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Before the Committee on Appropriations

Department of Defense Appropriations

Fiscal Year 2005

108th CONGRESS, SECOND SESSION

H.R. 4613/S. 2559

DEPARTMENT OF DEFENSE
NONDEPARTMENTAL WITNESSES

Department of Defense Appropriations, 2005 (H.R. 4613/S. 2559)

**DEPARTMENT OF DEFENSE APPROPRIATIONS FOR
FISCAL YEAR 2005**

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

ON

H.R. 4613/S. 2559

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2005, AND FOR
OTHER PURPOSES

**Department of Defense
Nondepartmental witnesses**

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**DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR FISCAL YEAR 2005**

MONDAY, MARCH 1, 2004

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

The subcommittee met at 10:31 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.
Present: Senators Stevens, Burns, Inouye, and Byrd.

DEPARTMENT OF DEFENSE

**STATEMENT OF HON. DOV S. ZAKHEIM, Ph.D., UNDER SECRETARY OF
DEFENSE (COMPTROLLER)**

**ACCOMPANIED BY LIEUTENANT GENERAL JAMES E. CARTWRIGHT,
U.S. MARINE CORPS, J-8, JOINT CHIEFS OF STAFF**

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Good morning, Mr. Secretary. I take it we can assume from your presence that it was a friendlier dog than originally thought. Happy to have you back with us.

Dr. ZAKHEIM. Thank you, Mr. Chairman.

Senator STEVENS. As we meet today, our servicemen and women remain engaged in critical missions in Iraq, Afghanistan, and around the globe. They are the ones that are fighting and winning this global war, the war on terrorism. Since this time last year, we have removed a dangerous, brutal tyrant in Iraq. Sadly, more than 500 members of our armed services have lost their lives in this struggle. The families of those lost should know that their loved ones have changed history for the good, have liberated a nation of 25 million people, and made our Nation more secure.

This is the first of 10 hearings this subcommittee will hold to review the Defense Department's budget request. We thank you for agreeing to change the date. We had a conflict before. The President's request includes \$401.7 billion for the Department of Defense (DOD), a 7 percent increase over fiscal year 2004. That request reflects the President's commitment to prosecute the global war on terrorism. It balances the military's long-term needs for transformation and modernization with the need to conduct the current operations around the globe. The budget emphasizes readiness and training and provides for quality of life for our troops.

The request continues several years of solid increases in the Defense Department budget. The cumulative growth in the Defense Department's budget over the last 3 years has been 33 percent.

Some say that this budget should include the fiscal year 2005 contingency costs for terrorism because those costs are not known today. Another word for "contingency" is "unpredictable." The situation is too dynamic, too unpredictable to build a reliable budget 18 months in advance. I will have some questions about that as we go forward, Dr. Zakheim.

Before you make your full statement, which is a part of the committee's record automatically now, I would turn to my colleague and co-chairman from Hawaii for his opening remarks.

STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. Thank you very much.

This morning I want to join my chairman in welcoming you, Dr. Zakheim, as the first witness before the committee. It is a pleasure to join my colleague and friend Chairman Stevens as we begin this review.

Incidentally, this is the 24th year that our chairman has presided over this subcommittee, and he and I have been together throughout this time and I for one think it has been a great partnership.

As we turn our attention to the request of fiscal year 2005, we see a regular defense appropriation request that will exceed \$400 billion. Mr. Chairman, I probably do not need to remind you of this, but in your first year as chairman President Ronald Reagan offered a request for \$200 billion to this subcommittee. So here we are almost 25 years later and the defense budget has just about doubled.

Of course, this request that we are considering today does not include funding for our overseas commitments in Afghanistan and in Iraq, so unavoidably the total defense will exceed much more than \$400 billion before the end of the fiscal year.

Dr. Zakheim, since this administration established itself the defense appropriations request has increased by more than \$100 billion or 35 percent, and that does not include the cost of terrorism. As a result, many of our colleagues wonder whether this year's increase of \$25.5 billion on top of the estimated \$50 billion supplemental that will likely be required to support our forces in Iraq is really necessary. I hope in your testimony today you can explain why the increase you are requesting is essential.

In addition, my colleagues want to know how the administration intends to proceed with the many new benefit programs that have been established over the past few years, particularly health care for our Reserve families.

Finally, I have been asked by my colleagues if we will be able to afford all the conventional weapon systems that are in development. They question this because your budget reserves most of the increases in investment programs for space and missile defense. So, Dr. Zakheim, I hope you will be able to address these issues today before the committee.

Mr. Chairman, it is good to be back here with you again, sir.

Senator STEVENS. Thank you.

Senator Byrd, do you have a statement, sir.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Thank you, Mr. Chairman. I will not have a statement at this time except to welcome Dr. Zakheim and I look forward to his testimony. Thank you.

Senator STEVENS. General Cartwright, we are happy to have you also with us.

Mr. Secretary, do you have a statement for us?

Dr. ZAKHEIM. Yes, I do, Mr. Chairman.

Senator STEVENS. Would you pull that mike up a little bit, please.

Dr. ZAKHEIM. Is that better, sir?

Senator STEVENS. Thank you.

Dr. ZAKHEIM. Mr. Chairman, Senator Inouye, Senator Byrd: First I want to apologize for sounding like sandpaper. I do have some kind of flu and maybe it is better that we are sitting as far apart as we are. Poor General Cartwright here is a little closer to me, but I hope he will not catch anything.

I want to thank you for the opportunity to discuss President Bush's fiscal year 2005 Department of Defense budget with you. Because the committee and its staff have received considerable information in support of the budget request, I am going to limit my statement to key issues that are related to my direct responsibilities as Under Secretary of Defense, Comptroller.

Last week, actually the week before, I visited Afghanistan and Iraq and I would like to report that our troops there continue to perform magnificently. They appreciate the steadfast support that is given to them by the Congress, and we continue to witness progress in both of those countries. We also enjoy the full cooperation of our allies and partners as we work with Iraqis and Afghans to provide for their security, stability, and prosperity.

I especially want to note the success of our Provincial Reconstruction Teams, the so-called PRT's, in Afghanistan and the contribution of our allies to PRT's. I visited the North Atlantic Treaty Organization (NATO) German PRT in Kunduz. The German forces are doing a marvelous job and are well liked by the local townspeople. In Iraq, I visited the lead elements of the Japanese contingent in As-Samawah, the Spanish brigade in Ad-Diwaniyah, and the Polish multinational division headquarters in Al-Hillah.

These units are having a major, positive impact on the local populace and are demonstrating that the international community shares America's desire to help Iraq emerge from 30 years of dictatorial darkness.

For the current fiscal year, our fiscal year 2004 supplemental appropriations provided sufficient resources to enable the Department to finance its incremental costs for operations in Iraq, Afghanistan, and the global war on terror through the end of September. We will continue to provide service support and transportation for our allies who are contributing forces to coalition operations in Iraq, but who nevertheless need some financial assistance.

We cannot yet determine the scope of the United States (U.S.) operations in Afghanistan and Iraq in fiscal year 2005. The President's request therefore does not reflect possible incremental costs of those operations. It is extremely difficult to estimate what de-

mands we might have to meet later this year and next year, particularly after the election in Afghanistan and after sovereignty is transferred to the Iraqi people, roughly in the June-July timeframe. Depending on the circumstances, we could face the need for either more or fewer troops and more or less intensive operations.

I should also note that there is a 3-month lag in the availability of our data for actual costs in Afghanistan and Iraq. As of today, we only have figures for the costs of operations in November. Thus we will not know until the fall what our actual costs were for the summer, when sovereignty will have reverted to the Iraqi people.

The Department does not anticipate a further request for DOD supplemental appropriations during the rest of calendar year 2004. Therefore, for several months into fiscal year 2005 the Department will need to cover its incremental costs by drawing down appropriated funds that were budgeted for expenditure later in that fiscal year. We have done that in the previous two fiscal years and we can do so again in fiscal year 2005 as long as the Congress moves quickly to approve a supplemental early in the next calendar year.

One of the most important ways in which the Congress can support the global war on terrorism is to support three special authorities we have requested. The first one is for \$500 million to train and equip military and security forces in Iraq, Afghanistan, and friendly nearby regional nations, to enhance their capability to combat terrorism and support U.S. operations in Iraq and Afghanistan. It is critical that this authority include security forces because the terrorism threat in Iraq is inside its borders. Security forces, not the New Iraqi Army, play the primary role in confronting this threat.

The second authority is the Commander's Emergency Response Program (CERP) for \$300 million to enable military leaders in Iraq and Afghanistan to respond to urgent humanitarian relief and reconstruction needs. This has been a remarkably successful program. With quick turnaround projects averaging about \$7,000 each, commanders not only help people in their operations area, but also gain their support in defeating terrorists and building themselves a better future. As we have already done in fiscal year 2004, we propose to expand the CERP to Afghanistan, as well as to continue the program in Iraq.

Finally, we are requesting authorities for increased drawdown, \$200 million, under the Afghan Freedom Support Act, which would provide additional help for the Afghan National Army (ANA). In the current pivotal year, this authority is critical for advancing democracy and stability in Afghanistan. During my visit there, everyone I met gave very high marks to the professionalism and competence of the ANA.

The President's fiscal year 2005 budget does not request specific appropriations for these three authorities and therefore the Department would need to reprogram funding to use them. This underscores the importance of Congress increasing the Department's general transfer authority to \$4 billion, which would still represent just 1 percent of total DOD funding.

Higher general transfer authority would also give us a greater ability to shift funds from less pressing needs to fund must-pay

bills and emerging requirements. As we have seen in the past 3 years, such requirements have become a constant feature of our military programs. And as was mentioned just before, it is not all that long ago that our budget was in the vicinity of \$200 billion, and the general transfer authority that we now have essentially relates to that timeframe. So that if we are asked to be more responsible, and rightly asked to be more responsible, about managing our cash, we need to have the ability to do so in a reasonable way.

One other authority would be especially helpful, given the uncertainty we face in the global war on terrorism. We need to convert operations and maintenance to a 2-year appropriation account. This would preclude wasteful end-of-fiscal-year scrambling, help us cover emerging requirements, and enhance our ability to derive the very best value from every appropriated dollar.

The President's fiscal year 2005 budget reflects the administration's continuing commitment to our military men and women and their families. It requests a 3.5 percent base pay raise and completes the elimination of average out of pocket housing costs for military personnel living in private housing. Prior to fiscal year 2001, the average service member had to absorb over 18 percent of these housing costs.

The budget also sustains the excellent health care benefits available to military members, retirees, and their families and keeps us on track to eliminate nearly all inadequate military family housing units by fiscal year 2007, with complete elimination in fiscal year 2009. Privatization is enabling the Department to multiply the benefits of its housing budgets and get more military families into top-quality accommodations much sooner than would otherwise be possible. As of February 2004, 27 privatization projects have been awarded for a total of 55,000 units. We hope to get up to 136,000 by the end of fiscal year 2005.

Taking good care of the Department's people, both military and civilian, includes providing them quality facilities in which to work. To that end, the fiscal year 2005 request funds 95 percent of the services' facilities sustainment requirements and continues to improve our facilities recapitalization rate. For the first time, the percentage that is being allotted toward sustainment applies equally to all services across the board.

Providing our people quality facilities requires that we not expend money on redundant facilities and that our basing structure be geared closely to our global strategy and commitments. We need the 2005 Base Realignment and Closure Commission to decide how best to streamline and restructure DOD facilities so that we can make the most out of funding and optimally support our global strategy.

The fiscal year 2005 request strongly supports force protection. Although we are on track to meet most Central Command requirements during the current fiscal year, I want to give you some highlights of our ongoing force protection program.

Interceptor body armor. U.S. Central Command (CENTCOM) plans to have 175,000 of these body armor sets in theater by the end of March, the end of this month, which will fully support its requirements. But in addition, the 2005 budget requests \$40 mil-

lion to sustain production of body armor sets at 25,000 sets per month until the full Army requirement is met.

We are also ramping up our up-armored high mobility multipurpose wheeled vehicle (HMMWV's). Production is going up to 220 per month by May. Production plus redistribution of these up-armored HMMWV's that are on hand will meet CENTCOM requirements by December, and we are asking for an additional \$156 million in fiscal year 2005 to procure another 818 of these.

There are various detection and jamming devices in theater already. Others will begin arriving in theater in March 2004, and these are to deal with improvised explosive devices (IED). Our fiscal year 2005 budget supports increased production and accelerated research and development of other means and the same means to deal with the IED's.

Then there are the vehicle ballistic protection kits. The Army's plan for add-on armor kits is on track to meet CENTCOM requirements for HMMWV's by October of this year and for other critical vehicles by December 2004. We expect some 6,300 HMMWV add-on armor kits to be delivered by July of this year.

I also want to highlight how the Department is transforming the way in which it conducts its business. Our primary initiative in this regard is the Business Management Modernization Program. This is a massive undertaking involving virtually all management functions and it will take several more years to complete. We are in the process of transitioning from more than 2,000 mostly incompatible management information systems to a much smaller number of fully compatible systems that will provide leaders everything needed for informed decisionmaking. We will streamline processes and integrate systems to enable DOD decisionmakers to get timely and accurate information to optimize the allocation of defense resources and people. The fiscal year 2005 budget requests about \$100 million to continue the evolution and extension of our business enterprise architecture, which is guiding the overhaul. We still anticipate that the architecture will lead to a functional accounting system by fiscal year 2007. We have been making progress for a couple of years, and we still believe we are on track.

Another initiative I want to highlight is military to civilian conversion. The Department has identified over 50,000 positions currently filled by military personnel for conversion to positions supported by DOD civilians or contractors. The services have begun to convert 10,000 positions in this fiscal year. The fiscal year 2005 budget includes \$572 million to achieve the conversion of another 10,070 positions.

I would like to note that the Defense Finance and Accounting Service (DFAS), which is part of my organization, has already converted several hundred positions previously filled by Air Force personnel. The airmen are now available to the Air Force, which can retrain them to fulfil its requirements.

In a similar vein, the Army has been retraining the soldiers formerly assigned to DFAS. Again, we are talking about several hundred personnel. In particular, many of these people are being retrained at Fort Leavenworth to serve as military police, a specialty which currently is in especially great demand. At the same time, DFAS, the Financing and Accounting Service, Finance and Ac-

counting Service, does not need to hire as many civilians to replace their uniformed predecessors. So DFAS will be more efficient as well.

PREPARED STATEMENT

These are a few of the highlights of the fiscal year 2005 budget and related DOD activities. Together with General Cartwright, who is the head of the J-8, which is the Joint Staff's Programming and Analysis Division—and it is a much longer formal title, but I think that sums it up—we would be happy to address your questions on these or any other defense budget matters. Thank you.

[The statement follows:]

PREPARED STATEMENT OF THE HONORABLE DOV S. ZAKHEIM

Mr. Chairman, members of the Committee, thank you for this opportunity to discuss President Bush's fiscal year 2005 Department of Defense (DOD) budget. Because the Committee has received considerable information in support of the budget request, I will limit my statement to key issues that are related to my responsibilities as Under Secretary of Defense (Comptroller).

FUNDING THE GLOBAL WAR ON TERRORISM

Two weeks ago I visited Afghanistan and Iraq, and so I will begin by reporting that our troops there continue to perform magnificently. They appreciate the steadfast support given them by this Congress. We continue to witness progress in both countries, and enjoy the full cooperation of our allies and partners as we work with Iraqis and Afghans to provide security, stability and prosperity to their respective countries. I especially want to note the success of our Provincial Reconstruction Teams (PRTs) in Afghanistan, and the contribution of our allies to PRTs. I visited the NATO/German PRT in Kunduz. They are doing a marvelous job and are well-liked by the local townspeople.

In Iraq, I visited the lead elements of the Japanese contingent in As-Samawah, the Spanish brigade in Ad-Diwaniyah, and the Polish multi-national division headquarters in Al-Hillah. These units are having a major, positive impact on the local populace, and are demonstrating that the international community shares America's desire to help Iraq emerge from thirty years of dictatorial darkness.

For the current fiscal year, our fiscal year 2004 supplemental appropriations provide sufficient resources to enable the Department to finance its incremental costs for operations in Iraq, Afghanistan, and the global war on terrorism through the end of September. We will continue to provide service support and transportation for allies who are contributing forces to coalition operations in Iraq, but who nevertheless need some financial assistance.

We cannot yet determine the scope of U.S. operations in Afghanistan and Iraq in fiscal year 2005. The President's request therefore does not reflect possible incremental costs for those operations. It is extremely difficult to estimate what demands we might have to meet later this year and next year—particularly after the election in Afghanistan and after sovereignty is transferred to the Iraqi people. Depending on the circumstances, we could face the need for either more or fewer troops—and more or less intensive operations.

I should note that there is a three-month lag in the availability of our data for actual costs in Afghanistan and Iraq. As of today, we only have figures for the costs of operations in November. Thus we will not know until the fall what our actual costs were for the summer, when sovereignty will have reverted to the Iraqi people.

The Department does not anticipate a further request for DOD supplemental appropriations during the rest of calendar year 2004. Therefore, for several months into fiscal year 2005, the Department will need to cover its incremental costs by drawing down appropriated funds that were budgeted for expenditure later in that fiscal year. We have done this in the previous two fiscal years, and can do so again in fiscal year 2005, as long as the Congress moves quickly to approve a supplemental early in the next calendar year.

NEEDED ENHANCED AUTHORITIES

One of the most important ways in which Congress can support the global war on terrorism is to support three special authorities we have requested:

(1) \$500 million to train and equip military and security forces in Iraq, Afghanistan, and friendly nearby regional nations to enhance their capability to combat terrorism and support U.S. operations in Iraq and Afghanistan. It is critical that this authority include security forces because the terrorism threat in Iraq is inside its borders. Security forces—not the New Iraqi Army—play the primary role in confronting this threat.

(2) The Commanders Emergency Response Program (\$300 million) to enable military leaders in Iraq and Afghanistan to respond to urgent humanitarian relief and reconstruction needs. This has been a remarkably successful program. With quick turnaround projects averaging about \$7,000 each, commanders not only help people in their operations area, but also gain their support in defeating terrorists and building themselves a better future. As we have already done in fiscal year 2004, we propose to expand CERP to Afghanistan, as well as to continue the program in Iraq.

(3) Increased drawdown authority (\$200 million) under the Afghanistan Freedom Support Act, to provide additional help for the Afghan National Army. During this pivotal year, this authority is critical for advancing democracy and stability in Afghanistan. During my visit to Afghanistan, everyone I met gave very high marks to the professionalism and competence of the ANA.

The President's fiscal year 2005 budget does not request specific appropriations for these three authorities, and therefore the Department would need to reprogram funding to use them. This underscores the importance of Congress increasing the Department's General Transfer Authority (GTA) to \$4 billion—which would still represent just one percent of total DOD funding. Higher GTA also would give us a greater ability to shift funds from less pressing needs to fund must-pay bills and emerging requirements. As we have seen in the past three years, such requirements have become a constant feature of our military programs.

One other authority would be especially helpful, given the uncertainty we face in the global war on terrorism: we need to convert Operation and Maintenance (O&M) to a two-year appropriation account. This would preclude wasteful end-of-fiscal-year scrambling, help us cover emerging requirements, and enhance our ability to derive the very best value from every appropriated dollar.

DOING RIGHT BY OUR PEOPLE

The President's fiscal year 2005 budget reflects the Administration's continuing commitment to our military men and women and their families. It requests a 3.5 percent base pay raise and completes the elimination of average out-of-pocket housing costs for military personnel living in private housing. Prior to fiscal year 2001 the average service member had to absorb over 18 percent of these housing costs. The budget also sustains the excellent health care benefits available to military members, retirees and their families. And it keeps us on track to eliminate nearly all its inadequate military family housing units by fiscal year 2007, with complete elimination in fiscal year 2009.

Taking good care of the Department's people, both military and civilian, includes providing them quality facilities in which to work. To that end, the fiscal year 2005 request funds 95 percent of the Services' facilities sustainment requirements and continues to improve our facilities recapitalization rate. For the first time, this percentage applies equally to all Services.

Providing our people quality facilities requires that we not waste money on redundant facilities and that our basing structure be geared closely to our global strategy and commitments. We need the 2005 Base Realignment and Closure (BRAC) Commission to decide how best to streamline and restructure DOD facilities so that we can make the most out of our funding and optimally support our global strategy.

FORCE PROTECTION

The fiscal year 2005 request strongly supports force protection, although we are on track to meet most Central Command (CENTCOM) requirements during the current fiscal year. Following are the highlights of our force protection program:

—*Interceptor Body Armor (IBA)*.—CENTCOM plans to have 175,000 IBA sets in theater by the end of March, which will fully support its requirements. The fiscal year 2005 budget requests \$40 million to sustain production of IBA at 25,000 sets per month until the full Army requirement is met.

—*Up armored HMMWV (UAHs)*.—Production will ramp up to 220 per month by May. Production, plus redistribution of UAHs on hand will meet CENTCOM requirements by December. The fiscal year 2005 request is \$156 million to procure 818 UAHs.

- Improvised explosive device (IED) jamming/change detection technology.*—Various detection/jamming devices are in theater. Others will begin arriving in theater in March 2004. Our fiscal year 2005 budget supports increased production and accelerated research and development.
- Vehicle ballistic protection kits.*—The Army's plan for add-on armor kits is on track to meet CENTCOM requirements for HMMWV by October 2004, and for other critical vehicles by December 2004. Some 6,310 HMMWV add-on armor kits are expected to be delivered by July 2004.

TRANSFORMING HOW DOD DOES BUSINESS

I also wish to highlight how the Department is transforming the way in which it conducts its business.

Our primary initiative in this regard is the Business Management Modernization Program (BMMP). This is a massive undertaking involving virtually all DOD management functions, and it will take several more years to complete. We are in the process of transitioning from more than 2,000 mostly incompatible management information systems to a much smaller number of fully compatible systems that will provide leaders everything needed for informed decision-making. We will streamline processes and integrate systems to enable DOD decision-makers to get timely and accurate information to optimize the allocation of defense resources and people. The fiscal year 2005 budget requests about \$122 million to continue the evolution and extension of our Business Enterprise Architecture, which is guiding our overhaul. We anticipate that the architecture will lead to a functional accounting system by fiscal year 2007.

Another initiative I want to highlight is military-to-civilian conversion. The Department has identified over 50,000 positions currently filled by military personnel for conversion to positions supported by DOD civilians or contractors. The Services have begun to convert 10,000 positions in fiscal year 2004. The fiscal year 2005 budget includes \$572 million to achieve the conversion of another 10,070 positions. I should note that the Defense Finance and Accounting Service (DFAS), which is part of the Comptroller organization, has already converted several hundred positions previously filled by Air Force personnel. The airmen now are available to the Air Force, which can retrain them to fulfill its requirements. Similarly, the Army has been retraining the soldiers formerly assigned to DFAS. In particular, many of these personnel are being retrained at Fort Leavenworth to serve as military police, a specialty which currently is in especially great demand. At the same time, DFAS does not need to hire as many civilians to replace their uniformed predecessors. As a result, DFAS will be more efficient as well.

CLOSING

These, then, are a few highlights of President Bush's fiscal year 2005 defense budget and related Department of Defense activities. I would be happy to address your questions on these or any other defense budget matters. Thank you.

Senator STEVENS. Thank you very much, doctor.

Since there are only four of us here, would it be acceptable if we put a limit of 10 minutes on each one of us? I expect two more members. Is there any objection to a 10-minute limitation?

[No response.]

Senator STEVENS. Dr. Zakheim, you have indicated a great many things concerning the current conflicts in Iraq and Afghanistan. As you have said, we will expect a supplemental some time after the beginning of the next calendar year, which means that the armed services will have to complete their work during this fiscal year, through the end of September, and beginning of October start using the funds that are in fiscal year 2005.

I take it that it is your feeling that if there is a surge in expenditures in the first quarter of the next fiscal year you will use the food and forage concept and proceed with the idea that we will not be able to get a supplemental through to you probably until this time, some time around March 2005. Is that your plan?

Dr. ZAKHEIM. Obviously if there is a jump in expenditures we have to revisit what we would do. Right now it could go any of

three ways. If things go wonderfully and more foreign troops are sent in, along the lines of the Japanese and the Koreans and so on—and with regard to those two countries in particular, I do not think anyone would have anticipated 8 or 9 months ago that they would be in Iraq—then we could probably reduce our presence.

If things go along the lines that we are talking about now, our presence will reduce marginally, by about 10,000 troops. If things go to hell in a handbasket—and there are those who predict that, though I do not think that is the case, certainly not what I have seen out there and certainly not in light of the constitution coming out the way it did, which clearly shows that the Iraqis themselves are determined to have a peaceful transition. Nevertheless, if things went bad, then there would be some kind of sharp increase and we would have to reevaluate.

As things stand now, we can draw upon the experience of the last 2 years. As you know, we forward financed in excess of \$30 billion before we came for a supplemental last spring. That probably cut matters very close. The previous year we forward financed in the region of \$13 billion. So if we were to come to you in January and request a supplemental then and the Congress turned it around, as it can do, within 1 month or so, I do not think we would face any difficulties.

HMMWV

Senator STEVENS. I would like to shift over to the HMMWV's if we can. This has been a very, very serious issue for us on this committee. I have an equipment schedule here that shows that the HMMWV's, developed in the early 70's, began procurement in 1985. There are three models, I am told—no, four: A0 through A3; and that most of those that were deployed were the A0 and A1's.

Now, some of them are less capable of supporting the armored packages. What are the ones that are being armored now? The up-armor, what models are being up-armored?

Dr. ZAKHEIM. I believe all of them are being up-armored. I have not heard that there is a difference between them. General Cartwright, do you have a different sense of that?

General CARTWRIGHT. They can use any of the models to upgrade, but what essentially they do in the upgrade is they increase the engine and the transmission in order to take the additional weight. That is the key, so that when they go back and put the up-armor kit on it takes a larger engine and it also takes a transmission change. Which model they use does not matter.

Senator STEVENS. That was going to be my next question. Are you selecting any particular model for up-armor or just what we can get a hold of? Are you bringing them back to up-armor them? Where are they being up-armored?

General CARTWRIGHT. Some are new procurements, some are upgrade kits that are being done in the field, some are upgrade kits that are being done here in the United States. We are going to the quickest place that we can to create the capability out in the field. In some cases we have sent teams out to do it in the field to the extent that we can. But again, you are changing an engine and a transmission, which they can do in the field. Some of them we are building new at the factory.

Senator STEVENS. These are basically built in Indiana and Ohio?

Dr. ZAKHEIM. I believe that is correct.

General CARTWRIGHT. I think that is right. Indiana is the key place that I recall.

Senator STEVENS. Are we procuring any new jeeps that are not up-armored?

Dr. ZAKHEIM. Not to my knowledge.

General CARTWRIGHT. Not right now.

Senator STEVENS. We also heard that for the first time an Abrams tank was destroyed by artillery shells that were wired together and put into a road and set off, actually, by a cell phone. How prevalent is that now, General?

General CARTWRIGHT. The enemy is certainly in using these explosive devices becoming more and more creative, and to the extent that they understand how to attack a particular target, whether it be a vehicle or a convoy, and how to inflict the damage, we have seen a steady progression in their sophistication of being able to do that.

This often becomes an effort where our ability to armor or protect is then offset by a different capability on the part of the enemy, and we continually try to stay ahead of that game.

Dr. ZAKHEIM. Without getting into too much detail in an open forum, I think it is safe to say that basically there are two approaches to this, active measures and passive measures. We are pushing both and we have seen some success in both cases.

Senator STEVENS. What about this problem about predictability in terms of the costs of Iraq and Pakistan? Could you discuss that?

Dr. ZAKHEIM. Sure.

Senator STEVENS. My staff tells me that the situation is incredibly fluid and because of the difficulty to really predict what the costs will be over the next, what, 18 months, it is hard for us to conceive right now what the supplemental will look like. Is that correct?

Dr. ZAKHEIM. Yes, I think your staff is right on target there. Just to give you a concrete example, in November our monthly cost was something under \$4 billion. In October I believe—I think it was October—the monthly cost was in the region of \$7 billion.

Senator BYRD. Monthly cost for what, please?

Dr. ZAKHEIM. For operating in Iraq. Excuse me, Senator.

Senator BYRD. In Iraq?

Dr. ZAKHEIM. Yes, sir. Actually, I think it was September. There was a fluctuation. Now, we are still trying to understand the spike, but the basic point is that we do get spikes. Again, given that, and given the political uncertainties—and I think this is what your staff was getting at and they are absolutely right—given the political uncertainties, it is very, very difficult to predict, even with respect to Afghanistan, which has been fundamentally more stable, what exactly the costs will be. If we are talking about a supplemental, we are in March now and we are talking about moneys that would be expended initially about 8 months from now through about 20 months from now.

That really is the key to our desire to wait a little longer and have a much better feel to the extent we can before we come in with a supplemental request.

TEMPORARY STRENGTH INCREASES

Senator STEVENS. Let me ask a related question. It is my understanding that the costs associated with the temporary strength increases are not in the fiscal year 2005 budget either. Now, these are people that have been taken on now and they have the additional cost of housing and various support costs. Why did the budget not include the amount for those that have already been brought on in temporary strength increases?

Dr. ZAKHEIM. Because those increases are under the emergency authorities and emergency authorities are funded by the supplemental. The fiscal year 2004 supplemental therefore funds those increases for fiscal year 2004. Again, when there is a fiscal year 2005 supplemental it will fund those increases. These are the emergency authorities over and above the authorized end strength.

Senator STEVENS. Well, there is an inconvenient gap there between October 1 and March 1 of next year. How are you going to fund them?

Dr. ZAKHEIM. Again, we will fund it the same way we would fund operations, that is to say forward financing. The issue is not really our ability to fund forward. The issue is how long we can continue to do it. Clearly, if it were to stretch on into the late part of the second quarter of the next fiscal year, we would have problems.

Senator STEVENS. What does "temporary" mean with regard to these employees?

Dr. ZAKHEIM. Essentially "temporary" simply means that you are going above the end strength, the authorized end strength, and it is part of the emergency authorities and so you do that until such time as you no longer have the emergency. That is my understanding of it. General, is yours different?

General CARTWRIGHT. The same.

Senator STEVENS. Senator Inouye.

Senator INOUE. I am glad you asked that question, Mr. Chairman, because there are many of us who would like to know what we have in mind when we say "temporary."

Dr. ZAKHEIM. Senator, as you know, the Secretary of Defense has said over and over again we do not want to stay in either Afghanistan or Iraq one day longer than is necessary. I think the general view is that we will be able to ramp down our forces over time. The question is what are the political circumstances that would permit such a ramp down. Those involve not just the internal situation in Iraq, but the degree to which Iraqi forces are able to pick up the burden—as you know, they actually are the largest force under arms in Iraq right now—and second, what the international contribution would be.

There are a number of countries, as you know, that have sat on the fence for some time waiting to see developments, waiting to see a transfer of authority. So it is not at all inconceivable that once July comes around you will see far more contributions of forces than we have seen today.

HAITI

Senator INOUE. Dr. Zakheim, can I ask a few questions on Haiti? Yesterday the United Nations announced an international

force will be going in, but apparently American forces would be the major unit. What is happening now?

Dr. ZAKHEIM. I do not know if the General has more insight than I do. But as far as I understand, we are sending some relatively small units out there. We are not going to be working on our own. And then there will be a handover to the United Nations (U.N.) peacekeeping force some months down the road.

Clearly, one has to see. This is the day after President Aristide decided to catch the next plane to Africa, and how the situation persists at this stage, whether it quiets down, whether there is rioting or not, is something that at least I am not in a position to predict. But I do understand—and I would like General Cartwright to jump in here—that we are sending some small number of marines for at least 1 month or so, until the United Nations feels it is ready to send in the blue helmets.

General CARTWRIGHT. I think that is exactly right. The unknowns in this situation are still pretty large. We are trying to understand what the situation is on the ground. We are trying to understand what it will take to be part of a national—or an international coalition if that is what is put together by the United Nations and what our role would be in it. These initial moves are just meant to establish our position there, first and foremost to protect our interests at the Embassy.

TRICARE FOR GUARD AND RESERVES

Senator INOUE. Dr. Zakheim, last fiscal year we increased several personnel benefits. Among these was TRICARE for Guard and Reserves. But your fiscal year 2005 budget request provides for ending this at the end of the calendar year. What is your plan for the program?

Dr. ZAKHEIM. The law told us to carry it through to the end of the calendar year and we did, as you know, and we are asking \$300 million for that. And yes, we have not funded beyond that.

We are looking at how to deal with an issue that in our view is a little more complicated than simply providing TRICARE for Reserves. When the Reserves are on active duty they are already covered by TRICARE and for a brief time thereafter. Therefore the question is if someone is in the Reserves and not on active duty and has access to other health care as well, what do we do about that, since every dollar, quite honestly, that is spent in that direction could well come at the expense of other programs?

You noted, Senator, somewhat earlier that the defense budget has increased significantly over the last few years. Well, \$27 billion of that is purely health-related: \$17 billion in the defense health program, \$10 billion more in the accrual account for medical retirees. That is a lot of money, and these accounts grow of their own. We do not have any real control over them. They are nominally discretionary. In fact, they are entitlements.

This one would likewise be, in practice, an entitlement. So we have to look very, very carefully before we extend these kinds of benefits beyond where they already are. The law told us this was to be in force until the end of the calendar year and so we funded it to the end of the calendar year.

Senator INOUE. With all this, would you find that an active duty soldier fighting together with a Reserve soldier side by side, one getting full benefits, the other question mark, is not quite fair?

Dr. ZAKHEIM. It would not be fair if the Reserve were not entitled to TRICARE while the Reserve were fighting as an active. But in fact they are both entitled to the same benefits while they are both functioning in the same way. The real issue is as I see it—and maybe the General wants to expand—what do we talk about when we have someone who is on active service on the one hand and someone who is working at their regular job not in the military on the other?

One could make the case that the unfairness, such as it is, would be against the active service person, who would find that they are still on the front lines somewhere, whereas the Reserve, who was going about their daily life with their family and their normal job in their normal town, is collecting the same benefit. Then one could say, is that particularly fair?

General, do you want to add to that?

General CARTWRIGHT. I think that hits the heart of the issue. We do not want to disadvantage the Reserve component when they are on active duty or in their transition to and from active duty. Clearly we want to take care of them, and I think that the measures that have been put forward do that. The question then becomes how long when they are not on active duty and to what extent this benefit extends, and I think we want to discuss that.

EXIT PLAN

Senator INOUE. The following two words are ones that we hear quite often in the political arena: “exit plan.” Now, we have planned for a temporary increase in troops. Does the administration have any exit plan for a time when we might be reducing these temporary forces?

Dr. ZAKHEIM. As I mentioned, Senator, the current plan envisions a reduction of about 10,000 this year alone. I am not in the policy chain, at least not this time around in my career, so it is probably a little bit out of bounds for me to discuss this, other than to say that naturally the circumstances will dictate our exit.

The one thing that I think we can all agree on is we do not want a premature exit. Given the nature of the situation in Iraq or in Afghanistan, for that matter, a premature exit would create circumstances that probably could be so bad as to force us to come in, to come back in, within stronger numbers. That is what we all want to avoid.

But it will be the circumstances on the ground that dictate just exactly when we go and at what pace.

General, do you want to add?

General CARTWRIGHT. Maybe I misunderstood the question. I thought you were focused more on when will the temporary end strength be drawn down versus when we will exit the conflict. Is that correct?

In the thought process of the temporary end strength, clearly the forces, the services, are taking advantage of the opportunity to align themselves as quickly as they can to a configuration that allows them to both meet the threats that we have today and we en-

vision having in the future and to get themselves to a position where they can sustain presence at the level that is necessary.

The thought process right now with the Army, who has probably undertaken the greatest transformation of all the services, is that it will probably take them somewhere in the neighborhood of out through 2007 to accomplish this. They can meter the rate out. If the temporary authorities are reduced, they can stretch that out and stretch their transformation out. While they have the temporary authorities, they can accelerate that transformation, and that probably is to our benefit and theirs, to be able to get into a configuration that is more sustainable.

