

## Senate Armed Services Subcommittee on Personnel Holds Hearing on the Fiscal Year 2010 Defense Budget for Active Component, Reserve Component and Civilian Personnel Programs

### [LIST OF PANEL MEMBERS AND WITNESSES](#)

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NELSON:

The subcommittee meets today to receive testimony on the active, Guard, Reserve and civilian personnel programs in review of the National Defense Authorization request for fiscal year 2010, and the Future Years Defense Program, and we call the committee to order.

We'll have two panels today. The first panel will consist of the personnel chiefs of the services.

I welcome Lieutenant General Michael Rochelle, deputy chief of staff for the Army, and thank him for his terrific service, many years of duty, and for his constant concern for the men and women in the Army, G-1 (ph).

Vice Admiral Mark E. [Ferguson](#) III, the chief of naval personnel. We appreciate your being here, too. Having worked with you on other occasions in different responsibilities, it's great to see you again.

And Lieutenant General Richard Y. Newton III, deputy chief of staff of the Air Force for manpower and personnel.

And Lieutenant General Ronald S. Coleman, deputy commandant of the Marine Corps for manpower and reserve.

As I said, I understand this (inaudible) never want to say it is the final hearing, but maybe the final hearing for General Rochelle and General Coleman. Appreciate so much both of you finishing up decorated careers. I want to thank you and especially your families for your service.

You've both overseen significant growth in your respective services in the past two years and you leave them stronger today than they were when you assumed your duties. So I thank you for your service and we wish you the best in your future.

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

This hearing, which we hold every year, is an opportunity to explore the state of our military personnel.

This year, more than ever, we're seeing the stress that repeated and lengthy deployments are having on the force, and on families, and as we begin the process of rotating our troops from Iraq to Afghanistan, the demand for our forces will not lessen in 2010.

The suicide rates in all the services have risen steadily over the past several years and the numbers this year for the Army are already particularly high.

Meanwhile, even though the Army and Marine Corps have grown significantly over the past few years, we still cannot provide sufficient dwell time for our service members between deployments, either for the active duty or reserve components. Secretary Gates testified last week that it would be several years before dwell time goals can be reached. This causes stress not just on servicemembers, but their families as well.

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

One obvious solution to easing the stress in the force is more end-strength. Simply stated, more people equals less deployed time per person.

But end-strength cannot be viewed in a vacuum. The country's experiencing its worst economic downturn since the Great Depression, and while that has actually helped our recruiting and retention, declining federal revenues put pressure on all areas of the federal budget, including defense.

As Secretary Gates testified last week, it is unclear whether increasing end-strength beyond current levels is sustainable into the future.

Personnel and personnel-related costs, such as the cost of military health care, survivor benefits and retired benefits continue to soar. People have become the most expensive weapon system in the arsenal.

Nevertheless, as Secretary Gates and Admiral Mullen have said, our people are our most important strategic asset.

We will continue to ensure that we have the highest quality all-volunteer force that is equipped, trained and ready while caring for the families and the wounded. We'll continue to look for ways to ease the stress on the force while remaining prudent stewards of the taxpayer's dollar.

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

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

And now I would like to welcome our ranking member, Senator Graham.

As always, we're delighted to have you here with us today and continue to work together. We've exchanged this position a time or two and have continued to work well no matter who's banging the gavel.

And with that, would you like to make an opening statement?

GRAHAM:

Yes, Mr. Chairman, very briefly, and I'd like to echo the statement you just made. It's a joy being on this committee. I think all members work in a bipartisan fashion.

But no one has been easier to get along with than Senator Nelson, and he really does put the men and women in uniform ahead of politics, and that's what this is about, those who serve, not politics.

To the panel, welcome.

To those retiring, congratulations, if it's true. I think we've got money to pay you.

(LAUGHTER)

And I know you've earned it. And I look forward...

(CROSSTALK)

GRAHAM:

That's right.

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

As General -- excuse me -- Senator Nelson indicated, we've been on a wartime footing for eight years now.

This September will be the -- 2009, eight years since we were attacked on September 11, 2001. It's been a tough eight years. Our men and women in uniform and their civilian counterparts being deployed overseas and their families have really borne a heavy burden.

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

And the Army secretary and the -- General Casey, the chief of staff of the Army testified yesterday that dwell time continues to be insufficient and the goal of two years home for every year deployed will be difficult to realize.

They let us know that the soldiers and sailors, airmen, Marine, Coast Guard members, everybody involved are very resilient, but we have to understand they're people, too, they've got families to raise and we're just going to have to, as Senator Nelson said, increase the number of people in the military.

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

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

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

The budget that was proposed by the administration had a 3 (ph) percent GDP spending on defense in 2019. I think that is woefully inadequate.

Having said that, I'd like to work with the administration, Secretary Gates, to make the military Department of Defense more efficient, but at the end of the day, if you increase the size of the military, the largest expense in the department's budget is personnel cost. If you don't increase the overall pie there's going to be less money to modernize our weapons and do the things that give us an edge in battle.

So I look forward to working you Mister -- excuse me, Senator Nelson -- Mr. Chairman, to make sure that the defense budget not only grows the number of people, but it also gives them the equipment they'll need to win the war.

In this choice between guns and butter I know we need both, but if you're not well-defended the butter problems are not nearly as important.

Tomorrow we've got to realize that we could wake up and the enemy could hit us again. They're doing everything they can to come back our way.

And the reason they haven't is because our men and women in uniform, the CIA and other groups have taken the fight overseas to this enemy and has made it safer here at home.

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

NELSON:

Thank you Senator Graham.

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

BEGICH:

No, Mr. Chairman. I'm anxious for their presentation.

NELSON:

Thank you.

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

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

We'll now hear from our witnesses.

Start with you, General Rochelle.

ROCHELLE:

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

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

One than 1 million of this nation's finest citizens have deployed over the past seven years into harm's way. We realize very well that there are costs and effects associated with this conflict, both visible and invisible effects.

Our current programs to relieve stress on the force are critical to maintain a healthy, balanced and prepared force. These programs help us defend our country against some of the most persistent and wide-ranging threats in our history.

The success of these programs, many of which you are responsible for in large part due to your support, give us the numerous programs that are required to support this great force well into, now, as you have noted Mr. Chairman, as with Senator Graham, as well, seven-plus years of war.

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

We continue to transform our force into one Army that consistently uses the talents of active, Reserve and National Guard soldiers, as well as our civilian workforce and teammates.

This total-force approach is key to restoring balance within our ranks and our homes.

This Congress, and most especially this committee, has embraced our needs and we are very grateful. You've given us the means to improve the quality of life for our soldiers and their families.

Soldiers are remaining in the Army because they see it's a good environment in which to raise a family, thus making us the employer of choice.

The Army continues to face challenges which will be directly in front of us for the next several years. Armed with lessons learned, it is our intent to stay in front of these challenges, anticipate them, develop strategies and programs, and keep them from becoming problems in the future.

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

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

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

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

Thank you.

GRAHAM:

Thank you, General.

