider recruitment.

Provider Reimbursement.—Provider groups tell us that TRICARE is the lowest-paying program they deal with, and often poses them the most administrative problems. This is a terrible combination of perceptions if you are a TRICARE Standard patient trying to find a doctor.

The Coalition is concerned that the war on terrorism and the war in Southwest Asia are straining the capacity of the military's direct health care system, as large numbers of medical corps members are deployed overseas. More and more TRICARE patients are turning to turn to the civilian sector for care—putting more pressure on civilian providers who already have absorbed significant fee cuts from TRICARE. Our deployed service men and women need to focus on their mission, without having to worry whether their family members back home can find a provider. Uniformed services beneficiaries their family members and survivors deserve the nation's best health care, not the cheapest.

In order to achieve parity and encourage participation, both Medicare and DOD have the ability to institute locality-based rates to account for geographical variation in practice costs to secure sufficient providers. DOD has statutory authority (10 U.S.C. 1097 (b)) to raise rates for network providers up to 115 percent of TRICARE Maximum Allowable Charge (TMAC) in areas where adequate access to health care services is severely impaired. To date, DOD has resisted using its authority to raise reimbursement levels.

Raising TRICARE payment rates to competitive levels with other insurance is essential to solving the Standard access problem. There are cost implications of doing this, and the Coalition understands the preference in both the Executive and Legislative Branches to focus on administrative issues rather than payment levels. However, providers indicate that it is a money issue. They may be willing to accept low payments from Medicare out of a sense of obligation to seniors, the volume of patients, and because Medicare has a reliable electronic payment system. They are not so willing to accept low TRICARE payments.

Other insurance programs pay providers rates that are significantly higher than Standard's. The Coalition doubts that access problems can be addressed successfully without raising rates. The only way to assess the merits is to institute a pilot project to test if raising TRICARE Standard payment rates improves access for beneficiaries.

The Military Coalition urges the Subcommittee to appropriate sufficient funds to institute a pilot project at several locations of varying characteristics to test the extent to which raising TRICARE Standard rates increases the number of providers who are willing to accept new Standard patients.

Healthcare for Members of the National Guard and Reserve.—Sec. 702 of the fiscal year 2003 NDAA authorized further Prime eligibility for certain dependents of Reserve Component Members residing in remote areas whose sponsors are ordered to extended active duty of at least 30 days. The Coalition is pleased that DOD recently announced its intent to implement Sec 702, as well as to extend the Prime benefit to Reserve Component dependents who reside within Military Treatment Facility (MTF) catchment areas.

The Coalition is most appreciative that TRICARE Prime and TRICARE Prime Remote (TPR) benefits will now be standardized for ALL Reserve Component families when the sponsor is called to active duty for 30 days, regardless of whether the family resides in a MTF catchment area or not. The Coalition is also pleased that DOD has waived for Reserve Component beneficiaries the TPR requirement that family members reside with their sponsor in an area outside of MTF catchment areas.

Health insurance coverage has an impact on Guard-Reserve (G-R) medical readiness and family morale. Progress has been made during transitional periods after call-ups, but more needs to be done to provide continuity of care coverage for reserve component members prior to activation.

Health insurance coverage varies widely for members of the G-R: some have coverage through private employers, others through the Federal government, and still others have no coverage. Reserve families with employer-based health insurance must, in some cases, pick up the full cost of premiums during an extended activation. Although TRICARE eligibility starts at 30 days activation, many G-R families would prefer continued access to their own health insurance rather than being

forced to find a new provider who accepts TRICARE. In other cases, disruption (and in some cases cancellation) of private sector coverage as a consequence of extended activation under TRICARE adversely affects family morale and military readiness and discourages some from reenlisting.

In 2001, DOD recognized this problem and announced a policy change under which DOD would pay the premiums for the Federal Employee Health Benefit Program (FEHBP) for DOD reservist—employees activated for extended periods. However, this new benefit only affects about 10 percent of the Selected Reserve. The Coalition believes this philosophy could be extended to pay health insurance premiums for activated G–R members who are not federal civilian employees.

As a matter of morale, equity, and personnel readiness, the Coalition believes more needs to be done to assist reservists who are being called up more frequently in support of national security missions. They deserve options that provide their families continuity of care, without having to find a new doctor or navigate a new system each time the member is activated or deactivated.

The Military Coalition urges the Subcommittee to appropriate sufficient funds to make the TRICARE medical program available for members of the National Guard and Reserve Component and their families prior to activation on a cost-sharing basis in order to ensure medical readiness and provide continuity of coverage to members of the Selected Reserve. In addition, to further ensure continuity of coverage for family members, the Coalition urges allowing activated Guard/Reserve members the option of having the Department of Defense pay their civilian insurance premiums during periods of activation.

CONCLUSION

The Military Coalition reiterates its profound gratitude for the extraordinary progress this subcommittee has made in funding a wide range of personnel and health care initiatives for all uniformed services personnel and their families and survivors. The Coalition is eager to work with the Subcommittee in pursuit of the goals outlined in our testimony.

Thank you very much for the opportunity to present the Coalition's views on these critically important topics.

Senator STEVENS. The next witness is William Hawley, Dr. Hawley, of the Board of Directors of the Public Policy Committee for Lymphoma Research.

STATEMENT OF WILLIAM HAWLEY, M.D., BOARD OF DIRECTORS, PUBLIC POLICY COMMITTEE, LYMPHOMA RESEARCH FOUNDATION

Dr. HAWLEY. Good morning, sir. Mr. Chairman and members of the subcommittee, it is my pleasure to appear before you today on behalf of the Lymphoma Research Foundation and a half-million Americans suffering from lymphoma. The Lymphoma Research Foundation is the Nation's largest lymphoma-focused voluntary health organization devoted exclusively to eradicating lymphoma and serving those touched with this disease. To date the foundation has funded more than \$9 million in lymphoma-specific research.

Most people do not even realize that lymphoma is a cancer, let alone that it is the most common blood cancer in Americans. As I mentioned, over half-a-million Americans suffer from lymphoma. This year yet another 61,000 of us will be diagnosed and 25,000 will lose their lives to this very misunderstood disease.

I say "us" because I am a survivor of non-Hodgkins lymphoma. Seven years ago I was the chief of cardiac surgery and department chairman at Integris Medical Center in Oklahoma when I was diagnosed with Flickler lymphoma, a low-grade indolent form of this incurable cancer. After over 30 years as a practicing surgeon, I was now a patient. It was a difficult adjustment, but I was determined to use my scientific background as a physician combined with my new role as a patient to help others suffering from this disease.

Thanks to research, I am here today, able to stand before you and speak up for all my fellow patients, for those who will be diagnosed in the future, and for those who were not as fortunate and lost their lives in the battle with lymphoma years ago. I have taken leave from my medical practice to devote myself entirely to advocacy for lymphoma patients and I think I am now the busiest unpaid physician in this country. My fundamental goal is to advocate for both improved treatment and new options for patients. I do a great deal of outreach to patients with lymphoma and have found sharing the story of personal involvement with the disease to be very rewarding.

As an advocate for my fellow patients, I am before you today to ask that you expand the congressionally-directed medical research program to include research on lymphoma, leukemia, and multiple myeloma. Specifically, I respectfully request that \$25 million be provided for blood cancer research efforts at the Department of Defense.

This subcommittee is to be commended for its leadership in funding special research programs, with a particular emphasis on cancer research. Over the past 2 years, this subcommittee funded a special \$10 million research initiative on chronic myelogenous leukemia (CML) to date. We urge you to continue this funding and expand the initiative to include all other types of blood cancer research.

Many of you are probably familiar with the development of Gleevec, originally developed as a treatment for chronic myelogenous leukemia, now approved for the treatment of a solid tumor gastrointestinal stromal tumor. Thanks to the investment in Gleevec, we now have a possible cure for CML today. A \$25 million investment would have the potential to enhance our understanding of blood cancers and contribute to the development of new treatments.

While the causes of blood cancers remain unknown, evidence suggests that exposure to environmental carcinogens, radiation, pesticides, herbicides, viruses, and bacteria may play a role. It is therefore possible that any of our troops exposed to chemical or biological weapons may be at increased risk of developing lymphoma or other types of blood cancer. We know the link of Agent Orange to non-Hodgkins and Hodgkins malignant lymphoma.

Advances in blood cancer research will also be of great benefit to those with other forms of cancer. Many chemotherapy agents used to treat solid tumors now were originally used to treat blood cancers. Lymphoma, for example, is often called the Rosetta Stone of cancer research because it has helped to unlock the mysteries of several other types of malignancy.

The concept of cancer staging to define disease severity and target appropriate therapy began in lymphoma. The strategy of combining chemotherapy and radiation was first used in lymphoma and then applied to other malignancies. These are just a few of the great benefits that blood cancer research can bring to millions suffering from cancer throughout our Nation.

On behalf of all the patients living with lymphoma or other blood cancers, the Lymphoma Research Foundation urges the subcommittee to include a blood cancer research initiative in the con-

gressionally-directed medical research program. As a physician, I can tell you that the time for investment is now and, with your help, research-developed new treatments and cures can be found. As a patient, I say, please act quickly because so many lives hang in the balance.

Thank you.

Senator STEVENS. Thank you very much, Doctor. I appreciate your courtesy.

Dr. HAWLEY. Thank you.

[The statement follows:]

PREPARED STATEMENT OF WILLIAM HAWLEY

Mr. Chairman and Members of the Subcommittee, it is my pleasure to appear before you today on behalf of the Lymphoma Research Foundation (LRF), the nation's largest lymphoma-focused voluntary health organization devoted exclusively to funding research to cure all lymphomas and providing patients and healthcare professionals with critical information on the disease. LRF's mission is to eradicate lymphoma and serve those touched by the disease. To date, LRF has funded more than \$9 million in lymphoma research.

This is an exciting time for new approaches to research on lymphoma and other blood-related cancers and we are pleased to testify today to request that you expand the Congressionally Directed Medical Research Program to include research on these diseases. I am a physician and a survivor of non-Hodgkin's lymphoma (NHL), the most commonly diagnosed hematological cancer. I have taken a leave of absence from my medical practice, and during this time I am dedicating myself to advocacy for lymphoma patients. My fundamental goal is to advocate for both improved treatments and new options for patients currently living with the disease and those who may be diagnosed in the future.

This Subcommittee is to be commended for its leadership in funding several special research programs, with a particular emphasis on cancer research. We realize that, at the time these programs were initiated, they were a departure from the national defense programs generally funded by the subcommittee. Over time, they have become model research programs that complement the research efforts of the National Institutes of Health and that are hailed by patient advocates because they allow consumer input in the planning of the research portfolio.

The Lymphoma Research Foundation believes the current medical research efforts of the Department of Defense (DOD) are appropriate targets for funding, as they contribute to the national defense in critically important ways. We think that, at this time in our history, it is especially important that the DOD expand its research portfolio to support research into the blood cancers, including leukemia, lymphoma, and myeloma. I would like to provide some basic information about the blood cancers, as well as some compelling reasons for the expansion of the DOD research program to include blood cancer research.

The Blood Cancers

Each year, approximately 110,000 Americans are diagnosed with one of the blood cancers. More than 60,000 will die from these cancers in 2003, and 700,000 Americans are living with these cancers. Taken as a whole, the blood-related cancers are the 5th most common cancer, behind lung, breast, prostate, and colorectal cancer.

There have recently been some significant advances in the treatment of the blood cancers. In 2001, the targeted therapy called Gleevec was approved for treatment of chronic myelogenous leukemia, and now this drug is approved for use in gastrointestinal stromal tumor (GIST). In 2002, a new radioimmunotherapy was approved for patients with refractory NHL, and a new treatment for multiple myeloma is expected to be approved this year. These treatments represent progress in the fight against the blood cancers, but there is much work still to be done.

Although there are declines in the number of new cases and deaths associated with many forms of cancer, the trend is different for non-Hodgkin's lymphoma and multiple myeloma. The incidence of non-Hodgkin's lymphoma has nearly doubled since the 1970's, and the mortality rate from non-Hodgkin's lymphoma is increasing at a faster rate than other cancers. One can see that, despite scientific progress, there is much to be done to improve blood cancer treatments. We are pleased by any step forward, but our goal is still a cure of the blood cancers. We acknowledge that this is a scientifically difficult goal, but it must remain our objective.

The Link Between Blood Cancers and Military Service

The causes of the blood cancers remain unknown. With regard to Hodgkin's lymphoma and non-Hodgkin's lymphoma, immune system impairment and exposure to environmental carcinogens, pesticides, herbicides, viruses, and bacteria may play a role. The linkage between exposure to one particular herbicide—Agent Orange—and the blood cancers has been established by the Committee to Review the Health Effects in Vietnam Veterans of Exposure to Herbicides, a special committee of the Institute of Medicine (IOM). This panel was authorized by the Agent Orange Act of 1991 and has issued four reports on the health effects of Agent Orange. The committee has concluded that “there is sufficient evidence of an association between exposure to herbicides” and chronic lymphocytic leukemia (CLL), non-Hodgkin's lymphoma, and Hodgkin's lymphoma, and there is limited or suggestive evidence of an association between herbicide exposure and multiple myeloma.

The IOM panel does not have responsibility to make recommendations about Veterans Administration (VA) benefits, but the VA has in fact responded to these reports by guaranteeing the full range of VA benefits to Vietnam veterans who have the diseases that have been linked to herbicide exposure, including CLL, Hodgkin's lymphoma, and non-Hodgkin's lymphoma.

These benefits include access to VA health care. There are now, unfortunately, a number of Vietnam veterans who are receiving VA health care for treatment of CLL, non-Hodgkin's lymphoma, and Hodgkin's lymphoma, and DOD-sponsored research on these diseases has the potential to improve the survival and the quality of life for these veterans.

Potential Risks of Blood Cancers in the Future

We all acknowledge that we live in a very complicated age, where those in the military are at risk of exposure to chemical and biological agents. The evidence suggests that immune system impairment and exposure to environmental carcinogens, pesticides, herbicides, viruses, and bacteria may play a role in the development of Hodgkin's lymphoma and non-Hodgkin's lymphoma. It is therefore possible that, if our troops were exposed to chemical or biological weapons, they might be placed at increased risk of development of non-Hodgkin's lymphoma, Hodgkin's lymphoma, or one of the other blood cancers.

We strongly recommend that we invest now in research to understand the potential links between pesticides, herbicides, viruses, bacteria, and the blood cancers. The enhanced investment now may contribute to a deeper understanding of these possible linkages and to the development of strategies to protect those who suffer such exposures. A greater commitment to the research and development of new blood cancer therapies is also critically important if we anticipate that there may be more individuals, including those in the military, who will suffer from these cancers as a result of service-connected exposure.

The Current DOD Chronic Myelogenous Leukemia Program

In fiscal year 2002 and fiscal year 2003, the Subcommittee funded a research program at DOD that funds research on one particular kind of leukemia, called chronic myelogenous leukemia, or CML. This form of leukemia has been much in the news because of the development of Gleevec, a drug that has been hailed as a possible cure for the disease. We applaud the Subcommittee for its commitment to a program of CML research. We would recommend that this program, which has received total funding of slightly less than \$10 million over the last two years, be continued and that an initiative be launched that would fund all other types of blood cancer research.

We believe that an investment of \$25 million in a new Blood Cancer Research Program would have the potential to enhance our understanding of the blood cancers and their links to chemical, viral, and bacterial exposures and to contribute to develop of new treatments. There are several promising areas of therapeutic research on blood cancers, including research about ways to use the body's immune system to fight the blood cancers, research on the development of less toxic and more targeted therapies than traditional chemotherapy agents, and research that will allow physicians to diagnose the specific type and subtype of blood cancers.

The Impact of Blood Cancer Research on Other Cancers

An investment in blood cancer research will be beneficial to those diagnosed with these cancers, including members of the military. We also believe that advances in blood cancer research will be of benefit to those with other forms of cancer. Treatments for blood cancers are often also used in the treatment of solid tumors. For example, many chemotherapy agents that are now used in the treatment of a wide range of solid tumors were originally used in the treatment of blood cancers. The

concept of cancer staging to accurately define disease severity and target appropriate therapy began in lymphoma and is now used in all cancers. The strategy of combining chemotherapy with radiation therapy began in the treatment of Hodgkin's disease and is now widely used in the treatment of many solid tumors. Many recently developed therapeutic interventions, like monoclonal antibodies that target and disable antigens on the cell surface thought to be responsible for cell proliferation began in the blood cancers but hold promise for breast, prostate, ovarian, and other forms of cancer. Work on vaccines for lymphoma has been in the forefront of vaccine research. As you can see, research on the blood cancers has had many positive benefits for cancer research overall.

The Lymphoma Research Foundation urges the Subcommittee to consider the expansion of the Congressionally Directed Medical Research Program to include a Blood Cancer Research Initiative.

We appreciate the opportunity to present this proposal to you and would be pleased to answer your questions.

Senator STEVENS. We will now hear from Master Sergeant Retired Morgan Brown, Legislative Assistant for the Air Force Sergeants Association. Good morning, sir.

STATEMENT OF MASTER SERGEANT MORGAN D. BROWN, (RET.), LEGISLATIVE ASSISTANT, AIR FORCE SERGEANTS ASSOCIATION (AFSA)

Sergeant BROWN. Good morning, Mr. Chairman. On behalf of the 36,000 members of this association, I thank you for the opportunity to present the views of the enlisted men and women of the Air Force, Air National Guard, and Air Force Reserve. In my written testimony I provided a variety of issues, but since my time here is very brief I am going to restrict my comments just to the military survivor benefit program.

Senator STEVENS. We do ask the staff to go over completely these statements and your full statements are all being placed in the record.

Sergeant BROWN. Thank you, sir.

Like our predecessor or previous veteran service organizations, we also strongly hope that the offset presently in place in the military survivor benefit plan is eliminated in this session of Congress. However, there are a couple other problems with the program. For instance, the DOD actuaries confirm that the 40 percent government subsidy intended by Congress has declined to a paltry 16.4 percent. That means retirees are now paying 24 percent more than you intended.

I should point out that the DOD also continues to stress the government subsidy as an enticement to get retirees to sign up for this coverage. Clearly, this benefit has become more beneficial and less costly to the Government and more costly and less beneficial to the retirees and survivors that this program was created to protect.

Legislation has already been introduced to correct the offset and we are hopeful that you will support your colleagues in implementing this change and providing the necessary funding for this important survivor program.

We are also working to have the paid-up SBP provision start as soon as possible. Authorized by Public Law 105-261 and set to begin on October 1, this provision allows retirees who have paid into SBP for at least 30 years and have reached 70 years of age to stop making payments and still have their spouses covered. As a practical matter, any SBP enrollee who retired on or after October 1, 1978 would enjoy the full benefit of the paid-up provision.

However, members who enrolled in SBP when it first became available in 1972 will have to continue paying premiums for up to 36 years to secure paid-up coverage if they survive that long. Acceleration of the SBP provision is needed to simply ensure some measure of fairness for these individuals.

In closing, AFSA requests that the subcommittee appropriate the necessary funds to make these changes to the military SBP program a reality. Mr. Chairman, that is all I will cover today and I want to thank you for this opportunity to present what we believe should be among this committee's funding priorities for fiscal year 2004.

Senator STEVENS. I appreciate your courtesy. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF MORGAN D. BROWN

Mr. Chairman and distinguished committee members, on behalf of the 136,000 members of the Air Force Sergeants Association, thank you for this opportunity to offer our views on the military personnel programs that affect those serving our nation. AFSA represents active duty, Guard, Reserve, retired, and veteran enlisted Air Force members and their families. Your continuing effort toward improving the quality of their lives has made a real difference for those who devote their lives to service, and our members are grateful.

Although military members do not serve their nation to gain wealth, we do owe them a decent standard of living. This is even more important today because America's is an all-volunteer force, and because this nation increasingly tasks military members and often separates them (for greater lengths of time) from their families. This testimony covers several issues in the areas of Military Pay and Compensation, Education, Health Care, Military Shipment, Guard and Reserve, and Retiree/Survivor Programs. We simply ask this committee seriously consider providing the necessary funding for these important programs.

MILITARY PAY AND COMPENSATION

Continue Enlisted Pay Reform.—We applaud your efforts in recent years to ensure that all military members get the minimum annual pay raise in accordance with congressional intent by formula (Employment Cost Index [ECI] plus one-half percent). AFSA supports further raises and targeting. However, we caution the committee on the perception among the force that might be created if the lowest ranking enlisted members receive below the congressional formula—so that dollars can be transferred to the higher ranking members. We support higher NCO pay raises, but believe that if a “rob Peter to pay Paul” approach is to be used, it should not be by taking pay away from the lowest ranking military members.

Resist Efforts to Change the Military Pay Formula.—This committee was instrumental in protecting the troops by tying military pay growth to the growth of wages in the private sector (by focusing on the ECI). Recent Administration suggestions to tie future annual military pay raises to the Consumer Price Index (CPI) alarm military members with the prospect of significantly lower annual pay adjustments. AFSA urges this committee to resist Administration efforts to lower military pay raises by abandoning the current formula.

Reform the Basic Allowance for Housing (BAH).—There is room for significant correction and improvement in the methodology used to determine BAH. Enlisted members most significantly feel the brunt of these problems. Currently, the only enlisted members whose BAH square-footage/dollar amounts are based on stand-alone dwellings are E-9s. The BAH amount for all enlisted grades below E-9 is based on apartments and townhouses.

Provide those stationed in Korea the same tax advantages and special pays afforded to those stationed in “hostile” areas.—With the challenges and austere conditions servicemembers face in Korea, the daily threat from North Korea, and the risks inherent in the geopolitical situation relative to the Korean peninsula, it is only fair to provide equitable tax and pay for these members who, in a real sense, are serving on the tip of the sword. We urge this committee to take action on this now in recognition of those stationed in Korea.

Reduce the threshold of eligibility for CONUS COLA from its current level of 108 percent of the national median.—Several large city areas (such as Washington, D.C.) do not receive CONUS COLA. We urge this committee to take another look at which municipalities receive CONUS COLA.

Provide Guard and Reserve members equity in Career Enlisted Flier Incentive Pay (CEFIP).—It is unfair that members of the Guard and Reserve receive a fractioned CEFIP (based on a 1/30 formula for each day flying). CEFIP recognizes the extraordinary challenges and risks associated with military flight. As such, Guard and Reserve fliers should be paid on the same “whole month” basis as other military fliers.

Establish a standard, minimum re-enlistment bonus for all re-enlistments.—Air Force enlisted members tell us that there ought to be a minimum re-enlistment bonus. Selective re-enlistment bonuses are paid to those with between 21 months and 14 years of service. Those who re-enlist after the 14-year point receive no re-enlistment bonus. Remember, an enlisted member can serve as long as 30 years. Because we want to keep leaders in critical skills and they must lead those who are receiving these, sometimes lucrative, bonuses, it would help morale to provide some type of re-enlistment bonus to all who re-enlist.

Pay Hazardous Duty Incentive Pay (HDIP) to military firefighters.—Regardless of service, there is no military job inherently more hazardous than firefighters. Civilian firefighters who serve side-by-side with military firefighters already have this risk factored into their federal civilian wage scale. Military firefighters get no such additional compensation to recognize their extraordinary risk. At a cost of about \$9 million per year to cover the military firefighters (those whose AFSA, MOS, or NEC is primarily as a firefighter) for all services, this would be an equitable, relatively inexpensive addition to those entitled to receive HDIP.

EDUCATION BENEFITS

Provide an enrollment opportunity for those who turned down the Veterans Educational Assistance Program (VEAP) to enroll in the Montgomery G.I. Bill.—Over 100,000 currently serving military members (35,000 in the Air Force alone) turned down the VEAP program when it was offered to them. VEAP was a relatively poor, insufficient, poorly counseled educational program which preceded the Montgomery G.I. Bill (MGIB). In contrast, the MGIB is a much more realistic, more-beneficial program that would help these members in their transition back into civilian life after their time in the military. Unfortunately, many of those who turned down the VEAP program are now leaving service with no transitional education program. The CBO has set the worst-case cost for this offering at \$143 million over a five-year period. We believe that these members, many of whom brought us through conflicts including the Wars in Iraq, Somalia, Bosnia, Kosovo, worldwide peacekeeping missions, conflicts not publically reported, and the worldwide war on terrorism deserve an opportunity to enroll in the MGIB.

Increase the value of the MGIB to cover the costs of tuition, books, and fees at an average 4-year college or university.—Despite the extremely commendable, recent increases in the MGIB which will bring the value up to \$985 per month for 36 months by October 1 of this year, more needs to be done. If this nation is going to have a program that sincerely intends to satisfy the purpose of the program, it certainly should mirror civilian industry by providing a comprehensive educational program and not an insufficient one. According to the “College Report,” an annual evaluative report published by the education “industry,” average monthly educational costs are approximately \$1,400 at this time. This figure reflects the cost of books, tuition, and fees at the average college or university for a commuter student. Of course, that average cost will increase in the future due to inflation. We ask that you fully fund the already-authorized increase, but look toward further increases in the program. Payment for full books, tuition, and fees for a four-year degree with annual indexing to maintain the value of the benefit, at least, ought to be provided for those who make the military a career.

Ensure that all MGIB enrollees have the same program with the same benefits.—Due to changes and additions to the law, only some MGIB enrollees may transfer a portion of their benefit to family members. Similarly, only some MGIB enrollees may pay more into the program to increase the value of their program. We urge this committee to exert its influence to standardize the MGIB so that this becomes an equal opportunity benefit.

Allow members to enroll in the MGIB at any time during their first enlistment.—Regrettably, military members are given only one opportunity to enroll in the MGIB. That opportunity occurs very quickly during Basic Military Training when most would least appreciate the opportunity and can least afford it. Additionally, they must “pay” to have this educational benefit; to enroll in the MGIB they must

agree to give up \$100 per month for the first 12 months of their career. Many military members are surprised by this \$1,200 fee and view it as an insincere military benefit offering because of the one-time irrevocable decision—when they are least prepared to take advantage of it. As long as the \$1,200 payroll reduction for each MGIB enrollee is part of the program, we should provide young military members an opportunity to enroll at any time during their first enlistment.

Provide military members and their families in-state tuition rates at federally supported state universities.—Military members are moved to stations around the world at the pleasure of the government. Yet, they are treated as visitors wherever they go. Fairness would dictate that, for the purposes of the cost of higher education, they be treated as residents so that they can have in-state rates at federally supported colleges and universities in the state where they are assigned. We would ask this committee to exert the necessary influence to require federally supported institution to consider military members assigned in their state as “residents,” for the purposes of tuition levels.

Ensure full Impact Aid funding.—We ask this committee to closely scrutinize the funding levels for Impact Aid as presented in the Administration’s fiscal year 2004 Budget Plan which has submitted levels that underfund needed Impact Aid by approximately \$127 million. This is a nine percent reduction from fiscal year 2002 levels. 15 million students in 1,331 school districts nationwide benefit from this program. Funding is used for a variety of expenses, including teacher salaries, text books, computers, after-school programs, tutoring, advanced placement classes, and special enrichment programs. This money is to compensate local school districts for the impact of military bases in their communities. Local schools primarily are funded through property taxes. However, those who reside on a military reservation do not pay into the property tax base. This becomes a burden on local schools if military dependent children attend local, off-base schools. We ask this committee to ensure that sufficient Impact Aid is provided so that the children of military members are not put at risk, or that the military member be required to pay tuition.

HEALTH CARE

Improve the dependant and retiree dental plans.—We often hear that the dependent dental insurance plan is a very, poor one. Additionally, retirees complain that the retiree dental plan is overpriced, provides inadequate coverage, and is not worth the investment. This is important because military retirees were led to believe they would have free/low cost, comprehensive, lifetime military dental care. We urge this committee to appropriate additional funding to improve the quality and adequacy of these two essential dental plans.

Increase provider reimbursement rates to ensure quality providers in the TRICARE system.—Perhaps the greatest challenge this committee faces toward keeping the military health care system viable is retaining health care providers in the TRICARE networks. This challenge goes hand-in-hand with that which is faced by Medicare. If we do not allow doctors to charge a fair price for services performed, they will not want to participate in our program. If they do not participate, the program will fail. We urge this committee to consider increasing the CHAMPUS Maximum Allowable Charge to higher levels to ensure quality providers stay in the system.

Provide for a waiver of the Medicare Part B late enrollment penalty to facilitate TRICARE For Life participation.—When Congress wisely created the TRICARE for Life (TFL) program, it significantly enhanced the quality of the lives of thousands upon thousands of military retirees, families, and survivors. It, in effect, eliminated the need for Medicare-eligible military retirees, family members, and survivors, to carry a Medicare supplement policy. One requirement for participation in TFL is that the member be enrolled in Medicare Part B. While the basic Part B enrollment cost is not onerous, many military retirees residing near bases declined Part B (some for many years). In order for these retirees, family members, and survivors who did not enroll in Part B when they were first eligible to participate in TFL, they must pay a substantial penalty in order to enroll in Part B. We urge this committee for a one-time enrollment period where those eligible for TFL who are not enrolled in Medicare Part B may do so without penalty.

Upgrade the dental benefit programs for active duty, Guard, and Reserve members, retirees, and their families, especially in localities where inadequate facilities and/or insufficient providers are available.—While this committee has no control over the number of providers in a particular locality, it can enhance the programs to promote participation. This can be done by ensuring that providers are treated fairly in terms of reimbursement for the care they provide and by getting military bene-

ficiaries to (i.e., providing travel reimbursement to) caregiver locations when dental care (especially specialized care) is needed.

Make all TRICARE enrollment fees and co-payments, TRICARE For Life Medicare Part B payments, and military dental plan enrollment fees and premium payments tax exempt (pre-tax dollars).—In those cases where the military member, retiree, family member, or survivor has to pay co-payments for medical care, the exemption of the amount they must pay would be a great benefit enhancement. This would be particularly true for those who are older and on fixed incomes.

Provide Guard and Reserve members and their families with a comprehensive TRICARE benefit.—This is critical to ensure the deployability of the member, and it is important that his/her family is protected when the military member is away from home serving his/her nation. We owe these patriots a comprehensive program.

GUARD AND RESERVE ISSUES

Provide full payment of lodging costs to a lodging facility for the duration of a mobilization order when a Guardsman or Reservist is called to active duty by section 12301, 12302, or 12304 of Title 10.—This adjustment is needed because the payment of lodging per diem is not authorized for members on Temporary Duty (TDY) during periods of leave or a return to the Place from Which Called (or Ordered) to Active Duty (PLEAD). When per diem is not paid, the reservist who departs the area, however briefly, has to check out of lodging or pay lodging expenses out-of-pocket. For example, we are penalizing them if they want to briefly return home to address the concerns of the families from which they have been separated by the mobilization. This has an extremely negative financial impact, particularly for lower-ranking members. It also could have an impact on the retention of mobilized members following demobilization. Additionally, it is extremely disruptive to lodging facility contractors with the members' constantly checking in and out of quarters; this can cause financial problems for the facility managers who have an expectation of continuous occupancy for a finite period of time. Of special significance to this committee, there would be no/negligible cost to implementing this suggestion since all mobilization expenses are budgeted and set aside for the duration of mobilization orders.

Reduce the earliest retirement age (with full annuity) for Guard and Reserve members from 60 to 55.—These members are the only federal retirees who have to wait until age 60 to enjoy retirement benefits. These citizens who fight for our nation deserve to have a better retirement program. Lowering the retirement age would more adequately reward their service, and provide for upward mobility in the force (ANG and Reserve members are primarily promoted by vacancy). Keep in mind that reserve retirement is significantly lower than that provided to active duty members. Reservists accumulate points based on their service and training. They must accumulate sufficient points in a given year for it to be a "good year." They must achieve twenty (20) "good years" to qualify for retirement. The amount of their retired pay is based on the total points they have accumulated. AFSA believes that these members ought to be able to retire upon completion of their "good years" requirements. However, considering funding limitations, the least, fair thing that should be done is to provide them federal retirement equity by letting them retire as soon as age 55. We urge this committee to do so. Since DOD has conducted and contracted studies of reserve compensation in recent years, we believe there is little to be gained by the DOD study mandated in the fiscal year 2003 NDAA other than to delay serious consideration of the issue. We urge this committee to support the provisions in H.R. 742 and its pending Senate companion legislation. Introduced last year as S. 2250 by Sen. Jon Corzine, D-NJ, his staff tells us that he will soon reintroduce the measure.

Reduce out-of-pocket expenses of those who serve.—We ask this committee to restore full tax-deductibility of non-reimbursed expenses related to military training and service for Guard and Reserve members. The cost of military service for a Guardsman or Reservist should not be financial.

Enhance Air Reserve Technician (ART) retirement eligibility.—ARTs are both military members and civil servants. These unique patriot/citizens need unique retirement criteria recognizing their singular contribution to our military's success. We urge this committee to provide the funding that would allow Air Reserve Technicians eligible for an unreduced retirement at age 50 with 20 years of service, or at any age with 25 years of service, if involuntarily separated.

Provide full Basic Allowance for Housing (BAH) to TDY Guard and Reserve members, and those activated (even if less than for 139 days).—Guardsmen and Reservists are generally removed from their civilian employment when "called up." Once deployed, their need to protect their family does not go away. Nor does their obliga-

tion to make their full house payments. This committee can greatly assist these military members by ensuring that they can continue to provide homes for their families through the provision of full BAH.

Eliminate the Commissary Privilege Card (CPC) requirement and provide full, year-round commissary benefits for Guard and Reserve members.—At the present time, members of the Guard and Reserve are limited to 24 visits per year in military commissaries. Allowing full, year-round access is a benefit long overdue. The CPC (a card to track commissary visits) costs millions of dollars to administer each year. These military members are critical members of this military nation's team; it is time to treat them as such. We urge all members of Congress to provide them full, year-round commissary benefits.

Expand the Soldiers and Sailors' Civil Relief Act (SSCRA) to fully protect Guard and Reserve members who are activated.—Since members of the Guard and Reserve are increasingly activated and sent away from their primary civilian occupation and their home, they must be adequately protected. Please expedite the protection of the rights of Guardsmen and Reservists by their full inclusion in the SSCRA.

MILITARY SHIPMENT PROGRAMS

Improve the quality of the DOD household goods shipment program.—The Military Traffic Management Command developed a test program that was extremely successful. It protected the military member's goods, held carriers more accountable, and had extremely high satisfaction levels among military members. With that test project complete and time passing without DOD implementation of an enhanced household goods shipment program, it is time for Congress to act. Military members should not be faced with having their goods destroyed, lost, or stolen without adequate safeguards and/or compensation.

Increase the household goods weight allowance for professional books, papers, and/or equipment to accommodate employment support for military spouses.—Currently, only the military member is entitled to an additional shipment weight allowance for professional books, papers, and/or equipment. In recent NDAA's DOD has been tasked by Congress to come up with ways to provide military spouses with education, training, and employment assistance. Providing spouses some consideration by giving them a shipment allowance to support their employment would be a good step forward. For example, a dependent spouse (of a military member who is being reassigned) who maintains supplies to support a job as a government-certified family in-home day care provider, should not have to sell, discard, or give away his/her supplies. Most likely they will perform the same job at the next assignment. Similarly, a spouse who is a message therapist, hairstylist, lawyer, etc., ought to be given a shipment weight allowance to make them more employable at the next military assignment location. This would be in keeping with the congressional mandate to help spouses in their employment efforts.

Provide all military members being assigned to OCONUS locations the option of government-funded POV shipment or storage.—Currently, DOD will only store a POV for a member if DOD reassigns that member to a location where DOD will not ship the member's POV. AFSA believes that this shipment option should be extended to all members being stationed anywhere outside of the continental United States (CONUS). We believe that a significant part of such storage cost would be offset by DOD not having to ship the vehicle.

RETIREMENT/SURVIVORS

Allow military members who are also receiving VA disability compensation to fully collect their military retired pay.—AFSA believes this is the right thing to do. Every member of this committee is aware of the arguments on this issue, so we will not restate them here.

Uniformed Services Former Spouses Protection Act (USFSPA) Reform (Public Law 97-252).—The members of this association strongly urge this committee to conduct hearings on needed USFSPA changes, both to gather all inputs needed for appropriate corrective legislation and to guard against inadvertently exacerbating current inequities via well-intended, piecemeal legislative action initiated outside of this committee. A military member must serve 20 years to earn a lifetime retirement annuity. However, under the USFSPA, any and all former spouses of a military members have claim to a portion of the military member's eventual retirement pay. Such a former spouse could have been married to the military member only for a relatively short period of time; yet he/she will have a lifetime annuity if the military member goes on to retire. Our members have clearly communicated that this anachronistic statute, specifically targeted at military members, is not needed to protect former spouses. Provisions in law that apply to all other U.S. citizens should apply

to the former spouses of military members. In that sense, full repeal of the USFSPA would be the fair thing to do.

Reduce or Eliminate the Age-62 SBP Reduction.—Before age 62, SBP survivors receive an annuity equal to 55 percent of the retiree's SBP-covered retirement pay. At age 62, however, the annuity is reduced to a lower percentage, down to a floor of 35 percent. For many older retirees, the amount of the reduction is related to the amount of the survivor's Social Security benefit that is potentially attributable to the retiree's military service. For member who attained retirement eligibility after 1985, the post-62 benefit is a flat 35 percent of covered retired pay. Although this age-62 reduction was part of the initial SBP statute, large number of members who retired in the 1970s (or who retired earlier but enrolled in the initial SBP open season) were not informed of the reduction at the time they enrolled. As such, many still are very bitter about what they view as the government changing the rules on them mid stream. Thousands of retirees signed up for the program believing that they were ensuring their spouses would receive 55 percent of their retired pay for life. They are "stunned" to find out that the survivor reduction attributed to the retiree's Social Security-covered military earning applies even to widows whose Social Security benefit is based on their own work history. Additionally, the DOD actuary has confirmed that the 40-percent government subsidy for the SBP program, which has been cited for more than two decades as an enticement for retirees to elect SBP coverage, has declined to less than 17 percent! Clearly, this benefit has become more beneficial and less costly for the government, and more costly and less beneficial for the retirees and survivors the program was created to protect. We urge you to step in and correct some of these inequities.

Accelerate the SBP provision so that enrollees aged 70 who have paid into the SBP for at least 30 years be considered "paid-up".—The paid-up SBP initiative enacted in 1998 set an implementation date of 2008. We urge this committee to change that implementation date to "this year." As a practical matter, any SBP enrollee who retired on or after October 1, 1978, would enjoy the full benefit of the paid up provision. However, members who enrolled in SBP when it first became available in 1972 will have to continue paying premiums for up to 36 years to secure paid-up coverage—if they survive that long.

In conclusion, Mr. Chairman, we thank you for this opportunity to present the views of the Air Force enlisted community. As you work toward your appropriations decisions, the Air Force Sergeants Association and its 136,000 members urge you to ensure sufficient funding to provide for the integrity of the entire DOD. Now, more than ever, this funding and this nation's commitment to the members of our Armed Forces should ensure, without delay, the full benefits, entitlements and medical treatment that they have so rightfully earned. On behalf of all AFSA members, we appreciate your efforts and, as always, are ready to support you in matters of mutual concern.

Senator STEVENS. Our next witness is Dr. Steve Elliot Koonin, Provost at CAL Tech—oh, pardon me. I missed Joyce Raezer, Director, Government Relations, National Military Family Association.

STATEMENT OF JOYCE WESSEL RAEZER, DIRECTOR, GOVERNMENT RELATIONS, NATIONAL MILITARY FAMILY ASSOCIATION

Ms. RAEZER. Thank you, Mr. Chairman.

The National Military Family Association (NMFA) endorses the testimony of the Military Coalition. Our statement expands on a few issues of special importance to active duty military families and their Guard and Reserve counterparts.

We thank this subcommittee and Congress for providing the pay and benefit improvements necessary to retain the quality of force that is protecting our homeland and waging war against terror. NMFA is especially appreciative for the \$150 increase in monthly family separation pay included in the fiscal year supplemental, 2003 supplemental appropriations. When the service member is away from home on military orders, the family endures both emotional and financial costs. We encourage you to continue funding this high level in family separation pay in fiscal year 2004 for all

service members on orders away from their families. Whether a service member is deployed to Iraq, on a ship in the Pacific, or on an unaccompanied tour in Korea, to the family away is away.

Although many headlines and news programs now feature service members coming home, we must not forget that many service members still are deployed in far-flung locations around the world. Others are working long hours at their home station to support their deployed colleagues. Others are just now leaving for deployments of indeterminate length.

I visited a community in Germany just last week where almost all of the 950 service members in that community had only just left for the Gulf the week before. They need to know their families will have the support services they need, especially when those families are so far from home themselves.

As they deal simultaneously with new deployments, continued long-term employments, and the return of many of the units who were engaged in the fighting in Iraq, military families and their support programs will be taxed as never before. Because family readiness is linked to mission readiness, the costs of ensuring family readiness prior to deployment, during deployment, and in that critical period following the deployment must be factored into the costs of the mission. Adequate funding and staffing of family support is necessary to ensure a smooth reentry into home and community for the returning service members, even as program staff also must continue to assist with ongoing deployment issues and the normal routine of military life.

Programs provided by military chaplains, the new parent support program, mental health programs, and support for family readiness groups are essential during deployments and will be just as vital in easing service members' return and reunion. Mission costs must also include the resources needed to help our Guard and Reserve members and their families adjust to the service members' transition back to civilian life, especially when no military installation support services are available.

NMFA also asks that you help to ensure that military children's schools have the funding they need to provide a quality education in a safe environment, as well as the extra help military children need in dealing with the deployment of a parent to a dangerous location. DOD schools must be sufficiently funded to perform their mission of educating military children to the highest standards found in stateside civilian school districts.

NMFA also requests that you not only continue, but increase, the DOD funding to supplement impact aid for civilian schools educating military children. For families with school-aged children, the schools are on the front line of family support during times of high operations tempo and deployment stress. The military has made significant progress in partnering with school districts to improve the education of military children and to support both the schools and children during deployments. Please help to ensure that the schools have the resources they need to fulfil their obligation to all children in their charge.

Service members look to the Nation to understand that their families often drive retention decisions. The families' quality of life is a readiness requirement. Quality of life is not just about pay. It

is about having a safe, well-maintained place to live. It is about access to quality health care without bureaucratic complexities. It is about a quality education for their children. It is about meeting the aspirations of a spouse for a career and a couple for a secure retirement. It is respect for a job well done.

Senator STEVENS. I must say thank you. I have got 2 minutes to make my vote. Thank you very much.

Ms. RAEZER. You are welcome.

[The statement follows:]

PREPARED STATEMENT OF JOYCE WESSEL RAEZER

Mister Chairman and Distinguished Members of this Subcommittee, the National Military Family Association (NMFA) is, as always, appreciative of the enhancements in quality of life that you have provided for uniformed service families. We are particularly grateful for the increase in Family Separation pay included in the Supplemental. We anticipate permanent authority for the increase and strongly request adequate funding for fiscal year 2004.

NMFA endorses the provisions included in the testimony provided by The Military Coalition, of which we are a member. In this statement we expand on that testimony with specific emphasis on the needs of families.

Family Readiness

Since 9/11 active duty members and their National Guard and Reserve peers have engaged in numerous duty assignments from homeland security to armed conflict. At the same time, members have continued to serve in various far-flung areas of the globe. The main message is, that they are gone! Separations produce economic strain, psychological strain and high levels of stress in the family. The lifeline of the military family, the military community, is also feeling the strain. Family services are important to an installation not pressured by high Perstempo or conflict-related deployments. They are a critical necessity when families are left behind. Family center personnel, military chaplains, installation mental health professions and Morale, Welfare and Recreation programs all provide needed assistance to families. When spouses find themselves as the sole head of the family and as the single parent, the services available to assist them and their children with these challenges are truly lifelines. E-mail, video teleconferencing centers, and special family activities ease the strains and pains of separation. But none of these services are without cost. Just as the deployed servicemember's readiness is dependent on proper training, food, shelter, clothing and weapons systems, the readiness of the family is dependent on accessing needed services. Both must be adequately funded to assure a force ready to successfully carry out its assigned mission.

NMFA applauds the Office of Military Community and Family Policy in the Office of the Secretary of Defense (OSD) for its creation of a Joint Family Support Contingency Working Group to promote better information-sharing and planning among OSD and the military Service headquarters family support staff, including the Reserve Components. NMFA appreciates the invitation to participate in this working group, an innovative concept that grew out of the successful collaboration in the operation of the Pentagon family assistance center after the attack on the Pentagon. The working group recognized that most military families live off-base and is encouraging new ways of helping families that are not all centered on the installation. NMFA has long promoted additional outreach into the civilian community by installation personnel so that family members unable to get to an installation can still receive needed assistance. The possibility of further incidents, which could again restrict access to installations, makes this outreach even more imperative.

One new vehicle for communicating with family members and helping them access assistance when needed, wherever they are located, is being tested by the Marine Corps Community Services (MCCS). The new program, "MCCS One Source," provides 24 hours a day, 7 days a week, telephone and online family information and referral, situational assistance, and links to military and community resources. Since February 1, this service has been available to active duty and Reserve Marines and their family members. The Army has also made this service available to soldiers and families at select installations. Employee Assistance Programs such as "One Source," provide an accessible source of information for servicemembers and families and, if properly coordinated with other support services, should allow Service family support professionals to devote more time and attention to supporting unit volunteers and to assisting families with more complex problems.

A program offered by Army Chaplains, "Building Strong and Ready Families" is targeted at improving relationship skills and assisting initial-entry soldiers and their families with making the transition into the military culture. NMFA is very grateful that a clarification on the use of appropriated funds to pay the expenses of soldiers and their families to participate in these command-sponsored, chaplain-lead training opportunities was included in the fiscal year 2003 Defense Appropriations Act and requests, that if permanent authority has not been granted, such clarification of the use of appropriated funds be included again in this year's Act.