So the thought process is that right now if they stay at the rate at which they are going that out in the 2007, 2008 timeframe they will be reconfigured in a way that allows them to go back to that original strength level.

Dr. ZAKHEIM. Sorry I misunderstood, Senator, but the way the General outlined it is my understanding. We are talking about getting down in approximately 3 to 4 years.

Senator INOUE. I have 30 seconds, sir. In my opening remarks I mentioned that we have increases in space and missiles, but decreases in the usual things like tanks, ships, and planes.

SHIPBUILDING

Dr. ZAKHEIM. Senator, I do not think that is entirely the case. Yes, there are increases in space and yes, there are increases in missiles and missile defense. But let me give you one example of where the numbers might be a little misleading, and that is in shipbuilding. What we did this year was to finance the research and development portions of two ships, as opposed to fully finance those ships. That at least is what we are submitting to the Congress for approval, and we worked that out with the Office of Management and Budget (OMB).

The impact of that is that had we fully financed those two, one being a DDX, the other the Littoral Combat Ship, the shipbuilding budget would be up about \$2 billion. In practice, it has no differential impact on the work force on the ground and what goes on in the shipyards, but the numbers look a little bit different. As you well know, in shipbuilding in particular we only lay out about 4.5 to 5 percent of the total cost of a program in the first year.

I think the same would apply to some of our other programs. It is true that we do not have a tank being funded, but we have not funded a tank in a number of years; and I would draw your attention to the Stryker program, which is moving along quite well.

In terms of aircraft, we continue to fund the F-22, we are funding the F/A-18. Those have been our programs and they are moving on a steady pace. The research and development for the F-35, the Joint Strike Fighter, is moving ahead as well.

Senator INOUE. Thank you very much.

Thank you, Mr. Chairman.

Senator STEVENS. Senator Byrd, you are recognized for 10 minutes, sir.

Senator BYRD. Thank you, Mr. Chairman.

FUNDING CONFLICTS

Dr. Zakheim, why is the Department of Defense breaking with the modern tradition of how the United States has funded large-scale ongoing wars by absolutely refusing to include any costs of the war in its regular appropriations request?

Dr. ZAKHEIM. I do not know that it is a break with tradition. As I understand it, we funded 2 or 3 years of the Vietnam war in the baseline. I believe it was 1967 to 1970, fiscal years 1967 to 1970. It turned out that the estimates were way off and we went back to funding conflicts with supplementals.

So we now have approximately 35 years of doing it this way. When this administration took office, we made clear that we did not want to use supplementals to fund shortfalls in operations and maintenance, for example, and we worked on changing the culture of the Pentagon so that we would not do that, so that people would not deliberately underfund budget requests and then come back to the Congress and say the sky was falling.

What we did do was say to that in the event of a conflict—and of course, in early 2001 we did not know that 9/11 would come around—we said in the event of a conflict that would be different. That is what we have done. It is consistent with what has been done, as I say, Senator, I believe since 1970.

Senator BYRD. At least until—since when?

Dr. ZAKHEIM. 1970, sir.

Senator BYRD. Well, in 1970 the moneys for combat operations in Vietnam were included in the regular appropriation bill.

Dr. ZAKHEIM. That was the last time, I believe.

Senator BYRD. No, not the last time. In 1971, the funds for combat operations in Vietnam were included in the regular bill, and that was not the last year. 1972, 1973. So that is not accurate, Dr. Zakheim, what you said.

Dr. ZAKHEIM. I may have made a mistake between 1967 and 1970, as opposed to 1970 and 1973. But I believe that it was 3 years only and then we did not fund combat operations after that.

Senator BYRD. You funded 1967 the Vietnam war, regular bill, 1967. 1966, combat operations, at least partially, in the regular bill.

Dr. ZAKHEIM. Partially, yes.

Senator BYRD. Well, now, wait a minute. You know, what years you said earlier does not square with the facts. So I just want you to know I have got a whole table of all of these dates and these wars and how they were funded. So that is the basis for my question: Why is the Department of Defense breaking the modern tradition of how the United States has funded large-scale ongoing wars by absolutely refusing to include any costs of war in its regular appropriations request?

Now, we have seen that this administration does not fund operations in its regular bills in this war. There are two wars going on here: one in Afghanistan, under which we were attacked; and one in Iraq, in which we were the attackers. How can the American people ever be prepared to support running enormous deficits while spending scores of billions for a long-term occupation mission half-way around the world if the administration will not be open about

its estimates for how much the war will cost, how long our troops will be sent abroad, or even what its exit strategy is for Iraq?

How much are we spending per month in Afghanistan? How much are we spending per month in Iraq?

Dr. ZAKHEIM. We are spending on the average \$4.2 billion a month in Iraq and on the average approximately \$800 million a month in Afghanistan. The total cost of Enduring Freedom which exceeds just operations in Afghanistan is in excess of about—it is about \$1 billion a month, or at least that is what we saw last year. It was about \$12 billion for 12 months.

On the dates, I apologize, but you have got the numbers in front of you, I do not. You have a better sense of history than I do, Senator.

Senator BYRD. Well, thank you, Dr. Zakheim. You better answer these questions when you come before the people's representatives in the Department that controls the purse strings. We are going to be watching these figures closely.

You and I have had good relations and we have worked together on things before. These questions may sound like there is a great deal of animus between you and me. There is none. That is not my purpose here. I thank you for the good work you do.

But it is increasingly clear that the Bush administration has no idea of when to start to bring American soldiers home from Iraq. It is increasingly clear that the Bush administration intends to keep soldiers in Iraq for many, many months. But does the administration include costs for this mission in its budget? The answer is no, right?

Dr. ZAKHEIM. That is correct, sir.

COSTS OF OCCUPATION OF IRAQ

Senator BYRD. Does the administration give the American people an understanding of the costs of this prolonged occupation of Iraq? The answer is no, right?

Dr. ZAKHEIM. That one I am not sure I can fully agree with you on, Senator.

Senator BYRD. Well, let us have it, then.

Dr. ZAKHEIM. Well, as I said, certainly the American people know that the costs have been large. If we are talking about \$4.2 billion a month, they can do their sums up to now and see that we have been talking about significant amounts of money. The difficulty for us, Senator, is that predicting the future, as I indicated, is much more dicey. We can certainly come up with the numbers that we have spent and no one is under any illusions that these are not large expenditures. But the prediction of the future is a completely different matter, and that is why we have been very reluctant to make any statements.

ESTIMATED COSTS OF WAR

Secretary Rumsfeld has noted in a number of hearings that we had originally requested in the case of Afghanistan a \$10 billion estimate and the Congress decided not to go with that. I know there is a lot of discussion about why the Congress did not and so on. It turned out that estimate was reasonably accurate for the first year.

Senator BYRD. Well, Dr. Zakheim, why does not the administration send up in its budget the estimated cost of the war in Afghanistan, the estimated cost of the war in Iraq, in its regular budget? That is the question.

Dr. ZAKHEIM. The answer is because we simply cannot predict them at this stage, sir.

Senator BYRD. The White House plays hide and seek with the costs of the war, hiding them from the American public until after the November election. The country deserves an honest up-front approach from the President. Instead, we get gimmicks and games.

I offered an amendment to the fiscal year 2004 defense appropriations bill that stated the sense of the Senate that the President should include in his fiscal year 2005 budget a request for ongoing military operations, including Iraq and Afghanistan. This amendment was passed with an overwhelming 81 votes. But the costs of the war on terrorism and the war in Iraq are not included in this budget, the estimated costs. Of course, you cannot be absolutely sure down to the final dollar, but certainly this administration must have some estimates.

Surely, the administration must talk about these things within the administration. I certainly would be totally surprised and shocked, astonished, if the truth were that the administration does not have any estimates of the costs of the wars, the two wars that are going on, the one in which we were attacked, the other in which we were the attacker. There must be some estimates.

The American people are entitled to know what these estimates are, and that is what we are asking.

On February 10, the military services told the Armed Services Committee that delaying a supplemental until next year would cause them real budgetary problems when they run out of money in early to mid-September. So, I remind you that the administration sent its request for \$87 billion to Congress on September 17, 2003, and it was passed by Congress and signed into law by the President within 1½ months. If the Department can estimate the fiscal year 2004 costs of the war by September 2003, why can it not estimate the fiscal year 2005 costs of the war by September 2004?

Dr. ZAKHEIM. Senator, again, yes, we have estimated the costs of 2004, but that is an estimate, it is true, and that is what we think we will spend through September 30 of this year. But we are reaching two watershed situations, both in Iraq and Afghanistan. That is to say, the transfer of authority in Iraq and the presidential election in Afghanistan. Both of those could be, will be, significant factors in what is the American military presence, posture, force level in fiscal year 2005.

Senator BYRD. Dr. Zakheim, we are also approaching an election in this country, in November. The American people are entitled to know before the election, not after the election, what at least the estimated costs of these continuing wars are to the American people in dollars as well as in lives, as well as with regard to the length of the occupation.

Mr. Chairman, I hope I have not overrun my time.

Senator STEVENS. Slightly, Senator.

Senator BYRD. All right, I will wait until the next round. Thank you.

Thank you, Dr. Zakheim.
 Dr. ZAKHEIM. Thank you, Senator.
 Senator STEVENS. Senator Burns. Ten minutes, Senator.

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. Thank you, Mr. Chairman. I have a statement I would like to submit for the record, with the consent of the committee.

Senator STEVENS. It will be printed in the record.
 [The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Thank you, Mr. Chairman. Mr. Zakheim, I would like to thank you for being here today to discuss the President's fiscal year 2005 Budget request for the Department of Defense (DOD). I have just a very short statement before we get going this morning.

The President has proposed a \$401.7 billion fiscal year 2005 budget for the Department of Defense. This number represents a seven percent increase over the fiscal year 2004 budget of \$375.3 billion.

I would like to start off by saying that for the most part, I think you have presented us with a good budget, one that funds core needs to allow troops currently engaged, to do so safely and to the best of their ability. This budget also prepares our military forces for future engagements, where battlefields will look much different than they have in years past. We must ensure our military transforms in such a way as to have the right military capabilities for any future engagement. An overall Research and Development (R&D) request of \$68.9 billion and investment in Science and Technology, which has been included in this fiscal year 2005 budget at \$10.5 billion, helps get us there.

As you know, the men and women of our active, Guard and Reserve components have seen an increased operations tempo (OPTEMPO) over the past few years in particular. In my State of Montana, we'll soon see 40 percent of the Guard's total force mobilized, including the 495th Transportation Battalion out of Kalispell, the 143rd Military Police Detachment out of Bozeman and the 1022nd Medical Company. While I know these men and women love what they do and love serving their country, this increased OPTEMPO does not, however, come without costs. I am pleased to see that the budget addresses this issue and looks at ways to rebalance our forces and reduce the need for involuntary reserve mobilization. I do think it is important to look at ways to add folks to areas where we currently have a shortage, such as military police, transportation and civilian affairs.

Increased operations also wear and tear on much of our already aging equipment. This year's budget proposes \$140.6 billion for the Operation and Maintenance (O&M) account, up from \$127.6 billion in fiscal year 2004. The procurement account has been proposed at \$74.9 billion, down from the fiscal year 2004 level of \$75.3 billion.

The United States military would not be the best fighting force in the world without the great people who wear the uniform. It is important that we take care of our military men and women and ensure their quality of life is good. The Military Personnel account is funded at \$104.8 billion in fiscal year 2005, while the Military Construction and Family Housing accounts request is a total of only \$9.5 billion.

Our military has performed nobly in their latest missions—especially in Afghanistan and continuing in Iraq. This country's fighting force is extremely skilled and capable. The United States military responds to various missions across this nation and across the world at a moment's notice, as we have recently witnessed in Haiti. We must ensure our brave military men and women have the tools and equipment needed to do their job and return home to their loved ones safely and as quickly as possible.

I pledge to do what I can to make sure that our military has the support they need to get the job done.

Again, thanks for coming before our subcommittee today. I look forward to the discussion this morning. Thank you.

Senator BURNS. We are all spending a lot of time at home now, so thank you for coming this morning. I have a couple of things I would like to ask.

With regard to the Senator from West Virginia's questions, you know, I realize we are finally into a political season. I had this all confused. I did not know that. But I want to point out the Clinton administration never did provide advance estimate costs for Haiti, Southwest Asia, or Kosovo. I would just like to clear that for the record.

Senator BYRD. That is an old herring, going back to the Clinton administration. What has that got to do with today?

Senator BURNS. Well, you know there is a lot of truth in that.

Senator BYRD. Well, there may be and there may not be. But we have got to do the funding. That is our business, and we need estimates upon which to proceed.

Senator BURNS. That is exactly right. If it was an accepted practice then, those practices will usually be carried forward in Government, and you know how that is.

RETENTION OF TROOPS

I want to use an old Marine term here. As I talk to the families of Guard and Reservists in the State, scuttlebutt has it that our retention of those troops once they come home—they have been deployed no less than 6 months, in some cases over 1 year—retention is going to be a problem. We have not heard that because there are no figures for it yet.

Has this been discussed at the highest levels of the Pentagon? Because, as you know, over 50 percent of our force structure has been moved into Guard and Reserves. Has this been discussed and is it a concern of the Pentagon?

Dr. ZAKHEIM. Well, the answer is yes and yes, sir. My colleague David Chu, the Under Secretary for Personnel, is fully on top of this issue. As I understand it, right now we are retaining Reserves at a historically high rate, about 5 to 6 percent higher than is normally the case.

There are some indicators that that retention rate will go down some, and it might just level off at the historical rate. Right now, like you, all we have are anecdotal pieces of evidence. It really depends almost on which Reserve you speak to. I have spoken to some who have voiced the concerns you just did. I have spoken to others who say that the families are supportive, the townspeople are supportive, they are all very proud that they are out there, and they have absolutely every intention of re-upping.

So until we actually see the numbers we do not know. But yes, this is something that we are very cognizant of. I guess we are fortunate that going into this potential situation we actually have higher retention rates than is historically the norm.

General, do you want to add to that?

General CARTWRIGHT. I think the retention rates are something that is a quick look; you can kind of get a sense of how many people are coming in. The longer term, which does not come right away, certainly revolves around the satisfaction that the individual soldier, sailor, airman, marine feels for the duty that he is performing.

Even longer term and more problematic and one that we are keeping a very close eye on is the satisfaction of the family. This is a hard stress on a family and over time the question is have we

focused and provided the right incentives to keep the families engaged and do they feel like the contribution is meaningful.

Dr. Chu has certainly undertaken a broad program that goes out and looks at the benefits that we associate both with the individual service member and the benefits associated with the family, making sure that we describe service when a Reservist comes on duty that equates to the service that we actually demand of them. This gets at the idea of if there is a certain amount of readiness that we associate with a particular soldier, let us say, in the Reserve or the Guard, i.e., that we expect him to be up and available for 1 year out of every 5 or 6 years, or whether we expect him to come on service at a short notice, that that is understood right up front and that that is what they sign up for.

So we are looking at a broad range of things that get at the issue of the continuum of service, not just at the recruiting piece, because you have got to look broader than just the recruiting piece.

FORCE STRUCTURE

Senator BURNS. Well, Senator Inouye brought up a very valid point, and correctly so, on benefits and this type thing. A lot of us, every Senator sitting here at this table, when the trend started of bringing down our force structure of people on active duty, our regular forces, and when those numbers were dropped and then more emphasis was put on our Reserve and Guard forces, we all went to work and started to redevelop, to take a look at the infrastructure under which those Guard and Reserves are trained, that they have to have facilities and a training procedure that makes them as good as those who train every day.

I think most of us who did that under the leadership of this committee and the Armed Services Committee, understood that. I just wonder, because we have integrated forces. The Red Horse Brigade out of Mount Storm Air Force Base is integrated Reserve and active duty forces. In fact, their first commander was a Reservist. That will work pretty well as long as we integrate those troops along with communication and training that is at least equal to our citizen soldiers, sailors, and marines.

I think we have to discuss that, because it becomes a vital part of our force structure.

CACHES OF ARMS

I was in Iraq last October and we were in the northern part, Mosul, where they were finding tremendously large caches of conventional arms that Saddam had stored and stashed away. I cannot help but think, as we see these bombs, these roadside bombs, that within those caches that we have found and those that we have not found is a supply of explosives that is much deadlier when used in a very creative way.

Are we continuing to search for those caches and to destroy the ones that we have found?

Dr. ZAKHEIM. Please, let me start and I will then turn it over to the General.

The answer is yes. We are also using Iraqis to do a lot of that. There are really two parts to this. One is to search for them; the other then is to guard them. Iraqis are providing a lot of the guard

units for that. We do continue to search, and the more intelligence we get—and we are getting more intelligence, and the best sources are the Iraqis themselves—the more we are able to quickly find these ammunition storage facilities and to guard them and dispose of them.

General?

General CARTWRIGHT. Clearly, a very aggressive effort, both in Afghanistan and Iraq, to go after these caches, find them, dry up that source as quickly as we can. The good news is that both in Afghanistan and in Iraq, as the forces, the local indigenous forces, stand up, as we use the tools available to us to create a conduit of information back and forth between locals, that has become our richest source of finding these caches.

So in the case of Iraq, it is the Iraqis who are actually helping us go find those, get them, get them into a safe place, get them destroyed or disposed of otherwise. But the key here is programs like—and we talked about it earlier—the CERP fund, where we establish a relationship in the community and then the information starts to flow, are so critical to the soldiers as they try to do this.

Senator BURNS. Mr. Chairman, it says “stop” here. You never say “whoa” in a horse race. Oh, we are doing okay yet?

Senator STEVENS. You still are.

Senator BURNS. Well, this thing makes funny noises and has funny colors to it.

Along that same line, there are some technologies supplied by or are being developed in some of our colleges and universities, also in small businesses, and especially in my State, that would help us to find both weapons and personnel underground. Have we seen any acceleration of taking a look at these technologies and obtaining those technologies and then deploying them?

Dr. ZAKHEIM. The answer is yes. DARPA, our Defense Advanced Research Projects Agency, in fact has—and I cannot get into detail in an open forum, but they in fact have been accelerating a number of these technologies, precisely for the reasons you gave, in order to get them on the ground quickly. We have got some on the ground quickly, and we are certainly prepared to brief you in private as to what we have done.

Generally speaking, I think DARPA is open to ideas and suggestions. Anything that will particularly help the forces is welcome.

Senator BURNS. Well, we established a program called the Experimental Program to Stimulate Competitive Research (EPSCoR) many years ago when I first came to this body and that allowed consortias of smaller colleges and universities to do research and development (R&D) on many projects. Montana State University, I think you probably know, have made significant improvements to laser technology and have developed a lot of the technology that you are working with now.

But I hear that it is hard to get into the good old boy network every now and again, and we have got to watch that because there are some creative people outside the norm, because EPSCoR has allowed these people to do a lot of R&D work in areas where it traditionally had not been found. I would like to see a little more notice taken of some of the advances that have been made.

Mr. Chairman, thank you very much.

Dr. ZAKHEIM. Senator, if you contact me about this I will forward whatever information you have to Ron Sega, who heads up that area in our Department. I do know that there is no old boy network functioning with regard to force protection. They are trying to get at whatever is out there.

Senator BURNS. That is good, but it is still alive up here.

Thank you very much.

Dr. ZAKHEIM. Mr. Chairman, just to correct for the record a couple of things. First, Senator Byrd got it absolutely right. I had flipped my history. I told you, Senator, you have a better sense of history than I do. We used supplementals for Vietnam in the first several years, 1965, 1966, and then we went over to baseline budgets in the years you mentioned. Of course, by that time we had a better sense of where we were headed with that, I believe. But in any event, I had gotten the years completely reversed.

I also had a question earlier about buying HMMWV's that were not up-armored and I am told by the Army that in fact we are buying some number that are not in 2005. We are buying a total of 2,431 HMMWV's; 818 of those are up-armored, the rest are not. So I wanted to be clear for the record on that, sir.

Senator STEVENS. Thank you very much.

I assume you are marking those so they are not going to be sent over to a war zone accidentally?

Dr. ZAKHEIM. The intention is that everything that goes over there is up-armored.

Senator STEVENS. That is not what I asked. The ones we are procuring new that are not up-armored, are they clearly marked so they cannot be sent into war zones?

Dr. ZAKHEIM. That is my understanding, but I will look into it for the record.

[The information follows:]

Both standard and Up-Armored High Mobility Multipurpose Wheeled Vehicles (HMMWV) are being procured in fiscal year 2005. HMMWVs which are not Up-Armored are visually identifiable. New, non-up-armored HMMWVs coming out of production are programmed to fill unit shortages according to Army priorities. Both standard and Up-Armored HMMWVs will continue to be available in the theater of operation for use as appropriate by the Combatant Commander. Production of Up-Armored HMMWVs is a Department priority and production is being increased to meet CENTCOM requirements.

Senator STEVENS. Thank you.

I understand the Senator from West Virginia's point. I distinctly remember raising the question several times during Bosnia, Kosovo, all of those, even with the first President Bush in Somalia. We did not get budget estimates. We ran those wars on supplementals. That is not something this committee really believes in, but it has become a practice, whether we like it or not. But the Senator made about the same speech I did, as a matter of fact, in 1999 as we approached an election.

But let me shift to something else. I am worried about this budget because I have before me your chart—I wish you had brought it in a big chart so everyone could see it. 1969, 8.9 percent of our gross national product was dedicated to defense. And if you look at 1969, that was 43.4 percent of the national budget. Now we are looking at a budget that is 3.6 percent of the gross national product. In the year 2000 the budget request was 2.9 percent. We are

looking at, instead of 43 percent of the Federal budget, we are looking at 17.9 percent of the Federal budget being committed to defense.

As I look at our projections, there will be an increase over the next 5 years, not near enough to move us back up to the point where we traveled for the 10 years of the 1980's, somewhere in the vicinity of 20 percent of the Federal budget and in the vicinity of 6 percent of the gross domestic product.

OUTLAYS

Now, I want to ask this. These outlays, do they include the costs of the war?

Dr. ZAKHEIM. The outlays in the charts for 2004 do, yes, sir. Obviously, not for 2005. But they do include the costs of the war. Anything that is an actual outlay is included, sir.

Senator STEVENS. I am worried about the trend in terms of being able to maintain the kind of a military we need if we are going to not restore the concept of committing a sufficient amount to our defense. I remember traveling the world with Senator Jackson where we urged our allies to commit at least 3 percent, and we in those days were between 6 and 8 percent of the gross national product.

What are our allies doing now? How much are they committing to defense, do you know?

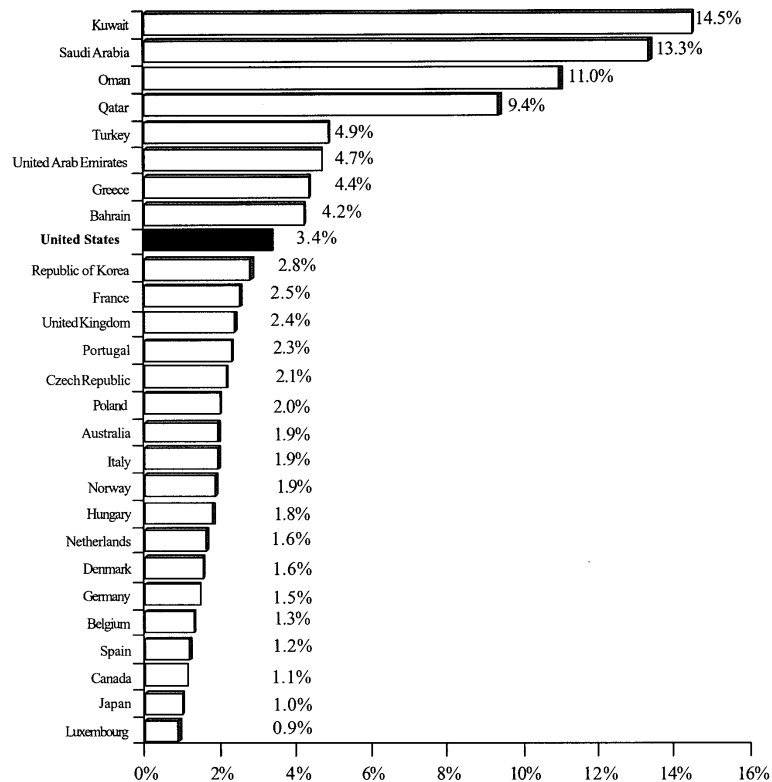
Dr. ZAKHEIM. Off the top of my head, sir, I believe that many of the allies that we tried to get to reach 3 percent in those days are still not at 3 percent today. In our case, of course, our gross national product is in the trillions and so 3.6 percent of such a large amount of money is still very, very significant.

But nevertheless, I think it is fair to say that in most cases our allies are not at the 3 percent of their gross domestic products, and I can get you the answer for the record.

[The information follows:]

Please see the attached information on allied defense spending from the 2003 Responsibility Sharing Report.

Chart II-3
Defense Spending as a Percentage of GDP
2002



Dashed line represents the overall average defense spending as a percentage of GDP for all the nations covered in this Report -- 2.5 percent.

BUDGET

Senator STEVENS. Well, I asked that other question that you have just implied of the staff. We have not gotten the answer back yet. But I think that the amount of your budget now, which is roughly, what, 400—

Dr. ZAKHEIM. 401 and change, yes.

Senator STEVENS [continuing]. As compared to the \$200 billion in 1981, the first budget that Senator Inouye and I handled in defense, I think it is less than it was in terms of real dollars, than it was in 1981.

Dr. ZAKHEIM. I do not believe it is less than in 1981. Certainly it is less than the 1985 real dollar number, which was the peak of President Reagan's years, and I was part of that administration. But you are absolutely right, you cannot just take the \$400 billion and compare it to the \$200 billion because there is an inflation factor and there are also much increased benefits that did not exist in 1981.

Senator STEVENS. Well, I am told in constant dollars what you have is an increase from \$257 billion to \$393 billion between 1981 and 2005.

Dr. ZAKHEIM. I thought it was a little higher, sir, yes.

Senator STEVENS. That to me is not an increase that recognizes our global responsibilities now as compared to then. I wonder how you can maintain a global war against terrorism without some additional modernization.

ARMY AVIATION PROCUREMENT

Let me switch over to that if I may. We have not seen some of the details on the Comanche termination and what is going to happen there. Is our understanding correct that the money from the Comanche termination, the net will be shifted over to the Army aviation procurement accounts?

Dr. ZAKHEIM. That is correct. Basically there is really a change in the whole approach to Army aviation. What is happening to Comanche is only a part of it. I can give you some detail. We are going to modernize 1,400 aircraft and, because of the funds available from Comanche, an additional 284 Apache Block 3's and 19 Chinooks. We are going to acquire almost 800 new aircraft, both for the active and for the Reserve, and that is more Chinooks, more Blackhawks, and a light utility helicopter.

Senator STEVENS. When will we see those modifications in the budget?

Dr. ZAKHEIM. We are going to be sending up an amendment very quickly, sir, and that will address both sides of the equation. That is to say, moving the money out of Comanche and moving the money into many of the programs that I have mentioned.

Senator STEVENS. Will that change in any way the requests that are before us for the Army for 2005?

Dr. ZAKHEIM. I would have to check on that. I think that basically it is pretty much in balance, but I would have to get you that for the record. I do not think it will be significant, no, sir.

[The information follows:]

The Army 2005 budget request does not change in total but there has been realignment of resources between accounts. Army Research and Development is reduced by nearly \$1.2 billion. A majority of the resources, \$828 million, will be re-applied to support Aircraft Procurement, acquiring high priority helicopter equipment and additional CH-47, UH-60 and TH-67 aircraft. Another \$155 million is reapplied to Procurement of Ammunition, principally to support acquisition of additional Hydra rockets, and Missile Procurement has been increased by \$93 million for the purchase of additional Hellfire missiles. Smaller adjustments have been made in several other accounts and the precise details of all adjustments are included in the fiscal year 2005 Amended Budget Submission that the Department has forwarded.

Senator STEVENS. It is basically a shift from R&D to procurement?

Dr. ZAKHEIM. Yes, sir.

Senator STEVENS. We have, I understand, a 2004 shortfall on the global war against terrorism of \$700 million, is that right?

Dr. ZAKHEIM. I would have to look at that, the basis for that number. I do not recognize that figure, sir.

Senator STEVENS. Well, we are talking about the defense health program. Is there a shortfall there?

Dr. ZAKHEIM. In the defense health program? I would have to look at that.

Senator STEVENS. Attributable to the global war on terrorism?

Dr. ZAKHEIM. I am told that in fact there is that shortfall and we are going to reprogram money to cover it. So we will be sending you a reprogramming action for that.

IFF

Senator STEVENS. All right. Why are they not, those shortfalls, not being funded from the Iraqi Freedom Fund (IFF)?

Dr. ZAKHEIM. I have to look at where the sources will come from. We will clearly fund the shortfall from the most acceptable source, and of course we have to send those sources up to you.

Senator STEVENS. Well, can you answer me this. Is the Iraqi Freedom Fund, which we created for the fiscal year 2003 budget—it was the supplemental really—has that been exhausted?

Dr. ZAKHEIM. Not entirely exhausted. We are still reprogramming money out of the IFF. We are coming close to exhausting it, yes.

Senator BYRD. Mr. Chairman, how much money does remain in that fund?

Senator STEVENS. Well, I was just going to get to that. I do not like to see any of these funds left, have us get supplementals when there is money in technical funds we created in the past that is not being charged. Are you doing that, Mr. Zakheim?

Dr. ZAKHEIM. No, I do not think that is the case at all. We anticipate using it all up. Actually we are almost there. I am trying to get the numbers for you and I hope before this hearing is over I will be able to tell you exactly where we are with what remains of the IFF. But I do not think it is a situation of asking for more money over and above what we have because we have more money in the kitty. That is not the case at all.

Senator STEVENS. Well, you are the Comptroller. Do we have existing funds over there? These are 2003 funds now we are talking about.

Dr. ZAKHEIM. That is correct.

Senator STEVENS. I do not understand why those funds were not used.

Dr. ZAKHEIM. Out of the \$1.9 billion IFF, the Iraqi Freedom Fund, we have already committed over \$1.5 billion. So we are down to about \$400 million in the Iraqi Freedom Fund. For example, that in and of itself would not cover the DHP, the defense health program. But in any event, the health program is not directly war related, so we would have to fund it out of something else. The IFF is for what is directly war related.

As I said, we are down to \$400 million, or less than 25 percent, of the original IFF and that will be expended pretty soon.

Senator STEVENS. I would hope there would be a policy of charging some of those funds like that, these reprogrammings, so that we do not create additional demands.

Dr. ZAKHEIM. It is in fact the policy to do that, but we can only reprogram for things that are directly war related. So in the case of the DHP we could not do that.

Senator STEVENS. I am not going to comment on that. We have seen it done before, let us put it that way.

Gentlemen, I am going to have to leave here in a minute. We have got a 10-minute rule here, so I presume each member would want another 10 minutes. I will leave the gavel with the co-chairman and thank you very much, Mr. Zakheim.

Dr. ZAKHEIM. Before you go, sir, I was passed a note without the right numbers. IFF is completely committed for 2003, which is what you were asking me about. The \$400 million that is left is in the IFF of 2004. So here we are in the second quarter of 2004, we have committed \$1.5 billion out of \$1.9 billion, and the 2003 is completely committed.

Senator STEVENS. Senator Inouye.

Senator INOUE [presiding]. Thank you.

I am glad that the chairman brought up the matter of shortfalls in military medicine and health care because in all the studies that we have looked at men and women in uniform are more concerned about health care than pay.

That being the case, I have been also monitoring some of the assignments we have made of military personnel in medicine. I note, for example, that from Walter Reed we have been sending doctors to Iraq who are specialists. One just sent there is a specialist in knee replacements, which is a highly specialized area.

Senator STEVENS. Senator, would you yield to me just 1 minute? I apologize.

Senator INOUE. Certainly.

Senator STEVENS. When the subcommittee closes out today, our next hearing will be at 10 a.m. in this room for a hearing on the Army's fiscal year 2005 budget request.

Thank you, Senator.

Senator INOUE. Thank you.

As I was saying this doctor is being sent to Iraq for 6 months. He wants to go there to do his part, but in 6 months he is not going to do one knee replacement, he is not going to do any one of those highly skilled specialties, and when he gets back he will have to go back to school again.

Why do you not have a policy that would, say, limit these people to 3 months?

Dr. ZAKHEIM. I would have to refer that to Dr. Winkenwerder and Dr. Chu.

Senator INOUE. I am not a doctor, but it just does not make sense. You send someone out there and you are going to lose all his skills.

Dr. ZAKHEIM. On its face the question is an excellent one. I am sure there is an answer and a response. I do not know if General Cartwright is into that, but I claim no particular expertise. I would have to get you an answer for the record based on what Dr. Chu and Dr. Winkenwerder were to tell me.

General CARTWRIGHT. We need to go back and look at the case for you, Senator.

Senator INOUE. I would appreciate that, sir.

[The information follows:]

Surgeons are chosen for deployment based on the skill qualifications requested by the combatant commander.

Once a requirement for a certain specialty is validated (in this case, orthopedics), the skill set requirement is matched to the skill level of the surgeons available to meet the requirement. Each Service has a system for coordinating these requests, utilizing its specialty consultants, medical manpower experts, and others familiar with the necessary skill qualifications. While orthopedists may have a subspecialty (in this case joint replacement) they are trained in (and typically treat) the full range of cases that may present. Indeed, well-trained orthopedists are critical to caring for the wounds occurring in Iraq.

Moreover, this rotation will help maintain excellence in the Military Health System's graduate medical education programs. Even the most highly trained subspecialists need operational/deployment military medicine expertise in order to be fully competent and credible role models and teachers for military physicians in training.

This six-month period for the rotation balances the needs for the combatant commander with prudent use of highly trained medical staff.

Senator INOUE. Senator Byrd.

ROTATION OF FORCES

Senator BYRD. Thank you, Mr. Chairman, my esteemed friend.

References have been made to a rotation of forces. The administration is in the midst of a massive rotation of forces in Iraq. Is the cost of rotating these forces reflected in the average monthly cost of \$4.2 billion for operations in Iraq?

Dr. ZAKHEIM. To the extent—remember, Senator, that the monthly costs we have up to now only reflect what we have up to November. But the answer is yes, sir, those rotation costs will be reflected in the monthly costs. So that here we are in March; I do not expect to see any actuals until probably the June timeframe.

Senator BYRD. Recent news reports indicate that the Pentagon and the Central Intelligence Agency (CIA) are stepping up the intensity of the hunt for Osama bin Laden. Is that increased effort requiring any corresponding increase in the average monthly cost of operations in Afghanistan or in the number of military personnel in Afghanistan?

Dr. ZAKHEIM. At this stage I simply do not know. Should there be an increase, it will be reflected. But again, that is not something I will be able to address in any detail for the next couple of months.

Senator BYRD. Do you have any idea, any indications as to whether or not the effort is requiring any corresponding increase in the average monthly cost of operations in Afghanistan?

Dr. ZAKHEIM. General, do you want to?

General CARTWRIGHT. The only thing I would say, Senator—and it would be reflected—is that as the weather gets better the opportunity to do more will be there and we will try to take advantage of that. To the extent that that is a delta between what we are doing in the winter versus what we are doing in the spring and the summer would be the difference.

Senator BYRD. General, does the Department anticipate any substantial drawdown of U.S. forces from Afghanistan at any point in

the near future, keeping in mind the increase, the stepping up of the intensity of the hunt for bin Laden?

General CARTWRIGHT. The program for 2004 is laid out and is relatively stable and includes the efforts that we have to chase after various targets. The longer range look, as I said earlier, our intent is to move out of there as quickly as the country is ready to take over. So that remains a little bit cloudy and ambiguous right now.

Senator BYRD. Is there anything you can tell us about this hunt for Osama bin Laden? We have been reading a good bit about it. There are some reports that he has already been caught—I heard that report 2 or 3 days ago—and that the administration is waiting, waiting until a more opportune time to make the announcement. I did not give a great deal of credence to that, but I am not surprised at anything these days.