Admiral <Ferguson>?

<FERGUSON>:

Chairman Nelson, Senator Graham and distinguished members of the committee, thank you for this opportunity to appear before you to review our fiscal year 2010 budget request on behalf of the Navy total force and their families. We believe this request supports our ability to attract, recruit and retain a highly skilled naval force in support of our maritime strategy.

We remain today a global Navy, a total force of active and reserve sailors and Navy civilians united in service to the nation. Over 40 percent of our ships are underway or deployed.

This budget request also supports new mission areas as well as joint operations in Afghanistan, Iraq and across the globe, where approximately 14,000 sailors are serving on the ground as individual augmentees.

With this high operational tempo, we remain vigilant concerning stress on our sailors and their families. We ensure that sailors have adequate opportunity to rest and spend time at home between deployments.

The tone of the force is positive. Sailors and their families continue to express satisfaction with their morale and the leadership at their commands, their health care, their benefits and their compensation. Our budget request reflects this commitment to supporting sailors and their families.

We are focusing on efforts on building resiliency, fostering a culture that encourages sailors to seek help in response to stress that they encounter in the field.

Over the past year we have been very successful in recruiting and retaining high-quality sailors. In 2008 we achieved our enlisted and officer goals across both the active and reserve components, while exceeding DOD quality standards in all recruit categories.

For the first time in five years we achieved overall active and reserve medical officer recruiting goals. This year we achieved our nuclear operator zone A (ph) goals for the first time in over 30 years through targeted use of selective reenlistment bonuses.

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

To ensure the long-term health of the force, we are transitioning from a posture of reducing end-strength to one we term stabilizing the force.

To meet global demands and minimize stress on the force, Secretary of the Navy Winter used his end-strength waiver authority for both 2008 and 2009. We project to finish this fiscal year within 2 percent above statutory end-strength limit of 326,323.

Our stabilization efforts have been directed at sustaining a high-quality force able to respond to new mission areas within our fiscal authorities.

And we're guided by the following principles: to continue to attract and recruit our nation's best and brightest; retain the best sailors and target our incentives to retain those with critical skills; balance the force in terms of seniority, experience and skills matched to projected requirements; continue to safeguard the careers of our top performers; and provide the fleet and joint force stable and predictable manning.

Our fiscal year 2010 budget request includes an active component end-strength of 328,800, which is comprised of a baseline request of approximately 324,400, and supplemental funding for 4,400 additional sailors to serve as joint force enablers in support of overseas contingency operation. This budget also requests a reserve component end-strength of 65,500.

We believe this is adequate going forward to meet the demands of the fleet as well as the joint force.

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

Last week I was -- had the opportunity to visit our naval personnel overseas in the Middle East and in Europe. Your sailors are positive, enthusiastic and performing extraordinarily well in meeting the demands of the joint force. I could prouder of the extraordinary job that they do every day in service to the nation.

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

NELSON:

Thank you, Admiral.

General Newton?

NEWTON:

Thank you Mr. Chairman and Ranking Member Graham and distinguished members of the committee. I also want to thank you for this opportunity to discuss our efforts as they relate to the fiscal year 2010 budget to ensure we attract, recruit, develop and retain a high-quality and diverse fighting force.

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

Without a doubt, the tremendous talent of our total force airmen and civilians is the backbone of the United States Air Force and our budget proposal recognizes that fact. These dedicated volunteer servants

are our most important asset. Without them, our organizations and equipment simply would not function. Our operations would grind to a halt.

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

We will also grow our civilian population to (inaudible) 179,000, which includes 4,200 contractor-to-civilian conversions. Simultaneously, we will continue to reshape the skill sets of our workforce with particular emphasis on stressed career fields and mission areas that need our attention, such as intelligence, surveillance and reconnaissance, aircraft maintenance, acquisition, cyber-operations, and nuclear-deterrence operations and sustainment.

For instance, in the fiscal year 2010, our manpower investment includes increasing our nuclear-related personnel by 2,500 and adding 200 acquisition professionals.

The growth in end-strength goes hand-in-hand with an increase in our recruiting efforts. And it goes beyond just finding the right numbers. We must also ensure that the right quality and the right skills are present in potential candidates.

Despite the weak economy, we expect F.Y. 2010 to be a critical retention environment for several reasons: an increased need to retain specific skill sets in certain specialties, previous end-strength decreases and corresponding decreases in accessions, increased operational demands in new and emerging missions.

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

Finally, we are committed to taking care of airmen and their families, including our wounded warriors to whom we have a never-ending obligation.

Over the past year we have tackled important issues for Air Force families such as expanding child care capacity, increasing child care support for our Guard and Reserve families, and improving financial readiness and providing opportunities for children of airmen, whether they reside on military installations or in our civilian communities throughout the United States.

The Air Force is leaning forward to be all in. Your continued support of our initiatives to attract, develop and sustain talented and diverse airmen and their families is mission-essential and it's most appreciated.

Our efforts to effectively manage end-strength to recruit and retrain -- to train, develop, and care for airmen and their families will enable our Air Force to continue to fly, fight and win in air and space and cyberspace.

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

NELSON:

Thank you, General.

General Coleman?

COLEMAN:

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

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

I'd like to make a few key points.

First, in regard to our end-strength growth, the Marine Corps is now building on our success in fiscal year '08 and we'll reach our 202K goal this fiscal year, two years ahead of schedule.

We owe the success in large part to our recruiters who continue to meet all accession goals while maintaining the highest quality standards.

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

Secondly, our active component retention continues to be successful. In fiscal year '08, first-term retention was an unprecedented 36 percent. We're building on that success in fiscal year '09 having already achieved our fiscal year mission.

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

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

Likewise, our family readiness programs have undergone a host of significant improvements which continue to this day. They're made possible in large part to the generous funding you have provided.

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

I look forward to answering your questions.

NELSON:

Thank you, General.

I think we'll do -- first round will be five minutes.

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

ROCHELLE:

If I may start, sir?

NELSON:

General?

ROCHELLE:

Thanks to this committee and the Congress, we have all the authority we need. Thank you.

NELSON:

Admiral?

<FERGUSON>:

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

NELSON:

General Newton?

NEWTON:

Also I would concur with that. And also appreciate greatly the authorities that you've provide that we can carry forward with.

NELSON:

Colonel -- or General Coleman?

COLEMAN:

Same thing. Thank you, sir.

NELSON:

There's been a lot of discussion about end-strength in the Army for some period of time and we -- two years ago Secretary Gates announced that the Army would increase its permanent active duty end-strength to 547,400. And today the Army finds itself with an active duty -- an active end-strength of about 549,000, three years ahead of schedule as indicated.

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

ROCHELLE:

Mr. Chairman, first of all, I support the president's budget as does the United States Army.

Your question, though, begs a little bit of explanation about the relationship between end-strength and demand.

As you said in your opening statement, end-strength cannot be viewed in a vacuum, and you are precisely correct, sir.