One very necessary improvement needed in the family support arena is closer collaboration between all the various helping individuals and agencies who assist in the development and maintenance of strong emotional and mental health in both individuals and families of the military community. As was seen in the Fort Bragg, North Carolina, domestic violence cases during the summer of 2002, not all military family members or servicemembers make use of the counseling and support services available to them. While the TRICARE mental health benefits are rich by the standards of many other plans, the program does not have a preventive care component. For TRICARE to pay for services, there must be a medical diagnosis, thus discouraging many family members from seeking care. Many members and their families also believe that seeking counseling services through military programs may harm their careers or that these services are only intended for families identified as having problems. The authors of the Fort Bragg Epidemiological Consultation Report who examined the domestic violence incidents, noted that the various agencies that could provide support to the service members and families do not often coordinate their activities. NMFA strongly believes that better coordination and communication among all installation "helping agencies" as well as with those in the civilian community is imperative to help families deal with stress and promote better mental health. NMFA also believes that TRICARE must cover preventive mental health services just as it covers medical preventive services such as well-baby checks, immunizations, PAP smears and mammograms. An emphasis on emotional health rather than treatment may also make beneficiaries more likely to seek appropriate services in a timely manner.

A significant element of family readiness is an educational system that provides a quality education to military children, recognizes the needs of these ever moving students and responds to situations where the military parent is deployed and/or in an armed conflict. Since approximately 80 percent of military children attend civilian public schools, the DOD Impact Aid supplement is vital to both these children and the school systems that educate them. No less than the stay at home spouse, children are affected by the absence of a parent and experience even higher levels of stress when their military parent is in a war zone shown constantly on television. Addressing the needs of these children and their classmates is imperative to lowering the overall family stress level, and to achieving an appropriate level of family readiness. But it does not come without cost to the local school system.

This Subcommittee has consistently supported the needs of the schools operated by the DOD Education Activity (DODEA). These schools are located on military installations in the United States and in overseas locations. The commitment of this Subcommittee to the education of these military children has resulted in higher test scores, minority student achievement, parent involvement programs and partnership activities with the military community. It is significant to note that the Commander of USAREUR states that over half of the military members assigned to USAREUR are deployed away from their permanent duty sites. Imagine the challenges facing a school system in a foreign country where half of the student body has an absent parent! Your continued commitment to and support of these schools is strongly requested.

Military child care is another important element in family readiness. Sergeant Major of the Army Jack Tilley noted that during 2002, twenty-seven percent of enlisted soldier parents reported lost duty time due to a lack of child care. Deployments increase the need for child care. Families, where the parents were previously able to manage their work schedules to cover the care of their children, must now seek outside child care as one parent deploys. Guard and Reserve families most often do not live close enough to a military installation to take advantage of either the Child Development Center or Family Day Care homes. Since 2000, DOD has had the authority to increase the availability of child care and youth programs through partnerships with civilian agencies and other organizations. The Services set up pilot programs to take advantage of this authority and obtain more care for children off the installations; however, less than 10 percent of DOD child care is provided off-base. NMFA is concerned that current funding levels for the Military Child Development System may not be adequate to meet both the routine demands for child care and to meet the increased need due to deployments. We request addi-

tional funds to ensure the provision of the high quality child care servicemembers and their families need.

Finally, the ability of a military spouse to be employed and to have career progression affects both the family's finances and the self-sufficiency of the spouse when the member deploys. Studies after the Persian Gulf War showed that spouses who were employed handled the stressors of the deployment better than those who were not employed. NMFA anxiously awaits the DOD report on the status of its spouse employment programs requested by Congress in the fiscal year 2002 NDAA. While we do not expect DOD to create a jobs program for every military spouse, it does need to facilitate the transition of mobile military spouses into already existing opportunities and to target efforts where spouses are having the greatest difficulty accessing educational programs or employment. Sixty-three percent of military spouses are in the labor force. Eighty-seven percent of junior enlisted spouses (E-1 to E-5) are in the labor force. Very obviously, the financial health of the military family is significantly dependent upon the employment of the spouse. Family financial health is without question a family readiness issue.

NMFA applauds the various initiatives to meet the needs of families wherever they live and whenever they need them and requests adequate funding to ensure continuation of current programs and implementation of new ones. However, we are also very aware that the "bedrock" family support programs must not be shunted aside in order to fund only the new initiatives. Since there appears little chance that the increase in family separations will come to an end, the higher stress levels caused by such separations require a higher level of community support.

National Guard and Reserve Families

As of May 6th, 224,528 National Guard and Reserve members were on active duty. While many of the challenges faced by their families are similar to those of active component families, they must face them with a less-concentrated and mature support network and, in many cases, without prior experience with military life. Unlike active duty units located on one installation with families in close proximity, reserve component families are often miles from the servicemember's unit. Therefore, unless they pay for their own travel expenses, families are often unable to attend unit pre-deployment briefings. NMFA constantly hears the frustrations family members experience when trying to access information and understand their benefits. The lack of accurate benefit information and unrelenting communication difficulties are common themes among Guard and Reserve families.

DOD has developed several key initiatives that address the needs of Guard and Reserve families. NMFA applauds this effort, but there is still much to be done. For example, the OSD Reserve Affairs office maintains an excellent website. Its Family Readiness Toolkit and Deployment Guide provide practical information; however, many families report it is difficult to use. Guard and Reserve families ask for standardized materials that are appropriate to all services, so that if an Army Reserve family happens to live close to a Navy installation they would understand how to access services there. The establishment of a joint Family Readiness program would facilitate the understanding and sharing of information between all military family members.

NMFA thanks the state family readiness coordinators and unit volunteers for helping to provide family members with basic information. Unfortunately, some units do not have adequate programs because of the lack of volunteers and paid family readiness coordinators, whose sole job is to support the family. Additional family readiness staffing and support for unit level volunteers could ensure information is forwarded to families who are unable to attend unit briefings. Guard and Reserve unit volunteers, even more than many of their active duty counterparts, are stressed because of the numbers of families they must assist and the demands placed upon them. At a minimum, NMFA requests funding for child care to enable these dedicated volunteers to more efficiently perform their expected tasks. Funding to enable families to attend pre-deployment briefings would help strengthen the ties between the units and the families and the families with each other and assist in assuring that accurate information is provided directly to the family members.

In addition to being geographically separated from the servicemember's unit, families are often geographically separated from each other. NMFA suggests that DOD also strengthen and perhaps formalize partnerships with national organizations such as the American Red Cross and U.S. Chamber of Commerce to enlist their assistance through their local chapters in setting up community-based support groups for military family members. The groups could include not only spouses and significant others of all deployed members, no matter what unit or Service the member is attached to, but also the parents of servicemembers. Involving local community leaders in setting up these support groups would address two of the most common

concerns expressed by some of these isolated families: the feeling that they are the only families in town going through the strain of deployment, and the sentiment that people not associated with the military do not appreciate their sacrifices.

Through our contact with Guard and Reserve families and family support personnel over the past year, NMFA has heard wonderful stories of individual states, units and families caring for and supporting each other. NMFA is aware of leadership involvement at all levels to help ease the challenges faced by servicemembers and families. NMFA is especially proud of the efforts of The National Committee for Employer Support of the Guard and Reserve (ESGR) as an advocate for the reserve component member facing employment issues. ESGR is encouraging employers to set up their own family support programs and provides information to employers and to their employees about the legal rights of reserve component members. By providing this information in the workplace, ESGR is helping civilian communities gain a better understanding of the valuable role the Guard and Reserve play in the defense of our nation.

Compensation issues continue to be of paramount concern among Guard and Reserve families. Many members have taken a significant pay cut upon activation. Families who initially financially prepared for a six month activation now are faced with the devastating monetary consequences of a one or two year loss in income. Some small business owners and single practice professionals are facing the loss of their businesses. NMFA is aware of the disaster the previous income replacement program created, but believes that attention must be directed to these problems or retention of these individuals may become extremely problematic. In addition, some Guard and Reserve members experienced problems with pay processing upon activation. This delay in receiving the paycheck led to overdue payments on bills, and occasional threats to foreclose on mortgages or to turn the family over to a collection agency. Pay and personnel systems for activated Guard and Reserve members must work in coordination so families do not have to deal with bill collectors.

The cost of meeting unique family readiness needs for National Guard and Reserve families must be calculated in Guard and Reserve operational budgets and additional resources provided. DOD should partner with other organizations and explore new means of communication and support to geographically dispersed Guard and Reserve families.

Health Care

After a rocky start over several years, the TRICARE system is providing most of the promised benefit for most families, particularly those enrolled in Prime. Changes made in the Prime Remote program for active duty families and ensuring access to Prime and Prime Remote for the families of Guard and Reserve members, who have orders for 30 days or more, have gone a long way to providing a truly uniform benefit for all families of those on active duty.

NMFA is also pleased to report the continuation of the partnership established between the DOD Office of Health Affairs, the TRICARE Management Activity (TMA) and the beneficiary associations. This collaboration benefits both beneficiaries and the Department. NMFA appreciates the information received in these meetings and the opportunity for dialogue with those responsible for managing DOD health care policies and programs. Through this medium, NMFA and other organizations have been able to raise areas of concern, provide feedback on the implementation of new programs and benefits and to help provide better information to beneficiaries about their health care benefit.

However, despite these improvements, NMFA remains apprehensive about several issues: funding, beneficiary access to health care, the implementation of a new generation of TRICARE contracts and the ability of National Guard and Reserve families to have reasonable access to care and continuity of care.

Funding

The fiscal year 2004 budget request includes what DOD believes to be an accurate level of funding for the Defense Health Program. However, NMFA urges this Subcommittee to continue its efforts to ensure full funding of the entire Defense Health Program, to include meeting the needs for military readiness and of both the direct care and purchased care segments of TRICARE. NMFA is particularly pleased with the allocation of funds by TMA and the Services to support the new Family Centered Obstetrical Care initiative. While the increased funds for this program may well have been driven by the impending loss of DOD's ability to force military family members to receive obstetrical care in Military Treatment Facilities (MTFs), it has nonetheless been a remarkable achievement. Many MTFs have instituted significant and substantial improvements to their obstetrical programs and more are constantly coming on line every day. NMFA assumes this initiative will continue to

be funded in a robust manner and hopes that the spirit of Family Centered care, the innovations created by the program and the funding provided will move into other specialties within the MTFs.

Access

Although recent TRICARE surveys highlight improvements in beneficiary access to care, NMFA continues to field calls on almost a daily basis from beneficiaries with access issues. Servicemembers and families enrolled in Prime are promised certain standards for access to care in providing appointments, wait times at a provider's office and geographic availability. Yet the calls we receive tell another story. Even servicemembers are told by the direct care system, "Call back next month, there are no more appointments this month." Family members are routinely not informed that they can request an appointment with a provider in the civilian sector if access standards cannot be met in the direct care system. However, if the member or family member mentions the words, "access standards," appointments that fall within the guidelines magically appear. NMFA was also made aware that some in the direct care system were telling family members that accepting appointments outside of the access standards was a way for them to "support the war in Iraq" since medical personnel from the facility had been deployed. TRICARE was designed so that care could be provided in a timely manner within the civilian network when it was not available in the direct care system. There is no reason, including the deployment of medical personnel, that access standards should not always be met.

When family members enrolled in Prime attempt to access care within the civilian network they utilize the Managed Care Support Contractors web pages or the Prime Booklet's list of providers. However, they often feel as if they are "letting their fingers walk through the yellow pages," as they hear, telephone call after telephone call, "The doctor is not accepting any new TRICARE Prime patients." Lists of providers must show who is and who is not accepting new patients. This information is of prime importance to families arriving at a new duty station. To their credit some, but not all, of the Managed Care Support Contractors are providing this information.

As TRICARE Prime has improved, those who have remained in TRICARE Standard often feel as if they are unwanted stepchildren. Managed Care Support Contractors are required in the current contracts to assist Standard beneficiaries in finding a provider who accepts TRICARE. However, most Standard beneficiaries are not aware of this provision, because no one is required to communicate with them. When new Managed Care Support contracts came on line, contractors mailed brochures to all eligible beneficiary households, but other than giving basic information on the various choices with the TRICARE program, the information was basically geared to enrollment in Prime. Contractors are required to communicate regularly with Prime enrollees, but not with Standard beneficiaries. In fact, most of the literature regarding Standard states that it is the same as the old CHAMPUS program. No mention is made of prior authorizations, which vary from Region to Region, or of other region specific "rules of the road."

In many areas Standard beneficiaries have more difficulty than Prime enrollees in finding providers. While Standard beneficiaries can certainly utilize Prime network providers (if they know where to find such a list), many have remained in Standard because there is no Prime network where they live or they have elected to have a broader choice of providers. Managed Care Support Contractors on the other hand are, understandably, more interested in establishing and maintaining their Prime networks. Anecdotal evidence provided to NMFA appears to indicate that many providers are unaware that they may remain TRICARE providers even if they decline to become Prime network providers. In addition, many providers also complain of the "new rules of the road" on prior authorizations and paper work, which were not required when they were CHAMPUS providers. Low reimbursement rates and claims processing continue to be cited by providers as reasons they do not seek to become authorized TRICARE providers.

TRICARE Standard is an option in the TRICARE program and those who are forced or desire to use that option should be supported as fully as those who chose to enroll in Prime. Contractors must make significant efforts to recruit Standard providers.

DOD and the contractors must be ever vigilant in identifying areas where sufficient numbers of providers in certain specialties refuse to accept TRICARE because of the reimbursement rates. DOD has the authority (and has used it in Alaska and recently in Idaho) to increase reimbursement rates to ensure a proper mix and number of providers. Contractors must continue their strong effort to improve claims processing and education of providers and their support staffs on the unique requirements of the TRICARE claims process.

TNEX and other contracts

The next round of TRICARE Contracts (TNEX) would appear to place significantly new levels of authority and responsibility on local MTF Commanders. NMFA is concerned that this may actually increase the differences in how a beneficiary accesses care rather than make it more uniform. Currently, Managed Care Support Contractors in some Regions have total responsibility for making appointments, and in all Regions they have the responsibility for making appointments within the civilian network. The new contracts would appear to leave this responsibility to the local MTF Commander, either to arrange all of the appointments or to opt into an as yet unknown national appointment contract. All current Managed Care Support Contractors are required to have a health information line. The new contracts leave the decision to have one and/or which one to have up to the local MTF Commander.

TNEX also appears to blur lines of authority and accountability rather than strengthening them. Beneficiaries need a clear line of command and accountability for their problems with accessing care to be fixed and for their concerns about quality of care to be appropriately addressed.

If changes are made in how beneficiaries access care from the current method, beneficiaries need to be educated and informed BEFORE the fact.

Beneficiaries may not only face new ways of accessing care, but new “rules of the road” as a national contract is awarded for the retail pharmacy benefit. The implementation of the new TRICARE mail order pharmacy program contract (TMOP) was not without some significant problems. Fortunately, most were transitory and have been or are being addressed. However, a problem facing some beneficiaries could have been avoided with proper education and information. TMOP is now tied into both the retail pharmacies and the MTF pharmacies, so all pharmacy providers are aware of prescriptions being filled at all other venues in real time. Under the previous contractor such real time checking was not done. If a provider ordered a new medication for a beneficiary and wanted the medication started immediately, yet the beneficiary was to be on the medication for a long time, the beneficiary probably used both the retail and mail order pharmacy on the same or similar dates. Under TMOP the mail order request of the beneficiary will be denied until 75 percent of the retail prescription is consumed. This is not a problem with receiving the medication in a timely manner, nor is it a new DOD regulation, but it was a new wrinkle to beneficiaries that caused concern and could have been avoided.

Guard and Reserve Health Care

While the “rules of the road” for using TRICARE, particularly Prime, seem now to be well understood by most active duty and retired family members, it is another story for National Guard and Reserve families. Since many of these families do not live near an installation, most of their information comes in printed form, on the web or via telephone. In addition, many live in areas where providers are unaware of TRICARE, as there are few if any other uniformed service beneficiaries in the area. Lead Agents and TRICARE contractors routinely conduct TRICARE briefings for members of units about to mobilize; unfortunately, in most cases, families (those who will actually have to navigate the system) live too far away to attend. If the servicemember and family live in a different TRICARE Region from the one where the unit is located, the information provided in the unit setting may not be the same for the Region in which the family actually lives. Decisions to enroll in Prime, use Standard or remain with an employer provided plan need to be family decisions based on full and accurate information provided to servicemembers AND their families.

NMFA has long believed that the approach to meeting the health care needs of Guard and Reserve members and their families must be flexible enough to ensure access to care and continuity of care. We believe S. 852, recently introduced by Senators DeWine, Daschle, Smith and Leahy, addresses most of these issues. Provisions included in the legislation would authorize Guard and Reserve members to enroll in TRICARE when not on active duty and subsidize the cost of the program at approximately the same level as the Federal Employee Health Benefits Program (FEHBP) is for Federal Civilians. This would allow those who currently have no insurance in civilian life to have access to an affordable program and would provide continuity in both program and care when the member is activated. Alternatively, the legislation would authorize DOD to pay the premiums of an employer provided private sector plan up to the level of what TRICARE would cost DOD if it were provided to the member and his/her family. This would allow those with civilian provided coverage to continue with their current plan and providers.

Funding must be adequate to meet readiness needs, provide for both the purchased care segment of TRICARE and the direct care system to include the Family Centered Obstetrical Care initiative. Access standards were part of the promise

DOD made to families when they enrolled in TRICARE Prime. These access standards must be met either in the MTF or the civilian network. Civilian networks must be robust enough to support MTFs in meeting the access standards. Recruitment of TRICARE Standard providers and education of Standard beneficiaries should be as much a part of the TRICARE program as are these endeavors for Prime providers and enrollees. The new round of contracts must provide standardized ways to access health care across all Regions and beneficiaries should have a clear picture of who can solve their access problems and quality of care concerns. Families of Guard and Reserve members should have flexible options for their health care coverage that address both access to care and continuity of care. In addition, accurate and timely information on their options and such things as transitional health care must be provided to the families as well as the servicemember.

NMFA thanks this Subcommittee and Congress for your advocacy for pay and benefit improvements necessary to retain the quality force that now protects our homeland and wages war against terror. Your actions have helped to rebuild military members' trust and to ease the crisis in recruiting and retention. We ask you to remember that mission readiness is tied to servicemember readiness, which is tied to family readiness. The stability of the military family and community and their support for the forces rests on the Nation's continued focus on the entire package of quality of life components. Military members and their families look to you for continued support for that quality of life. Please don't let them down.

Senator STEVENS. Thank you for your patience, Doctor.
Yes, sir.

STATEMENT OF STEVEN ELLIOT KOONIN, Ph.D., PROVOST AND PROFESSOR OF THEORETICAL PHYSICS, CALIFORNIA INSTITUTE OF TECHNOLOGY; ON BEHALF OF THE ASSOCIATION OF AMERICAN UNIVERSITIES AND THE NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

Dr. KOONIN. Thank you, Mr. Chairman. It is a pleasure to be able to testify to you today. I am Steven Koonin. I am the Provost and a professor of theoretical physics at the California Institute of Technology. I am also a former member of the Defense Science Board, on which I served for 4 years. My remarks today are on behalf of the Association of American Universities, which represents 60 of America's most prominent public and private research universities. My testimony is also submitted on behalf of the National Association of State Universities and Land Grant Colleges. Together these two associations include public and private universities and colleges in every State that perform the science and technology research funded by the DOD.

DOD is the third largest Federal sponsor of university-based research. Nearly 350 universities and colleges conduct DOD-funded research and development. Universities play the largest role in basic defense research, receiving more than 53 percent of 6.1 funding. They also receive substantial funding for applied defense research under the 6.2 program element.

With that background, I would like to bring to your attention two issues important to universities related to the fiscal year 2004 budget proposal for defense spending. The first of these is to urge your support for an appropriation of \$11.4 billion, or 3 percent of the overall fiscal year 2004 budget proposed for DOD science and technology programs. This request is consistent with recommendations contained in the Quadrennial Defense Report and are made by the Defense Science Board (DSB) as well as experts such as Mr. Pete Aldridge. All of these have called for a DOD S&T budget that reflects 3 percent of the overall DOD budget.

Within defense S&T, the organizations I am representing also request that \$2.3 billion be appropriated for 6.1 research and \$4.6

billion be appropriated for competitive merit-based 6.2 research. There is growing concern that, while funding for overall defense S&T has been increasing in recent years, much of this growth has been in the 6.3 account, with much less growth in the 6.1 and 6.2 accounts.

In fact, if one looks closely at the trends over the past 20 years, 6.1 funding has declined in constant dollars and has significantly decreased as a share of total S&T, from over 20 percent in fiscal year 1983 to approximately 14 percent currently. We encourage the committee to reverse this downward trend in investments in the basic ideas that are going to lead to tomorrow's advances in defense technology.

The second matter that I would like to bring to your attention concerns the administration's budget proposal to transfer funding or to devolve certain critical joint multi-disciplinary DOD S&T programs, including the University Research Initiative, from the Office of the Secretary of Defense to the services. This proposed devolvement is a matter over which our universities have great concerns. Such a move could damage the unique nature and design of these programs and could inhibit the types of cross-service integration and coordination of S&T research that these programs have been specifically designed to promote.

We are also concerned that, if moved out of the Office of the Secretary of Defense (OSD) and into the services, the services could direct these funds to service-oriented needs rather than to the broader long-term research needs that cut across the services. For these reasons, we urge your subcommittee to consider carefully the implications of devolvement of S&T programs from the OSD.

Let me conclude by thanking the committee, the subcommittee, for its ongoing support of defense S&T. We hope that you will continue the progress that has been made in the past few years in supporting the critical S&T programs that make such an important contribution to our national security.

Thank you.

Senator STEVENS. Thank you very much, Doctor. We do support very strongly the university research. The other item you mentioned, though, is the Armed Services Committee. I hope you are taking that message to them. That is a legislative recommendation.

Dr. KOONIN. Thank you.

Senator STEVENS. Thank you for your testimony.

[The statement follows:]

PREPARED STATEMENT OF DR. STEVEN ELLIOT KOONIN

Mr. Chairman and members of the subcommittee: Thank you for the opportunity to testify today. My name is Steven Koonin, and I am the Provost and a Professor of Theoretical Physics at the California Institute of Technology. I am also a former member of the Defense Science Board (DSB) where I served for four years.

My remarks today are submitted on behalf of the Association of American Universities (AAU), which represents 60 of America's most prominent public and private research universities. This testimony is also submitted on behalf of the National Association of State Universities and Land-Grant Colleges (NASULGC). These two associations include public and private universities and colleges in every state that perform the science and technology research that is funded by the Department of Defense.

I want to specifically thank this subcommittee and you, Mr. Chairman, for the ongoing support that you have shown for science and technology research programs in the Department of Defense. As you know, basic and applied research are funded

under program elements 6.1 and 6.2 in the Research, Development, Testing and Evaluation (RDT&E) section of the Department of Defense appropriation. The Army, Navy, Air Force and the "Defense-wide" account under the Office of the Secretary all receive separate appropriations for these programs.

Why do universities care about Defense Science and Technology (S&T)? Today, DOD is the third largest federal sponsor of university-based research (after the National Institutes of Health and the National Science Foundation). Nearly 350 universities and colleges conduct DOD-funded research and development. Universities play the largest role in basic defense research, receiving more than 53 percent of program element 6.1 funding. They also receive substantial funding for applied defense research provided under program element 6.2.

With this as background, I would like to bring to your attention two issues of importance to universities related to the fiscal year 2004 budget proposal for the defense spending. These are: (1) continued growth in support for DOD Science and Technology (S&T) Programs, with particular emphasis on basic 6.1 and applied 6.2 research, and (2) concerns the university community has related to the proposed "devolvement" of certain S&T programs from the Office of the Secretary of Defense (OSD) to the individual services.

Increasing Support for Defense Basic and Applied Research

On behalf of the AAU and NASULGC, I urge your support for an appropriation of \$11.4 billion, or 3 percent of the overall fiscal year 2004 Budget proposed for the Department of Defense (DOD) for science and technology (S&T) programs (6.1 basic research, 6.2 applied research, and 6.3 advanced technology development) in the Army, Navy, Air Force, and Defense-Wide. This request is consistent with recommendations contained in the Quadrennial Defense Report and made by the Defense Science Board (DSB), as well as experts such as Pete Aldridge, Under Secretary Acquisition, Technology, and Logistics, who have all called for a DOD S&T budget that reflects 3 percent of the overall DOD budget.

Within defense S&T, the AAU and NASULGC request that \$2.3 billion be appropriated for 6.1 basic research and \$4.6 billion be appropriated for competitive merit based 6.2 applied research. There is growing concern that while funding for overall Defense S&T has been increasing in recent years, much of this growth has been in the 6.3 account with much less growth in 6.1 basic research and 6.2 applied research. In fact, if one looks closely at the trends, over the last 20 years funding for 6.1 basic research has declined in constant dollars and has significantly decreased as a share of total S&T (from over 20 percent in fiscal year 1983 to approximately 14 percent in fiscal year 2003 (See Attachments #1 and #2)). We encourage the Committee to reverse this downward trend in investments in the basic ideas that are going to lead to tomorrow's advances in defense technology.

I need not tell the members of this subcommittee that successful U.S. national defense policy is critically dependent on technological superiority. New dangers, such as high technology terrorism, information warfare, and the proliferation of weapons of mass destruction, now face the military and require new and more sophisticated technologies. The knowledge required to generate these technologies is dependent upon the long-term, high-risk, defense oriented fundamental research that is conducted at U.S. universities.

Through their research, university-based scientists and engineers are helping to prepare the U.S. military to be ready for the new threats it faces in the 21st century, including nuclear, chemical, biological, and other asymmetric threats such as terrorism and cyber attacks. Past university-based basic and applied research discoveries that have made major contributions to the nation's military and defense efforts include inertial navigation, radar, the global positioning system (GPS), precision guidance, advanced materials, and reduced radar cross-section technology.

Indeed, the DOD's past investments in basic and applied research helped the U.S. military to rewrite the rules of war in Afghanistan and Iraq, with new technologies such as advanced laser-guided and precision weapons, the Predator Unmanned Aerial Vehicle that circles and watches for enemy activity, and the Rapid Multilingual Support Device that helps to issue instructions and orders in targeted languages. These investments were also critical in the development of the thermobaric bomb that was rushed into use against al Qaeda and Taliban forces holed up in Afghanistan's mountains and caves. Because of the past investments made in basic and applied research, this weapon could be developed and successfully deployed in only 67 days.

In addition to supporting new technologies, DOD's investment in basic and applied research also plays a critical role in advancing knowledge and in supporting and training a cadre of defense oriented scientists and engineers that work not only at our universities, but also in industry and the DOD's own national laboratories.

DOD research also provides students with hands-on research training experiences, ensuring that we will have a long lasting supply of highly qualified scientists and engineers to go on to work in academia, industry, and federal laboratories in the future.

Finally, DOD sponsored university research is concentrated in fields where advances are most likely to contribute to national defense. DOD accounts for 70 percent of federal funding for university electrical engineering, 40 percent of computer sciences funding, 41 percent of metallurgy/materials engineering funding, and 29 percent of ocean sciences funding. DOD also sponsors fellowships and provides a significant amount of support for graduate students in critical defense fields such as computer science and aerospace and electrical engineering (See Attachment#3 for an illustration of the amount of research support that DOD provides to key engineering sub-disciplines).

Concerns Regarding the Proposed Devolvement of DOD S&T Programs

The second matter that I would like to bring to your attention concerns the Administration's budget proposal to transfer funding, or "devolve," certain critical, joint, and multidisciplinary DOD S&T Programs—including the University Research Initiative (URI)—from the Office of the Secretary of Defense (OSD) to the services.

The proposed devolvement of S&T programs is a matter over which our universities have great concerns. Specifically, such a move could damage the unique nature and design of these programs and could inhibit the types of cross-service integration and coordination of S&T research that these programs have been specifically designed to promote. We are also concerned that if moved out of OSD, and into the services, that the services could direct these funds to service-oriented needs rather than to the broader, long-term research needs that cut across the services. For these reasons, we urge your subcommittee to consider the implications of devolvement of S&T programs for the OSD.

The advantage that these S&T programs have enjoyed by being housed within the OSD is that they have been insulated from the short-term strategic demands that so often drive spending within the individual services. As a result, they have been able to maintain their focus on the long-term S&T needs of the entire DOD. Moreover, because the services have competed with each other for funding from OSD for programs such as the URI, it has been ensured that the service most capable of meeting the DOD's long-term S&T needs was, in fact, awarded the funding.

Programs such as the URI, from which researchers at Cal Tech and many public and private academic institutions have received funding, were specifically designed to support the development of new knowledge and to build a critical mass of experts to address long-term defense research needs that transcend the specific and immediate interests of the individual services.

As a result, URI has been able to successfully support exciting new advances in critical strategic research to the DOD in areas such as nanoscience, smart materials and structures, information technology, human centered systems, synthetic materials and processes, and compact power systems. Over the past five years, funding provided by the URI program has supported 859 graduate fellowships, 1,131 instrumentation projects, and 166 new awards to research teams from institutions located in most every state in the nation.

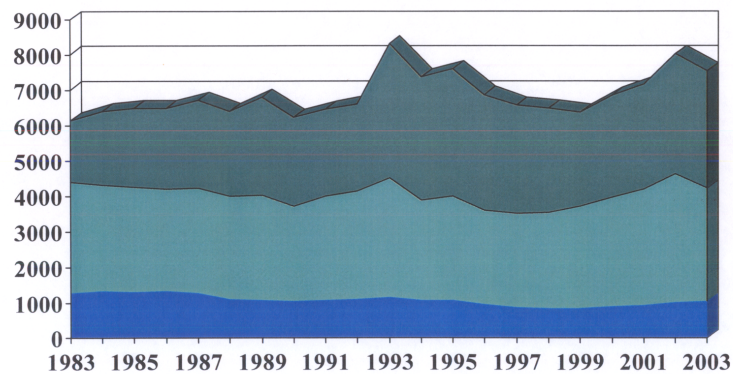
The university community believes that these programs, and the goals for which they were established, have been well served by being housed within OSD. To ensure that these programs meet their stated objectives and best ensure that they continue to provide the knowledge required to properly equip, train and protect the soldiers, sailors, airmen and marines of the future, we ask that the subcommittee take a serious look at the implication of devolving these programs to the services.

CONCLUSION

In conclusion, let me again thank the subcommittee for its ongoing support of Defense S&T. We hope that you will continue the progress that has been made in the past few years in support for the critical S&T programs which make such an important contribution to our national security.

Thank you again for permitting me to testify today.

Defense Science & Technology 1983-2003 (constant dollars)

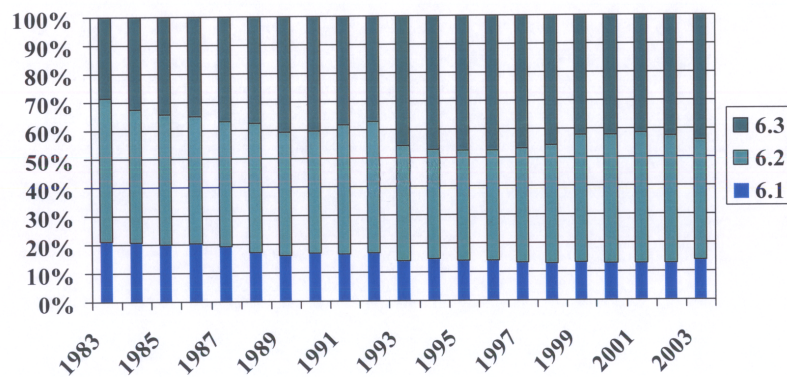


3/12/2003

CNSR

[ATTACHMENT 1]

Defense S&T 1983-2003

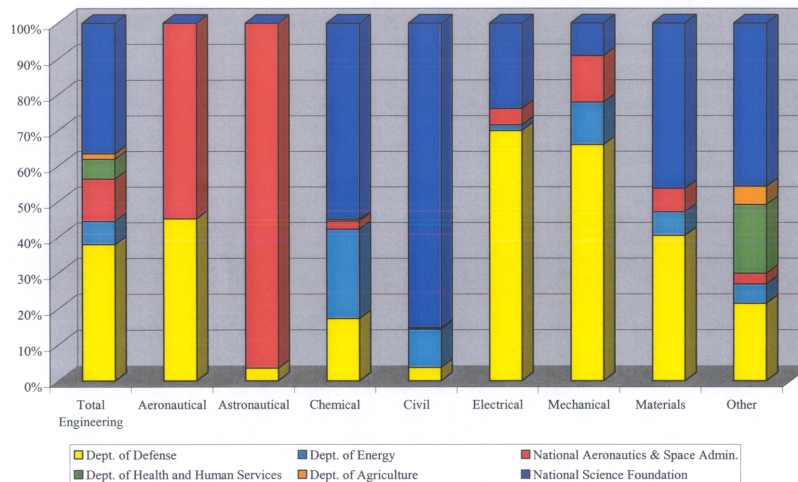


3/12/2003

CNSR

[ATTACHMENT 2]

Federal Obligations for ENGINEERING Basic and Applied Research in Academia,
by agency and field of S&T, FY1999



Source: National Science Foundation, Division of Science Resources Studies

Association of American Universities (AAU), February 2003

[ATTACHMENT 3]

Senator STEVENS. George Dahlman, Vice President for Public Policy of the Leukemia and Lymphoma Society, please.

STATEMENT OF GEORGE DAHLMAN, VICE PRESIDENT, PUBLIC POLICY, THE LEUKEMIA & LYMPHOMA SOCIETY

Mr. DAHLMAN. Thank you, Mr. Chairman, for this opportunity to testify before you on behalf of the Leukemia and Lymphoma Society. During its 53-year history, the society has been dedicated to finding a cure for the blood cancers, the leukemias, lymphomas, and multiple myeloma. A great deal of progress has been made in the treatment of blood cancers and over the last 2 decades there have been impressive strides in the treatment and particularly in lymphoma and in childhood leukemia.

But despite these advances, they pose a continuing risk to Americans. In 2003 more than 100,000 will be diagnosed with a blood-related cancer. Almost 700,000 Americans are currently living with a blood cancer and some 60,000 this year will die from them. Taken together, the blood cancers are fifth among cancers in incidence and second in mortality.

Why are these diseases important to the Department of Defense? They are important for a couple of reasons. First, research on blood-related cancers has special relevance to the Armed Forces because these are the cancers that appear among individuals with chemical and nuclear exposure. Higher incidences of leukemia have long been substantiated in extreme nuclear incidents in both military and civilian populations and recent studies have proven that

individuals exposed to chemical agents like Agent Orange in the Vietnam War cause an increased risk of lymphoid malignancies.

As a matter of fact, a recent report by the Institute of Medicine found that Agent Orange is also connected to chronic lymphocytic leukemia, CLL, and the VA is now covering veterans with that disease. So the Vietnam era defoliant itself is credited with causing lymphomas, chronic myelogenous leukemia, as well as CLL.

Consequently, in the current environment DOD medical research needs to focus on the broader area of blood cancer research as it affects our military and domestic preparedness. Soldiers in the field, the domestic first response personnel, and the civilian population all face blood cancer risks from chemical or nuclear exposures. And as our Nation is contemplating the threat of biological, chemical, or nuclear terrorism, we need to better understand and prepare for the malignancies that would inevitably result from these events.

Secondly, research into blood cancers, as has been mentioned by colleagues, has traditionally pioneered treatments in other cancers. Chemotherapy and bone marrow transplants are two striking examples of treatments that were first developed in the blood cancers and now are applied to other malignancies. Their relevance and the opportunity was recognized over the last 2 years when Congress appropriated \$9.25 million for a program of chronic myelogenous leukemia through the congressionally-directed medical research program.

Since that program was launched, 11 proposals have been recommended for funding and the quality of the proposals has been rated very high and that there is more room for additional research with more funding.

Unfortunately, \$9.25 million does not go very far in medical research and, recognizing that, a bipartisan group of Members of Congress have requested that the program funding be increased to \$25 million and that the program be expanded to all the blood cancers, the leukemias, the lymphomas, and myelomas, and that it provide the research community with the flexibility to build on this pioneering field.

DOD research on the other forms of blood-related cancer addresses the importance of preparing for civilian and military exposure to the weapons being developed by hostile nations and to aid in the research for more effective treatment for all who suffer from these diseases.

I would like to conclude by saying that the Leukemia and Lymphoma Society, along with our partners the Lymphoma Research Foundation and the Multiple Myeloma Research Foundation, strongly endorses and enthusiastically supports and respectfully urges the committee to include funding of \$25 million in the fiscal year 2004 defense appropriations bill.

Thank you very much.

Senator STEVENS. Well, thank you very much. I am sure you know we try our best on those diseases that you mentioned, and we will again do our best.

Mr. DAHLMAN. Thank you.

Senator STEVENS. Thank you.

[The statement follows:]

PREPARED STATEMENT OF GEORGE DAHLMAN

Introduction

I am pleased to appear before the Subcommittee today and testify on behalf of The Leukemia & Lymphoma Society (LLS).

During its 53-year history, the Society has been dedicated to finding a cure for the blood cancers—leukemia, lymphoma, and myeloma. The Society has the distinction of being both the largest private organization dedicated to blood-related cancers and the nation's second largest private cancer organization.

Our central contribution to the search for a cure is providing a significant amount of the funding for basic and translational research in the blood cancers. In 2003, we will provide almost \$40 million in research grants. In addition to our role funding research, we provide a wide range of services to individuals with the blood cancers, their caregivers, families, and friends through our 60 chapters across the country. Finally, we advocate responsible public policies that will advance our mission of finding a cure for the blood cancers.

We are pleased to report that impressive progress is being made in the treatment of many blood cancers. Over the last two decades, there have been steady and impressive strides in the treatment of the most common form of childhood leukemia, and the survival rate for that form of leukemia has improved dramatically.

And two years ago, a new therapy was approved for chronic myelogenous leukemia, a form of leukemia for which there were previously limited treatment options, all with serious side-effects. Let me say that more clearly, if three years ago your doctor told you that you had CML, you would have been informed that there were limited treatment options and that you should get your affairs in order. Today, those same patients have access to this new therapy, called Gleevec, which is a so-called targeted therapy that corrects the molecular defect that causes the disease, and does so with few side effects.

The LLS funded the early research on Gleevec, as it has contributed to research on a number of new therapies. We are pleased that we played a role in the development of this life-saving therapy, but we realize that our mission is far from complete. Many forms of leukemia, lymphoma and myeloma present daunting treatment challenges. There is much work still to be done, and we believe the research partnership between the public and private sectors—as represented in many of the Pentagon research programs—is an integral part of that effort and should be strengthened.

The Grant Programs of The Leukemia & Lymphoma Society

The grant programs of the Society are in three broad categories: Career Development Grants, Translational Research Grants for early-stage support for clinical research, and Specialized Centers of Research. In our Career Development program, we fund Scholars, Special Fellows, and Fellows who are pursuing careers in basic or clinical research. In our Translational Research Program, we focus on supporting investigators whose objective is to translate basic research discoveries into new therapies.

The work of Dr. Brian Druker, an oncologist at Oregon Health Sciences University and the chief investigator on Gleevec, was supported by a translational research grant from the Society. Dr. Druker is certainly a star among those supported by the LLS, but our support in this field is broad and deep. Through the Career Development and Translational Research Programs, we are currently supporting more than 400 investigators in 33 States and ten foreign countries.

Our new Specialized Centers of Research grant program (SCOR) is intended to bring together research teams focused on the discovery of innovative approaches to benefit patients or those at risk of developing leukemia, lymphoma, or myeloma. The awards will go to those groups that can demonstrate that their close interaction will create research synergy and accelerate our search for new therapies, prevention, or cures.

Impact of Hematological Cancers

Despite enhancements in treating blood cancers, there are still significant research opportunities and challenges. Hematological, or blood-related, cancers pose a serious health risk to all Americans. These cancers are actually a large number of diseases of varied causes and molecular make-up, and with different treatments, that strike men and women of all ages. In 2003, more than 100,000 Americans will be diagnosed with a form of blood-related cancer and over 60,000 will die from these cancers. For some, treatment may lead to long-term remission and cure; for others these are chronic diseases that will require treatments on several occasions; and for

others treatment options are extremely limited. For many, recurring disease will be a continual threat to a productive and secure life.

A few focused points to put this in perspective:

- Taken together, the hematological cancers are fifth among cancers in incidence and second in mortality.
- Almost 700,000 Americans are living with a hematological malignancy in 2003.
- More than 60,000 people will die from hematological cancers in 2003, compared to 40,000 from breast cancer, 30,200 from prostate cancer, and 56,000 from colorectal cancer.
- Blood-related cancers still represent serious treatment challenges. The improved survival for those diagnosed with all types of hematological cancers has been uneven. The five-year survival rates are:

	Percent
Hodgkin's disease	83
Non-Hodgkin's lymphoma	53
Leukemias (total)	45
Multiple Myeloma	29
Acute Myelogenous Leukemia	14

- Individuals who have been treated for leukemia, lymphoma, and myeloma may suffer serious adverse events of treatment, including second malignancies, organ dysfunction (cardiac, pulmonary, and endocrine), neuropsychological and psychosocial aspects, and quality of life.

Trends

Since the early 1970s, incidence rates for non-Hodgkin's lymphoma (NHL) have nearly doubled.

For the period from 1973 to 1998, the death rate for non-Hodgkin's lymphoma increased by 45 percent, and the death rate for multiple myeloma increased by more than 32 percent. These increases occurred during a time period when death rates for most other cancers are dropping.

Non-Hodgkin's lymphoma and multiple myeloma rank second and fifth, respectively, in terms of increased cancer mortality since 1973.

Recent statistics indicate both increasing incidence and earlier age of onset for multiple myeloma.

Multiple myeloma is one of the top ten leading causes of cancer death among African Americans.

Despite the significant decline in the leukemia death rate for children in the United States, leukemia is still one of the two most common diseases that cause death in children in the United States.

Lymphoma is the third most common childhood cancer.

Causes of Hematological Cancers

The causes of hematological cancers are varied, and our understanding of the etiology of leukemia, lymphoma, and myeloma is limited. Chemicals in pesticides and herbicides, as well as viruses such as HIV and EBV, play a role in some hematological cancers, but for most cases, no cause is identified. Researchers have recently published a study reporting that the viral footprint for simian virus 40 (SV40) was found in the tumors of 43 percent of NHL patients. These research findings may open avenues for investigation of the detection, prevention, and treatment of NHL. There is a pressing need for more investigation of the role of infectious agents or environmental toxins in the initiation or progression of these diseases.

Importance To The Department of Defense

The Leukemia & Lymphoma Society believes this type of medical research is particularly important to the Department of Defense for a number of reasons.

First, research on blood-related cancers has significant relevance to the armed forces, as the incidence of these cancers is substantially higher among individuals with chemical and nuclear exposure. Higher incidences of leukemia have long been substantiated in extreme nuclear incidents in both military and civilian populations, and recent studies have proven that individual exposure to chemical agents, such as Agent Orange in the Vietnam War, cause an increased risk of contracting lymphoid malignancies. In addition, bone marrow transplants were first explored as a means of treating radiation-exposed combatants and civilians following World War II.

The connection of blood cancers to military exposures was further illustrated in a recent report by the Institute of Medicine, finding that Agent Orange exposure

is connected to cases of chronic lymphocytic leukemia (CLL). Immediately after the determination, the Veterans Administration announced that it will cover the medical expenses of veterans with CLL. The Vietnam-era defoliant is now credited with causing lymphomas, chronic myelogenous leukemia (CML) as well as CLL.

Consequently, in the current environment DOD medical research needs to also focus on the broader area of blood cancer research as it affects our military and domestic preparedness. Soldiers in the field, domestic first-response personnel, and the civilian population all face blood cancer risks from chemical or nuclear exposures, such as a "dirty bomb." Higher incidences of leukemia have long been substantiated in extreme nuclear incidents in both military and civilian populations. As our nation is contemplating the threat of biological, chemical or nuclear terrorism, we need better understanding of, and preparation for, the hematological malignancies that would inevitably result from such events.

Secondly, additional funding would expedite the cure for other cancers. Research in the blood cancers has traditionally pioneered treatments in other malignancies. This research frequently represents the leading edge in cancer treatments that are later applied to other forms of cancer. Chemotherapy and bone marrow transplants are two striking examples of treatments first developed in the blood cancers.

From a medical research perspective, it is a particularly promising time to build a DOD research effort focused on blood-related cancers. That relevance and opportunity were recognized over the last two years when Congress appropriated a total of \$9.25 million to begin initial research into chronic myelogenous leukemia (CML) through the Congressionally Directed Medical Research Program (CDMRP). As members of the Subcommittee know, a noteworthy and admirable distinction of the CDMRP is its cooperative and collaborative process that incorporates the experience and expertise of a broad range of patients, researchers and physicians in the field. Since the CML program was launched, eleven proposals were recommended for funding. The review panel found the overall quality of the proposals was high and quality research from this CMLRP would benefit from additional funding. Additionally, innovative projects that have a high probability of finding new targets for the development of future therapies and new medicines to treat CML were recommended for funding.

Unfortunately, \$9.25 million does not go very far in medical research. Recognizing that fact and the opportunity this research represents, bipartisan members of Congress have requested that the program be modestly increased to \$25 million and be expanded to include all the blood cancers—the leukemias, lymphomas and myeloma. This would provide the research community with the flexibility to build on the pioneering tradition that has characterized this field.

DOD research on the other forms of blood-related cancer addresses the importance of preparing for civilian and military exposure to the weapons being developed by several hostile nations and to aid in the march to more effective treatment for all who suffer from these diseases. This request clearly has merit for inclusion in the fiscal year 2004 legislation.

The Leukemia & Lymphoma Society strongly endorses and enthusiastically supports this effort and respectfully urges the Committee to include this funding in the fiscal year 2004 Defense Appropriations bill.