Dr. ZAKHEIM. Senator, you are right not to give much credence to that, particularly, as you know, the Middle East is a place where rumors start circulating and grow with the passage of days and hours.

Senator BYRD. Just in the Middle East?

Dr. ZAKHEIM. That is the area we were addressing just now, sir.

Senator BYRD. But you are making a rather broad statement when you say that in the Middle East rumors—

Dr. ZAKHEIM. There have been a lot of studies to that effect, about the impact of rumors on perceptions in the Middle East. That is why I referred to that one, sir.

Senator BYRD. All right. Let me get back to my earlier subject of contention perhaps. The Department of Defense has adopted an all or nothing approach, sending Congress an ultimatum: Either give the Pentagon a blank check for \$10 billion, as was requested 2 years ago, or the administration will wait until untold billions have already been spent before asking for a supplemental appropriations bill. And we have done both. We have advanced that slush fund, as you might call it, of \$10 billion, a blank check, and then at the same time we are still depending upon supplemental appropriations bills.

This is an unnecessarily confrontational and shortsighted posture. So I have to continue to express my disappointment in this method of approach. Now, you can go back to preceding administrations, if you can find it to be a fact in each case, and talk about the war in Vietnam, the war on Bosnia, the war in Korea, or whatever. We are here to appropriate moneys today and we need to know, we are entitled to know, what the facts are.

The American people, and we are here to represent them, are entitled to know what the costs of this war are and what the estimate of the future costs are going to be. There is an election coming up and there is a pretty well-founded suspicion, it appears, that these figures are going to be withheld from the people's elected representatives in Congress before the election, but that after the election, then the costs will be sprung upon us.

I think it is a poor way to legislate. I am in my 46th year here on this committee and my 51st year on the Hill, in Congress. And we have not seen it done like that before, and this administration continues, it seems, to proceed in this manner.

IRAQ RECONSTRUCTION FUNDING

Now, let us talk about the supplemental Iraq reconstruction funding. The OMB Director, Josh Bolten, stated that he estimates that the administration's supplemental appropriation request, whenever it may be submitted, could be in the neighborhood of \$50 billion. Dr. Zakheim, does that estimate include any additional funds for reconstruction projects in Iraq?

Dr. ZAKHEIM. To my knowledge it does not.

Senator BYRD. Can you give a ballpark estimate of what additional reconstruction funds the administration might request for Iraq on top of the \$18.4 billion that was appropriated last fall?

Dr. ZAKHEIM. I cannot, and permit me to explain why I cannot. The \$18.4 billion was not really a 1-year request. It was a request for essentially front-loading what would be an international effort to reconstruct Iraq. I was personally involved in organizing the Madrid conference. There we got commitments of up to \$17 billion for reconstruction from the international community. Just this past weekend there was a meeting in Abu Dhabi where the United Nations and the World Bank trust funds announced they were open for business and countries started to commit money to those trust funds.

In addition, there are the revenues that are coming from Iraqi oil. If you add all of those—our commitment, Iraqi oil, other revenues that are still coming in from frozen assets and Oil for Food contracts that were not implemented, as well as the international contributions—you are in the vicinity of about \$50 billion.

So that it is not at all clear at this stage just how much more we as the United States might have to contribute. I think the general sense is that, should we feel there is a further need for reconstruction funds, it would not be packaged as a supplemental, but instead be part of our total foreign assistance budget and sent up to the Congress that way.

Senator BYRD. Just before the White House sent Congress its draft of an Iraq war resolution in September 2002, some proponents of confrontation with Iraq said that Members of Congress should explain to the American people their position on Iraq before the midterm elections. Now the administration wants to delay until after the upcoming Presidential election sending Congress the bill for keeping our troops in Iraq for another year.

Dr. Zakheim, since the administration was so keen on getting the authority to go to war right before an election, does not the administration have the responsibility to let the American people know how much this war will cost? We are almost on the verge of getting into another election, and I think the American people are entitled to know this. What do you think?

Dr. ZAKHEIM. Well, sir, I certainly agree with you that there is another election coming. I think people can disagree about this. As we see it, we do not really have a good estimate. And I would not share your characterization of this as a slush fund. I want to make that clear. That is not how I would look at it. We do provide to the Congress monthly reports on our obligations. We do not have immediate monthly reports. We always run 3 months late.

I believe, just as an analyst that to estimate the costs of fiscal year 2005 prior to the changes that are going to take place in Iraq and Afghanistan is probably to misestimate those costs, probably to put the wrong dollars in the wrong accounts, and therefore create problems thereafter.

Senator BYRD. Why can you not say, though, doctor: this is the way we see it today. Now, there may be changes. Perhaps this will happen, perhaps that will happen, something else may happen. But, Members of Congress, this is the way we see it today; and on this basis, we would estimate thus and so.

Now, if the administration would be up front like that, then we would have confidence in the administration, what it says. The American people would have some idea, knowing that it is not the final figure, of course, have some idea of what they are going to be asked to pay and over what period, how long a period. This would be, it seems to me, the fair way of proceeding, rather than do as the administration is doing: spend the money, present the Congress then with an ultimatum, give us the check, and Congress in the meantime has had no opportunity to conduct oversight as it is its responsibility, constitutional responsibility, to do.

I see my time is up. Mr. Chairman, may the witness answer my question first?

Senator INOUE. Yes.

Senator BYRD. Thank you.

Dr. ZAKHEIM. Certainly, Senator. First of all, as you know, we do have expenditures that will be going out to September 30. So that is already spoken for and we will have to justify those and we will report those. The real issue is what do we do about the period between October 1 and roughly January-February timeframe, whenever the next supplemental would be available.

Clearly, it is very difficult to estimate those costs at this time, for the reason I have given you. I do not think this is a deliberate effort to mislead. After all is said and done we know what the monthly costs are right now, \$4.2 billion. We anticipate what the monthly costs will be through the end of September. But beyond that, I do not want to sound like a broken record, but beyond that we just do not know what the impact of this summer's events is going to be like.

The Congress clearly will not have any kind of ultimatum, for the simple reason that if we go to the Congress next January with a request for the entire fiscal year, the entire fiscal year will not have happened by then and the Congress can choose how much and to what degree it wishes to support that supplemental.

Senator BYRD. Mr. Chairman, I do not want to prolong this, but this makes it impossible for the Congress to conduct its constitutional oversight. The money is already spent, then we get the bill. In the meantime, we have no opportunity to delve into the facts which justify x number of dollars. That is number one.

Number two, the President can go before the American people and say that he is going to cut, reduce the budget deficit by half, in 5 years, and he presents the Congress and the people with a budget for this year, and that is what we are working on. That is what these hearings are about. But in the meantime, these moneys

that we will be spending in Iraq and Afghanistan do not show. Those are hidden figures.

So the administration has the advantage, the political advantage, of saying, well, this is our budget for this year. The administration is not counting the costs of the wars in Iraq and in Afghanistan. These costs are on the side, you see. This is a gimmick that this administration is using, I must say, and the American people are being kept in the dark.

This is what I am complaining about, and I hope that we will continue to press the administration to shed some light on this budget. The American people are entitled to have that light because they are footing the bill, and Congress is entitled to have that light. I have never seen it done like this. It is a practice here, it is a pattern, and it is calculated. Everybody ought to be able to see that.

Mr. Chairman, thank you for your patience. Thank you, Dr. Zakheim. You have got a tough job to do. You have a hard job. I know you have to pursue the company line, as we used to say back in the coal mining camps in southern West Virginia, the company line. You have to do that, I know that. Thank you.

Senator INOUE. Thank you very much.

Senator Burns.

PROVINCIAL RECONSTRUCTION TEAMS

Senator BURNS. I think I have only one more question and that will wrap it up for me. We met with some of the folks over in Iraq, and in your statement you referred to it this morning on the PRT's. Would you elaborate on the plan to expand those Provincial Reconstruction Teams in Afghanistan and the cost? Have you got an estimated cost for that?

I know we have one German-led PRT there currently. Are the Germans contributing to the cost of those PRT's? Would you sort of give us some sort of an idea of what is going on?

Dr. ZAKHEIM. Sure. The cost, because that is an answer I cannot give you offhand, I will get you for the record. We had eight. We are up to, I believe, 12 PRT's, of which one is a NATO/German one. That is the one in Kunduz. That is the one I was at. The British are running one in Mazar-e Sharif. The New Zealanders are running another one.

[The information follows:]

There are currently 17 PRTs. 14 are coalition-run (13 by United States and 1 by New Zealand) and 3 are NATO-run, 1 by Germany and 2 by the United Kingdom.

Each PRT was estimated to cost \$5 million to setup. The cost of supporting a PRT has been roughly estimated at \$39,000 to \$98,000 per month. However, the size and composition of each PRT varies. Some have more military personnel, some have more USAID staff. In addition, frequent troop rotations from the U.S. military units supporting the PRTs lead to cost fluctuations. U.S. military units are supporting PRTs are funded with O&M funds.

DOD has provided just under \$30 million in Overseas Humanitarian Disaster and Civic Aid funds for PRT and civil affairs assistance projects combined in Afghanistan to date.

Senator BURNS. I think we ran into ours at Kandahar.

Dr. ZAKHEIM. We have a bunch of them now.

There is a push for NATO—and not just NATO; for instance, the Swedes are going to be contributing and they are not in NATO—

to start four more. In fact, your question about footing the bill goes to the heart of our position regarding these four. We are telling NATO that of course we support four more. We think it is a great idea. We think PRT's work. But NATO needs to provide the support.

The Germans are contributing, although some of the support, the helicopter support, is what we are providing. We have made it clear that was a once-only exception. We are not going to do that. If countries want to contribute to PRT's, and we encourage them to, then they need to cover the costs.

So we hope that eventually a significant number of these PRT's will be supported by the international community. There is talk of a Nordic one. There is talk of a second British one, and so on. There is a lot of interest around the world to contributing to them, because of what they do—and you have seen them. They are unique. There is a mix of troops, of civilians, of representatives of the central Afghan government. They work very well with international nongovernmental organizations. Actually, it is fascinating to see the evolution.

A lot of these organizations were very suspicious of the military and therefore thought PRT's were just a stalking horse for the military. Now it is quite different, and you see people from institutions that you would not dream of having anything to do with the military speaking positively about it. It really is a terrific development, because what it does is enable the central government to demonstrate its reach throughout the country.

Still, if countries want to be involved, they have got to foot the bill.

OPERATIONAL SUPPORT

Senator BURNS. Also, I ask about—and I think whenever we talk about technology, and this thing, I will just throw this as a question out there that I would like an answer to and we can do that in a private conversation also. We had four very good friends during the Afghanistan operation: Pakistan, Kazakhstan, Kyrgistan, and Jordan. I am wondering, are we doing anything in those countries to relieve some of the financial pressure off of those four countries?

Dr. ZAKHEIM. The answer is yes. Congress allowed us, actually with this committee's help, to reimburse a number of countries for the operational support they provide, and Pakistan is by far the biggest recipient. That continues. We are reimbursing Jordan as well. In fact, those two countries were specified in the legislation. But we are reimbursing others, too.

Senator BURNS. Well, we had tremendous support under the circumstances from Kazakhstan and Kyrgistan. I am going to Kazakhstan. I want to be met on friendly terms there when I get there.

Dr. ZAKHEIM. I think you will be.

Senator BURNS. Also, I made a couple trips out at Walter Reed to see some of the troops from Montana that were out there, which is a very rewarding situation. You know, we have got one young man out there who is afraid that they are not going to let him stay

in the Guard and he wants to stay. He took quite a beating over there.

With regard to that, I am told by—you know, the American people I do not think understand really fully, in the medical communities like Walter Reed and our research people on diseases we run into different kinds of challenges whenever we send our troops to foreign soil. I noticed a little bit in this last one that you cut back a little bit on R&D as far as research on the different kind of diseases. You know, we are going through a severe acute respiratory syndrome (SARS) thing now on the Pacific Rim and in China. These people are exposed to these things.

I would question cutting back on your research because I think it is vitally important that the research moves forward in our medical communities, such as Walter Reed, Bethesda, the naval hospital, and that this work continue.

Dr. ZAKHEIM. Well, I will get for the record a breakdown of what has been, to the extent it has been reduced. I think Dr. Chu and Dr. Winkenwerder would be best in a position to give you that answer. I can say, however, that the level of research is still significantly high and it is precisely for the reasons you gave. When we send our troops to different parts of the world, they encounter diseases that have either been eradicated here or never existed here at all.

I know there is a lot of research, not just within the Army medical community; the Army Medical Command manages research in universities, including international universities. Very often you will find that universities in the regions in which these diseases are found have a comparative advantage in terms of dealing with those diseases. That funding continues.

But I will get you for the record details of that.

[The information follows:]

The military infectious disease research program continues to address countermeasures against the same number of different kinds of infectious diseases of military importance. Diseases such as malaria, bacterial diseases responsible for diarrhea, viral diseases (e.g. dengue fever and hanta virus), meningitis, viral encephalitis, scrubtyphus, leishmaniasis, hemorrhagic fever, and HIV are all part of the military infectious disease research program. This research is funded with core dollars out of the Medical Research and Materiel Command's budget. This means that the funds are programmed and budgeted for through the President's Budget process. From fiscal year 2002 to fiscal year 2004, there have been shifts in programs and changes in accounting for indirect laboratory costs. Overall there was a 4.6 percent reduction in the core program between fiscal year 2003 and fiscal year 2004 as priorities changed and other programs emerged in importance.

Senator BURNS. It is a different kind of research than we find in our traditional National Institutes of Health (NIH) or anything else, on infectious diseases.

Dr. ZAKHEIM. Absolutely, that is right.

Senator BURNS. And that has concerned most of us.

Thank you, Mr. Chairman. That is all that I have.

Senator INOUE. Thank you very much.

Pursuant to the direction of Chairman Stevens—

Senator BYRD. Mr. Chairman, might I ask another question?

Senator INOUE. Please do.

Senator BYRD. Thank you, Mr. Chairman. Thank you. I thank the acting chairman, and I thank you, Dr. Zakheim, and you, General Cartwright.

OPERATIONAL POST-HANDOVER NUMBERS

Let me repeat my question earlier. The President sent his \$87 billion fiscal year 2004 supplemental to Congress on September 17, 2003. Roughly 6 weeks later, that request was enacted and signed into law. Now, if the supplemental could be submitted in September in that instance, why can it not be presented in September this year, rather than wait until, was it January I believe you said?

Dr. ZAKHEIM. It is a function of the fact that in the first place we are, unlike September of that year where we were not funded at all, we are funded through the end of September, so that we have operations that will be covered.

Second, we do not feel that it would pose particular difficulties for us to cash flow for about 3 months. Again, as I mentioned earlier, the Congress has its discretion, as you well know, Senator; it can choose whatever it wants to do for the remaining part of fiscal year 2005 in a supplemental or indeed how it wants to treat what we have requested for that first part of fiscal year 2005 in a supplemental.

So the discretion is clearly there. We believe we can effectively cash flow those funds for the first few months. As I said, by September we will not have as yet a sense of the costs after the handover. If the handover is in the beginning of July, we will not have any numbers, any operational post-handover numbers, with which to work in September. It is as simple as that.

We simply cannot come with any credible number. I mean, there will be such a massive—

Senator BYRD. The way you are operating, it is not credible. It is not credible at all. What is the magic about January?

Dr. ZAKHEIM. Again, Senator, as I said, we need a couple of months experience subsequent to the handover in Iraq. That brings us to November-December timeframe. We need a month to put a supplemental together and that brings us to January.

Senator BYRD. Mr. Chairman, just this final. At Secretary Rumsfeld's confirmation hearing, I asked what he was going to do about the Pentagon's broken accounting systems. Three years later, the Department of Defense is still nowhere close to passing an audit of its books. Congress has appropriated more than \$200 million to develop a blueprint for a new computerized accounting system, but work on that plan, which was supposed to be completed in April 2003, is still not yet done.

Meanwhile, DOD will spend \$19 billion this year on those computers, on top of the \$18 billion spent in 2003 on those faulty systems. You, Dr. Zakheim, and Secretary Rumsfeld have recognized the seriousness of these accounting problems. But how can you justify spending tens of billions of dollars on these computerized accounting systems when you do not even know how to fix what is wrong with those systems that we are pouring money into?

How much more time and money is it going to take before the Pentagon can pass an audit of its books?

Dr. ZAKHEIM. Senator, as I have said for the last 2 years and as you and I have discussed, there are a number of steps necessary if we are going to get this right. We did in fact complete the enter-

prise architecture to which you refer on time and under budget in April 2003. We still have to test it with various pilot programs.

The game plan was always to try to get a clean audit by 2007. Now, we are not just waiting for the next 4 years to make that happen. Huge amounts of assets and liabilities have been added to—and are now showing on our books. Our fund balance with the Treasury has improved significantly. We have cut back on problem disbursements by, I believe, approximately two-thirds. I can get you all those numbers for the record.

[The information follows:]

In January 2001, the Department's problem disbursements stood at \$4.163 billion. As of January 2004, we have reduced those problem disbursements by 65 percent to \$1.437 billion.

Dr. ZAKHEIM. Frankly, I thank you for your encouragement in this regard. It has made a difference. We are trying to change the culture and the culture is changing. We review, I personally review, financial statements four times a year together with OMB, the Inspector General, and the General Accounting Office, sitting in my office reviewing these statements.

We have cleaned those up. We have improved the footnotes, which nobody ever used to bother to read.

Senator BYRD. I hope you are getting overtime pay.

Dr. ZAKHEIM. Well, I have not gotten it yet, sir.

But I guess my long answer to your good question is we are on schedule to have clean audits by 2007. We are doing a lot of different things, and I will get you a fuller answer for the record.

[The information follows:]

But I guess that my long answer to your good question is we are on schedule to have clean audits by 2007. We are doing two major things in this unprecedented effort. First, I have directed fund holders within Defense to develop financial improvement plans which detail how the fund holder will overcome its deficiencies which prevent it from obtaining an unqualified audit opinion. Plans identify deficiencies, corrective actions by financial statement line item, and prepare the entity for audit. Lastly, I have established an executive steering committee (ESC) to oversee execution of the initiative. Committee members include the Deputy Chief Financial Officer, the Deputy Comptroller, Program/Budget, the Director of the Defense Finance and Accounting Service, and the Inspector General, DOD. In accordance with Section 1008, the ESC reviews the plans and prioritizes assessments and audits of entities when they assert audit readiness.

Senator INOUE. If there are any additional committee questions, they will be submitted to you for your response.

SUBCOMMITTEE RECESS

Senator BYRD. Thank you. Thank you, Dr. Zakheim.

Thank you, Senator.

Senator INOUE. Thank you very much.

Pursuant to the direction of Chairman Stevens, the hearing is recessed.

[Whereupon, at 12:20 p.m., Monday, March 1, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, March 3.]

**DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR FISCAL YEAR 2005**

WEDNESDAY, MARCH 3, 2004

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

The subcommittee met at 10:11 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

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

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENT OF HON. LES BROWNLEE, ACTING SECRETARY OF THE
ARMY

ACCOMPANIED BY GENERAL PETER T. SCHOOMAKER, CHIEF OF
STAFF, UNITED STATES ARMY

STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Good morning, ladies and gentlemen. I apologize for being late. I was presiding over the Senate. We have all got too many things scheduled these days.

Today we are going to receive the testimony from the Acting Secretary of the Army and the Chief of Staff on the Army's fiscal year 2005 budget request. Secretary Brownlee, we welcome you for your first time before our committee. We look forward to hearing your plans to modernize the Army. You are no stranger to this Senate or to the committee, even though you were on the other committee. We are pleased to welcome you back as a friend and a colleague.

General Schoomaker, we welcome you to our committee. We look forward to working with you in the coming years, and I thank you again for making the trip, the long trip to Alaska for the military appreciation dinner there. It is very important to our people.

The Army is now well on its way towards the future with its transformation plans. We are at war and this transformation to our future force is continuing. It is a huge undertaking to do both at the same time. We are also conducting a global war on terrorism, the war in Iraq, the war, ongoing activities in Afghanistan, and now Haiti. We are constantly reminded of the need for a strong, modern, prepared Army, and it is as important today as it ever was, more important probably, to have a military which has the re-

sources it needs and the support of the President and the entire country.

Today you are deployed all over the globe. We have 320,000 soldiers deployed or stationed forward, as I am informed. The Guard and Reserve are also sharing this burden, with more than 100,000 reservists and guardsmen mobilized and on active duty. The total force is a reality now.

There are many important issues facing the Army. One of the most critical decisions Congress will make this year is how to help the Army reorganize and equip itself for future threats.

I believe you have demonstrated to the Congress and the country that the transformation concept is not simply a new weapons platform, but a new doctrine, a new organizational concept for the Army, and it is a whole new way for the Army to fight and win wars. We appreciate your combined commitment to the Army and your willingness to serve to ensure that the Army remains on the right course.

It is the intention of this committee to give you the support you need to achieve your goal of modernization.

My distinguished friend from Hawaii is not here this morning because he is chairing another committee. He will be here soon. We do have other Senators. Do any of you have an opening statement to make before we listen to the General and the Secretary? Senator Shelby.

Senator SHELBY. Mr. Chairman, I look forward to the testimony. Senator STEVENS. Senator Hutchison.

STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. Mr. Chairman, I will make mine a part of the record. But I agree with what you have said. We do have boots on the ground in two very dangerous places and our own homeland is also now a focus for attack. So the Army is the one that is out there, obviously Guard and Reserve. I will be interested in hearing how you are going to handle the fatigue of the Guard and Reserve and ramp up our active duty forces, which you have already addressed publicly, but we hope to hear more about, and how you would finance that.

So you have a huge job and we are here to support you in every way. Thank you.

[The statement follows:]

PREPARED STATEMENT OF SENATOR KAY BAILEY HUTCHISON

As a member of this committee, I have been privileged to visit with our soldiers who are fighting to free Iraqis and Afghans who for decades lived perilously under the oppressive regimes of Saddam Hussein and the Taliban. These same soldiers are proudly working to create an environment where people no longer fear the government under which they live and work. They are helping to rebuild and secure societies in which freedom is a right and not a quantity to be metered out by the few in positions of power.

Unfortunately, as I sit before you today, men and women of our Armed Forces are still deployed in harms way. And if statistics hold true, some will be either wounded or killed. With this in mind, I think it is appropriate and indeed necessary for us to ask difficult questions. Knowing how the Army is successfully confronting an adversary which does not wage open battle against the United States, but seeks less direct methods and means for achieving their objectives is important. Indeed, the threats to our security have transformed themselves into a decidedly unconventional threat. Our enemies pursue asymmetrical approaches to warfare, including

nontraditional threats to the homeland, the use of weapons of mass destruction, and modern forms of irregular warfare. Army transformation therefore must not only be designed to confront the enemy which the Stryker brigades are best suited for, but also an unconventional enemy utilizing asymmetric means and methods both abroad and at home.

The greatest challenge for the Army, including the Reserve and National Guard, may be organizing, equipping and training the force to serve in a more relevant role in Homeland Defense and Security. Ironically, the United States is less likely to enjoy the kind of sanctuary status from attack in the future than in the past. The global transportation network has made intercontinental travel more routine. Our borders are porous to both the illegal immigrant and the international terrorist alike. We now face an implacable enemy willing and able to attack the homeland. The increased focus on homeland defense and the growing requirement for the Army to divert resources away from the more traditional roles and missions of an expeditionary Army raise a very important question: How does the Army and the DOD intend to fund an on-going global war on terrorism, while reorganizing, equipping, and developing missions for the active, reserve, and National Guard to best defend the homeland against another attack the likes of 9/11?

While there is no shortage of challenges, I look forward to hearing how the Army will continue to overcome them. It is with deep gratitude and the utmost respect for the soldiers currently serving to defend this great country that I thank you for your service and look forward to our discussion on how best to prepare for the future.

Senator STEVENS. I apologize. Senator Dorgan, do you have any opening statement?

Senator DORGAN. No, Mr. Chairman.

Senator STEVENS. Senator Cochran, do you have any opening statement?

Senator COCHRAN. Mr. Chairman, I do not.

Senator STEVENS. Gentlemen, we are prepared to listen to your testimony and welcome you here. We all have an enormous task to assure that you have the funds and the authority you need to keep this modernization going. So, Senator Brownlee—Secretary Brownlee.

Mr. BROWNLEE. Mr. Chairman and distinguished members of this committee: Thank you very much for the opportunity to appear before you today along with my good friend and fellow graduate of the University of Wyoming Reserve Officer Training Corps (ROTC) program, the Chief of Staff of the United States Army, General Pete Schoomaker.

General Schoomaker and his family made a very difficult decision last summer to leave quite a comfortable and lucrative retirement to come back and rejoin the Army. The Army is benefiting in an enormous way from his marvelous leadership. I am especially honored to appear alongside this great soldier today and I am honored to work alongside him every day. I could not measure what he has brought to the Army. He has brought a new meaning to the word “transformation” and he has revitalized the spirit of our soldiers with his emphasis on the Soldier’s Creed and the Warrior Ethos. So it is a great honor for me to be here before the committee representing the magnificent soldiers of our Army along with the Chief of Staff.

We have a prepared posture statement, Mr. Chairman, and with your permission we would like to submit that statement for the record.

Senator STEVENS. We automatically submit all statements for the record in this committee.

Mr. BROWNLEE. Let me begin by expressing my gratitude for the tremendous support to our soldiers who are serving our country around the world, as well as to their families at home. This support comes from the members as well as from your dedicated professional and personal staffs. Your interest and involvement in the Army's activities has made a significant difference in our soldiers' welfare and their mission accomplishment. So to the members and staff of this very distinguished committee, on behalf of the United States Army, thank you all for what you have done.

I know that you are deeply interested in the great work our soldiers are doing, their training, and their morale and how we are equipping them. In the last 9 months I have visited our troops in Iraq three times and those in Afghanistan twice and traveled to our posts in Germany, South Korea, and here in the United States. I am grateful to have the opportunity to share what I have learned with you.

Underlying everything we are doing and planning to do is the most important point I want to make here today, and that is that we are an Army at war, serving a Nation at war.

To better cope with the demands of this war, we have proposed to grow the Army temporarily by 30,000 soldiers over the next several years, using the authority provided in Title 10 and to be paid for from supplemental appropriations. We will plan to use these resources to stand up at least 10 new combat brigades over the next several years and ask for your support in this endeavor. We are also restructuring our Active and Reserve forces to meet the challenges of today and to more effectively use the resources the Congress and the American people have entrusted to us. This is an ongoing process and we will keep the Congress fully informed.

Let me comment on a matter of grave importance to the senior leadership of the Army, sexual assaults on soldiers by fellow soldiers. Such attacks not only weaken unit cohesion and lessen combat power; they are wrong, they will not be overlooked, and they will not be tolerated. The Army is committed to identifying and holding accountable those who commit such actions as well as committed to providing proper care for the victims of such attacks.

We are dedicated to creating an environment and a command climate where these young women feel free to report these incidents through multiple venues: the chain of command, medical channels, chaplains, and their peers. We will properly care for those who have been assaulted and investigate and take appropriate action against those perpetrating these crimes. It is the right thing to do and we are going to do it.

Many of you have asked about the measures we are taking to protect our forces in Iraq. I would like to address two in particular. First, the number of up-armored high mobility multipurpose wheeled vehicles (HMMWV's) in the U.S. Central Command (CENTCOM) area of responsibility is now over 2,000, compared to about 500 last spring. When General Schoomaker and I testified before the Senate Armed Services Committee in November, we estimated then that we would be unable to satisfy the CJTF-7 requirement of 3,000 up-armored HMMWV's until May 2005. This was unacceptable. We have worked with industry to steadily increase pro-

duction of these vehicles and we will now reach a production level of over 4,000 vehicles by August 2004.

We will ramp up from 185 vehicles this month to 220 by May and continue to increase until we reach our requirement. I have talked to the chief executive officers (CEO's) of the companies that build these up-armored HMMWV's and visited their production lines. They are committed to and capable of increasing production rates to up to 450 per month to help us fill our requirement even faster. While this will require additional resources, we are working within the Army budget and with the Office of the Secretary of Defense (OSD) so that we can achieve this accelerated production level as quickly as possible.

Second, there has been concern about every soldier having the best available protection against bullets and explosive fragments. To provide this protection, we increased the production of Interceptor body armor last year and are currently producing and shipping 25,000 sets monthly to the theater of operations. There are now sufficient stocks of Interceptor body armor to equip every soldier and Department of Defense (DOD) civilian in Iraq and Afghanistan, and we will fill our requirement for the remainder of the soldiers and DOD civilians in theater by the end of this month.

In summary, we are producing enough body armor so all soldiers now rotating into theater will be issued a set of body armor either before they deploy into Iraq or immediately after arrival in Afghanistan.

The Army provides relevant and ready campaign-quality land power to combatant commanders as a part of a joint force. To better do this, we are transforming the Army itself in response to lessons learned and experiences gained by the Army's recent 2½ years of combat in the global war on terrorism, as well as the operational environments envisioned in the foreseeable future.

Last Monday General Schoomaker and I announced the termination of the Comanche helicopter program as part of a major restructuring and revitalization of Army aviation. In lieu of completing development and procuring 121 Comanche helicopters in the fiscal year 2005 through fiscal year 2011 future years defense plan (FYDP), we will propose to reallocate these resources to procure almost 800 new aircraft for the Active and Reserve components.

As a part of our total program over the FYDP, we will also enhance, upgrade, and modernize over 1,400 aircraft in our existing aviation fleet. This program to revitalize Army aviation reflects the changed operational environment and will provide the modularity and flexibility we must have to achieve the joint and expeditionary capabilities that are so essential to the Army's role now and in the future.

The fiscal year 2005 President's budget we have submitted, when amended to reflect the termination of Comanche, represents a balanced consideration of both our current and long-term requirements and provides our Army with the resources we need, excluding war-related costs. The tempo of our current operations is high and has human and material costs. We appreciate the assistance of the Congress in addressing these issues as we work to restore

our units and equipment to the high levels of readiness necessary to continue to meet our obligations to the Nation.

In all that the Army has accomplished and all that it will be called upon to do, the American soldier remains the single most important factor in our success. Today our soldiers are present in over 120 countries around the world, representing the American people and American values with courage and compassion. I want to express my appreciation for the service and the enormous sacrifices made by our soldiers, especially those who have given the last full measure, and their families as we meet the challenges and risks posed by the war on terror.

Our deepest thanks go to the members of our Active and Reserve component units, as well as to the thousands of Department of the Army civilians who are deployed overseas in harm's way. Regardless of where our soldiers serve, they perform as the professionals they are with skill, courage, compassion, and dedication. They embody the values of our Army and our Nation, serving selflessly and seeking only to do what must be done before returning home.

Despite remarkable successes, our fight is far from over. It will take time to win the war on terror. Our enemies are resolute, but hard-line al-Qaeda operatives in Iraq recognize they cannot dislodge our forces by fear or intimidation. Our commitment to prevail in Iraq and elsewhere is unshakable. I have seen the resolution in our soldiers' eyes and heard the determination in their voices.

We must do our part to ensure they have all they need to do the job we have set before them. When the American people and our leaders stand behind them, they can do any task on Earth.

We are transforming the Army while retaining the values critical to the Army's achievements of the past 228 years. The fiscal year 2004 defense legislation and supplemental appropriations have enabled the Army to do that which it has been asked to do and I look forward to discussing with you how the fiscal year 2005 budget request will permit us to continue meeting our obligations now and in the years to come.

Mr. Chairman, in closing I would like to thank you and the members of this distinguished committee for your continuing support of the men and women in our Army, an Army at war, and a full member of the joint team, deployed and fighting terror around the world.

PREPARED STATEMENT

I appreciate this opportunity to appear before you today and I look forward to answering your questions.

Senator STEVENS. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF HONORABLE R.L. BROWNLEE AND GENERAL PETER J. SCHOOMAKER

February 5, 2004.

Our Nation is at war. The security of our homeland, the Global War on Terror, and sustained engagement around the world define today's complex and uncertain strategic environment. The future will be no less ambiguous.

We must prepare now to meet the challenges of tomorrow. Rather than focusing on a single, well-defined threat or a geographic region, we must develop a range of complementary and interdependent capabilities that will enable future joint force

commanders to dominate any adversary or situation. A capabilities-based approach to concept and force development, as articulated in the 2001 Quadrennial Defense Review, is the major focus of defense transformation.

Over the past year our Army has met the demands of the Global War on Terror, with more than 325,000 troops deployed around the world in over 120 countries. The Army was instrumental in the defeat of Saddam Hussein and the Taliban and the subsequent liberation of more than 46 million people from oppression and despair. The Army remains a central and critical participant in Operation Iraqi Freedom and Operation Enduring Freedom. Although these and other operations have stressed the force, our Soldiers have responded magnificently.

Our Army's commitment to the Nation remains absolute. While we execute the Global War on Terror, our Army simultaneously continues its organizational and intellectual transformation to meet the challenges of the 21st Century. In support of the National Security Strategy and the National Military Strategy we are improving our warfighting readiness and ability to win decisively. We also remain dedicated to the well-being of our Soldiers, their families and our civilian workforce.

The United States Army is the most powerful land force on earth. With this power comes a great responsibility. American Soldiers show by their daily actions that they understand this, and are fully worthy of the trust the American people have placed in them.

For 228 years the Army has never failed the Nation, and it never will.

PETER J. SCHOOMAKER,
General, U.S. Army, Chief of Staff.
R.L. BROWNLEE,
Acting Secretary of the Army.

PURPOSE OF THE POSTURE STATEMENT

The Army Posture Statement provides an overview of today's Army. Focusing on the Soldier, the centerpiece of the force, it explains the current and future strategic environments that provide our mandate for transformation. Our core competencies and how we intend to meet our current demands and future challenges are outlined. It describes what we must become in order to provide more ready and relevant forces and capabilities to the Joint Team.

2004 ARMY POSTURE STATEMENT EXECUTIVE SUMMARY

Our Nation At War

Our Nation, and our Army, are at war. It is a different kind of war, fought against a global terrorist network and not likely to end in the foreseeable future. In the days following the attacks on September 11, 2001, President Bush spoke candidly to the Nation. "These terrorists kill not merely to end lives, but to disrupt and end a way of life." He added: "The only way to defeat terrorism as a threat to our way of life is to stop it, eliminate it and destroy it where it grows."

Our Army exists to fight and win our Nation's wars. We are an integral member of the Joint Team committed to winning in fulfillment of our responsibilities to national security. We are fighting to preserve the American way of life and to safeguard the many freedoms our citizens enjoy. Our Soldiers and their families have not forgotten the events of September 11, which launched us to action in Afghanistan and Iraq. They are reminded daily of the ongoing conflict through separation, concern for forward-deployed loved ones and, most regrettably, news of casualties. Our Army continues the mission and remains committed to defeating our enemy.

Our Army's Core Competencies

As our Army fights the current war and remains dedicated to transforming, we are focused on our two core competencies: (1) Training and equipping Soldiers and growing leaders; (2) Providing relevant and ready land power to Combatant Commanders as part of the Joint Force.

Our Army must be an agile and capable force with a Joint and Expeditionary Mindset. This mindset is the lens through which we view our service. We must be mobile, strategically deployable and prepared for decisive operations whenever and wherever required. We must be lethal and fully interoperable with other components and our allies, as well as flexible, informed, proactive, responsive and totally integrated into the joint, interagency and multinational context. Our management and support processes must reflect and support these same characteristics.

Strategic Environment—Our Mandate for Transformation

At the end of the Cold War, the United States had no peer competitor. Our Army was much larger and was built around heavy, mechanized and armored formations. Because America stood as the lone superpower during this time of global realignment, we were able to downsize our force structure. Today, the future is uncertain and presents many challenges. The emerging challenges manifest themselves as new adaptive threats, employing a mix of new and old technologies that necessitate changes to the ways in which the elements of our national power are applied.