The required end-strength -- in order to understand the required end-strength one has to ask the question: What is it we want the Army to do and for how long? Demand -- and that's the one aspect that we do not control. And in my experience of soon to be three years as the G-1 of the United States Army, I have seen demand consistently rise.

Now, we're hopeful that in the future with responsible drawdown the Iraq that will change. But as the Army looks to the next 12 to perhaps 18 months, we see an increase in demand before responsible drawdown can offer us the prospect of reduced demand in the overall.

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

I hope I've answered your question, sir.

NELSON:

And the purpose of the temporary request -- or for temporary increase in end-strength is because of the increased OPSTEMPO or the fact that we're not going to get the dwell time by -- that we'd hoped -- by shifting down from Iraq into Afghanistan?

ROCHELLE:

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

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

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

On more point, if I may. When we looked at our last 10 brigade combat teams -- and we, of course, look at the other formations as well -- but when we looked at our last 10 deployed brigade combat teams, the average nondeployable inside those formations was 11 percent.

When we took a look at the last five brigade combat teams to deploy, we noted that that had increased to 12 percent.

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

NELSON:

If you were to -- once you have the discussions on the inside of the department, would you then be prepared to come forward or would the chief of staff or chief of the Army come forward with that kind of a recommendation? Is that your anticipation? Or would it go through the ordinary channels of, say, back to the secretary of defense, back to the White House as part of a future budget request?

ROCHELLE:

I'm certain -- I'm certain that it would include discussions with the secretary of the Army, the chief of staff of the Army, and the secretary of defense. Beyond that I wouldn't speculate, Mr. Chairman.

NELSON:

Thank you.

ROCHELLE:

Yes, sir.

GRAHAM:

Thank you Mr. Chairman. I think I'll just pick up where you left off.

I've been told there's 20,000 soldiers on active duty who are nondeployable due to medical reasons. Is that right General Rochelle?

ROCHELLE:

That's correct, sir.

GRAHAM:

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

ROCHELLE:

Statistically, the majority of them, between 60 and maybe even as many as 70 percent will be able to come back over time. We've seen that both with the Warrior Transition Unit, and we typically see that inside brigade combat teams.

GRAHAM:

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

ROCHELLE:

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

GRAHAM:

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

ROCHELLE:

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

GRAHAM:

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

<FERGUSON>:

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

GRAHAM:

What about the Air Force?

NEWTON:

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

GRAHAM:

What about the Marine Corps?

COLEMAN:

Yes, sir, we do have a shortfall, but I'd take for the record the exact amount.

GRAHAM:

OK. How are we going to make that up?

ROCHELLE:

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

GRAHAM:

So this request on Capital Hill would make it up for the Army?

ROCHELLE:

Yes, sir. It would give us the ability largely to make -- to eradicate that shortfall.

GRAHAM:

Is that the same for the other services, I hope?

<FERGUSON>:

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

GRAHAM:

Same for the Air Force and Marines? OK.

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

Are you familiar with that?

COLEMAN:

No, sir, not at all. Not -- in their deployment stage, taking Navy JAGs instead of Marines, I'm not aware of. I'm not aware of that (inaudible).

GRAHAM:

If you could look into it and get back with me.

COLEMAN:

Yes, sir.

GRAHAM:

I'd appreciate it.

And from the Navy point of view, Admiral <Ferguson>, I've been told that Navy is short 191 judge advocates and 63 enlisted personnel. What's the plan there?

<FERGUSON>:

This budget request, we recently approved an increase partially in the Judge Advocate General Corps for officers to do that, and then we're looking at that study that you cite to see what we can phase in overtime.

GRAHAM:

OK. And finally -- and I've got to go to another hearing, but I'll be back, Mr. Chairman -- this idea of retaining folks that are in specialties, do you feel like that the committee has been responsive to your needs to give you the money and the flexibility to go to the, like, health care professionals, a variety of specialties in the military?

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

Start with the Army.

ROCHELLE:

In point of fact the committee and the Congress has given us extraordinary authority to be able attract the critical skills that we need.

Unfortunately, those authorities do not address the larger strategic issue which is, as in the case of behavioral specialists and medical professionals, we simply aren't creating enough in America to address both civil needs as well as DOD's need.

GRAHAM:

Has there been any thought of expanding the Armed Forces Medical School?

ROCHELLE:

Sir, there has. There has been actually discussions inside the Army of, for example, returning at some point to a program that used to be called the Rain (ph) Program, where the Army grew its own nurses simply because...

GRAHAM:

And we could do that with health care professionals, mental health professionals?

ROCHELLE:

We possibly could. I've not had active discussions about that, sir...

(CROSSTALK)

GRAHAM:

OK. Could you work that through the system? Because I think there are a lot of people on active duty that might move to that career choice.

ROCHELLE:

Yes, sir.

<FERGUSON>:

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

NEWTON:

I'd say that consistent with the Air Force and to echo perhaps what General Rochelle was talking about, the challenge that we have with this, what I would call it war for talent out there in the commercial sector and, you know, across America is significant, be it just trying to go for America's youth in terms of those who are obviously capable to join the ranks of the military, as well as within the health professional communities and so forth.

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

COLEMAN:

Sir, I feel I feel Congress has gone above and beyond, and would not -- would not venture to go any -- any further.

I would say, as we grow to our 202,000, that we'd ask that because we're about to reach 202,00, that you not take too much away, because we're there. We still have to shape our force. But as far as what we're getting in reenlistments, I think we're spot on, sir. Thank you.

NELSON:

Thank you, thank you, Senator Graham.

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

But we've -- Congress has authorized large bonuses for critically short specialties, as much 400,000 for four years of service in some cases.

What -- starting with you, General Rochelle -- what are your thoughts about what we could do more to recruit more physicians and other health care providers, including dentists and nurses, into the military and retain them?

ROCHELLE:

If I may make one slight preamble to your question, Mr. Chairman, we are realizing -- excuse me -- after seven years of war that our base authorizations for medical professionals are inadequate to address the growing need.

I spoke earlier to the challenges of the cumulative effect of deployments and the cumulative effects of seven-plus years of combat.

With that having been stated, I don't believe the solution lies in additional monies that we may offer to attract this talent. I really don't.

I think what we have to do is explore ways of allowing individuals to serve more -- shorter terms, if you will, as opposed to signing up for a full seven-year or eight-year military service obligation. And you've given us some authorities there.

I think we have to explore creative and inventive ways to reach outside the normal pool of talent. And I think the military accessions vital to national interest, or MAVNI programs, opens a door there, sir.

<FERGUSON>:

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

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

NELSON:

General Newton?

NEWTON:

Sir, I would add also that, from our perspective it's also how we go about growing our own with regard to certainly the authorities that you've provided the health professional scholarship program and so forth.

We're also taking a looking -- and candidly, when our end- strength reduction, when we went down 316,000, or we're headed down to 316,000 of our active duty end-strength, and now that we're going to be leveling off above 330,000, we took a pretty hard swipe at our recruiters.