We believe that building on the foundation Congress initiated over the last two years would both significantly strengthen the CDMRP and accelerate the development of cancer treatments. As history has demonstrated, expanding its focus into areas that demonstrate great promise; namely the blood-related cancers of leukemia, lymphoma and myeloma, would substantially aid the overall cancer research effort and yield great dividends.

Senator STEVENS. Joan Goldberg, National Coalition for Osteoporosis and Bone Diseases. Good morning.

STATEMENT OF JOAN GOLDBERG, EXECUTIVE DIRECTOR, AMERICAN SOCIETY FOR BONE AND MINERAL RESEARCH; ON BEHALF OF THE NATIONAL COALITION FOR OSTEOPOROSIS AND RELATED BONE DISEASES

Ms. GOLDBERG. Good morning. Thank you.

Mr. Chairman and members of the committee, I am representing the American Society for Bone and Mineral Research, also the National Coalition for Osteoporosis and Related Bone Diseases, which includes the National Osteoporosis Foundation, the Pagett Foundation, and Osteogenesis Imperfecta, as well as my own society. To-

gether we represent over 44 million Americans who have bone diseases or are at risk for them, along with more than 5,000 scientists dedicated to improving the prevention, diagnosis, treatment, and understanding of bone diseases and disorders.

Bone health, as you know, is integral to overall health. Our bones support our muscles, protect our vital organs, and store the calcium that is essential for bone density or mass, end strength. What makes bones healthy? It is a complex interaction involving many nutritional, hormonal, behavioral, genetic, and environmental factors—what we eat and drink, the type and duration of our exercise, our family history. These are some of the pieces of the puzzle that fit together when we address bone health.

Bone health is a critical component to consider when evaluating military readiness and performance. Why is bone health so critical to our military? Stress fractures occur in up to 15 percent of military recruits. Stress fractures are most common in legs and feet, but they also occur in the ribs and upper extremities. For healing to occur, recruits need to rest for approximately 3 months. Not only do these fractures delay military readiness and performance, but they represent a high cost, over \$10 million a year.

Our recent engagement in Iraq highlights some additional considerations when it comes to bone health. For example, soldiers routinely carried packs that weighed 70 to 90 pounds over rough terrain for miles on end in often a harsh climate. For many, a fracture could spell an exit from the combat theater as quickly as a shrapnel injury.

It is vitally important to understand how to prevent stress fractures in recruits and in combat to reduce suffering, minimize the time it takes to ready soldiers for combat, and to prevent fractures in training situations and in combat, to reduce the significant costs associated with the fractures.

The DOD has learned a great deal from research to improve soldiers' bone health, but there is much more to be learned. Recent research has examined the effects of impact forces such as running and gait pattern on bone formation and strength. We have also looked at the effect of specific nutritional regimens and the effects of weight management behaviors. Ongoing research is helping us to address the role and the effect of non-steroidal inflammatory medication such as ibuprofen on bone health and performance, the role of nutrition on bone quality, the role of electrical fields to speed bone repair, the role of new diagnostic tools.

But additional topics are also critical to our understanding and to recruits' military health. They include novel approaches, such as the possible use of low frequencies to build high-quality bone, the exploration of how different types of physical training affect bone at the cellular level, and investigations aimed at identifying the best training and nutritional regimens in terms of exercise type and duration, intensity, and nutrient amounts of vitamin D, of protein, etcetera, to optimize fitness, bone health, and prevent injury.

Mr. Chairman, stress fractures compromise the health, military readiness, and performance of our recruits and our troops. A strong, well-trained military proved to be crucial on Iraq and will continue to be a vital component of our future.

We thank you for maintaining the 2003 funding for the bone health and military readiness program. We also know there are many worthy projects in need of funding, especially in the Army's bone health and military medical readiness program. Without additional support, not only are these in jeopardy, but so are our future results that will save money, prevent additional fractures, and further healing.

We respectfully request that you consider a \$10 million appropriation for fiscal year 2004 to help maintain an aggressive and sustained bone research program. Thank you for your commitment to the military's health and safety and thank you for your attention and consideration.

Senator STEVENS. Thank you very much. Again, we will do our best. That is an area of great interest to the committee. Thank you.

Ms. GOLDBERG. Thank you.

[The statement follows:]

PREPARED STATEMENT OF JOAN GOLDBERG

Mr. Chairman and Members of the Committee, this testimony is submitted by Joan Goldberg, Executive Director of the American Society for Bone and Mineral Research (ASBMR), representing the National Coalition for Osteoporosis and Related Bone Diseases, which includes the National Osteoporosis Foundation, the Paget Foundation for Paget's Disease of Bone and Related Disorders, the Osteogenesis Imperfecta Foundation, and the ASBMR.

Together we represent over 44 million Americans who have bone diseases or are at risk for them, along with the more than 5,000 scientists dedicated to improving the diagnosis, treatment and understanding of bone diseases and disorders.

Bone health is integral to overall health. Our bones support our muscles, protect vital organs, and store the calcium essential for bone density or mass, and strength. What makes bones healthy? It's a complex interaction involving many nutritional, hormonal, behavioral, genetic and environmental factors. What we eat and drink, the type and duration of our exercise, our family history—these are some of the pieces of the puzzle that fit together when addressing bone health.

Bone health is a critical component to consider when evaluating military readiness and performance. Why is bone health so critical to our military? Stress fractures occur in up to 15 percent of military recruits. Stress fractures are most common in the legs and feet, but also occur in the ribs and upper extremities. For healing to occur, recruits often need to stop running or marching for weeks. Not only do these fractures delay military readiness and performance, but they represent a cost of over \$10 million per year. Our recent engagement in Iraq highlights some additional considerations when it comes to bone health. For example, soldiers routinely carried packs that weighed 70–90 pounds over rough terrain for miles on end in a harsh climate. For many, a fracture often spelled an exit from the combat theater as quickly as a shrapnel injury.

It is vitally important to understand how to prevent stress fractures in recruits and in combat to reduce suffering, minimize the time it takes to ready soldiers for combat, prevent fractures in training situations and in combat, and reduce the significant costs associated with these fractures.

The DOD has learned a great deal from research to improve soldiers' bone health, but there is more to be learned. Recent research has investigated: the effects of impact forces, such as running, on bone formation; the effect of specific nutritional regimens on bone health; and the effects of weight management behaviors on bone health.

Ongoing research will help address: the role of and effect of non-steroidal inflammatory medications on bone health and performance; the role of remodeling and nutrition on bone quality; the role of electrical fields to speed bone repair; and the role of new diagnostic tools.

Additional topics critical to our understanding and our recruits' military health include: novel approaches, such as the possible use of low frequencies to build high quality bone; explorations of how different types of physical training affect bone at a cellular level; and investigations aimed at identifying the best training and nutritional regimen in terms of exercise duration and intensity, and nutrient amounts, to optimize fitness levels and bone health and to prevent injury.

Mr. Chairman, stress fractures compromise the health, military readiness and performance of our recruits and troops. A strong and well-trained military proved to be crucial in Iraq and will continue to be a vital component of our country's future. We thank you for maintaining 2003 funding for the Bone Health and Military Medical Readiness Program of the U.S. Army Medical Research and Materiel Command located in Fort Detrick, Maryland. We know there are many worthy projects in need of funding, especially in the Army's Bone Health and Military Medical Readiness Program. Without additional support not only are these in jeopardy—and future results that will save money, prevent additional fractures, and further healing—but we risk losing researchers who are dedicated to bone health and these projects in particular.

We respectfully request that you consider an appropriation of \$10 million to maintain an aggressive and sustained DOD bone research program in fiscal year 2004. Thank you for your commitment to the U.S. military's health and safety.

Senator STEVENS. Our next witness is Retired Major General Paul Weaver, for Juvenile Diabetes Research Foundation. Good morning, sir.

STATEMENT OF MAJOR GENERAL PAUL A. WEAVER, JR., USAF (RETIRED), ON BEHALF OF THE JUVENILE DIABETES FOUNDATION INTERNATIONAL

ACCOMPANIED BY:

**CATHY LEE WEAVER
JULIA WEAVER**

General WEAVER. Good morning, Mr. Chairman.

That is number eight, sir.

Senator STEVENS. You do not need to testify if you bring her.

Go ahead.

General WEAVER. Sir, I would like to thank you for the opportunity to appear before you today on behalf of the Juvenile Diabetes Research Foundation (JDRF) International in support of \$10 million in funding for the Technologies in Metabolic Monitoring (TMM), better known as the Julia Weaver Fund Initiative. As you know, I have had the privilege of appearing before this subcommittee numerous times in the past in my capacity as the Director of the Air National Guard. But I am before you today as a civilian who retired after 35 years of military service, to thank you for the funding you have provided for the TMM, Julia Weaver Fund Initiative, and to respectfully request your continued support.

I also want to thank Senator Inouye for bestowing the title of "the Julia Weaver Fund" to the TMM program in honor of my 4-year-old daughter, who is here with my wife Cathy Lee and myself. One month after my retirement from military service, sir, my wife and I took our 2½-year-old daughter then, Julia, to the emergency room at Mary Washington Hospital in Fredericksburg, Virginia, a day that truly changed our lives. Prior to that day, we had been told that Julia had the flu.

Her condition continued to worsen. On New Year's Day morning, we noticed a severe degradation of her overall health. She had lost 10 pounds in one week and was losing mental awareness of her surroundings. We proceeded to the emergency room at Mary Washington Hospital, where we were told after her blood was tested that she had diabetic ketoacidosis. Simply put, she had juvenile diabetes.

The attending physician stated that her condition was grave and that he was not sure that she was going to make it. Julia, whom we call our "Precious," was transported by helicopter ambulance to

the pediatric intensive care unit at Walter Reed Army Medical Center. As the chopper lifted off, I could never explain the feeling in our hearts that we may never see our little girl alive again.

She was in intensive care for approximately 2 days and then moved to a regular ward after her condition became stable. The great medical staff of Walter Reed saved her life, and for that my wife and I will be eternally grateful.

My daughter's daily regimen with juvenile diabetes consists of having her finger pricked six to eight times a day and receiving two to four shots a day. I made a commitment to God that if I could ever do anything to help cure diabetes I certainly would do it. So I am here, sir, before you today to help my daughter and the many other children and adults with diabetes who endure four to six finger pricks a day and try to regulate and maintain their blood glucose levels.

Anyone who has a loved one with the disease or has the disease him or herself knows the difficulties of controlling ever-fluctuating glucose levels within insulin and diet. With our current technology, it is extremely difficult to maintain tight control of glucose levels over long periods of time and devastating complications such as blindness, kidney failure, amputation, heart disease, and nerve damage are often the inevitable result of a lifetime with this disease.

Largely as a result of these complications, diabetes costs our economy in excess of \$132 billion per year and its financial impact is so severe that one out of every four Medicare dollars is spent on individuals with this disease.

Technologies that would noninvasively monitor diabetics' metabolism, coupled with an ability to provide information remotely or wirelessly, would allow individuals with the disease to monitor their blood sugar levels accurately, constantly, and noninvasively, which would ultimately improve the control of fluctuations in their blood glucose levels and potentially reduce the severe debilitating complications.

Sir, in this way this technology could offer a significant and immediate quality of life of 17 million Americans who suffer from this disease and relieve much of the economic burden of this disease on our Nation.

More broadly, sir, however, the development of wireless, remote, noninvasive technologies that could measure the state of metabolism in an individual would have a significant application in protecting the men and women of our Armed Forces. The subcommittee is undoubtedly aware of the risks that our men and women of the Armed Forces face while in harm's way, but may not be aware of the risks just due to everyday medical problems. Technologies for metabolic monitoring could potentially determine health status and accurately communicate this information. This technology could be used to track key personnel in remote areas and monitor their metabolic changes to determine and prevent distress due to stress or illness.

Furthermore, it would provide an ability to respond quickly in the field by providing technology able to deliver antidotes and drug treatments that may be required by sick or injured personnel, as well as nutritional supplements.

The Technologies in Metabolic Monitoring, the Julia Weaver Fund, sir, is helping to develop better technologies that will benefit those with diabetes while at the same time benefiting the men and women of our Armed Forces. The program was established in 2001 by Congress, JDRF, the Department of Defense, National Institutes of Health, and the National Aeronautics and Space Administration (NASA).

Mr. Chairman, JDRF and I thank you, Mr. Chairman and members of the subcommittee, for your generous funding for this program, which has allowed us to prosper to a truly unique and successful initiative. Sir, I respectfully ask that you continue your support for this initiative by providing \$10 million in fiscal year 2004.

Sir, I understand that this subcommittee is faced with difficult choices and limited resources. But think about the return that you are getting on this investment in medical research. Seventeen million people in this country have it; \$132 billion per year.

Senator STEVENS. General, I have got to stop you. I understand and we have supported you and we will continue to try to support you. We appreciate very much your testimony.

General WEAVER. Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF MAJOR GENERAL PAUL A. WEAVER, JR.

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear before you today on behalf of the Juvenile Diabetes Research Foundation International and in support of \$10 million in funding for the Technologies in Metabolic Monitoring/Julia Weaver Fund (TMM/JWF) Initiative.

As you know, I have had the privilege of appearing before this Subcommittee numerous times in the past in my capacity as the Director of the Air National Guard. But I am before you today as a civilian, who retired after 35 years of military service, to thank you for the funding you have provided for the TMM/Julia Weaver Fund Initiative and to respectfully request your continued support. I also want to thank Senator Inouye for bestowing the title "Julia Weaver Fund" to the TMM program in honor of my four year old daughter who is here with my wife Cathylee and me today.

One month after my retirement from military service, my wife and I took our two and a half year old daughter Julia to the emergency room at Mary Washington Hospital in Fredericksburg, Virginia, a day that truly changed our lives. Prior to that day, we had been told Julia had had the flu. Her condition continued to worsen. On New Years Day morning, we noticed a severe degradation with her overall health. She lost 10 pounds in one week and was losing mental awareness of her surroundings. We proceeded to the emergency room at Mary Washington Hospital where we were told, after her blood was tested, that she had diabetic ketoacidosis—simply put she developed juvenile diabetes. The attending physician stated that her condition was grave and that he was not sure she was going to make it. Julia, whom we call "The Precious", was transported by helicopter ambulance to the Pediatric Intensive Care Unit at Walter Reed Army Medical Center. As the chopper lifted off, I could never explain the feeling in our hearts that we may never see our little girl alive again.

She was in the Intensive Care Ward for approximately two days and then moved to a regular ward after her condition became stable. The great medical staff at Walter Reed saved her life and for that, my wife and I will be eternally grateful. My daughter's daily regimen with juvenile diabetes consists of having her finger pricked 6–8 times a day and receiving 2–4 shots a day. I made a commitment to God that if I could ever do anything to help find a cure for diabetes, I would do it.

So I am here before you today to help my daughter and the many other children and adults with diabetes who must endure four to six finger pricks a day to try to regulate and maintain their blood glucose levels. Anyone who has a loved one with this disease, or has the disease him or herself, knows the difficulties of controlling ever-fluctuating glucose levels with insulin and diet. With our current technology, it is extremely difficult to maintain tight control of glucose levels over long periods of time and devastating complications, such as blindness, kidney failure, amputa-

tion, heart disease, and nerve damage, are often the inevitable result of a lifetime with this disease. Largely as a result of these complications, diabetes costs our economy in excess of \$132 billion per year, and its financial impact is so severe that one out of four Medicare dollars is spent on individuals with the disease.

Technologies that would non-invasively monitor diabetes metabolism, coupled with an ability to provide information remotely (or wirelessly), would allow individuals with the disease to monitor their blood sugar levels accurately, constantly, and non-invasively, which could ultimately improve the control of fluctuations in their blood glucose levels and potentially reduce the severity of debilitating complications. In this way, this technology could offer a significant and immediate improvement in the quality of life of 17 million Americans who suffer from this disease and relieve much of the economic burden of this disease on our nation.

More broadly, however, the development of wireless, remote, non-invasive technologies that could measure the state of metabolism in an individual would have a significant application in protecting the men and women of the armed forces. The Subcommittee is undoubtedly aware of the risks that our men and women of the armed forces face while in harm's way, but may not be aware of their risk due to everyday medical problems. Technologies for metabolic monitoring could potentially determine health status and accurately communicate this information. This technology could be used to track key personnel in remote areas and monitor their metabolic changes to determine and prevent distress due to stress or illness. Furthermore, it would provide an ability to respond quickly in the field by also providing technology able to deliver antidotes and drug treatments that may be required by sick or injured personnel, as well as nutritional supplements.

The Technologies in Metabolic Monitoring/Julia Weaver Fund Initiative is helping to develop better technologies that will benefit those with diabetes, while at the same time benefiting the men and women of the armed forces. This program was established in 2001 by the direction and with the support of Congress and close involvement of JDRF and several agencies including the Department of Defense (DOD), the National Institutes of Health (NIH) and NASA. Now in its third year, the program has high-level recognition in the metabolic monitoring community as a program that will foster innovation.

Just to demonstrate how this program has grown over the past three years, in fiscal year 2001 the U.S. Army Medical Research and Materiel Command (USAMRMC), which manages this initiative, received 16 applications and supported 5 novel metabolic monitoring research projects and a highly successful workshop. In fiscal year 2002, the program received \$2.5 million in appropriations and was expanded to include academic, industry, civilian and defense researchers. As a result, 48 applications were received and following a highly competitive review, an additional 12 novel metabolic monitoring research projects received seed grants for one year. These grants should allow researchers to generate enough data to be well placed to seek funding from other established research sources. The USAMRMC is currently accepting applications for the \$4.3 million in fiscal year 2003 funding as provided by this Subcommittee.

JDRF and I thank you Mr. Chairman and Members of this Subcommittee for your generous funding for this program, which has allowed it to prosper into a truly unique and successful initiative. The attached research summaries demonstrate the high level of innovation that has been pursued with these funds. I respectfully ask that you continue your strong support for this initiative by providing \$10 million in fiscal year 2004. This funding would allow the USAMRMC to capitalize on the opportunities provided by the fiscal year 2002 and 2003 funding. In addition, it will enable the USAMRMC to expand this initiative in order to support more of the high-quality research, in particular to support promising military-academia-industry partnerships and continue to stimulate communication between these groups.

I understand that this Subcommittee is faced with difficult choices and limited resources, but think about the return that you are getting on the investment in this medical research. Diabetes currently affects about 17 million people and cost this country \$132 billion per year. One out of every four Medicare dollars is spent on caring for people with diabetes. Continued and substantial funding for the Technologies in Metabolic Monitoring/Julia Weaver Fund Initiative could help to ultimately save the United States billions of dollars in health care costs, improve the quality of life for those with diabetes, and better protect the lives of our men and women in the armed forces in the field.

I thank you for the opportunity to appear before you today. You give my family and I great hope that the daily burden of diabetes will some day be eased as a result of the innovation arising from the TMM/Julia Weaver Fund Initiative.

FISCAL YEAR 2001 RESEARCH SUMMARIES

Interstitial Metabolic Monitoring During Hemorrhagic Shock is a plan to assess variations in interstitial concentrations of potassium, lactate, pyruvate, glucose, calcium, and magnesium with the progression of hemorrhagic shock. A method of microdialysis in an animal model is used to provide continuous monitoring of tissue composition in skeletal muscle and liver. Parameters are compared to their corresponding serum concentrations and to hemodynamic parameters, cardiac contractility, tissue levels of Na^+ , K^+ , ATPase and vascular smooth muscle membrane potentials. The effects of fluid resuscitation in both early and late stages of shock are being examined to evaluate the hypothesis that decompensation results from potassium-mediated vasodilation and/or loss of cardiac contractility.

Non-Intrusive Method of Measuring Internal Metabolic Processes is developing a mathematical model describing the non-intrusive transfer and collection of cortisol from cutaneous capillaries, a membrane based microvolume cortisol assay, and a prototype sampling system to enable transfer of sample to the detection membrane. After developing this system they will evaluate the performance of the prototype sample collection/sample detection system.

The Warfighter's Stress Response: Telemetric and Noninvasive Assessment proposes to provide evidence for a noninvasive, objective assessment of operational performance under highly stressful training situations by developing baseline psychological and biological profiles that predict superior performance under highly stressful training situations. To accomplish this, the investigators plan to develop and further refine models that characterize stress-induced psychological and biological responses that are associated with superior performance under highly stressful training situations and to develop and further refine a telemetric device for the measurement of Heart Rate Variability.

Integration and Optimization of Advanced, Non-invasive, Ambulatory Monitoring Technologies for Operational Metabolic Monitoring is developing a wireless monitoring platform that can accept information from a variety of physiologic, environmental, and appropriate external sensors that can be coupled to mathematical models that permit feedback to the individual on the status of their physiological status.

Measurement of IGF-I During Military Operational Stress via a Filter Paper Spot Assay is studying the Insulin-like Growth Factor-I (IGF-I) to test the hypothesis that the filter paper blood spot method will be an inexpensive and field-expedient method for monitoring the metabolic and health status of soldiers during field and combat situations. The aim of this study is to determine whether the filter paper blood spot collected in a field environment can accurately measure IGF-I and IGF-I binding protein-3 (IGFBP-3) and subsequent changes during stressful training.

FISCAL YEAR 2002 RESEARCH SUMMARIES

Metabolic Rate Monitoring and Energy Expenditure Prediction Using a Novel Actigraphy Method, (Principle Investigator, Daniel S. Moran) has proposed to develop a new, simple, non-invasive method based on actigraphy data for monitoring metabolic rate and predicting energy expenditure.

Portable Physical Activity Monitors for Measuring Energy Metabolism in ROTC Cadets, (Principle Investigator, Kong Y. Chen) has proposed to develop and validate non-invasive, portable techniques for monitoring detailed physical activity, to accurately predict EE, and to determine specific PT-related energy costs and physiological responses in ROTC cadets for short and long-term periods.

Skin Bioengineering: Non-invasive, Transdermal Monitoring, (Principle Investigator, Richard H. Guy) has proposed to develop and optimize a novel, non-invasive, iontophoretic approach for metabolic monitoring via the skin.

Fluorescent Polymer Implant for Continuous Glucose Monitoring and Feedback, (Principle Investigator, Ralph Ballerstadt) has proposed develop and characterize a minimally invasive near-infrared fluorescent polymer sensor designed for transdermal glucose monitoring in interstitial fluid in dermal and subdermal skin tissue. The sensor is designed to be implanted by injection just beneath the superficial layers of the skin. Simple and inexpensive instrumentation can be used to interrogate the fluorescent properties of the sensor that will vary in response to local glucose concentrations. The concept of the proposed implant device is one of most promising technologies currently pursued in glucose-sensor research.

Towards Minutized, Wireless-Integrated, and Implantable Glucose Sensors, (Principle Investigator, Diane J. Burgess) has proposed to develop autonomous sensory devices, using low-power CMOS microelectronics architecture interfaced with an inductively coupled power supply and with logic and communication functions, thus allowing for total implantation. Integrate a glucose oxidase-based electro-

chemical sensor with the above microelectronic device and further equip it with recently developed coatings geared to improve sensor stability.

Implantable Multi-Sensor Array for Metabolic Monitoring, (Principle Investigator, David A. Gough) has proposed to develop a disc version of the multi-sensor array and demonstrate its feasibility as a tissue implant in hamster and pig models with signals conveyed by wire, and to develop preliminary signal processing and data management strategies.

Improved Metabolic Monitoring and Hyperspectral Methods for Wound Characterization, (Principle Investigator, Stuart Harshbarger) has proposed to provide new tools and methods for monitoring metabolic activity in the region of a wound, and to improve the ability to predict the healing response of the wound to external stimuli such as dietary intake and patient metabolic activity.

Evaluation and Refinement of a System and a Method for the Use of Hyperspectral Imaging for Metabolic Monitoring, (Principle Investigator, James Mansfield) has proposed to refine a prototype HSiMM system and to characterize its ability to quantify local changes in cutaneous hemoglobin saturation during a variety of types of metabolic stress. The relationship of these changes to several factors influencing cutaneous physiology will also be determined.

Non-Invasive Monitoring of Insulin-like Growth Factor-I During Differential Physical Training Programs in Warfighters, (Principle Investigator, Bradley C. Nindl) has proposed to non-invasively monitor insulin-like growth factor-I (IGF-I) during physical training in Warfighters by employing a novel, patented method of sampling interstitial fluid (ISF) via a non-invasive, continuous vacuum pressure via micropores in the stratum corneum.

A Minimally-Invasive Dual-Analyte Miniturized Continuous Sensor for Glucose and Lactate, (Principle Investigator, W. Kenneth Ward) has proposed to develop a miniature (300 μm) wire sensor for continuous and simultaneous amperometric monitoring of interstitial glucose and lactate.

A Hydrogel-Based, Implantable, Micromachined Transponder for Wireless Glucose Measurement, (Principle Investigator, Babak Ziaie) has proposed to develop a hydrogel-based, implantable, micromachined transponder for wireless glucose measurement.

Senator STEVENS. The next witness is General, Major General Retired Robert McIntosh, Executive Director, Reserve Officers Association.

STATEMENT OF MAJOR GENERAL ROBERT McINTOSH, USAFR (RETIRED), EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

General McINTOSH. Mr. Chairman, on behalf of the members of the Reserve Officers Association—

Senator STEVENS. Thank you for bringing her in here, General.

General WEAVER. Yes, Mr. Chairman.

Senator STEVENS. We all like to see your daughter. Thank you. Yes, go ahead.

General McINTOSH. On behalf of the members of the Reserve Officers Association (ROA) from each of the uniformed services, I thank you for your generous support in the past and for the opportunity to present the association's views and concerns relating to the Reserve components in the National Defense Appropriations Act for fiscal year 2004.

While the transformation process proposed by the Department of Defense is visionary and bold, ROA is concerned about a number of its provisions. We believe that there are appropriations implications that have not been directly addressed in the appropriations process, that there is a lack of specificity regarding operating authority, and that there is a "one size fits all" approach to some problems that are raised on these difficult and complex budgeting issues.

In the interest of time, I will only cover two of our concerns. The first is the address of the integrity of Reserve component appro-

priations. The fiscal year 2004 defense budget request was predicated in part upon a major change in the way the services' active duty and Reserve component appropriations are structured. Assuming congressional acquiescence, the Department combined the personnel appropriations into a single appropriation for each service. This was ostensibly done to enhance funding efficiencies in management.

Unfortunately, it also undermines the Reserve chiefs' authority as their component's funding directors and impairs their accountability for preparing their components for mobilization. It also, in our view, seriously compromises and diminishes the Congress' constitutionally mandated responsibility to provide oversight to the Armed Forces. It is not in our view a good idea.

In the recent DOD transformation proposal, the Department has requested authority to call reservists to active duty for training for up to 90 days in preparation for mobilization. This training would take place before issuance of mobilization orders and thus would be in addition to, not a part of, congressionally-mandated limitations on activation authorities.

Family and employer support could suffer. ROA believes that any such training, particularly of significant length, should be a part of the mobilization process and start the clock for tour length and associated benefits. The question of when this training begins is also significant. If it begins before the mobilization process, it is a Reserve cost, which could jeopardize other essential training. After mobilization, it is an active duty cost that could deter gaining commanders from including the Reserve component assets in war plans. The 90-day activation for training proposal as written is in our view not a good idea.

In conclusion, our Reserve forces have consistently demonstrated their worth as combat multipliers and as a critical link to the civilian community. They are the litmus test and enabler of the Nation's resolve. With your continued support, they will continue to perform in a superb manner as essential elements of the total force.

We thank you, Senator.
[The statement follows:]

PREPARED STATEMENT OF MAJOR GENERAL ROBERT A. MCINTOSH

Mr. Chairman and Members of the Subcommittee: On behalf of the members of the Reserve Officers Association from each of the uniformed services, I thank you for the opportunity to present the association's views and concerns relating to the Reserve components and the National Defense Appropriations Act for fiscal year 2004.

To say that this is an extraordinary year, a year like no other in recent history has become a truism that belies the harsh reality of September 11th and its aftermath in Afghanistan and now Iraq. So much has changed so obviously in our outlook, our way of living, and our approach to doing the nation's business that it requires no further enumeration.

In the National Defense Authorization Act for fiscal year 1991, the Congress stated that "the overall reduction in the threat and the likelihood of continued fiscal constraints require the United States to increase the use of the Reserve components of the Armed Forces. The Department of Defense should shift a greater share of force structure and budgetary resources to the Reserve components of the Armed Forces. Expanding the Reserve components is the most effective way to retain quality personnel as the force structure of the Active components is reduced . . . The United States should recommit itself to the concept of the citizen-soldier as a corner-

stone of national defense policy for the future.” One can argue about the reduction of the threat, but the increased use of the Reserve components is clearly upon us.

Greater Reliance on Reserve Components

The 50 years of reliance on a large, Cold War, standing military have ended. Confronted with sizeable defense budget reductions, changes in the threat, and new missions, America’s military answer for the future must be a return to the traditional reliance on its Minutemen—the members of the Reserve components. Can America’s Reservists fulfill their commitment to the Total Force—can they meet the challenge?

Operations Desert Shield and Desert Storm proved that the Reserve components were ready and able. During the Gulf War, more than 265,000 Reservists were called to active duty. Of the total mobilized, 32 percent were from the National Guard and 67 percent from “the Reserve.” More than 106,000 Reservists were deployed to Southwest Asia. About 20 percent of the forces in the theater were members of the Reserve components.

In Bosnia and Kosovo, more than 48,000 Reservists have again demonstrated their readiness and their capability to respond to their nation’s call. For the past several years, the Reserve components have provided approximately 12.5 million support days to the Active components annually. That equates to some 35,000 support-years annually, the equivalent of two Army divisions. Thus far, Operation Iraqi Freedom has seen nearly 230,000 Reservists called to active duty. The demobilization has already begun for many; but many Reservists will continue to serve on active duty in the theater of operations and here in the United States and overseas.

A strong, viable Reserve force is an inseparable part of America’s military, a cost-effective augmentation to the Active force and the marrow of the mobilization base. Ultimately, mobilizing Reserve forces is the litmus test and the enabler of public support and national will. The early and extensive involvement of the Guard and Reserve in the Gulf War was instrumental in achieving the strong public support of the military and our national objectives. However transformation plays out, our Reserve forces will continue to have a major role.

Reserve Components’ Cost-Effectiveness

ROA has long maintained that a proper mix of Active and Reserve forces can provide the nation with the most cost-effective defense for a given expenditure of federal funds. Reservists provide 55 percent of the Total Force, but cost only 8.0 percent of the fiscal year 2004 DOD budget. They require only 23 percent of active-duty personnel costs, even when factoring in the cost of needed full-time support personnel. We need only consider the comparable yearly personnel (only) costs for 100,000 Active and Reserve personnel to see the savings. Over a 4-year period, 100,000 Reservists cost \$3 billion less than 100,000 Active duty personnel. If the significant savings in Reserve unit operations and maintenance costs are included, billions more can be saved in the same period. ROA is not suggesting that DOD should transfer all missions to the Reserve, but the savings Reservists can provide must be considered in transformation-driven force-mix decisions. It is incumbent upon DOD to ensure that the services recognize these savings by seriously investigating every mission area and transferring as much structure as possible to their Reserve components.

Transformation Concerns

While the transformation process proposed by the Department of Defense is visionary and bold, ROA is concerned about a number of its provisions. We believe that there are appropriations implications that have not been directly addressed in the appropriations process; that there is a lack of specificity regarding operating authority; and that there is a one-size-fits-all approach to some problems that raises more difficulties than it resolves. Here we will mention only three:

—*Integrity of Reserve Component Appropriations.*—The fiscal year 2004 defense budget request was predicated in part upon a major change in the way the services’ active duty and Reserve component appropriations are structured. Assuming congressional acquiescence, the department combined the personnel appropriations into a single appropriation for each service. This was ostensibly done to enhance funding efficiency and management. Unfortunately it also undermines the Reserve chiefs’ authority as their components’ funding directors, and impairs their accountability for preparing their components for mobilization. It also, in our view, seriously compromises and diminishes the Congress’s constitutionally mandated responsibility to provide oversight to the Armed Forces. It is not a good idea.

—*Term Limits.*—The Department of Defense very recently requested sweeping changes in the way it manages its workforce. No doubt much of what was re-

quested needs doing, but we are asked to take a great deal on faith, and at least some of the changes requested appear to us to be flawed. One proposal would eliminate the congressionally established term limits for specific key officials in the department's leadership. ROA is concerned that eliminating such defined tour lengths (minimum and maximum) will have a very negative impact on the ability of Reserve component senior leaders to speak their minds freely and to contribute meaningfully during the policy-making process. In other words, the proposal to eliminate congressionally mandated tour lengths for the Reserve component chiefs would have a chilling effect on their ability to represent the needs of the people they command—the Reserve forces. The removal of minimum tour lengths would open the door for early dismissal or retirement when what was expressed by Reserve component leaders was not necessarily the desired department solution. The proposal to eliminate mandated tour lengths for Reserve component chiefs is not a good idea.

—*Skill Training.*—In the same proposal, the department has requested authority to call reservists to active duty for training for up to 90 days in preparation for mobilization. This training would take place before issuance of mobilization orders, and thus would be in addition to, not a part of, congressionally mandated limitations on activation authorities. Family and employer support could suffer. ROA believes that any such training, particularly of significant length, should be a part of the mobilization process and start the clock for tour length and associated benefits. The question of when this training begins is also significant. If it begins before the mobilization process, it is a Reserve cost, which could jeopardize other essential training; after mobilization, it is an active duty cost that could deter gaining commanders from including Reserve component assets in their war plans. The 90-day activation for training proposal, as written, is not a good idea.

I will now address service-specific issues.

ARMY RESERVE

We thank the Congress for its support of the Army and its approval of the Army's Reserve component fiscal year 2003 budget request. These funds will significantly improve the quality of life and training capabilities of the Army Reserve and the Army National Guard as they meet the challenges of the 21st century. While the Army is undergoing a major transformation it is also engaged in the Global War on Terrorism and in a major ground conflict in Iraq. While current operations receive the major share of resources and attention we must also fund the legacy force, modernization and fielding of equipment, the education and training of today's and tomorrow's leaders, family support programs to support the spouses and families left behind, the evolving needs of homeland defense, and needed maintenance and repair and recapitalization of the facility infrastructure.

For fiscal year 2004 the expected Army's total obligation authority (TOA) for its Active, Guard, and Reserve components is \$93.9 billion, an increase of \$3 billion over fiscal year 2003 but still only 24 percent of the total \$379.9 billion defense budget. The fiscal year 2004 budget request, as have previous budgets, critically underfunds the Army Reserve personnel, operation and maintenance, equipment procurement, and military construction accounts. These resourcing shortfalls will adversely affect readiness and training and ultimately the quality of life, the morale, and the retention of these highly motivated and patriotic citizen-soldiers.

The Army Reserve's projected share of the Army budget request in the fiscal year 2004 DOD budget request is \$5.3 billion or 5.8 percent of the entire \$94 billion Army request—a tremendous force structure and readiness bargain for the investment. Separated into the Reserve Personnel, Army (RPA) and the Operation and Maintenance, Army Reserve (OMAR) accounts, the request is for approximately \$3.62 billion RPA and \$1.9 billion OMAR. With the large number of Army Reservists mobilized and receiving pay from the active duty pay accounts, initial projections suggest that the fiscal year 2004 RPA account, with a few exceptions, will adequately fund the majority of the RPA accounts. However the OMAR, MILCON, and equipment accounts still require considerable plus-ups to fully fund known requirements—requirements that were identified during the development of the president's budget, but because of insufficient funding fell below the line and were not resourced.

Critical/executable funding shortfalls identified in the RPA and OMAR areas alone are expected to exceed \$248 million. Not included in this \$248 million shortfall is the Army Reserve's estimate that it will require \$1 billion to modernize and transform its aging equipment inventory. Also not included in the overall shortfall

of funding is the estimated \$1 billion backlog in required Army Reserve military construction.

Reserve Personnel, Army (RPA)

The fiscal year 2004 requested end strength for the Army Reserve is 205,000. Reliance on the Guard and Reserve for involvement in real world operations and domestic contingencies increased considerably during the last decade and significantly in response to the events of September 11 at the World Trade Center and at the Pentagon. The Army Reserve is a full partner in the Army's real world operations, the war against terrorism, and the ongoing war in Iraq. Adequate RPA funding to support the training of the Reserve to enable it to support the Army and our national military strategy remains critical. The most visible funding shortfall for RPA in the fiscal year 2004 \$3.62 billion RPA budget request is funding for professional development training.

Professional Development Education.—Funding for this program provides formal professional education programs of varying lengths which qualify Reservists for promotion and train them to meet the challenges of leadership and the ever evolving modernization and Army transformation. Without the required funding Army Reservists will not be educationally qualified for promotion and possibly be denied continuation in the Army. The fiscal year 2004 \$108.7 million program has been funded at \$72.4 million leaving an executable/critical shortfall \$36.3 million

Operations and Maintenance, Army Reserve (OMAR)

The fiscal year 2004 DOD budget request for the Army Reserve Operations and Maintenance (OMAR) account is \$1.9 billion. We believe there is at least a \$212.6 million executable/critical OMAR shortfall in the fiscal year 2004 budget request that will force the Army Reserve to compensate by further reducing equipment and facility maintenance, and supply purchases.

Currently the expected OMAR appropriation is experiencing serious resourcing shortfalls in force protection and anti-terrorism, environmental programs, secure communications, network service, BASOPS, depot maintenance, and family support programs. Some critical shortfalls are shown below:

(In millions of dollars)

Force Protection/Anti-Terrorism	36.5
Environmental Programs	22.8
Secure Communications	23.9
Network Service/Data Center	9.0
BASOPS to 95 percent	93.8
Depot Maintenance	22.7
Family Support Programs	3.9
Total	212.6

Secure Communications

There are insufficient resources to fund Army Reserve secure communications needed to secure DOD's integrated world-wide common-user network for exchanging secure and non-secure data, voice and video information. The Army Reserve \$49.4 million program is underfunded by \$23.9 million or 48 percent of its validated requirement. The \$49.4 million program has been funded at \$25.5 million (52 percent) leaving an executable/critical shortfall of \$23.9 million.

Army Reserve Base Operations (BASOPS)

BASOPS programs provide essential services at Army Reserve controlled installations (including two of the Army's power projection platforms) and USAR regional support commands. Services include the operation of utilities; real estate leases; municipal services, to include pest control, refuse handling operations, snow and ice removal, public works management, master planning, fire and emergency services, real property exchanges; information management; logistics services, including maintenance of material transportation, supply, laundry and dry cleaning and food services.

This shortfall could adversely affect physical security, logistical support and the Army Reserve's ability to make payments for leases and utilities. The Army's goal is to fund the program at the 95 percent level. The \$340.3 million program has been funded at \$229.5 million (68 percent) leaving an executable/critical shortfall of \$93.8 million at the 95 percent funding level.

Army Reserve Fiscal Year 2004 Depot Maintenance

The Army has insufficient TOA to fully resource all depot level maintenance required to meet wartime readiness levels. The lack of funding will exacerbate the degradation of aging equipment and negatively affect USAR unit readiness, specifically the tactical wheeled vehicle fleet, and hinder the USAR's ability to provide combat support/combat service support (CS/CSS) to Active Army combat forces. Failure to fund this requirement delays the deployment of forces from CONUS to the theater of operation as well as limits the Army Reserve's ability to respond to civil authorities in support of homeland security. The \$77.7 million program has been funded at \$55.0 million (71 percent) leaving an executable/critical shortfall of \$22.7 million.

OMAR Summary

ROA urges the Congress to add \$212 million to support these neglected and critically underfunded Army Reserve OMAR programs.

National Guard and Reserve Equipment Request (USAR)

The Office of the Secretary of Defense in its February 2002 "National Guard and Reserve Equipment Report for fiscal year 2003", states that the Army Reserve has 93 percent of its Equipment Readiness Code A (ERC A) equipment items on-hand for all of its units. Currently the Army Reserve is short \$1.75 billion of mission essential equipment and a large portion of the equipment is nearing, or already past, its Economical Useful Life (EUL). Realistically, the equipment on hand (EOH) includes substituted equipment—some that is not compatible with newer equipment in the Active Army, Army National Guard, and Army Reserve equipment inventory and may not perform as required. Substituted equipment continues to cause equipment compatibility problems that degrade Army Reserve readiness and its ability to support its CS and CSS mission.

The greatest source of relief to Army National Guard and Army Reserve equipment shortfalls is the National Guard and Reserve Equipment Appropriation (NGREA) that funds equipment requirements identified by the services but not resourced due to funding shortfalls in the FYDP. Since 1981 the Army Reserve has received, through the oversight of Congress, over \$1.5 billion in equipment through the NGREA. Without the appropriation the Army Reserve would still be struggling to reach 50 percent EOH. The NGREA works, and works well.

ROA urges the Congress to continue the NGREA and to fund a minimum \$200 million of the Army Reserve's \$866 million fiscal year 2004 Equipment Modernization Requirement.

AIR FORCE RESERVE

In the past three decades, Air Force Reserve members have seen the lines blur between their being a part time force and a full time force as they have increased their mission areas and proven that their knowledge, experience, and diversity are important contributors to our nation's security. The Air Force Reserve has built a force that can reshape itself into quick responders or peace maintainers.

The Air Force Reserve is the fourth largest major command in the Air Force and provides 20 percent of the Air Force capability for only 3.25 percent of the total Air Force budget. These remarkable numbers are possible in part to the command leading the way in leveraging the costs of forces by partnering with active duty in associate units, in which reservists share flying and maintenance responsibilities by augmenting active duty forces without additional physical structure.

The mobilizations for Operation Enduring Freedom and Operation Noble Eagle have shown us that many of the problems, which occurred during Desert Shield/Desert Storm, were not peculiar to that effort because they are reoccurring. The increased utilization of Reservists underscores the need to reduce policy differences between active and reserve, reduce the reservist out-of-pocket costs and maintain their readiness.

From 1953 to 1990 the Air Force Reserve contributed forces to 11 contingency and real world operations during that 38-year period compared to over 50 operations in 11 years from 1991 to now.

The ROA urges the Congress of the United States to appropriate funds for the following:

MISSION SUPPORT

[Dollars in millions]

Requirement	Cost	Description
AFR BMT Increases	\$10.0	Adds 275 BMT and 3-level technical training quotas due to projected increase in non-prior service recruits. Current accession quotas do not sustain force requirements—brings BMT total to 2,434 annual accessions across FYDP.
AFR Recruit Advertising	4.3	Past and current AFRC advertising budget has not kept pace with increases in marketing costs or with other services.
AFR BMT Increase (Long Haul)	0.8	Adds 1,566 BMT and 3-level tech training quotas due to projected increases in non-prior recruits. Current accession quotas do not sustain force requirements—brings BMT total to 4,000 annual accessions across FYDP.
AFR Security Forces Manpower	14.5	Provides Long Haul growth of 588 total authorized (548 enl. AGRs, 38 civilian, 2 off. AGRs); plus 576 A/B MoBags, weapons, LMRs, vehicles and other FP equip. 12 of the AGRs require no equipment.

According to Lieutenant General James E. Sherrard, Chief of Air Force Reserve, “The first bombs fell from Reserve aircraft on 7 October, day one of Operation Enduring Freedom. Of the 75,000 members in the command, 13,000 were activated with an additional 20,000 positions filled through volunteerism.” As part of this, approximately 4,500 reservists continue to serve in a second year of mobilization. Now as our country faces the challenges of Iraq, the Air Force Reserve has contributed 13,000 members as of 20 March 2003.

The ROA urges the Congress of the United States to appropriate funds for the following:

MODERNIZATION

Aircraft	Location	Description
C-5	Wright-Patterson AFB OH Lackland AFB TX Westover AFB MA Dover AFB DE Travis AFB CA	Modernize C-5s for Avionics Modernization Program (AMP) and Reliability Enhancement Re-engining Program (RERP) to increase operational ability and reduce maintenance costs.
C-17	March ARB, CA	Replace C-141s being phased-out of service by fiscal year 2006.
WC-130J	Keesler AFB, MS	Complete upgrade of aircraft for the “Hurricane Hunters” mission and continue as a Reserve mission.
C-40	Scott AFB, IL	Replace C-9s being phased out of service by fiscal year 2006.

In 2002, the Air Force Reserve Command simultaneously met their mission requirements in Aerospace Expeditionary Force (AEF) rotations, global exercises, ongoing operations and readiness training. While balancing these demands, specialty missions for weather, aerial spray and firefighting were also completed.

The ROA urges the Congress of the United States to appropriate funds for the following:

EQUIPMENT

[Dollars in millions]

Requirement	Cost	Description
C-130J Radar	\$50.0	Upgrade will correct display inconsistencies range, minimize startup attenuation errors, and add capability to increase range distance for identification of hazards for 10 aircraft.
C-17 Aircrew Training System	20.0	Procures aircrew training system for March ARB.
F-16 LITENING II AT Upgrade Modification	16.2	LITENING II is a multi-sensor pod providing a precision strike capability.
F-16 LITENING II AT POD Procurement	14.4	Additional targeting pods are needed for the Air Force Reserve to support ONE, OEF, local training, pod replacement and future contingencies.

EQUIPMENT—Continued

(Dollars in millions)

Requirement	Cost	Description
F-16 Color Display	16.0	Hi-definition color multifunction displays will enable the F-16 to display more precise, informative pictures improving interpretation, situational awareness, and increasing visual acuity for target recognition with electro-optical weapons and targeting systems.
A-10 Targeting Pods	48.0	Additional targeting pods are needed for the AFRC to support ONE, OEF, local training and future contingencies.

NAVAL RESERVE

The Naval Reserve has mobilized over 17,500 Selected Naval Reservists in direct support of Operations Noble Eagle, Enduring Freedom, and, most recently, Operation Iraqi Freedom. The majority of these Naval Reservists have been recalled individually based on specific skills. They include significant numbers of law enforcement officers and augmentees to combatant commands. Entire units of the naval coastal warfare commands were activated. Medical, supply, mobile construction force, intelligence and other specialties have been heavily tasked. Naval Reserve pilots are maintaining the flow of personnel and materiel to the theater of operations.