The 21st century security environment is marked by new actors and a noteworthy proliferation of dangerous weapons, technologies and military capabilities. While threats from potentially hostile regional powers remain, increasingly non-state actors, operating autonomously or with state-sponsorship, also are able to endanger regional and global security. These forces—insurgents, paramilitaries, terrorists, narco-traffickers and organized crime—are a growing concern. They often are networked and enabled by the same tools and information systems used by state actors. Our adversaries will rely more frequently on indirect and asymmetric methods, such as anti-access and area-denial strategies, unrestricted warfare and terrorism, to mitigate their relative disadvantage. The most dangerous of these threats are the development and proliferation of weapons of mass destruction (WMD)—including biological or chemical agents, or radiological “dirty bombs”—to attack the United States. This security environment requires that the Army have the capability to dominate throughout the spectrum of conflict and to plan for multiple future contingencies.

As a result of this adaptive enemy and our worldwide commitments, current organizations, systems and facilities are and will continue to be stressed. We now rely on our Reserve Component to support our operations to a degree not seen since World War II. As of January 14, 2004, there were more than 164,000 Reserve Component Soldiers mobilized with over 139,000 of them serving overseas. The institutional Army is being asked to do more, applying lessons learned from current operations. These lessons are critical to our organizations and individual Soldiers as they prepare for worldwide missions. Therefore, the current and future strategic environments require the Army to have the capability to dominate throughout the spectrum of conflict and to plan for multiple contingencies. These new security challenges, coupled with the current war on terrorism, require a different approach.

Army Focus Areas

Last summer, Army leaders identified immediate focus areas instrumental to adapting Army organizations and processes that will help us to better meet the Nation’s security requirements. All of our focus areas should be viewed in the context of our ongoing efforts to retain the campaign qualities of our Army while simultaneously developing a Joint and Expeditionary Mindset. Of these focus areas, a critical enabler is the redesign of our resource processes to be more flexible, responsive, and timely. Our goal is to be a better Army every day—better able to execute our core competencies as members of the Joint Team.

Adapting Resource and Acquisition Processes

The resource process is at the core of our Army’s mission success. Our Nation faces a cunning and adaptive enemy, predictable only in his zeal and intent. We are just as cunning and our Soldiers are constantly changing tactics and techniques in order to disrupt the enemy’s plans. In the same way, our resource and acquisition processes must become more flexible, responsive and timely in order to take immediate advantage of technological improvements and to sustain the quality of the force over time.

Resetting Our Force

Quickly resetting our forces upon their redeployment from current operations is a strategic imperative. The reset program incorporates lessons learned from Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF), retrains essential tasks, adjusts pre-positioned stocks of equipment and ammunition, and brings unit equipment readiness back to standard. Units must recover quickly in order to provide the Combatant Commanders with land-power capabilities for future requirements. We will face challenges as we rotate troops from deployment to home station, while simultaneously maintaining vigilance and readiness.

Continued congressional support and adequate resources are needed to accomplish our reset tasks and to mitigate the risk we have incurred to our Current and Future Forces. The fiscal year 2004 defense legislation and supplemental appropriation delivered substantial assistance toward covering the cost of current operations and initiating the reset process. We fully appreciate the exceptional support Members and

their staffs have provided this year. But, the job is not complete. In fact, it has only just begun.

Mitigating Strategic Risk Through Increased Land Power Capability

Today our Army is executing operations in defense of the homeland (Operation Noble Eagle); stability and support operations in the Balkans (Stabilization Force/Kosovo Force); peacekeeping in the Sinai as part of the Multinational Force and Observers (MFO) and combat operations in Iraq and Afghanistan (Operation Enduring Freedom/Operation Iraqi Freedom). We are also forward stationed in Korea and elsewhere. Approximately two-thirds of our active and reserve combat formations were deployed in fiscal year 2003 and will be deployed in fiscal year 2004.

These deployments, coupled with planned future rotation of units into OIF and OEF, the largest movement of Army troops since World War II, have highlighted already existing stress to our force. To mitigate risk, the Army is embarking on a series of initiatives. The first initiative is resetting forces returning from OIF and OEF to a standard higher than before their deployment. A second establishes force stabilization measures to reduce turbulence amongst Soldiers, units and their families. Thirdly, the Army is internally rebalancing Active and Reserve Component forces to better posture our existing force structure to meet global commitments. And lastly, we are beginning to increase the number of available combat brigades through improved force management and modular reorganization. This increase allows the Army to improve strategic flexibility, sustain a predictable rotation cycle, and permits the Reserve Component to reset.

To facilitate this end state, the Army will seek to maintain, or even to increase temporarily, its current level of manning. These measures, when resourced, will mitigate risk and ultimately provide increased capability to Combatant Commanders.

Conclusion

Our Nation is at war and our Army is at war; we remain ever relevant and ready to meet today's challenges. Yet there is much more to do. We are prioritizing wartime requirements, incorporating next-generation capabilities into current systems where appropriate, and preserving essential investments in the Future Force. We also are becoming more joint and expeditionary. We do not move forward alone, but as part of the Joint Team. We need the support of the American people and the U.S. Congress. With this backing, we will continue to carry the fight to our enemies to provide security here at home.

CORE COMPETENCIES

Our Army has two core competencies, supported by a set of essential and enduring capabilities. These core competencies are: (1) training and equipping Soldiers and growing leaders; and (2) providing relevant and ready land-power capability to the Combatant Commanders as part of the Joint Force. Additionally, our Army's senior leadership has established immediate focus areas and issued specific guidance for planning, preparation and execution of actions aimed at rapidly effecting necessary transformation in support of these core competencies. See Addendum I (available at www.Army.mil) for more information on the Army's focus areas.

Train and Equip Soldiers and Grow Leaders

Our Army prepares every Soldier to be a warrior. Our training replicates the stark realities of the battlefield in order to condition Soldiers to react instinctively in combat. Such training is essential to building Soldiers' confidence in themselves, their equipment, their leaders, and their fellow Soldiers. Constant training in weaponry and field craft, and a continuous immersion in the warrior culture, give Soldiers the skills they need to succeed on the battlefield. Mental and physical toughness are paramount to the development of the warrior ethos and apply to all Soldiers from private to general. Every Soldier is called upon to be a leader.

The Soldier

The American Soldier remains the centerpiece of our combat systems and formations and is indispensable to the Joint Team. Adaptive, confident and competent Soldiers, infused with the Army's values and warrior culture, fight wars and win the peace. As a warrior, every Soldier must be prepared to engage the enemy in close combat; the modern battlefield has no safe areas. Our Army trains our Soldiers to that standard, without regard to their specialty or unit. The Soldier—fierce, disciplined, well-trained, well-led and well-equipped—ultimately represents and enables the capabilities our Army provides to the Joint Force and the Nation.

Our Soldiers are bright, honest, dedicated and totally committed to the mission. All share common values, a creed and a warrior ethos. Our Army defines selfless service as putting the welfare of our Nation, Army and subordinates before your own. Soldiers join the Army to serve. Most Americans do not fully realize the personal sacrifices these Soldiers and their families endure. However, our Soldiers know that they have done their part to secure our Nation's freedoms and to maintain the American way of life.

Our Soldiers' Creed captures the warrior ethos and outlines the professional attitudes and beliefs that characterize our American Soldier. The warrior ethos is about the refusal to accept failure and the conviction that military service is much more than just another job. It defines who Soldiers are and what Soldiers do. It is linked to our long-standing Army Values, and determination to do what is right and do it with pride.

Recruiting and Retaining a High-Quality Volunteer Force

All of our Soldiers are warriors whose actions have strategic impact. Because we are at war and will be for the foreseeable future, we must recruit Soldiers who have the warrior ethos already ingrained in their character, who seek to serve our Nation, and who will have the endurance and commitment to stay the course of the conflict. We must recruit and retain Soldiers who are confident, adaptive and competent to handle the full complexity of 21st century warfare.

We will continue to bring the highest quality Soldier into the force. All newly enlisted Soldiers are high school graduates (diploma or equivalent) and 24 percent have some college. These young Americans, who believe service to our Nation is paramount, make our success possible. They display a willingness to stand up and make a difference.

Our recruiting and retention efforts continue to be successful. The active Army met its recruiting and retention goals in fiscal year 2003. The Army National Guard exceeded its retention goals for fiscal year 2003 and simultaneously met its end strength objectives. The Army Reserve met its recruiting goals and all but one retention target in fiscal year 2003. Most importantly, all components sustained their end-strength requirements.

We do not know yet the effect the high operational pace of recent months will have on our recruiting and retention in fiscal year 2004 and future years. We must carefully monitor recruiting and retention trends and adequately resource our successful recruiting and retention initiatives. Incentives such as the Enlistment Bonus Program, The Army College Fund and the Loan Repayment Program, have successfully enabled the Army to execute precision recruiting in fiscal year 2003. Our Special Forces Candidate "Off the Street" initiative continues to attract highly motivated and qualified warriors. Significantly, Selective Reenlistment Bonuses, such as the Present Duty Assignment Bonus and the Theater Selective Reenlistment Bonus, which are intended to enhance unit stability, have helped us realize our retention successes. For more information on recruiting, see Addendum C.

Civilian Component Enhances Our Capabilities

Army civilians are an integral and vital part of our Army team. They are essential to the readiness of our Army at war and our ability to sustain operations. Our civilian employees share our Army values. They are smart, resourceful and totally committed to supporting our Soldiers and our Army to do whatever it takes to meet the challenges that come our way. These dedicated civilians perform critical, mission-essential duties in support of every functional facet of combat support and combat service support, both at home and abroad. Army civilians serve alongside Soldiers to provide the critical skills necessary to sustain combat systems and weaponry. They work in 54 countries in more than 550 different occupations. In fiscal year 2003, nearly 2,000 Army civilians deployed to Southwest Asia in support of Operation Iraqi Freedom, Operation Enduring Freedom, and the Global War on Terrorism (GWOT). They have the education, skills and experience to accomplish the mission while ensuring continuity of operations for all commanders.

Realistic Training—Essential to Mission Success

Tough, realistic training ensures that our Soldiers and units maintain readiness and relevance as critical members of the Joint Force. Our Army's combined-arms training strategy, including an appropriate mix of live, virtual, and constructive training, determines the resource requirements to maintain the combat readiness of our troops. We revised our training ammunition standards to allow Combat Support and Combat Service Support units to conduct live fire exercises under conditions similar to those they might encounter in combat.

The Army's OPTEMPO budget is among its top priorities. Our leadership is committed to fully executing the Active and Reserve Component ground and air

OPTEMPO training strategies, which include actual miles driven and hours flown, as well as virtual miles associated with using simulators. The flying hour program is funded to achieve a historic execution level of live flying hours per aircrew per month. If units exceed the historic execution level, our Army will increase their funding. Thus far this year, OPTEMPO execution reports show units exceeding their programmed miles driven and hours flown. These are the units that are aggressively preparing for deployments to OIF and OEF, as well as the units who recently have returned and are preparing for future operations. Our combined arms training strategy is working and sustaining our warfighting readiness. We see the results every day in Afghanistan and Iraq.

Joint and Expeditionary

Our Army is the dominant ground component of the Joint Team and provides the Joint Force Commander a campaign quality force with unique and complementary capabilities. We are vital and indispensable members of the Joint Team first and are a Service second. We must remain aware that our Army always conducts operations—offensive, defensive, stability and support—in a joint and expeditionary context. Acting in concert with air and naval power, decisive land power creates a synergy that produces a Joint Force with abilities far exceeding the sum of the individual service components. Our Army can: support civil authorities at home and abroad; provide expeditionary forces at the right time and the right place; reassure our allies and multinational partners; deter adversaries and, should deterrence fail, decisively defeat the enemy; and win the peace through post-conflict operations, in concert with interagency and multinational efforts. Our Army must continually examine the capabilities resident in and required by the Joint Force. We will concentrate our energies and resources on those attributes which our Army is best suited to provide to the Joint Force. Our Army will arrive on the battlefield as a campaign-quality force fulfilling the requirements of the Joint Force Commander—lethal, agile, mobile, strategically responsive, and fully interoperable with other components within the interagency and multinational context.

Train and Educate Army Members of the Joint Force

Our Army is taking action across a broad front to make jointness an integral part of our culture by including this concept in our education and training programs. We have always produced leaders with the right mix of unit experience, training, and education. As we look to the future, we know that, to meet our current and future leadership requirements and those of the Joint Force, we must redesign aspects of our Army's training and leader development programs to include lessons learned from current operations. Our objectives are to increase our ability to think and act jointly and to provide our Soldiers with the latest and most relevant techniques, procedures and equipment that will make them successful on the battlefield. Additionally, the changes acknowledge the current and projected pace of operations and deployments. As a result, we will be better prepared for the current and future strategic environments.

Maintaining a ready Current Force today and achieving a transformed Future Force tomorrow requires a shift in the way units train for joint operations. Our Army's Training Transformation Initiative (TTI), which supports the June 2003 Defense Department Training Transformation Implementation Plan, provides dynamic, capabilities-based training and mission rehearsal in a joint context.

Leader Development—Train For Certainty, Educate For Uncertainty

Leader development is an essential part of our Army's core competencies and the lifeblood of our profession. It is the deliberate, progressive and continuous process that develops our Soldiers and civilians into competent, confident, self-aware, adaptive and decisive leaders. They emerge prepared for the challenges of 21st century combined arms, joint, multinational and interagency operations.

Army leaders at all levels bear responsibility for America's Soldiers and accomplishing the mission, whatever it may be. The range of missions and their complexity continue to grow, presenting our leaders with even greater challenges than previously experienced. The evolving strategic environment, the gravity of our strategic responsibilities, and the broad range of tasks that the Army performs require us to review, and periodically to refocus, the way we educate, train and grow professional warfighters.

We have a training and leader development system that is unrivaled in the world. Our professional military education prepared our officers and noncommissioned officers to fight and win in Iraq and Afghanistan. We will continue to develop our leaders with the right mix of operational assignments and training and education opportunities that meet the current and future requirements of the Army and Joint Force. Our leader training focuses on how to think, not what to think. We will main-

tain our investment in the future by sustaining the highest quality leader training and education for our Army.

Combat Training Centers (CTC)/Battle Command Training Program (BCTP)

The CTC program is a primary culture driver for our Army. Additionally, our CTCs are a primary enabler of, and full participant in, the Joint National Training Capability. The CTCs develop self-aware and adaptive leaders and Soldiers and ready units for full spectrum, joint, interagency and multinational operations. CTCs continuously integrate operational lessons learned into the training. Our Army enhances the training experience offered by our CTCs (National Training Center in California, Joint Readiness Training Center in Louisiana, Combat Maneuver Training Center in Germany and Battle Command Training Program based in Kansas) by increasing the focus on development of capabilities essential to joint operations. Leader training and development during CTC exercises hone the Joint and Expeditionary Mindset and promote our Army's warrior culture.

Provide Relevant and Ready Land Power Capabilities to the Combatant Commander and the Joint Team

To meet global commitments across the full spectrum of military operations, our Army has mobilized more than 164,000 Reserve Component Soldiers. More than 325,000 American Soldiers are serving overseas and more than 23,000 Soldiers are supporting operations within the United States. This high operating tempo is no longer an exception. Sustained operations and deployments will be the norm for our Army forces supporting multiple and simultaneous shaping and stability operations around the globe. At the same time, we will continue to contribute to Joint Force execution of major combat operations, homeland security missions and strategic deterrence.

Army Global Commitments

Our Army is engaged in more than 120 countries throughout the world. To highlight our Army's commitment, a review of the major warfighting formations of the Active and Reserve Component serves as a measurable benchmark. Over 24 of the Army's 33 Active Component Brigade Combat Teams (BCTs), and five of our 15 Reserve Component Enhanced Separate Brigades (ESB) were deployed in fiscal year 2003. This trend will continue in fiscal year 2004, with 26 of 33 Active Component BCTs and six of our 15 Reserve Component ESB brigades projected for deployment.

The majority of these combat formations are deployed in the U.S. Central Command area of responsibility (AOR), effectively executing stability and support operations. More than 153,000 Soldiers are supporting CENTCOM operations in Iraq, Afghanistan, Kuwait and the Horn of Africa. We are currently in the middle of the largest movement of troops since WWII, as we rotate more than eight-and-a-half divisions and two ESBs to or from the theater. The approximate ratio of Active to Reserve Component forces today is currently 63 to 37 percent, respectively. Once our current rotation is complete, the ratio will change to approximately 54 to 46 percent, Active to Reserve Component. Since September 11, we have mobilized almost half of the Reserve Component. They are trained, professional, and ready to execute any task.

Army support to other Combatant Commanders remains high. U.S. Northern Command's Army component, U.S. Army Forces Command, provides more than 23,000 Active and Reserve Component Soldiers for duty in the defense of our homeland. These troops are available for missions including Military Assistance to Civil Authorities (MACA), emergency preparedness, and anti-terrorist operations. The Army Reserve provides to NORTHCOM significant voice and data connectivity necessary to execute real-time operations. U.S. European Command provides forces, such as V U.S. Corps, to CENTCOM; and to Stability Force (SFOR) and Kosovo Force (KFOR) in the Balkans. U.S. Pacific Command supports ongoing operations in the Philippines, as part of the Global War on Terrorism, in addition to maintaining more than 31,000 Soldiers on the Korean Peninsula. U.S. Southern Command is fully engaged as the headquarters for 1,500 Soldiers executing detainee operations at Guantanamo Bay, Cuba; has deployed 740 Soldiers to Joint Task Force—Bravo at Soto Cano Airbase, Honduras; and is assisting the government of Colombia in its war on narco-terrorism. U.S. Special Operations Command's Army component provides professional, dedicated, and specially trained Soldiers to each Combatant Commander. These Soldiers, working closely with conventional forces, have been instrumental to our success in the Global War on Terrorism.

In addition to federal missions, our Army National Guard (ARNG) plays an important domestic role, routinely responding to state emergencies. In fiscal year 2003, there were 280 requests for emergency support, ranging from basic human needs to engineering support during natural disasters. Our ARNG has fielded 32 Weapons

of Mass Destruction (WMD) Civil Support Teams (CST), which assist first responders in the event of an incident. Another 12 CSTs are due to be activated within 18 months. To date, these teams have responded to 74 different requests for support. Also, more than 8,000 ARNG Soldiers have executed critical force protection duties at 148 Air Force installations in CONUS.

Resetting the Force

The extraordinary demands major combat and stability operations in Afghanistan and Iraq are placing on our equipment and personnel require that our Army quickly reset returning units for future national security needs. The reset program will incorporate lessons learned from OIF and OEF, retrain essential tasks, adjust pre-positioned stocks of equipment and ammunition, and bring unit equipment readiness back to standard. The objective is to ensure our Army forces are ready to respond to near-term emerging threats and contingencies. However, reset cannot be viewed as a one-time event. Reset will continue to be key to our future readiness as our military executes our National Security missions.

Through reset, all returning active duty and Army Reserve units will achieve a sufficient level of combat readiness within six to eight months of their arrival at home station. The Army National Guard will take longer to achieve the desired level of readiness. The goal for these units is to reestablish pre-deployment readiness within one year. Our Army also will take advantage of reset as an opportunity to reorganize units into modular designs that are more responsive to regional Combatant Commanders' needs; that better employ joint capabilities; that reduce deployment time; and that fight as self-contained units in non-linear, non-contiguous battlespaces. This effort began with the 3rd Infantry Division and will soon be expanded to include the 101st Airborne Division (Air Assault).

In addition to investing in new equipment to replace items that were destroyed or worn out during combat and stability operations, the reset program will repair major items used in OIF and OEF. Repair requirements have been determined for all OIF1 units and the workload for this comprehensive effort is immense: about 1,000 aviation systems; 124,400 communications and electronics systems; 5,700 combat/tracked vehicles; 45,700 wheeled vehicles; 1,400 missile systems; nine Patriot battalions; and approximately 232,200 items from various other systems. This effort represents a significant expansion of normal maintenance activities, requiring the increased use of CONUS and OCONUS based depot, installation and commercial repair facilities.

Reconfiguring existing Army pre-positioned stocks for global coverage of potential missions is a major component of the reset process. The intent is for each stock to have sufficient combat power to meet the immediate threat, as well as enough materials to render relief in other contingencies.

Congressional support, in the form of supplemental appropriations, has been invaluable in beginning the reset effort. Our readiness depends directly on the successful execution of the reset program, and it will remain an ongoing priority for the foreseeable future. Continued resourcing will be needed to ensure that our Army can fight the current war and posture itself for future missions.

Transformation: Moving From the Current to the Future Force

The goals of Army Transformation are to provide relevant and ready forces that are organized, trained and equipped for full-spectrum joint, interagency and multinational operations and to support Future Force development. Army Transformation occurs within the larger context of changes to the entire U.S. military. To support our Army staff in the execution of transformation, the Army leadership directed the establishment of an Army Training and Doctrine Command (TRADOC) Futures Center, operational as of October 2003.

Our Current Force is organized, trained and equipped to conduct operations as part of the Joint Force. It provides the requisite decisive land power capabilities that the Joint Force commander needs across the range of military operations: support to civil authorities at home and abroad; expeditionary forces; the ability to reassure friends, allies and multinational partners; dissuading and deterring adversaries; decisively defeating adversaries should deterrence fail; and winning the peace as part of an integrated, inter-agency, post-conflict effort.

Our Future Force is the operational force the Army continuously seeks to become. Informed by National Security and Department of Defense guidance, it is a strategically responsive, networked, precision capabilities-based maneuver force that is dominant across the range of military operations envisioned for the future global security environment.

As our Army develops the Future Force, it simultaneously is accelerating select future doctrine, organization, training, materiel, leadership, personnel, and facilities

(DOTMLPF) capabilities into our Current Force. This process will be fundamental to our success in enhancing the relevance and readiness of our Army and prosecuting the Global War on Terrorism. Similarly, the operational experience of our Current Force directly informs the pursuit of Future Force capabilities.

Balancing Current and Future Readiness

Balancing risk between current and future readiness remains a critical part of our Army's transformation process and one that requires continual assessment to ensure that plans and programs are aligned with overall requirements. Without question, the issue of current operational readiness is our Army's highest priority. During the past several years, our Army made a conscious decision to accept a reasonable degree of risk to the readiness of our Current Force in order to permit investment in capabilities for our Future Force. This risk came in the form of reductions in and limitations to modernization and recapitalization programs. As part of the past four budget submissions, our Army made difficult choices to cancel and restructure programs, shifting resources to the development of transformational capabilities. Some of these investments have already produced results: for example, the new Stryker Brigade Combat Team formations now being fielded, the first of which is currently deployed on the battlefield in Iraq. Others are helping to develop emerging technologies and capabilities that will be applied to our force throughout the coming decade.

Besides the ongoing efforts related to equipping the Current Force, our Army also has begun other major initiatives that will improve our readiness and relevance in the future. These include an effort to realign Active and Reserve Component units and capabilities, in order to make our Army more readily deployable and available to Joint Force Commanders; home-basing and Unit Focused Stability, which will improve readiness and reduce personnel turbulence; and the reorganization of Army units into more modular and capability-based organizations.

While the previous decisions to accept reasonable risk in our Current Force were considered prudent at the time, the strategic and operational environment has significantly changed in light of the large-scale engagement of Army forces in Operation Iraqi Freedom and other expeditionary operations. Ever-changing demands on our force, coupled with our commitment to mitigating risk to our Soldiers, have necessitated re-examination and transformation of our Army's resource process and business practices (see Addendum H at www.Army.mil).

Making the Resource Process More Responsive

The resource process is our Army's center of gravity. Without the right people, the proper equipment, top-notch installations and adequate dollars to support all appropriately, our Army would not be able to fulfill its duty to our Nation.

In order to maintain our premier warfighting capability, Army resource processes must be flexible, dynamic, transparent and responsive to both our requirements and those of the Joint Force. This is especially true in today's environment. We are at war against conventional and unconventional enemies, and simultaneously pursuing transformation. Our resource process must be transformed to allow us to keep pace with changes brought on by the enemy. Though we anticipate the battle against terrorism will last for years, possibly decades, we cannot program and budget in advance for that war. Our Army obviously cannot ignore our country's current security needs, yet it would be equally imprudent to deviate from the development and fielding of our Future Force. Balancing these requirements will be one of our toughest tasks.

The GWOT requires a host of radical paradigm shifts in the way we view the face and nature of our global operating environment, as well as in the way that we conduct operations. Responsible yet creative stewardship of our resources will remain absolutely necessary. Internal controls must be tightened and waste eliminated; outsourcing non-core functions is still an important option. Risk will continue to be a factor and our resourcing decisions must take this into account.

We must transform our resource processes and adjust our priorities to meet the challenge of the current strategic environment. Because we cannot mass-produce a volunteer Army, the retention of the right volunteer force is an imperative. This force is essential to the combat effectiveness of an increasingly complex and technologically sophisticated Army. We must refine and streamline the resource, acquisition, and fielding processes for equipment and supplies as we cannot make up for lost time in a crisis.

Accelerated Acquisition and Fielding

We have adapted and continue to improve our acquisition and fielding processes. In 2002, as Soldiers reported equipment shortages in Afghanistan and elsewhere, we implemented the Rapid Fielding Initiative (RFI) to ensure that all of our troops

deploy with the latest available equipment. Equipment fielding schedules were revised to support unit rotation plans, and procurement and fielding cycles were radically compressed.

In coordination with field commanders and our Soldiers, a list of more than 40 mission-essential items, including the Advanced Combat Helmet, close-combat optics, Global Positioning System receivers, Soldier intercoms and hydration systems, was identified for rapid fielding. Laying the foundation for acquisition transformation, RFI already has equipped nine brigade combat teams (BCTs). In fiscal year 2004, RFI will upgrade a minimum of 18 BCTs and eight enhanced Separate Brigades, serving in OIF and OEF. Additionally, we are accelerating fielding of select future capabilities to our Current Force. These items include thermal weapon sights, enhanced night vision goggles, improved body armor, the Future Combat Rifle, and a new sniper rifle. Congressional support for regular budget and supplemental spending requests enables our Army to put this improved equipment in the hands of our Soldiers.

With this support, our Army also has instituted a Rapid Equipping Force (REF) that works directly with operational commanders to find solutions to operational requirements. These solutions may be off-the-shelf or near-term developmental items that can be made quickly available. For example, the REF established a coordinated effort to supply U.S. Forces with immediate solutions to counter improvised explosive device (IED) threats. Currently, IED teams are on location providing expertise and material solutions, to safeguard our Soldiers. We are acting aggressively to improve the armor protection of our armored and light-skinned vehicles. Other recent examples of REF products are the Well-Cam and PackBots. The Well-Cam is a camera, attached to an Ethernet cable and a laptop, that enabled Soldiers in Afghanistan to search wells for weapons caches. PackBots are operational robots used to clear caves, buildings, and compounds so Soldiers are not unnecessarily put in harm's way.

RFI and REF provide timely support to our relevant and ready forces and to the Combatant Commanders, and facilitate Army Transformation.

Balancing Our Active and Reserve Component Force Structure

Currently, neither our Active nor Reserve Component is optimized for today's rapid deployability requirements. We will continue ongoing efforts to restructure our forces in order to mitigate stress; to align better with the current and projected security environments; and to offer campaign-quality land power capabilities to the Combatant Commanders. By doing so, we will ensure that our Army provides the responsiveness and depth required to achieve strategic and operational objectives, while simultaneously defending our homeland.

Our Army is restructuring and rebalancing more than 100,000 positions in our Active and Reserve Component force structure. These conversions increase the Active Component capabilities available to support the first 30 days of a rapid response operation. In response to Secretary of Defense guidance, we have already completed approximately 10,000 positions. For example, the Army National Guard provisionally organized 18 additional military police (MP) companies. Between fiscal year 2004 and fiscal year 2009, our Army will divest approximately 19,500 positions of less frequently used Active and Reserve Component force structure to further resource critical high demand units such as military police, civil affairs, and special operations forces. We project that future rebalancing efforts will convert an additional 80,000 positions of lower-priority force structure. Despite these changes, our Army will remain stressed to meet anticipated requirements. To ensure that our Army can fulfill its commitment to our Nation, we should have the force capability level required to facilitate rebalancing, resetting, restructuring, and transforming of the Army.

Military-to-civilian conversions are another way to improve manpower efficiency. More military personnel will fill the operational force if they are moved out of positions that can be prudently performed by civilians. To improve the Army's ability to better support worldwide commitments, it is essential to start this process now.

Our Reserve Component relies heavily on Full-Time-Support (FTS) personnel to sustain support of current contingencies while restructuring the force. FTS personnel perform the vital, day-to-day organizational, administrative, training and maintenance activities that ensure the highest level of Soldier and unit readiness. To guarantee that our Army's Reserve Component will continue to fulfill ever-increasing demands with trained and ready units, our Army plans to raise FTS authorizations by 15 percent, from the current level of 71,928 to 85,840, by fiscal year 2012. In 2003, the Army Reserve began implementation of the Federal Reserve Restructuring Initiative. The goal is to better meet contingency requirements and to improve unit readiness.

Achieving Greater Combat Capability With Modular, Capabilities-based Unit Designs

Modular units are interchangeable, scalable, and tailorable formations, which provide the Joint Force Commander with a strategically responsive force that greatly increases his ability to defeat any adversary. Modularity enables us to tailor our capabilities to the requirements of the situation and delivered at the right time and the right place. Modularity permits the Combatant Commander to optimize his warfighting tool set.

Moving toward independent, echelon-above-brigade headquarters will enhance modularity. In accordance with our Unit of Employment (UE) construct, a UE will provide the command-and-control structure into which modular, capabilities-based Units of Action (UA) are organized to meet Combatant Commander requirements. These UAs will incorporate essential maintenance, intelligence, and communications functions previously provided by higher level organizations. Our UE headquarters, while able to accept joint capabilities such as a Standing Joint Force Headquarters element, will have an organic capability, depending on the contingency, to function as a Joint Task Force or Joint Force Land Component Command headquarters like we have already done in Afghanistan and Iraq.

Force Stabilization

The great demands placed on our Army have forced us to re-examine many of our long-standing personnel and basing practices. As a result, our Army is transitioning to an improved manning system, designed to augment unit readiness by increasing stability and predictability for commanders, Soldiers and families. Force Stabilization will allow Reserve Component Soldiers to plan for their deployments while supporting their civilian jobs and their community commitments. It places greater emphasis on building and sustaining cohesive, deployable, combat-ready forces for Combatant Commanders.

The home-basing initiative keeps our Soldiers in their assignments at specific installations longer, thus reducing unit turbulence and increasing unit cohesion. Unit Focused Stability synchronizes our Soldiers' assignments to their units' operational cycle, providing a more capable, deployable and prepared unit.

Installations as Our Flagships

Our installations are an essential component in maintaining the premier Army in the world. For the warfighter, installations are the platforms from which we project military power. Our installations perform the following key missions: (1) provide effective training facilities; (2) rapidly mobilize and deploy the force; (3) provide reachback capabilities; (4) sustain and reconstitute the force; and (5) care for our families. As power projection platforms, our installations must be equipped with a robust information infrastructure that gives the deployed commander quick and efficient reach-back capabilities. All of these missions help to maintain our Army's deployability and fighting edge.

Historically, we have accepted risk in our infrastructure and installation services in order to maintain our current readiness. The cumulative effect on our installations is that commanders rate more than 50 percent of our facilities as "adversely affecting mission and training requirements." We have adjusted our management processes to be more effective stewards of our resources. In 2002, we established the Installation Management Agency (IMA) to create a corporate-focused structure that provides efficient installation management worldwide. The IMA uses creative management programs to sustain quality installations and maintain the well-being of the entire Army family.

The Installation Information Infrastructure Modernization Program (I³MP) enhances the installation's role in power projection and provides the architecture to address the essential reach-back requirement. Additionally, our Installation Sustainability Plan addresses ways to fulfill environmental requirements without impacting current or future training. Other important progress include modernization of barracks and housing; a Residential Communities Initiative; and divestiture of redundant facilities infrastructure and non-core utility systems through privatization.

In the past few years, the administration and Congress have helped us to begin addressing our infrastructure challenges. We requested 94 percent of funding required for sustainment of installations in fiscal year 2004. We have made progress in improving our installations by adjusting existing programs and developing new management strategies. However, there is much still left to do in order to upgrade our installations to better support the mission, Soldiers, and our families.

Army Families and Well Being

People are the heart and soul of the Army—Soldiers, civilians, family members, and retirees. Our readiness is inextricably linked to the well being of our people. The Army Family, for both the Active and Reserve Component, is a force multiplier and provides the foundation to sustain our warrior culture. We have placed significant emphasis on our Reserve Component this year in recognition of their contributions to the Global War on Terrorism. With the help of the administration and Congress, many improvements have been made including the retention and increase of Imminent Danger Pay, Family Separation Allowance, and a sizable pay raise. Other key well-being initiatives include the Spousal Employment Partnership, new TRICARE policies for the reserve components, and improvements in barracks and family housing. For more information on other Army well-being initiatives, see Addendum D (available at www.Army.mil)

Introducing New Capabilities Into Current Force

While at war, the urgency to accelerate the development and fielding of new and enhanced capabilities to our fighting forces in the field has never been greater. Our Army is making significant strides in this regard with the employment of a new brigade combat team organization, equipped with the latest available technology, to provide the Combatant Commander with enhanced warfighting capabilities. The rapid fielding of the Stryker vehicle demonstrates our Army's ability to use the acquisition and resource processes to meet a Combatant Commander's urgent needs.

Stryker Brigade Combat Team (SBCT)

In 2003, our Army deployed our first SBCT, the 3rd Brigade, 2nd Infantry Division, to Operation Iraqi Freedom, delivering its enhanced capability to the Joint Force in record time: four years from broad concept to deployment. Exceptional support from Congress and the Office of the Secretary of Defense, along with close collaboration between the Army and industry, made this achievement possible.

Stryker brigades are our Army's first truly network-centric force, filling the capability gap between light- and heavy-force units with an infantry-rich, mobile force that is strategically responsive, tactically agile, and more lethal. Improved battlespace awareness and battle-command technologies embedded in our SBCTs enhance combat effectiveness and survivability by integrating data from manned and unmanned air and ground-based sensors and providing real-time, continuous situational understanding. Planned enhancements will incorporate still-developing technologies. Significantly, our SBCTs will improve our Army's understanding of Future Force processes, helping us to formulate an advanced warfighting doctrine that will serve as an important bridge to the development of our Unit of Action, the structural foundation of our Future Force.

This spring, our second SBCT at Fort Lewis, Washington, will become operational. Our third SBCT, in Alaska, will be available in 2005. Continued OSD and congressional support will ensure that subsequent brigades in Hawaii, Louisiana, and Pennsylvania, are fielded between 2004 and 2008.

Future Capabilities

Our Army plans to field a number of systems this decade that will provide a foundation for informing the transformation of our Current Force capabilities into those needed by our Future Force. Once fielded, these systems will perform as interdependent systems of systems and will greatly enhance joint warfighting capabilities. Our future capabilities programs are designed to enhance the campaign-quality land-power capabilities that we provide to the Combatant Commanders. Our programs undergo continuous reviews to ensure they meet the capability requirements of the Joint Force. When required, we restructure programs, revise requirements and reprogram resources. The following are just a few of the key transformational systems our Army will begin to field during the next six years:

The Network.—Our Future Force situational dominance will depend upon a comprehensive, ubiquitous, and joint-interoperable Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C⁴ISR) architecture (the Network) that enables the Joint Force Commander to conduct fully interdependent and network-centric warfare. The Network will provide the backbone of our Future Force and the future Joint Force, enabling the maneuver commander to effectively coordinate battlefield effects. Some of the more important systems within our Network include:

—*Warfighter Information Network—Tactical (WIN-T).*—WIN-T will be the communications network of our Future Force, optimized for offensive and joint operations, while providing the Combatant Commander the capability to perform multiple missions simultaneously.

—*Joint Tactical Radio System (JTRS)*.—JTRS is a family of common, software-defined, programmable radios that will become our Army's primary tactical radio for mobile communications.