And so we're looking at -- Doctor -- or General Roudebush, the surgeon general of the Air Force and I, we're looking to partner in terms of how we can get our medical folks back into the recruiting business as well so that we can follow up. But, again, we have the authorities and I believe it's (inaudible) like General Rochelle was talking about, that limited pool of talent there.

NELSON:

You don't necessarily need more bonus money or other programs?

NEWTON:

Sir...

(CROSSTALK)

NELSON:

You could always use more I'm sure, but you don't...

(CROSSTALK)

NEWTON:

... it's not -- it's as much as recruiting it, but also for consideration with regard to retention as well. It's giving them the opportunities. And you perhaps look at the -- as General Rochelle alluded to -- maybe you look at the length in terms of reenlistment (inaudible) or retaining in the service.

But, again, it's a matter of us acting out on authorities that you provided that we go for.

NELSON:

General?

COLEMAN:

Sir, we get all our medical from the Navy, sir. So we're...

NELSON:

Yes.

(LAUGHTER)

COLEMAN:

So give them all they want please.

(LAUGHTER)

NELSON:

Good partnership.

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

Well, as we look at that tragic event, the rates in every service are clear reminders that servicemembers, particularly those who have been deployed on multiple occasions, are under tremendous stress and they do need access to mental health care.

Are there any feasible actions that we could take in a short-term here to help decrease the stress on the force or have additional health care available to them to deal with the mental challenges that so many seem to be facing?

ROCHELLE:

Sir, I would offer all of the above, all of the above.

The most critical factor, as the secretary of the Army, the Honorable Pete Geren has testified, is dwell. Time to be with family members, time with be with love ones. And as I've very clearly stated, one year deployed for every 1.3 years of dwell is completely inadequate and it's unsustainable.

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

My final comment would be, we are taking every measure feasible right now under the direction of the vice chief of staff, who is himself heading a task force that looks monthly, worldwide, in fact, I participated in, I think it's the third or fourth -- my third or fourth -- and I've not missed one -- worldwide video teleconference review with field commanders at the three- and four-star level, as well as two-star, looking at the details and the connective tissue, if I may use that term, between incidents.

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

NELSON:

Anyone else have...

NEWTON:

Sir?

NELSON:

General Newton?

NEWTON:

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

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

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

NELSON:

In that regard, are you trying to establish what you would consider are best practices, sharing of programs back and forth with one another?

NEWTON:

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

COLEMAN:

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

I'd also like to say that this has the attention of all of the leadership of the Marine Corps. And we look at it as a small -- small-unit leadership task. I think that's, in my opinion, that's the most important part, that the young sergeant who knows a young lance corporal or corporal can see something in him or her that shouldn't be there.

So we have stressed small-unit leadership amongst our NCOs and that sort. The assistant commandant of the Marine Corps has also come out with a study for us each O6 and higher commander has to produce a video and show it to every one of his Marines and sailors that (inaudible).

So I think we're on, and I would like to be like General Rochelle and say we see a glimmer of hope. I think we're really attacking it, sir.

NELSON:

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

COLEMAN:

Sir, I think that's a major problem, and it's not only in deployed units for the Marine Corps, it's the Marine Corps -- Marine Corps-wide.

We found -- what we're doing again is small-unit leadership, but in over 95 percent of the cases either the victim or their assaultant (sic) has had too much alcohol.

So we're looking at it from that way. In over 90 percent of the cases, alcohol is involved. So small-unit leadership is where we think we can stop the problems.

NELSON:

Anyone else?

General Rochelle?

ROCHELLE:

Yes, sir. Thank you for the opportunity.

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

Just to give you some concept of scale, last year we spent \$20 million in sexual assault prevention. This year we plan to spend \$42 million in sexual assault prevention, executing and implementing a very comprehensive strategy.

The elements of the strategy are essentially to empower every young soldier, not only to recognize an instance or an incidence in which a fellow soldier may be setting himself or herself up to become a victim, and then to intervene effectively in order to prevent.

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

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

NELSON:

So the increase in numbers would be the increase in reporting?

ROCHELLE:

Correct, sir. Yes, sir. As you may know, Mr. Chairman, I'm sure you do, sexual assault is the most underreported crime in America and perhaps the world.

NELSON:

Senator Graham?

GRAHAM:

Thank you.

Very quickly, I know we want to get to the next panel, just to pick up on that line of questioning.

General Coleman, you said that most sexual assaults were related to alcohol abuse, is that correct?

COLEMAN:

That's correct, sir.

GRAHAM:

In the deployed areas, you're not supposed to drink. Is that a problem over there?

COLEMAN:

Most are -- in deployed units that's an exception, sir, because there is no drinking there. But most...

(CROSSTALK)

COLEMAN:

I'm sorry, sir.

GRAHAM:

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

COLEMAN:

Yes, sir. It's much smaller in deployed units, sir.

GRAHAM:

Is that true in the Army?

ROCHELLE:

That is true for the Army, sir.

GRAHAM:

OK.

ROCHELLE:

A fraction.

GRAHAM:

Anything from the Air Force and the Navy?

NEWTON:

Sir, if I may, though, if I could just tag on a couple other comments.

Again, it's a matter of, and I'm sure all the services feel this way, but zero tolerance is number one. And it's 00 we're trying to emulate whatever we do in garrison but also as a deployed location as well. We try to maintain absolutely...

GRAHAM:

Disciplinary action is quick to follow, right? Court martials, Article 15.

NEWTON:

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

GRAHAM:

What about the Navy?

<FERGUSON>:

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

GRAHAM:

And that takes me to the last question I have and that's the contract force.

Mr. Chairman, as you well realize, we're taking more civilians to war in this war than any war in the history of America.

Quite frankly, you couldn't conduct the war without civilian contractors. We've had them play a very important part. And I want to congratulate those who sign up and serve in that capacity.

But we've had problems with a basically two-tiered system where the contractor would be allowed to use alcohol in theater. And that the problem or concern I've had is to give the commander the disciplinary authority over the entire force. A contractor can create as much problems for our nation as someone in uniform when they act inappropriately.

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

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

Starting with the Army.

ROCHELLE:

Sir, I think we have all the authorities that are required.

As you correctly stated, we cannot wage war, certainly not one of this duration and perhaps longer, without relying not only on contractors, but, I might add, our civilian teammates as well.

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

GRAHAM:

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

ROCHELLE:

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

GRAHAM:

That comes out of your personnel budget?

ROCHELLE:

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

GRAHAM:

O&M, not personnel.

ROCHELLE:

Different account. And I think we have the tools we need.

GRAHAM:

(inaudible).

<FERGUSON>:

Sir, I would echo we have the tools in the Navy's case. Unlike the Army, when they use more forward, ours primarily are in acquisition and in support of procurement programs and other support in CONUS as opposed to forward.

NEWTON:

And, sir, that's consistent with the United States Air Force as well, down range, particularly.

COLEMAN:

Sir, I concur with General Rochelle, sir.

GRAHAM:

OK.

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

ROCHELLE:

Sir, I'm going out on a limb here and I'm doing it in front of a lawyer. So let me...