Funding for fiscal year 2003 enabled the Naval Reserve to resource peacetime contributory support, bonuses, a substantial pay raise, real property maintenance, base operating support, and recruiting advertising/support. It is clearly evident that Congress has given full recognition to the significant and well-recognized compensating leverage offered by today's Naval Reserve, which represents 19 percent of the Navy, yet expends only 3 percent of the budget.

Although funding levels appropriated for fiscal year 2003 and proposed for fiscal year 2004 sufficiently provide for the operation, maintenance, and training of the Naval Reserve, continued Naval Reserve force structure reductions represent a disturbing trend. Whether structural reductions are accomplished in a good-faith effort toward transformation or simply to provide a financial offset for a higher priority active program, the net effect is a reduction in the capability of the Naval Reserve to provide both peacetime contributory support and a war time surge capability.

Structural reductions in the fiscal year 2004 budget include the decommissioning of VFA-203, all eight NMCB augment units, one naval construction force support unit and one of four Naval Reserve fleet hospitals. Additionally, the Navy budget for fiscal year 2005 calls for the decommissioning of VAW-78, as part of the elimination of much of CAG-20, and the conversion of 3 of 7 VP squadrons to augment units. The Navy has indicated that it intends to deconstruct the entire Reserve helicopter wing in fiscal year 2005, to include decommissioning the only two currently mobilized combat search air rescue (CSAR) squadrons, HCS-4 and HCS-5, in the entire Navy.

ROA strongly urges the Congress to hold the line against these major structural reductions. As a policy, it appears that the Navy is embarking on the complete deconstruction of the Naval Reserve force structure. ROA requests that the Congress hold hearings with the objective of discovering the Navy's strategy, goals and anticipated benefits of this deconstruction. Moreover, ROA strongly urges the Congress to provide full funding as described below for the hardware procurement and modernization required to maintain the Naval Reserve as a viable and cost-effective force multiplier.

Equipment Modernization

Over the past years, much of the progress made in improving the readiness and capability of Naval Reserve units has been the direct result of congressional action. Specifically, the willingness of the Congress to designate new equipment for the Naval Reserve in the National Guard and Reserve Equipment Appropriation (NGREA) and to earmark funding for the Naval Reserve in the traditional procurement appropriations was instrumental in maintain equipment currency and operational readiness. In fiscal year 2004, the Navy included additional funding in its budget request to support Naval Reserve equipment modernization. Specifically, funding for one C-40A aircraft, C-130T aircraft upgrades naval coastal warfare boats and equipment upgrades and Naval Construction Force equipment procurement was included in the budget submission to Congress. Although a major step in the right direction, additional funding is urgently required to support Naval Reserve

equipment modernization unfunded requirements that exceed \$350 million in fiscal year 2004 alone.

As the number one equipment funding priority of the Naval Reserve, the Boeing C-40A transport aircraft, which is replacing the Naval Reserve's 27 C-9B and DC-9 aircraft, is of vital importance to operational commanders, because the Naval Reserve provides 100 percent of the Navy's organic lift capability in support of Naval Component and Fleet Commanders logistics requirements. The average age of Naval Reserve C-9 aircraft is nearly 30 years. Aircraft obsolescence is being reached because of deficiencies in the avionics suite, power plant, and the overall aging of the airframe. In addition, existing C-9 engines do not meet current international environmental and noise abatement requirements that eventually could result in the exclusion of C-9 aircraft from airspace in specific regions of the world. Finally, the cost of maintaining the C-9 fleet increases annually as the aircraft get older. The Navy has contracted for seven C-40A's and six have been delivered. The balance of the Naval Reserve's requirement is for an additional 20 C-40s.

Equipment modernization is a critical priority for the Naval Reserve. ROA strongly urges the Congress to provide \$330 million to support the vital and continuing Naval Reserve unfunded equipment needs in fiscal year 2004.

Marine Corps Reserve

With over 20,000 Marine Corps Reservists mobilized for Operations Iraqi Freedom, Enduring Freedom and Noble Eagle, over 50 percent of the Marine Corps Reserve have been recalled under the partial mobilization declared by the President. As we write, the 1st Marine Expeditionary Force is streaming toward Baghdad, with approximately 15,000 Marine Corps Reservists in the CENTCOM Area of Responsibility (AOR) and in the battle. Marine Corps Reservists are integrated at every level of joint operations, force structure and forward support, in theater and in the United States. Marine Corps Reservists are in every theater of the war on terrorism. In Guantanamo Bay, Cuba, they continue guarding Al Qaeda detainees and in Afghanistan securing the heartland of the Taliban. Every Marine, whether Active or Reserve, is first and foremost a Marine and a rifleman.

ROA urges the Congress to maintain Selected Marine Corps Reserve end-strength at 39,600 (including 2,261 Active Reservists).

Funding Shortfalls

The request to support the Marine Corps Reserve appears to be underfunded in the Aircraft Procurement, Navy (APN), Operation and Maintenance, Marine Corps Reserve (O&MMCR), Reserve Personnel, Marine Corps (RPMC) and Procurement, Marine Corps (PMC) appropriations. Maintaining the necessary funding to pay, educate, and train our Marine Reservists, and to enable the units of the Marine Forces Reserve to conduct appropriate training and operations with current fleet compatible equipment is the vital first step to combat readiness and sustainability.

Additional O&MMCR funds are needed for initial issue of equipment, replenishment and replacement of equipment, exercise support, and organizational and depot maintenance. Only by equally equipping and maintaining both the Active and Reserve forces will Total Force integration be truly seamless. Foremost is the maintenance of aging equipment. The Marine Corps Reserve armored vehicles' age, coupled with increased use, contribute to this requirement. The Initial Issue Program also continues to be a top priority. This program provides Reserve Marines with the same modern field clothing and personal equipment issued to their Regular Marine counterparts: improved load bearing equipment, all purpose environmental clothing systems (APECS)/3rd generation Gortex, small arms protective inserts, outer tactical vests, light weight helmets, modular general purpose tent systems, modular command post systems, and lightweight maintenance enclosures. Modern equipment continues to be critical to the readiness and capability of the Marine Corps Reserve. Although the Marine Corps attempts to implement fully the single acquisition objective philosophy throughout the Marine Corps Total Force (Active and Reserve), there are some unfilled Reserve equipment requirements that have not been met because of funding shortfalls.

To achieve the readiness necessary to quickly mobilize and augment the Active Marine Forces in time of national emergency, Marine Forces Reserve units must be equipped in the same manner as their Active force counterparts. The top modernization requirement of Marine Corps Reserve continues to be Engineering Change Proposal 583 (ECP-583), which will make its F/A-18A aircraft compatible with the F/A 18 Cs utilized by the Active force. As part of a complete modernization to achieve complete Force interoperability and support compatibility, this initiative will upgrade the aircraft to state of the art avionics and weapons systems. A safe and consistent fielding of the V-22 Osprey tilt rotor flight system is critical to the future

readiness of Marine Corps aviation. Reserve CH-46Es will not be replaced for at least another 10 years at the current planned production rate. Further, until the V-22 is fielded to the Reserve, the Marine Corps Reserve will not be able to take full advantage of the skills of V-22-trained Marines who separate from the Active forces. The increasing cost of CH-46E maintenance and this potential loss of V-22 expertise can be avoided by earlier fielding of the V-22 across the Total Force. As current operations in Iraq highlight, the CH-53 helicopter night vision system is critical to success. This system provides an improved night and adverse weather capability for this helicopter, a mainstay of forward deployed combat operations. It provides aircrews and embarked ground force commanders video displays with infrared imagery overlaid with flight information and navigational data.

With network-centric warfare, it is vital that Marine Corps Reserve units and individual Reservists be able to communicate securely and robustly. Two major shortfalls are in the area of radio communications: the PRC 117 multi-band radio for counterintelligence HUMINT Equipment Program (CIHEP) and the PRC 148 handheld radio. The full purchase of the PRC 148 will enable the consolidation of a half a dozen radio systems into one Marine Corps-wide system.

AVIATION EQUIPMENT FUNDED THROUGH AIRCRAFT PROCUREMENT NAVY APPROPRIATION

[Dollars in millions]

Item	Cost	Number Req.
MARINE CORPS RESERVE FISCAL YEAR 2004 UNFUNDED EQUIPMENT NEEDS		
F/A-18A ECP-583 (16 USMCR aircraft)	\$69.0	36
CH-53E Helicopter Night Vision System (HNVS) "B" Kits	45.0	.....
MARINE CORPS RESERVE FISCAL YEAR 2004 UNFUNDED OPERATIONS AND MAINTENANCE REQUIREMENTS		
Initial Equipment Issue (Reserves)	13.5	.....
Depot Level Maintenance Program	7.5	.....
FISCAL YEAR 2004 RESERVE PROCUREMENT, MARINE CORPS (PMC)		
PRC 117 Multi Band Radio for Counterintelligence HUMINT Equipment Program (CIHEP)	2.1	59
PRC 148 Handheld Radio	4.0	527
FISCAL YEAR 2004 RESERVE PERSONNEL, MARINE CORPS (RPMC)		
Active Duty for Special Work (ADSW) for Marine for Life Program—funds 125 Reserve Marines	9.1	125

ROA recommends that the Congress appropriate \$150.2 million for these critical unfunded Marine Corps Reserve priorities.

COAST GUARD

We are aware that this committee is not responsible for the direct funding of the Coast Guard or the Coast Guard Reserve. Nevertheless, a fully funded Coast Guard is vital to ensuring the security and safety needs of America through the performance of its traditional core missions and its increased homeland security posture. Similarly, funding for the Department of Defense and the Department of the Navy remains constrained. The Coast Guard transferred from the Department of Transportation to the Department of Homeland Security on March 1, 2003. Therefore, it is vital to be farsighted as we cross into the 21st century to ensure a continued robust sea power.

Homeland Security

The Coast Guard's homeland security efforts prior to September 11th were directed toward executing and enhancing maritime safety and security, environmental protection, and homeland defense in addition to other normal peacetime missions. Through the NAVGUARD Board and other mechanisms, the Coast Guard worked closely with the Department of the Navy to address domestic force protection for naval assets. Jointly, they were also preparing for the future by developing a methodology to conduct initial domestic Port Vulnerability Assessments to identify critical infrastructure and high-risk activities in our ports and to target their limited resources against the greatest threats. In addition, the Coast Guard promoted the concept of Maritime Domain Awareness in cooperation with members of the National Security Council. They were also planning for the establishment of domestic active-duty Maritime Safety and Security Teams that will possess specialized law

enforcement and force protection capabilities to meet emerging port security requirements in normal and heightened threat conditions.

Deepwater Capability

Beginning in 2002, the Coast Guard has undertaken the Integrated Deepwater System Program in order to recapitalize its aging and technologically obsolete cutters and aircraft over the next twenty years. The Deepwater Program will provide the Coast Guard with the capabilities it needs to operate effectively and efficiently in the coming decades. From the Coast Guard's perspective, "deepwater" refers to any operation that requires an extended on-scene presence or long transit to the operating area. They can be conducted in port, near the coast or offshore.

The Coast Guard's current fleet has high personnel and maintenance costs. Some ships have been in service for more than 50 years. The continued protection of the public, at a lower cost, requires further investment to enable the Coast Guard to design more capable and less labor-intensive ships and aircraft. Without the necessary investment, operations and maintenance costs will continue to increase rapidly and performance will continue to erode. Adequate investment in the Deepwater Program will sustain the Coast Guard's capability for providing services critical to America's public safety, environmental protection, and national security for the next 40 years—through the replacement of assets that are at, or fast approaching, the end of their service lives.

The Integrated Deepwater System Program will also strengthen the Coast Guard's already close relationship with the Navy. The Coast Guard's National Security Cutter, as well as other major cutters acquired through the Deepwater program, will be readily available to support critical Department of Defense operations such as maritime surveillance and interception, convoy escort, search and rescue, and enforcement of maritime sanctions. Such options allow Navy "high end" ships to be more effectively employed in higher threat/combat operations.

The Reserve Officers Association urges the Congress to fully support the Coast Guard's Integrated Deepwater System Program, its new start authority, and the Navy's acquisition of assets for the Deepwater program. In addition, the ROA strongly urges the Congress to examine the desirability and feasibility of accelerating the Deepwater Program in order to achieve the desired acquisition objectives within ten years instead of the current estimated completion period of twenty years. The Coast Guard Reserve The events of 11 September and their aftermath have affected the Coast Guard Reserve more, perhaps, than the other Reserve components. The Coast Guard Reserve was the first Reserve component mobilized. On the afternoon of 11 September, the Secretary of Transportation exercised his unique domestic recall authority and authorized the largest recall of Coast Guard Reservists in history. By week's end, over 1100 reservists were on duty throughout the nation helping to ensure the security of the nation's seaports and waterways. Eventually nearly one third of the entire Selected Reserve (SELRES) was mobilized, proportionally far more than any other Reserve Component. Without its Reserve, the Coast Guard could not have surged so rapidly to increase the physical security of our vital ports and waterways.

Coast Guard Selected Reserve End Strength

ROA strongly urges congressional approval to increase the authorized and appropriated end strengths of the Active and Reserve Coast Guard. Specifically, the Coast Guard Reserve should be increased from 9,000 to 10,000 in fiscal year 2004.

Coast Guard Reserve Funding

It is estimated that the administration has requested \$115 million for the support of reserve training and support for fiscal year 2004. With the consolidation of the Operating Expenses (OE) and the Reserve Training (RT) appropriation accounts, visibility is lost on the amount of support provided to the Coast Guard Reserve. Given the present procedures for reimbursement for operating expenses and direct payments by the Coast Guard Reserve, this is the minimum needed to fund a training program and to increase the force from 9,000 to 10,000. Given the events of September 11th and the national priority on homeland defense, we need a strong and vibrant Coast Guard Reserve, perhaps more than ever before. Providing the adequate funding will help ensure qualified and experienced members are available and prepared for the next surge requirement.

As noted above, ROA objects to the loss of visibility of the amount of support provided to the Coast Guard Reserve. ROA believes that the Congress, in its capacity of providing constitutional oversight of the execution of the Budget of the United States, must have the ability to sufficiently review the documented Coast Guard Reserve program.

CONCLUSION

Thank you for the opportunity to represent the Reserve Officers Association's views on these important subjects. Your support for the men and women in uniform, both Active and Reserve is sincerely appreciated. I'll be happy to answer any questions that you might have.

Senator BURNS [presiding]. General McIntosh, did you—in your testimony did you give us any—how would you solve this problem of the 90-day callup training period?

General MCINTOSH. I think if in law it was tied to starting the mobilization clock, in other words if it was under a partial mobilization contingency that was the reason they had to be called for training, then the 2-year, maximum of 2 years for recall under partial mobilization, that clock should start the day they show up for training. And we believe that the 90 days should tie to the use of those forces in an actual contingency or conflict.

Senator BURNS. Okay, thank you very much. We will make note of that and we thank you for your testimony. Sorry you have to be handed off through this. This is a terrible way to run a hearing, I will tell you. We thank you.

Now we will call Rodney Lester, CRNA with the American Association of Nurse Anesthetists. In other words, you put people to sleep.

STATEMENT OF RODNEY C. LESTER, CRNA, Ph.D., PRESIDENT, AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

Dr. LESTER. Yes, sir.

Senator BURNS. You would run out of work up here because we do it naturally.

Thank you for coming today.

Dr. LESTER. Senator Burns, good morning and thank you for the opportunity to testify today. We appreciate it. My name is Rodney Lester. I am a Certified Registered Nurse Anesthetist (CRNA) and President of the American Association of Nurse Anesthetists (AANA). In addition, I recently retired from the Army after 5 years of active duty and 24 years as a reservist.

The AANA represents more than 30,000 CRNAs, including the 516 who are on active duty. Currently there are more than 360 CRNAs deployed in the Middle East providing anesthesia care. That includes both active and reserve components.

To ensure modernization military medical readiness, we must have anesthesia providers that can work independently and be deployed at a moment's notice. For this reason, the AANA is concerned over the recently proposed rule to include anesthesiologist's assistants (AAs) as authorized providers under the Tricare program. Before the rule was published, there should have been full congressional review of the AA's safety record, cost effectiveness, and limited scope of practice.

AAs are trained to assist the anesthesiologist in providing anesthesia care and cannot act independently. Immediate and independent action is required when providing anesthesia. AAs are not recognized anesthesia providers in any branch of the military and do not practice in all 50 States. There are only five States that have separate licensure for AAs. If most of the country does not recognize the AA practice, why should Tricare have AAs providing anesthesia care to our military and their dependents?

Since the introduction of AAs to the health care system 30 years ago, there are two schools in the country and only about 700 AAs practicing. This is in contrast to nurses, who have been providing anesthesia care since prior to the Civil War. Today we have 85 nurse anesthesia schools, with over 30,000 CRNAs practicing. AAs will not lower the anesthesia provider vacancy rate within the DOD.

AANA urges members of the subcommittee and the full committee to contact the DOD to urge their reconsideration of the AA proposal.

Incentives for recruitment and retention of CRNAs in the military are essential to make sure that the armed services can meet their medical manpower needs. We would like to thank this committee for funding the critical skills retention bonus, CSRB, for fiscal year 2003. Sixty-six percent of the 516 active duty CRNAs enjoy this benefit.

In addition, we would like to thank this committee for its continued support in funding the incentive special pay (ISP) for CRNAs in the military. As you know, there continues to be a considerable gap between civilian and military pay, which was addressed in the fiscal year 2003 Defense Authorization Act with an ISP increase authorized from \$15,000 to \$50,000. The AANA is requesting that this committee fund that increase in the ISP at \$50,000 for all services, enabling them to recruit and retain CRNAs.

In conclusion, the AANA believes that the recruitment and retention of CRNAs in the military service is of critical concern in maintaining the military's ability to meet its wartime and medical mobilization needs. The funding of the CSRB and an increase in ISP will assist in meeting these challenges. Also, we believe that the inclusion of AAs in the Tricare system would not improve military medical readiness of any of the services and therefore should not be approved.

I thank the committee members for their consideration of these issues and would be happy to answer any questions.

[The statement follows:]

PREPARED STATEMENT OF RODNEY C. LESTER

The American Association of Nurse Anesthetists (AANA) is the professional association representing over 28,000 certified registered nurse anesthetists (CRNAs) in the United States, including 516 active duty CRNAs in the military services. The AANA appreciates the opportunity to provide testimony regarding CRNAs in the military. We would also like to thank this committee for the help it has given us in assisting the Department of Defense (DOD) and each of the services to recruit and retain CRNAs.

BACKGROUND INFORMATION ON NURSE ANESTHETISTS

The practice of anesthesia is a recognized specialty within both the nursing and medical professions. Both CRNAs and anesthesiologists administer anesthesia for all types of surgical procedures, from the simplest to the most complex, either as single providers or in a "care team setting." Patient outcome data has consistently shown that there is no significant difference in outcomes between the two providers. CRNAs and anesthesiologists are both educated to use the same anesthesia procedures in the provision of anesthesia and related services.

In the administration of anesthesia, CRNAs perform the same functions as anesthesiologists and work in every setting in which anesthesia is delivered including hospital surgical suites and obstetrical delivery rooms, ambulatory surgical centers, health maintenance organizations, and the offices of dentists, podiatrists, ophthalmologists, and plastic surgeons. One of the differences between CRNAs and anesthe-

siologists is that prior to anesthesia education, anesthesiologists receive medical education while CRNAs receive a nursing education. However, the anesthesia part of the education is similar for both providers, and both professionals are educated to perform the same clinical anesthesia services.

Today CRNAs administer approximately 65 percent of the anesthetics given to patients each year in the United States. They are masters prepared and meet the most stringent continuing education and recertification standards in the field, helping make anesthesia 50 times safer now than 20 years ago according to the Institute of Medicine's 1999 Report, "To Err is Human."

NURSE ANESTHETISTS IN THE MILITARY

Nurse anesthetists have been the principal anesthesia providers in combat areas in every war in which the United States has been engaged since World War I. Military nurse anesthetists have been honored and decorated by the United States and foreign governments for outstanding achievements, resulting from their dedication and commitment to duty and competence in managing seriously wounded casualties. In World War II, there were 17 nurse anesthetists to every one anesthesiologist. In Vietnam, the ratio of CRNAs to physician anesthetists was approximately 3:1. Two nurse anesthetists were killed in Vietnam and their names have been engraved on the Vietnam Memorial Wall. During the Panama strike, only CRNAs were sent with the fighting forces. Nurse anesthetists served with honor during Desert Shield, Desert Storm, and "Operation Enduring Freedom." Military CRNAs provide critical anesthesia support to humanitarian missions around the globe in such places as Bosnia and Somalia. Currently, there are approximately 364 nurse anesthetists deployed in the Middle East for the military mission for "Operation Iraqi Freedom" and "Operation Enduring Freedom."

Data gathered from the U.S. Armed Forces anesthesia communities' reveal that CRNAs have often been the sole anesthesia providers at certain facilities, both at home and while forward deployed. For decades CRNAs have staffed ships, isolated U.S. Bases, and forward surgical teams without physician anesthesia support. The U.S. Army Joint Special Operations Command Medical Team and all Army Forward Surgical Teams are staffed solely by CRNAs. Military CRNAs have a long proud history of providing independent support and quality anesthesia care to military men and women, their families and to people from many nations who have found themselves in harms way.

When President George W. Bush initiated "Operation Enduring Freedom," CRNAs were immediately deployed. With the new special operations environment new training was needed to prepare our CRNAs to ensure military medical mobilization and readiness. Brigadier General Barbara C. Brannon, Assistant Surgeon General, Air Force Nursing Services, testified before this Senate Committee on May 8, 2003, to provide an account of CRNAs on the job overseas. She stated, "Lt. Col Beisser, a certified registered nurse anesthetist (CRNA) leading a Mobile Forward Surgical Team (MFST), recently commended the seamless interoperability he witnessed during treatment of trauma victims in Special Forces mass casualty incident."

In the most recent mission, "Operation Iraqi Freedom," CRNAs were deployed on both ships and ground. For example, Lt. Col. Steven Hendrix, CRNA was in the Delta Force, U.S. special operations forces that rescued Private Jessica Lynch.

This committee must ensure that we retain and recruit CRNAs for now and in the future for the ever-changing military operation deployments overseas.

INCLUSION OF AAS UNDER THE DOD HEALTH SYSTEM

The U.S. Department of Defense has proposed authorizing anesthesiologist assistants (AAs) as providers of anesthesia care under the TRICARE health plan for military personnel and dependents, in a proposed rule published in the Federal Register April 3 (68 FR 16247, 4/3/2003). In addition, the Director of Anesthesia Services of the Veterans Affairs (VA) Department is apparently in the process of adding AAs as a new anesthesia provider as well. There has been no congressional review about adding these new providers, and no assessment of their safety record or cost-effectiveness.

- There are only two AA schools in the entire country (Ohio and Georgia) since AA introduction to the healthcare system over 30 years ago;
- AAs are not required to have any healthcare training or experience before they enter AA training. This differs from Certified Registered Nurse Anesthetists (CRNAs) who must have a bachelor's degree, be a registered nurse and have at least one year of acute care training prior to beginning the program;
- AAs have a very limited scope of practice, as they are required by law to administer anesthesia only under the close supervision of an anesthesiologist. Since

AAs must work under the close supervision of an anesthesiologist, they cannot act independently and quickly in an emergency situation. Immediate and independent action is required when providing anesthesia, especially for those patients in the TRICARE and VA systems. AAs cannot be deployed in military situations without anesthesiologists; by contrast, CRNAs are predominantly the anesthesia provider in military situations & need not be anesthesiologist supervised.

- Only five states provide separate licensure for AAs (Alabama, Georgia, New Mexico, Ohio, and South Carolina). Some anesthesiologists in these states actually have opposed AA recognition. If most of the country does not specifically recognize their practice, why would TRICARE and the VA allow AAs to administer anesthesia to our nation's veterans and military families?
- The scope of training for AAs is severely limited. For example, the Emory program in Georgia does not provide clinical instruction in the administration of regional anesthesia. The AA curriculum is characterized by training that allows them to “assist” the anesthesiologist in technical functions. By contrast, nurse anesthetists are capable of high-level independent function and receive instruction in the administration of all types of anesthesia including general and regional anesthesia, conscious sedation, and monitored anesthesia care. The ability to make independent judgments and provide multiple anesthetic techniques are critical to meeting an array of patient and surgical needs.
- The use of AAs is bad healthcare policy. This attempt to introduce AAs into federal programs sets the stage for anesthesiologists to control the entire anesthesia market since they will have substantial control of AA practice, including education, accreditation, certification, practice, payment, and employment. This degree of control is intended to eliminate any chance of competition in the anesthesia market and to allow only anesthesiologists to bill for anesthesia services, even if provided by a technical assistant.
- The AA certification examination process emphasizes employability over thorough testing: The National Commission for Certification of Anesthesiologist Assistants (NCCAA) allows AA students to take the AA certification examination up to 180 days before graduation. Scores can be released immediately after the NCCAA has received documentation of the student's graduation. Given that an AA student can take the exam six months before he or she graduates (i.e., after only 18 months of being in an AA program), the rigors of the exam appear questionable. How can an AA (with no required healthcare training prior to entering an AA program) be tested when six months remain in an AA's education? Nurse anesthetists are not eligible to take their certification exam until they have graduated from their nurse anesthesia program.

COMPARE ANESTHESIOLOGISTS, CRNAs, AND ANESTHESIOLOGIST ASSISTANTS

Issue	Anesthesiologists	CRNAs	AAs
Educated in all aspects of anesthesia?	Yes	Yes	No
Authorized to practice in all 50 states?	Yes	Yes	No
Serves in U.S. military settings?	Yes	Yes	No
May practice without anesthesiologist supervision?	N/A	Yes	No
Mandatory prior healthcare experience before anesthesia training?	Yes	Yes	No
Recertified every 2 years?	No	Yes	Yes

AAs may not be the solution to address anesthesia vacancies in these programs since they need to practice under the direct supervision of an anesthesiologist. Including AAs under TRICARE would indeed add to the current anesthesia provider problem within the military, because there is a current shortage of anesthesiologists in the military to supervise the AAs, to say nothing of the additional cost.

AANA urges this subcommittee and full committee members to contact the DOD to urge their reconsideration of this DOD proposal.

CRNA RETENTION AND RECRUITING HOW THIS COMMITTEE CAN HELP DOD

In all of the Services, maintaining adequate numbers of active duty CRNAs is of utmost concern. For several years, the number of CRNAs serving in active duty has consistently fallen short of the number authorized by DOD as needed providers. This is further complicated by the shortage of CRNAs in the nation. A letter dated March 14, 2002 from the Asst. Secretary of Defense for Health Affairs, William Winkenwerder, Jr., MD, to the former AANA President, Debbie A. Chambers,

CRNA, MHSA, stated that, "The Nurse Anesthetist specialty has been identified by the Department as a critical wartime shortage for the last several years."

Recruitment of nurse anesthetists for the military becomes increasingly difficult when the civilian sector faces such critical shortages, too. Currently, the number of nurse anesthetist vacancies increased 250 percent from 1998–2001, according to CRNA managers' surveys. Health professions staffing firms report CRNA recruitment rising by up to ten-fold from 1997–2000, making nurse anesthesia the second most recruited health professional specialty. In addition, this is compounded by the impact of baby boomers retiring. As the number of Medicare-eligible Americans climbs, it compounds the number of surgical procedures requiring anesthetics. Indeed, among those retiring Americans are CRNAs themselves.

In addition, the AANA cited a decline in anesthesiology resident positions, as well as an increase in office-based surgery and surgery in places other than hospitals as driving the increased need for CRNAs. Additionally, with managed care continuing to pursue cost-cutting measures, coverage plans are recognizing CRNAs for providing high-quality anesthesia care with reduced expense to patients and insurance companies. The cost-efficiency of CRNAs helps keep escalating medical costs down.

This Committee can greatly assist in the effort to attract and maintain essential numbers of nurse anesthetists in the military by their support of increasing special pays.

Critical Skills Retention Bonus

Last year on May 8, 2002, Brigadier General Barbara C. Brannon, Assistant Surgeon General, Air Force Nursing Services, testified before this Senate Committee requesting the expansion of the critical skills retention bonus, authorized in the fiscal year 2001 Defense Authorization Act, to health professionals with critical skills. Brigadier General Brannon stated:

"Currently, the Secretary of Defense is evaluating whether health professions will be designated as a critical skill. In anticipation, the TriService Health Professions Special Pay Working Group is evaluating future funding, and we have identified our critical nursing specialties. These specialties include obstetrical nurses, mental health, medical-surgical, neonatal intensive care, CRNAs and Women's Health Nurse Practitioners."

In the fall of 2002, CRNAs were designated as health professions with critical skills in the military, and were given a \$10,000 critical skills retention bonus (CSRB) to stay in the military for an additional year after their service obligation. Brigadier General Brannon thanked this committee for their help in granting a CSRB to CRNAs in her recent testimony to this committee on April 30, 2003:

"The TriService Health Professions Special Pay Working Group Identified Certified Registered Nurse Anesthetists as critically manned and therefore eligible for the retention bonus. The program was enthusiastically welcomed with 66 percent of the eligible CRNAs applying for a CSRB in exchange for a one year service commitment."

The AANA also thanks this committee for their hard work. The CSRB for fiscal year 2003 was funded by this committee, and is assisting each of the service branches to both retain and recruit CRNAs. We hope you will continue to fund the CSRB for fiscal year 2004.

The AANA thanks the committee for funding the Critical Skills Retention Bonus (CSRB) for fiscal year 2003 to ensure the retention of CRNAs in the military services. We hope you will support continued funding for CSRB for fiscal year 2004.

The Incentive Special Pay for Nurses

According to a March 1994 study requested by the Health Policy Directorate of Health Affairs and conducted by DOD, a large pay gap existed between annual civilian and military pay in 1992. This study concluded, "this earnings gap is a major reason why the military has difficulty retaining CRNAs." In order to address this pay gap, in the fiscal year 1995 Defense Authorization bill Congress authorized the implementation of an increase in the annual Incentive Special Pay (ISP) for nurse anesthetists from \$6,000 to \$15,000 for those CRNAs no longer under service obligation to pay back their anesthesia education. Those CRNAs who remain obligated receive the \$6,000 ISP.

Both the House and Senate passed the fiscal year 2003 Defense Authorization Act Conference report, H.Rept. 107–772, which included an ISP increase to \$50,000. The report included an increase in ISP for nurse anesthetists from \$15,000 to \$50,000. There had been no change in funding level for the ISP since the increase was instituted in fiscal year 1995, while it is certain that civilian pay has continued to rise

during this time. The AANA is requesting that this committee fund the new increase for the ISP at \$50,000 for all the branches of the armed services to retain and recruit CRNAs now and into the future.

There still continues to be high demand and low supply of CRNAs in the health care community leading to higher incomes widening the gap in pay for CRNAs in the civilian sector compared to the military. The fiscal year 2002 AANA Membership survey measured income in the civilian sector by practice setting. The median income in a hospital setting is \$110,200, MDA group \$100,534, and self-employed CRNA \$130,000 (includes Owner/Partner of a CRNA Group). These median salaries include call pay, overtime pay, and bonus pay. These salaries are still higher than the median salary of \$74,000 across all military service branches.

In civilian practice, all additional skills, experience, duties and responsibilities, and hours of work are compensated for monetarily. Additionally, training (tuition and continuing education), health care, retirement, recruitment and retention bonuses, and other benefits often equal or exceed those offered in the military.

Rear Admiral Nancy Lescavage, Director of the Navy Nurse Corps, and Commander of the Naval Medical Education and Training Command testified before this Senate Committee at the April 30, 2003 hearing:

“The increase of the maximum allowable compensation amount for Certified Registered Nurse Anesthetist Incentive Special Pay (CRNA ISP) and the Nurse Accession Bonus (NAB) in the fiscal year 2003 National Defense Authorization Act will further enhance our competitive edge in the nursing market.”

Salaries in the civilian sector will continue to create incentives for CRNAs to separate from the military, especially at the lower grades without a competitive incentive from the military to retain CRNAs. Therefore, it is vitally important that the Incentive Special Pay (ISP) be increased to \$50,000 to ensure the retention of CRNAs in the military.

AANA thanks this Committee for its support of the annual ISP for nurse anesthetists. AANA strongly recommends the continuation and an increase in the annual funding for ISP from \$15,000 to \$50,000 for fiscal year 2004, which recognizes the special skills and advanced education that CRNAs bring to the DOD health care system.

Board Certification Pay for Nurses

Included in the fiscal year 1996 Defense Authorization bill was language authorizing the implementation of a board certification pay for certain non-MD health care professionals, including advanced practice nurses. AANA is highly supportive of board certification pay for all advanced practice nurses. The establishment of this type of pay for nurses recognizes that there are levels of excellence in the profession of nursing that should be recognized, just as in the medical profession. In addition, this pay may assist in closing the earnings gap, which may help with retention of CRNAs.

While many CRNAs have received board certification pay, there are many that remain ineligible. Since certification to practice, as a CRNA does not require a specific master's degree, many nurse anesthetists have chosen to diversify their education by pursuing an advanced degree in other related fields. But CRNAs with master's degrees in education, administration, or management are not eligible for board certification pay since their graduate degree is not in a clinical specialty. Many CRNAs who have non-clinical master's degrees either chose or were guided by their respective services to pursue a degree other than in a clinical specialty. Many feel that diversity in education equates to a stronger, more viable profession. CRNAs do utilize education and management principles in their everyday practice and these skills are vital to performance of their duties. To deny a bonus to these individuals is unfair, and will certainly affect their morale as they work side-by-side with their less-experienced colleagues, who will collect a bonus for which they are not eligible. In addition, in the future this bonus will act as a financial disincentive for nurse anesthetists to diversify and broaden their horizons.

AANA encourages DOD and the respective services to reexamine the issue of awarding board certification pay only to CRNAs who have clinical master's degrees.

CONCLUSION

In conclusion, the AANA believes that the recruitment and retention of CRNAs in the Services is of critical concern. The efforts detailed above will assist the Services in maintaining the military's ability to meet its wartime and medical mobilization through the funding of the Critical Skills Retention Bonus and an increase in ISP. Also, we believe that the inclusion of Anesthesiologists Assistants (AAs) in the TRICARE system would impair the military medical readiness capability of the

services, and should not be approved. In addition we commend and thank this committee for their continued support for CRNAs in the military.

Senator BURNS. Thank you very much, Dr. Lester. Would you tell me, just real briefly, the difference in training between a CRNA and an AA?

Dr. LESTER. A CRNA is based—first, to be a CRNA you have to be a registered nurse first and to have critical care experience.

Senator BURNS. AA does not?

Dr. LESTER. No, sir. They have to have a bachelor's degree and may be required to have some basic science courses, but there is no requirement in any of their programs, their two programs, that they have any medical background at all prior to entering the AA training program.

Senator BURNS. Do you know if my State of Montana is one of those States that you mentioned, one of the five?

Dr. LESTER. I do not believe so.

Senator BURNS. No?

Dr. LESTER. I do not believe so.

Senator BURNS. The reason I ask you the question is that this has come up in conversation. I have a daughter that is a medical doctor. She is a family physician, but she used to deliver babies until the insurance became prohibitive and so she decided to drop that part of her practice. And this kind of came up in a conversation.

So I appreciate your testimony today and thank you for coming forward.

We would like to call Dr. John Sommerer, Chief Technology Officer for the Applied Physics Lab at Johns Hopkins University, Coalition for National Security Research. Dr. Sommerer, thank you for coming this morning.

STATEMENT OF JOHN SOMMERER, Ph.D., CHIEF TECHNOLOGY OFFICER, APPLIED PHYSICS LAB, JOHNS HOPKINS UNIVERSITY; ON BEHALF OF THE COALITION FOR NATIONAL SECURITY RESEARCH

Dr. SOMMERER. Thank you, Senator. My name is John Sommerer and I am the Chief Technology Officer (CTO) for the Johns Hopkins University Applied Physics Lab. I am here today on behalf of the Coalition for National Security Research, a broadly based group of over 50 scientific, engineering, mathematical, behavioral societies, universities, and industrial associations committed to a stronger defense science and technology base.

First, I would like to thank this committee for your strong support of defense science and technology. Without the appropriated funding levels for the past few years, we would not be working on some very important national security technology today.

This year we have concerns in three areas of the S&T budget that your committee should consider. First, its overall investment level. The budget request is \$600 million less than last year's appropriations. Various studies and recommendations suggest that to remain competitive DOD should invest about 3 percent of its budget every year in science and technology, or about \$11.4 billion total. That proposition has been repeatedly endorsed by the administration.

In order to continue important research already in progress, about \$11 billion will be required, which would move closer to the administration's goal of 3 percent. We urge your support in achieving this goal within the next several years.

Second, we want to express some concern with DOD's plan to transfer the S&T programs presently under Office of Secretary of Defense management to the individual services. The purpose of such a move appears to be to remove OSD staff from the day-to-day program management of individual programs and allow a better focus on long-term planning and oversight, and we agree with such management efficiencies. But our concern is what happens to the science and technology products that need a broader management perspective than that provided by the individual services.

We urge caution to ensure that these programs will continue to address the fundamental cross-cutting technologies originally intended and we would suggest that OSD retain oversight of the University Research Initiative and other critical research initiatives until management plans are in place to ensure that critical work remains on track.

Finally, in the area of basic research, let me urge that DOD's 6.1 basic research program be provided stable funding over many years. I cannot derive a specific number for you, but we do know that it must be gradually increased each year as the national needs for technology change. We also know that lack of stability in this account significantly impedes the progress of research as well as the transition of that research to practical application.

In closing, Senator Burns, let me cite some of the Applied Physics Laboratory's (APL) science and technology work that is making a difference in national security. We saw during Operation Iraqi Freedom the tremendous military advantages offered by precision guided weapons. As it turns out, the road to that capability started in the very office where I work every day. One of my predecessors, Dr. Frank McClure, invented satellite navigation there in 1958.

Notwithstanding the genius of his vision, it took many years of research in areas as diverse as computing, electronics, atomic clocks, and space physics to come to fruition. Satellite navigation now makes it possible for our military forces to reliably hit a target whose coordinates are known day or night, in any weather.

Today the Applied Physics Laboratory continues to advance the concept of precision engagement, but the challenge now focuses on rapidly identifying the targets, locating them, and engaging them before they can move. In one project we are developing the capability for groups of uninhabited air vehicles to operate in a coordinated way to locate, confirm, and relay coordinates, all without operator intervention.

Another S&T program is developing the propulsion technology to enable next-generation strike weapons to reach targets in minutes after launch rather than the hours now taken by our most advanced cruise missiles.

Thank you for this opportunity to discuss the Department of Defense science and technology program. It would be a pleasure to welcome you, other members of the committee, and your staff to APL to see first-hand some of the exciting research being done with the support of DOD and this subcommittee.

I would be happy to answer any questions, sir.
[The statement follows:]

PREPARED STATEMENT OF DR. JOHN SOMMERER

Good morning Mr. Chairman and Members of the Subcommittee. I am here to testify today on behalf of the Coalition for National Security Research, a broadly based group of scientific, engineering, mathematical and behavioral societies, universities and industrial associations committed to a stronger defense science and technology base.

There are three issues of primary importance in looking at the defense Science and Technology (S&T) budget this year: overall investment levels, appropriate balance among the accounts, and the department's proposal to devolve—or transfer—programs currently under the Office of the Secretary (OSD) to the services.

On funding, we urge the subcommittee to approve robust and stable funding for Department of Defense (DOD) basic (6.1), applied (6.2) and advanced technology development (6.3) elements in fiscal year 2004. Specifically, CNSR joins many other organizations in urging the subcommittee to increase the S&T program to \$11.4 billion in fiscal year 2004, or 3 percent of the overall departmental budget, as recommended by the Defense Science Board, the Quadrennial Defense Review, the House and Senate Armed Services Committees and numerous departmental officials. These programs are the foundation of the Department's Research, Development, Test and Evaluation (RDT&E) activity. They feed our procurement needs, enhance our readiness and modernization efforts, provide technologies to protect our forces, and contribute to the most technologically advanced, best trained, lethal, fighting force in the world. As we have seen in numerous recent news reports, investments made in innovative research over the last 30 years have yielded impressive and flexible technological results and tools to address the current challenges we face. I want to express deep appreciation for the Committee's past support and for the fiscal year 2003 funding approved for these programs.

With consideration of the fiscal year 2004 budget, it is important to recognize the critical role DOD S&T plays in ensuring the future national security of the United States and the safety and effectiveness of our soldiers, sailors, airmen, and marines. Simultaneously, these defense science programs contribute to the research enterprise of the country and to the education of tomorrow's scientists, engineers and policy makers. The Department provides a critical investment in several disciplines—including engineering, physical, math, computer and behavioral sciences—vital to our future national security.

As you are aware, previous investments in defense science and technology have led to breakthrough developments in areas such as thermobaric bombs, distributed networking, advanced materials, global navigation, precision guidance, and stealth technology that have equipped America's men and women in uniform with the finest technologies in the world.

As we have seen in recent operations in Iraq and Afghanistan, research in remotely-operated mini-robots, unmanned air, land and sea vehicles, remote medicine, chemical and mechanical sensors, large scale battlefield simulations and advanced data memory systems protect the warfighters of the future by removing them from harm's way, providing on-site emergency medical care, identifying dangerous environments, improving training and speeding data availability and usability.

The support of this subcommittee is critical to ensuring that we maintain a viable S&T base to meet our future security needs on land, in the air, and at sea.

A second issue related to funding, I would like to mention deals specifically with support for the department's most basic and innovative research programs. Diversion of funds from 6.1 accounts to meet shortages in other accounts undermines the long-term goal of defense transformation and future capabilities development. As our nation's leaders address future challenges and the transformation of our national defense, long-term 6.1 projects must again become a centerpiece of the department's S&T program and must remain focused on real frontiers of discovery.

The final issue on which I want to touch briefly concerns the department's plans to transfer about \$500 million in S&T programs from the Office of the Secretary of Defense (OSD) to the services. CNSR supports the Department of Defense's goal of moving resources from the "bureaucracy to the battlefield" and plans by OSD to focus activities on long term strategic planning. Nevertheless, we are concerned that some proposals for implementation of this worthy goal will negatively impact transformation efforts, the long term technological superiority of the United States military, and the science and engineering workforce on which it relies.

The fiscal year 2004 budget request to Congress for the department would transfer—or devolve—a group of critical, joint, multidisciplinary programs from OSD to

the services. Given the results of previous, similar reorganization proposals, we believe such a move could damage the unique nature and design of these programs and would inherently inhibit cross-service integration and coordination, while placing additional burdens on the services and offering very little benefit toward stated goals.

CNSR is confident that an increased focus on long-term strategic needs of the armed services would highlight the important role S&T programs, like the University Research Initiative, play in training the needed scientific and engineering workforce required by this nation, and in assuring that the latest technology is always available to meet changing threats and evolving challenges. Given the long-term nature of basic research, any damage to the programs, though it may not be easily spotted in the near term, will result in the loss of the U.S. technology lead and will require an even greater corrective investment in the future.

In order to continue moving toward stated overall investment goals for S&T and to carry out strategic decisions most effectively, OSD—as the most appropriate entity to facilitate jointness—will need controlling authority over basic research programs and budgets. OSD should retain current oversight and management of the University Research Initiative and other critical research initiatives until management plans are detailed and tested.

I have provided some additional information below to highlight some examples of the results of DOD S&T investments, which have both national security and domestic applications. Thank you for your time, Mr. Chairman. I would be happy to answer any questions.

The Applied Physics Laboratory of the University of Washington, Seattle, has developed under U.S. Navy sponsorship, a high resolution, imaging sonar for underwater mine detection and identification in poor visibility waters such as those commonly encountered in ports and harbors. The unique sonar, based on acoustic technology that mimics the optical lens and retina of the human eye, produces a picture-like image. One version of the sonar is designed to be the eyes of the unmanned, autonomous, underwater vehicles being developed for mine clearance and special operations. A hand-held version enables a diver to easily and accurately distinguish between mines and false targets such as mine-like debris, and to identify specific mine types in zero-visibility water. It is intended to assist Special Forces and Explosive Ordnance Disposal teams and has been used in Bahrain.

In response to the need to deter and counter the use of biological and chemical weapons of mass destruction, the Applied Physics Laboratory of the Johns Hopkins University is working under DARPA sponsorship to develop and test new technologies that will protect both military and civilian populations. Advanced Time-of-Flight Mass Spectrometer instruments are being tested to rapidly detect a broad range of biological pathogens and chemical warfare agents. Background Environmental Characterization and Biosurveillance networks are being tested to measure anomalous behavior that could signal the terrorist use of biological and chemical warfare agents. These developments will give us the capability to deal with today's threat spectrum and future emerging threats.

The University of South Carolina, through its DEPSCoR supported Industrial Mathematics Institute (IMI), has developed algorithms and software that enable the rapid display, querying and registration of Digital Terrain Maps. This software is of potential value in mission planning, autonomous and semi-autonomous navigation, rapid targeting and post battlefield assessment.

A DOD-funded researcher at the University of California at Berkeley, using a pair of Plexiglas wings he called "Robofly," for the first time provided a comprehensive explanation of how insects fly. The research could lead to the development of tiny flying devices that could be dispatched in swarms to spy on enemy forces.

Improved energy efficiency throughout the Defense Department and its mission activities—testing, training, operations, facilities—has the potential to save the federal government, and in turn the taxpayer, millions per year. Fuel cells are among the most promising sources of clean energy needed for numerous civil and military devices. The development of efficient electrocatalysts is essential to the improvement of fuel cell performances. Researchers at the University of South Carolina, supported by DOD S&T funding, are applying theoretical and computational methods to the understanding of electrocatalysis, focusing on the electron reduction of oxygen on platinum electrodes.