—*Distributed Common Ground System—Army (DCGS-A)*.—DCGS-A is a single, integrated, ground-based, ISR processing system composed of joint, common hardware and software components and is part of the DOD DCGS family of systems.

—*Aerial Common Sensor (ACS)*.—This ISR system and platform will use robust sensor-to-shooter and reach links, (such as DCGS-A ground stations), to provide commanders at every echelon the tailored, multi-sensor intelligence required for joint operations.

Future Combat Systems (FCS).—By extending the network capabilities into the Unit of Action, the FCS provide a system of systems capability that was not previously available to Soldiers and commanders in joint operations. The core of our Future Force's maneuver Unit of Action is the Future Combat Systems, comprised of 18 manned and unmanned platforms that are centered around the Soldier and integrated within a C⁴ISR network. FCS will provide our Soldiers greatly enhanced situational awareness, enabling them to see first, understand first, act first and finish decisively. Our FCS platforms will offer the Joint Force networked, lethal direct fire; indirect fire; air defense; complementary non-lethal fires and effects; and troop transport capability. In May 2003, FCS moved, on schedule, into the System Development and Demonstration phase. Our Army is aggressively managing our FCS development effort and intends to achieve initial operational capability by the end of the decade.

Army Science and Technology

The Army Science and Technology (S&T) Program provides our Army superiority in both human and materiel systems arenas—preventing technological surprise. The Army S&T program retains a dynamic portfolio of investments that are responsive to warfighter needs today and into the future. The priority for Army S&T is to pursue paradigm-shifting technologies that can alter the nature of the military competition to our advantage in the future and, where feasible, to exploit opportunities to accelerate the transition of proven technologies to our Current Force.

The Army S&T program exploits technology developments from the other services, defense agencies and commercial industry as well as international communities. The S&T program focuses on technology relevant to our Army and joint capabilities. It synchronizes operational concepts development and acquisition programs through transformational business practices that speed technology fielding to the Soldier. The Army's S&T program is balanced to satisfy the high payoff needs of the future force while seeking rapid transitions for critical capabilities to our Current Force.

Joint Operational Concepts (JOPSC)

The Joint Force has transitioned from independent, de-conflicted operations to sustained interoperability. It must now shift rapidly to joint interdependence. To that end, we are reviewing training requirements, traditional relationships and developmental and institutional programs. This process includes ensuring that our operational concepts are nested inside those employed by the Joint Force. The concepts and initiatives listed below discuss particular Army emphasis areas; these areas are not all-inclusive. Functional concepts and other Army initiatives that support the JOPSC are discussed in detail in Addendum J (available at www.Army.mil).

Actionable Intelligence

Our Army also is focused on attaining actionable intelligence—intelligence that provides situational understanding to commanders and Soldiers with the speed, accuracy and confidence necessary to influence favorably current and future operations. Actionable intelligence achieves its intended purpose of empowering greater individual initiative and self-synchronization among tactical units by fusing information across organizations and echelons—accelerating the speed of decision-making and the agility of operations.

Focused Logistics

Our Army's current actions around the world in support of the Global War on Terrorism present a view of future military operations and provide valuable insights as we transform our logistics systems from the Current to the Future Force. The successes enjoyed during OIF were the result of the integrated logistics team of Soldiers, civilians and contractors, all of whom developed innovative solutions to a range of challenges caused by four major capability gaps in the current logistics system. To sustain combat power, our Army must have the ability to “see the requirements” on-demand through a logistics data network. We require a responsive dis-

tribution system, enabled by in-transit and total-asset visibility and managed by a single owner who has positive end-to-end control in the theater. Our Army needs a robust, modular, force-reception capability—a dedicated and trained organization able to quickly open a theater and support continuous sustainment throughout the joint operations area. Lastly, we need an integrated supply chain that has a single proponent, who can reach across the breadth and depth of resources in a joint, inter-agency and multinational theater. As we move from the Current Force to the Future Force, we will build confidence in the minds of the Combatant Commanders by delivering sustainment on time, every time.

A COMMITMENT TO OUR NATION

Our Nation and our Army are engaged in a Global War on Terrorism—a war of survival against an insidious and cruel enemy that threatens our civilization and our way of life. This enemy is actively targeting the interests of America and our allies, both within our own country and abroad.

Defeating this enemy requires the continued, strong support of our Nation. The steadfastness of our Nation in this effort is readily apparent. Ordinary Americans are doing their part and will continue to do so. Congressional support for our troops has been critical to our success. The industrial base also has responded, accelerating production of items essential to our Soldiers' protection and warfighting ability.

Our Army, too, remains committed to its heritage of preserving freedom. American Soldiers display unrelenting tenacity, steadfast purpose, quiet confidence and selfless heroism. For America to survive and flourish throughout the 21st Century, our Army must defeat decisively the threats that challenge us today. To accomplish this essential task, we must recognize some important truths.

- The fight against terror will be a long one.
- Our Army must simultaneously deter aggression, defeat the forces of international terrorism, and maintain our campaign qualities.
- We must continue to modernize to meet the challenges of our future.
- Our operational tempo is high and will remain so.
- Sustained operations and deployments will be the norm for our Soldiers—NOT the exception.
- Old rules and operational methods may no longer apply; we will not achieve victory with a business-as-usual approach.

Congressional backing for reset, our continued transformation to the Future Force, our rebalancing and restructuring of the Active and Reserve Component, and improvements to our installation infrastructure is essential to continued mission readiness. We fully appreciate the exceptional support Members and their staffs provided this past year. The support of the American people and their elected representatives in the United States Congress is essential.

Our Army's commitment to the future is certain. We will continue to provide our Nation, the President, the Secretary of Defense and the Combatant Commanders a unique set of core competencies and capabilities. We remain dedicated to training and equipping our Soldiers and growing leaders. We will continue to deliver relevant and ready land power to the Combatant Commanders and the Joint Force. We will protect our country and our way of life as we have for 228 years. It is our privilege, our duty, and our honor to do so.

Senator STEVENS. Our co-chairman has arrived. Senator Inouye, do you have an opening statement?

STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. Thank you very much, Mr. Chairman. I do, and I ask that my full statement be made part of the record. But before I do, I would like to join you in welcoming General Schoomaker and the Secretary of the Army, because this is their first time before us. I can assure you that it will be—I will not say a happy time, but we are good people.

I would like to join my chairman in expressing our admiration and our gratitude to the men and women who have stood in harm's way in our behalf since 9/11. I commend everyone who has played an important role in these operations. Time and time again, the extraordinary ability of our men and women in uniform and all the people who work to support them has been demonstrated. I can

speak for everyone here: We are extremely proud of our fellow Americans.

Thank you very much, sir.
[The statement follows:]

PREPARED STATEMENT OF SENATOR DANIEL K. INOUE

Secretary Brownlee and General Peter J. Schoomaker, I would like to welcome you both for your first appearance before this subcommittee. It is an honor to have you here and I look forward to your testimony.

It has been over two years since the United States responded to the 9/11 attack with the Global War on Terrorism. I commend everyone that has played a role in these operations. Time and time again, the extraordinary ability of our men and women in uniform and all the people that work to support them has been demonstrated.

However, these ongoing operations have strained our troops. Numerous concerns such as recruiting and retention, and force structure requirements have been raised in Congress and by our military forces in the field.

I suspect that these concerns will again be the subject of debate in Congress, as they are continually brought up by service members, their families, and the public. With ongoing operations for the Global War on Terrorism and our struggling effort to fund domestic priorities as well, this Committee has a very difficult road ahead.

I am pleased that the Army is responding to the stress of overseas deployments by temporarily increasing end strength by 30,000. Last year during the fiscal year 2004 Army budget hearing, this subcommittee raised the subject of Army end strength. General Shinseki testified that the requirements of the Army demanded a change in right-sizing and right-mixing the Army between Active and Reserve components. General Schoomaker, I commend you for responding to this issue.

I look forward to discussing the details of this plan, its funding and what you see as the long term future of Army force structure.

I would also be interested to learn how you plan to ramp up and then decrease the force within a few short years.

Part of the strain on our forces has led to our concern over recruiting and retention, especially for the Guard and Reserve. Ongoing deployments and the use of stop loss have placed enormous demands on our military personnel and their families.

I understand the Army is currently meeting goals for the active component but is slightly short on the reserve component. I would like to know your plan to address these concerns this year and in fiscal year 2005.

The Army faces an unknown future, largely depending on how things progress in Afghanistan and Iraq. Your task is to plan for a schedule that is as yet undetermined, while working to reset the force for another contingency.

To complicate this further, this will take place within the constraints of a difficult fiscal year and with supplemental funds coming later than you might hope.

Gentlemen, I must say the challenges facing you are great, but I have every confidence in your ability to succeed. Secretary Brownlee, General Peter J. Schoomaker, I look forward to exploring these issues today and hearing your responses.

Senator STEVENS. Thank you, Senator.

General Schoomaker, do you have a comment to make?

General SCHOOMAKER. Sir, I would like to make just a few brief comments if I might. Chairman Stevens, Senator Inouye: thank you very much for the opportunity to join Secretary Brownlee before you today and talk about our great Army.

I would like to reciprocate and recognize the great service of Secretary Brownlee as Acting Secretary of the Army. He had a very distinguished military career of his own—two tours in Vietnam, wounded, recognized and awarded for valor on the battlefield, and of course you are all aware that he also served with distinction here as a staffer in this body, in the Senate. He certainly is a great partner as we go forward with the great challenges that we have before us, as we transform the Army while we are engaged in the global war on terrorism and engaged all over the world.

I would also like to recognize Lieutenant General Ron Helmly with us today from the—he heads the U.S. Army Reserve; and Lieutenant General Roger Schultz, to my left rear, who heads the Army National Guard. We are one, we are a total Army, we are together. There is no daylight between us in what we are trying to achieve here, and I think you will see as we talk about what we are doing that we are approaching this as a unified body moving forward to the 21st century.

I would also like to recognize the great pride I have in being able to serve once again in uniform with the men and women of the United States Army, and this includes their families, it includes the great civilians that we have, that do so much to support our Army at war.

Finally, I would like to reinforce something that Secretary Brownlee has said, and that is that we are moving out with a great deal of vigor and momentum and we are trying to take advantage of the silver lining in this cloud of worldwide operations and being at war. We are trying to transform the Army using the momentum of the Army as we reset for continuous operations, that we do not reset it to the Army it was before, but we reset it to the Army of the future.

We see this as an extraordinary window of opportunity, to take advantage not only of the great resources that this Congress and this committee has provided to our Army, but also take advantage of the motion that the Army is in. It is a narrow window of opportunity and perhaps one of my greatest fears is that we do not take full opportunity here of this window and allow ourselves to come to rest and not complete the transformation that we feel is so necessary.

We have taken some extraordinary steps and one of them, of course, is as we looked at Army aviation we found a solution in the fact of terminating Comanche. I can assure you we did not start out with an attitude to terminate Comanche, but it made such sense from a business position as being a fiscally responsible thing to do, and also that the operational traits made so much sense.

I would ask your support for these kinds of initiatives to ensure that the commitment that we were able to obtain from the Secretary of Defense, from the White House, and from the Office of Management and Budget (OMB) that these resources would be committed to fixing Army aviation as we do it. I would tell you that in this particular case it is not just the extraordinary number of helicopters we are going to buy and the amount of upgrades and modernization that we are going to do with our existing fleet, but it also includes the military construction (MILCON), it includes fixing the ammunition like rockets and the Hellfire issue, which is a great concern to me, the simulators, the training base, the unmanned aerial vehicles (UAV's), and the future tech base for a future joint rotorcraft solution for 2020–2025.

So it is a far-reaching approach that we are taking, and I would very much appreciate your support with this, because I know that there is a great deal of interest in how we are going to accomplish all of this.

Having said that, sir, I stand with the Secretary of the Army here in his statement and we have submitted our posture state-

ment for the record, and I look forward to your questions. Thank you.

Senator STEVENS. Well, thank you very much.

We anticipate approximately 10 members coming to join in this hearing, so unless there is objection we will limit the original round to 5 minutes apiece.

I want to start off by congratulating the two of you for the Comanche decision. This committee had to make a decision once before, a similar decision on the Sergeant York. You have made the decision I think clearly and with a succinct statement, so from my point of view I intend to support your efforts and will honor the commitments that have been made that the funds that will be redirected from the Comanche will stay within Army aviation, where the need is very great.

But can you tell us, is there going to be a gap now in Army helicopter procurement because of this?

General SCHOOMAKER. Sir, the answer is no. In fact, as you know, we were not going to achieve delivery of Comanche until later within this future years defense program. There were 121 Comanches in the program at the time. The counterbalance is that we are going to be significantly upgrading the current fleet, bringing for instance Apache up to Block 3, which gives us the same capability, with the exception of low observability, as Comanche Block 1 was going to provide us.

What in effect we are doing, I believe we will achieve a greater industrial base capacity that in effect is going to give us very positive results on our readiness in the aviation fleet. So we see this as a win-win situation all the way across and I think it will give us immediate assistance here in maintaining the readiness of our aviation.

Senator STEVENS. Well, I am going to ask your cooperation by having a classified session on the total subject of the helicopter transition at a later date, because I think some of the questions might not be appropriate in an open session.

ARMY END STRENGTH

We discussed informally the question of what is going to happen to the increased strength you have now and your plans for forming separate brigades from those and transitioning them into the regular Army as you downsize other units. Could you explain that for us here this morning?

Mr. BROWNLEE. Sir, I might let Pete start out with what we need to do and then I could pick up and explain some of the how for that.

Senator STEVENS. Yes, please.

General SCHOOMAKER. Sir, thank you very much. This is a total Army switch to modularity, and what we are talking about doing is maintaining 10 divisions on the Active Force and 8 divisions in the National Guard, for a total of 18 division battle command headquarters. We then want to expand the number of brigades. On the Active Army side we want to go from 33 active brigades that we currently have to a minimum of 43. That is an increase of 30 percent, with the possibility of going to 48. We have an off-ramp at

2006 to make that decision, to see how we are doing and what the affordability is.

But we believe that by going from 33 to 43 brigades, which is the equivalent of almost 3 divisions of fighting strength within the 10-division formation, that it will help us greatly.

At the same time, we are going to be transforming the Army National Guard under its 8 division headquarters to 34 brigade-sized units. This in effect gives us an Army of somewhere between 77 and 82 brigade combat teams, which is in fact the answer to relieving the stress to the force. This gives us a broader base, that we get greater dwell time between deployments and rotations. We believe that we can do this within the current authorized statutory end strength numbers.

We have asked for a temporary growth, not in statutory end strength, but a temporary growth in the Army under the authorities that the President has in Title 10, that the law gives him, for us not to use stop-loss, stop-move to grow the Army, but to actually be able to recruit, train, and organize through the pipeline on a temporary basis this additional 30,000 soldiers to create these brigades.

Simultaneously, we believe that we can find efficiencies through some of the global force reposturing, military to civilian conversions, and other efficiencies that we have had that will offset that temporary growth so that we can let the air out of the tires and come back down to our end strength, retaining the brigades that we form.

I will let Secretary Brownlee discuss the specifics of that.

Mr. BROWNLEE. Sir, I know there has been some discussion over here about how we had proposed this. When we look carefully at what we need to do and the authority to do it, there clearly is an authority that the Congress intended for peacetime, which was authorized end strength. There is another authority in Title 10 that allows the President to waive the requirements of the end strength and grow the force to whatever is necessary to deal with the emergency.

Since the President had declared an emergency, we looked and we were already some 20,000 people over our authorized end strength under this Title 10 authority. We then asked ourselves: Well, how are we paying for that additional end strength? We were in fact paying for it with the supplemental appropriations provided by the Congress for those purposes.

So what we have proposed is to allow us, as Pete described, to grow by up to 30,000 over the next several years and to use this to create these new brigades. It gives us additional head space to do some of the efficiencies that will be very difficult or impossible to do if we did not have this extra growth and flexibility.

During this period of time our strategy is to find within the Army these 30,000 spaces. So at the end of the conflict, whenever that is, and as Pete says when the conflict comes down and we let the air out of the tires, we can keep those brigades, but at the authorized end strength we currently have. That is our plan, that is our strategy.

As we looked at this, it was clearly better for us because if we had to put this in our budget request and ask you to increase our

authorized end strength by 30,000 people, it is about \$1.2 billion per 10,000, so that is about \$3.6 billion we would have to put in our budget and knock out other programs to pay for it. We then have to go through our future years defense plan and knock it out every year in there also. So we would be taking that out of programs that we are very interested in and you have helped us greatly with to modernize the Army.

In fact, I know because I worked here and deal with some of the same problems you do, if it were done over here, if you had to go into the budget and find \$3.5 billion of military personnel money, that money pays out at a one for one rate over 90 percent and most of the other accounts that you would actually be using as a source for funds pay out at a much lower rate. So you would have to take a much larger proportion out of those accounts to pay for these military personnel costs. You might have to find as much as \$7 to \$10 billion or even more out of these other accounts to pay for it.

So as we looked at this, we thought it was clearly better for us and hopefully you would see it as better for the Congress in dealing with this situation.

Senator BURNS. Secretary Brownlee, can you turn your microphone on?

Mr. BROWNLEE. I am sorry. I apologize, sir. I hope that came across.

Senator STEVENS. I just thought my ears were acting up again.

Senator BURNS. I thought I had gone deaf.

Mr. BROWNLEE. Sir, as one with very bad ones I should know better. I apologize.

Senator STEVENS. Well, I appreciate that. I do hope we can keep the responses a little more succinct so that we can have more than one question per Senator.

But one thing I failed to do—would you identify for the record the general officers that have come with you, General Schoomaker? I think sometimes we fail to recognize they are here for your support. So I would like to have in the record who is here.

General SCHOOMAKER. Sir, I recognized Lieutenant General Ron Helmly from the Army Reserve and Lieutenant General Roger Schultz on the far left from the Army National Guard. General Helmly is sitting right here in the middle. Lieutenant General Jerry Sinn, who is out of our budget office. He is our counsel on money, a very good one. And I think you know General Guy Swan behind us, who is our legislative liaison.

Senator STEVENS. Thank you very much.

Senator Inouye.

Senator INOUE. If I may follow up on the chairman's question, are the new brigades going to be a permanent part of the force?

General SCHOOMAKER. Yes, sir.

Senator INOUE. I recall Dr. Zakheim indicated that these new brigades will be phased out after the war in Iraq. Is that correct?

General SCHOOMAKER. No, sir. The 30,000 temporary end strength will be phased out after the emergency and they will be offset by the efficiencies we find within our current statutory end strength during the period that we are doing this transformation.

Senator INOUE. But not the new brigades?

General SCHOOMAKER. No, sir. They stay, they remain.

RECRUITING AND RETENTION

Senator INOUE. Secretary and General, with the strain of our deployed forces there is some concern among many about recruiting and retaining, and I suppose that should be a concern of all of us. Are you confident that you can meet your goals without changing any standards in recruiting or retention?

General SCHOOMAKER. Yes, sir.

Mr. BROWNLEE. Right now, sir, I would describe as cautiously optimistic where we are on all of this. We certainly are concerned within the Army because we do have a very high OPTEMPO. The Army is very busy. This impacts on soldiers and their families. Right now with respect to recruiting, we are confident that we are going to make our goals. We are running a little below the line in some of them, but for most of them it looks like we are going to make all our fiscal year 2004 requirements.

We have some concerns in retention in some spots, but in other areas we are doing very well. So we are going to concentrate on those. We have a lot of authority that has been provided by the Congress to take certain measures to allow us to provide incentives, which we will do when it appears time to do that. We have already used some of them on reenlistment bonuses and other authorities that have been provided for those things.

General SCHOOMAKER. Sir, I would like to add very briefly. We were extraordinarily successful last year in meeting over 100 percent of our retention and recruiting goals across all components. This year it looks like we are on track right now to exceed 100 percent in recruiting across the components. We do have a few retention challenges, but everybody is very confident that we will make it.

BRIGADE UNITS OF ACTION

But I would like to make a very strong comment here that we must relieve the stress on this force, and we believe our plan is designed to do that, because we cannot rely on this extraordinary level of commitment, sacrifice, and patriotism to carry us at the level that we are currently operating. That is why I feel it is so important that we use this extraordinary window of opportunity to transform this Army to a broader brigade base, to be able to achieve the kind of dwell time.

We anticipate we will be able to create a force that will be able to sustain this level of effort we have today with an Active Force rotation scheme of 1 year in three and with the Reserve Components 1 year in five or six, which we think is sustainable.

Senator INOUE. I realize that the matter of policy is not within your jurisdiction, but, like all of us, you read the papers, you receive briefings and such. And there are potential hot spots throughout the world—the Korean Peninsula, Indonesia, Malacca Straits, the Middle East, just to name a few, Pakistan, India. Are you considering expanding the military if we find ourselves having to involve ourselves in all these activities?

Mr. BROWNLEE. Sir, as I indicated, the plans that we have within the Army are to increase the number of combat brigades. That will give us an additional capability in case we have to respond to

something else. Our primary intent right now is, as General Schoomaker said, to relieve the stress, current stress on the force. If there is another emergency elsewhere, this clearly would give us more capability and flexibility in responding to that.

General SCHOOMAKER. I think again, just as a baseline, today we have 33 brigades in the Active Force and we have 15 enhanced separate brigades in the National Guard that we consider available and ready to go in a rapid way. If we complete our transformation, we could have as many as 82 brigades available to us in real combat power within our current statutory end strength.

This is what this transformation has taken us to. It will be between 77 and 82 brigade combat teams across the Army active component and National Guard.

Senator INOUE. You can have 82 brigades without changing the end strength?

General SCHOOMAKER. That is correct, sir.

Senator INOUE. Thank you, sir.

Senator STEVENS. Senator Shelby.

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

ARMY AVIATION

Secretary Brownlee, regarding the Comanche program, I believe that is the right way to go. What about the OSD and White House commitment here? Are they committed to Army aviation in the future, which I think is very important, that this savings be spent there. I think General Schoomaker referenced that clearly. Do you want to comment on that? Go ahead, General.

General SCHOOMAKER. I personally received the commitment of Deputy Secretary of Defense Wolfowitz. I met in the Oval Office with the President and achieved his commitment, and we met with Josh Bolton in OMB and received their concurrence and commitment that we would apply the Comanche program \$14.6 billion to Army aviation.

Senator SHELBY. It is very important to the future of the Army, is it not?

General SCHOOMAKER. Yes, sir.

RESET

Senator SHELBY. The Army reset program, General Schoomaker. A lot of us are concerned about the health of the Army's combat equipment. We have talked about this before, especially combat vehicles, with what has been going on in Iraq. \$1.5 billion was included in the supplemental last year for the Army depot maintenance. Yet we understand that the Army Tank and Automotive Command currently has a backlog of roughly the same amount.

How much funding has the Army received from the 2004 supplemental for reset? What is the readiness level of the units that have returned and units still deployed in Iraq?

Mr. BROWNLEE. I want to do that for the record, provide for the record the exact amount of funding we received out of the supplemental for resetting the force. But we do have funds to recapitalize, reset, all of the major systems that we have brought back right now, I believe, and we are proceeding to do that.

[The information follows:]

RESET

The fiscal year 2004 emergency supplemental funded \$1.2 billion in depot maintenance requirements and \$2.0 billion in 10/20 level maintenance and delayed desert damage. Additionally, we received another \$208 million for transportation to move equipment to the depots and to commercialize some in-theater communications capability. This was particularly important in that it permitted us to redeploy several of the Army's unique communications units who were approaching their one-year mark for deployment. We also received \$712 million in investment funds to purchase communications equipment, replacement stocks for our prepositioned equipment sets, and lethality and survivability equipment for both Active and Reserve Component Soldiers.

Senator SHELBY. But you have got to have sufficient resources to reset. General?

General SCHOOMAKER. Sir, you are exactly right. I am again, with the same people, both the Secretary and I are on the record. We are going to require supplemental funding to reset the Army 2 years beyond the end of this emergency, which is consistent with what it took us to reset the Army following Desert Shield/Desert Storm. We have over 9,000 pieces of rolling stock, 9,000 pieces of rolling stock that were used and consumed and require repair, just from the Operation Iraqi Freedom 1 (OIF-1), from the war.

Senator SHELBY. We have got to get that to the depots, have we not?

General SCHOOMAKER. Yes, sir. That is who is going to have to do this work. Some of it is going to have to be done forward, some of it is going to have to be done here.

CALIBRATION SETS

Senator SHELBY. General Schoomaker, regarding test, measurement and diagnostic equipment, not very much attention gets paid to test, measurement, and diagnostic equipment, but I would like to express concern about the Army's action in this bill to decrease the research, development, test and evaluation (RDT&E) funding for calibration sets equipment by 275 percent and to zero all procurement funding.

The loss of this funding for calibration sets (CALSETS) 2000 a lot of people believe negatively impacts two transformation imperatives that are important to you, modularity and commonality. Do you have enough calibration sets in the force to meet immediate requirements? In other words, what are we going to do here?

General SCHOOMAKER. Sir, I believe we do, but we would need to provide that for the record, unless the Secretary knows.

[The information follows:]

CALIBRATION SETS (CALSET) REQUIREMENTS

Army is meeting immediate critical calibration requirements; however, it is assuming some near and long term modernization risk. We are satisfying immediate critical requirements for CALSETS 2000. CALSETS 2000 is a modernized, tactical, deployable mobility platform with mounted calibration and repair capability. The current Army requirement for CALSETS 2000 is 40: 29 tactical sets, six echelon above corps sets, three training base sets, and two sustaining base sets. To date, 20 CALSET 2000 systems have been procured. Without funding to procure additional sets, the military will continue to rely on a combination of CALSET 2000, and AN/GSM-286 and AN/GSM-287 tactical sets. The AN/GSM 286/287 sets have the same calibration capability, but do not meet mobility and survivability requirements.

The Army is taking risk by not providing funds to modernize existing calibration equipment or to fill emerging calibration requirements gaps. The Deputy Chief of

Staff, G4 is conducting a world wide mission assessment to determine how the Army will perform test, measurement, and diagnostic equipment (TMDE) calibration and repair support without an equipment acquisition program. The assessment focuses on risk mitigating solutions, including: deployable modular military support teams, contracts for calibration and repair support services, realignment of existing CALSETs sets into discrete missions and functions, a review of critical calibration standards and the systems they support, and the potential for creating a Joint Calibration and Repair support program. It will also address the legal liability associated with calibration, impacts of repair support to TMDE and review lessons learned and business cases used by commercial industry today.

FUTURE COMBAT SYSTEM (FCS)

Senator SHELBY. Okay. Future Combat Systems. Secretary Brownlee, how is the FCS-lead systems integrator (LSI) team performing? Is technology development where you want it to be?

Mr. BROWNLEE. Sir, I get different reports from the people who are over watching that. They tell me that they are doing well. I have to tell you that I have had some concerns about that and so recently I wrote a letter to the Institute for Defense Analysis and asked them to please examine the LSI relationship between the Army and the LSI contractor and to provide that report to the Army, just to be sure that that relationship is working as we intended from an independent point of view. So we will get that and that should be done in several months.

STRYKER

Senator SHELBY. Could you talk about the Stryker vehicle performance in this setting in Iraq?

Mr. BROWNLEE. Yes, sir, I can, and I am sure Pete would like to add to whatever I might say. But we have been very pleased with the way it is performing in Iraq. We have had several vehicles that have been hit by rocket propelled grenades (RPG's) that have survived in the way we intended, and this is with an interim protective system, the slat armor that we put on it which was an interim protective system. So far that has worked as intended. The reports we get from the field are very good with respect to that vehicle and we are very pleased with it so far.

Senator SHELBY. General?

General SCHOOMAKER. Sir, I am very pleased with the way Stryker has performed, not only as a vehicle but as a system. The amount of infantry that is in Stryker is amazing and its lethality, its ability to network and move. As you know, we have just gotten our commitment and approval out of OSD to proceed with Stryker 5 and 6, so that completes Stryker. As we move forward—

Senator SHELBY. That is a good endorsement, too, is it not?

General SCHOOMAKER. Sir, it is. The improvements that are being made to Stryker along the lines of protection are significant. Currently it is the second best protected system that we have, second to the M-1 tank, and it will continue to improve. So we are very happy with what we see there.

Senator SHELBY. Mr. Chairman, we will get another round?

Senator STEVENS. Yes, we will.

Following the early bird rule, next we recognize Senator Hutchison.

Senator HUTCHISON. Thank you, Mr. Chairman.

STOP LOSS

You said—I think your concept is outstanding, and you said you were going to use stop-loss orders to keep the people as you are in your retraining process. How long do you anticipate those stop-loss orders will be?

Mr. BROWNLEE. We only stop-loss units that are alerted to be deployed, units that are deployed, and units that have immediately returned from deployment. This is to, as General Schoomaker said, stabilize that force so that it stays together, trains as a team, deploys as a team and a unit, and fights that way.

Senator HUTCHISON. And how long do you anticipate the stop-losses to last?

General SCHOOMAKER. We stop-loss from alert to up to 90 to 120 days upon return. But you might have misunderstood me here. Our temporary end strength—our temporary growth that we have asked for above end strength is not stop-loss. We do not want to use stop-loss for that. We want to recruit and specifically target where those go.

So we will continue to use stop-loss for those units that are specifically going to war, to hold them together, and we do that very carefully. I mean, we recognize what stop-loss is, but if you take a look at our other initiatives, which is force stabilization, as we move to modularity and stabilize the force it will reduce our requirement to have to use stop-loss.

RESERVE COMPONENT DEPLOYMENTS

Senator HUTCHISON. I understand. Let me ask you this. Are you going to be able to show fairly quickly a relief to Guard and Reserve deployments?

General SCHOOMAKER. I think you know we have just alerted three more brigades and a division headquarters for OIF-3, and we have done it early to provide the predictability and the time so that people are not being rushed as has been necessary in the past. But again, the more of these brigades we can create on the active side—and that is why we have asked to do the 10 brigades in 3 years. We have already got one in the 3rd Infantry Division. They have already reset into a four-brigade division. We are going to do two more this year. We will do three or four next year and the residual three or four the third year.

The faster we can achieve that, the less we are going to have to—the more relief we can give to calling the Guard, as long as we are at this level of effort. If this level of effort reduces, of course, the requirement for the National Guard will reduce commensurately.

Senator HUTCHISON. Do you have a long-term goal on how long you would ask a member of the Guard and Reserve to activate during their time that they have signed up to serve?

General SCHOOMAKER. We are working very hard to reduce the amount of post-mobilization training requirements in the Guard. If we get into force stabilization and modularity, it will allow us to predict when we have to call—when a unit would be in the window of alert.

Senator HUTCHISON. I understand that you are saying predictability is very important, and it is. But I am also visiting our Guard and Reserves in Kuwait, Afghanistan, Iraq, and at home, and part of their frustration, as you know, is overdeployment. It is not just being able to tell when they are going; it is going so much.

General SCHOOMAKER. The path to relieve their frustration is the faster that we can get to this level, it will increase the dwell time between deployments. As I said, we could get on the Active side one deployment in a 3-year cycle, on the Guard side we can get one deployment in a 5- or 6-year cycle in a predictable fashion. Our desire is to limit these deployments to 6-month deployments if we have to do it.

Senator HUTCHISON. That is what I was after. Thank you very much.

Senator STEVENS. Senator Dorgan is recognized.

Senator DORGAN. Mr. Chairman, thank you.

RESERVE COMPONENT RECRUITMENT AND RETENTION

Secretary Brownlee and General Schoomaker, the National Guard and Reserve are being used in a manner that we had not previously anticipated. I think everyone agrees with that, and we have Guard and Reserve troops in Iraq that have now been mobilized for 13 months, away from homes, families, and jobs and who may not be back home until May. That was certainly not anticipated, and we have had long discussions about that.

Let me ask, what is this doing to recruitment and retention? There has been some concern about recruitment and retention rates in the Guard and Reserve. Can you give me information about that? I see General Schultz is here and perhaps he has information about that as well.

Mr. BROWNLEE. Sir, in the National Guard in fact our retention rates, I believe, are running over 100 percent right now. Reserves are a little bit below the glide path that we would desire. We believe we can get that up in order to meet our fiscal year 2004 goals.

Senator DORGAN. At this point, then, you are not concerned about, based on your experience and also looking forward, you are not concerned that the increased deployments are going to affect recruitment and retention?

Mr. BROWNLEE. Sir, I am always concerned, I very much am. I think this OPTEMPO certainly has human costs that we have to measure and what we have told the Army staff is we want to know when the light on the dashboard flickers amber so we can take measures and steps to try to get things under control. What we want to avoid is having people come in and tell us when every light on the dashboard is red and then we are in trouble.

So that is the way we are trying to operate it. But I would not want to tell you we are not concerned. We are very concerned and that is one reason that we have come forth with the initiative to grow the size of the Army to reduce the stress.

General SCHOOMAKER. If I could, I may be the only person in the room that thinks it is extraordinary that we are calling the Guard and the Reserve. I think that is what we are for and I think that the Active, Guard, and Reserve are all volunteers. Now, what is disappointing is that we are working, of the million people we have

in uniform, we are working too few of them too much. Part of what we have to do in our restructuring is distribute the load across the force, and that is what we are trying to do here.

But the Guard right now is leading in both recruiting and retention in the Army, which is counterintuitive. But in fact—and I will let Roger verify, validate that.

Senator DORGAN. The reason I ask the question is it is counterintuitive, you would think. And I think it is extraordinary, by the way. I would not necessarily agree with you.

General SCHOOMAKER. It is.

Senator DORGAN. It is extraordinary that we would call up a unit and they are gone 17 months or in some cases close to 18 months from family, home, and job, and in a couple of cases only 2 years following a deployment to Kosovo.

I understand that is what the Guard and Reserve are for, but I think you have indicated in your testimony we need to be judicious about how often we deploy them and how long we deploy them, because they are citizen-soldiers.

SUPPLEMENTAL BUDGET REQUEST

Let me ask a question. You have mentioned General Sinn and we are very proud of General Sinn in North Dakota. You indicated that he is keeping track of costs. I suspect that you are taking a look at what are the anticipated future costs here with respect to deployments and, for reasons that the chairman and others have discussed on the floor with me and others, that those costs are not included in the budget. But I would expect that we will then pass a supplemental. We passed a \$60 billion supplemental for the military at the end of 2003 and we will do that again.

But can you give us some sense of what kind of costs you are seeing and what kind of costs you are planning for that are not yet included in the budget, but that we will be confronted with with respect to a supplemental?

Mr. BROWNLEE. Sir, the cost of the operations, if you count all the costs to include the personnel costs, which maybe should not be counted, but it runs for both Afghanistan and Iraq over \$4 billion a month. Most of that would be covered, is covered now, by the supplemental that was previously passed. The Army got roughly \$40 billion of I believe the \$65.1 billion that was provided by the Congress for military operations and that is what we are using for that. We believe that certainly is adequate to take us to the end of this fiscal year.

We may need some assistance from the administration, depending on whether the costs continue or increase. So that right now is where we see that.

ADD-ON ARMOR

Senator DORGAN. Let me ask—my time is about expired. I want to ask one additional question. The marines recently engaged in a contract to buy sets of what is called LAST ceramic armor for HMMWV's in Iraq. As I inquired about that, I understood the marines determined that the LAST armor is the quickest and most efficient way of protecting its vehicles, HMMWV's, after observing tests done by the Army.

Does the Army have plans to proceed in a similar fashion? These are—apparently it is ceramic armor for the doors of HMMWV's that the marines observed in testing that the Army did, and they decided to proceed to purchase.

Senator STEVENS. Your time has expired, I hope that you realize.

Senator DORGAN. I preceded my question by suggesting my time was about to expire. I finished my question and if they have time to answer I would appreciate that.

Mr. BROWNLEE. Sir, if we could take that for the record. I would prefer not to address that in open session.