GRAHAM:

Don't worry about it.

ROCHELLE:

... let me respond this way.

It's my understanding, and I have done some research on this, that the combatant commander has the jurisdiction and the authority to execute, as you said, the legislation that you co-sponsored -- co-authored - within theater.

So my answer is it's not a Title 10 service issue.

GRAHAM:

OK. (inaudible) Thank you all very much.

ROCHELLE:

Thank you, sir.

NELSON:

One final question I might ask.

Are you finished?

GRAHAM:

Yes, sir.

NELSON:

You know, we're aware that the personnel, the health care and entitlement costs continue to soar. In personnel costs, including the cost of military health care, the department spent \$162.4 billion in 2008, anticipate spending \$170.5 billion in 2009, as requested; \$178.7 billion in 2010.

Now you've already indicated it's the largest part, Senator Graham, of the budget.

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

GRAHAM:

If I could just interject. It's my understanding that 14 percent of the entire DOD budget will be military health care cost. Is that right, down the road?

(UNKNOWN)

I can't answer that percentage, sir. I'm sorry.

(CROSSTALK)

NELSON:

Is there something we can do? If we could -- if we could increase the quality of health care and decrease the quantity in some respect, would there be a savings? Are there anything like that that you are all looking at within your own branch to try to economize on personnel costs, including the benefits?

(CROSSTALK)

NELSON:

Not taking things away, but trying to do things more efficiently, effectively, and getting better results.

ROCHELLE:

The chairman addressed this in his recent testimony and I believe if there were simple, low-hanging fruit options that one could employ, we would have all taken those actions already. It's a very complex issue, Mr. Chairman.

NELSON:

Well, would the secretary of defense get you a higher ladder or...

(LAUGHTER)

ROCHELLE:

We would all need one.

(LAUGHTER)

One way in which we could, I think, come at it is on the prevention side.

Not coincidental, but concurrent with our work on suicide, the Army is launching a health fitness and promotion program that's designed to build resiliency at much the same way that we have over the decades, the decades of my service, and well beyond, built physical stamina and physical fitness.

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

NELSON:

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

So could you explore ways of not only healthier lifestyles, but also early detection with the kind of preventive care that you can get from upfront health care costs that save you on the back end from -- with healthier life expectancies?

Anybody else take a crack at that?

ROCHELLE:

No question, Mr. Chairman.

NELSON:

I'm not going to ask General Coleman because he's going to refer to the admiral.

(LAUGHTER)

COLEMAN:

Sir, I think we're doing an excellent job of trying not only the prevention, but also some cutting back.

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

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

NELSON:

Well, that's a good point.

General Newton?

NEWTON:

Mr. Chairman if I may just add. Again, this notion of us being more effective in our fit to fight, what we call, we're taking a hard look inside the United States Air Force. And it's really no -- it's not trivial -- and I'm not saying we're making it trivial -- but this notion of preventive access and care, but also having access to fitness centers, and, again, at high operations tempo, not only -- again, having just come out of the AOR, we focus on fitness as much in the AOR as we try to do, as well as back home as well.

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

NELSON:

Well, thank you, and thank you for your participation.

And thank you, General Rochelle once again for your service, and, General Coleman, of course.

We thank the others as well. We know we'll see you again.

Thank you.

ROCHELLE:

Thank you, sir.

NELSON:

Well, we now welcome our second panel, and we have outside representatives from servicemember-oriented associations.

Colonel, Retired, Steven P. Strobridge is the director, government relations, Military Officers Association of America, and co-chair of The Military Coalition, master chief -- just (inaudible) get these right here now, I've got several -- and co-chair Military Coalition.

We're glad to have you, Colonel Strobridge.

Master Chief, Retired, Joseph L. Barnes, and he's the national executive director, Fleet Reserve Association and co-chair, The Military Coalition.

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

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

And Captain, Retired, Bradley Snyder is the past president of Armed Forces Service Corporation -- a shorter title. Thank you very much, Captain.

(LAUGHTER)

Less chance of messing it up.

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

BARNES:

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

The Military Coalition's statement reflects the consensus of 34 TMC organizations and extensive work by the coalition's eight legislative committees.

We understand that at least one coalition organization witness has been invited to testify at a separate family readiness hearing. And for that reason, the coalition panelists will not address family matters today and each will focus on other issues.

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

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

Admiral Mike Mullen, chairman of the Joint Chiefs of Staff, recently testified about the strain of repeated deployment, and we also heard reference to this in the first panel. And the limited dwell time for many servicemembers that will continue at least through 2010 due to current end-strength and demanding operational requirements.

The related stress on servicemembers and their families is a serious concern and can lead to significant morale, readiness and retention challenges.

Unfortunately, the proposed increases will only get the Army to 15 months of dwell time, which is still grossly inadequate.

We understand some on the committee may support further end-strength increases and the coalition would strongly support this and any initiative to further enhance essential dwell time.

We also note the Navy's and the Air Force's reductions in force in recent years and we also note that the Navy continues to provide individual augmentees supporting overseas contingency operations.

Associated with all of this is maintaining adequate end-strength and a sustained and adequate funding for military recruiting efforts.

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

Housing standards determine local housing allowance rates, which need to be revised to more closely reflect where service personnel are actually living. For example, only E-9s, which comprise 1-1/4 percent of the enlisted force, are eligible for BAH for single-family detached homes.

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

Finally, the coalition remains committed to adequate funding to ensure access to the commissary benefit for all beneficiaries and to support important MWR programs.

These various programs, facilities and support services for personnel impacted by BRAC actions, rebasing and global repositioning is very important, particularly during wartime, which alone results in significant stress on servicemembers and their families.

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

NELSON:

Thank you.

Captain Puzon? I hope I'm saying that right.

PUZON:

Yes, sir, you are.

NELSON:

Thank you.

PUZON:

Mr. Chairman, and members of the subcommittee and staff members, I'm honored to be here. We are pleased with the Guard and Reserve improvements that you've made in the past since 9/11/2001.

I will focus on needed enhancements and improvements in early retirement, health care benefits for Guard and Reserve and the Montgomery G.I. Bill for Reserve members.

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

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

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

For health care benefits, to maintain and retain a viable operational Reserve force, health care access for Guard and Reserve must match their increased role in the nation's defense. We urge Congress to establish a moratorium on TRICARE and TRICARE Reserve Select premium increases.

We urge you to establish a medical and dental care for Guard and Reserve members beginning with the issuance of an alert order and post-deployment for 180 days.

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

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

Regarding the Montgomery G.I. Bill benefit, we ask that Congress upgrade the Montgomery G.I. Bill to provide increased benefits just like the reservists. We are most grateful to the Congress for passage of the post-9/11 G.I. Bill benefit.

However, the MGIB benefits for joining the Select Reserves were not upgraded or integrated. We ask that you restore the basic Reserve MGIB benefits for initially joining the Select Reserve to the benchmark of approximately 50 percent of the active duty benefit.

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

NELSON:

Thank you, Captain.