No one foresaw the enormous range of applications and whole industries that have evolved from the Defense-sponsored discovery of lasers. The basic concepts leading to the development of the laser were discovered in a microwave research program at Columbia University funded by the three Services. Lasers were combined with transistors and the billion-dollar fiber optic industry resulted. Fiber optic communications, compact disk players, laser printers, procedures to reattach eye

retinas and new cancer surgeries all exist because of these breakthroughs, the result of Defense Basic Research.

In response to threats due to inadequate or outdated mission terrain mapping tools, the Georgia Institute of Technology developed Falcon View, a laptop-mapping software. Designed for the U.S. Air Force, U.S. Special Operations Command and the U.S. Navy, Falcon View integrates aeronautical charts, satellite images and other data to provide detailed, up-to-date data imagery to flight crews conducting mission planning using relatively simple laptop computers. The system is credited with reducing typical mission planning time from seven hours or more down to twenty minutes.

DARPA and ONR-sponsored researchers at Duke University Medical Center and the Massachusetts Institute of Technology have tested a neural system in animals that utilizes implanted electrodes to assist brain signals in controlling robotics. Scientists transmitted the brain signals over the Internet, remotely controlling a robot arm 600 miles away. The recording and analysis system could form the basis for a brain-machine interface that would allow paralyzed patients to control the movement of prosthetic limbs. The finding also supports new thinking about how the brain encodes information, by spreading it across large populations of neurons and by rapidly adapting to new circumstances.

In the late 1960's, DOD-initiated research to explore linking computers in different geographical locations to improve communication between their users. The research produced the world's first packet-switched network, the ARPANET, which connected major universities. As a result, more and more people gained access to more powerful computers. Innovation in network design and improved research spawned a new breed of information scientists who expanded the network to every corner of the country and the world. Electronic mail, which was considered earlier to be of minor interest to users, has become the most used service of computer networks. Through ARPANET, Defense Basic Research made it possible to launch the National Information Infrastructure.

Senator BURNS. Dr. Sommerer, you hit on an area that I worked very hard on over on the Commerce Committee, which is R&D and the work that we have done especially in science and technology. I have made many speeches and there has been one invention in the last 50 years that has completely been the bridge to everything that we have ever done electronically since. I do not think there are very many people in the world that understand how big the invention of the transistor was to electronics and everything that we do now, especially with the smart equipment that we are using now. That could never have been done had that invention never happened.

The ramifications it has had in the last—well, I guess it will be 50 years.

Dr. SOMMERER. Yes, sir.

Senator BURNS. Gosh, that was—I remember when it happened. I am getting pretty damned old here.

But the ramifications that that has had have been enormous. So your end of this world is a very important one to us and we appreciate your testimony today and we thank you for coming.

Dr. SOMMERER. Thank you, sir.

Senator BURNS. You bet.

We now call Captain Robert C. Hurd, Headquarters Liaison to Congress, the United States Naval Sea Cadet Corps. Thank you for coming, Captain.

STATEMENT OF CAPTAIN ROBERT C. HURD, USN (RETIRED), HEADQUARTERS LIAISON TO CONGRESS, UNITED STATES NAVAL SEA CADET CORPS

Captain HURD. Well, thank you for having me, sir. The Naval Sea Cadet Corps is a congressionally-chartered youth development and education program sponsored by the Navy League, supported

by the Navy and Coast Guard, with over 10,000 cadets, run by 2,000 adult volunteers. Our goals are development of young men and women ages 11 through 17 by promoting interest and skill in seamanship and aviation, instilling a sense of patriotism, courage, self-reliance, confidence, and those qualities which mold strong moral character and self-discipline in a drug-free and a gang-free environment.

Cadets attend boot camp and in the following summers they train on board Navy and Coast Guard ships or, in specific areas of advanced disciplines, ashore. They drill one weekend a month and they take Navy correspondence courses, the basis for accelerated promotion of a cadet who decides to enlist in the Navy or the Coast Guard.

There are now 466 ex-Sea Cadets attending the U.S. Naval Academy. Annually between 400 and 600 ex-cadets enlist in the services, pre-screened, highly motivated, and well prepared. Prior Sea Cadet experience has been proven to be an excellent indicator of a potentially high career success rate. Navy annual accession recruiting costs average over \$11,000 per person, which, applied to the number of Sea Cadet accessions, represents a significant financial benefit to the Navy.

Whether or not they choose a service career, all Sea Cadets carry forth learned values of good citizenship, leadership, and moral courage that will ultimately benefit themselves and our country.

The major difference between this and all the other federally-chartered military youth programs is that Sea Cadets pay for all their own expenses, including their uniforms, their travel, insurance, and training costs, which can run \$400 to \$500 a year. We are also particularly sensitive to the fact that no young person be denied access to the program because of his or her social or economic background.

Federally funded at only half of the \$2 million requested to fill the unfunded Navy budget requirement for the past 3 years, all of these funds are used to help offset cadets' out of pocket costs and to conduct background checks for the adult volunteers. With the Federal funding received, training participation has increased by over 30 percent, 37 percent. However, for a variety of reasons the current level of funding can no longer sustain this program. They include inflation, all-time high cadet enrollment, base closures, reduced base access due to the terrorism alerts, reduced afloat training opportunities due to the Iraq War, and nonavailability of previously provided space A transportation, on-base open bay berthing, and transportation.

It is therefore considered to be a matter of extreme importance to us that the full requested \$2 million be authorized and appropriated for fiscal year 2004 and we respectfully request your consideration and support to this end. Unfortunately, time precludes my sharing stories with you about, such as the State of Washington recently honoring an 11-year-old Sea Cadet for singlehandedly putting out a major restaurant fire, or for the Ohio unit fulfilling a World War II veteran's dying wish to be buried in uniform, which the cadets purchased and then followed through by providing military graveside honors for the family, or the post-9/11 story of the Sea Cadets volunteering to be buried in the rubble of Ground

Zero so that the body-sniffing dogs could maintain their proficiency by seeking them out.

These and many more stories like them are the stories that you do not read about in the press, and we really think our kids are worthy of all the support we can give them.

Thank you for this opportunity to speak to you today, sir.

[The statement follows:]

PREPARED STATEMENT OF CAPTAIN ROBERT C. HURD

REQUEST

Funded in fiscal year 2001, fiscal year 2002 and again in fiscal year 2003, continued Congressional appropriation in the Navy Recruiting Budget (Operations and Maintenance Navy—Title II, Budget Activity 3) is essential to expand the Naval Sea Cadet Corps into more communities. Unlike all other federally chartered military youth groups, the Sea Cadets themselves pay almost all program costs, including uniforms, training costs, insurance and transportation to/from training. Funding to offset Cadet out-of-pocket training costs at a level commensurate with that received by other federally chartered military related youth programs, as well as adult volunteer training costs, is needed to increase program access by America's youth, regardless of economic or social background, and develop the fine citizens our country needs and deserves.

Request fiscal year 2004 authorization and appropriation of the full requested amount of \$2 million for the Naval Sea Cadet Corps.

BACKGROUND

At the request of the Department of the Navy, the Navy League of the United States established the Naval Sea Cadet Corps in 1958 to "create a favorable image of the Navy on the part of American youth." On September 10, 1962, the U.S. Congress federally chartered the Naval Sea Cadet Corps under Public Law 87-655 as a non-profit civilian youth training organization for young people, ages 13 through 17. A National Board of Directors, whose Chairman serves as the National Vice President of the Navy League for Youth Programs, establishes NSCC policy and management guidance for operation and administration. A full-time Executive Director and small staff in Arlington, Virginia administer NSCC's day-to-day operations. These professionals work with volunteer regional directors, unit commanding officers, and local sponsors. They also collaborate with Navy League councils and other civic, or patriotic organizations, and with local school systems.

In close cooperation with, and the support of, the U.S. Navy and U.S. Coast Guard, the Sea Cadet Corps allows youth to sample military life without obligation to join the Armed Forces. Cadets and adult leaders are authorized to wear the Navy uniform, appropriately modified with a distinctive Sea Cadet insignia.

There are currently over 338 Sea Cadet units with a program total of 11,577 participants (2,107 adult Officers and Instructors and 9,470 Cadets (about 33 percent female). This is an all time high enrollment for the program.

NSCC OBJECTIVES

Develop an interest and skill in seamanship and seagoing subjects.

Develop an appreciation for our Navy's history, customs, traditions and its significant role in national defense.

Develop positive qualities of patriotism, courage, self-reliance, confidence, pride in our nation and other attributes, which contribute to development of strong moral character, good citizenship traits and a drug-free, gang-free lifestyle.

Present the advantages and prestige of a military career.

Under the Cadet Corps' umbrella is the Navy League Cadet Corps (NLCC), a youth program for children ages 11 through 13. While it is not part of the federal charter provided by Congress, the Navy League of the United States sponsors NLCC.

NLCC was established ". . . to give young people mental, moral, and physical training through the medium of naval and other instruction, with the objective of developing principles of patriotism and good citizenship, instilling in them a sense of duty, discipline, self-respect, self-confidence, and a respect for others."

BENEFITS

Naval Sea Cadets experience a unique opportunity for personal growth, development of self-esteem and self-confidence. Their participation in a variety of activities within a safe, alcohol-free, drug-free, and gang-free environment provides a positive alternative to other less favorable temptations. The Cadet Corps introduces young people to nautical skills, to maritime services and to a military life style. The program provides the young Cadet the opportunity to experience self-reliance early on, while introducing this Cadet to military life without any obligation to join a branch of the armed forces. The young Cadet realizes the commitment required and routinely excels within the Navy and Coast Guard environments.

Naval Sea Cadets receive first-hand knowledge of what life in the Navy or Coast Guard is like. This realization ensures the likelihood of success should they opt for a career in military service. For example, limited travel abroad and in Canada may be available, as well as the opportunity to train onboard Navy and Coast Guard ships, craft and aircraft. These young people may also participate in shore activities ranging from training as a student at a Navy hospital to learning the fundamentals of aviation maintenance at a Naval Air Station.

The opportunity to compete for college scholarships is particularly significant. Since 1975, 141 Cadets have received financial assistance in continuing their education in a chosen career field at college.

ACTIVITIES

Naval Sea Cadets pursue a variety of activities including classroom, practical and hands-on training as well as field trips, orientation visits to military installations, and cruises on Navy and Coast Guard ships and small craft. They also participate in a variety of community and civic events.

The majority of Sea Cadet training and activities occurs year round at a local training or "drill" site. Often, this may be a military installation or base, a reserve center, a local school, civic hall, or sponsor-provided building. During the summer, activities move from the local training site and involve recruit training (boot camp), "advanced" training of choice, and a variety of other training opportunities (depending on the Cadet's previous experience and desires).

SENIOR LEADERSHIP

Volunteer Naval Sea Cadet Corps officers and instructors furnish senior leadership for the program. They willingly contribute their time and effort to serve America's youth. The Cadet Corps programs succeed because of their dedicated, active participation and commitment to the principles upon which the Corps was founded.

Cadet Corps officers are appointed from the civilian sector or from active, reserve or retired military status. All are required to take orientation, intermediate and advanced Officer Professional Development courses to increase their management and youth leadership skills. Appointment as an officer in the Sea Cadet Corps does not, in itself, confer any official military rank. However, a Navy-style uniform, bearing NSCC insignia, is authorized and worn. Cadet Corps officers receive no pay or allowances. Yet, they do derive some benefits, such as limited use of military facilities and space available air travel in conjunction with carrying out training duty orders.

DRUG-FREE AND GANG-FREE ENVIRONMENT

One of the most important benefits of the Sea Cadet program is that it provides participating youth a peer structure and environment that places maximum emphasis on a drug and gang free environment. Supporting this effort is a close liaison with the U.S. Department of Justice Drug Enforcement Administration (DEA). The DEA offers the services of all DEA Demand Reduction Coordinators to provide individual unit training, as well as their being an integral part of our boot camp training program.

Among a variety of awards and ribbons that Cadets can work toward is the Drug Reduction Service Ribbon, awarded to those who display outstanding skills in the areas of leadership, perseverance and courage. Requirements include intensive anti-drug program training and giving anti-drug presentations to interested community groups.

TRAINING

Local Training Local training, held at the unit's drill site, includes a variety of activities supervised by qualified Sea Cadet Corps officers and instructors, as well as Navy and Coast Guard instructors.

Cadets receive classroom instruction in basic military requirements, seamanship, water safety, core personal values, social amenities, drug/alcohol abuse, cultural relations, Navy history, customs and traditions and other nautical skills. Training may be held aboard ships, small boats or aircraft, depending upon the availability of a platform. Cadets also learn about civilian and military career opportunities during special career counseling sessions such as fire fighting and law enforcement.

Special presentations by military and civilian officials are part of the local training as are educational tours, briefings and attendance at special events. Participation in parades, social work and other civic activities are encouraged as part of the whole-person-training concept.

During the Cadets' first several months, they receive basic indoctrination to the Sea Cadet program at their local training site in preparation for summer recruit training.

The Navy League Cadet Corps training program teaches younger Cadets the virtues of personal neat-ness, loyalty, obedience, courtesy, dependability and a sense of responsibility for shipmates. In accordance with a Navy-oriented syllabus, this education prepares them for the higher level of training they will receive as Naval Sea Cadets.

SUMMER TRAINING

First-year Sea Cadets attend a two-week recruit training period at the Navy's Recruit Training Command or at a regional recruit training site. Instructed by Navy or NSCC Recruit Division Commanders, Cadets receive a condensed version of the basic training which Navy enlistees receive. Recruit training occurs at a number of regional sites to handle the overflow from the Recruit Training Command, Great Lakes and to reduce travel costs to the Cadet as well as the adult volunteer staff.

A Cadet who successfully completes recruit training is eligible for advanced training in various fields of choice. Cadets can experience the excitement of "hands-on" practical training aboard Navy and Coast Guard vessels, ranging from tugboats and cutters to the largest nuclear-powered aircraft carriers. Female Cadets may also train aboard any ship that has females assigned as part of the ship's company.

Qualified Cadets choose from such Sea Cadet advanced training as basic/advanced airman, SEAL training, amphibious operations, leadership, submarine orientation and training in occupational specialties, including health care, music, master-at-arms and construction.

The Cadet Corp programs excel in quality and diversity of training offered, with more than 7,250 training orders carried out for the 2002 summer training program. Cadets faced a myriad of challenging training opportunities designed to instill leadership and develop self-reliance, enabling them to become familiar with the full spectrum of Navy and Coast Guard career fields.

The positive results of federal funding for both 2001 and 2002, were that for each summer the NSCC has experienced increased recruit training attendance of about 1,500 cadets per summer over those years in which federal funding was not available.

While recruit training acquaints cadets with Navy life and Navy style discipline, advanced training focuses on military and general career fields and opportunities, and also affords the cadets many entertaining, drug free, disciplined yet fun activities over the summer. The popularity of the training continues to grow not with just overall numbers but also as evidenced with over 500 cadets performing multiple two week training sessions during the summer of 2002.

Advanced training highlights for 2002

With federal funding available in 2002, the NSCC's focus was continuing and/or expanding many of the initiatives started in 2001 with a few new advanced training opportunities added.

They included:

- Continued keeping Cadet costs for summer training at a reduced price of only the deposit (\$25 or \$50, same as 2001) plus transportation.
- Accommodated 9/11 required adjustments through training relocations and/or alternate arrangements to maintain cadet training opportunity and quotas at above 2001 levels.
- Maintained expanded recruit training and advanced training opportunity with a grand total of over 7,500 orders issued, a record high.
- Expanded adult professional development participation.
- Increased total cadet participation in summer and winter training evolutions to over 6,000 cadets.
- Added two classes in legal (JAG) training.

- Expanded SEAL Orientation under the sponsorship of the UDT–SEAL Association and Museum Association with the sponsorship of the Okeechobee County, Florida Sheriff's Department. Maintained SEAL Orientation training at NAB, Little Creek, VA.
- Maintained East and West Coast sailing training at NAS, Pensacola, and NAB, Coronado, with expanded classes at each.
- Nearly doubled class size for seamanship training at the State University of New York Maritime Academy at Fort Schuyler, and for the second summer in a row maintained seamanship training aboard USNS merchant ships, homeported on the West Coast.
- Continued 2001 initiative for Honor Guard training in Texas.
- Maintained expanded YP training on the Great Lakes at participation levels above 2001.
- Placed 4 cadets onboard USCG Barque Eagle for two, three week underway orientation cruises.
- Maintained placement of cadets aboard USCG stations, cutters, and tenders for what many consider among the best of the training opportunities offered in the NSCC.
- Once again filled all quotas for the popular, merit based, International Exchange program, with 72 cadet participants and 20 escorts for 2002.
- Kept all quotas filled to all the NSCC Petty Officer Leadership Academies, (POLA) graduating over 270 cadets at 10 training sites.
- Maintained SCUBA training opportunities with two classes in 2002.
- Increased MAA and police science from 4 classes to 5.
- Maintained placement of cadets onboard USN ships under local orders as operating schedules and opportunity permitted.
- As was the case in 2001 and all prior years, once again enjoyed particularly outstanding support from members of the United States Naval Reserve, whose help and leadership remains essential for summer training.

INTERNATIONAL EXCHANGE

NSCC operates an international exchange program with Naval Sea Cadet units in Australia, Belgium, Bermuda, Canada, Hong Kong, Japan, Korea, the Netherlands, South Africa, Sweden, and the United Kingdom. Each summer, outstanding Cadets are selected to serve as young ambassadors and train with their global counterparts. The NSCC continued in 2002 its' redesigned, highly competitive, merit based, and very low cost to the cadet, International Exchange Program and placed cadets in Australia, Korea, Hong Kong, United Kingdom, Sweden, Netherlands, and Bermuda to train with fellow cadets in these host nations. The NSCC and Canada maintained their traditional exchanges in Nova Scotia and British Columbia, and the NSCC hosted visiting cadets in Norfolk for two weeks of U.S. Navy style training.

NAVY LEAGUE CADET TRAINING

In 2002, over 1,185 Navy League Cadets and escorts attended orientation training at 15 different sites. This diversity in location made training accessible and reasonably available to each Cadet who wished to attend. Over 373 League Cadets and escorts attended advanced training at several sites. The advanced program was developed in recognition of the need to provide follow-on training for this younger age group to sustain their interest and to better prepare them for the challenges of Naval Sea Cadet Corps training. Navy League Cadets who attend recruit orientation training are exceptionally well prepared for Sea Cadet "boot camp." The number of NLCC Cadets who participated in summer training was a third higher than normal. Again, this was directly attributable to the federal funding received.

TRAINING GRANTS

Through contributions from Douglas and Christine Peterson, the Donner Foundation, and the federal funds, every Cadet who desired to attend summer training had that opportunity. Approximately 1500 more Cadet orders were written than in previous years. This milestone is a direct result of funds received for NSCC/NLCC to participate in the Corps' summer training.

SCHOLARSHIPS

The Naval Sea Cadet Corps Scholarship program was established to provide financial assistance to deserving Cadets who wished to further their education at the college level. Established in 1975, the scholarship program consists of a family of

funds: the NSCC Scholarship Fund; the Navy League Stockholm Scholarship; the San Diego Gas & Electric Fund; grants from the Lewis A. Kingsley Foundation; and the NSCC "named scholarship" program, designed to recognize an individual, corporation, organization or foundation. Under this latter program two new funds have been established to commence scholarships. The estate of June Howell has forwarded funds to establish a scholarship in the name of her parents—Harry and Rose Howell. Also, from the estate of Robert C. Hutton, an aviation orientation scholarship has been established. Since the inception of the scholarship program, 149 scholarships have been awarded to 141 Cadets (includes some renewals) totaling over \$160,000.

SERVICE ACCESSIONS

The Naval Sea Cadet Corps was formed at the request of the Department of the Navy as a means to "enhance the Navy image in the minds of American youth." To accomplish this, ongoing presentations illustrate to Naval Sea Cadets the advantages and benefits of careers in the armed services, and in particular, the sea services.

While there is no service obligation associated with the Naval Sea Cadet Corps program, many Sea Cadets choose to enlist or enroll in Officer training programs in all the Services.

Annually, the NSCC conducts a survey to determine the approximate number of Cadets making this career decision. This survey is conducted during the annual inspections of the units. The reported Cadet accessions to the services are only those that are known to the unit at that time. There are many accessions that occur in the 2-3 year timeframe after Cadets leave their units, which go unreported. For example, for the year 2000, with about 83 percent of the units reporting, the survey indicates that 510 known Cadets entered the armed forces during the reporting year ending 31 December 2000. Of these, 30 ex-Sea Cadets were reported to have received appointments to the U.S. Naval Academy. Further liaison with the USNA indicates that in fact, there are currently 466 Midshipmen with Sea Cadet backgrounds—almost 10 percent of the entire Brigade. Navy accession recruiting costs have averaged over \$11,000 per person, officer or enlisted, which applied to the number of Sea Cadet accessions represents a significant financial benefit to the Navy. Equally important is the expectation that once a more accurate measurement methodology can be found, is, that since Sea Cadets enter the Armed Forces as disciplined, well trained and motivated individuals, their retention, graduation and first term enlistment completion rates are perhaps the highest among any other entry group. USNA officials are currently studying graduation rates for past years for ex-Sea Cadets as a group as compared to the entire Brigade. Their preliminary opinion is that these percents will be among the highest. It is further expected that this factor will be an excellent indicator of the following, not only for the USNA, but for all officer and enlisted programs the Sea Cadets may enter:

- Extremely high motivation of ex-Cadets to enter the Service.
- Excellent background provided by the U.S. Naval Sea Cadet experience in preparing and motivating Cadets to enter the Service.
- Prior U.S. Naval Sea Cadet Corps experience is an excellent pre-screening opportunity for young men and women to evaluate their interest in pursuing a military career. This factor could potentially save considerable tax-payer dollars expended on individuals who apply for, then resign after entering the Academy if they decide at some point they do not have the interest or motivation.
- U.S. Naval Sea Cadet experience prior to entering the Service is an excellent indicator of a potentially high success rate.

Data similar to the above has been requested from the United States Coast Guard Academy and the United States Merchant Marine Academy.

Whether or not they choose a service career, all Sea Cadets carry forth learned values of good citizenship, leadership and moral courage that will benefit themselves and our country.

Program Finances

Sea Cadets pay for all expenses, including travel to/from training, uniforms, insurance and training costs. Out-of-pocket costs can reach \$400–\$500 each year. Assistance is made available so that no young person is denied access to the program, regardless of social or economic background.

Federally funded at the \$1,000,000 level (of the \$2,000,000 requested) in fiscal years 2001, 2002, and 2003, all of these funds were used to offset individual Cadet's individual costs for summer training, conduct of background checks for adult volunteers and for reducing future enrollment costs for Cadets. In addition to the federal fund received (\$1 million), NSCC receives under \$700,000 per year from other

sources, which includes around \$226,000 in enrollment fees from Cadets and adult volunteers. For a variety of reasons, this current level of funding can no longer sustain this program:

- All time high in number of enrolled Sea Cadets (and growing).
- General inflation of all costs.
- Some bases denying planned access to Sea Cadets for training due to increased terrorism threat level alerts and the associated tightening of security measures—requiring Cadets to utilize alternative, and often more costly training alternatives
- Reduced availability of afloat training opportunities due to the Navy's high level of operations related to the Iraq war.
- Reduced training site opportunities due to base closures.
- Non-availability of open bay berthing opportunities for Cadets due to their elimination as a result of enlisted habitability upgrades to individual/double berthing spaces.
- Lack of available "Space Available" transportation for group movements.
- Lack of on-base transportation, as the navy no longer "owns" busses now controlled by the GSA.

Because of these factors, Cadet out-of-pocket costs have skyrocketed to the point where the requested \$2,000,000 alone is insufficient to handle cost increases, not to mention the impact if, as in past years, only \$1,000,000 is approved and appropriated.

It is therefore considered a matter of urgency that the full amount of the requested \$2,000,000 be authorized and appropriated for fiscal year 2004.

Senator BURNS. Thank you. Thank you, Captain Hurd. Not only are the kids good kids, but they have got a great advocate, too.

Captain HURD. Thank you, sir.

Senator BURNS. Thank you for coming today.

Captain HURD. Thank you.

Senator BURNS. We now call Dennis Achgill, Director of Public Affairs, American Society of Mechanical Engineers. I may have to run here. Does anybody know where Stevens is?

Thank you for coming today, by the way, and I apologize for the conditions under which you have to testify.

**STATEMENT OF DENNIS ACHGILL, DIRECTOR OF PUBLIC AFFAIRS,
AMERICAN SOCIETY OF MECHANICAL ENGINEERS**

Mr. ACHGILL. Thank you very much. I appear before you today as a representative of a committee of the American Society of Mechanical Engineers (ASME) International, concerned with Federal funding of research and development. ASME International has 125,000 members, including 20,000 students.

Mechanical engineers are a major part of the Nation's technology base, a base that is essential for the Nation's defense. The DOD's science and technology program contains elements incorporating significant mechanical engineering research. DOD has been the dominant source of Federal research funding, 70 percent and 66 percent respectively, for the electrical and mechanical engineering disciplines. Therefore, we appreciate the opportunity to appear before your subcommittee to present our views on the importance of the S&T accounts.

In accordance with the recommendations of the Defense Science Board, the Quadrennial Defense Review, and the President's Commission on the Future of the U.S. Aerospace Industry, and based on the President's fiscal year 2004 budget request for the Department of Defense, we urge the members of this subcommittee to provide 3 percent of the total DOD budget, or \$11.4 billion, for the Department's core science and technology programs for fiscal year 2004.

During the past decade funding for the defense S&T programs has been below this threshold and essentially flat in constant dollars. As a result, the job market for engineers in the defense sector has shrunk, leaving little incentive for young engineers to seek defense-related career opportunities. The defense industry has thus had great difficulty in attracting and retaining the best of the best engineering and scientific talents of this Nation.

In addition, universities are having difficulty attracting post-graduate students who rely on S&T funding for their support. Doctoral engineering enrollments are at a 10-year low. Students from overseas who study in the United States are increasingly returning to their home countries for more attractive opportunities.

Continued unabated, the repercussions of a stagnant defense investment in research will inevitably extend to the commercial sector as well. Without question, America's civil aviation industry has benefited greatly from technological advances in defense. The situation facing the United States could be a technologically deficient military together with a subpar civil aviation industry. Obviously, neither scenario is in the best interests of the Nation.

The valuable contributions of our engineers and scientists have been a constant and powerful force over the past century. These contributions could not have been made without the vision and support of Members of Congress like yourselves who promote the continued strengthening of this Nation's investment in the DOD science and technology programs. Your continued support in strengthening defense-related engineering sciences is essential for meeting the future needs of the country.

Therefore, we urge the members of this subcommittee to continue to provide a robust and stable investment in the science and technology programs of the Department of Defense to ensure our national security and protect our homeland while educating the future defense science and engineering workforce. It will take a great deal of continued attention to Defense R&D to ensure that the best engineering and scientific minds are once again willing to apply their talents to meeting the future defense needs of the Nation.

Thank you for this opportunity to offer our views. I will be pleased to respond to any questions.

[The statement follows:]

PREPARED STATEMENT OF DENNIS ACHGILL

The Department of Defense (DOD) Task Force of the ASME Inter-Council Committee on Federal Research and Development (ICCFRD) of the American Society of Mechanical Engineers (ASME International) is pleased to provide the following comments on the fiscal year 2004 budget request for the Department of Defense.

FINDINGS

The Department of Defense (DOD) Basic Research (category 6.1), Applied Research (category 6.2) and Advanced Technical Development (category 6.3) accounts provide the fundamental building blocks for Defense Science and Technology (S&T) programs.

The President's proposed fiscal year 2004 budget request for the DOD S&T Program is \$9.93 billion, 7.8 percent lower than the fiscal year 2003 appropriated levels. Basic Research and Applied Research are down \$109 million (7.7 percent) and \$618 million (14.4 percent), respectively. Advanced Technology Development has increased \$186 million (3.7 percent), mostly because of increases to classified programs. Individually, the Army and Navy are experiencing cuts of 27 percent and 21 percent after accounting for programs devolved from the Office of the Secretary

of Defense (OSD). The Air Force budget is up 3.5 percent, but mostly due to increases to a classified 6.3 program.

In the 2001 Quadrennial Defense Review, DOD set an S&T funding goal of 3 percent of the department's Total Obligational Authority (TOA) as part of its transformation objectives. For the last two years, that goal has been achieved only after Congress added more than \$1 billion to the President's request in each of those years. The 3 percent goal was recently reaffirmed by the Principal Deputy Under Secretary of Defense for Acquisition, Technology and Logistics and three senior officers representing the three services at a March 31st hearing before the Senate Armed Services, Emerging Threats and Capabilities Subcommittee. This reaffirmation is in contradiction to a barely greater than inflation growth in fiscal year 2004 President's budget Request (PBR) over the fiscal year 2003 PBR and a Future Years Defense Plan that shows a gradual decline in the percent of TOA budgeted to S&T.

Defense agencies have historically been the largest source of federal funding for engineering research in our industry, as well as at the nation's universities. The universities are significant collaborators with industry and are the source for young engineering talent for the defense sector, both public and private. Federal funding for defense basic and applied research has also provided the majority of financial support for graduate level education in defense related fields. DOD has been the dominant source of federal funding, 70 percent and 66 percent respectively, for the electrical and mechanical engineering disciplines. DOD also funds more than 40 percent of academic research in the aerospace and materials engineering fields. After a decade of defense S&T funding cuts but steady population growth, it should be no surprise that doctoral engineering enrollments are at a ten year low. Foreign students who were once counted on to remain in the United States after graduation are increasingly returning to their home countries for more attractive opportunities. As a result of an overall decline in engineering enrollments for much of the past decade, federal defense laboratories and the defense industry have had great difficulty in attracting and retaining the best-of-the-best engineering and scientific talents of this nation. This problem has only become more critical with the increased focus on security and the concomitant need to employ citizens in sensitive technology areas.

Nearly a decade of funding declines accompanied by dramatic budget instability and a pattern in which advanced technology demonstration programs, designed to accelerate the insertion of research efforts, were stretched out, delayed and cancelled, resulted in a waste of valuable resources, and has been a deterrent to attracting a generation of highly skilled, highly motivated engineers and scientists, the folks who transform ideas into reality. The decline in support has led to the loss of irreplaceable research facilities and infrastructure to reduce federal and corporate overhead costs. In the academic institutions, many aerospace and other defense related programs of study were discontinued, thereby weakening the important contributions that these universities make to the U.S. defense technology base. As research and development budgets were reduced, the job market for engineers in the defense sector shrunk, leaving little incentive for young engineers to seek defense-related career opportunities. The recent budget increases by the administration and the Congress for DOD S&T must be sustained to reverse these alarming trends.

The Department of Defense and defense industry now have a workforce whose average age is increasing at an alarming rate and will continue to do so until our intellectual resources are replenished. Just as our country's recent and prolonged economic expansion was largely the outcome of technological advances that were created by the world's premier group of talent—U.S. technologists—so has our recent and prolonged success in military engagements been the outcome of technological advances made by this national treasure. A February 2003 report by the Presidents Council of Advisors on Science and Technology (PCAST) stated, "Federal support for science and engineering students enhances economic growth." Strengthening defense-related engineering sciences is essential for meeting the future needs of the DOD and our economy.

The President's Commission on the Future of the United States Aerospace Industry has documented the workforce and funding issues above and recommended in its November 2002 Final Report "that DOD's annual science and technology (6.1–6.3) funding must be sufficient and stable to create and demonstrate the innovative technologies needed to address future national security threats. An amount no less than three percent of DOD Total Obligational Authority, "fenced" from budget cuts, would be sufficient."

In 1998, the Defense Science Board recommended that the department's science and technology budget be about 3.5 percent of the total budget. The 2001 Quadrennial Defense Review stated that, "A robust research and development effort is imperative to achieving the Department's transformation objectives. DOD must main-

tain a strong science and technology (S&T) program that supports evolving military needs and ensures technological superiority over potential adversaries." The review further called "for a significant increase in funding for S&T programs to a level of three percent of DOD spending per year." Unfortunately, the current year budget takes a step back from the progress made last year and the out-year budget projections of the department project a declining percentage of TOA devoted to S&T.

S&T budgets within the services have also typically experienced great fluctuations, as the services have struggled to maintain long-term, stable funding for basic research. Given the long-term nature of basic research, any damage to the programs, though it may not be easily spotted in the near term, will result in the loss of the U.S. technology lead and will require an even greater corrective investment in the future.

The fiscal year 2004 budget request to Congress for the department would transfer—or devolve—a group of critical, joint, multidisciplinary programs from the Office of the Secretary of Defense (OSD) to the services. In order to continue moving toward stated overall investment goals for S&T and to carry out strategic decisions most effectively, the OSD—as the most appropriate entity to facilitate jointness—will need controlling authority over basic research programs and budgets. OSD should retain current oversight and management of critical research initiatives until management plans are detailed and tested.

RECOMMENDATIONS

The Task Force supports the findings and recommendations of the Quadrennial Defense Review and the Defense Science Board Task Force to provide 3 percent of the total Defense Department Budget, or \$11 billion for the DOD basic (6.1), applied (6.2) and advanced technology development (6.3) accounts, which make up the S&T program.

DOD S&T programs provide critical investments in scientific disciplines vital to ensuring future security—including engineering, mathematics, and physical, computer, and behavioral sciences. We strongly concur with the recommendations made in the February 2003 report by the Presidents Council of Advisors on Science and Technology for a balanced portfolio of physical and life sciences achieved by a healthy increase to engineering and physical science budgets such as DOD's for fiscal year 2004, and beyond. Supporting DOD S&T will ensure that the best engineering and scientific minds are once again available and willing to apply their talents to meet the future defense needs of this nation.

Thank you for the opportunity to offer our views.

Senator STEVENS [presiding]. We do not have any questions, Mr. Director, but I am sure that you know we work very hard to support engineering and research, particularly the nanoresearch area. I appreciate the briefing that the people involved in the Mechanical Engineers' Society gave us on nanoengineering and technology and the nanotechnology concepts.

We appreciate your testimony. We will do our best to see to it we increase that funding.

Mr. ACHGILL. Thank you very much, Senator.

Senator STEVENS. Thank you.

Fran Visco—pardon me. First is Chris Hudgins, the Public Policy Associate, National Prostate Cancer Coalition.

STATEMENT OF CHRIS HUDGINS, PUBLIC POLICY ASSOCIATE, NATIONAL PROSTATE CANCER COALITION

Mr. HUDGINS. Thank you, Mr. Chairman. Mr. Chairman, distinguished members of the subcommittee: I would like to thank you for the opportunity to share my remarks here today. My name is Chris Hudgins and I am part of the public policy team at the National Prostate Cancer Coalition.

Since its inception in 1996, the National Prostate Cancer Coalition has been dedicated to eradicating a disease which will afflict over 220,000 men this year and claim nearly 29,000 lives. You may

be surprised to see someone who is only 25 years old here today talking about what once was thought to be an old man's disease.

Senator STEVENS. Be careful now. I had it.

Mr. HUDGINS. Well, that is why it was once thought, sir.

Unfortunately, I know all too well the story of prostate cancer and its effect on America's families. In 2000 my grandfather was diagnosed with prostate cancer. This was quite shocking to me because I had always thought of him as a strong and powerful man. He had served his country as a marine during World War II and during the occupation of Japan. He returned home and began a career in academics and eventually rose to the level of president, first at Meredith College in Raleigh, North Carolina, and later at the University of Richmond in Virginia. Then he was crippled by a silent killer.

Thanks to the availability of the prostate-specific antigen (PSA) blood test and the digital rectal exam, both of which are recommended by the National Prostate Cancer Coalition, my grandfather was able to catch the disease in its early stages when it was the most treatable. After having a radical prostatectomy, my grandfather fully recovered and has returned to his post as chancellor of the University of Richmond.

Now the focus turns to the other men in my family. As you may be aware, a person with one close family member with prostate cancer is twice as likely to develop the disease. My father, much like the majority of the baby boom generation, is now in his early fifties. I say this because he, along with 22 million men, in the next 10 years will be in the target age group for increased risk of prostate cancer.

Since my grandfather's diagnosis, I have encouraged him to keep a close eye on his PSA level. This is not only because I love him, but because if he is diagnosed then my and my brother's risk of the disease will increase fivefold.

As our Nation welcomes home the soldiers who fought so bravely in Iraq, I cannot help but think of my grandfather returning home from Japan in 1947. I believe our Nation has a responsibility to protect America's soldiers on the battlefield and long after the fighting has ended. Veterans like my grandfather and the approximately 2.2 million men currently serving in active or reserve duty must know that their government is doing everything it can to protect them from prostate cancer.

Therefore, to effectively fight prostate cancer the National Prostate Cancer Coalition requests that you allocate at least \$100 million in fiscal year 2004 for the prostate cancer research program conducted by the Department of Defense's congressionally-directed medical research program. Since its inception in 1998, the prostate cancer research program has been the most efficient Federally-directed prostate cancer research program because it builds sound accountability mechanisms into its fundamental operation. The program is also focused on non-duplication of effort, fostering the science of projects that are unique and are not receiving funding from other sources.

The prostate cancer research program has engaged survivors of prostate cancer into its accountability practices from its outset. This consumer input helps drive the program to become more am-

bitious and creative in seeking out new areas of research because it maintains its focus on what is important to survivors, advocates, and researchers.

The prostate cancer research program offers awards such as the idea development and new investigator grants that seek innovative and revolutionary studies that deviate from previous research. The goal is to stimulate venture research projects that reward sometimes speculative but promising ideas that can lead to huge returns on investments. Other grant awards focus on researching the disproportionate impact of prostate cancer on African American men.

While the prostate cancer research program's award mechanisms continue to stimulate exciting new research, the program is unable to fund its clinical trials awards appropriately. At least \$100 million is needed to allow the program to resume sound clinical trials, which are paramount in translating research from the lab into new patients for treatments.

On behalf of our community of advocates, families, researchers, physicians, and others touched by the disease, I would like to thank you and the committee once again for your time and leadership. Together we can eliminate prostate cancer as a threat to grandfathers, fathers, brothers, and families like mine.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF CHRIS HUDGINS

Mr. Chairman and distinguished members of the subcommittee, I would like to thank you for the opportunity to share my remarks. My name is Chris Hudgins, and am part of the public policy team at the National Prostate Cancer Coalition (NPCC). Since its inception in 1996, NPCC has been dedicated to eradicating prostate cancer through awareness, outreach, and advocacy.

You may be surprised to see someone who is only 25 years old talking about what was once thought to be an "old man's disease." Unfortunately, I know all too well the story of prostate cancer and its effects on America's families. I was introduced to the disease a few years before I began my employment with the NPCC. In 2000, my grandfather was diagnosed with prostate cancer. This was quite shocking to me because I had always thought of him as a strong and powerful man. He had served his country as a Marine during World War II and during the occupation of Japan. He returned home and studied at five different institutions. After serving in administrative capacities throughout the southeast for various colleges, universities and the Tennessee Department of Education, he rose to level of President, first at Meredith College in Raleigh, NC and later at the University of Richmond. Then, he was crippled by a silent killer.

As you can imagine, this was a particularly stressful time for me and my family. While, at the time of my grandfather's diagnosis, I had heard of the disease I was not aware of how prevalent prostate cancer had become among men. I now know that prostate cancer will affect about 220,000 men and their families this year, and 28,900 men will lose their battle with the disease. It's unfathomable to think that so many people will be subjected to the anguish my family has experienced.

Thanks to the availability of the prostate specific antigen (PSA) and the digital rectal exam (DRE), both of which are recommended by NPCC, my grandfather was able to catch the disease early when it is the most treatable. After having a radical prostatectomy, my grandfather fully recovered and has returned to riding his Harley-Davidson around the University of Richmond campus. Now the focus turns to the other men in my family.

As you may be aware, a person with one close family member with prostate cancer is twice as likely to develop the disease. My father, much like the majority of the baby-boom generation, is now in his early fifties. I say this because he, along with about 22 million men in the next ten years, is in the target age group for increased risk of prostate cancer. Since my grandfather's diagnosis, I have encouraged my father to keep a close eye on his PSA. This is not only because I love him but

also because if he is diagnosed then my and my brother's risk of the disease increases five fold.

While my grandfather—and my family—benefited from early detection, others are not so lucky. In the past few years, I have had the advantage of learning about the risks of prostate cancer and how early detection can save lives, but the truth is I am in the minority. We must focus on those individuals who do not have the benefit of this knowledge. We must also continue important research in prostate cancer to develop new treatments until a cure is found. That's why, Mr. Chairman, we all need your help.

As the nation prepares to bring home the soldiers that fought so bravely in Iraq, I can't help but think of my grandfather returning home from Japan in 1947. I believe our nation has a responsibility to protect America's soldiers on the battlefield and long after the fighting has ended. Men like my grandfather, veterans exposed to defoliants, who may bear a disproportionate risk of prostate cancer, and those who are about to return from the Middle East, must know that their government is doing everything they can to protect them from prostate cancer. As President Franklin Delano Roosevelt stated at the dedication of the National Institutes of Health in 1940, "we cannot be a strong nation unless we are a healthy nation."

While I cannot predict the impact of prostate cancer among our men in uniform, I can offer some estimates. We know that about 85 percent of individuals serving in active or reserve duty are men, approximately 2.2 million. If one applies the average risk to this group, over 350,000 men will be diagnosed with the disease in their lifetimes. That's more than the number of American servicemen lost in both World Wars.

The Department of Veterans Affairs (VA) estimates that there will be nearly 25 million veterans living in the United States by September 2003. Of these, 94 percent will be male, 81 percent will be age 45 or older and 17 percent will be minorities. The Veterans Health Administration also estimates that nearly 50,000 new cancer cases are diagnosed in VA patients each year—the second leading killer of veterans. It's easy to see the impact prostate cancer could have on America's servicemen.

To effectively fight prostate cancer, NPCC requests that you allocate at least \$100 million in fiscal year 2004 for the Prostate Cancer Research Program (PCRP) conducted by the Department of Defense through the extramural Congressionally Directed Medical Research Program (CDMRP). The PCRP is a model program, and it offers "awards to fill gaps in ongoing research and complement initiatives sponsored by other agencies." The program has received \$85 million in funding in fiscal year 2002 and fiscal year 2003, but without at least \$100 million, PCRP cannot appropriately conduct clinical trials research in which cutting-edge treatments can be offered to patients who need them most.

Since its inception in fiscal year 1997, the PCRP has been the most efficient federally directed prostate cancer research program because it builds sound accountability mechanisms into its fundamental operation. Its research is dedicated to increase evidence-based medicine, and it subjects itself to regular reviews of this effort. The program is also focused on non-duplication of effort, fostering the science of projects that are unique and are not receiving funding from other sources. The PCRP has engaged survivors of prostate cancer into its accountability practices from its outset. Several of NPCC's friends and colleagues have the honor of sitting on the Prostate Cancer Integration Panel, joining other consumers and a diverse group of scientists in the oversight of the CDMRP program and its projects. This consumer input helps drive the program to become more ambitious and creative in seeking new areas of research, because it maintains its focus on what is important to survivors, advocates and researchers.

The CDMRP prostate cancer program is clear-cut in its mission, process, goals and results; it is easy to see where—and how efficiently—every dollar the PCRP receives is spent. Among the research resources funded by the federal government, the CDMRP is the only program to offer organ site-specific research grants. Each grant awarded through the PCRP is 100 percent dedicated to prostate cancer. The impact on solving the problem of prostate cancer is not subjected to the complex—and too often fuzzy—calculations of organ site relevance that other agencies weigh when considering research opportunities.

As stated in its annual report, the PCRP has "challenged the scientific community to design innovative prostate cancer research that would foster new directions, address neglected issues and bring new investigators into the field." Cornerstones of the program's research efforts are the "Idea Development" and "New Investigator" grants. Both of these awards seek innovative and revolutionary studies that deviate from previous research. Their goal is to stimulate "venture research" projects that reward sometimes speculative but promising ideas that can lead to huge returns on investments.

The PCRP also offers grants to explore why certain populations suffer higher disease incidence. Grants such as the “Historically Black Colleges and Universities (HBCU) Collaborative Partnership” and the “Health Disparity Training” awards focus on researching the disproportionate impact of prostate cancer on African-American men and encouraging HBCU scientists to enter the prostate cancer research field.

In fiscal year 2003, the PCRP has added several new awards. Perhaps the most exciting new grant is the “Exploration-Hypothesis Development Award” which allows researchers to explore “innovative, untested, potentially groundbreaking concepts in prostate cancer.” Unlike similar grants awarded by the PCRP to new and innovative research ideas, the award is centered on new approaches without requiring any preliminary data. Such awards contrast other agencies’ grant processes that tend to favor research in which “proof-of-principle” has already been established. The program is also offering the “Physician Research Training Award” which is designed to draw new scientists into the field and train them for a career in prostate cancer research. Also awarded for the first time in fiscal year 2003 are the prostate cancer consortium awards. These large awards, which can be up to \$10 million, are focused on bringing together leading researchers and clinicians to concentrate on specific areas of prostate cancer research to accelerate advances in the field.

Unfortunately, the PCRP is not always able to make awards to worthwhile projects. In fiscal year 2002, the program received nearly 700 proposals but was only able to recommend 150 for funding compared to the over 300 for breast cancer research. Despite funding fewer than 25 percent of proposals received over the last five years, the program is still producing exceptional results. Data from more than 450 research projects have been published in scientific journals, and over 25 projects have received a patent or licensing.

As I mentioned, funding for the PCRP must return to its fiscal year 2001 level of \$100 million to allow the program to conduct needed clinical research appropriately. While many advancements are being made, we must capitalize on discoveries by translating them and testing them on patients. Clinical trials research conducted through the CDMRP breast cancer program has already produced a revolutionary new drug called Herceptin, which impacts a specific pathway in the growth of cancer cells. Studies have already shown that Herceptin, when used correctly, increases survivorship of breast cancer patients by one-third. Once prostate cancer research is afforded the same opportunity, who knows what kinds of new treatments may become available to men.