Senator DORGAN. That would be fine. Thank you very much.
[The information follows:]

ADD-ON ARMOR KITS FOR THE HMMWV

The Army did not purchase the LAST Armor produced by Foster-Miller Inc., in Waltham, Massachusetts because the ceramic did not address the holistic approach to HMMWV add-on armor protection that the Army desired. The LAST Armor, a ceramic armor plate, provides only partial door protection, has no back plate or perimeter protection. Also, the ceramic armor is very expensive: \$600 per square foot as opposed to the Rolled Homogenous Armor (RHA), which is used in our Army Research Laboratories (ARL) add-on armor kits, at \$15 per square foot. In October 2003, the LAST Armor was sent to the Army Test Center where the armor demonstrated reasonable protection against ballistic threats. But there were concerns about the robustness of the ceramic armor when it is attached to the vehicle. LAST Armor is mounted to the canvas door of a HMMWV with clips and Velcro®, and cannot be expected to stop an improvised explosive device blast since the canvas door would likely dislodge, thereby creating an additional piece of fragmentation (door and armor plate) that can injure or mortally wound the Soldier.

The Army has purchased 6,900 ARL add-on armor kits and 1,500 O'Gara Hess add-on armor kits for HMMWVs. The Army kit provides door, perimeter, and back plate protection with ballistic glass and air conditioning. ARL's durable kit is composed of 3/8 inch RHA and it takes approximately three hours to install all kit components. To date, 2,675 kits have been produced and 2,079 kits have been installed in theater. The U.S. Marine Corps is scheduled to receive 650 of these ARL add-on armor kits as well.

The Army believes LAST Armor is a good commercial off-the-shelf force protection product for civilian and local law enforcement, but does not provide robust or extensive enough force protection for Soldiers deployed to Iraq and Afghanistan.

Senator STEVENS. Senator Cochran is recognized.

Senator COCHRAN. Mr. Chairman, thank you.

ROTATION OF TROOPS

General Schoomaker, I understand the Army is in the midst of one of the largest troop rotations in the history—well, since World War II anyway. You have pointed out that in this period of 4 months from December through April you will have 110,000 troops deploying to the Iraq theater of operations and 120,000 returning. That is quite a challenge. You have said we are entering the most challenging period for the Army since World War II.

I wonder what you have done to help ensure the protection of those forces during the troop rotation and the logistical challenges that you face? Have you had enough equipment, airlift, sealift, support from the other forces or from the total force concept?

General SCHOOMAKER. Sir, it is a great question. We in fact are moving over 250,000 people in those 4 months. We are moving on average 5,000 people in and out every day. We have done very close work with Central Command, General Abizaid and his folks, to ensure the proper protection and operational security. All of the

things that are required there are extraordinary, and the support we have had out of Transportation Command, General Handy and his folks, in managing this movement is extraordinary.

What I find to be particularly extraordinary is we are right now at the very peak of this and it has been virtually seamless. It has been very, very well done. We are very proud of what the joint team has done to be able to pull this off, and we do not anticipate we will have any problems in the future because it is running very smoothly.

NATIONAL GUARD AVIATION MODERNIZATION

Senator COCHRAN. We have a good number of reservists and guardsmen on duty around the world. I have been told that about 40 percent of the force in Iraq is made up of reservists and National Guardsmen. I know we have 22 Guard and Reserve units represented from my State that are deployed to the theater.

One of our groups represented over there is an Army National Guard aviation group from Tupelo, Mississippi. They fly helicopters, and when they were deployed they realized they had lost their helicopters to a Tennessee Guard unit that had gone on before them, and they were anticipating some replacement helicopters. But these are challenges that I know you are facing. They have been dispersed among some other units, so they can take advantage of their training and their capability of contributing to the mission there.

But I am sure the aircraft distribution challenge is something that you are looking into and trying to manage as well. Do you have the replacement aircraft that you need, helicopters, for National Guard aviation units? Is there anything we can do in this budget cycle to help you overcome the deficits that you may face?

Mr. BROWNLEE. Sir, I appreciate the question and I have looked into this. That unit of yours has performed remarkably, because we used them in a way that we would prefer not to. We had to use them almost as fillers for other units. That is part of our reorganization of the Reserve components that we are going to address.

We have too much force structure for the number of people we have, so when we call a unit up we have to take people from other units to fill those units up. We want to reduce the number of units, but not reduce the number of people, so we can keep units filled. One point.

The second point is, for the unit at Tupelo, they did lose their OH-58's, their Kiowas, to the Tennessee unit. Under the aviation plan that is being put together right now, it is yet undetermined whether they will receive Kiowa Warriors back in that unit or Apaches. But that decision should be made soon and we will make sure that you know as soon as we make that decision.

General SCHOOMAKER. I would like to just jump on that. You asked what can you do. Support the movement of the Comanche funding to the Army aviation modernization, because we are going to purchase 800 new aircraft and upgrade 1,400, and that is for the Active, Guard and Reserve. It makes the Guard and Reserve well in aviation, and that was a significant factor in making the decision to go this direction.

ARMORING BRADLEY FIGHTING VEHICLES

Senator COCHRAN. In connection with force protection, we heard about the upgrading of the armor for HMMWV's. Is there a similar program underway for the Bradley fighting vehicles?

Mr. BROWNLEE. Sir, the Bradley fighting vehicles can be equipped with what we call reactive armor. We have some reactive armor sets. We do not have enough for every Bradley in theater, but the Bradley of course has the kinds of ballistic protection already inherent in its organic armor up and beyond that that the up-armored HMMWV would have. The reactive armor that we are talking about would provide additional protection from even more deadly weapons, and we do not normally put that on every Bradley, but only on selected units.

Senator COCHRAN. As part of the improvement of the helicopter and other aviation situation—

Senator STEVENS. Senator, I am sorry to say your time is up.

Senator COCHRAN. I would be glad to wait for another round. Thank you.

Senator STEVENS. Senator Shelby—Senator Burns. Pardon me. Senator Burns.

Senator BURNS. Mr. Chairman, I have a statement I will put in the record.

Senator STEVENS. Without objection.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Thank you, Mr. Chairman. I would like to thank the witnesses for coming before our subcommittee today, to testify on the Army's fiscal year 2005 budget.

Our military, and the U.S. Army in particular, has many folks engaged in Afghanistan and Iraq, fighting the war on terrorism. We are winning this war on terror. Our soldiers, sailors, airmen and marines are performing magnificently. We must honor those who have made the ultimate sacrifice for our country, to ensure that our forces have the resources to defeat the enemies of our country. With 325,000 soldiers deployed in 120 countries, including 165,000 reservists, there is no question that our forces are being challenged.

I see the increasing trend in the ratio of reservists overseas from 37 percent in the early stages of Operation Iraqi Freedom to 46 percent currently. In Montana, over 40 percent of our National Guard units have been called to active duty. I intend to do my part as their representative to ensure our armed forces have what they need to win this war, protect our homeland, and come home safely.

We have announced that the Army force structure will grow by 30,000 soldiers, on a temporary basis. We must plan appropriately to house, equip, and train these men and women who serve. While the force structure increase may be temporary and funded through the supplemental appropriation, I urge the Army to consider all the costs associated with this increase so that we are not forced to sacrifice the research and development of systems that maintain the superiority of our forces, just so that we may support our operating budget.

I read daily of our great American Soldiers and Marines developing unconventional solutions to solve the problems they face in the field. I think it makes a great deal of sense to have an organization chartered to bring good ideas from our nation's universities, laboratories, and small businesses to the soldiers as soon as possible, and where necessary, bypassing the bureaucracy. I encourage your continued support of Army initiatives to expedite the fielding of urgently needed equipment through efforts such as the Rapid Fielding Initiative and the Rapid Fielding Force. These efforts have resulted in the fielding of great innovations such as advanced weapon sights, optics, compact soldier communication systems, and compact GPS Receivers.

I see that the Army has been cooperating with other agencies such as DARPA on a range of technologies urgently needed for the war on terror. This cooperation has allowed us to field technologies to defeat improvised explosive devices, investigate

underground structures, and provide a low cost air reconnaissance capability to our forces.

I am aware of the program initiated to transform our Army ground forces; the Future Combat Systems. It is a good sign of its acceptance by the Army to see its transition from science and technology into full-scale development. It is encouraging to see the Army take ownership of this program, begun unconventionally in partnership with DARPA, on a very challenging schedule intended to field an evolutionary capability in the near term. More recently in Operation Desert Storm and Operation Iraqi Freedom, we witnessed the incredible advantages of joint operations, leveraging the advantages of air superiority and precision weapons. We have seen an increase in the number of Unmanned Air Vehicles (UAVs) in use by our forces at all echelons. The feedback I have received from the soldiers on the ground is that they wish they had more of these systems, not less.

I look forward to seeing how the Army will amend its budget and re-allocate the resources dedicated to the Comanche within the Army to other aviation programs, like the continued fielding of technology that will add a measure of protection to our Blackhawks and Chinook helicopters.

Again, I thank all of you for being here today. I look forward to the discussion before us this morning. Thank you.

Senator BURNS. I just have one question.

By the way, I just want to state publicly now: Congratulations. Our visits to Iraq and Afghanistan have been very fruitful and I want to congratulate your people, both leadership and the Government issue (GI's) that we have got on the ground. They are doing a remarkable job under very difficult conditions, knowing that they are the target and are in a reactive position rather than in an active position, which is a tough way to operate your business. The morale I found was high. I was really impressed with the leadership of those young men and women that you have over there, and I want to congratulate you on that. That comes from an old marine and it comes hard. No, not really.

RESERVE COMPONENT TRAINING AND EQUIPMENT

We have got 40 percent of our Guard in Montana deployed and now we have gotten notification that the 163rd Mechanized Infantry Regiment out of Bozeman, Montana has been put on alert. There is some question about equipment. I have worked very hard to build the infrastructure for training both in my Reserves and my Guard in Montana, because whenever the move was made that a lot of our force structure was going to go into our citizen-soldiers I made sure that they had, the Guard and the Reserves, communications that was interactive for training, the facility was part of the recruitment and the morale of the troops. I felt their training had to be as good as what we are providing our soldiers on active duty.

But I am just wondering about the equipment when they deploy. Now, some of the equipment is not up to what we find with our active duty personnel. Will their equipment, such as the body armor—and I have got written down here “HMMWV, body armor”—will that all be brought up to the same as active duty whenever they are deployed?

General SCHOOMAKER. Sir, we have equipped the Guard—the 30th, the 39th, and the 81st that right now are in motion for OIF—2 received the top, the most modern body armor, equipment, helmets, what we call RFI, the rapid fielding initiative. They received it ahead of the Active Force, and we are now of course catching up on the Active Force.

But our intention and our commitment is to equip the Army at the top level across the Active, Guard and Reserve and to train, to do what you are talking about uniformly across the force. That is our initiative here as we go to modularity, stability, and to do the kind of things that we are talking about doing.

Senator BURNS. That is good news. Also, when you integrate they have still got to be part of a team and they have got to understand what position they play on the team, so to speak. I have been always concerned about that.

IMPROVISED EXPLOSIVE DEVICES (IED)

Under another, I would like some sort of a briefing whenever we get time, and I can communicate this with Secretary Brownlee, but deploying new technologies for detection and worrying about these roadside bombs and detection devices. Is the Defense Advanced Research Projects Agency (DARPA)—are you satisfied with the progress that DARPA is making in new technologies for detection?

Mr. BROWNLEE. Sir, we have within the Army an IED task force. I do not want to get into a lot of detail of what they are doing, but let me say that not just DARPA but every agency that can help has been asked to help and has been very forthcoming. Let me just say that we are pleased with what this task force is doing and what they are accomplishing and what it looks like we can accomplish, and we would be happy to provide that to you in a different session.

Senator BURNS. Well, it looks like this is the wave of the future and I think that is pretty important.

That is all the questions I have and I want to congratulate the General on his boots.

General SCHOOMAKER. Sir, those are Wyoming boots.

Senator BURNS. That is what I thought. Are you as good a roper as the boots are?

General SCHOOMAKER. I am a half-decent roper. Are you a heeler?

Senator BURNS. I can do both ends, but I am not very good.

General SCHOOMAKER. Good. I do not play golf; I do that.

Senator BURNS. Good man.

Senator STEVENS. The most important question is, do you fish, General?

Senator BURNS. He does that, too.

Senator STEVENS. We will cover that later.

Tell us about the Future Combat System and what the status of that project, program, is now, will you please?

FUTURE COMBAT SYSTEM

Mr. BROWNLEE. Sir, let me say a little bit about the program. As you know, it is the Army's system of systems approach to equipping our future forces. We intend to convert most of our heavy units to that and maybe some others in the future. Right now we are looking at an initial operational capability by 2010 and a full operational capability by 2012. It is all in R&D development right now and, as I said, we have this approach with a lead system integrator where the contractor works very closely with the Army in the development of these systems.

Do you want to comment on what we intend to do with it?

General SCHOOMAKER. I think the best statement is that we think we are going to fulfill, we have got confidence we are going to fulfill, the Future Combat System. We are protecting the funding. We are moving forward on it. We are informing ourselves with our current operations and spiraling things into Future Combat System, and we are trying to pull technologies as they are developed back into the current force.

So I look at the Future Combat System not as a destination, but as an effort every day as we move out there. I am fairly confident that we are going to do well there. The biggest challenge we have in the Future Combat System in my view is the command, control, communications, computers, intelligence, surveillance, and reconnaissance (C⁴ISR), the battle command and the intelligence, surveillance and reconnaissance aspects of that, because it is a network, it is dependent upon the network, and we must achieve the networkcentricity that is required for us to really optimize what the Future Combat System holds. It will significantly improve our ability to operate as part of a joint team.

SUPPLEMENTAL BUDGET REQUEST

Senator STEVENS. Gentlemen, I think I must take responsibility for the fact that there will be no supplemental this year, in the balance of this fiscal year. We just spent too much time on those supplementals in the past. I had the Congressional Research Service (CRS) take a look at policies we have followed now since the Persian Gulf war and those policies have been that in the initial periods of a war, engagement overseas, we have followed the practice that the Commander in Chief takes money from the funds we have already made available for the Department of Defense and uses them in the conduct of that activity and then later comes in and asks for a supplemental which repays the amounts that have been taken from the regular accounts, and then provides for the balance of the fiscal year for those activities using the experience of the first quarter, quarter and a half of the new fiscal year to determine how much will really be needed for that fiscal year.

My question to you is, you have not lived through those periods, but in terms of your judgment has the Army—the Army bears the real brunt of this type of policy. Has it in anyway been harmed by that practice? Is it a practice we should abandon and ask for a supplemental now? The budget will have at least \$30 billion indicated as being available for the supplemental some time after the beginning of next calendar year.

I want to know, are you willing to go on the record and tell us whether this policy adversely affects the Army in its activities in the conduct of the war?

Mr. BROWNLEE. Yes, sir. We have looked at this very carefully and we believe with the funds we have in fiscal year 2004 both in our budget and from the supplemental that we can clearly get to the end of fiscal year 2004. If we get in trouble, OSD has assured us they are able to help. Beyond fiscal year 2004 when we would have the funds available in the fiscal year 2005 budget, we would be able to cash flow funds out of third and fourth quarter funds to help us in the first and second quarters, and if there are additional

problems that might arise, we have checked with OSD and they believe the administration is capable of providing any other help we might need, which means we should be able to carry ourselves at least through the end of March next year, maybe a little beyond. I would not want to put a date on it, but at least until then. That is our best estimate.

Senator STEVENS. That is the policy we followed in Kosovo and Bosnia and as a matter of fact in the initiation of the Persian Gulf war.

Mr. BROWNLEE. Yes, sir.

Senator STEVENS. But there has been a request that we change that policy. You are confident that you can live with this policy in terms of this war?

Mr. BROWNLEE. Notwithstanding any emergencies that we do not see now, sir, we can.

Senator STEVENS. General and all your general officers, you lived—I am going over the line a little bit here—you lived through these other engagements. Was the Army inconvenienced in Bosnia or in Kosovo in that manner of funding the operations overseas?

General SCHOOMAKER. Sir, not that I am aware of. The only thing that I would say—and it is a little bit below the radar screen probably—but as you know, there are anti-deficiency rules and there are times when we could make better decisions if there was certainty of funding in certain areas, so that we may be able to not only anticipate better but provide better fiscal management if we had the opportunity to do a little longer lead time on some things.

But in terms of the macro picture and the big news, I am not aware of there having been a problem in that.

Senator STEVENS. Senator Inouye.

Senator INOUE. Thank you.

TRAVELING ARMY EXHIBIT ON INTEGRATION

As you can imagine, as part of my work I try my very best to travel and meet and listen to men and women in uniform. I find that there are two elements involved in the development of a combat soldier. One is morale, naturally; and the other is the sense of belonging to a unit.

So some years ago I began questioning people and, to my surprise—I should not have been surprised—almost no one had ever heard of the Fifth Regimental Combat Team, made up of Puerto Ricans, which served in World War II. When I tell that to the Puerto Rican Americans, their eyes light up and they say: My God, we had our men in there?

Even with all the documentaries we have had about the members of the Army Air Corps, the Tuskegee Airmen, not too many Americans are aware of them. But when you tell them that this unit protected bombers and never lost a single bomber they are stunned. They were made up of men who were segregated, like the Puerto Ricans were segregated. Then when I tell them that there was a Filipino regiment, a combat team, sent to the Philippines just before December 7 and they ended up the war with less than 800 men because they were left there by General MacArthur to serve as the basis of a guerrilla force, they are stunned. When I

tell Hispanic Americans that 17 of them have medals of honor, they cannot believe it.

So, Secretary, you and I have worked out something of a traveling exhibit. We are going to send them all over the museums of the posts. I just want to know, how is it coming along.

Mr. BROWNLEE. Yes, sir. Sir, I will provide the answer for the record, but to my knowledge we are proceeding with that. I certainly support what you are doing. I think it will show a real benefit to the Army in recruiting and we want to do that. So I thank you for the idea and I will get you a detailed account of where we are.

[The information follows:]

TRAVELING ARMY ART EXHIBIT

Sir, I have asked our Chief of Military History, Brigadier General John S. Brown, to take the lead for the Army on this very important project. A partnership between the National Center for the Preservation of Democracy and the Army has been established for the purpose of establishing a traveling historical exhibit. I believe this is an excellent idea, and that the evolution through time of an acceptance of cultural and racial differences is a worthwhile theme. Certainly the spirit of tolerance is one of the greatest strengths of our present armed forces and of our democratic heritage. The funds have been transferred to the Center of Military History. General Brown's staff is currently working out the contracting details and assisting in coordinating the traveling venues with the National Center for the Preservation of Democracy. General Brown is scheduled to have an office call with you on Monday, March 22, 2004, and can answer any specific questions you have.

Senator INOUE. Well, we have a lot of talk about human rights and civil rights. Integration began in the Army. That is the first place. It was not the Interior Department or any other Department; it was the Army.

Mr. BROWNLEE. Yes, sir. Sir, thank you for that.

Senator INOUE. Thank you, sir.

Thank you, Mr. Chairman.

Senator STEVENS. Senator Shelby.

Senator SHELBY. Thank you.

RESET

I would like to go back to the reset programs, the projections for it. It is my understanding from some of the depots, that a plan to do reset has not—the plans have not yet materialized, General, while projections for the reset workload at the depots continue to go down. Is 10/20 the standard our soldiers deserve? An adequate overhaul, a lot of people contend, cannot be accomplished anywhere but in the depots.

What is the real reset plan for the depots? Mr. Secretary, do you want to touch that?

Mr. BROWNLEE. Sir, we are using the depots now. You might be interested to know that in these depots, particularly the one in Aniston, we are using them to assist us in preparing armor kits for all the HMMWV's that are not up-armored as they cross the line.

Senator SHELBY. I know. I was down there. I just saw what they are doing.

Mr. BROWNLEE. They are cutting steel and putting together kits—

Senator SHELBY. It is very innovative.

Mr. BROWNLEE [continuing]. To help us do that, and we are very appreciative of that. In fact, we fly those over, that is how important that work is that they are doing there.

Senator SHELBY. What about the projected work on reset for the depots? It has not come forth yet. What do you—what is going on here?

Mr. BROWNLEE. Sir, a lot of our equipment has not been brought back yet, and we have provided for I believe it is 17 systems—is that the number that we would propose—

General SCHOOMAKER. I think 15 systems in reset.

Mr. BROWNLEE [continuing]. That we have provided for, and it should get to the depots soon. I am not sure why it has not. Now, some of it we are going to have to do in theater because it is going to stay there.

Senator SHELBY. Would you get back to me on the details of this? Will you get the details to me?

Mr. BROWNLEE. Okay, sir, we will do it.

General SCHOOMAKER. Sir, I have got—

Senator SHELBY. General?

General SCHOOMAKER [continuing]. A card here, if I could, comment on that. We requested and received \$1.2 billion in fiscal year 2004 supplemental funding for depot-level resetting the force, above our President's budget 2005 position. So this is going to be a massive effort. As I said, this effort will continue 2 years beyond the emergency as we reset the massive amount of equipment.

Senator SHELBY. We are bringing our equipment up to readiness status.

General SCHOOMAKER. Yes, sir. Yes, sir.

SCIENCE AND TECHNOLOGY FUNDING

Senator SHELBY. The science and technology (S&T) funding, General. In comparison to 2004 funding, every R&D account but one goes down in the 2005 request. Basic research is cut \$64 million, applied research is cut \$389 million, advanced technology development is cut \$391 million, advanced component development and prototypes is cut \$186 million, RDT&E management support is cut \$34 million, and operational systems development is cut \$167 million.

I am not sure how the R&D program is balanced. I support FCS, but it seems that the budget is harmful to the Army's organic labs and this could be a problem, Mr. Secretary.

Mr. BROWNLEE. Sir, we actually—our R&D actually went up from fiscal year 2004 to fiscal year 2005.

Senator SHELBY. But not in these specific programs.

Mr. BROWNLEE. Not in those specific accounts. Sir, we will have to take a look at them. I suspect also because we had about \$1.2 billion in development funds for Comanche, much of which will now be directed into procurement, that that number is going to be adjusted when the budget amendment comes over.

Senator SHELBY. Would you look at these accounts, take a second look?

Mr. BROWNLEE. Yes, sir, we will.

Senator SHELBY. These are organic lab accounts. I think they are important for the future.

MINIATURE KILL VEHICLE

I want to get, while I have got a little time hopefully, to Space and Missile Defense Command (SMDC). You are very familiar with that. The SMDC Technical Center is managing the miniature kill vehicle (MKV) program. What do you think of the MKV program and the technical center's role?

Mr. BROWNLEE. Sir, I would have to take it for the record.

Senator SHELBY. Do you want to get back with us on this?

Mr. BROWNLEE. I will.

[The information follows:]

MINIATURE KILL VEHICLE

Recent changes in policy, brought about by the demise of the Anti-Ballistic Missile Treaty, allow a broader set of midcourse defense alternatives to be developed, tested and fielded. The Multiple Kill Vehicles program, formerly titled Miniature Kill Vehicle, is addressing the need for a lower cost solution to emerging ballistic missile threats that may carry multiple reentry vehicles or sophisticated countermeasure suites. The Army's Space and Missile Defense Technical Center's long history of demonstrated success in developing advanced ballistic missile interceptors and in advancing basic science leading to component miniaturization under the Small Business Innovative Research program makes it the natural choice to serve as the Missile Defense Agency's Executing Agent for the Multiple Kill Vehicles program.

The Multiple Kill Vehicles (MKV) program will address midcourse discrimination issues created by countermeasures postulated for the 2010+ timeframe by intercepting all credible threat objects with one or more kill vehicles. This solution offers a low system cost and an effective approach against ballistic missile threats just beginning to emerge by using multiple kill vehicles deployed from a single booster and carrier vehicle to intercept all credible objects that have not been positively identified as non-lethal. At very high closing velocities, even a low mass kill vehicle will have enough kinetic energy and penetration capability to kill a threat warhead in most engagements. This work is indeed critical for the defense of the United States and our allies against long range ballistic missiles; however, the capability under development through the MKV program is not currently designed to engage battlefield rockets and other short-range threats currently encountered in Iraq.

Senator SHELBY. We have been told that the work is critical and the technology is badly needed. I do not know if this is the right forum to discuss all this.

Patriot Advanced Capability—Phase 3 (PAC-3) Medium Extended Air Defense System (MEADS) Reprogramming

Mr. BROWNLEE. I am not sure either, sir. I will be happy to take it for the record.

Senator SHELBY. Will you get back with me on this?

Of course, the PAC-3 MEADS transfer to the Army, there was apprehension in the Congress that the Army might use these funds to pay other bills. We were met a couple weeks ago with a reprogramming action. Could you get this to me, too?

Mr. BROWNLEE. What funds were these, sir?

Senator SHELBY. Reprogramming action, MEADS.

General SCHOOMAKER. PAC-3.

Senator SHELBY. PAC-3 MEADS.

Mr. BROWNLEE. Sir, I will look.

Senator SHELBY. Will you get back with us on the record on that?

[The information follows:]

MEADS REPROGRAMMING

The Army submitted a reprogramming request in order to fund critical Patriot software and hardware upgrades. These software and hardware upgrades will address deficiencies within the current Patriot system that contributed to the two incidents of fratricide during Operation Iraqi Freedom. These upgrades will improve situational awareness, command and control, classification, correlation, and operations in areas of increased electro-magnetic interference. Since final decisions on the combined aggregate Patriot/MEADS program, to include negotiations with international partners, have yet to be finalized, the MEADS portion of the combined program was deemed an appropriate bill-payer for these important Patriot upgrades.

Mr. BROWNLEE. You know, we greatly accelerated that program just before the war and we were going to bring it back down to a more reasonable level, because we did really accelerate it just before the war, PAC-3.

Senator SHELBY. If you will discuss those.

Mr. BROWNLEE. Yes, sir.

Senator SHELBY. Mr. Chairman, thank you very much.

Senator STEVENS. Senator Cochran.

Senator COCHRAN. Thank you, Mr. Chairman.

UNMANNED AERIAL VEHICLES

General Schoomaker, as part of the announcement of the cancellation of the Comanche program, I understand the Army has decided to use unmanned aerial vehicles to fulfill some of the capabilities that Comanche was to provide, and that you have identified over \$300 million from that program to procure additional legacy and future UAV's.

Given that the Fire Scout UAV has been selected to be part of your Future Combat System force, would the Army be served better by accelerating procurement of Fire Scout UAV's instead of buying more legacy systems?

General SCHOOMAKER. Sir, I would have to—again, I would have to take that for the record. I know that UAV's are a significant part of our future and a growing part because the potential there is great. I know as we move to FCS, the Future Combat System, that they are going to be a large part of that.

As you know, we have had some significant success with UAV's in the current conflict. We are starting to see greater potential in some of that. But as to the specifics of that, I would have to go for the record.

[The information follows:]

UAV PROCUREMENT

In order to meet the current requirements for Operation Iraqi Freedom and the Global War on Terrorism, we are accelerating the procurement of Unmanned Aerial Vehicles (UAVs) already in production, such as the Shadow Tactical UAV, and the Raven Small UAV. We are also working to accelerate future systems such as Fire Scout and the Extended Range/Multi-Purpose (ER/MP) UAVs. However, both of these future systems are still in development and thus not available today to meet the warfighter's need. Army commanders engaged in current operations hail the capabilities of the Shadow UAV, which supports Current Force mechanized, light, and Stryker Brigade Combat Teams, and the Hunter UAV systems, which are fielded to III Corps, Fort Hood, Texas, XVIII Airborne Corps, Fort Bragg, North Carolina, and V Corps, U.S. Army Europe, and serve as the interim ER/MP UAV. Both current and future UAV systems are part of the Army's UAV strategy. However, in order to meet the immediate needs of combatant commanders, we must equip our units with these current systems until Future Force UAV systems are developed, integrated and ready for fielding.

Senator COCHRAN. I hope you would also include in your response for the record whether or not you think that the \$300 million is an adequate investment in advanced UAV's.

AMMUNITION SHORTAGES

There is also a critical shortage of both training and war reserve ammunition, such as the Hydra-70 rocket. The decision to cancel the Comanche program and procure new helicopters will increase the need for training ammunition and of course war reserve ammunition. The question is how does the Army plan to address these shortfalls, which we understand could be as high as \$16 billion?

General SCHOOMAKER. Sir, we moved \$30 million this year to increase the capacity of Lake City, which is your small caliber, 50 caliber and below small arms ammunition, which is going to mitigate. I think by the end of this year, we will have capacity that will turn the corner and mitigate the shortfalls we have had in small arms, which I have been very concerned about.

As part of the Comanche program, we moved \$155 million of that program as part of the aviation reset, part of the aviation fix, to the Hydra rocket program. I think it buys something like 163,000 Hydra rockets in this program; and \$93 million into the Hellfire line. This was the point I tried to make earlier. This movement of money from Comanche into fixing Army aviation is not just about the helicopters. It is about UAV, it is about ammunition, it is about MILCON, it is about simulations, it is about training. It is a holistic approach to fixing Army aviation, and the point that you have made right there is one of the most significant.

Senator COCHRAN. Thank you very much.

THEATER SUPPORT VEHICLES

I understand too that the Army has been impressed by the performance of leased high-speed vessels and is considering leasing these types of craft as theater support vessels. There are several American shipyards capable of producing these vessels both quickly and economically based on what I understand to be successful experimentation. What are the Army's plans for procurement of theater support vessels?

Mr. BROWNLEE. Sir, we have been impressed by the capability of those vehicles. We are right now considering how they can help us in our deployments and so we are studying how we can do that. We do not have right now any plans to lease, but we are considering how that vehicle can be used. It is much faster than a normal ship and for some of our deployments we believe it would be very useful. So we are looking at that.

Senator COCHRAN. Thank you very much, Mr. Chairman.

Senator STEVENS. Thank you.

Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

Gentlemen, good to see you, all of you. You have a pretty impressive bench behind you.

General SCHOOMAKER. Sir, we need a lot of help.

Senator LEAHY. I do not think so, but you have good help there and that is good.

ADD-ON ARMOR

I understand Secretary Brownlee mentioned before I came in about the Bradley reactive armor and that you do not have enough. When I first heard about this reactive armor years ago, I said, you have got to be kidding, the way it was described. Then I started seeing some of the tests and all and I must admit I am very, very much of a fan. I think it is critical. I have heard great things about its performance. I hope we can get the funds to expand it. If my son or daughter were among those in this armor, I would want it there yesterday. I know some of our Guard forces that are going over into Iraq and scrounging armor wherever they can, I think it is important we get it out.

COMANCHE TERMINATION

General, on the Comanche program, General Cody had given me a call at home before that to let me know about the decision. Of course, I must admit we did end up chitchatting a little bit about Montpelier, Vermont, and you are welcome to come up there any time. As the Secretary has mentioned, General Richard Cody and I both come from Montpelier, Vermont, and knew each other when we were growing up. We only say good things about each other because it is sort of a mutual deterrent pact. But I cannot really think of anything bad to say about him.

But he told me about the Comanche program. I thought it was a good decision. I thought it was taking resources away from too many other very critical aviation programs, all the infrared missile countermeasures for example.

HEALTH USAGE MONITORING SYSTEM (HUMS)

Let me just mention one, and I admit this is probably the first time any parochial type questions have ever come out of this committee, but it is the HUMS program, the Integrated Mechanical Diagnostic Health and Usage Monitoring System. I am glad my staff wrote it all out because I have just called it "HUMS" and I never was quite sure what it stood for.

But we are using it on the Blackhawks of the 101st Airborne Division. It is a great diagnostic system. I have seen it demonstrated. If I was commander and I had 10 helicopters out there, I would want to know exactly which of the 10 can go out or how many can go out, and so on.

Are we going to reach a point where we might be equipping all our helicopters with HUMS? Are we going to be able to find money for that? I see it as sort of like cheaper to fix the roof before the rainstorm kind of thing. Mr. Secretary, what do you think about this?

Mr. BROWNLEE. Sir, I know that we have an intense interest in those kinds of diagnostics maintenance equipment. It has great use. I am not familiar with right now the extent to which we intend to buy those and equip all our helicopters with them, but we can certainly provide that for the record.

[The information follows:]

HEALTH USAGE MONITORING SYSTEM (HUMS)

The Army is currently performing a two-year demonstration on the Health Usage Monitoring System (HUMS). The 101st Air Assault Division tested HUMS on a number of UH-60 Blackhawks while deployed to Iraq. The initial reports from this demonstration are positive. The Army will use the data from this demonstration to help guide its future policies on installation and utilization of these types of diagnostic systems. For future systems, the AH-64D Block III, UH-60M, and CH-47F programs are planning to install some type of organic maintenance diagnostic system.

Senator LEAHY. Yes, would you have your staff talk to mine. Let us know where we are on that, because it is something I have followed very closely. I have helped get some of the money through here for the pilot programs. I have been impressed. I have had some things I have helped get money for pilot programs, they have not worked. I have freely admitted that. Others do, and this one does seem to work.

General SCHOOMAKER. Sir, if I could add to that, I think General Cody explained to you, again as part of our Army aviation modernization program, that as we transfer money from Comanche it is our intent to go to a two-level maintenance system in that, as well as going to the automated logbook on these aircraft. So I am not sure that this system you are talking about is integral to that, but we are certainly committed to a far advanced system of maintenance management to increase our operational readiness and impact the force maintaining-wise.

Senator LEAHY. Thank you, General.

POST-TRAUMATIC STRESS TREATMENT

My last subject. I was up here 3 or 4 weeks ago in Vermont on a beautiful Sunday morning, having my coffee. My wife is a nurse. She worked on medical-surgical floors and all, and has also spent time with the Veterans Administration (VA) hospital system when I was in law school. She said: Patrick, you have got to read this. It was this New York Times, this New York Times magazine, "Coming Home." It is basically talking about soldiers with post-traumatic disorder. In my generation we called it shell shock.

It was a very moving article. Since then I cannot tell you the number of e-mails I have gotten from veterans, from parents of people who were over abroad, those who are parents of people in the military or spouses or what-not, who sent me this article. Of course, we have all the reports of depression and suicide among our troops. I went out with some other Senators and my wife to have dinner one evening out at Walter Reed, and just some of the stories I was hearing there.

The condition requires specialized treatment. You have to have a system in there that will encourage troops to come forward. You are out there, you are facing terrible danger. You may get shot, you may be seriously wounded. You have proven your bravery, and our men and women are brave. But then there seems to be among some that it is not brave to come forward and ask for this treatment.

It has got to be there. You have got to make sure it is there. I am going to looking at it both on this committee and on the subcommittee I serve on that oversees the VA.

But can you give me just a broad overview? What kind of programs do we have? Because I find the suicide rate alarming among our forces. I find the people who come back terribly injured, and I do not want them to be rejects of society. They have earned an awful lot more than that.

Mr. BROWNLEE. Sir, I could not agree more. I appreciate all of the members who have gone out and visited our troops at Walter Reed and other hospitals. Clearly, the sacrifices that these young soldiers have made for our country are deserving of the very best attention we can get them. I have addressed your specific questions to those at Walter Reed. This is an integral part of their care. They receive this kind of care and counseling right along with the physical medical part, and it is just clearly integrated in their care.

Senator LEAHY. Is this budget going to reflect that?

Mr. BROWNLEE. Yes, sir. Yes, sir, it is.

I should also tell you that, while the number of suicides in the theater has been more than is acceptable to us, it is not significantly above the norm, and there are still some cases that are not properly determined and that could put us substantially or more above the norm. But we conducted, for the first time in a combat theater, a mental health assessment. We sent a team out, visited units, talked to soldiers, gathered data, and came back with some conclusions and recommendations for how we can do better, not during the war or after the war, but before we send troops in, what we can do to prepare them better, as well as—so that they can cope better with the situations that they face.

I thought it was significant that that was done while the troops were committed there. But it is the first time we had ever done that.

Senator LEAHY. I commend you for doing that, Mr. Secretary. I think it is extremely important. I know our men and women are motivated, but sometimes the things they face are something they really did not understand. I remember the conversations I had with my son after he finished out in Parris Island with the Marine Corps. Of course, like all former marines, the further he is removed from that the more enjoyable I guess it was. But at least there they always knew when the explosions were going off or anything else that that night or the next night or the next night they are going to be back in their barracks and the only thing they had to worry about was their drill instructor.