Ms. Holleman?

HOLLEMAN:

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

In the last several years, Congress has made great strides in improving the lot of the women, men and children who were left behind and alone when their loved ones died because they had served America in uniform

The coalition wishes to thank you for all you have done but to urge you to take several more necessary steps forward.

One of the Military Coalition's highest legislative goals is to end the SBP-DIC offset.

Senator Bill Nelson of Florida has been the champion of this goal in your chamber. In this session of Congress, his S. 535 already has 45 co-sponsors. In the House, Representative Ortiz's companion H.R. 775 has 229 co-sponsors.

We hope that these dramatic numbers indicate that this is the year that this unwise benefit structure will be abolished.

The great majority of the widows who are affected by this offset's spouses served a career in the uniformed services and purchased SBP when they retired.

They paid a substantial portion of their retired pay to assure that if their wives survived them, they would be provided for. This is the type of responsible behavior that we wish to encourage.

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

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

For both groups of survivors, one SBP dollar is offset for every dollar paid by DIC. The DIC payment this year is \$1,154 a month. Due to the offset, a survivor will be living on a payment of just under \$14,000 a year plus whatever amount, if any, remains in SBP for higher rank retirement payment.

That is not enough to live on or to acknowledge the service and sacrifice rendered. Congress has over the last several years been moving towards ending the offset between military retired pay and service-connected disability pay. This similar offset should also be ended.

We would briefly like to highlight two additional improvements that we urge you to include in the 2010 NDAA.

The Military Coalition asks that you support H.R. 613, the Military Retiree Survivor Comfort Act.

This bill would allow a military retiree's widow or widower to retain the full retired payment for the month in which a member died.

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

This procedure often means that in a most trying month a widow may unknowingly bounce checks or may be unable to pay ongoing bills. Changing this would make a terrible time for a survivor easier.

A statute already requires the V.A. to allow a widow to retain the last -- full last month's service-connected disability payment. DOD should do the same for military retirees.

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

The recently introduced H.R. 2059 would allow the approximately 1,500 children who presently qualify for an SBP annuity and who are incapable of self-support because of mental or physical incapacity to make use of this helpful legal tool.

We hope this committee will include this improvement in next year's MDAA.

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

NELSON:

Thank you, Ms. Holleman.

Colonel Strobridge?

STROBRIDGE:

Mr. Chairman, my portion of the coalition testimony will focus on health care and retirement issues. For wounded warriors we urge the committee to consider permanent authority for the senior oversight committee, whose authority will expire at the end of this year.

We're also very concerned that the transition from active duty to retiree TRICARE or to V.A. coverage catches many wounded warriors and their families unaware. They need the same protections that we provide when someone dies on active duty -- three years of continued active duty-level coverage to ensure a smooth transition.

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

Regarding psychological health and TBI, DOD and V.A. are moving out, but most of those efforts will take time. In the meantime we have overwhelming numbers who need help now, as we heard earlier on the panel.

But many still have to wait months for appointments. To us, that's not good enough. You asked the right question, "What can we do to ease this?" And the answer -- I think General Rochelle gave the right answer, "All of the above," part of which is expanding capacity to deliver care.

On TRICARE fees we are grateful that the administration discontinued the past trend and didn't propose the kind of significant fee increases in the 2010 budget that we've seen in past years. TRICARE costs are inflated by unique military requirements and inefficiencies, and DOD has lots of options to cut costs without imposing large fee hikes on beneficiaries.

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

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

On concurrent receipt we believe military retired pay is earned by service and should not be reduced because the servicemember happens to also incur a service-caused disability.

We strongly support the new initiative in the president's budget and we hope as well that you'll be able to fix the glitch in the CRSC law that causes -- the combat-related special compensation law -- that causes some to lose the pay that Congress meant for them.

We're also very concerned about the REDUX retirement system and the so-called \$30,000 career status bonus that entices thousands of unwary members each year to forfeit hundreds of thousands of dollars in future retired pay.

This so-called bonus is tantamount to a lifetime loan against future retired pay with a usurious 24 percent annual percentage rate for the typical enlisted member and a 35 percent rate for the typical officer.

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

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

We believe this civilian-style plan is inappropriate for military service conditions. It would take money from people who serve a career to pay people who leave early. We think it would undermine long-

term retention and readiness and prove disastrous in a wartime environment like today's when we're so desperate to encourage longer service.

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

NELSON:

Thank you, Colonel.

Capital Snyder?

SNYDER:

Mr. Chairman, not only do I have the shortest title, I've got a different hat that I'm wearing today.

I'm honored to be asked by the staff to come in as an unofficial official expert on helping families over 43 years since my retirement from my wounds in Vietnam. We have had the privilege of being with members of the active duty, retired Guard, Reserve, and being able to try to educate them on the benefits they have.

Then, when they transition into retirement, to help them understand not what they don't have, but what they do have.

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

We were privileged to work with the families of the Gander air crash, of the AWACS crash, and, of course, the 31 days we spent with the families in the Pentagon after the attack on the Pentagon.

The understanding of benefits by the members of the armed forces is very, very difficult because of their complexity of the three bureaucracies that I just mentioned.

We have presented a computer program that gives each individual family their benefits for the rest of their life if their spouse dies.

I was very privileged in helping put this together, and right now, as far as active duty, the Army G-1, General Rochelle, has contracted that every single person on active duty in the Army, active duty Army, has their benefits up to date every single day.

They can go online at My Army Benefits and they can see their individual family benefits from Social Security, V.A., SBP, tied together for them and where they can discuss that with their family if they're going to be deployed or if they're going to retire. They can "what if" if they get promoted, "what if" if they have a child, "what if" if they get married, how do these benefits all change?

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

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

That's not to mention the \$500,000 from the SGLI and the death gratuity and also the \$41,000 for education benefits from the Department of Veterans Affairs.

All benefits can always be improved for our families, but the basis that is existing now is a very, very good base with the law as it is.

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

NELSON:

Well, thank you, and thank you for that example.

We'll do five minutes here.

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

SNYDER:

Sir, I don't have any particular knowledge on the individual IBMs, General Motors and all.

I can tell you that for someone in this category of this rank and capability and job description, the benefits would be nowhere near -- I mean, I know officers of corporations that don't have \$500,000 worth of insurance and things.

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

The most benefits in the outside, even in my own company, we don't have cost of living adjustments; we can't afford it.

So, from that basis...

(CROSSTALK)

NELSON:

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

(UNKNOWN)

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

NELSON:

One hundred percent of pay for life?

(UNKNOWN)

Yes, sir. So I would -- I think I would have a little bit different opinion.

You know, one of the concerns is -- and particularly when we're talking about the SBP-DIC issue -- 94 percent of those widows did not get the big cash payments we're talking about. They got death gratuities of \$3,000. They got SGLIs of \$50,000 -- which the member paid for by the way, that is not a gift from the government. The member paid a premium for it.

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

NELSON:

Would the benefits, Captain Snyder, for the spouse be discontinued upon remarriage?