Dr. William G. Nelson, a prominent prostate cancer research professor at Johns Hopkins University School of Medicine once stated, “It’s nice to be able to cure rats and mice, but curing humans is what we’re all about—you can’t do that without clinical trials.” We believe Dr. Nelson’s statement speaks for itself. That’s why funding must increase to at least \$100 million in fiscal year 2004.

Mr. Chairman, we also ask that you provide at least \$10 million in funding for the Uniformed Services University of the Health Sciences (USUHS) and Walter Reed Army Medical Center (WRAMC) program called the Center for Prostate Disease Research (CPDR).

The CPDR is the intramural prostate cancer research program at DOD. Among other achievements, the CPDR has helped determine the effectiveness of the prostate specific antigen (PSA) screening exam. A recent CPDR study found a significant increase in five-year survival rates of those diagnosed with the disease and a decreased chance of losing life to the disease, both attributed to the implementation of PSA screening. NPCC supports early detection through screening and believes that the PSA test along with the DRE saves lives.

On behalf of our community of advocates—families, researchers, physicians, and others touched by the disease, I would like to thank you and the Committee once again for your time and leadership. The investments we make today can greatly reduce medical costs and save lives tomorrow. Together, we can eliminate prostate cancer as a threat to grandfathers, fathers, brothers, and families like mine.

Senator STEVENS. Well, thank you very much. It may interest you to know my grandfather, my father, and my oldest brother all died of prostate cancer, and I have had it, and you have a point. But there is a limit to what we can do to increase Federal funding for this research. You should do more to raise money in the private sector.

Mr. HUDGINS. All right. Thank you for your leadership in the past, Mr. Chairman.

Senator STEVENS. They really have—there should be—I think I may put a matching funds requirement on the money in this year's prostate cancer research and say that it can only be made available if it is matched by private funds.

Mr. HUDGINS. Okay. Thank you very much.

Senator STEVENS. Thank you.

Fran Visco, please.

STATEMENT OF FRAN VISCO, J.D., PRESIDENT, NATIONAL BREAST CANCER COALITION

Ms. VISCO. Thank you, Mr. Chairman. I am Fran Visco, a 16-year breast cancer survivor and the president of the National Breast Cancer Coalition. As you know, the coalition is an organization of more than 600 organizations from around the country and over 70,000 individuals, all dedicated to eradicating breast cancer through action and advocacy. I am here on their behalf to thank you and the committee for its leadership in the breast cancer research program.

Since 1992 this program has set the standard for biomedical research in this country and in other countries. It has created new models of research. It has created new mechanisms to attract scientific ideas, innovative, cutting edge ideas from around the world. It is a model that has been copied, not just by other programs within the DOD and the National Cancer Institute, but also other countries. It has created new collaborations and partnerships for the military with the leaders in the scientific community around the world, and the Army itself has copied the program and used what is happening in this program in many of its other areas of endeavor.

This year the program itself submitted its annual report September 30, 2002, and it is their report on all of the congressionally-directed medical research programs. We have also submitted testimony on behalf of the coalition, and 65 of your colleagues in the Senate have written to you and to Mr. Inouye asking for continuation of the program.

All of those materials lay out the reason why this program must continue. It is not duplicative. It fills gaps. It is creating new relationships for the Army and it is creating hope and real progress for women and their families.

So I am here to urge you to continue this program and again to thank you for the incredible leadership that you have shown, and I am available to answer any questions you have. I wanted to point out another thing of this program that truly is a model, and that is the meeting that is called the Era of Hope. Every 2 years the breast cancer research program conducts a meeting where everyone who has been funded by the program must report on their research to the American public. This is probably the only time that the taxpayers learn what is happening, specifically and directly what is happening with their tax dollars. It again is a wonderful model that is being replicated elsewhere.

So for all of these reasons, we urge you to continue this program and thank you for your support to date.

[The statement follows:]

PREPARED STATEMENT OF FRAN VISCO

Thank you, Mr. Chairman and members of the Appropriations Subcommittee on Defense for your exceptional leadership in the effort to increase and improve breast cancer research. You and your Committee have shown great determination and leadership in searching for the answers by funding the Department of Defense (DOD) Peer-Reviewed Breast Cancer Research Program (BCRP) at a level that has brought us closer to eradicating this disease.

I am Fran Visco, a breast cancer survivor, a wife and mother, a lawyer, and President of the National Breast Cancer Coalition. On behalf of NBCC, and the more than 3 million women living with breast cancer, I would like to thank you for the opportunity to testify today.

The DOD BCRP's decade of progress in the fight against breast cancer has been made possible by this Committee's investment in breast cancer research. To continue this unprecedented progress, we ask that you support a \$175 million appropriation for fiscal year 2004. The program was cut back from \$175 million to \$150 million two years ago as part of an across-the-board cut in Congressionally directed health programs. However, there continues to be excellent science that goes unfunded which is why we believe that the BCRP should be appropriated \$175 million for fiscal year 2004.

As you know, the National Breast Cancer Coalition is a grassroots advocacy organization made up of more than 600 organizations and tens of thousands of individuals and has been working since 1991 toward the eradication of this disease through advocacy and action. NBCC supports increased funding for breast cancer research, increased access to quality health care for all women, and increased influence of breast cancer activists at every table where decisions regarding breast cancer are made.

OVERVIEW OF THE DOD BREAST CANCER RESEARCH PROGRAM

In the span of only ten years, the DOD Peer-Reviewed Breast Cancer Research Program has established itself as model medical research program, respected throughout the cancer community for its innovative and accountable approach. The groundbreaking research performed through the program has the potential to benefit not just breast cancer, but all cancers, as well as other diseases. Biomedical research is being transformed by the BCRP's success.

This program is both innovative, and incredibly streamlined. It continues to be overseen by a group of distinguished scientists and activists, as recommended by the Institute of Medicine (IOM). Because there is no bureaucracy, the program is able to quickly respond to what is currently happening in the scientific community. It is able to fill gaps, with little fuss. It is responsive, not just to the scientific community, but also to the public.

Since its inception, this program has matured from an isolated research program to a broad-reaching influential voice forging new and innovative directions for breast cancer research and science. The flexibility of the program has allowed the Army to administer this groundbreaking research effort with unparalleled efficiency and skill.

In addition, an inherent part of this program has been the inclusion of consumer advocates at every level, which has created an unprecedented working relationship between advocates and scientists, and ultimately led to new avenues of research in breast cancer. Since 1992, more than 600 breast cancer survivors have served on the BCRP review panels. Their vital role in the success of the BCRP has led to consumer inclusion in other biomedical research programs at DOD. In addition, this program now serves as an international model.

It is important to note that the DOD Integration Panel that designs this program has a plan of how best to spend the funds appropriated. This plan is based on the state of the science—both what scientists know now and the gaps in our knowledge—as well as the needs of the public. This plan coincides with our philosophy that we do not want to restrict scientific freedom, creativity and innovation. While we carefully allocate these resources, we do not want to predetermine the specific research areas to be addressed.

UNIQUE FUNDING OPPORTUNITIES

Developments in the past few years have begun to offer breast cancer researchers fascinating insights into the biology of breast cancer and have brought into sharp focus the areas of research that hold promise and will build on the knowledge and investment we have made. The Innovative Developmental and Exploratory Awards (IDEA) grants of the DOD program have been critical in the effort to respond to

new discoveries and to encourage and support innovative, risk-taking research. The IDEA grants have been instrumental in the development of promising breast cancer research. These grants have allowed scientists to explore beyond the realm of traditional research and have unleashed incredible new ideas and concepts. IDEA grants are uniquely designed to dramatically advance our knowledge in areas that offer the greatest potential.

IDEA grants are precisely the type of grants that rarely receive funding through more traditional programs such as the National Institutes of Health, and academic research programs. Therefore, they complement, and do not duplicate, other federal funding programs. This is true of other DOD award mechanisms as well.

For example, the Innovator awards are structured to recognize talented individuals, rather than projects, from any field of study by providing funding and freedom to pursue creative, potentially breakthrough research that could ultimately accelerate the eradication of breast cancer. In the area of training, the DOD BCRP has launched innovative programs such as Physician-Scientist Training Awards, which are intended to support the training of new breast cancer clinical research physicians.

Also, Historically Black Colleges and Minority Universities/Minority Institutions Physicians' Training Awards ("Minority Institution" awards) are intended to provide assistance at an institutional level. The major goal of this award is to support collaboration between multiple investigators at an applicant Minority Institution and a collaborating institution with established investment in breast cancer research, for the purpose of creating an environment that would foster breast cancer research, and in which Minority Institute faculty would receive training toward establishing successful breast cancer research careers.

These are just a few examples of innovative approaches at the DOD BCRP that are filling gaps in breast cancer research. It is vital that these grants are able to continue to support the growing interest in breast cancer research—\$175 million for peer-reviewed research will help sustain the program's momentum.

The DOD BCRP also focuses on moving research from the bench to the bedside. A major feature of the awards offered by the BCRP is that they are designed to fill niches that are not offered by other agencies. The BCRP considers translational research to be the application of well-founded laboratory or other pre-clinical insight into a clinical trial. To enhance this critical area of research, several research opportunities have been offered. Clinical Translational Research Awards, for investigator-initiated projects that involve a clinical trial within the lifetime of the award, make up the majority of the BCRP's translational research portfolio. The BCRP expanded its emphasis on translational research by offering 5 different types of awards that support work at the critical juncture between laboratory research and bedside applications.

SCIENTIFIC ACHIEVEMENTS

The BCRP research portfolio is comprised of many different types of projects, including support for innovative ideas, infrastructure building to facilitate clinical trials, and training breast cancer researchers.

One of the most promising outcomes of research funded by the BCRP was the development of Herceptin, a drug that prolongs the lives of women with a particularly aggressive type of advanced breast cancer. This drug could not have been developed without first researching and understanding the gene known as HER2-neu, which is involved in the progression of some breast cancers. Researchers found that over-expression of HER-2/neu in breast cancer cells results in very aggressive biologic behavior. Most importantly, the same researchers demonstrated that an antibody directed against HER2-neu could slow the growth of the cancer cells that over-expressed the gene. This research led to the development of the drug Herceptin. This research was made possible in part by a DOD BCRP-funded infrastructure grant. Other researchers funded by the BCRP are currently working to identify similar kinds of genes that are involved in the initiation and progression of cancer. They hope to develop new drugs like Herceptin that can fight the growth of breast cancer cells.

Several studies funded by the BCRP will examine the role of estrogen and estrogen signaling in breast cancer. For example, one study examined the effects of the two main pathways that produce estrogen. Estrogen is often processed by one of two pathways; one yields biologically active substances while the other does not. It has been suggested that women who process estrogen via the biologically active pathway may be at a higher risk of breast cancer. It is anticipated that work from this funding effort will yield insights into the effects of estrogen processing on breast cancer risk in women with and without family histories of breast cancer.

One DOD IDEA award success has supported the development of new technology that may be used to identify changes in DNA. This technology uses a dye to label DNA adducts, compounds that are important because they may play a role in initiating breast cancer. Early results from this technique are promising and may eventually result in a new marker/method to screen breast cancer specimens.

Another DOD BCRP IDEA award has generated a new vaccine targeted against ductal carcinoma in situ (DCIS), a malignant, non-invasive lesion that can develop into an invasive breast cancer. The vaccine is being tested on mice that develop spontaneous mammary tumors that over express the HER-2/neu protein. Mice treated with the vaccine show a markedly decreased rate of tumor development when compared to that generated for the prevention of tumor formation in women at risk for the development of HER-2/neu expressing tumors.

Investigators funded by the DOD have developed a novel imaging technique that combines two-dimensional and novel three-dimensional digital mammographic images for analysis of breast calcifications. Compared to conventional film screen mammography, this technique has greater resolution. Ultimately, this technique may help reduce the number of unnecessary breast biopsies.

Despite the enormous successes and advancements in breast cancer research made through funding from the DOD BCRP, we still do not know what causes breast cancer, how to prevent it, or how to cure it. It is critical that innovative research through this unique program continues so that we can move forward toward eradicating this disease.

FEDERAL MONEY WELL SPENT

The DOD BCRP is as efficient as it is innovative. In fact, 90 percent of funds go directly to research grants. The flexibility of the program allows the Army to administer it in such a way as to maximize its limited resources. The program is able to quickly respond to current scientific advances, and is able to fill gaps by focusing on research that is traditionally under-funded. It is also responsive, not just to the scientific community, but also to the public. This is evidenced by the inclusion of consumer advocates at both the peer and programmatic review levels. The consumer perspective helps the scientists understand how the research will affect the community, and allows for funding decisions based on the concerns and needs of patients and the medical community.

Since 1992, the BCRP has been responsible for managing \$1.2 billion in appropriations, which has resulted in 2,837 awards for fiscal year 1992–2000. The areas of focus of the DOD BCRP span a spectrum and include basic, clinical, behavioral, environmental sciences, and alternative therapy studies, to name a few. The BCRP benefits women and their families by maximizing resources; the program offers awards that fill existing gaps in breast cancer research. Scientific achievements that are the direct result of the DOD BCRP are undoubtedly moving us closer to eradicating breast cancer.

The outcomes of the BCRP-funded research can be gauged, in part, by the number of publications, abstracts/presentations, and patents/licensures reported by award-ees, to date. There have been 2300 publications in scientific journals, 1800 abstracts and 30 patents/licensure applications.

The federal government can truly be proud of its investment in the DOD BCRP.

POSITIVE FEEDBACK ON THE DOD BCRP

The National Breast Cancer Coalition has been the driving force behind this program for many years. The success of the DOD Peer-Reviewed Breast Cancer Research Program has been illustrated by two unique assessments of the program. The Institute of Medicine (IOM), which originally recommended the structure for the program, independently re-examined the program in a report published in 1997. Their findings overwhelmingly encourage the continuation of the program and offer guidance for program implementation improvements.

The 1997 IOM review of the DOD Peer-Review Breast Cancer Research Program commended the program and stated that, "the program fills a unique niche among public and private funding sources for cancer research. It is not duplicative of other programs and is a promising vehicle for forging new ideas and scientific breakthroughs in the nation's fight against breast cancer." The IOM report recommends continuing the program and establishes a solid direction for the next phase of the program. It is imperative that Congress recognizes the independent evaluations of the DOD Breast Cancer Research Program, as well as reiterates its own commitment to the Program by appropriating the funding needed to ensure its success. The IOM report has laid the groundwork for effective and efficient implementation of the

next phase of this vital research program, now all that it needs is the appropriate funding.

The DOD Peer-Reviewed Breast Cancer Research Program not only provides a funding mechanism for high-risk, high-return research, but also reports the results of this research to the American people at a biennial public meeting called the "Era of Hope." The 1997 meeting was the first time a federally funded program reported back to the public in detail not only on the funds used, but also on the research undertaken, the knowledge gained from that research and future directions to be pursued. The transparency of the BCRP allows scientists, consumers and the American public to see the exceptional progress made in breast cancer research.

At the 2002 Era of Hope meeting, all BCRP award recipients from fiscal years 1998–2000 were invited to report their research findings and many awardees from previous years were asked to present advancements in their research. Scientists reported important advances in the study of cancer development at the molecular and cellular level. Researchers presented the results of research that elucidates several genes and proteins responsible for the spread of breast cancer to other parts of the body, and, more importantly, reveals possible ways to stop this growth. The meeting, which marked the 10th Anniversary of the program, also featured grant recipients who are working towards more effective and less toxic treatments for breast cancer that "target" the unique characteristics of cancer cells and have a limited effect on normal cells.

The DOD Peer-Reviewed Breast Cancer Research Program has attracted scientists with new ideas and has continued to facilitate new thinking in breast cancer research and research in general. Research that has been funded through the DOD BCRP is available to the public. Individuals can go to the Department of Defense website and look at the abstracts for each proposal.

COMMITMENT OF THE NATIONAL BREAST CANCER COALITION

The National Breast Cancer Coalition is strongly committed to the DOD program in every aspect, as we truly believe it is one of our best chances at finding cures and preventions for breast cancer. The Coalition and its members are dedicated to working with you to ensure the continuation of funding for this program at a level that allows this research to forge ahead.

In May of 1997, our members presented a petition with over 2.6 million signatures to the Congressional leaders on the steps of the Capitol. The petition called on the President and the U.S. Congress to spend \$2.6 billion on breast cancer research between 1997 and the year 2000. Funding for the DOD Peer-Reviewed Breast Cancer Research Program was an essential component of reaching the \$2.6 billion goal that so many women and families worked to gain.

Once again, NBCC is bringing its message to Congress. Just last week, many of the women and family members who supported the campaign to gain the 2.6 million signatures came to NBCC's Annual Advocacy Training Conference here in Washington, D.C. More than 600 breast cancer activists from across the country joined us in continuing to mobilize behind the efforts to eradicate breast cancer. The overwhelming interest in, and dedication to eradicate this disease continues to be evident as people are not only signing petitions, but are willing to come to Washington, D.C. from across the country to deliver their message about our commitment.

Since the very beginning of this program, in 1993, Congress has stood in support of this important investment in the fight against breast cancer. In the years since then, Mr. Chairman, you and this entire Committee have been leaders in the effort to continue this innovative investment in breast cancer research.

NBCC asks you, the Defense Appropriations Subcommittee, to recognize the importance of what you have initiated. What you have done is set in motion an innovative and highly efficient approach to fighting the breast cancer epidemic. What you must do now is continue to support this effort by funding research that will help us win this very real and devastating war against a cruel enemy.

Thank you again for the opportunity to submit testimony and for giving hope to the 2.6 million women living with breast cancer.

Senator STEVENS. Thank you. I think we started this research 11 years ago.

Ms. VISCO. Yes.

Senator STEVENS. Twelve years ago. And every year we have put the money up for this research and prostate cancer research in increasing amounts. But I have not seen a similar response from the private sector. While we are going to continue to support research

for prostate cancer and breast cancer, I am going to urge Congress to start requiring matching funds at least of some amount to come forward from the private sector.

We cannot continue to increase the amount of money that comes out of the defense bill for this research when the more money we put up the less you get from the private sector. I think that trend has to stop and we have to see a strong response from the private sector for us to continue our support for these research—particularly when it is requested from this subcommittee for money from the defense account.

Now, we have many women in the armed services now and they deserve to have the military proceeding to deal with one of their major concerns, which is breast cancer. We will continue, but I do think that the research that we are doing with defense dollars, it benefits the whole society, but the society ought to respond more to the demands for this research money as it has in the past.

Ms. VISCO. Mr. Chairman, we would be happy, the National Breast Cancer Coalition would be happy, to work with your staff to give you information on what is being done now in the community outside of the government, so we can work from there. We would be happy to work with you in that regard.

Senator STEVENS. I would like to see that. I would like to see to it that the organizations that are asking for taxpayers' money are reaching out and trying to raise non-taxpayers' money to continue this research.

Ms. VISCO. Yes, sir. We will give you that information.

Senator STEVENS. Thank you very much.

Our next witness is Martin B. Foil, member of the Board of Directors, National Brain Injury Research and Treatment and Training Foundation.

STATEMENT OF MARTIN B. FOIL, JR., MEMBER OF THE BOARD OF DIRECTORS, NATIONAL BRAIN INJURY RESEARCH, TREATMENT AND TRAINING FOUNDATION

Mr. FOIL. Thank you, Senator Stevens, Mr. Chairman. It is good to be back. We appreciate everything that you and your folks here on the committee have been doing.

My name is Martin Foil. I am the father of a man with a severe brain injury. I am happy to be here on behalf of the wonderful men and women in our armed services. Really, I know we are all proud of what they did and their valiant performance in Operation Iraqi Freedom.

I am privileged to come here today to request \$5 million in funding for the Defense Veterans Head Injury Program (DVHIP), which provides treatment and services to thousands of military people injured annually. As you know, the DVHIP is a component of the military health system, providing direct care at treatment facilities in veterans hospitals throughout the Nation. While there is a research component, it provides mainly state-of-the-art medical care and rehabilitation to our personnel who sustain concussions and more severe brain injury. Our goal is to get them back to work as soon as possible.

Since the war on terrorism began, DVHIP has treated some 40 troops injured in Operation Enduring Freedom in Afghanistan and Iraqi Freedom. On two occasions, President Bush has visited a few

of these soldiers who were being treated at our lead site at Walter Reed. My written testimony includes examples of military personnel who have recently received care under the full spectrum of the DVHIP program from acute care to rehabilitation to community reentry and, more importantly, return to work.

Some highlights of the program include collaborating with leading researchers on battlefield biomarkers for mild brain injury and injury recovery. The goal here is to see if they need to be taken back from the front line or if they are going to be well in a few hours or a few days. Working with the U.S. Army Aeromedical Laboratory at Fort Rucker, we are working and implementing phase two of the paratrooper's helmet study at Fort Bragg, a very interesting study. We have also been asked to assist in evaluation of potential concussions as a result of blast injuries, particularly those from land mines.

I respectfully request your support for the \$5 million from the DOD appropriations bill under health affairs operations and maintenance for fiscal year 2004. This funding request is supported by Senators Reed, Kennedy, Hagel, Allen, Rockefeller, and Boxer, and the Congressional Brain Injury Task Force.

Indeed, we are all grateful for your support over the years. We hope you again support our efforts to provide the best care for our brave men and women in uniform.

Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF MARTIN B. FOIL, JR.

Dear Chairman Stevens, Senator Inouye and Members of the Senate Appropriations Subcommittee on Defense: My name is Martin B. Foil, Jr. and I am the father of Philip Foil, a young man with a severe brain injury. I serve as a volunteer on the Board of Directors of the National Brain Injury Research, Treatment and Training Foundation (NBIRTT)¹ and Virginia NeuroCare in Charlottesville, Virginia (VNC).² Professionally, I am the Chief Executive Officer and Chairman of Tuscarora Yarns in Mt. Pleasant, North Carolina.³

On behalf of the thousands of military personnel that receive brain injury treatment and services annually, I respectfully request that \$5 million be added to the Department of Defense (DOD) Health Affairs budget for fiscal year 2004 under Operation and Maintenance for the Defense and Veterans Head Injury Program (DVHIP).

I appreciate the opportunity to provide testimony regarding this important program which is a collaborative effort among DOD, Department of Veterans Affairs (DVA), the Henry M. Jackson Foundation for the Advancement of Military Medicine and the Uniformed Services University of the Health Sciences (USUHS).

The Defense and Veterans Head Injury Program (DVHIP)

Established in 1992, the DVHIP is a component of the military health care system that integrates clinical care and clinical follow-up, with applied research, treatment and training. The program was created after the Gulf War to address the need for an overall systemic program for providing brain injury specific care and rehabilitation within DOD and DVA. The DVHIP seeks to ensure that all military personnel and veterans with brain injury receive brain injury-specific evaluation, treatment and follow-up. Over time, the research conducted by the DVHIP has come to define optimal care for military personnel and veterans with brain injuries. A multi-center

¹NBIRTT is a non-profit national foundation dedicated to the support of clinical research, treatment and training.

²VNC provides brain injury rehabilitation to military retirees, veterans and civilians through an innovative and cost effective day treatment program.

³I receive no compensation from this program. Rather, I have raised and contributed millions of dollars to support brain injury research, treatment, training and services.

clinical care and clinical research program, the program's motto is "working for a cure."

The DVHIP has been proactive since its inception, developing numerous innovative programs that enable patients to have a variety of treatment options at each site. Clinical care and research is currently undertaken at seven DOD and DVA sites and one civilian treatment site,⁴ allowing single and multi-center trials to be conducted informing future clinical care and treatment strategies. In addition to providing treatment, rehabilitation and case management at each of the 8 primary DVHIP traumatic brain injury (TBI) centers, the DVHIP includes a regional network of additional secondary veterans hospitals capable of providing TBI rehabilitation, and linked to the primary lead centers for training, referrals and consultation. This is coordinated by a dedicated central DVA TBI coordinator and includes an active TBI case manager training program.

The DVHIP is a model program of efficient and effective collaboration between DOD and DVA.

DVHIP Stands Ready to Treat Troops and Veterans Sustaining Brain Injuries

Head injury is a leading combat concern in modern warfare. Neurotrauma (traumatic brain and spinal cord injuries) accounts for almost 25 percent of combat casualties. In addition, secondary brain injuries—resulting from stroke, cerebral ischemia, seizures, ionizing radiation, low blood pressure due to loss of blood volume, nerve agents, cyanide, toxic concentrations of oxygen, neurotoxicity due to central nervous system (CNS) malaria or treatment with antimalaria agents, and other CNS traumas, have a significant impact on the health and readiness of military personnel. Many of the currently feared terrorist threats would involve secondary brain injuries, particularly those involving chemical or biological neurological insults.

The DVHIP sites have provided clinical care for over 40 casualties from the War on Terrorism to date. Thorough evaluation, referral for appropriate clinical supports, prompt discharge to home or military unit, and focus on returning service members to active duty have been the primary goals of the clinical care provided to these war fighters. Additional service members have been identified who were promptly discharged back to their units. These individuals will be actively followed to ensure that they receive specialized clinical care and follow-up as needed.

The DVHIP is prepared to provide a full continuum of care for military personnel injured during any and all future hostilities.

Examples of Military Personnel Injured, Treated and Returning to Work

The following are examples of injured active duty military personnel who recently received care provided by the DVHIP:

- On April 11, 2003, President Bush visited soldiers being treated at Walter Reed Army Medical Center (WRAMC) who were injured during Operation Iraqi Freedom. At least 2 patients were under the care of DVHIP staff.
- On January 16, 2003, President Bush visited WRAMC and saw five soldiers who had been injured during Operation Enduring Freedom in Afghanistan, one of whom sustained a brain injury along with a fractured skull and other broken bones. The Washington Post reported on the President's visit and noted that some 200 troops have been injured in Afghanistan. The soldier with the brain injury was treated by DVHIP staff.
- Another soldier treated at WRAMC was featured on the front page of WRAMC's publication *Stripe*, on January 17, 2003. A photo showed First Sgt. Colin Robert Rich, A Company, 1st Battalion 504th Parachute Infantry Regiment, receiving a visit from Secretary of the Army Thomas E. White. Sgt. Rich had been shot in the head on December 28, 2002 while serving in Afghanistan. *Stripe* reported that Sgt. Rich explained to the Secretary that the round went through his Kevlar helmet, "which decelerated it enough that it didn't blow my head up. It ricocheted and it did shatter the skull." Rich added, "Love your Kevlar", sir, that's my motto." Rich received initial acute care at a hospital in Germany within 15 hours of being shot and arrived at WRAMC on January 4 where he was cared for by DVHIP staff before being discharged home on January 16, 2002.
- In June of 2002, a 32 year old female Air Force Tech Sgt. customer service and unit deployment manager fell asleep while driving and rear-ended a stationary 18-wheeler at highway speed. She sustained a severe brain injury and remained

⁴Walter Reed Army Medical Center, Washington, DC; James A. Haley Veterans Hospital, Tampa, FL; Naval Medical Center San Diego, San Diego, CA; Minneapolis Veterans Affairs Medical Center, Minneapolis, MN; Veterans Affairs Palo Alto Health Care System, Palo Alto, CA; Virginia Neurocare, Inc., Charlottesville, VA; Hunter McGuire Veterans Affairs Medical Center, Richmond, VA; Wilford Hall Medical Center, Lackland Air Force Base, TX.

in a coma for 7 days at Memorial Hermann Hospital in Houston, Texas. She was transferred to the Veterans Affairs Palo Alto Health Care System for inpatient rehabilitation by the DVHIP on July 11, 2002. Her admission evaluation revealed multiple neurological, physical and cognitive symptoms.⁵ By August 13, 2002 she was discharged with improved neurological, physical and cognitive abilities and returned home to San Antonio with her husband and two young children. She received outpatient therapy at Warm Springs Rehabilitation Hospital in San Antonio through the end of the year. On November 20, 2002 she was evaluated by the medical board at Wilford Hall Medical Center (WHMC) and showed mild residual symptoms.⁶ The board recommended trial of duty, initially half days with close supervision. She was evaluated six months post injury by DVHIP staff at WHMC on February 5, 2003 and underwent a driving re-evaluation on February 7, with full driving privileges recommended. She began her trial of duty on February 11, 2003 and anticipates going to the NCO academy if her recovery continues as anticipated.

—Sgt. MF, a 39 year old Army Recruiter was involved in a motorcycle accident in July 2002, resulting in a traumatic brain injury. His initial evaluations showed a very serious brain injury to the right and left sides of the brain with a sub-dural hematoma and massive swelling. He underwent major surgery to remove part of the bleed and resulting damage to the right side of the brain. He received his acute care in Louisville, Kentucky, and was subsequently transferred to McGuire Veterans Hospital in Richmond, Virginia, for post-acute rehabilitation and then to Virginia NeuroCare (VNC) in October 2002 for community re-entry rehabilitation. He was discharged to the Medical Holding Company Unit at his Army station of origin on March 8, 2003. MF stated that he was very satisfied with his care throughout his entire recovery and rehabilitation. He stated that the DVHIP staff at the Richmond VA and Virginia NeuroCare took a one-on-one interest in him and he was pleased with his rehabilitation experience.

At VNC, Sgt. MF was particularly appreciative of the opportunity to live independently in a transitional apartment. He reported that the therapy program was good, and he appreciated the fact that the program was tailored to individual needs. His volunteer placement at the local Army Recruiting Station during the final phase of his rehabilitation at VNC was a positive experience that led him to believe he would get his life back.

These are just a few examples of what DVHIP does for hundreds of military personnel each year—from being ready to care for injured troops in the acute care setting to neuro-rehabilitation involving the entire patient to full community integration.

DVHIP Support for Families after Brain Injury

Every military commander and soldier knows the importance of taking care of their families so that they may focus on performing their critical duties. This is especially important in times of conflict, as demonstrated during Operation Iraqi Freedom. When soldiers sustain brain injuries in conflict, taking care of families is even more important. This is because the impact of brain injury on the family is particularly traumatic, in that not only life and death are at stake, but there are also significant disruptions to family systems for months or years thereafter as the rehabilitation and recovery process ensues.

On May 3, 2003, Deputy Commander Lt. General Doug Brown of Special Operations had the opportunity to observe first hand the support services provided to families of our soldiers and veterans when he was visiting a soldier undergoing rehabilitation at Tampa VAMC for a brain injury from shrapnel sustained during Operation Iraqi Freedom. General Brown participated in the program's family support group and listened to the stories of the families and survivors. General Brown expressed his appreciation for the treatment and services offered and the importance and usefulness of the family support group.

Support groups have been provided by the DVHIP since the program's inception in 1992. Family support groups provide a great deal of support, education, and in-

⁵ Her symptoms included mild dizziness, headaches, continued diminished rapid toe and finger movements on the right, abnormal gait but walking unassisted, difficulties with fluency, naming, reading and word-finding difficulties. Greatest cognitive impairments continued in the areas of memory and problem solving—modified independent level of function in bathing and dressing due to wearing a brace for the vertebral fracture. Independent in all other area of basic self-care.

⁶ Improved speech, persistent mild facial numbness, mild disequilibrium without vertigo, walking independently, continued weakness in verbal memory but effective use of compensatory techniques; able to care for 4 year-old and 10-month old children at home.

formation to families. The family support program at the Tampa VA also holds bi-annual reunions in which former patients and families come from around the country.

Educating Care Providers

On April 30, and May 1, 2003, DVHIP and the WRAMC Department of Psychology, Neuropsychology Postdoctoral Fellowship held the first joint sponsored brain injury conference, entitled "Innovative Concepts In Traumatic Brain Injury: Neurobiological and Neurobehavioral Aspects." The presenters, David A. Hovda, Ph.D. from UCLA and Jeffrey T. Barth, Ph.D. from UVA are both internationally recognized scientists-practitioners in the area of brain injury. The conference targeted both experienced health-care professionals and postgraduate trainees and residents the areas of neurology, neuropsychology, neurosurgery, psychiatry, and physical medicine and rehabilitation, as well as other professionals with an interest in learning about the neurobiological and neurobehavioral aspects of traumatic brain injury. With this audience in mind the conference presented a balance of both an overview of the basics of the biomechanical aspects of TBI as well as cutting edge research. The two-day conference was attended by over 70 professionals and trainees from the DOD and VA throughout the National Capital Area and a story on the conference appeared in the May 2, 2003 edition of *Stripe*.

Education of corpsmen and other military medical providers on concussion care continues to be one of the primary objectives at the DVHIP at Camp Pendleton. Additionally, standardized educational programs are being developed this year by the DVHIP educational core in order to reach a greater number of medical providers. DVHIP plans to make these educational materials available on its website to enhance this outreach and provide information to providers in austere locations where travel for on-site training would not be possible.

Additional DVHIP Accomplishments and Ongoing Research Initiatives

Provided successful rehabilitation and return to work and community re-entry for active duty military personnel and veterans.

Established the War on Terrorism Brain Injury Registry to identify individuals with brain injury and examine clinically relevant issues in the management of brain injury sustained in theatre.

Ongoing studies are being conducted with Army paratroopers and cadets and U.S. Marines at Fort Bragg, West Point, and Camp Pendleton. These studies are investigating brief evaluation instruments for use on the battlefield to determine which injured service members require immediate treatment and which can return to duty. The goal of these studies is to preserve our nation's fighting strength while conserving medical resources for those injured and requiring treatment.

Completed enrolling patients in a research protocol on functional rehabilitation versus cognitive rehabilitation for severe brain injury.

A randomized controlled study of sertraline for post concussive syndrome is being carried out in all DVHIP military and VA sites.

Started new randomized controlled trial of valproate for brain injury related agitation at James A. Haley Veterans Hospital, Tampa, Florida.

A new DVHIP website is currently under construction. The website will provide information to individuals with brain injury, their families and caregivers, as well as to clinicians, researchers and the general public.

Fiscal year 2004 Goals

Expand clinical capacity to meet the need to care for an increasing number of injured military personnel and veterans.

Improve rehabilitation and treatment program for active duty service members with mild cognitive impairment following possible chemical or biological exposure.

Establish a multi-center trial to provide the first evidence on the effectiveness of cognitive rehabilitation and stimulant medication early in recovery from severe brain injury.

Conduct the study of enhanced protection from parachute injury by field testing approved novel helmet configurations at Fort Bragg.

Develop return to duty guidelines through analysis of data collected in the West Point sports concussion study and the Fort Bragg concussion study.

Examine biomarkers in mild brain injury and injury recovery in collaboration with Ron Hayes, Ph.D. at the Evelyn F. and William L. McKnight Brain Institute at the University of Florida.

Examine the utility of mobile transcranial Doppler ultrasonography to identify cerebral blood flow alterations in mild brain injury and recovery patterns.

Report to the U.S. Army the findings from the War on Terrorism Brain Injury Registry regarding incidence of closed head injury and the impact of early wound closure in penetrating brain injury.

Extend outcomes research through the evaluation of long-term work and duty status in DVHIP rehabilitation trial participants.

Disseminate evidence based guidelines on pharmacological management of neurobehavioral consequences of brain injury.

Expand the DVHIP Registry to include patients from additional DVA and DOD medical facilities. Broaden the spectrum of care for military personnel and veterans who have sustained brain injuries by using the DVHIP Registry to identify individuals in need of additional treatment and support.

Expand the content and services of the DVBIC website. Future website applications will include enhanced educational materials and the capability to make referrals and gain access to care.

Conclusion

As a part of the military health program, the DVHIP is in a unique position to help prevent, treat, and provide education regarding brain injury and to lead efforts to better the lives of active duty and retired military personnel affected by brain injury. The DVHIP stands ready to assist in the care of troops injured in any and all potential hostilities.

I respectfully urge your support for \$5 million for the DVHIP in the fiscal year 2004 Defense Appropriations bill in the DOD Health Affairs budget under Operation and Maintenance to continue this important program.

Senator STEVENS. Thank you very much for appearing again. We appreciate your concern.

Mr. FOIL. Always a pleasure to be here, sir.

Senator STEVENS. We will do our best.

Next, Captain Marshall Hanson, U.S. Naval Reserve, Acting Chair of Associations for America's Defense. Good morning, sir.

STATEMENT OF CAPTAIN MARSHALL HANSON, USNR (RETIRED), ACTING CHAIR, ASSOCIATIONS FOR AMERICA'S DEFENSE

Captain HANSON. Good morning, Mr. Chairman. The Associations for America's Defense (A4AD) thanks you for the opportunity to testify today.

A4AD first met in March of 2002 because it felt that certain defense issues were not being addressed in the MSO community. At the initial meeting were Enlisted Association of the National Guard of the United States (EANGUS), Marine Corps Reserve Officer's Association (MCROA), Naval Reserve Association (NRA), Naval Enlisted Reserve Association (NERA), National Association of Uniformed Services (NAUS), The Retired Enlisted Association (TREA), Veterans of Foreign Wars (VFW), and the Center for Strategic Policy. Military Order of World Wars (MOWW), the Navy League, and ROA have since joined. Collectively we represent over 2.5 million members.

A4AD looks at national defense, equipment, force structure, funding, and policy issues. We are submitting what we feel are the top equipment requirements for the active and Reserve Armed Forces in our written statement.

In the President's budget, DOD has made clear its intent to consolidate all pay and operations and maintenance (O&M) accounts into one appropriation per service. A4AD strongly opposes the proposed consolidation. While we support seeking efficiencies, we view the proposed business consolidation as ill-conceived and as an attempt to reduce congressional oversight.

Further, the Defense Transformation for the 21st Century Act of 2003 recommends amending Title 10 to allow the Secretary of De-

fense (SECDEF) to transfer 2½ percent of appropriated funds for military functions. A4AD is opposed to this degree of authority. Two-and-a-half percent is too high a sum of money and allows a high risk that items authorized by Congress could be stripped of funding to support a DOD project viewed as underfunded.

We further disagree with an increase of the \$10 million limit to \$20 million to allow reprogramming of acquisition funds.

The United States is still at war, as evidenced by this week's bombing in Riyadh. While Secretary of Defense Rumsfeld claims that there are no plans for reduction, subtle pressures are to be found encouraging personnel cuts. Defense planners within each service see the writing on the wall with money being moved by DOD from personnel to research and weapons systems and they are going to preemptively recommend select personnel cuts to save portions of their programs starting in fiscal year 2005 and 2006.

It should be remembered that it is a mixture of legacy forces and 21st century technology that has brought a swift victory against Saddam. The presence of troops on the ground is enabling us to capture members of the Iraqi regime. While the vision of joystick warfare, with operators removed from the battle site, is a subject of magazine articles, it is the blood and sweat of our young men and women who capture and win the battlefield.

The Senate authorization has agreed to the President's fiscal year 2004 numbers. The House has included increases. A4AD supports full funding for end strengths proposed by the House. We also solicit your input and backing for maintaining or increasing end strengths in future budgets.

A core of military and veterans associations are now looking beyond just personnel matters to the broader issues of national defense. As a group, we will continue to meet in the future and we hope to provide your committee with our inputs.

Thank you for your ongoing support for the Nation, the armed services, and the fine young men and women who defend our country. I stand by for questions.

Senator STEVENS. I do not have any questions. Thank you very much for presenting your statement. We appreciate your comments and will do our very best to follow through on them. We appreciate your concern.

Captain HANSON. Thank you.

[The statement follows:]

PREPARED STATEMENT OF CAPTAIN MARSHALL HANSON

INTRODUCTION

Mister Chairman and distinguished members of the Committee, The Associations for America's Defense (A4AD) are very grateful for the invitation to testify before you about our views and suggestions concerning current and future issues facing the defense appropriations.

Founded in 2002, the Association for America's Defense is a recently formed adhoc group of Military and Veteran Associations that have concerns about National Security issues that are not normally addressed by The Military Coalition, and the National Military Veterans Alliance. The participants are members from each. Among the issues that are addressed are equipment, end strength, force structure, and defense policy. Collectively, we represent about 2.5 million members.

- Enlisted National Guard Association of the United States
- Marine Corps Reserve Association
- Military Order of World Wars

- National Association for Uniformed Services
- Naval Enlisted Reserve Association
- Naval Reserve Association
- Navy League of the United States
- Reserve Officers Association
- The Retired Enlisted Association
- Veterans of Foreign Wars

Collectively, the preceding organizations have over two and a half million members who are serving our nation, or who have done so in the past. The number of supporters expands to beyond five million when you include family members and friends of the military.

A4AD, also, cooperatively works with other associations, who provide input while not including their association name to the membership roster.

CURRENT AND FUTURE ISSUES FACING DEFENSE

The Associations for America's Defense would like to thank this Committee for the stewardship that it has demonstrated on issues of Defense. Its pro-defense and non-partisan leadership sets the example.

In keeping with this, A4AD would like to submit what its membership feel are the top equipment requirements for the Armed Forces. Over the last six months, A4AD has compiled this list to provide the committee with a consolidated listing which does not favor a particular service and is a compilation from numerous sources. Both Active and Reserve requirements are provided for the major four of the uniformed services. The services are not listed in priority order.

Top Equipment Requirements:

Air Force Active:

F/A-22's
 Tanker Modernization
 Space-Based Infrared System SBIRS

Air Force Reserve:

C-17's (replaces aging C-141)
 F-16 Upgrades; sensor, targeting pods, displays
 A-10 Targeting Pods
 C-40's Medivac (replaces aging C-9A)

Air Guard:

C-17's
 KC-135 Re-engine
 Litening II targeting pods

Army Active:

Recapitalize The M1A1 & M2 force
 AH-64 and CH-47 Aviation Upgrades
 Objective Force Future Combat Systems

Army Reserve:

Light Medium Tactical Vehicles (LMTV)
 Medium Tactical Vehicles (MTV)
 High Mobility Multi-Purpose Wheeled Vehicle (HMMWV)
 IHFR Radio

Army Guard:

UH-60 Black Hawks
 AH-64 Apaches

Active Marine Corps:

JSF Joint Strike Fighter
 V-22 Osprey Program
 AAV Program

Reserve Marine Corps (and Active):

F/A-18 ECP-583 Upgrade
 CH-53E HNS "B" Kits (Forward Looking Infrared)
 Initial Issue equipment

Active Navy:

Littoral Combat Ship

F/A-18 E/F Procurement
DD(X)

Naval Reserve:

C-40A's Airlift Aircraft (replace aging C-9B)
LITTORAL SURVEILLANCE SYSTEM, LSS
F/A-18 ECP-560 Upgrades
Language delaying decommissioning of Navy's Coastal Patrol Craft (PCs) and
Aviation Squadrons
Equipment requirements on the above equipment list were purposely broken out
by Active and Reserve requirements.

Maintaining the Reserve Equipment List

Issue.—The Active Duty leadership has fallen short of fulfilling the Congressional mandate of responsibility for funding Reserve as well as Active Duty equipment through budgetary planning. The active solution seems to be suggesting that Reserve equipment should be returned to the Active Duty. This would be a mistake.

Position.—The overwhelming majority of Reserve and Guard members join the RC to have hands-on experience with equipment. The training and personnel readiness of Guard and Reserve members depends on constant hands-on equipment exposure. Historical records show that Guard and Reserve units maintain hardware and equipment at or higher than average material readiness and often have better training readiness.

In Operation Iraqi Freedom, Reserve and Guard units have proven their readiness. Current and future war fighting requirements will need these highly qualified units when the Combatant Commanders require fully ready units. The personnel readiness, retention, and training of Reserve and Guard members will depend on them having Reserve equipment that they can utilize, maintain, train on, and deploy with when called upon.

Depending on Active Component hardware has never been successful for many functional reasons. History shows that this can only be accomplished through Reserve and Guard equipment, since the training cycles of Active Components are rarely, if ever, synchronized with the training or exercise times of Guard and Reserve units. The A4AD recommends strengthening the appropriations for Reserve and Guard equipment in order to maintain highly qualified trained Reserve and Guard personnel.

We ask this committee to provide appropriations against unfunded equipment requirements. To appropriate funds to Reserve equipment would help emphasize to the Active Duty that it is exploring dead-ends by suggesting the transfer of Reserve equipment away from the Reservists.

Not Combining Active and Reserve Appropriations:

Issue.—The fiscal year 2004 Defense budget request makes it clear that OSD intends to consolidate all pay and O&M accounts into one appropriation per service. These consolidations would require various legislative changes before they could become law. The rationale for the consolidations is to provide greater flexibility for the Active chiefs to move monies from the Reserve and Guard pay accounts to fund Active component pay and O&M shortfalls. Managing fewer appropriations would also make managing pay and O&M easier.

Position.—The Associations for America's Defense strongly opposes the proposed consolidation of all Guard, Reserve and Active pay into one service pay appropriation. We similarly oppose the proposed consolidation of all Guard, Reserve and Active operations and maintenance accounts into one service O&M appropriation. While we support seeking efficiencies wherever possible, we view the proposed "business" consolidation as ill conceived, misrepresented as inefficient, and as an attempt to reduce Congressional oversight. We oppose it for a variety of other reasons, as well.

Under current law, the Reserve chiefs are the directors for their respective Reserve pay and O&M appropriations. Public Law 90-168, as amended by the fiscal year 1997 NDAA, vested in the Reserve chiefs full management and control of their respective Reserve financial resources. Consolidating Reserve and Active pay into one appropriation would divest the Reserve chiefs of this authority and preclude their executing the programs and responsibilities, and maintaining the readiness mandated by Congress.

Much of the Guard and Reserve annual training occurs during the fourth quarter of a fiscal year, the same time frame when the Active components are most likely to run short of funds and may desire to use Reserve pay and O&M to fund their own shortfalls. Allowing the Active components the "flexibility" to use Reserve funds whenever they need to pay Active component bills means that somewhere a Reserve

soldier or sailor will not be paid, a Reserve unit will not be trained for mobilization, or Reservist will not receive the specialized training needed for promotion, and ultimately retention. The Active Component will have flexible funding at the cost of Reserve Readiness.