Now we have people out and they are seeing their friends having their limbs blown off and all and they are facing real danger, which is unavoidable in these situations. I just want to make sure that we fulfill our commitment—we tell them to go out—we fulfill our commitment when they come back. Some of them—on the one hand, I am very impressed when I see some of these high-tech prosthetics we have for those who have lost limbs, which are really amazing. But you also have to have—it is not just their bodies with some of them.

So I commend you for sending the team out, and please have your staff keep in touch with me if you have areas in there that you think would be worthwhile to know.

Mr. BROWNLEE. Yes, sir, we will.

If I could just add, Mr. Chairman, because I would like for the committee to know. When we first started getting wounded soldiers back to Walter Reed in significant numbers and with the very kind of grievous wounds they had, where they had clearly lost limbs and this sort of thing, where many of them were going to be medically retired as disabled—it is amazing the numbers that want to stay in even though they have lost limbs, and some have stayed. But I contacted Tony Principi, a dear friend of mine who runs the Veterans Affairs Department. We have put together a team. We have people in his organization. He has people from his organization working at Walter Reed and other places, and the whole intent of this is to ensure we have a seamless system for these soldiers, so that if they are medically retired from the military and then become part of the Veterans Affairs Department responsibilities nobody gets dropped off. We take care of them through that, manage them through that process.

His intent and mine is to make sure that for every single wounded soldier that is medically retired and becomes a part of the Veterans Affairs responsibility that that is a seamless operation.

Senator LEAHY. I have gone over my time. Let me just say that I talked to one young soldier who was there. His wife was with him and they have a little child, and he was showing me this leg, mechanical leg, with the computer sensors in it. I said: Well, what are you going to do now? He looks at me like: What kind of a question is that, sir? I want to be right back in the Army. He said: I am going to work hard with this because I want to go back. I thought: Good for you.

Mr. BROWNLEE. And many of them have, sir.

Senator LEAHY. Thank you.

Mr. Chairman, thank you very much. It is good to see both General Schoomaker and Secretary Brownlee. Thank you.

Senator STEVENS. Yes, we all thank you very much, Mr. Secretary and General. I do think there is a lot of comment being made around here now about how the Army is being harmed by these decisions that have been made with regard to the budget. I want to tell you before we finish our bill we will confer with you to make sure that you have the flexibility you need to use any funds that are available, not just in the Department of Defense, but to the President, period, to assure there be no shortfall in funds while we have soldiers in the field, keeping in mind that from this Senator's point of view the worst thing that can possibly happen to the Army as well as the Senate is to have a post-election session. We get nothing done and I assure you you would not get any more money after the election than you would get after January 1, but it would be a very arduous period in which to try to get it.

ADDITIONAL COMMITTEE QUESTIONS

I would like to avoid a post-election session in the interests of the people who are at war. We do not need that after the election. I hope to work with you to make sure you have the money you need and have all the flexibility you need.

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

QUESTIONS SUBMITTED TO HON. LES BROWNLEE

QUESTION SUBMITTED BY SENATOR PETE V. DOMENICI

SCIENCE AND TECHNOLOGY (S&T)

Question. I note that basic and applied research comprises only about one-tenth of the Army's \$10.4 billion request for RDT&E funding in fiscal year 2005. While funding for development of mature technologies is important, it has long been my belief that investments in basic science and technology are where cutting-edge breakthroughs occur. For DOD, this means that our warfighters are able to employ transformational technologies sooner. Would you please comment on the importance of basic S&T investments for Army transformation?

Answer. The Army's basic research program produces new knowledge to fuel revolutionary advances and leap-ahead technology that enable Army Transformation. The program invests in world-class expertise (government, academic, and industry) and state-of-the-art equipment. It balances its investment between in-house Army unique research and leveraging external scientific research that has great potential for military applications. The fiscal year 2005 budget submission reflects the Army's sustained commitment to make leap-ahead science and technology (S&T) investments that will provide high payoff transformational capabilities for our Soldiers.

Army S&T investments, laboratories, and research, development, and engineering centers are essential to provide America's Army with sustained overmatch in land combat. The Army continues to maintain a robust S&T portfolio and workforce to provide solutions to fill the capability gaps being identified in current operations in Afghanistan and Iraq and will continue to do so in the future. Through its S&T investments, the Army fosters innovation and accelerates and matures technologies to enable Future Force capabilities and exploit opportunities to transition technologies to the Current Force.

QUESTIONS SUBMITTED BY SENATOR JUDD GREGG

ATIRCM

Question. In addition to updating deployed Aircraft Survivability Equipment (ASE) systems, it is my understanding that the Army has successfully developed and begun to produce a next generation system, the Advanced Threat Infrared Countermeasure (ATIRCM) that will protect helicopter crews from threats they currently face. What are the Army's plans to deploy the ATIRCM to rotary wing assets?

Answer. The ATIRCM consists of an active LASER jammer and functions as part of a suite containing a Common Missile Warning System, an Improved Countermeasure Munitions Dispenser (ICMD), and the Advanced Infrared Countermeasure Munitions (AIRCMM—flares). This system protects aircraft against all known and currently projected infrared threat missile systems. The Army will start fielding the ATIRCM to Army Special Operations Aviation in the near future. Conventional Army Aviation units will receive the ATIRCM shortly thereafter. Recent decisions resulted in accelerating the fielding of the ATIRCM system by three full years.

Question. Secretary Brownlee, the Congress provided approximately \$7 million in fiscal year 2004 for the development and integration of the Advanced Threat Infrared Countermeasure Multi-Band Laser. This Multi-Band Laser is a pre-planned product improvement to the Advanced Threat Infrared Countermeasure system. What is the status of this effort?

Answer. The Army is in the process of negotiating a task order with the Advanced Threat Infrared Countermeasure (ATIRCM) Lead Systems Integrator (BAE) to complete the design of the Multi-Band Laser for ATIRCM. The estimated award date is scheduled to be not later than April 15, 2004.

Question. Secretary Brownlee, it is my understanding that the Army plans to upgrade the Advanced Threat Infrared Countermeasure (ATIRCM) system with a multi-band laser that is being developed specifically for the ATIRCM program. Furthermore, the Army has considered inserting an alternative Multi-Band Laser, developed for the Air Force, into ATIRCM. What analysis has the Army or Air Force done on the effectiveness of this alternative Multi-Band Laser

Answer. The U.S. Air Force has done extensive testing of their multi-band laser (MBL) for use with large aircraft. This testing includes live missile firings, lab testing, and simulations. The results of this testing demonstrates that their MBL is effective for large aircraft. The Air Force has made a great deal of this information available to the Army. The Army has analyzed this data and determined that the Air Force MBL could be effective for rotary aircraft. However, the Army has also determined that integration of this MBL would be schedule prohibitive and would not meet our acceleration requirements.

QUESTIONS SUBMITTED TO GENERAL PETER T. SCHOOMAKER

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

IMPROVISED EXPLOSIVE DEVICES

Question. Does the Army have the authorities it needs to get existing technologies in the hands of Task Force Improvised Explosive Device (IED) to better detect these bombs? If not, what authorities do you need?

Answer. The Army has sufficient legislative authorities to accelerate and transition proven technologies to the IED Task Force. Sustained Science and Technology (S&T) investments over time have enabled Army S&T organizations, including the U.S. Army Materiel Command's Research Development and Engineering Command and the Army Corps of Engineers' laboratories, to quickly develop and provide expedient solutions to the warfighter in support of the Global War on Terrorism. Examples of successful S&T solutions already being provided to the warfighter to counter the IED threat include: omni-directional under vehicle inspection systems to detect IED and contraband and an electronic countermeasure system that provides force protection by jamming the prevalent electronic detonators being used to set off IEDs.

RECRUITING AND RETENTION

Question. What is the active-duty Army doing (besides temporarily increasing end-strength) to alleviate its reliance on Guard and Reserves? Can the Army better manage its use of personnel to ensure more of its active-duty component is available to participate in future operations?

Answer. In conjunction with temporarily increasing end-strength, the Army is rebalancing its Active Component/Reserve Component (AC/RC) capabilities to meet combatant commander needs with an expeditionary, campaign quality force. The Army is working to provide the proper Active and Reserve Component balance of units to enhance high demand and early deploying capabilities. Changes contained in the Program Objective Memorandum for fiscal years 2004–09 reduce stress on existing high demand units in both the AC and RC by converting approximately 30,000 of "Cold War" force structure. Additionally, we are reducing structure and creating a Trainees, Transients, Holdees, and Students account in the Army National Guard and Army Reserve. This enhances RC readiness by allowing the assignment to units of only those Soldiers who are available for deployment. To reduce RC demand for current operations in Iraq, the Office of the Secretary of Defense has called upon the U.S. Marine Corps to provide a division sized force for Operation Iraqi Freedom (OIF) 2. The Active Component is aggressively reconstituting forces while converting to a modular based unit design to increase capabilities for the Global War on Terrorism and prepare for potential OIF3 and 4 deployments.

SUBCOMMITTEE RECESS

Senator STEVENS. Thank you both very much.

General SCHOOMAKER. Thank you, sir.

Mr. BROWNLEE. Thank you, Mr. Chairman.

[Whereupon, at 11:46 a.m., Wednesday, March 3, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, March 10.]

**DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR FISCAL YEAR 2005**

WEDNESDAY, MARCH 10, 2004

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

The subcommittee met at 10:02 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Cochran, McConnell, Burns, and Inouye.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

STATEMENT OF HON. GORDON R. ENGLAND, SECRETARY, UNITED STATES NAVY

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Good morning. This morning, we're pleased to welcome the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps to discuss the fiscal year 2005 budget request.

Secretary England, we welcome you back after your time away with the Department of Homeland Security.

Mr. ENGLAND. Thank you.

Senator STEVENS. Admiral Clark, this is your fourth time before the committee, and we welcome you again. And, General Hagee, we also welcome you, sir.

We would like to take this opportunity to thank the Navy and Marine Corps for the extraordinary commitment and dedication to duty. The ever-increasing demands placed upon the men and women of the military do not go unnoticed here in Congress, and we really hope that you'll convey our thanks to all of the forces under your command. Our forces are deployed to more locations around the world than ever before, and will be called upon to return to some familiar places, like Haiti. We've heard a lot recently about your efforts to reduce manning and end strength. We've also heard about the new challenges associated with the joint strike fighter, and are anxious to hear about your shipbuilding initiatives.

Gentlemen, we look forward to hearing more about these topics and your budget priorities. I thank you for your personal visits in the past, and, as always, your full statements are already a part of the record.

And I turn to my co-chairman, Senator Inouye, for his remarks.

STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. I thank you very much, Mr. Chairman. And, gentlemen, thank you for being here with us to discuss your fiscal year 2005 budget request.

The Navy and Marine Corps forces are performing magnificently, as the chairman has stated, in difficult environments, from Operations in Iraq to Afghanistan and, most recently, in Haiti. The operational tempo is high, and forces are stretched thin. I would like to hear from you today on the impact that these operations have on the budget, and the effect on the forces if no supplemental funding is requested this fiscal year.

I also look forward to discussing how the fiscal year 2005 budget request continues to support the men and women serving the Department of the Navy while, at the same time, balancing the modernization of today's forces with the transformation of tomorrow's fleet.

The Navy and Marine Corps each have a number of significant investment programs underway. For the Navy, it's the E-2C Advanced Hawkeye, the next generation of destroyer DD(X) and carrier CVN 21, the Littoral combat ship and the Virginia class submarine, to name a few. The Marine Corps is investing heavily in the Expeditionary Fighting Vehicle, the Joint Strike Fighter, and the V-22 Osprey.

This committee knows well, as do each of you, that these major acquisition programs tend to experience significant cost and schedule growth as many of the programs I just mentioned have experienced over the course of their development. Although the capabilities that these programs will bring to the naval forces will surpass those of our adversaries, we still have an obligation to modernize equipment for use in today's conflicts and to ensure that the sailors, marines, and their families are taken care of. As you know, this is a difficult balance to strike. And so I look forward to working with each of you this year as we review our budget, and your budget, for the fiscal year 2005, and to hearing your remarks today on how to maintain the finest naval and marine forces in the world.

And I thank you very much, Mr. Chairman.

Senator STEVENS. Thank you very much.

Mr. Secretary?

Pardon me Senator Cochran.

STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Mr. Chairman, thank you. I just—

Senator STEVENS. I apologize. I didn't see you come in, sir.

Senator COCHRAN. I'm happy to be here to help you welcome this distinguished panel before our committee, Secretary England, Admiral Clark, and General Hagee.

We understand the enormous strain that's been placed on the Navy and Marine Corps team, with major operations all over the world. It has already been mentioned by the chairman and the distinguished Senator from Hawaii that operations are underway in Iraq, Afghanistan, and in Haiti. You have deployed nine aircraft

carriers and 10 big-deck amphibious ships to these areas of major operations, and it indicates that this team is hard at work, and we are hopeful that we can find a way, within the constraints of the budget that we have to operate under, that we can provide the funds that you need to continue to protect those who are deployed and to help ensure that they carry out their missions successfully. I'm confident that that's the purpose that we will bring to this process, and we thank you for being here today to help acquaint us with the challenges you face and let us know how we can be helpful to you and to our country.

Thank you.

Senator STEVENS. Thank you very much, Senator. Again, I apologize. I didn't see you come in. You were sort of stealthy here this morning.

Mr. Secretary?

SUMMARY STATEMENT OF HON. GORDON R. ENGLAND

Mr. ENGLAND. Chairman Stevens, Senator Inouye, members of the committee, it is a distinct privilege and a great honor to appear before you again as Secretary of the Navy.

It is great to be back, back with the very best Navy and Marine Corps in our Nation's history, and particularly to be back with Admiral Vern Clark and General Mike Hagee. Admiral Clark and General Hagee are both magnificent military leaders, and I am distinctly privileged and proud to serve with them.

On behalf of all those great Americans in uniform, I thank you for ensuring that we are properly resourced. And on behalf of all our deployed men and women, and especially their families, I also thank you for your personal visits to our areas, both in combat and our home bases.

This is, indeed, a critical budget year for the Department of the Navy. This year, we have established a future course for our naval forces to quickly respond to and to quickly defeat future threats. We have been working for the past 3 years to develop this integrated program, a program where line items are now linked to provide synergy and complementary capabilities. The fiscal year 2005 proposal before you is more than just a budget. This is a naval roadmap for the future, and it should provide the foundation for many successive administrations.

Another critical aspect of the fiscal year 2005 proposed budget is our people. People continue to be our most valuable asset. We are a strong, well-trained, high-motivated and combat-ready force. Retention is at record levels, and recruiting continues to be robust. We have the best people, and their morale is high.

One last comment. A guiding principle in all we do is improving the effectiveness of our organization to also gain efficiency. We are good stewards of the taxpayers' money. At the same time, being a very lean organization makes us more vulnerable to budget adjustments and modifications.

PREPARED STATEMENT

In summary, the Chief of Naval Operations (CNO), the Commandant and I are confident that our proposed budget will dramatically improve our ability to secure America in the future while

protecting our Nation today. And I thank you for the opportunity to be here today with you.

[The statement follows:]

PREPARED STATEMENT OF HON. GORDON R. ENGLAND
VALUE TO OUR NATION—THE NAVY/MARINE CORPS TEAM

INTRODUCTION

During my last appearance before this Committee in February 2002 and as reported in that statement, the Navy and Marine Corps contributions in the “War Against Terrorism” have been significant and important in the overall success of U.S. military forces. This continues to hold true today. Our Navy and Marine Corps Team projects decisive, persistent, joint power across the globe, in continuing to prosecute the war on terrorism.

Projecting power and influence from the sea is the enduring and unique contribution of the Navy and Marine Corps to national security. Operation IRAQI FREEDOM (OIF) demonstrated the strategic agility and operational flexibility that forward deployed Naval expeditionary forces provide. This committee’s support has been vital for the Navy and Marine Corps Team to exploit the access afforded by the seas and to respond to the full spectrum of contingencies. Congressional support has led to increased readiness which was proven in OIF, where dispersed military forces, networked together, fought as a single, highly coordinated joint team.

Naval warfare will continue its progression to operate in a joint environment in responding to new threats and to the increased asymmetric capabilities of our enemies. We will be bold and continue to develop new capabilities and concepts, and fund them in quantities that are relevant to tomorrow’s emerging threats. We have embraced transformation. We are addressing the challenge to operationalize our vision, Naval Power 21, with technological, organizational, and doctrinal transformation.

The following statement highlights key elements of the fiscal year 2005 President’s Budget applicable to the Department of the Navy within the Balanced Scorecard approach of managing Operational, Institutional, Force Management and Future Challenges Risks.

FISCAL YEAR 2005 BUDGET PRIORITIES—UNDERWAY WITH NAVAL POWER 21

The fiscal year 2005 Department of the Navy Budget fulfills our essential warfighting requirements. We are resourced to fight and win our Nation’s wars and our number one priority, the war against terrorism, is reflected across each allocation. Additionally, we continue to invest in future technologies and capabilities that are part of a broader joint warfighting perspective. The Navy and Marine Corps are continuously working with other Services to draw on the capabilities of each Service, to eliminate redundancy in acquisition, and create higher levels of military effectiveness. A prime example is our agreement with the Department of the Air Force to merge our two Joint Tactical Radio System (JTRS) programs into a single program that will produce a common family of radios for use aboard our ships, submarines, and aircraft. The following summarizes the fiscal year 2005 Budget request priorities for the Department of the Navy:

Personnel Salary and Benefits.—Smart, motivated and capable people are a key element to any successful transformation effort. Our Navy and Marine Corps are increasingly a technologically advanced maritime force and we are in competition with the private sector to attract and retain the best men and women we can find. Accordingly, our budget includes a 3.5 percent basic pay raise for all military personnel. Additionally, housing allowances have been increased to buy down out-of-pocket housing expenses for our military personnel. Concurrent with this commitment to provide an appropriate level of pay and benefits to our Sailors, Marines, and their families is a responsibility to operate this Department as efficiently and effectively as possible. While we want the best people we can get to serve in the Navy and Marine Corps, we don’t want a single person more than we need to properly operate the force. Job satisfaction comes not only just from compensation, but also from meaningful service—we owe it to our people to ensure that they are given duties and equipment appropriate to a volunteer force.

Operations and Maintenance.—The operations and maintenance accounts are funded with over a \$2 billion increase. The present environment requires Naval forces to be both forward deployed and capable of surging when called. This account will help develop the transformational Fleet Response Plan (FRP). This is the

means to institutionalize the capability to maintain a more responsive force that is ready to surge, more efficient to maintain, and able to reconstitute rapidly.

Shipbuilding Account.—The Department's shipbuilding plan supports our transformational vision and increases the number of new construction ships from seven in fiscal year 2004 to nine in fiscal year 2005 plus one SSBN Engineered Refueling Overhaul (ERO). Initial LCS and DD(X) platforms are funded from the RDT&E account. Additionally, the Navy's fiscal year 2005 spending plan completes the purchases of the last three DDG-51 Class ships for a total of 62 ships.

Aviation Account.—The Department's fiscal year 2005 Budget request is structured to maintain the continued aviation superiority of the Navy and Marine Corps. The Naval aircraft procurement plan emphasizes replacing costly stand-alone legacy platforms with more efficient and capable integrated systems. The number of aircraft requested increases from 99 in fiscal year 2004 to 104 in fiscal year 2005 which includes five VXX helicopters. The budget continues to maximize the return on procurement dollars, primarily through the use of multi-year procurement (MYP) for the F/A-18E/F, the E-2C, the MH-60S and the KC-130J programs. Development funding is provided for Joint Strike Fighter (JSF), MV-22, AH-1Z/UH-1Y, CH-53X, EA-18G and the Multi-mission Maritime Aircraft (MMA). The budget reflects an amended acquisition strategy for the V-22 to fund interoperability issues and cost reduction initiatives.

Munitions Account.—During OEF and OIF, the Department expended less precision ordnance than projected. In this environment, the precision munitions purchases for fiscal year 2005 have been decreased for JDAMs and LGBs. This decrease in procurement provides no increased risk to the DON but merely reflects the lower utilization rates of expended ordnance.

RDT&E Account.—An increase of \$1.4 billion reflects our commitment to future transformational capabilities and technology insertion for major platforms including DD(X), LCS, CVN-21, V-22, Joint Strike Fighter (JSF), Advanced Hawkeye (AHE), and MMA. As demonstrated in recent operations, our Naval forces have been able to project overwhelming combat power because they are technologically superior. We continue to sustain a robust RDT&E effort as we transform the Navy and Marine Corps to the next generation of combat systems.

Effectiveness and Efficiency.—A guiding principle in all we do is improving effectiveness to gain efficiency. The very best organizations are the most efficient organizations. If you are very efficient, you incorporate technology more quickly, you can develop new systems and capabilities, and you can bring them on line faster. Underlying all of the previous accounts and our execution of them is a continuing and concerted focus to achieve the most efficient organization. The Fleet Response Plan, TacAir Integration, and establishment of the Commander Naval Installations are a few of our initiatives to improve effectiveness within the Department.

Our objective for the fiscal year 2005 Budget request is to move forward with Naval Power 21. This budget builds upon the foundation laid in the fiscal year 2004 program and reaffirms our commitment to remain globally engaged today while developing future technology to ensure our future military superiority. We are also continuing to emphasize the Department's commitment in the areas of combat capability, people, technology insertion and improved business practices. With our fiscal year 2005 Budget request we are committed to executing this vision.

CY 2003 OPERATIONAL SUCCESSES (A NATION AT WAR)

The extraordinary capability of our joint forces to project power around the world in support of vital national objectives was demonstrated over the last year. The maritime contribution to our success in the defeat of Saddam Hussein's Baathist forces, as well as in support of other joint engagements in the Global War on Terrorism, was significant. The rapid deployment and the warfighting capability of your Naval force in the liberation of Iraq provided an example of the importance of readiness and the responsive capabilities to support our Nation's objectives in an era of unpredictability and uncertainty. The demonstrated importance of our multi-dimensional Naval dominance, our expeditionary nature, our ability to deal with complex challenges, and adaptability of our forces are illustrative of the high level of return on investment of your Naval force.

The accomplishments of this past year tell the Naval forces readiness story and its return on investment. The ships, aircraft, weapon systems, and readiness you funded provided our Sailors and Marines the tools necessary to remain the premiere maritime and expeditionary combat ready force. In preparing for and conducting operations in the Iraq Theater, speed of expeditionary operations and sustainment were important military competencies. Naval forces applied dominant, persistent, decisive and lethal offensive power in support of coalition warfighting objectives.

The speed, agility, flexibility and persistence of Naval combat capability helped end a regime of terror and liberate a people during OIF.

The past year has been one of significant accomplishment. Our men and women operating in the air, on and under the sea, and on the ground are at the leading edge in the Global War on Terrorism. As in OEF, we once again have demonstrated Naval forces' unique value in contributing to the security of our Nation and our friends and allies.

- During OIF, more than 50 percent of our force was forward deployed. The deployment of seven Carrier Strike Groups (CSGs) and eight large deck amphibious ships proved our ability to be both a surge and a rotational force demonstrating our flexibility and responsiveness.
- Navy and Marine Corps aircraft flew more than 8,000 sorties and delivered nearly 9,000 precision-guided munitions.
- Over 800 Tomahawk cruise missiles were fired from 35 coalition ships, one-third of which were launched from submarines. The highest number of TLAM's launched in one day occurred on March 21, 2003—nearly 400 Tomahawks.
- Navy Special Forces, MCM, EOD and coalition counterparts cleared more than 900 square miles of water, ensuring the safe passage of critical humanitarian relief supplies to the Iraqi people.
- Marines from the I Marine Expeditionary Force (I MEF), supported by Sea Basing concepts, made one of the swiftest combat advances in history. They fought 10 major engagements, destroying nine Iraqi divisions in the 450 mile advance into Iraq.
- Eleven Maritime Prepositioned Force (MPF) ships provided equipment and sustenance for over 34,000 Marines and Sailors and fourteen amphibious ships embarked and delivered another 12,000 Marines and Sailors and their equipment.

Since the end of major combat operations, Naval forces have been instrumental in supporting the coalition's goals of security, prosperity and democracy in Iraq. Coalition maritime forces have diligently supported the United Nations Security Council Resolution 1483. They have queried over 6,000 vessels, boarded close to 3,500 and diverted approximately 430. These forces have confiscated and returned to the Iraqi people approximately 60,000 barrels of fuel. Additionally, seaward protection of the Al Basara Oil Terminal (ABOT) is enabling the generation of critically needed oil revenue. Since re-opening, the ABOT has pumped 261,500,000 barrels of oil valued at over \$7.5 billion.

Navy Seabees and Marine Engineers, as the I MEF Engineer Group, undertook construction initiatives that built and repaired major roadways and bridges, and completed major utility restoration projects. In all, 150 projects valued at \$7.1 million were completed.

Naval Explosive Ordnance Disposal (EOD) forces are working with Army counterparts in support of the coalition forces and Iraqi Police and are collecting over 2,000 pounds of unexploded ordnance per week.

NAVY AND MARINE CORPS TODAY (CURRENT READINESS)

Today's Naval forces exist to control the seas, assure access, and project power beyond the sea to influence events and advance American interests. Navy and Marine Corps forces continue to lead the way to secure the peace by responding with speed, agility, and flexibility. The value of Naval forces continues to be demonstrated through the projection of decisive, persistent, joint power across the globe. The investment in training, maintenance, parts, ordnance, flying hours, steaming days, and combat ready days coupled with our forward presence and our ability to surge has positioned Naval forces as the most effective and efficient military force.

Congress' investment in readiness over the past several years has paid large dividends for Naval forces during OIF. With combat forces operating in two fronts in the GWOT our readiness investments have resulted in enhanced Naval forces ready to strike on a moment's notice, anywhere, anytime. Our success in deploying 9 out of 12 aircraft carriers and 10 out of 12 big deck amphibious ships to major combat areas of operation in demanding environments is attributable to the continued improvements in current readiness.

The Department is in the process of re-deploying Navy and Marine forces in preparation for Operation IRAQI FREEDOM II. Navy and Marine Forces will deploy in two seven-month rotations with the first beginning this month. This initial ground rotation will include about 25,000 Marines, 3,500 Marine Reservists, over 5,000 active duty Navy and 800 Naval Reservists.

Since the return of our forces from OIF we have invested heavily in constituting the Navy and Marine Corps Team for the next fight. Continued successful pro-

grammed investment will ensure we have the most capable forces to face the unique challenges ahead. The fiscal year 2005 Budget continues a broad range of modernization and readiness initiatives for Naval forces.

Acquisition Programs

The Fleet and Marine forces continue to take delivery of the most sophisticated weapon systems in the world. In 2003, the Navy launched the first of two new classes of ships, USS VIRGINIA (SSN 774) and USS SAN ANTONIO (LPD 17), commissioned the aircraft carrier USS RONALD REAGAN (CVN 76), and continued timely delivery of the ARLEIGH BURKE Class guided missile destroyers and F/A-18 E/F Super Hornets.

We are continuing to build on previous budgets to ensure we equip and train our forces to help us continue to meet the challenges of the future. What the DON budget will buy to advance our vision in Naval Power 21:

Shipbuilding.—The fiscal year 2005 to fiscal year 2009 shipbuilding rate of 9.6 battle force ships per year is up from 8.4 battle force ships per year for the same period in fiscal year 2004. The fiscal year 2005 Budget request closes the procurement gap and with the exception of a slight reduction in fiscal year 2006, provides an upward trend through the FYDP, procuring 17 battle force ships by fiscal year 2009. The fiscal year 2005 to fiscal year 2009 investment is an average of \$13 billion per year in new construction. The fiscal year 2005 to fiscal year 2009 plan also procures three Maritime Pre-positioned Force (Future) (MPF(F)) ships and a MPF(F) aviation variant. While our build rate drops to six in fiscal year 2006, this is a reflection of a shift to the next generation surface combatants and sea basing capabilities.

The Navy has nine new ships and one SSBN refueling requested in the fiscal year 2005 budget, as well as substantial shipyard/conversion work. This investment includes:

- 3 DDG's (\$3.4 billion)
- 1 VIRGINIA Class submarine SSN-774 (\$2.5 billion)
- 1 LPD-17 (\$967 million)
- 2 T-AKE (\$768 million)
- 1 DD(X) (\$221 million) (RDT&E funded)
- 1 Littoral Combat Ship (LCS) (\$108 million) (RDT&E funded)
- 1 SSBN conversion/refueling (\$334 million).

Fiscal year 2005 marks the final year of DDG 51 procurement, bringing to closure a 10-ship fiscal year 2002 to fiscal year 2005 MYP contract awarded in fiscal year 2002. The Navy will move to the DD(X) and LCS hulls as quickly as possible. In addition to vitally needed new capability, these ships will increase future shipbuilding rates. Investment in these platforms will also help maintain critical industrial bases.

The Department is modernizing its existing submarine with the latest technology while, at the same time, continuing to replace aging fast attack submarines with the new VIRGINIA Class submarine. The VIRGINIA Class design is complete and the lead ship (SSN 774), will commission on schedule. Fiscal year 2004 funded the first of five VIRGINIA Class submarines under a MYP contract. The second submarine of the MYP contract is funded in fiscal year 2005. Consistent with Congressional approval of five year-five ship MYP authority (fiscal year 2004 to fiscal year 2008) for SSN 774, the Navy is maintaining one submarine per year through fiscal year 2008.

The DON accelerated one LPD from fiscal year 2006 to fiscal year 2005 leveraging fiscal year 2004 advanced procurement resources provided by Congress. The lead ship detail design has been completed and lead ship construction is over 80 percent complete with a successful launch in July 2003. Production effort is focused on a November delivery. The LPD 17 Class ship represents our commitment to a modernized expeditionary fleet.

The fiscal year 2005 Budget request also provides for procurement of two auxiliary cargo and ammunition ships (T-AKEs) in the National Defense Sealift Fund. These will be the seventh and eighth ships of the class. Lastly, the fiscal year 2005 Budget request accelerates the lead MPF(F) from fiscal year 2008 to fiscal year 2007 to reflect an emphasis on sea basing capabilities.

DD(X) is a centerpiece to the transformational 21st Century Navy and will play a key role in the Naval Power 21 strategic concept. This advanced warship will provide credible forward Naval presence while operating independently or as an integral part of Naval expeditionary forces. The DD(X) lead ship design and initial construction contract will be awarded in fiscal year 2005.

Conversion and Modernization.—The fiscal year 2005 Budget request proposes advanced procurement funds for the USS CARL VINSON (CVN 70) Refueling Complex

Overhaul (RCOH), now scheduled to begin in fiscal year 2006. CVN 70 has sufficient reactor fuel for one additional surge deployment.

Funding for the TICONDEROGA Class cruiser modernization effort began in fiscal year 2004 and continues in fiscal year 2005. The cruiser modernization effort will substantially increase the service life and capability of CG 47 Class ships. The conversion will reduce combat system and computer maintenance costs, replace obsolete combat systems, and extend mission relevance service life. Fiscal year 2005 will fund advanced procurement items for the first cruiser modernization availability in fiscal year 2006.

Funding is included in fiscal year 2005 to complete the conversion of the third and the overhaul of the fourth hull of four OHIO Class SSBNs to SSGNs. The SSGN conversion provides a covert conventional strike platform capable of carrying up to 154 Tomahawk missiles. The fiscal year 2006 Budget request will complete the conversion of the last SSGN. All four of these transformed platforms will be operational by CY 2007.

Aircraft Production.—Consistent with the fiscal year 2004 program, the fiscal year 2005 Budget request reflects continued emphasis on re-capitalizing our aging aircraft. Our focused efforts to aggressively “shore up” operational readiness by providing requisite funding for our Flying Hour Program, Ship Depot Maintenance, Ship Operations, and Sustainment, Re-capitalization and Modernization accounts continue. While we continue to make substantial investments in readiness accounts and working capital accounts, we identified the resources to procure 104 aircraft in fiscal year 2005. The Department’s aircraft procurement plan emphasizes replacing costly legacy platforms with more efficient and capable integrated systems. This has resulted in significant investments in transformational aircraft and program investments across the spectrum of aviation capabilities. Such valuable investments in more capable aircraft have allowed a reduction of 40 aircraft from fiscal year 2005 to fiscal year 2009.

During the past year, we continued to enjoy the fruits of our aviation investments with the successful first deployment and operational employment of the F/A–18 E/F Super Hornet in support of OIF. Highly praised for tactical capability and platform reliability, the F/A–18 E/F program has been funded to provide a transformational radar, helmet mounted sight, advanced targeting pod and integrated weapons system improvements. Additionally, we recently awarded a second MYP contract that includes the EA–18G airframe to replace the Navy’s aging EA–6B beginning in fiscal year 2009.

All helicopter missions continue to be consolidated into the MH–60R and MH–60S airframes. These helicopter platforms are the cornerstone of Navy helicopter concept of operations designed to support the CSG and ESG in various mission areas.

The Department significantly increases the funding requested for MMA. MMA will provide the Navy with strategic blue water and littoral capability by re-capitalizing the P–3 Maritime Patrol Aircraft broad area anti-submarine, anti-surface, maritime and littoral Intelligence, Surveillance and Reconnaissance (ISR) capability.

Progress continues towards delivering a high-quality aircraft to the Marines and Special Forces including increasing capability and interoperability of the aircraft, investing to reduce production costs, and maximizing production efficiency. Since the resumption of V–22 flight-testing, in May 2002, the V–22 is satisfying the threshold levels for all its key performance parameters and reliability and maintainability measures. V–22 test pilots have recorded more than 1,100 flight hours since that time. The V–22 program will continue Low Rate Initial Production (LRIP) until the Milestone III decision expected late CY 2005.

The Department will continue to procure the AH–1Z/UH–1Y. These aircraft meet the Marine Corps’ attack and utility helicopter requirements by providing increased aircraft agility, airspeed, range, and mission payload. They provide numerous capability improvements for the Marine Corps, including increased payload, range and time on station, improved sensors and lethality, and 85 percent component commonality. The KC–130J MYP is funded and supported in this budget. The advantages include an all digital cockpit that reduce aircrew manning requirements, a new propulsion system that provides more cargo capability, and increased fuel delivery.

Mine Warfare Programs.—In keeping with the Department’s goal to achieve an organic mine warfare capability in 2005, the budget request supports the development and procurement of five organic airborne systems integrated into the MH–60S helicopter: the AQS–20A Mine-hunting System, the Airborne Laser Mine Detection System (ALMDS), the Airborne Mine Neutralization System (AMNS), the Rapid Airborne Mine Clearance System (RAMICS), and the Organic Airborne and Surface Influence Sweep (OASIS) system. The fiscal year 2005 Budget request also supports the development and procurement of the Remote Minehunting System (RMS) inte-

grated into DDG-51 hulls 91-96, and the Long-term Mine Reconnaissance System (LMRS) integrated into SSN-688. The ALMDS, AQS-20A, and RMS will reach an initial operating capability in fiscal year 2005. The budget request supports the transition of assault breaching technologies into acquisition, which will provide a capability to detect, avoid, and defeat mines and obstacles in the surf and craft landing zones. In fiscal year 2005, we will continue with our Surface Mine Countermeasures (MCM) mid-life upgrade plan. We have initiated a product improvement program for the engines of the MCM-1 AVENGER Class mine countermeasure ships to enhance their reliability and availability. We are upgrading our mine-sweeping capability with new acoustic generators and magnetic sweep cables, and have programmed resources to replace our maintenance-intensive mine neutralization system (AN/SLQ-48) with an expendable mine neutralization system.

Munitions.—The Standard Missile (SM) program replaces ineffective, obsolete inventories with the procurement of more capable SM-2 Block IIIB missiles. The Rolling Airframe Missile (RAM) program continues procurement of the improved guided missile launching system and the upgraded Block I missile, providing an enhanced guidance capability along with a helicopter, air and surface mode. In addition to SM and RAM, the fiscal year 2005 Budget request provides funding to continue production of the Evolved Sea Sparrow Missile (ESSM) and will support the first Full Rate Production (FRP) contract award of 82 United States and 288 international missiles. We have committed to replenish our precision munitions inventories and to do so, we will utilize a five-year MYP to maximize the quantity of Tomahawk missiles procured.