SNYDER:

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

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

NELSON:

Ms. Holleman, could you give us your thoughts on the progress we've made, but the progress that remains to be made on concurrent receipt? Is that one of the areas that you're interested in?

HOLLEMAN:

We're all interested.

NELSON:

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

HOLLEMAN:

That was not what I focused on, but I would certainly be happy to discuss that.

Obviously we have been pushing, everyone here has been hoping that Congress would make continued steps, as they have, to end this offset.

There have been -- as this town loves steps and we have had several steps. We are, as Colonel Strobridge said, we were very pleased at the administration's proposal concerning Chapter 61 retirees being included in concurrent receipt.

And that is yet another step. We hope that will appear in the NDAA this coming year. And we hope, indeed, that the final step, which are the people that 10 to 40 percent longevity retirees, be included.

In the administration proposal, it is clear that the 10 to 40 percent Chapter 61s will in years four and five, be included. And then the only people left out of getting the two appropriate pays would be the 10 to 40 percent longevity retirees. And it's only honest to tell you I will be back asking for that as well.

BARNES:

Mr. Chairman, if I could just clarify, the Fleet Reserve Association as with The Military Coalition, has a long standing objective of full concurrent receipt for all disabled military personnel.

Retired pay and disability pay are paid for different reasons. Retired pay for service, disability pay for physical -- the physical impact of that. And that's part and parcel to that policy or our objective of full concurrent receipt for all disabled military retirees.

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

NELSON:

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

HOLLEMAN:

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

NELSON:

Senator Graham?

GRAHAM:

Thank you.

Along those lines, the dilemma we have is that, yes, they're two different events, I totally agree with that, but it's coming out of one basic pocket here. And that pocket is not large enough, in my opinion, to meet all the needs of the active duty forces. It's not sufficient enough to meet growing personnel cost from the active duty, Reserve side. It's not sufficient enough to meet weapons modernization. And we've got a real dilemma as a nation here.

Secretary Gates said about curbing growth of the health care budget in the future, he has described as eating the department alive. Twelve percent of the entire DOD's budget in 2015, I think it is, is going to be health care costs.

So I've got basically two questions. One is on the quality side and the other is the cost side.

We have a TRICARE system, which you're all intimately familiar with. And we get conflicting reports about the quality of TRICARE.

And I guess it depends who you ask. I thought I'd ask you all, you know, the people who use it, you know, how would you rate this system? What could we do to improve quality and access?

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

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

STROBRIDGE:

Yes, sir. I can start since I covered health care. I think I would give it a solid C. You're...

GRAHAM:

Got me through school, but I wouldn't recommend that.

STROBRIDGE:

Yes, sir. You're absolutely right that the assessment depends on who you talk to. I think the secretary of defense himself said, in looking at a recent set of surveys, that said that military people are less satisfied with their health care than private sector citizens.

GRAHAM:

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

STROBRIDGE:

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

GRAHAM:

Is that because of reimbursements?

STROBRIDGE:

Yes, sir. That's a large part. There's two reasons, one is the cost of reimbursements. One is the administrative hassle associated with TRICARE that doctors don't get from other health care systems. It's those two primary things.

GRAHAM:

Anybody else who would like to weigh in here?

PUZON:

Yes, sir. From the Guard and Reserve perspective and a personal (inaudible) do the Guard Reserve first. The farther you get away from the MTF (ph), the less they know what TRICARE is and the less it's accessed.

So -- but once they get in it, I think (inaudible).

GRAHAM:

Well, you know, we provided care -- TRICARE eligibility to Guard and reservists a few years ago.

PUZON:

Right.

GRAHAM:

Has that been helpful to the force?

PUZON:

Oh, yes, sir. Thank you very much for that. On a personal level, I would say that I would give it a B-plus, but again it comes back to access, people wanting to actually take it.

GRAHAM:

Got you.

BARNES (?):

Senator, I would just add, concur with the comments about access. We hear this and we are surprised in our interaction with active duty personnel that have challenges with access, particularly with regard to dependents and spouses, and that varies in different places around the country.

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

GRAHAM:

OK.

Captain Snyder?

Ms. Holleman?

HOLLEMAN:

Yes, I agree. I would say the -- once you get it, again, it's an access question and it's a complication question. It is a complicated, exotic system, and particularly for family members.

Their dismay is often not about the care itself but all the problems and the hoops to get through and understand -- and then they move and they have to learn them all over again. And I think that's a great deal of the difficulty.

GRAHAM:

Captain Snyder?

SNYDER:

Sir, I agree with the access problem, but personally, I think in a bigger picture, some time we're going to have to deal with the number of entitlements for Medicare or for health care.

In this area, I've been very blessed for 43 years since I retired out of Walter Reed. But I can go to Walter Reed, I can go to V.A., I can use my TRICARE, which I did, and then I can now use Medicare.

All those programs are operating at the same time. I don't know what the answer is. I just know that the problems that get rooted into one of the systems, like access to military treatment facilities once you're retired.

Now I retired with a combat disability, so I can always go to Walter Reed for those areas that I need treated...

GRAHAM:

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

SNYDER:

Right. And so those other hospitals are there for them but the cost compounds by just having startup costs for all the ones that have to be operated. So I'm just throwing that out as a, you know, futuristic thing because I think it's going to come around.

GRAHAM:

Well, I've been thinking long time that, you know, why should the Department of Defense -- basically when you retire from the military, maybe you should go into -- you know, a V.A. system could accommodate more patients and offer more services and is taking up the military's budget.

When you're talking about down the road, just sort of limit the military health care footprint to the active duty forces and their families. And I don't know if that's a smart thing to do.

But you've nailed it right there. You have nailed it.

SNYDER:

Yes, sir. That's something the coalition has address specifically and we see great difficulties with that.

GRAHAM:

Yes. In the current system, it'd be almost impossible. But somebody's got to get a grip on this.

One last thing, then I've got to go. They tell me that in 1995 the TRICARE beneficiaries, DOD health care beneficiaries, paid 27 percent of the health care cost. Today it's 12 percent.

And that's what you were getting to, Mr. Chairman.

And the Bush administration had some pretty draconian premium increases that were just too much too quick. And this committee has been working with your groups and others to find ways to make health care more efficient -- pharmacy benefits, what can we do to improve the quality of care, more preventive medicine.

Before we ask for more money we've got to find savings first. So last question is, have we accomplished anything on streamlining the savings part and what do we do long term about the ever-increasing amount of health care that's coming through the DOD's budget?

We've got to somehow get ahead of this, and I don't know if we can maintain 12 percent forever. That's just -- something's got to give eventually and I want a rational way to get there. Not putting people at risk or asking more than they can give all at one time.

What's your view of our reform efforts here?

(UNKNOWN)

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

GRAHAM:

Yes. We pushed the system. Has it worked I guess is what I'm saying?

(UNKNOWN)

Some of it has. Certainly the federal pricing for the retail pharmacy...

GRAHAM:

Yes.