Opposition to: Proposed Revision to authorization on Appropriations Funding

Issue.—The Defense Transformation for the 21st Century Act of 2003 recommends under Title IV, Subtitle A, Section 411, that Section 2214 of title 10 be amended to “enhance General Transfer Authority and allow authority to SECDEF to permit the transfer of 2.5 percent of the total appropriations or funds appropriated to the Department of Defense for that fiscal year of working capital funds of DOD for military functions (except MILCON); increasing to five percent in times of war or emergency.

Position.—A4AD is opposed to this degree of authority. Two and a half percent of \$400 billion is \$10 billion. This is the same amount that the Bush Administration asked for in funding, without detailing utilization, which Congress turned down. This is too high a sum of money, and permits a high risk that items authorized by Congress could be stripped of funding to support a DOD project viewed as under funded.

Issue.—The Defense Transformation for the 21st Century Act of 2003 recommends under Title IV, Subtitle A, Section 412, that Section 2214 of title 10 be amended to permit the transfer of funds to correct specific acquisition.

Position.—This requested change from a \$10 million to a new \$20 million limit of reprogramming of funds provides too much “flexibility” to the Secretary of Defense, reducing Congressional oversight.

Maintaining or Increasing End Strength

Issues.—The United States is at War. While Secretary of Defense Rumsfeld has publicly opposed increases, and claims there are no plans for reduction, subtle pressures are to be found encouraging personnel cuts. It has been reported that Secretary of Defense Rumsfeld throttled down on the troop presence in Iraq, even though the commanders in the field wanted more. The Chairman of the Joint Chiefs of Staff, Air Force General Richard Myers, is already on record saying that, “leaner forces contributed to tactical surprise, success in Iraq.” The Presidential budget suggested an 1,100 person cut in the Navy and a 1,900 (2.2 percent) person cut in the Naval Reserve, as a start. DoN planners are suggesting another 11 percent cut in the Naval Reserve for fiscal year 2005.

Position.—It should be remembered that it is a mixture of legacy forces and 21st century technology is what brought us swift victory against Saddam’s regime. The presence of troops on the ground is enabling us to capture members of the Iraqi regime. While the vision of a “joy stick” warfare, with operators removed from the battle site, is the subject of magazine articles; it is the blood and sweat of our young men and women who capture and win the battleground. We are decades away from bucolic warfare.

A4AD has continuing concerns about the mismatch between reducing active duty and reserve force strengths and the increasing mission requirements. While retention remains at record highs, and military members seem ready and willing to make personal sacrifices on behalf of their country in the War on Terrorism, this luxury of manpower will not last. The Navy, the first service to suffer manpower cuts, set record deployment lengths during Iraqi Freedom. The President/DOD should not be even implying cuts while the U.S.A. is at war.

A4AD believes the Administration and Congress must make it a high priority to maintain if not increase end strengths of already overworked military forces, even though DOD seems to want to work these forces even harder. End strengths need to be closely examined by both the House and Senate as a first step in addressing this situation.

Full funding for proposed end strengths is sought by A4AD. We also solicit your input and support for maintaining or increasing end strength in future debates.

The 4 percent solution

Issue.—Despite increases in the Defense budget, demands will be outstripping the availability of dollars. As money begins to be reprogrammed into Research and Development, the active duty programs will be stressed by perceived shortfalls. Resulting covetous possession will distort long term planning as planners seek to preserve favorite programs, surrendering the vulnerable and obsolete as a means to maintain the “strong”. Such acquisitiveness will stifle innovation, and eradicate retention.

Position.—A4AD urges the President of the United States and members of Congress to continue to increase defense spending to a minimum of 4 percent of Gross Domestic Product. The Armed Forces are an instrument of National Security and

Defense, and are in affect an insurance policy to this Country; as demonstrated by events since 9–11–2001. Americans should be willing to invest as much into defense as we do into the personal insurance policies.

CONCLUSION

A core of military and veteran associations are looking beyond personnel issues to the broader issues of National Defense. As a group, we will continue to meet in the future, and hope to provide your committee with our inputs.

Thank you for your ongoing support of the Nation, the Armed Services, and the fine young men and women who defend our country.

Senator STEVENS. Steven Garrett, the Deputy Legislative Director of the Retired Enlisted Association.

STATEMENT OF STEVEN L. GARRETT, DEPUTY LEGISLATIVE DIRECTOR, THE RETIRED ENLISTED ASSOCIATION

Mr. GARRETT. On behalf of The Retired Enlisted Association (TREA), I would like to thank the committee for allowing us to testify today. TREA is an association that focuses its attention on the issues related to senior active duty personnel and especially military retirees. I will focus my testimony on these concerns.

Understanding the differences between the duties of the appropriators and the authorizers, I will do my best to stay within the boundaries of this committee's jurisdiction. In short, I will emphasize the need for funding currently authorized programs, areas TREA would like the committee to keep in mind, and finally a few extraneous issues.

As I am sure you are aware, the 2003 National Defense Authorization Act (NDAA) includes the combat-related special compensation provision, and TREA would like to emphasize that this measure is a welcome step in the right direction and we anticipate continued progress. In the meantime, we ask for the proper appropriation to fund this new entitlement.

The basic allowance for housing was also authorized an increase. Here again, we request that it receive the necessary funding from this committee.

Thirdly, TREA would like to join Congress and the rest of the country in its appreciation for the sacrifices of the Guard and the Reserve and ask that these vital components be fully funded so that they will be ready to act as quickly as we call on them.

A couple of issues to keep in mind. It is with great emphasis that TREA encourages the members of this committee to stay current with issues, issues of concurrent receipt, survivor benefit plan, and health care, with regard to further base realignment and closures, or BRAC. These closures have significant impact on the beneficiaries using Tricare that needs to be taken into consideration if Congress deems BRAC necessary. We are working these issues with the authorizing committee and it is our goal that they will be authorized and brought before your committee in the near future.

Before closing, I would like to mention a quick concern. TREA is cautious of the DOD request the assume more control of its spending. It concerns us that this authority may come at the expense of personnel and retirement issues. We urge this committee to scrutinize this proposal with this thought in mind.

In addition to the above statements, I ask that you look carefully at the written statements of the Military Coalition and the National Military Veterans Alliance. These groups represent veterans

and retiree communities in a very positive manner, and as an active member of both organizations TREA requests that you give them close attention.

Again, I thank the committee for the opportunity to present our issues and concerns and we look forward to working with you to improve the quality of life for veterans, retirees, and their families. [The statement follows:]

PREPARED STATEMENT OF STEVEN L. GARRETT

On behalf of The Retired Enlisted Association I would like to thank the committee for allowing me to testify today. The Retired Enlisted Association is an association whose members are enlisted military retirees and their families.

HEALTH CARE FOR MILITARY BENEFICIARIES

Today, there are approximately 8.2 million beneficiaries in the military health care program. Military retirees and their dependents make up nearly one half of that number, and over 500,000 retirees have lost or will lose their access to military health care as a result of the closure of approximately 40 percent of military treatment facilities. Access to affordable health care, regardless of age, status or location, has represented a major concern among military retirees.

The creation of TRICARE for Life and a TRICARE Senior Pharmacy benefit in Public Law 106-398 was an historic triumph for Congress and those 1.3 million Medicare-eligible military retirees and dependents. While TRICARE for Life came with its own funding stream in fiscal year 2002, authorization must be budgeted to provide for the program for fiscal year 2004. The Retired Enlisted Association recommends that you continue to improve this important program by providing the necessary funding. The Retired Enlisted Association also applauds your work last year in eliminating TRICARE co-payments for active duty family members. We also salute the Department of Defense for reducing active duty time for Reservists to 30 days for their families to be eligible for TRICARE.

Although Congress enacted legislation to restore TRICARE to Medicare-eligible beneficiaries as a wraparound to Medicare (TRICARE for Life) and to improve TRICARE for active duty families, further improvements are still needed, especially for retired beneficiaries under age 65. TRICARE must be a consistent, reliable and equitable health care benefit for all uniformed services beneficiaries, regardless of age or geography.

The fiscal year 2001 NDAA eliminated copays for active duty family members enrolled in Prime, and enacted TRICARE For Life (TFL) and TRICARE Senior Pharmacy (TSRx) for Medicare-eligibles. With TFL implementation complete Congress and DOD must turn their attention to improving serious shortcomings in healthcare benefits for TRICARE beneficiaries under the age of 65.

- Low reimbursement rates are causing providers to refuse any TRICARE patients or reduce the number of TRICARE patients they will treat, limiting beneficiary access and choice. Solution: Increase statutory (Medicare) payment rates; require use of existing authority to raise TRICARE rates where necessary to ensure sufficient numbers of participating providers.
- TRICARE is cumbersome to use and causes administrative hassles for providers and beneficiaries attempting to obtain authorization, expedite claim repayment, or move between regions. Solution: Improve TRICARE Prime enrollment procedures, portability, and beneficiary education. Decrease administrative burdens, eliminate non-availability statement requirements, streamline claims processing requirements with greater reliance on electronic claims technology, and eliminate unnecessary reporting requirements. Require TRICARE contractors to assist beneficiaries in finding TRICARE Standard providers.
- Institute “benefits plus benefits” reimbursement methodology. TFL pays beneficiary expenses not covered by Medicare (“benefits plus benefits”). For TRICARE Standard beneficiaries with other health insurance (OHI), TRICARE seldom pays expenses not covered by other insurance (“benefits less benefits”). Solution: Restore TRICARE reimbursement policy to pay up to what TRICARE would have paid had there been no OHI coverage (as was the policy before 1993).

Since the commencement of the first class of graduates of the Uniformed Services University of Health Sciences (USUHS) in 1980, over 3,200 physicians continue to pursue careers as physicians in the Army, Navy, Air Force and the U.S. Public Health Service each year. The USUHS education process emphasizes primary care

medicine and also provides special training in military medicine and combat stress courses not found in civilian medical school curricula. USUHS graduates have also proven themselves willing to accept operational overseas assignments often viewed as less than desirable by civilian medical school graduates.

Both the fiscal year 1996 National Defense Appropriations Act and the National Defense Authorization Act prohibit the closure of USUHS. The Defense Authorization Act also provided a five year prohibition on reducing the staffing levels of USUHS below the levels established as of October 1, 1993. The Retired Enlisted Association urges the Congress to resist any efforts to circumvent the law to downscale or close the USUHS. The Retired Enlisted Association is convinced that the USUHS is an economical source of career medical leaders who serve this nation during peace and war and provide military health care consistency and stability. The Retired Enlisted Association urges the Congress to retain and fully fund USUHS as a continued source of career military physicians for the Army, Navy, Air Force and U.S. Public Health Service. The Retired Enlisted Association also supports the construction of an Academic Center to accommodate the USUHS Graduate School of Nursing.

OTHER MILITARY RETIREE ISSUES

The Retired Enlisted Association believes strongly that quality-of-life issues for retired military members and families also are important to sustaining military readiness over the long term. If the Government allows retired members' quality-of-life to erode over time, or if the retirement promises that convinced them to serve are not kept, the retention rate in the current active-duty force will undoubtedly be affected. The old adage that you enlist a recruit, but you reenlist a family is truer today than ever as more career-oriented servicemembers are married or have dependents.

Accordingly, The Retired Enlisted Association believes Congress and the Administration must place high priority on ensuring that these long-standing commitments are honored:

- VA Compensation Offset to Military Retired Pay (Retired Pay Restoration).*—Under current law, a military retiree with compensable VA disabilities cannot receive full military retirement pay and VA disability compensation. The military retiree's retirement pay is offset (dollar-for-dollar) by the amount of VA disability compensation awarded. We would like to thank the committee for providing funding for the authorized special compensation programs; however, The Retired Enlisted Association supports restoration of retired pay (concurrent receipt) for all disabled military retirees. The purposes of these two compensation systems are fundamentally different. Longevity retirement pay is designed primarily as a force management tool to attract large numbers of high quality members to serve for at least 20 years. A veteran's disability compensation is paid for an injury or disease incurred or aggravated during military service. Monetary benefits are related to the residual effects of the injury or disease or for the physical or mental pain and suffering and subsequently reduced employment and earnings potential. The Retired Enlisted Association also urges that disabled retired Reservists' and those retired under the early retirement authority be eligible for the authorized Special Compensation programs. What better time to authorize and fund concurrent receipt than during this period of War?
- Social Security Offsets to the Survivors' Benefits Plan (SBP).*—The Retired Enlisted Association supports amending Public Law 99-145 to eliminate the provision that calls for the automatic offset at age 62 of the military SBP with Social Security benefits for military survivors. Military retirees pay into both SBP and Social Security, and their survivors pay income taxes on both. The Retired Enlisted Association believes that military survivors should be entitled to receipt of full Social Security benefits which they have earned in their own right. It is also strongly recommended that any SBP premium increases be assessed on the effective date, or subsequent to, increases in cost of living adjustments and certainly not before the increase in SBP as has been done previously. In order to see some increases in SBP benefits, The Retired Enlisted Association would support a gradual improvement of survivor benefits from 35 percent to 55 percent over the next five-year period. The Retired Enlisted Association also supports initiatives to make the military survivors' benefits plan more attractive. Currently, about 75 percent of officers and 55 percent of enlisted personnel are enrolled in the Plan.
- Reducing the Retired Reservist age from 60 to 55.*—The Retired Enlisted Association believes that retirement pay should be paid sooner as many of these retirees will not live to their 60th birthday. Similarly, these retirees and their de-

pendents should be eligible for TRICARE health care and other military privileges when they turn 55.

—*Military Retired Pay COLAs*.—Servicemembers, current and future, need the leadership of this Subcommittee to ensure Congress remains sensitive to long-standing contracts made with generations of career military personnel. A major difficulty is the tendency of some to portray all so-called “entitlement” programs, including military retirement, as a gratuitous gift from the taxpayer. In truth, military retired pay is earned deferred compensation for accepting the unique demands and sacrifices of decades of military service. The military retirement system is among the most important military career incentives. The Retired Enlisted Association urgently recommends that the Subcommittee oppose any changes to the military retirement system, whether prospective or retroactive, that would undermine readiness or violate contracts made with military retirees.

—*The SBP Veterans Dependency and Indemnity Compensation (DIC) Offset for Survivors*.—Under current law, the surviving spouse of a retired military member who dies from a service connected disability and was also enrolled in SBP, the surviving spouse’s SBP benefits are offset by the amount of DIC (currently \$948 per month). A pro-rated share of SBP premiums is refunded to the widow upon the member’s death in a lump sum, but with no interest. The Retired Enlisted Association believes that SBP and DIC payments, like military retirement pay and disability compensation, are paid for different reasons. SBP is elected and purchased by the retiree based on his/her military career and is intended to provide a portion of retired pay to the survivor. DIC payments represent special compensation to a survivor whose sponsor’s death was caused directly by his or her uniformed service. In principle, this is a government payment for indemnity or damages for causing the premature loss of life of the member, to the extent a price can be set on human life. These payments should be additive to any military or federal civilian SBP annuity purchased by the retiree. There are approximately 31,000 military widows/widowers affected by the offset under current law. Congress should repeal this unfair law that penalizes these military survivors.

—*Uniformed Services Former Spouses Protection Act (USFSPA)*.—The Retired Enlisted Association urges Congressional support for amending language to Public Law 97–252, the Uniformed Services Former Spouses Protection Act. This law continues to unfairly penalize active-duty armed forces members and military retirees. USFSPA has created an even larger class of victims than the former spouses it was designed to assist, namely remarried active-duty service members or military retirees and their new family. The Retired Enlisted Association believes this law should be rescinded in its entirety, but as an absolute minimum, the provision for a lifetime annuity to former spouses should be terminated upon their remarriage. This is consistent with most divorce decrees. Based on this current provision, monthly provisions for life are being granted to former spouses regardless of marital status, need, or child custodial arrangements. The time has come to cease lifetime annuities to former military spouses, should they remarry. Judicial determinations of appropriate support should be determined on a case-by-case basis and not be viewed as an “entitlement” by former spouses as exists under current law. The Retired Enlisted Association urges hearings on the USFSPA.

A CONCERN

TREA is cautious of the DOD request to assume more control of its spending. It concerns us that this authority may come at the expense of personnel and retirement issues. We urge Congress to scrutinize this latest proposal.

CONCLUSION

In addition to the above statements I ask that you all look carefully at the written statements of The Military Coalition and The National Military Veterans Alliance. These groups represent veterans and retirees communities in a very positive manner, and as an active member of both organizations, TREA requests that you give each close attention. Again, I thank the Committee for the opportunity to present our issues and concerns, and we look forward to working with you to improve the quality of life for veterans and retirees and their families.

Senator BURNS [presiding]. Mr. Garrett, thank you for your testimony. We are playing tag up here again.

Mr. GARRETT. Sure, sure.

Senator BURNS. I want to just say thank you. We enlisted your help a little bit with regard to people that had taken early retirement and some miscommunications as far as the benefits they receive and how they receive those, and we got some great information from your organization. Now we are pursuing making some changes in that so that people are ensured they get their benefits whenever they took early retirement.

And we thank you for your testimony today.

Mr. GARRETT. Yes, sir.

Senator BURNS. Thank you very much.

Now we call Joseph Barnes, National Executive Secretary of the Fleet Reserve Association. Thank you for coming today, sir, and let us apologize for the conditions in which you have to offer your testimony.

STATEMENT OF JOSEPH L. BARNES, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

Mr. BARNES. Not a problem, Senator. Thank you very much. The Fleet Reserve Association (FRA) appreciates the opportunity to present its views on the 2004 defense budget. The association thanks the distinguished subcommittee for its leadership, support, and strong commitment to important quality of life programs benefiting service members, their families, and military retirees.

My statement today addresses several priority issues. FRA recommends continued progress towards closing the military pay gap by 2006 and beyond by funding higher than civilian level pay increases. The Senate Armed Services Committee endorsed at least a 3.7 percent pay increase for all uniformed services personnel and FRA requests the appropriations necessary to implement this increase on January 1, 2004.

FRA strongly recommends full funding for the Defense health program and adequate appropriations to revitalize the Tricare Standard program. The association also believes Tricare should be available for reservists and their families on a cost-sharing basis. Bob Washington, FRA's Director of Legislative Programs, earlier addressed other health care concerns on behalf of the association and the Military Coalition.

FRA supports benchmarking the Montgomery GI Bill (MGIB) education benefits to the cost of an average 4-year college education. Noteworthy is the fact that a significant percentage of Navy enlisted personnel have no education benefits and they should be afforded an opportunity to enroll when reenlisting.

The military survivor benefit plan provides an annuity to surviving spouses equal to 55 percent of covered retired pay. This amount is reduced to 35 percent when the beneficiary begins receiving social security. FRA believes that the program should be funded at the intended 40 percent level rather than at the current level, which is less than 17 percent.

Additional issues addressed in our statement include: continuing support for an increase in end strengths to ease both operational and personnel tempos; funding for spouse employment opportunities, which are integral to the well-being and retention of service members; and supplemental impact aid funding for school districts with large numbers of military-sponsored students.

FRA strongly supports funding to maintain the commissary benefit at the current level and restates its continued opposition to privatization. The benefit is an integral part of the total compensation package. In addition, limitations on access for Guard and Reserve personnel should be lifted due to the increased reliance on these service members.

Finally, FRA advocates retention of the full final month's retired pay by the retiree's surviving spouse and the extension of the dislocation allowance to retiring service members. If authorized, the association asks for your support for these proposals, which have also been endorsed by the entire Military Coalition. Thank you again, Senator, and I stand ready to answer any questions you may have.

[The statement follows:]

PREPARED STATEMENT OF JOSEPH L. BARNES

INTRODUCTION

Mr. Chairman and other distinguished Members of the Subcommittee: The Fleet Reserve Association (FRA) is grateful for the opportunity to address the panel on military personnel programs. First, however, the Association extends sincere gratitude to the Subcommittee for its outstanding efforts these past four years in enhancing life in the military for the Nation's service members and their families. The result has been nearly miraculous. Recruiting and retention is at its highest since the advent of the all-volunteer force. The "magic" spun by this subcommittee has enriched quality of life for the men and women who serve or will serve or have retired from the Armed Forces of the United States.

With 135,000 members strong, FRA presents a well-deserved salute to the Subcommittee for, among others, providing "targeted" pay increases for NCOs and Petty Officers in the grades of E5 thru E9 and funding the Tricare for Life health care program for military retirees 65 years of age or older. The Subcommittee's commitment to service members, their families, and retired military veterans is unmatched. Thanks for doing a superb job.

FISCAL YEAR 2004 DEFENSE BUDGET

FRA is acutely aware of the estimated deficits facing the United States in 2004 and succeeding years. Defense build-up is critical to this country that now plays a major role in keeping the United States, as well as other world nations, free from intrusion by an enemy or enemies. The cost of doing business defense-wise leaves little for societal and environmental programs.

FRA supports a strong defense, first and ever more. However, it is a people-oriented organization whose mission is to provide loyalty, protection, and service to its members. To serve its members effectively, the Association has a duty to apprise Congress of the resolutions adopted by them in convention.

For fiscal year 2004, FRA is seeking support from the Subcommittee for the issues and programs addressed in this statement. For the past 12 months the Association, as in almost 76 of its 79 years, renewed its commitment to serve as the premier "watchdog" organization for its members as well as the enlisted men and women serving in the Navy, Marine Corps, and Coast Guard. From that group, as well as other sources dedicated to enhancing quality of life for the Nation's Sea Services personnel, FRA offers the below recommendations for consideration and, hopefully, the Subcommittee's endorsement.

QUALITY OF LIFE PROGRAMS

The following recommendations are divided into six (6) major categories. They are: Pay and Allowances, health care, education, retirement, military construction, and other issues.

Overworked U.S. troops will accept the strain of current deployments—for a while—as long as they believe their families are cared for back home.¹

¹ Attributed to the military's top enlisted members before a House panel Mar 5, 2003 as reported by Navy Times, Mar 17, 2003.

Pay and allowances

Compensation

Recommendation.—That Congress holds fast to its commitment of closing the military pay gap by 2006 through the utilization of higher-than-civilian-pay increases to military basic pay and not permit military pay to again fall behind that of the civilian community. To accomplish the task Congress needs to react before 2006 in repealing the law authorizing the capping of annual military pay increases below that of civilian wages. Additionally, to continue its promise to erase the disparity in housing allowances that cause service members to pay higher out-of-pocket costs to reside in the civilian community.

Pay and allowances continue as the top retention choice of military personnel since the beginning of the all-volunteer force. This is substantiated once again in a recent survey conducted by FRA on its web site. More service members are married than ever before in the history of the Nation's military. Societal and economical customs demand higher incomes for military personnel, the same as for their civilian brothers and sisters. Congress in its wisdom has adopted higher pays for all uniformed members and "targeted pays" for both mid-grade officers and noncommissioned officers to meet that demand in the military. Further, Congress has committed itself to closing the pay gap between military and civilian pay levels.

For fiscal year 2004, the basic pay increase is currently locked in law at 3.7 percent, 0.05 percent higher than the latest ECI figure [37 USC, 1009(c)]. BHA (Basic Housing Allowance), also locked in law, is in for an increase in fiscal year 2004 of four (4) percent. However, the Administration's budget calls for a mix of basic pay increases beginning at 2 percent for personnel in the grade of E1 to a high of 6¼ percent for those in grade E9. With the exception of pay grades E1 and O1, all other grades are set to receive at least a 3.7 percent increase. FRA is delighted with the Department of Defense for piggybacking on the Association's 1999 Pay Study and again recommending "targeted" increases for mid-grade and senior noncommissioned and petty officers (NCOs/POs).

FRA supports the Administration's recommendations on pay and housing allowance increases and urges the Subcommittee to appropriate the necessary funds to affect the authorized increases. However, if Congress believes a higher increase should go to E1s and O1s, the Association suggests no reduction in the design to target pay increases for NCOs and POs who, until recently, have been slighted since the advent of the AVF.

FRA also urges Congress not to buy the Administration's suggestion to change the current Employers Cost Index (ECI) to the Consumer Price Index (CPI) as a measure to determine future military pay increases. One may recall that it was only a few years ago when the then incumbent Administration urged Congress to adopt the ECI. DOD noted at the time that the ECI was a much superior indicator in matching civilian wages to military pay. In the event the Administration's suggestion prevails, the Association requests that no funds be appropriated to support the administration of such a change.

Pay Raise for USPHS and NOAA Personnel

Recommendation.—FRA urges the funding of comparable basic pay raises in 2004 for Public Health Service (PHS) and National Oceanic and Atmospheric Administration (NOAA) Commissioned Officers.

Both agencies are an integral part of the seven uniformed services and should receive the same consideration as for other commissioned officers in the Armed Forces. FRA is particularly concerned for officers in the PHS who provide health care to members of the U.S. Coast Guard, identical to the care provided by officers of the Armed Services Medical Corps to members of the Army, Navy, Marine Corps and Air Force.

Reserve Compensation

Recommendation.—Support the restoration of tax deductions for expenses expended by reservists in performing military training.

With the United States resolve to maintain worldwide peace, the role of the reservist is more important than ever. Due to extensive mobilization of the reserves, some individuals/units more than once and for undesignated periods of time, it behooves Congress to improve benefits for reserves so that their numbers will meet that which the military services need to support the active forces. One of the benefits would be to allow reservists to deduct non-reimbursable expenses associated with performing monthly drills. It is the Association's fervent hope the Senate will act on the bill as soon as possible.

Dislocation Allowance

Recommendation.—Amend 37 USC, §407, to authorize the payment of dislocation allowances to members of the armed forces retiring or transferring to an inactive duty status such as the Fleet Reserve or Fleet Marine Reserve who perform a “final change of station” move.

Moving households on government orders can be costly. Throughout a military career, service members endure a number of permanent changes of station (PCS). Often each move requires additional expenses for relocating to a new area far removed from the service members’ current location.

Dislocation allowances are authorized for military-ordered moves. To aid service members in defraying these additional costs, Congress in 1955 adopted the payment of a special allowance—termed “dislocation allowance”—to recognize that duty station changes and resultant household relocations reflect personnel management decisions of the armed forces and are not subject to the control of individual members.

Odd as it may appear, service members preparing to retire from the Armed Services are not eligible for dislocation allowances, yet many are subject to the same additional expenses they experienced when effecting a permanent change of station during the 20 or more years of active duty spent earning the honor to retire. In either case, moving on orders to another duty station or to retire are both reflective of a management decision.

FRA recommends appropriating the necessary funds to affect payments of this allowance.

Health Care

Tricare

Recommendation.—FRA strongly recommends continuation of full funding for the Defense Health Program, to include military medical readiness, TRICARE, and the DOD peacetime health care mission. Additionally, FRA urges the distinguished Subcommittee to provide appropriations to revitalize the Tricare Standard Program and make the Tricare program available for reservists and families on a cost-sharing basis.

Funds need to be appropriated for the Defense Health Budget to meet readiness needs and deliver services through both the direct care and purchased-care systems for all uniformed services beneficiaries, regardless of age, status and location. Congressional oversight of the Defense Health Budget is essential to avoid a return to the chronic under-funding of past years that led to shortfalls, shortchanging of the direct care system, and reliance on annual emergency supplemental funding requests. Even though supplemental appropriations for health care were not needed last year, FRA is concerned that the current funding level only meets the needs to maintain the status quo. Addressing Tricare shortfalls will require additional funding.

Access to care is of major concern to the FRA membership. Beneficiaries report that some health providers in their areas are not willing to accept new Tricare Standard patients. The Association believes further distinction must be made between Tricare Standard and Prime in evaluating the Tricare program. Our members report increased problems and dissatisfaction with the Standard benefit.

There are a number of persistent problems with Tricare Standard, a new name for an old program once known as CHAMPUS. First, many beneficiaries have difficulty in locating Health Providers who’ll accept Tricare Standard. The paperwork is extensive and the payments are insufficient. In a FRA survey administered in early February 2003, 15 of 55 service members (27 percent) attending a military course of instruction complained of the difficulty in obtaining health care providers for their family members. (The remaining 40 were enrolled in Tricare Prime.)

Reservists are rightfully concerned with continuity of health care for their families when called to active duty. Until recently, there was no single coverage for reservists and no coverage for some. Now, reservists called to active duty in excess of 30 days may enroll their families in Tricare Prime and have access to either Military Treatment Facilities (MTF) or civilian providers. To maintain permanence of health care, many reservists and families would just as soon keep their current health care coverage. To improve readiness in the reserves, increase morale, and ease concern for families when reservists are mobilized, Congress should direct and fund DOD to implement a program whereby the reservists’ current health insurance premiums are paid by Tricare.

Education

MGIB

Recommendation.—FRA continues to support increased benefits for participation in the Montgomery GI Bill (MGIB) and to authorize certain service members the opportunity to enroll or reenroll in the MGIB.

FRA advocates the creation of a benchmark for the MGIB so that its benefits will keep pace with the cost of an average four year college education. Even with the forthcoming October 1 increases in basic rates, a MGIB student looking forward to completing the 2003–2004 academic year will have to pay out-of-pocket about one-third the cost of a four year course of education in a public college or university. If married, the shortfall in benefits will place a heavier financial burden on the student.

The Reserve MGIB has failed to maintain a creditable rate of benefits with those authorized in Title 38, Chapter 30. Other than cost-of-living increases, only two improvements in benefits have been legislated since 1985. In that year MGIB rates were established at 47 percent of active duty benefits. This October 1, the rate will fall to 27 percent of the Chapter 30 benefits. In support of Guard and Reserve personnel, being mobilized in increasing numbers, FRA seeks the support of Congress in enhancing the MGIB rates for those who choose to participate in the program.

Approximately 40 percent of the Navy's enlisted force has no educational benefits. It seems ironic that an individual enlisting in the military services is eligible to enroll in the MGIB while another seeking to reenlist does not have the opportunity. Allowing service-members to enroll in the MGIB upon reenlisting in the Armed Forces should be the norm.

Retirement

Survivor Benefit Plan (SBP)

Recommendation.—To adopt and fund Senate Bill, S. 451, to amend the Survivor Benefit Plan (SBP) [10 USC, 1451(a)] to authorize the repeal of the post-62 annuity over a period of 5 years [35 percent to 40 percent in October 2004, to 45 percent in October 2005, to 50 percent in October 2006] and to 55 percent in October 2007. Further to change the date 2008 to 2004 [10 USC, 1452(l)] at which time the retiree, attaining the age of 70 years who has paid 30 years of SBP premiums, will be fully insured for the covered amount without further payments to the Plan.

The Survivor Benefit Plan (SBP) provides an annuity to surviving spouses equal to 55 percent of the deceased member's covered military retirement pay with a reduction to 35 percent when the surviving spouse attains the age of 62. SBP also offers annuities to spouses and children, children only, former spouses, former spouses and children, and insurable interests.

Two-thirds of the total military retired community is in the enlisted grades, most are earning retirement pay in the E6 and E7 pay grades. At the time of their retirement, few are financially able to afford SBP coverage at the full amount of their retirement pay. On retirement, the typical service member may lose nearly 70 percent of the income received while on active duty. As a result, they opt for the basic amount that provides a miniscule annuity for a surviving spouse.

The Plan is perplexing adding to the confusion of what constitutes a "social security offset" when the Social Security Administration (SSA) has nothing to do with computing the SBP annuity? And the question: Why is there a sharp annuity loss suffered at age 62 for some and not for others? Why isn't Congress adhering to its original intent to cover 40 percent of the costs of the program? Why, if the SBP is patterned after the Federal Employees' plans, is FERS subsidized at 33 percent and 48 percent for CSRS? Additionally, FERS annuitants receive 50 percent of the employees' retired pay and CSRS annuitants 55 percent with no reduction in the annuity at age 62.

Mr. Chairman. Let's fix the program before our retired service members are paying 100 percent for participating in a program that was adopted to replace a previous plan where the participants were required to carry 100 percent of the costs.

Authorize Surviving Spouses a Full Month's Payment of Retired Pay for Month in Which Retirees Die

Recommendation.—In consideration of service to the Nation and the trauma surrounding the death of a retired service member, the surviving spouse would be entitled to receive and retain the final retired pay check/deposit covering any month in which the member was alive for any 24-hour period.

Current regulations require survivors of deceased military retirees to return any retirement payments received for the month in which the retiree dies. Upon the demise of a retired service member entitled to retired pay, the surviving spouse or

beneficiary is to notify the Defense Department of the death. The Department's financial arm then stops payment on the retirement check or electronic deposit and subsequently recalculates the payment to cover the actual days in the month the retiree was alive. In other cases where the death is not reported in a timely manner, any payments made for the days the retiree was not alive will be recouped.

Retirement and its related activities are most agonizing if not an arduous experience for many military retirees and families transitioning to an unfamiliar civilian-lifestyle. For the average retiree, and most likely the one who is enlisted, will suddenly discover finances will be a principal concern. On leaving active duty, the retiree's income will drop 60-to-70 percent of what was earned while in uniform. The enlisted retiree, unlike his or her active duty counterpart, will receive no death gratuity and, in the case of many of the older enlisted retirees, would not have had the financial resources to purchase adequate insurance to provide a financial cushion for their surviving spouses.

Death is a most traumatic experience for survivors. It is a most painful time when the surviving spouse must accept the task of arranging for the deceased members' funeral services. The additional cost involved constitutes a major output of scarce family dollars only amplified by the loss of retirement income when needed the most. A final month's retirement payment will go far in helping to soothe the strain on the survivor's financial obligations.

To aid in reducing the cost of the proposal, survivor benefit payments may be forfeited for the month in which the retiree dies and the survivor receives the retiree's final month's check. In the event the retiree's final month's retirement check is less than the SBP annuity, the survivor would receive the one most favorable.

Military Construction

Housing

Recommendation.—To make every effort to eliminate substandard family and bachelor housing, now referred to as inadequate by DOD, and expedite the construction of new housing to accommodate the Nation's service members and families. Also, to provide enhanced child care programs to relieve the tension of spouses or working spouses with children whose service member husbands or wives are deployed.

In a recent appearance before the House Appropriations Subcommittee on Military Construction, the Armed Services four top enlisted chiefs voiced concern for the quality and availability of housing and child care. Both are ever-most in the minds of service members deployed or serving outside the United States without their families.

Although there is a threat of base closures in the immediate future, apparently the larger military installations, such as Norfolk Naval Bases, Camp Pendleton, etc., are not at risk. There is no reason not to authorize and appropriate additional funding for both housing and child care.

Both the Navy and Marine Corps have unfunded housing priorities. For example, the Navy has reduced its fiscal year 2004 Family Housing request by 17 percent and the Corps needs \$165 million of which \$63 million is for family housing. This raises the question of whether the Navy and Marine Corps will meet their 2007 target of ridding both services of "inadequate" housing. Congress is encouraged to purge the Navy and Marine Corps of "substandard housing" (the name it was before DOD changed it to "inadequate") by authorizing and appropriating additional funding to accomplish the task.

At the same time FRA seeks increased funds for family housing it cannot ignore the need for bachelor quarters. The Association endorses the requests of the Navy's and Marine Corps' top enlisted chiefs in their statements of February 26, 2003 before the House Appropriations Subcommittee on Military Construction. (Available upon request to FRA at 703-683-1400 or fra@fra.org.)

Facilities

Recommendation.—To provide for additional funding to accommodate the construction and modernization of installation facilities at Naval and Marine Corps bases, to include physical fitness and MWR centers.

The value of having adequate facilities cannot be over-stated. The backlog of maintenance to many of the work-stations and other buildings continues to grow along side the need to replace those structures that are beyond repair. It's shameful as well as wasteful to require our service members to labor in dilapidated buildings on weapons systems and other equipment costing the taxpayers millions of dollars. Again, the Navy and Marine Corps have priorities that should be funded so more secure, cleaner, and healthier work places are available for Sailors and Marines enabling them to perform at their best.

Additionally, community support facilities require congressional attention. Physical fitness centers are much in demand. Not only are they places to relieve tension but to build body strength and improve health, both important to maintaining physical readiness.

Other Issues

End Strengths

Recommendation.—FRA believes this honorable Subcommittee is aware of the need for greater strength authorizations and funding to ease both operational and personnel tempos imposed upon a force not sufficient in numbers to sustain the current demands for manning operational commitments. Although Congress, under the provisions of the fiscal year 2003 NDAA, did allow and fund a small increase in the active component strength of the Marine Corps, it only authorized increases for the Navy, if needed, but without funding. FRA recommends Congress give greater credence to its instincts and authorize appropriations for additional manpower.

Since 1995, when it was obvious the downsizing of strengths in the Armed Forces was causing increased operational and personnel tempos, FRA has annually requested increases in military manpower. It will do so again this session of Congress.

In an appearance before the Senate Armed Services Committee last year, the Chairman, Joint Chiefs of Staff, avowed the Armed Forces will defeat terrorism “no matter how long it takes or where it takes us.” On January 31, 2003, The Washington Times reported Defense Secretary Rumsfeld as alerting his commanders “that troops will deploy for longer periods because of the war on terrorism and potential conflict with Iraq.” Missing from both statements was the promise to succeed only if the Forces had adequate manpower to accomplish the mission.

Previously, a Navy Times editorial of December 12, 2001, warned not to over-extend the military: “Time and again, America’s armed forces have shown they’ll do what it takes to serve their country. But history offers a warning: Work them too hard, keep them away from home too long, overlook their welfare and eventually they will walk.” Additionally, The Washington Times of January 31, 2003, noted that a retired Navy Admiral commenting on high military deployment rates stated, . . . “the chances of keeping a marriage together for 20 years at the current op tempo is approaching zero.”

These warnings are not to be ignored. It doesn’t take a rocket scientist to resolve the question of how the Department of Defense (DOD) can justify no need of increased manpower when the strength of the Forces has been reduced by one-third while the optemp has accelerated dramatically. Operational levels involving uniformed members of the Army, Navy, Marine Corps, Air Force, and Coast Guard have escalated significantly over the past decade to a point where the United States does not have adequate numbers of military personnel to fully accommodate the many commitments ordered by the Department of Defense and area commanders.

Early in 2002, it was reported the Army had told the Pentagon it needs 20,000 to 40,000 additional troops in fiscal year 2003, the Air Force 8,000 to 10,000, and the Navy and Marine Corps an additional 3,000 each. However, the Secretary of Defense was not favorable to an increase in manpower. Congress, in its decision, authorized an increase but because of a shortage of funds provided no money to pay the additional manpower.

There are numerous defense officials, both civilian and military, complaining uniformed personnel are doing more with less, over deployed, overworked, and stretched too thin. However, our service members are serving magnificently, but the question is: For how long and if they have to face a determined foe? Operation Iraqi Freedom is no guideline to justify further reductions in military manpower.

Spousal Employment

Recommendation.—The Association urges Congress to continue its support of the military’s effort to affect a viable spousal employment program and to authorize sufficient funds to assure the program’s success.

Today’s all-volunteer environment requires the services to consider the whole family. It is no longer adequate to focus only on the morale and financial well-being of the member. Now, his or her family must be considered, too. One of the major considerations is spousal employment which could be a stepping-stone to retention of the service member—a key participant in the defense of this Nation.

In recent years, the Armed Forces have become concerned with the plight of military spouses who lose employment when accompanying their service member husbands or wives to new duty locations. Studies have concluded that many military families suffer significant financial setbacks. Some losses are substantial. Worse, yet, is the lack of equal or even minimal employment opportunities at the new duty locations.

The services are continuing to test new programs to assist spouses in finding full or temporary employment to include counseling and training. Other initiatives will help spouses find "portable" employment in companies with customer-service jobs that can be done at remote locations. FRA salutes these efforts and encourages the military departments to continue the march.

Impact Aid to School Districts with Concentrations of Military Sponsored Students

Recommendation.—To continue to provide funds to school districts heavily impacted with military personnel-sponsored children.

The President's Budget request contains a provision to reduce funds earmarked for distribution to school districts heavily impacted with children of military personnel (and civilian employees hired by the service department concerned). The reduction is to be the amount that would be appropriated for children, known as B students, whose parents reside in the civilian community and not on the military installation.

FRA cannot urge this Subcommittee in any stronger terms to support full funding of impact aid. Previous attempts by former Administrations to terminate these payments have met with failure and rightfully so. Impacted schools could not operate efficiently nor provide adequate tutoring to service members' children with less money. Many of these schools either closed their doors to these children or threatened to do so if funds were cut.

At this time in history FRA believes it to be utterly foolish if the Nation forgets the damage the President's request, if adopted, will do to our service members' morale. There are 240,000 school children, whose uniformed service parents live off of military installations, depending on receiving a quality education from local educational facilities. It will not happen unless the funds are provided.

Commissaries

Recommendation.—To oppose privatization of commissaries and strongly support full appropriations to fund the current level of service for all commissary patrons. Additionally, to authorize unrestricted access to commissaries to Reservists.

The fiscal year 2003 budget reduced Defense Commissary Agency funding by \$137 million and envisioned eliminating over 2,600 positions from stores and headquarters staff by September 30, 2003. While surveys indicate there has been no significant loss in service to the customer, FRA cautions that further initiatives be evaluated with regard to potential negative impacts on quality and service to customers, including additional store closings, reduced hours, longer cashier lines and reduced stock on store shelves. The benefit is widely recognized as a valuable part of the service member's compensation package and a cornerstone of quality of life benefits. As in the past, FRA opposes any effort to privatize commissaries and strongly supports full funding of the benefit in fiscal year 2004 and beyond.

As in previous years, FRA once again seeks full access to commissaries for selected reservists. The process involved in issuing (annually), checking, and accounting for the current cards required of the reservist to shop in the commissary is costly and unnecessary. Reservists are part of the Total Force. They should receive the same consideration as their active duty comrades-in-arms.

CONCLUSION

FRA is grateful for the opportunity to present its goals for fiscal year 2004. If there are questions or the need for further information, I will be pleased to respond.

Senator BURNS. Thank you very much, Mr. Barnes. We appreciate your testimony.

We are looking into some of these health care issues that you are looking into and of course right now, you know, we have got budget problems and we are trying to cover too many bases with too few dollars. It is just like I asked—I met a lady on the street in Billings the other day and I asked her about her husband and she said, well, he retired. And I said, well, that is pretty great. And she says, it is not worth a darn; it is half as much money and twice as much husband. She said, that is a bad equation. So thank you very much for your testimony. We appreciate that very much.

Mr. BARNES. Thank you, Senator.

Senator BURNS. We now call Dr. James A. Fabunmi. I am sorry about that. I just killed that name, I know. I just slaughtered it. The president of the Science and Technology Workforce for America's Security. We appreciate you, and how do you pronounce your last name, sir?

STATEMENT OF JAMES A. FABUNMI, Ph.D., PRESIDENT, THE AMERICAN HERITAGE DEFENSE CORPORATION

Dr. FABUNMI. "FAH-bune-mee." And I might say that you did the best that I hear every day, so do not feel apologetic. That is fine.

Senator BURNS. Okay, thank you very much. I appreciate your patience and your goodwill.

Dr. FABUNMI. Good afternoon, sir. Mr. Chairman and members of the committee. Thank you for allowing me to present this testimony before you today. I appreciate the opportunity to present you some new ideas on how to broaden the base of production of science and technology workforce for America's security.

I represent the American Heritage Defense Corporation, a non-profit corporation registered in the District of Columbia for the specific purpose of developing and implementing programs that enhance the quality and quantity of American citizens trained in the fields of science and technology. As the committee knows, these are challenging times in the history of our great Nation. There are serious threats from abroad to our national defense, economic, and homeland security. Yet American technological prowess, which has helped ensure our military and economic security during the past 50 years, is in serious jeopardy because of the increasing shortages of American-educated scientists and engineers, who are the bedrock of our technological enterprise.

The committee may be aware of recent reports by the Council on Competitiveness, the National Science Board, and others that pinpoint some critical factors that correlate highly and positively with economic and military strength. They include: the size of the labor force dedicated to research and development and other technically oriented work; the amount of investment directed at research and development; the resources devoted to higher education; and the degree to which national policy encourages investment, innovation and commercialization.

The committee may also be aware that there are innovative economies of other countries that have made great strides in developing high-value products and services. These innovative economies are ramping their capacities to educate, train, and deploy scientific and engineering talent. Their pool of scientists and engineers is increasing briskly. The quality of patents by foreign investors—inventors is strong. Global access to capital is growing.

On the other hand, the source of the innovative capacity of our Nation is thinning. A quarter of the current science and engineering workforce, whose research and innovation produced the American technological superiority of the past decades, is more than 50 years old and will retire by the end of this decade.

The Department of Defense has historically been the largest source of Federal funding for engineering, research, and development in this country. Universities are significant collaborators with industry and are the source for young science and technology talent

for the defense sector, both public and private. In particular, Federal funding for defense basic and applied research and development has provided the majority of financial support for graduate education in the physical sciences and engineering.

The American Heritage Defense Corporation believes that it is in our national defense and homeland security interest to significantly increase our national investment in science and engineering workforce education. Indeed, on April 10, 2002, the Director of Defense Research and Engineering, the Honorable Ronald M. Sega, said, and I quote: "The quality of our science and technological workforce and the management of the laboratory infrastructure in which they work are very important factors in the overall research and engineering equation." They are critical elements in our transformation. Our science and technological workforce has been downsized considerably in the past 12 years. This has left us with a very knowledgeable workforce, but one that is also reaching retirement age. We are at a critical point that requires a focused effort to bring stability to the workforce that will attract and retain talent.

There are four key components to the development of a top-grade science and technology workforce. These are: knowledge of the basic disciplines of math and science; discovery of new knowledge in mathematics and science; applications of mathematics and science to new and future engineering systems; and the practice and design and production of useful and marketable products and services.

The first component, as well as some degree of the second component, is available at most accredited institutions across the country and could be strengthened through various educational and basic research programs sponsored by the National Science Foundation and the Department of Defense. The third and fourth components by and large are found only at institutions that have developed and maintained longstanding relationships with government and industrial laboratories, but clearly laboratories evolved in the development of systems for the Department of Defense.