(UNKNOWN)

... although I'm not even sure that's been implemented yet. But that will generate big savings. That was something, unfortunately, we had to push and you had to push to get done.

GRAHAM:

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

(UNKNOWN)

Yes, sir. We have, getting back to your point about the 27 percent, we had a meeting with you...

GRAHAM:

Right.

(UNKNOWN)

... three years ago.

GRAHAM:

Right.

(UNKNOWN)

And one of the points we made -- you made -- was why don't you all get together and talk about the numbers? We've been trying ever since. We've never gotten an explanation of what went into that 27 percent.

GRAHAM:

Yes.

(UNKNOWN)

So we've got some difficulties...

GRAHAM:

Well, Mr. Chairman (inaudible). I think this is a good area for the committee to keep pushing to make sure that they give us an accounting of, is it 27 percent.

And these reforms that you gave us, that from a user's point of view that would make this system more efficient.

We need to have another meeting with DOD officials about cleaning up the program, making it more efficient. Then, quite frankly, as I told you three years ago, there's going to come a day when we're going to have to look at the population and say, based on the ability to pay we're going to have to pay more down the road.

(UNKNOWN)

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

GRAHAM:

Well, Mr. Chairman, let's reinstitute that whole inquiry.

(UNKNOWN)

Yes, sir.

NELSON:

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

And I do think the whole area needs to be evaluated and studied. Clearly, there's something wrong if we're moving down to a lower -- if it's true that we're financing -- that the individual was paying less premium percentage for the cost trending downwards, that isn't sustainable.

But we need to know whether that's the case or not. I mean being told that's one thing. Having actuaries come in and establish (inaudible) what the loss (ph) costs are I think would be very helpful.

GRAHAM:

Thank you for your testimony.

NELSON:

Thank you.

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

HOLLEMAN:

Yes.

NELSON:

You say something like \$1,500...

HOLLEMAN:

That's it, only \$1,500.

NELSON:

Fifteen hundred. These are special needs children of a deceased member or how -- what do they consist of?

HOLLEMAN:

Yes. Usually that is what it is. It's a -- the special needs trust is a creation really of the federal government but then implemented by state governments and the appropriate court.

You can establish a special needs trust. It protects the -- when I say children, many of these children are adults, but they are children -- they were children of the servicemember. And they are severely disabled.

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

But they are covered and protected.

NELSON:

Would this be for health care or would it be for continuing life care...

HOLLEMAN:

Both. Not usually pure -- I mean, both. But often, for instance, if this is somebody who should live in a group home. So that's not exactly health care. Training, certain psychological...

NELSON:

Living expenses would be.

HOLLEMAN:

Living expenses, certain psychological and other programs that are provided -- that are often means tested by the states.

And the reason that the special needs trust was created was to protect that and to allow them to have the benefit of the state as well.

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

NELSON:

It doesn't increase the cost, it just directs where the expenditure could be made?

HOLLEMAN:

The only increase I could see is that there was a CBO that said it would be \$88 million in 10 years. And the cost would be, I -- you know, I never get an explanation of what the...

(CROSSTALK)

HOLLEMAN:

Medicaid -- yes. I think what the cost would be would be Medicaid.

NELSON:

Oh, I see.

HOLLEMAN:

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

NELSON:

Something I need to learn a little bit more about.

Yes, Captain Snyder?

SNYDER:

Sir, I might comment on that because I've helped a lot of families with this. And there's a -- a payment of a government entitlement has to go to an individual. It can be deposited into a special needs trust, but the individual's going to get the 1099 because it has to go to a human being. That's the problem.

HOLLEMAN:

Right.

SNYDER:

The other problem is, it's not just SBP. It's Social Security. Social Security will cause the same problem. So if you fix the SBP, that it is not part of income to go in for this, and then the Social Security comes in because the child, upon the death of the father, will receive 75 percent of the father's benefit, which is greater than his SSI benefit.

And before we had the SBP law in 1972 there was a similar problem with Social Security.

So it's when you -- if you disconnect these three things that are always operating on the benefits and you fix one, there's a domino theory.

NELSON:

Yes. That's something new to me that -- I know about the trust but I didn't realize that the government can't make that payment directly. So some authorization?

SNYDER:

Well, I think (inaudible) been explained to me as the legal problem is the trust can change. The human being can't change. I mean, unless it dies, that child's going to get the benefit.

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

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

So it's not an easy issue when an entitlement is trying to go -- a government entitlement is trying to go to a non-human being.

(UNKNOWN)

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

HOLLEMAN:

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

NELSON:

So the potential recipient, the beneficiary, doesn't have the capacity to direct -- to sign away or authorize the assignment to that trust because they don't have the capacity?

(UNKNOWN)

And it's illegal.

NELSON:

And it's illegal.

HOLLEMAN:

And it's illegal even if they did.

SNYDER:

It's the income of the person that causes the problem, and that has to be reported. V.A. does not, does not count, but Social Security and SBP does. And that's where, again, the money can be paid to the -- the deposit can go to the trust account. There's no problem with getting the money in the trust account, but the 1099's going to go to the human being, not to the trust.

NELSON:

Colonel Strobridge may not agree.

(UNKNOWN)

DFAS has sent letters to these folks, sir...

(CROSSTALK)

(UNKNOWN)

... that says they will not deposit it in a special needs trust. It's illegal. I've got a letter -- multiple letters that say that.

NELSON:

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

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

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

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

BARNES:

Mr. Chairman, I'll lead off here.

NELSON:

Sir?

BARNES:

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

NELSON:

Oh, yes. I'm on -- on that committee.

BARNES:

Very challenging issue. Anyway that's one issue.

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

NELSON:

Thank you.

PUZON:

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

(UNKNOWN)

And one that I would like to add, sir, that we have discussed with your staff as a possibility is the active duty dependent dental plan. That coverage for orthodontia has not changed since 2001 or 2002.

Obviously the cost of braces are going up. Something to provide for the active duty families to allow that adjustment would be very helpful.

SNYDER (?):

Sir, I think one thing that would help surviving children is to release them from the alternative minimum tax on the survivor benefit plan that they get. That is causing dollars to not be able to use for the children because of a thing where the wealthy were trying to give money to the children, but this was a different type of child. Although the children do have the money and they should report it taxation, but not the alternative minimum tax. I think that would help them a great deal.

NELSON:

Good point.

Ms. Holleman, we'll let you wrap it up.

HOLLEMAN:

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

The only -- we're talking about dental I'll throw out the last part of the dental. The retiree dental plan which has been improved in the last several years, and we're grateful for it, is still completely paid by the members. Any support that could be given by the federal government would be a great help.

NELSON:

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

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

(CROSSTALK)

NELSON:

Sure, thank you.

Hearing's adjourned.

List of Panel Members and Witnesses

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LIEUTENANT GENERAL RICHARD NEWTON III (USAF), DEPUTY CHIEF OF STAFF FOR  
MANPOWER AND PERSONNEL

VICE ADMIRAL MARK FERGUSON III (USN), CHIEF OF NAVAL PERSONNEL, DEPUTY  
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