The American Heritage Defense Corporation believes that the broadening of access to these four components by students at institutions across the country is a significant and necessary step to address the current shortage of American science and technological workforce. The American Heritage Defense Corporation has proposed the Science and Technology Workforce for America's Security program to offer specific approaches to broadening the base of production of a high-quality scientific and technological workforce. These approaches leverage on the internship opportunities available to students at government and industrial laboratories to create a structured integration of the two missing components into the education of American citizens enrolled in science and engineering programs throughout the country.

It is recommended that the committee appropriate funds which would enable the Department of Defense to provide a grant of \$3.5 million in fiscal year 2004 to the American Heritage Defense Corporation and an amount of \$5 million each in fiscal year 2005 and fiscal year 2006 also to the American Heritage Defense Corporation, for a 3-year demonstration program to assist the Director of

Defense Research and Engineering in implementing the proposed Science and Technology Workforce for America's Security program.

The requested amounts are estimated to provide seed funds for organizing and promoting the program and to support 30 students in the first year and 50 students in each of the subsequent 2 years of the 3-year effort.

I thank you very much for the opportunity to appear before you and I will be very happy to respond to any of your questions.

[The statement follows:]

PREPARED STATEMENT OF DR. JAMES A. FABUNMI

Honorable Chairman and Members of the Committee, good afternoon and thank you for allowing me the privilege of appearing before you today. I appreciate the opportunity to present testimony before you in support of efforts to broaden the base of production of top grade Science and Technology Workforce for American Security (STWAS). I appear before you as the President of the American Heritage Defense Corporation (AHDC), a non profit Corporation registered in the District of Columbia for the specific purpose of developing and implementing programs that enhance the quality and quantity of American citizens, trained in the fields of Science and Technology.

SUMMARY

As the Committee knows, these are challenging times in the history of our great nation. There are serious threats from abroad to our national defense, economic and homeland security. Yet, American technological prowess, which has helped ensure our military and economic security during the past 50 years, is in serious jeopardy because of the increasing shortages of American educated scientists and engineers who are the bedrock of our technological enterprise. The committee may be aware of recent reports by the Council on Competitiveness, the National Science Board, and others that pinpoint some critical factors that correlate highly and positively with economic and military strengths. They include the size of the labor force dedicated to research and development and other technically oriented work; the amount of investment directed at research and development; the resources devoted to higher education; and the degree to which national policy encourages investment in innovation and commercialization.

The committee may also be aware that there are innovative economies of other countries that have made great strides in developing high-value products and services. These innovative economies are ramping their capacities to educate, train, and deploy scientific and engineering talent. Their pool of scientists and engineers is increasingly briskly; the quality of patents by foreign inventors is strong, and global access to capital is growing. On the other hand, the source of the innovative capacity of our nation is thinning. A quarter of the current science and engineering workforce, whose research and innovation produced the American technological superiority of the past decades, is more than 50 years old and will retire by the end of this decade. The Department of Defense has historically been the largest source of federal funding for engineering research and development in this country. Universities are significant collaborators with industry and are the source for young science and technology talent for the defense sector, both public and private. In particular, federal funding for defense basic and applied research and development has provided the majority of the financial support for graduate education in the physical sciences and engineering.

The AHDC believes that it is in our national defense and homeland security interests to significantly increase our national investment in science and engineering workforce education. Indeed, on April 10, 2002, the Director of the Defense Research and Engineering (DDRE), the Honorable Ronald M. Sega, said and I quote: "the quality of our Science and Technology (S&T) workforce and the management of the laboratory infrastructure in which they work are very important factors in the overall research and engineering equation. They are critical elements in our transformation. Our S&T workforce has been downsized considerably in the last twelve years. This has left us with a very knowledgeable workforce, but one that is also reaching retirement age. We are at a critical point that requires a focused effort to bring stability to the workforce that will attract and retain talent."

There are four key components to the development of top grade S&T Workforce. These are: (1) Knowledge of the basic disciplines of Mathematics and Science; (2) Discovery of new knowledge in Mathematics and Science; (3) Applications of Mathe-

matics and Science to new and future engineering systems; and (4) Practice of design and production of useful and marketable products and services. The first component as well as some degree of the second component is available at most accredited Institutions across the country and could be strengthened through various educational and basic research programs funded by the National Science Foundation and the Department of Defense. The third and fourth components by and large are found only at Institutions that have developed and maintained long-standing relationships with government and industrial laboratories, particularly laboratories involved in development of systems for the Department of Defense. The AHDC believes that the broadening of access to these four components by students at Institutions all across the country is a significant and necessary step to address the current shortage of American S&T workforce.

The AHDC has proposed the STWAS program to offer specific approaches to broadening the base of production of high quality scientific and technological workforce. These approaches leverage on the internship opportunities available to students at government and industrial laboratories, to create a structured integration of the two missing components into the education of American citizens enrolled in science and engineering programs throughout the country. It is recommended that the Committee appropriate funds, which will enable the Department of Defense to provide a grant of \$3.5 million in fiscal year 2004 to the American Heritage Defense Corporation (AHDC), and amounts of \$5 million each in fiscal year 2005 and fiscal year 2006, also to the American Heritage Defense Corporation (AHDC) for a 3-year demonstration program to assist the Director, Defense Research and Engineering (DDR&E) in implementing the proposed STWAS program. The requested amounts are estimated to provide seed funds for organizing and promoting the program and to support 30 students in the first year, and 50 students in each of the subsequent two years of the three-year a pilot effort.

SHORTAGE OF AMERICAN S&T WORKFORCE

According to the Bureau of Labor Statistics, Aerospace Engineering degrees granted to United States citizens dropped by half from 1991 to 2000. 54 percent of United States Aerospace workers over the age 45 will leave the field during the next six years while 6 million Aerospace jobs vital to the United States Economy and National Security will open up with no Americans being trained to fill them. The Electronics Engineering Times reports that in 2000, the United States imported 90,000 engineers and computer scientists, while graduating 65,000 engineers and 15,000 computer scientists. Indeed, on April 10, 2002, the Director of the Defense Research and Engineering (DDRE), the Honorable Ronald M. Sega, said and I quote: "the quality of our Science and Technology (S&T) workforce and the management of the laboratory infrastructure in which they work are very important factors in the overall research and engineering equation. They are critical elements in our transformation. Our S&T workforce has been downsized considerably in the last twelve years. This has left us with a very knowledgeable workforce, but one that is also reaching retirement age. We are at a critical point that requires a focused effort to bring stability to the workforce that will attract and retain talent."

In a discussion of whether or not there is a shortage of S&T Workforce, it is important to clarify what the real issues are. While an unemployed scientist or engineer may wonder what is meant by "shortage", it is apparent that such a scientist or engineer is unlikely to be a graduate of the Massachusetts Institute of Technology. There are different grades of S&T Workforce, and it is safe to assume that when Industry or Government Agencies go out to recruit S&T Workforce, they are most likely seeking top grade S&T Workforce, and not just anyone with a college degree in science or engineering. Every time the debate comes up regarding the need for the Federal government to increase investments in the development of S&T workforce, there will always be opposing viewpoints that point to unemployed S&T professionals as if to indicate that there is instead a surplus in this particular labor category. The reality though is that a college degree in science or engineering does not automatically imply that one has acquired the competence to contribute productively to industry or government workforce. I want to clarify at this point that the issue of concern is the base of production of top grade S&T workforce.

COMPONENTS OF TOP GRADE S&T EDUCATION

There are four key components to the development of top grade S&T Workforce. These are: (1) Knowledge of the basic disciplines of Mathematics and Science; (2) Discovery of new knowledge in Mathematics and Science; (3) Applications of Mathematics and Science to new and future engineering systems; and (4) Practice of design, production and maintenance of useful and marketable products and services.

The first component as well as some degree of the second component is available at most accredited Institutions across the country and could be strengthened through various educational and basic research programs funded by the National Science Foundation and the Department of Defense. The third and fourth components by and large are found only at Institutions that have developed and maintained long-standing relationships with government and industrial laboratories, particularly laboratories involved in development of systems for the Department of Defense. In his book "Rescuing Prometheus", the technology historian Thomas P. Hughes stated that institutions that currently produce top tier aerospace professionals evolved from the 1960's era risk reduction projects in support of Air Defense, Ballistic Missile Defense and Space Exploration programs. These institutions have developed and maintained long-standing relationships with government and industrial research and development laboratories. In 1998 for example, according to a Department of Defense report, out of \$1.9 Billion invested by DOD in Engineering Development funding, \$763.9 Million or 40 percent went to the Massachusetts Institute of Technology (MIT) and its affiliated laboratories. It is therefore no surprise that the probability of producing a top grade S&T workforce from MIT is significantly higher than that of most other institutions. Unfortunately, there is a limit to the number of students that can attend MIT at any given point in time.

PROPOSED STWAS PROGRAM

Having identified the four key components needed to enhance the quality of S&T Workforce preparation, and recognizing that it is not practical to replicate MIT on every campus in the country, the American Heritage Defense Corporation (AHDC) has come up with an alternative approach to achieving the same ends in a manner that is measurable, and cost effective. These approaches leverage on the internship opportunities available to students at government and industrial laboratories, and will create a structured integration of the third and fourth components (see preceding section) into the education of American citizens enrolled in science and engineering programs throughout the country.

At the present time, internship opportunities that are offered to S&T graduate (and in some instances undergraduate) students are treated as little more than extracurricular programs for the students during their summer and/or winter breaks. These programs are not particularly coordinated with the degree requirements of the students, and nobody is particularly accountable for the impact of these programs on the quality of preparation of the participating students. Most significantly, these programs do not necessarily evolve into on-going relationships between the faculty at the Institutions and the S&T personnel at the government and/or industry laboratories.

The STWAS program aims to: (1) leverage national defense and homeland security research and development efforts for the training of future generations of American S&T workforce; (2) immerse American students in environments where the most exciting systems are being developed, prototyped and demonstrated; (3) focus the best and brightest American students on America's security needs; and (4) create a mechanism for the initiation, development and maintenance of relationships between Academia, Industry and Government Laboratories, centered around the educational needs of American S&T students.

The basic concept of STWAS is that internship opportunities for American S&T students at government and/or industry laboratories and centers should be coordinated with their degree programs, and facilities should be established at or near their campuses to enable them to continue the work that they have started during their on-site visits to the laboratories and centers. It requires a dedicated organization such as the AHDC to catalyze this process and take over the responsibility of putting in place the necessary human and material infrastructure for implementing such a program. The AHDC will: (1) recruit and obtain necessary clearances for participating students; (2) provide full support (tuition, fees, salary) to the students; (3) collaborate with Universities to establish on or near campus facilities for telecommuting with government and industry laboratories and centers; and (4) organize an alliance between Academia, Industry and Government to promote and expand the STWAS program into a nationwide activity.

THE AMERICAN HERITAGE DEFENSE ALLIANCE

The strategy for corporate development of AHDC hinges on the formation of the American Heritage Defense Alliance (AHDA) with participation from governmental, industrial, academic and philanthropic organizations. These organizations will be stakeholders and will assist in accomplishing the mission of AHDA to create, fund and operate Engineering Centers for expediting national defense and homeland se-

curity and to accelerate the production of higher quality American engineers in sufficient quantities for the defense and advancement of the United States of America. AHDC shall have the following classes of members: (1) Alliance Members: One representative from each of the organizations participating in AHDA provided such organization is in good standing as determined by the Alliance Committee of AHDC; (2) Ex-Officio Members: The Chair of AHDC; the President; the Treasurer; the Secretary and other officers of AHDC that are from time to time recommended for membership by the Executive Committee, provided such other officers shall be approved for ex-officio membership by the simple majority of the members of AHDC; (3) Professional Members: No more than three members in office at any one time, who are experts in matters of National Defense and Homeland Security of the United States of America and workings of Federally Funded Research and Development Centers. Nominations for membership in this class shall be from the Alliance Committee and subject to approval by a simple majority of the members of AHDC; (4) Life Members: The Principal Founder of AHDC and others elected by the members of AHDC, provided that the number of such life members shall never be greater than twenty-five at any one time.

RECOMMENDED APPROPRIATIONS

It is recommended that the Committee appropriate funds, which will enable the Department of Defense to provide a grant of \$3.5 million in fiscal year 2004 to the American Heritage Defense Corporation (AHDC), and amounts of \$5 million each in fiscal year 2005 and fiscal year 2006, also to the American Heritage Defense Corporation (AHDC) for a 3-year demonstration program to assist the Director, Defense Research and Engineering (DDR&E) in implementing the proposed STWAS program. The requested amounts are estimated to provide seed funds for organizing and promoting the program and to support 30 students in the first year, and 50 students in each of the subsequent two years of the three-year a pilot effort.

Honorable Chairman and Members of the Committee, thank you for the privilege of addressing you and representing the AHDC. If you have further questions, I would be happy to entertain them. If I cannot address them at this hearing, I will have your questions researched further and respond directly to you at a later date.

Senator BURNS. Well, thank you very much and your entire statement will be made part of the record and it will be read and perused, I know, many times. I appreciate your coming today and your recommendations will be well taken, I think, because that is an area where we continue to have a lot of support here in the Congress.

So thank you very much for coming today.

Dr. FABUNMI. Thank you, sir.

ADDITIONAL SUBMITTED STATEMENT

[CLERK'S NOTE.—Subsequent to the hearing, the subcommittee has received a statement from the Ovarian Cancer National Alliance which will be inserted in the record at this point.]

PREPARED STATEMENT OF THE OVARIAN CANCER NATIONAL ALLIANCE

On behalf of the Ovarian Cancer National Alliance, I would like to take this opportunity to share some remarks on the unique value and effectiveness of the DOD Ovarian Cancer Research Program (OCRP). As Congress is charged with the important task of allocating defense funding to meet the growing needs of our military to adequately protect American lives from unknown threats here and abroad—it is worth noting the critical role the DOD plays, through medical research, in protecting Americans from other serious and under-recognized threats like ovarian cancer.

As you may know, ovarian cancer is the deadliest of gynecologic cancers, because the vast majority of cases are not detected until advanced stage, when survival is only about 25 percent. However, when detected early, ovarian cancer survival improves to 90 percent. This toll is harsh on the 25,400 women and their families who each year receive a diagnosis of ovarian cancer. A growing number are women in the military and dependents of military families—whose service to our country is compromised when they must battle this terrible cancer too!

In order to adequately improve women's chances of surviving this devastating disease, the Alliance is requesting an appropriation of \$15 million, specifically earmarked for the DOD Ovarian Cancer Research Program (OCRP) in fiscal year 2004. Because the OCRP suffered several cutbacks over the past two years, and because this program is so modest to begin with, the designation of \$15 million is critical to the continued health and success of the life-saving research supported by this initiative.

The DOD Ovarian Cancer Research Program, like the breast and prostate cancer programs in the DOD budget, augments the important funds spent on cancer research by the National Cancer Institute. As in the funds spent at NCI, the DOD cancer research proposals must be peer-reviewed and meet standards of scientific excellence.

There are however, several unique aspects of the DOD Ovarian Cancer Research Program. The DOD ovarian program promotes "innovative" approaches to research that will lead to a better understanding and control of the disease. The program encourages projects and idea awards that propose new ways of examining prevention, early detection and treatment and bring new investigators into ovarian cancer research. Proposals that address the needs of minority, elderly, low-income, rural and other underserved women are highly encouraged. And finally, since their inception nearly ten years ago, the DOD programs have actively involved consumers on all Scientific Peer Review and Integration (Program Design) panels. Consistent with DOD's support of consumer involvement, two Alliance leaders serve on the Integration Panel and based on our recommendations, over a dozen ovarian cancer advocates serve on the Scientific Review Panel. At NCI, a formal program designed to involve consumers in decision-making was recently established, and is drawing on the successful experience of the DOD programs.

For the past 6 years, the DOD OCRP has been dedicated to supporting research that will improve the outcome for women with ovarian cancer. Its successes to date are impressive. There have been 69 publications in scientific journals, 119 abstract at professional meetings and over 20 new investigators recruited into the field.

A distinguishing feature of the DOD OCRP has been program project grants. Several multi-year ovarian cancer project grants were awarded to cancer centers in Pittsburgh, Minnesota and Indiana. As result of these program project grants, these cancer centers have greatly enhanced their ovarian cancer research capabilities—and have already begun to develop some breakthrough findings in the areas of prevention and early detection. Two cancer centers, Fred Hutchinson in Seattle and Fox Chase in Philadelphia, funded by the DOD OCRP, went on to win major grants from NCI through the SPORE program (Specialized Program of Research Excellence). Particularly with the Hutchinson, the DOD grant enhanced their capacity to compete successfully for important NCI funding. Through this program, researchers have identified several new biomarkers that are promising as markers for early detection. They have also identified an agent in oral contraceptives that help protects against ovarian cancer—and that could result in an urgently needed way of preventing ovarian cancer. The only caveat is—if the program continues to receive reduced funding from the DOD, these researchers will not be able to continue their important work.

With a strong track record and a growing core of investigators who are contributing vital knowledge that could improve prevention, early detection, and ultimately survival from ovarian cancer, the DOD OCRP is making a difference in women's lives.

On behalf of the entire ovarian cancer advocacy community—patients, family members, caregivers, clinicians and researchers—we thank you for your leadership and support of the Ovarian Cancer Research Program. We very much hope we can continue to count on you to provide \$15 million for this program, so that the life saving research it supports will continue.

DEPARTMENT OF DEFENSE OVARIAN CANCER RESEARCH PROGRAM

Over the last six years, Congress has appropriated funds for the Department of Defense (DOD) Ovarian Cancer Research Program (OCRP). Modeled after the very successful breast cancer research program first included in the DOD budget in 1992, the OCRP is a component of the DOD Congressionally Directed Medical Research Program (CDMRP). Currently funded at \$10 million, the annual appropriation reached as high as \$12 million in 2000 and 2001. Each year, the DOD OCRP funding is considered for renewal by Congress or the program terminates.

Overall, the OCRP has received a total of \$71.7 million, which has supported 62 awards—out of 575 proposals submitted. Because the program has received \$37 million worth of proposals ranked excellent or outstanding that have NOT been funded,

ovarian cancer advocates and Congressional leaders are requesting a funding increase—to \$15 million for fiscal year 2004.

With ovarian cancer research neglected and underfunded for too long, restoring recent cuts in Department of Defense's Ovarian Cancer Research Program is critically important. This program strengthens the federal government's commitment to ovarian cancer research and supports innovative and novel approaches that offer promise of better understanding the cause and prevention of ovarian cancer.

THE DOD OCRP HAS AN OUTSTANDING RECORD OF ACHIEVEMENTS

69 publications in scientific journals.

119 abstracts/presentations at professional meetings.

Over 20 new investigators recruited into ovarian cancer research.

2 patent applications filed.

The commitment to a serious, sustained ovarian cancer research effort by several new institutions that prior to their DOD grant, did little in ovarian cancer. With the award of multi-year project grants, the University of Pittsburgh, University of Minnesota, Indiana University, University of South Florida, the Medical University of South Carolina and Fred Hutchinson Cancer Center in Seattle have dramatically increased the ovarian cancer research infrastructure and the capacity for breakthrough findings that will improve women's survival from this deadliest of women's cancers.

Two cancer centers—Fred Hutchinson in Seattle and Fox Chase in Philadelphia—funded by the OCRP went on to win major grants from NCI through the SPORE program (Specialized Program of Research Excellence). Particularly with the Hutchinson, the DOD grant enhanced their capacity to compete successfully for important NCI funding.

A top ovarian cancer researcher from Duke University identified the hormone progesterin as a key agent in oral contraceptives' activity in reducing the risk of ovarian cancer. This finding has significant implications for preventing ovarian cancer.

Several new bio-markers have been identified that have the potential to improve early detection.

Three new agents that inhibit tumor growth, spreading and new blood vessel formation (angiogenesis) have been discovered—a development that could result in new and more effective treatments.

ADDITIONAL INFORMATION ABOUT THE PROGRAM

The DOD ovarian cancer research program augments the important funds spent on cancer research by the NCI. As with the funds spent at NCI, the DOD cancer research proposals must be peer-reviewed and meet standards of scientific excellence.

There are however, important differences between the NCI and DOD cancer research programs. In considering the DOD research programs, Congress each year "earmarks" or designates a specific dollar figure for each cancer. By contrast, at NCI funding levels for particular cancers are not specified, and Congress does not play a role in determining allocations by cancer. In another important area of difference, the DOD program promotes "innovative" approaches to cancer research. And finally, since their inception ten years ago, the DOD programs have actively involved consumers on all scientific peer review and Integration (Program Design) panels—a process that has only recently been implemented at NCI.

A unique feature of the DOD Ovarian Cancer Research Program is that it promotes innovative research that will lead to a better understanding and control of ovarian cancer. The program also encourages projects and idea awards that propose new ways of examining prevention, early detection and treatment, and also bring new investigators into ovarian cancer research. Proposals that address the needs of minority, elderly, low-income, rural and other under-represented populations are strongly encouraged. Overall, the DOD OCRP is fostering the development of a sustained commitment to ovarian cancer.

All proposals are evaluated in a two-tiered review system. At the first level, a multi-disciplinary panel rates each proposal on the basis of scientific merit. Final decisions are made by an Integration Panel, based not only on scientific merit, but also on the programmatic goal of innovative ideas. Consistent with DOD's support of consumer involvement, four Ovarian Cancer National Alliance leaders have served on the Integration Panel, and over a dozen Alliance-nominated advocates on Scientific Review Panels.

The Ovarian Cancer National Alliance is a consumer-led umbrella organization uniting ovarian cancer survivors, women's health activists and health care professionals in a coordinated effort to focus national attention on ovarian cancer. The Al-

liance is working at the national level to increase public and professional understanding of ovarian cancer and to advocate for increased research for more effective diagnostics, treatments and a cure.

CONCLUSION OF HEARING

Senator BURNS. This concludes the hearing of the subcommittee, the scheduled hearings on the fiscal year 2004 budget request. The subcommittee will stand in recess subject to the call of the Chair. By the way, the record will remain open and I will let the chairman close that because no subordinate will ever close the chairman's record.

This meeting stands recessed.

[Whereupon, at 12:15 p.m., Thursday, May 15, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

	Page
Achgill, Dennis, Director of Public Affairs, American Society of Mechanical Engineers	667
Prepared Statement of	668
Barnes, Joseph L., National Executive Secretary, Fleet Reserve Association	694
Prepared Statement of	695
Bester, Brigadier General William T., Chief, Army Nurse Corps, Medical Programs, Department of Defense	282
Prepared Statement of	285
Questions Submitted to	359
Blum, Lieutenant General H. Steven, Army National Guard, Chief, National Guard Bureau, National Guard, Department of Defense	369
Prepared Statement of	373
Questions Submitted to	418
Bond, Senator Christopher S., U.S. Senator From Missouri, Questions Submitted by	418, 473
Brannon, Brigadier General Barbara, Assistant Surgeon General, Air Force Nursing Services and Commander of Malcolm Grow Medical Center, Medical Programs, Department of Defense	298
Prepared Statement of	301
Questions Submitted by	364
Brown, Master Sergeant Morgan D., (Ret.), Legislative Assistant, Air Force Sergeants Association (AFSA)	608
Prepared Statement of	609
Burns, Senator Conrad, U.S. Senator From Montana:	
Opening Statement of	551
Prepared Statements of	371, 488
Statement of	70
Butler, Benjamin H., Deputy Director of Legislation, National Association for Uniformed Services	564
Prepared Statement of	565
Byrd, Senator Robert C., U.S. Senator From West Virginia:	
Questions Submitted by	538
Statement of	489
Christie, Thomas P., Director, Operational Test and Evaluation, Missile Defense Agency	195
Prepared Statement of	219
Questions Submitted to	238
Clark, Admiral Vernon E., USN, Chief of Naval Operations, Department of the Navy, Department of Defense	123
Prepared Statement of	140
Questions Submitted to	193
Statement of	137
Cochran, Senator Thad, U.S. Senator From Mississippi:	
Questions Submitted by	56, 61, 118, 193, 469, 534
Statement of	124
Cowan, Vice Admiral Michael L., Surgeon General of the Navy, Medical Programs, Department of Defense	247
Prepared Statement of	249
Questions Submitted to	309

	Page
Dahlman, George, Vice President, Public Policy, The Leukemia & Lymphoma Society	627
Prepared Statement of	629
Domenici, Senator Pete V., U.S. Senator From New Mexico, Questions Submitted by	57, 64, 315, 334, 351
Dorgan, Senator Byron L., Statements of	5, 70
Duggan, Dennis M., Deputy Director, National Security, Foreign Relations Commission, The American Legion	569
Prepared Statement of	571
Durbin, Senator Richard J., U.S. Senator From Illinois, Questions Submitted by	544
Fabunmi, James A., Ph.D., President, The American Heritage Defense Corporation	702
Prepared Statement of	704
Feinstein, Senator Dianne, U.S. Senator From California:	
Questions Submitted by	236, 238, 343, 545
Statement of	490
Foil, Martin B., Jr., Member of the Board of Directors, National Brain Injury Research, Treatment and Training Foundation	680
Prepared Statement of	681
Garrett, Steven L., Deputy Legislative Director, The Retired Enlisted Association	690
Prepared Statement of	691
Goldberg, Joan, Executive Director, American Society for Bone and Mineral Research; on behalf of the National Coalition for Osteoporosis and Related Bone Diseases	631
Prepared Statement of	633
Hagee, General Michael W., USMC, Commandant of the Marine Corps, Department of the Navy, Department of Defense	123
Prepared Statement of	158
Question Submitted to	194
Statement of	157
Hanson, Captain Marshall, USNR (Retired), Acting Chair, Associations for America's Defense	685
Prepared Statement of	686
Harkin, Senator Tom, U.S. Senator From Iowa, Questions Submitted by	64, 421
Hawley, William, M.D., Board of Directors, Public Policy Committee, Lymphoma Research Foundation	604
Prepared Statement of	606
Helmly, Lieutenant General James R., Chief, Army Reserve, Reserves, Department of Defense	425
Prepared Statement of	427
Questions Submitted to	469
Hoffman, Stephen, M.D., Chief Executive Officer, Sanaria, Inc.; on behalf of the American Society for Tropical Medicine and Hygiene	587
Prepared Statement of	589
Holleman, Deirdre Parke, Esq., Co-Director, National Military and Veterans Association, and National Legislative Director, The Retired Enlisted Association	559
Prepared Statement of	560
Hollings, Senator Ernest F., U.S. Senator From South Carolina:	
Questions Submitted by	472
Statement of	489
Hudgins, Chris, Public Policy Associate, National Prostate Cancer Coalition ...	670
Prepared Statement of	672
Hurd, Captain Robert C., USN (Retired), Headquarters Liaison to Congress, United States Naval Sea Cadet Corps	660
Prepared Statement of	662
Hutchison, Senator Kay Bailey, U.S. Senator From Texas:	
Questions Submitted by	115, 190, 194, 238, 420, 470, 474, 478, 481, 537
Statement of	47

	Page
Inouye, Senator Daniel K., U.S. Senator From Hawaii:	
Opening Statements of	123, 241
Prepared Statements of	4, 225, 370, 488
Questions Submitted by	58,
116, 119, 319, 336, 354, 360, 363, 366, 423, 538	538
Statement of	4
James, Lieutenant General Daniel, III, Director, Air National Guard, Na- tional Guard, Department of Defense	369
Prepared Statement of	373
Johnson, Hansford T., Acting Secretary of the Navy, Department of the Navy, Department of Defense	123
Prepared Statement of	126
Questions Submitted to	190
Statement of	124
Jumper, General John P., Air Force, Chief of Staff, Department of the Air Force, Department of Defense	69
Prepared Statement of	79
Questions Submitted to	118
Kadish, Lieutenant General Ronald T., USAF, Director, Missile Defense Agency	195
Prepared Statement of	198
Questions Submitted to	236
Koonin, Steven Elliot, Ph.D., Provost and Professor of Theoretical Physics, California Institute of Technology; on behalf of the Association of American Universities and the National Association of State Universities and Land- Grant Colleges	622
Prepared Statement of	623
Leahy, Senator Patrick J., U.S. Senator From Vermont:	
Prepared Statement of	3
Questions Submitted by	539
Statements of.....	3, 490
Lescavage, Rear Admiral Nancy J., Nurse Corps, United States Navy, Direc- tor, Navy Nurse Corps, Medical Programs, Department of Defense	290
Prepared Statement of	294
Questions Submitted to	362
Lester, Rodney C., CRNA, Ph.D., President, American Association of Nurse Anesthetists	650
Prepared Statement of	651
McCarthy, Lieutenant General Dennis M., Chief, Marine Forces Reserve, Reserves, Department of Defense	425
Prepared Statement of	441
Questions Submitted to	478
McConnell, Senator Mitch, U.S. Senator From Kentucky, Questions Sub- mitted by	317
McIntosh, Major General Robert, USAFR (Retired), Executive Director, Re- serve Officers Association of the United States	639
Prepared Statement of	640
Morris, Robert V., Chief Executive Officer, Fort Des Moines Memorial Park, Inc	595
Prepared Statement of	596
Ovarian Cancer National Alliance, Prepared Statement of	707
Pace, General Peter, U.S. Army, Vice Chairman, Joint Chiefs of Staff, Office of the Secretary, Department of Defense	487
Peake, Lieutenant General James B., Surgeon General, United States Army, Medical Programs, Department of Defense	241
Prepared Statement of	243
Questions Submitted to	328
Peluso, Karen, Executive Director, Neurofibromatosis, Inc., New England	592
Prepared Statement of	593
Puzon, Captain Ike, U.S. Navy Reserve (Retired), Director of Legislation, The Naval Reserve Association	551
Prepared Statement of	553

	Page
Raezer, Joyce Wessel, Director, Government Relations, National Military Family Association	614
Prepared Statement of	616
Roche, Hon. James G., Secretary of the Air Force, Department of the Air Force, Department of Defense	69
Prepared Statement of	79
Questions Submitted to	115
Rumsfeld, Hon. Donald, Secretary of Defense, Office of the Secretary, Department of Defense	487
Opening Statement	490
Prepared Statement of	495
Schultz, Lieutenant General Roger C., Director, Army National Guard, National Guard, Department of Defense	369
Prepared Statement of	373
Questions Submitted to	422
Sellman, Wayne S., Ph.D., Vice President and Director for Public Policy Issues, The Human Resources Research Organization; on behalf of the American Psychological Association	579
Prepared Statement of	580
Shelby, Senator Richard C., U.S. Senator From Alabama:	
Questions Submitted by.....	318, 335, 353
Statements of.....	4, 489
Sherrard, Lieutenant General James E., III, Chief, Air Force Reserve, Reserves, Department of Defense	425
Prepared Statement of	449
Questions Submitted to	481
Shinseki, General Eric K., Chief of Staff, United States Army, Department of the Army, Department of Defense	1
Prepared Statement of	8
Questions Submitted to	55
Statement of	30
Sommerer, John, Ph.D., Chief Technology Officer, Applied Physics Lab, Johns Hopkins University; on behalf of the Coalition for National Security Research	656
Prepared Statement of	658
Specter, Senator Arlen, U.S. Senator From Pennsylvania:	
Opening Statement of	1
Questions Submitted by.....	62, 422
Stevens, Senator Ted, U.S. Senator From Alaska:	
Opening Statements of.....	69, 195, 369, 487
Prepared Statements of.....	2, 171
Questions Submitted by.....	55, 60, 309, 328, 344, 359, 362, 364
Taylor, Lieutenant General Dr. George Peach, Jr., Air Force Surgeon General, Medical Programs, Department of Defense	262
Prepared Statement of	264
Questions Submitted to	344
Totushek, Vice Admiral John B., Chief, Naval Reserve, Reserves, Department of Defense	425
Prepared Statement of	435
Questions Submitted to	473
Statement of	434
Visco, Fran, J.D., President, National Breast Cancer Coalition	675
Prepared Statement of	676
Washington, Robert, Sr., Fleet Reserve Association; Co-Chairman, The Military Coalition Health Care Committee	597
Washington, Robert, Sr., Prepared Statement of	597
Weaver, Cathy Lee	634
Weaver, Julia	634
Weaver, Major General Paul A., Jr., USAF (Retired), on behalf of the Juvenile Diabetes Foundation International	634
Prepared Statement of	636
West, Rear Admiral Richard D., U.S. Navy (Retired), President, Consortium for Oceanographic Research and Education	583
Prepared Statement of	585

	Page
White, Hon. Thomas E., Secretary of the Army, Department of the Army, Department of Defense	1
Prepared Statement of	8
Questions Submitted to	60
Statement of	5
Zakheim, Dov, Ph.D., Comptroller, Office of the Secretary, Department of Defense	487

SUBJECT INDEX

DEPARTMENT OF DEFENSE

DEFENSE AGENCIES

MISSILE DEFENSE AGENCY

	Page
Additional Committee Questions	236
Aggressive Testing Schedule	236
Airborne Laser (ABL).....	225, 227, 228
Availability of a Mature Effective BMDS	236
Boost Vehicle Testing	228
Booster Enhancements for Aegis	237
Evolutionary Capability-Base Acquisition Approach	196
Field Capability	198
Ground Based Mid-Course Defense	224
Kodiak Targets Schedule	233
Laser Funding	227
MDA:	
National Team	224
Test Schedule	236
Testbed:	
Fort Greely	227
Kodiak	233
Medium Extended Air Defense System (MEADS)	232
Miniature Kill Vehicle (MKV)	223
Missile Defense:	
Countermeasures	235
Program	196
Testbed	222
Navy Integrating, AEGIS	227
No Aegis Boost Phase Capability in Block 04	237
Operational:	
Testbed	197
Testing	216
Patriot:	
Friendly Fire Incidents	229
System Performance	221
Testing/Performance	229
Sea Based X-Band Radar.....	230, 231
Space Tracking Surveillance System (STSS)	235
Strategic Missile Defense Command	223
Theater High Altitude Air Defense (THAAD)	234
U.S. Navy Integration in Missile Defense	222

DEPARTMENT OF THE AIR FORCE

A-10 and F-15 Aircraft	73
Additional Committee Questions	115
Afghanistan	73
Aging Aircraft	74
Air:	
Expeditionary Force	118
National Guard	113
Power	71

	Page
Air—Continued	
University	108
Air Force:	
Academy	78, 101
Investigation	98
Institute of Technology	105
Investment Budget	117
B-1	73
B-52 Bombers	112
Basic Military Training and Technical Training School	115
C-5	73
Aircraft	109
C-17	77, 97, 108
Combat Pay	115
CV-22	107
Electronic Warfare	114
Expeditionary Aerospace Force (EAF)	120
F/A-22	75, 77
Raptor	117
Force Protection	116
Global Hawk	109
Guard and Reserve Financial Problems	100
Homeland Defense	72
Iraq	73
War News Coverage	112
Iraqi Aircraft	100
KC-135	77
Lackland Air Force Base	78
Manpower	74
Medical Evacuation Mission	103
Melrose Bombing Range	106
Mission Capable Rates	76
Next Horizon	96
Operation Iraqi Freedom	71
Operation Noble Eagle	77
Personnel Transformation	99
Predator	106
B	111
Hellfire System	107
Promotions	104
Range and Readiness Preservation Initiative	116
Readiness	75
Reserves	99
Russian SU-37	74
767:	
Lease	114
Tanker Lease	96
Southwest Asia	78
Space Programs	119
Supplemental Appropriations	76
Tanker Fleet	117, 119
Transformation	72
Unmanned Aerial Vehicle Pilots	110
What We Do	81
Where We're Going	87
Who We Are	85

DEPARTMENT OF THE ARMY

A Commitment to the Future	30
Active Component (AC)/Reserve Component (RC) Mix	45
Additional Committee Questions	55
Advanced Army Rapid Emplaced Bridge	57
Aging Helicopter Inventory	38
Army:	
Heritage and Education Center	63
Well-Being	13
Aviation:	
Modernization	53

	Page
Aviation—Continued	
Training	50
Civilian Component	12
Domestic and Foreign Bases	48
End Strength	34
FCS:	
Fielding Schedule	55
Objective Force Role	55
Vehicles	62
Fifth and Sixth Stryker Brigades	32
Force Protection	53
Fresh Troops . . . Old Choppers	38
Future Requirements Costs	43
Global War on Terrorism	33
Ground Services Industrial Enterprise (GSIE) Plan	66
High Mobility Trailers and Waste	66
Industrial Base	60
Institutional Army	27
Iowa Army Ammunition Plant	64
Land Mines	42
Leader Development—Training Soldiers and Civilians, and Growing Leaders	14
Legacy Force Modernization	55
Logistics Transformation	51
Oil Cleaning/Filtering Systems	61
Operational Army	21
Operations in Iraq	54
People—Our Most Valuable Resource	11
Readiness—Winning Our Nation's Wars	15
Realizing The Army Vision—People, Readiness, and Transformation	11
Reconstituting Deployed Forces	56
Recruiting	35
Reserve Component:	
Full-time Support (FTS)	12
Pay Consolidation	57
Recruiting	49
Rock Island Arsenal	65
Soldier:	
Deployment	35
Equipment	41
Space and Missile Defense Command	36
Special Operations Command (SOCOM)	46
Status of Forces	53
Strategic Environment—The Requirement to Transform	10
Supplemental Appropriation	33
The Army:	
At War and Transforming	8
Serving Today, Balancing Risk, Managing Transformation	10
Training:	
Centers	48
Ranges	58
U.S. Military Labors to Keep Aging Helicopters Airworthy; Hazards of Desert Landings	38
Unmanned Aerial Vehicles	61
White Sands:	
HELSTF	58
MTHel	57
Third Wave Outsourcing Plan	64

DEPARTMENT OF THE NAVY

Additional Committee Questions	190
Building on Success	159
Context for the Fiscal Year 2004 Budget Request: Succeeding in a Time of Great Consequence	126
Deployment Days	176
Family Separation Allowance and Imminent Danger Pay	184
Fiscal Year 2004 Budget: Building From a Solid Foundation	127

	Page
Fleet Size	179
Harrier	179
Homeporting	181
HSV Plans	193
Imminent Danger Pay and Family Separation Allowance	175
Joint Strike Fighter (JSF)	189
(F-35) Program Progress	191
Lightweight 155 Howitzer Program	184
Littoral Combat Ship—Hull Form	194
Long-term HSV Plans	193
Marine Corps Retention	178
Mine Warfare Funding and Capability	191
Missile Defense	182
Naval Forces—Southern Command	190
Naval Power 21: A Transformational Vision for the 21st Century	134
Navy:	
Programs in New Mexico	187
Reserve	178
Retention	177
Navy-Marine Corps Team: National Seapower—Around the World, Around the Clock	126
Operations and Maintenance	171
Our Main Effort—Excellence in Warfighting	165
Patrol Coastal Craft	182
Prior Year Shipbuilding Costs	173
Retiring Ships and Aircraft	177
Sea Basing	172
Shipbuilding	179
T-45 Cockpit 21	193
Taking Care of Our Own	162
The Way Ahead: Positioning Today's Navy and Marine Corps for Tomorrow's Challenges	137
UAV Program	183
V-22 Program	172, 191

MEDICAL PROGRAMS

Additional Committee Questions	308
Air Medical Evacuation	300
Best Health Care Business Practices	297
Combat Treatment in Iraq and Afghanistan	312, 331, 347
Critical Care Air Transport Teams	298
Deployment of Medical Personnel	309, 328, 331, 344
Doctorate Program in Nursing	361, 363, 367
DOD/VA Healthcare Resource Sharing	351
E-Health Technology	259
Establishment of the Naval Medical Education and Training Command	256
Expeditionary Medical Support Units	262
Family Centered Care	256
Force Health Protection (FHP)	250, 326, 341, 358
Health Benefit	296
Hospital Services Reduction	307
Improvement of Equipment for Combat Casualty Care	332
Increased Medical Costs	274
Jesse Spiri Military Medical Coverage Act	315, 334, 352
Medical:	
Budget Shortfall	274
Combat Technologies	279
Research	260
Treatment Facilities	319, 336, 354, 361, 363, 367
Mental Health	281
Military Family Access to Dental Care Act	316, 335, 353
Mobilized Reservists in Medical Specialties	309
Monitoring the Health of Guard and Reserve Personnel	311, 329, 345
Navy Medicine/DVA Resource Sharing	258
Number of Reservists:	
Not in Dental Class 1 or 2	311
With Medical Problems	311

	Page
Nurse Corps Grade Structure	299
Nurse Shortage	306
Nursing Research.....	361, 364, 367
Operation Enduring Freedom	263
Optimization	327, 343, 358
Our People	253
Patient Privacy (TRICARE).....	318, 335, 343, 353
People	295
Percentage of Male Nurses	308
Personnel Readiness	252
Population Health Programs	299
Readiness	294
Contingency Operations	250
Recruiting	300
And Retention.....	264, 277, 314, 333, 350, 360, 363, 366
Recruitment and Retention	359, 362, 364
Remaining Medical and Dental Requirements	311
Repercussions for Unfit Unit Members	312
Research on Composite Tissue Transplantation	317
Retention and Recruitment	320, 339, 356
Specialized Training	307
Student Loan Repayment	278
T-Nex—Next Generation of TRICARE Contracts.....	312, 332, 348
TRICARE	264
Uniformed Services University of the Health Sciences	255
War's Effect on the Nurse Corps Plan.....	360, 362, 365

NATIONAL GUARD

Additional Committee Questions	417
Aging Aircraft	407
Army National Guard 56th Stryker Brigade Combat Team	422
Border Patrol	411
C-17 Fleet at Jackson Air National Guard Facility	411
C-23 Sherpa Cargo Aircraft	423
C-27J Spartan Tactical Aircraft	424
Call-ups of Guard Forces	415
Chain of Command	420
Communications	406
Counterdrug Schools.....	421, 422
Demobilization	406
Employer Support	410
Of the Guard and Reserve	421
Force Protection	399
Future Fixed Wing Aviation Requirements	423
Improved Efficiencies at NGB	419
Improved WMD Response Capability	418
Limits on Deployment	402
Merging Guard and Reserve Accounts	401
National Guard and Reserve Equipment	415
Operation Enduring Freedom	401
Operation Iraqi Freedom	401
Operation Noble Eagle	401
Overuse of Guard and Reserve	416
Reducing Size of Guard and Reserve	413
Retention	408
Seamless Environment	418
Soldiers and Sailors Relief Act	421
Transformation Programs	420
TRICARE Health Care Coverage	420

OFFICE OF THE SECRETARY

Additional Committee Questions	534
Applying Lessons Learned	491
Assignment to Ambassador Bremer	530
Baghdad Anarchy Spurs Call For Help; Iraqis, U.S. Officials Want More Troops	512

	Page
Balancing Risk	493, 498
Callup on Reserve Component Personnel	528
Careful Targeting in Iraq	524
Commitments of Peacekeeping Forces	516
Defense Transformation Act	501
Deployment of National Guard	538
DOD-NASA Partnership	510
F-22	547
Force Levels in Iraq Theater	529
Forces Levels in Baghdad Area	515
High Alert Status Nuclear Weapons	545
Improving Intelligence	510
Improving Management	494
Iowa Army Ammunition Plant (IAAP)	542
Iraq	539
Looting in Iraq and Protecting Sites	533
LPD-17	506
Management Plans	539
Missile Defense	518, 541
Mr. Jay Garner	516
National Oceanic and Atmospheric Administration	535
932nd Airlift Wing	544
Nuclear Capabilities in Iraq	532
Passage of Defense Transformation Act	504
Perchlorate	548
Performance of Army Patriot PAC-3 System	518
Rebuilding Iraq	509
Results	500
Robust Nuclear Earth Penetrator	525, 546
Ship Leasing and Defining Requirements	519
Situation in Iraq	514
Soliciting Information on Weapons of Mass Destruction	528
Stryker Brigades	505
Sufficient Funding for Fiscal Year 2003	504
Testing	547
The Hurricane Hunters	534
Total Force Policy and TRICARE for Reservists	520
Training Ranges and Facilities	507
Transforming to Meet Changing Threats	492
U.S. Commitment and Command Arrangements	523
U.S. Hints at Boost in Forces Amid Iraqi Troubles	531
UAVs	535
Unmanned Vehicles	511
Utility of Robust Nuclear Earth Penetrator Class Weapons	546
Visiting Troops in the Field and Tanker Leasing	502
Weapons of Mass Destruction in Iraq	521, 539

RESERVES

Additional Committee Questions	469
AEF CY02—In Review	452
Army Reserve Transformation	469
Army Reserve's Role in Rebuilding of Iraq	470
Attrition	458
Current Readiness	444
Demobilization	448
Developing our Airmen	449
Equipment:	
Readiness	483
Shortfalls	472
F/A-18 Aircraft Upgrades	467
Future Vector	456
Highlights of 2002	449
Hurricane Hunters	466
Impact of Mobilization on Budget Request	475
Infrastructure	445
Integrating Operations	452
Lessons Learned	478

	Page
Lessons Learned—Continued	
From Most Recent Mobilization	471
Littoral Surveillance System (LSS)	465, 474
Marines and Their Families	442
Mobilization	447
Of Fiscal Year 2004 Budget Request	470
Modernization	448
And Sustainment Critical Shortfalls	472
And Transformation	445
Naval Coastal Warfare Units Role in Homeland Security	466
Naval Reserve:	
Equipment List	474
Retirement Data	463
Operation Iraqi Freedom	481
Mobilization	478
Quality of Life Initiatives	451
Readiness	448
Recapitalization of the Naval Reserve	473
Reconstitution of Army Reserve Forces	470
Recruiting	450
And Retention	428
Redesign of the Naval Reserve	473
Reserve:	
Employer Support	476
Equipment Shortfalls	480
Health Care	474, 476
Mobilization Lessons Learned	475
Reservists	483
Retention.....	450, 464
Retirement	460
Policy	457
Support for Employers of Reservists	480
Supporting Employers of Reservists	471
Technology to the Warfighter	453
The Big Picture	451
Transformation	478
Programs	481
In Fiscal Year 2004 Budget Request	470
TRICARE:	
Benefits Extension	480
Health Care Coverage.....	471, 482
Your Marine Corps Reserve Today	441