Marine Corps Expeditionary Capability.—The Expeditionary Fighting Vehicle (EFV), formerly the Advanced Amphibious Assault Vehicle (AAAV), will provide surface assault elements the requisite operational and tactical mobility to exploit opportunities in support of joint operations. The EFV will be capable of carrying a reinforced Marine rifle squad at speeds in excess of 20 nautical miles per hour from over the horizon in sea state three. Once ashore, the EFV will provide Marine maneuver units with a world-class armored personnel carrier designed to meet the threats of the future. Production representative vehicle procurement occurred in fiscal year 2003 and will deliver in fiscal year 2005. IOC will be released in fiscal year 2008 and FOC in 2018.

Also critical to Marine Corps transformation efforts is the Joint Lightweight 155 mm Howitzer (LW-155). This system will enter FRP in fiscal year 2005, and our budget includes a request for a Joint Marine Corps—Army MYP. Another transformational component of the fiscal year 2005 Budget, the High Mobility Artillery Rocket System (HIMARS), will continue LRIP delivery.

Alignment

The DON is transforming to dramatically reduce operating and support costs. Changes will embrace efficiency and result in increased effectiveness and a higher readiness standard in concert with the overarching goals of the President's Management Agenda. We have made several fleet and shore organizational changes that have shown great potential in maximizing the way forces can be employed and supported.

Fleet Response Plan (FRP).—FRP provides a model for a new joint presence concept that will transform how the U.S. military is employed. It refines maintenance, training, and readiness processes in order to increase the number of combat ready ships and aircraft throughout the Fleet. FRP ensures six employable Carrier Strike Groups (CSGs) always are ready to respond to a crisis, plus two additional CSGs capable of deploying to the fight within 90 days of notification ("6+2"). With the implementation of FRP, half of the Fleet either could be deployed or postured to surge, able to arrive swiftly with the overpowering combat power needed either to deter or defeat the hostile intentions of an adversary, or to win decisively in combat against a significant enemy.

TacAir Integration.—The Navy and Marine Corps Team embarked on a Tactical Aircraft Integration plan that will enhance our core combat capabilities and provide a more potent, cohesive, and affordable fighting force. The culmination of a long-term effort to an increased level of readiness from the resources given to us, TacAir integration seeks to generate a greater combat capability from Naval TacAir. Through TacAir integration, the Department will reduce the number of tactical aircraft (JSF and F/A-18) from 1,637 to 1,140 aircraft by 2021. This integration will provide increased combat capability forward and is in concert with enhanced sea basing concepts. A cornerstone of this plan is the global sourcing of the Department's TacAir assets and the funding and maintenance of legacy aircraft at the highest level of readiness until they are replaced by the JSF and the Super Hornet (F/A-18 E/F).

Training Resource Strategy (TRS).—TRS was developed to provide high quality training to our deploying combat forces. The training of our high technology force in modern warfare has shifted to a network of existing ranges and installations stateside. Fully implemented, TRS has resulted in more training options, reduced pre-deployment training transit time, and has increased productive training days. The USS ENTERPRISE was the first CSG to deploy under the TRS, utilizing six training ranges, each unique to the successful completion of her qualification. TRS supports the FRP and will quickly respond to surge requirements by delivering and bringing to bear a capable fighting force.

Current and future readiness requirements underscore the continued need for realistic training and maximized use of training and testing ranges. While we continue to find ways to enhance readiness through increased use of information technology and simulation, live training on actual ranges and training areas remains critical during the essential phases of the training cycle. Maintaining training realism and access to these ranges has been of keen concern to our Naval forces. We continue to balance the need to maintain a ready and capable force with the need to be sensitive to environmental and encroachment issues.

For the last two years, Congress has addressed critical Navy needs regarding encroachment. Readiness-specific changes to the Marine Mammal Protection Act (MMPA), Endangered Species Act, and Migratory Bird Treaty Act will help the Navy meet training and operational needs. The Navy and Marine Corps has and will continue to demonstrate leadership in both its military readiness role and as an environmental steward of the oceans we sail and the lands we train upon. We are pursuing opportunities for acquiring land buffers adjacent to our training lands. We are implementing the Integrated Natural Resources Management Plans prepared under the Sikes Act to address endangered species concerns in lieu of designating critical habitats. We will continue operational actions to minimize harm to marine mammals, as we continue investments in research into marine mammal biology and behaviors. The Marine Mammal Protection Act is due for reauthorization in this legislative cycle. To maintain our military readiness, your support is necessary to retain the proper balance between environmental protection and military readiness during the reauthorization debate.

Carrier Strike Group (CSG)/Expeditionary Strike Group (ESG).—CSG alignment is complete and the first Pacific Fleet Expeditionary Strike Group (ESG-1), centered on the USS PELELIU Amphibious Ready Group and the embarked Marines of the 13th Marine Expeditionary Unit (Special Operations Capable), is completing an eight month deployment. The Navy deployed an Atlantic Fleet ESG, the USS WASP Amphibious Ready Group, last month.

The ESG adds to the ARG/MEU, a robust strike, anti-air, anti-surface, and anti-subsurface capability of a cruiser, destroyer, frigate and attack submarine and for the first time, the Advanced Swimmer Delivery System (ASDS). These combined capabilities give the Combatant Commander a wider variety of options and enables independent operations in more dynamic environments.

Vieques/NSRR closure.—The former training ranges on Vieques have been closed and the property has been transferred to the Department of the Interior (DOI), Fish and Wildlife Service. We have active clean-up and range clearance programs underway at disposal sites on both East and West parcels. We are working with the appropriate agencies to negotiate a Federal Facilities Agreement governing clean-up activities. We are refining costs to complete clean-up estimates for range areas and resolve litigation issues filed by the residents of Vieques. We will close Naval Station Roosevelt Roads by March 31, as directed by the Fiscal Year 2004 Defense Appropriations Act. Naval Activity Puerto Rico will serve as the caretaker organization following operational closure. Puerto Rico has established a Local Redevelopment Authority, and we will proceed quickly to property disposal.

Commander Navy Installations Command (CNI).—We have aligned all Navy shore installations under a single command that will allow us to make better decisions about where to invest limited funds. By consolidating all base operations worldwide and implementing common support practices the Navy expects to save a substantial amount of money over the next six years.

Communications

FORCENet will provide the overarching framework and standard communication mechanism for future combat systems. Navy Open Architecture, in conjunction with the FORCENet standards, will provide a common open architecture for warfare systems aboard surface, subsurface and selected airborne platforms such as the E-2C Advanced Hawkeye. A critical subset application already being procured is the Cooperative Engagement Capability (CEC), which will be installed on 38 ships and 4 squadrons (16 aircraft) by fiscal year 2006. CEC includes robust data communica-

tion capability among cooperating units in support of sensor netting. In the future, CEC will also include a Joint Track Manager to create a single integrated air picture of sufficient quality to support fire control application for each combat control system.

Navy Marine Corps Internet (NMCI) is operational and providing commercial IT services for more than 300,000 DON employees and two Combatant Commanders. To date, we have ordered 330,000 of the expected 345,000 fiscal year 2004 seats. Implementing NMCI has enabled us to increase the security posture of our networks and has given unprecedented visibility into IT costs. As we roll out NMCI we are doing away with the over 1,000 separate networks that the Navy used to run. We have reduced the number of legacy applications in the Navy's inventory from 67,000 to about 31,000 and begun further efforts to reduce this number to around 7,000—an almost 90 percent reduction. As we proceed with NMCI, we anticipate other opportunities for progress in areas such as enterprise hosting, software release management, IT resource analysis and technology insertion.

We have designed the NMCI Operational Evaluation to provide critical information necessary to determine how well NMCI is supporting mission of the user and to judge how well service level agreement metrics measure the service. As part of the spiral development process, NMCI worked with the testing community to segment the testing effort into a local evaluation of Network Services and a higher-level assessment of other Enterprise Services. Testing was completed December 15, 2003; the Final Report is due in April.

NAVY AND MARINE CORPS IN TRANSFORMATION (FUTURE READINESS)

The Chief of Naval Operations and Commandant of the Marine Corps consider the culture of transformation integral to the development of future combat capabilities. Innovative capabilities will result in profound increases in military power, maintaining the Navy and Marine Corps Team as the preeminent global Naval power. We are now at the point of delivering on many of our transformational goals.

We have embraced a vision in how Naval forces will contribute to joint warfighting in the future. This vision can only be implemented with the support of Congress. This section describes the principal components of Naval Vision 21.

Acquisition Programs

The fiscal year 2005 Budget request supports continued funding for accelerated development of several critical technologies into the CVN 21 lead ship. This transformational 21st Century ship, the future centerpiece of the Navy Carrier Strike Group, will bring many significant changes to the Fleet. These changes include a new electrical power generation and distribution system, the electro-magnetic aircraft launching system, a new enlarged flight deck, weapons and material handling improvements, and a crew reduction of at least 800. Construction of the CVN 21 remains on track to start in fiscal year 2007.

Critical components of Sea Power 21 are the DD(X) and LCS. These ships, designed from the keel up to be part of a netted force, are the centerpieces of the 21st Century surface combatant family of ships. DD(X) will be a multi-mission combatant tailored for land attack. LCS is envisioned to be a fast, agile, relatively small and affordable combatant capable of operating against anti-access, asymmetric threats in the littorals. The FYDP includes \$2.76 billion to develop and procure modular mission packages to support three primary missions of mine countermeasures, anti-submarine warfare, and anti-terrorism and force protection. Detail design and construction of the first LCS is planned to begin in fiscal year 2005.

The V-22 Osprey, a joint acquisition program, remains a top aviation acquisition priority. The V-22's increased capabilities of range, speed, payload and survivability will generate truly transformational tactical and operational opportunities. With the Osprey, Naval forces operating from the sea base will be able to take the best of long-range maneuver and strategic agility, and join it with the best of the sustainable forcible-entry capability. LRIP will continue until the Milestone III decision is made late CY 2005. We expect to move from LRIP to FRP in CY 2006.

Another important joint program with the Air Force, the JSF has just completed the second year of a 10-11 year development program. The program is working to translate concept designs to produce three variants. This is a complex process requiring more initial development than we predicted. JSF development is experiencing typical challenges that affect System Development and Demonstration (SDD) program schedule and cost. LRIP was deferred and research and development increased to cover SDD challenges. The current issues are solvable within the normal process of design fluctuation, and have taken prudent steps necessary to meet these challenges.

The plan to re-capitalize the P-3 Maritime Patrol Aircraft with the MMA was further refined this past year in collaboration with the Broad Area Maritime Surveillance-Unmanned Aerial Vehicle or BAMS-UAV program. With a MMA IOC of fiscal year 2013, we also developed a robust sustainment plan for the current P-3 that includes special structural inspections and kits that extend the platform service life by a minimum of 5,000 hours. Additionally, the Department has decided to join the Army's Aerial Common Sensor (ACS) program as the replacement platform for the aging EP-3.

In order to maintain Electronic Warfare (EW) superiority, the Department is pursuing both upgrades in current Airborne Electronic Attack (AEA) capability as well as a follow-on AEA aircraft to replace the aging EA-6B. The Navy has selected the EA-18G as its follow-on AEA aircraft and will begin to replace Navy EA-6Bs in fiscal year 2009.

Continuing an emphasis on transformational systems, the Department has budgeted R&D funding through the FYDP for several aviation programs. The Advanced Hawkeye (previously known as E-2 Radar Modernization Program (RMP)) is funded through the FYDP with the first production aircraft in fiscal year 2009. A fully automated digital engine control and improved generators have been incorporated into the aircraft to improve performance and reliability. Additionally, the Department has included funding to support procurement of required capabilities in the Fleet, such as Advanced Targeting Forward Looking Infra-Red and the Joint Helmet Mounted Cueing Systems.

The fiscal year 2005 Budget continues to demonstrate the Department's commitment to developing, acquiring and fielding transformational UAV technologies for Intelligence, Surveillance and Reconnaissance and tactical missions. The budget includes funding for a second Joint Unmanned Combat Air System (J-UCAS) demonstrator and continues development of the BAMS. The Navy's Unmanned Combat Air Vehicle (UCAV-N) is incorporated into J-UCAS under a DOD joint program office.

Helicopters.—The fiscal year 2005 Budget request includes an incremental approach to developing a replacement for the current aging Presidential helicopter. The Presidential Helicopter Replacement Aircraft (VXX) will enhance performance, survivability, communications, navigation and executive accommodations inherent in the existing fleet of Presidential airlift helicopters.

Ballistic Missile Defense.—The fielding of a National Ballistic Missile Defense capability is critical to protecting the U.S. homeland against the evolving ballistic missile threat. As part of the President's Directive to accelerate the fielding of a BMD Initial Defensive Operations capability by September 2004, the Navy will deploy, on a continuous basis, a DDG to serve as a Long-Range Surveillance and Tracking (LRS&T) platform. Additionally, Aegis Ballistic Missile Defense (ABMD) continues its development and testing of the SM-3 missile in order to support deployment of a sea-based mid-course engagement capability by December 2005. Since November 2002, ABMD had two of three successful intercepts with the SM-3 Block missile. The Navy is also evaluating the benefits associated with developing a Sea-based Terminal Missile Defense capability. A viable regional and terminal sea based ballistic missile defense system is important to ensure the safety of U.S. forces and the flow of U.S. forces through foreign ports and air fields when required.

FORCEnet/Navy Open Architecture/Space/C⁴I.—FORCEnet is the operational construct and architectural framework for Naval warfare in the Information Age which integrates warriors, sensors, networks, command and control, platforms and weapons into a networked, distributed combat force, scalable across the spectrum of conflict from seabed to space and sea to land. FORCEnet is the core of Sea Power 21 and Naval Transformation, and is the USN/USMC vehicle to make Network Centric Warfare an operational reality. It is being implemented in coordination with transformation initiatives in the Army, Air Force, and Coast Guard—enhancing efficiency, joint interoperability, and warfighting effectiveness. DD(X), LCS, CVN-21, SSGN, VIRGINIA Class SSN's, SAN ANTONIO Class LPD's, and MMA are examples of platforms that are being designed from inception to perform in the netted environment of the future. Systems being procured and produced under the FORCEnet concept are CEC, Naval Fires Network (NFN) and Airborne/Maritime/Fixed (AMF) Joint Tactical Radio System (JTRS).

The Navy is engineering a single open architecture for all warfare systems called Navy Open Architecture. Future systems will be designed to this architecture while legacy systems will be migrated to that single architecture where it is operationally and fiscally feasible. This integrates the Command and Control and Combat systems information flow using open specifications and standards and open architecture constructs, to support FORCEnet and other global information networks. Further, this significantly reduces the development and maintenance costs of computer programs. The Navy and its Joint Service partners continue to jointly engineer the Joint Track

Manager and plan to implement it into Navy Open Architecture as the Open Architecture Track Manager. This joint focused application will be populated in all Naval warfare systems that conform to the single OA warfare system architecture.

The Navy and Marine Corps continues to pursue the maximum use of space to enhance our operational capabilities. We look to leverage existing systems and rapidly adapt emerging technology. For example, the Navy has long been the leader in ultrahigh frequency (UHF) satellite communications (SATCOM). The Navy is the executive agent for the next generation UHF SATCOM system. This program, the Mobile Users Objective System, will be the system used by all DOD components for their UHF communications needs.

Sea Basing and Strategic Sealift.—Sea Basing is a transformational operating concept for projecting and sustaining Naval power and a joint force, which assures joint access by leveraging the operational maneuver of sovereign, distributed, and networked forces operating globally from the sea.

The Sea Basing concept has been endorsed by the other military services and its importance was confirmed when DOD announced a Joint Sea Basing Requirements Office will soon be established. Central to the staying power of Naval forces will be the Maritime Pre-positioned Force-Future MPF(F). The fiscal year 2005 Budget accelerates the lead MPF(F) from fiscal year 2008 to fiscal year 2007 to reflect an emphasis on Sea Basing capabilities.

Infrastructure

Prior Rounds of Base Realignment and Closure (BRAC).—The Department of the Navy completed the closure and realignment of activities from the 1988, 1991, 1993 and 1995 rounds of BRAC. All that remains is to complete the environmental cleanup and property disposal on all or portions of 23 of the original 91 bases. We have had significant successes on both fronts. We are successfully using property sales as a means to expedite the disposal process as well as recover the value of the property for taxpayers. We sold 235 acres last year at the former Marine Corps Air Station, Tustin, California on the GSA internet web site for a net \$204 million. We sold 22 acres at the former Naval Air Facility Key West, Florida in January 2004 for \$15 million. The City of Long Beach, California opted to pre-pay its remaining balance on a promissory note, and gave us \$11 million to conclude its purchase of the former Naval Hospital Long Beach, California. We are applying all funds to accelerate cleanup at remaining prior BRAC locations. More property sales are planned that will be used to finance remaining prior BRAC cleanup actions. Of the original 161,000 acres planned for disposal from all four prior BRAC rounds, we expect to have less than seven percent (or about 11,000 acres) still to dispose by the end of this fiscal year.

BRAC 2005.—The Fiscal Year 2002 Defense Authorization Act authorized another round of BRAC in 2005. We will scrupulously follow the process laid out in the law. We will treat each base equally and fairly, whether considered for closure or realignment in the past or not. In no event will we make any recommendations concerning any closures or realignment of our bases until all the data has been collected, certified and carefully analyzed within the overall BRAC 2005 statutory framework.

BRAC 2005 gives us the opportunity to transform our infrastructure consistent with the significant changes that are, and will be, happening with the transformation of our force structure. The Secretary of Defense is leading a process to allow the military departments and defense components to closely examine joint use opportunities. Military operations in Afghanistan and Iraq demonstrated the force multiplier benefits of joint operations. We will apply those approaches to our shore infrastructure. We will look beyond the traditional stovepipes of Navy bases and Marine Corps bases in BRAC 2005 and take a joint approach matching military requirements against capacity and capabilities across the Department of Defense.

The added benefit is the opportunity to eliminate excess capacity and seek greater efficiencies in our shore infrastructure. Continuing to operate and maintain facilities we no longer need diverts precious resources from our primary mission. Resources freed up as a result of this process will be used to re-capitalize our ships, aircraft, equipment and installations for the future.

Better Business Practices.—The DON has implemented several continuous improvement initiatives consistent with the goals of the President's Management Agenda that enable realignment of resources in order to re-capitalize.

Specific initiatives include: converging our Enterprise Resource Planning (ERP) pilots into an end-to-end operating system; incorporating proven world class efficiency methodologies such as Six Sigma and Lean concepts into our day-to-day operations; and implementing additional Multi-Ship/Multi-Option (MSMO) repair contracts and Performance Based Logistics (PBL) agreements. Of note, Lean efficiency events that concentrate on increasing velocity and productivity in our Aviation In-

termediate Maintenance Departments (AIMD) were initiated on USS GEORGE WASHINGTON (CVN 73) and USS HARRY TRUMAN (CVN 75). The outcome of these events will allow us to improve our afloat AIMD processes and influence our future manning requirements on CVN 21 Class carriers. These are the first Lean events conducted on Navy warships.

These continuous improvement initiatives enable us to increase our combat capabilities with the expectation that we become more efficient, agile, flexible and reliable at a reduced cost of doing business.

OUR TOTAL FORCE (SAILORS, MARINES, AND CIVILIANS)

Today more than other time in recent history our Sailors and Marines have a greater understanding and appreciation for service to country. In time of war they have shown the Nation the highest standards of military professionalism and competence. The heaviest burdens in our war on terror fall, as always, on the men and women of our Armed Forces. We are blessed as a Nation to have a 228-year legacy where magnificent men and women volunteer to protect and defend America. Sailors and Marines—along with our civilian workforce—remain the strong and steady foundation of our Naval capabilities.

Active Duty

The Navy and Marine Corps again met enlisted recruiting and accession goals in 2003, and continue to attract America's finest young men and women to national service. The Navy achieved recruiting goals for a fifth consecutive year and in February completed the 31st consecutive month of attaining goals for accessions and new contracts. The Marine Corps met its eighth year of meeting monthly and annual enlisted recruiting goals and its thirteenth year of success in officer recruiting. Both Services are well positioned for success in meeting 2004 officer and enlisted accession requirements.

During 2003, the Navy implemented a policy requiring 94 percent of new recruits be high school diploma graduates (HSDG), and Navy recruiters succeeded by recruiting 94.3 percent HSDG. Navy Recruiting continued to seek the best and brightest young men and women by requiring that 62 percent of recruits score above 50 on the AFQT; Navy recruiters excelled with a rate of 65.7 percent. Navy recruiting also sought to increase the number of recruits with college experience in fiscal year 2003, recruiting more than 3,200 applicants with at least 12 semester hours of college.

The Marine Corps accessed 97.1 percent High School Diploma Graduates in fiscal year 2003, exceeding their annual goal of 95 percent and ensured the Marine Corps recruited the highest quality young men and women with 70.3 percent of Marine Corps recruits scoring over 50 on the AFQT. This achievement exceeded their annual goal of 60 percent of accessions scoring above 50 on the AFQT. The Marine Corps began fiscal year 2004 with a 58.8 percent starting pool in the Delayed Entry Program and has continued to achieve its monthly recruiting goals during the second quarter of fiscal year 2004. The Marine Corps Reserve achieved fiscal year 2003 recruiting goals, assessing 6,174 Non-Prior Service Marines and 2,663 Prior Service Marines. Navy Recruiting was also successful in Naval Reserve recruiting by exceeding the enlisted goal of 12,000 recruits for fiscal year 2003.

Retention.—Retaining the best and brightest is as important as recruiting them. Military compensation that is competitive with the private sector provides the flexibility required to meet that challenge.

The Marine Corps has achieved first-term reenlistment goals over the past nine years. They have already achieved 79.8 percent of their first term retention goal and 59.8 percent of second tour and beyond goals. Officer retention is at a 19 year-high.

Retention in the Navy has never been better. For the third straight year, we experienced the highest retention in history. Retention goals for all categories were exceeded. As a result, at-sea personnel readiness is exceptional and enlisted gaps at sea are at an all-time low.

Notwithstanding our current success in retention, we are constantly on alert for indicators; trends and developments that might affect our ability to attract and retain a capable, trained and talented workforce. We are aware that we need to compete for the best, and ensure continuing readiness, through a variety of means including effective compensation and bonus programs.

The Selective Reenlistment Bonus (SRB) remains the primary tool available to the Navy and Marine Corps for retaining our best and brightest enlisted personnel. SRB represents an investment in the future of our Navy and Marine Corps. The Department of the Navy has a proven track record in the judicious management of this program and other continuation pays used to keep the right force mix to meet the

nations requirements. Your continued support of the SRB program as a proven and highly effective tool is important and appreciated.

Attrition.—Navy leaders reduced attrition 10 percent from a year ago and 33 percent from fiscal year 2000, while Marine Corps First-Term Post Boot Camp attrition continues the favorable downward trend begun in fiscal year 1999. For the Marine Corps, fiscal year 2003 attrition was at a historical low, down 1,773 from the previous year. This drop is due largely to a reduction in misconduct and incidents of desertion.

The Department's "Zero Tolerance" drug-use policy continues to be strictly enforced, widely disseminated, and supported throughout the leadership. Through a comprehensive random drug testing program, educational programs, and Command support, the Navy and Marine Corps Team achieved an 18 percent reduction in attrition even while testing rates increased.

Training.—The Navy and Marine Corps have defined their respective strategies for advancing into the future as part of a Joint Force. The Services have developed strategies that clearly define how Navy and Marine forces of the 21st Century will be equipped, trained, educated, organized and used in our continued efforts to control the seas, to project American military influence abroad, and to protect our borders.

Marine Corps' Strategy 21 defines as its vision and goal the development of enhanced strategic agility, operational reach and tactical flexibility and enabled joint, allied and coalition operations.

Navy's Sea Power 21 defines its commitment to the growth and development of its Service members. Sea Warrior is the "people" part of Sea Power 21. Its focus is on growing individuals from the moment they walk into a recruiting office through their assignments as Master Chiefs or Flag Officers, using a career continuum of training and education that gives them the tools they need to operate in an increasingly demanding and dynamic environment. Transformation for the future, leveraging technology and tapping into the genius of our people to make them more efficient and effective—creating a single business process for the range of human resource management activities is exactly what Sea Warrior is all about. Our goal remains attracting, developing, and retaining the more highly skilled and educated workforce of warriors that will lead the 21st Century Navy.

Reserves

Reserves remain an integral part of our Navy and Marine Corps Team. The Department of Defense is undergoing a transformation to a more responsive, lethal and agile force based on capabilities analysis rather than threat analysis. Last July, Secretary Rumsfeld issued a memorandum, Rebalancing Forces, in which he directed the Services to promote judicious and prudent use of rebalancing to improve readiness of the force and to help ease stress on units and individuals. Three areas of focus of the Services are: Enhance early responsiveness; resolve stressed career fields; and employ innovative management practices.

The Navy recently completed a study focused on redesigning the Naval Reserve so that it is better aligned with, and operationally relevant to, active forces. Working groups have been chartered to implement key points of the study. Implementation has commenced and will continue through this year and next. The three main areas of focus are Personnel Management, Readiness and Training, and Organizational Alignment. The Navy is transforming the Naval Reserve so that it is fully integrated with active forces. Reservists are shifting away from thinking of "Naval Reserve requirements" to "Navy requirements"—a shift that includes goals, capabilities and equipment. The Navy mission is the Naval Reserve mission. One Navy, one team, is the message.

Naval and Marine Corps reservists are filling critical joint and internal billets along with their active counterparts. Naval and Marine Corps Reserve mobilization is a requirements-driven evolution and reservists, trained and ready, are making significant contributions. While the numbers of mobilized reservists can fluctuate as GWOT requirements dictate, our objective is to keep the number of mobilized personnel at a minimum.

Since September 11, 2001, the Navy has mobilized over 22,000 reservists with a peak of just over 12,000 during OIF. This is from a Selected Reserve population of just over 87,000. Mobilized commissioned Naval units include Coastal Warfare, Construction Battalion and Aviation communities, while individuals were mobilized primarily from Security Group, Naval Intelligence, Law Enforcement and Physical Security augment units. We anticipate a steady state of approximately 2,500 mobilized Naval Reservists this year.

The Marine Corps has mobilized over 22,000 reservists from an authorized Selected Reserve end strength of 39,600 and just over 3,500 from the Individual Ready

Reserve. Currently mobilized reservists number just under 6,500. With OIF II requirements, the number of mobilized Marine Reservists is expected to increase by approximately 7,000. OIF II Marines will deploy in two rotations of approximately seven months each, augmenting Marine Corps capabilities in Infantry, Armor, Aviation, Command, Control, Computers and Intelligence, Military Police and Civil Affairs.

Civilian Personnel

A large part of the credit for the Navy's outstanding performance goes to our civilian workforce. These experienced and dedicated craftspeople, researchers, supply and maintenance specialists, computer experts, service providers and their managers are an essential part of our total Naval force concept.

In the past, our ability to utilize these skilled human resources to accomplish the complex and fast-developing missions of the 21st Century has been limited by the requirements of a 19th Century personnel system. The fiscal year 2004 Defense Authorization Bill now allows DOD to significantly redesign a National Security Personnel System (NSPS) for the civilian workforce. This change represents the most significant improvement to civilian personnel management since the 1978 Civil Service Reform Act.

The DON has volunteered to be in the first wave of conversions to NSPS later this year. The Department expects to transition as many as 150,000 of our dedicated, hard-working civilians to the new system this year. We will work closely with DOD to ensure we meet this aggressive timeline. We are also working Defense Acquisition Workforce Improvement Act streamlining initiatives alongside NSPS to ensure we use these tools to produce a robust and capable workforce.

The reforms will provide supervisors and managers greater flexibility in managing our civil service employees, facilitate competition for high quality talent, offer compensation competitive with the private sector, and reward outstanding service. It will build greater pride in the civilian workforce and attract a new generation of civilians to public service. Properly executed, these changes also will assist us in better utilizing the active duty force by making it easier to employ civilians in jobs currently filled by uniformed military personnel.

NSPS legislation will have a transformational effect on organizational design across the Department. NSPS will improve alignment of the human resources system with mission objectives, increase agility to respond to new business and strategic needs, and reduce administrative burden. The NSPS Act authorizes a more flexible civilian personnel management system that allows us to be a more competitive and progressive employer at a time when our national security demands a highly responsive system of civilian personnel management. The legislation also ensures merit systems principles govern changes in personnel management, whistleblowers are protected, discrimination remains illegal, and veterans' preference is protected. The process for the design of NSPS is specified by statute and covers the following areas: job classification, pay banding, staffing flexibilities, and pay for performance.

The foundation for NSPS is a more rigorous tie between performance and monetary awards for employees and managers. Basic pay and performance incentives should be tied directly to the performance measurement process—supervisory personnel are also rewarded for successfully performing managerial duties. Implementation of this system will be a significant step forward by linking employees' performance to mission accomplishment and enabling better management of scarce resources throughout the DON.

We are faced with a monumental change in how we will do business and an even larger cultural change from one of entitlement to one that has a performance-based compensation. This will be a huge effort and we are determined to ensure successful implementation. We will continue to scrutinize our human resource business methods. As we implement the bold initiatives in NSPS, we will take a hard look at our administrative policies with a specific eye on those that are burdensome or add no value.

Quality of Service

We will continue to provide an environment where our Sailors and Marines, and their families have confidence in themselves, in each other, in their equipment and weapons, and in the institution they have chosen to serve. This year, with your help, we continued the significant advances in compensation, in building the structure to realize the promise of the revolution in training, in improving bachelor and family housing, and in strengthening our partnership with Navy and Marine families.

The Department remains committed to improving living conditions for Sailors and Marines, and their families. Our policy is to rely first on the private sector to house

military families. As a result, along with the initiative to increase Basic Allowance for Housing (BAH), the need and consequently the inventory for military family housing is going down. Additionally, we are partnering with the private sector in Public/Private Ventures (PPV) to eliminate inadequate housing.

At the top of nearly any list put together in our partnership is the promise of medical care for Sailors, Marines, and their families. Naval medicine is a force multiplier, ensuring our troops are physically and mentally ready to whatever challenges lie ahead. High quality care and health protection are a vital part of our ability to fight the Global War on Terrorism and execute other worldwide missions. Naval medicine today is focused on supporting the deployment readiness of the uniformed services and promoting, protecting and maintaining the health of all those entrusted to Naval Medicine care—anytime, anywhere.

Safety

The Navy and Marine Corps are working to meet the Secretary of Defense's goal of reducing mishaps by 50 percent from fiscal year 2002 to the end of fiscal year 2005. We have many initiatives in place and planned for the near future. We have seen real progress in reducing private motor vehicle fatalities, which are down 20 percent from the fiscal year 2002 baseline. We have begun applying technologies now used in commercial aviation to provide a visual and quantitative feedback loop to pilots and mechanics when either the pilot or aircraft has exceeded specific safety of flight parameters. We will continue to press forward with safety both to take care of people, our most precious asset, and to allow us to invest elsewhere.

Shaping the Force

The Navy is making an effort to reduce its active duty manpower as part of the DON transformation program. This is the first step and an integral part of our strategy to properly shape both the officer and enlisted force. Today, as the Navy moves to a more efficient and surge-ready force, maintaining the correct skill sets is more important than ever. We are convinced we can get the job done with fewer people; by eliminating excess manpower we can focus better on developing and rewarding our high-performing forces. Additionally, reducing manpower gradually today will ensure the Navy is properly manned when a new generation of optimally manned ships joins our force, with completely revised maintenance, training, and war-fighting requirements. We will ensure any manpower reductions will be preceded by reductions in functions.

SUMMARY

Naval forces remain a critical and unique element of our national security strategy. The Navy and Marine Corps Team answers the President's call to duty by being the first on station—with staying power. Our forces exploit the open oceans and provide the Combatant Commander with persistent sovereign combat Naval forces. This is the value that credible forward deployed Naval forces provide our Nation.

The fiscal year 2005 Budget unifies many of our innovative and transformational technologies with Naval Power 21. Sustaining investment in Naval forces continues to protect and promote American interests by allowing the forward deployed Navy and Marine Corps Team to shape the international security environment and to respond to the full spectrum of current and future crises.

With our fiscal year 2005 Budget request we focus on people, combat capability, technology insertion, and improved business practices. Additionally, we continue to work with our Joint Service partners in organizing, equipping and training to fight jointly. With continued Congressional support the Department of the Navy will position the Navy and Marine Corps Team as part of the most formidable military force in the 21st Century.

Senator STEVENS. Admiral Clark.

STATEMENT OF ADMIRAL VERNON CLARK, CHIEF OF NAVAL OPERATIONS

Admiral CLARK. Chairman Stevens, Senator Inouye, and distinguished members of the committee, good morning. I, like Secretary England, consider it an honor to be with you here today, representing all the sailors, both active and reserve, and the civilians who are serving in our Navy today.

I am particularly happy, also, to be here at the table with leaders like Secretary England and General Mike Hagee. I'd like to report to you that this group has a great partnership, working together, leading our Navy and Marine Corps team to the future. That's what we see as our task, and we are set out to do it.

Today, and I believe appropriately so, America's focus is primarily on the Army and, more so, soon to be the Marine Corps, as they execute their missions in Operation Iraqi Freedom II. Having said that, I want to report to you that your Navy continues to be out and about. And while the Army dominates Operation Iraqi Freedom today, we have two carriers and three Expeditionary Strike Groups, and fundamentally one-third of the Navy, still deployed around the world. Ships and submarines, forward deployed on the point representing the United States of America. And that includes two of our large-deck amphibious ships, the Boxer and the Bataan, who are now returning home, after surging forward just a few weeks ago to carry Marine Corps aviation assets forward for Operation Iraqi Freedom II.

A year ago this time when I appeared before this committee, we were an important part of the joint team that conducted major combat operations last spring in Iraq. Lifting the joint force, projecting power ashore, and fully 55 percent—Senator Cochran, mirroring the numbers that you talked about—55 percent of our Navy deployed in support of the conflict. No other Navy in the world can deliver this kind of decisive combat capability. It highlights our fundamental mission, and that is to take credible, persistent combat power to the far corners of this earth anywhere, anytime we need to do so, without a permission slip.

I appreciate the opportunity, Mr. Chairman, to be here today, to appear before you, and to talk about this great Navy, and to thank you on behalf of all of our outstanding men and women in the uniform, and those that are wearing civilian clothes, too, that are working to make our Navy better every day. And we are all grateful for the continued strong support that is being provided by the Congress that is making our Navy ready to respond, ready to act anytime the Nation needs us to do so, but also helping us create the Navy of the future, which is our fundamental task, also.

As the Secretary said, our budget request this year is a solid and balanced investment plan, the roadmap, as he has called it, that focuses on three areas. First, it accelerates our investment in Sea Power 21 capability. Second, it delivers the right readiness at the right cost, and that's been a key factor in our ability to respond this past year. And it continues to shape the 21st century workforce. This budget includes the next steps in our journey to the future.

A much more capable Navy is what we're talking about. It includes funding for the Littoral combat ship, the DD(X), CVN 21, the Joint Strike Fighter, unmanned vehicles in the air and on the surface and under the sea, the Virginia class submarine and the modifications to Trident SSGNs, among others.

And maybe most importantly today, it lays the foundation with LHA(R) and maritime pre-positioned forces, the future for the Navy/Marine Corps team. That future is laid down in this budget request. And this is a very exciting concept, the next step in expe-

ditionary warfare. We stand at the threshold of creating the next generation Navy/Marine Corps team, a team that will deliver the kind of quick-response, global-reach capability that this Nation needs. This budget will help us deliver a more responsive Navy. The Fleet Response Plan and a readiness assessment process that we are now using has allowed us to better assess risk, and allowed us to present a budget that delivers the right readiness at the right cost.

And what this means, unlike previous submissions that I have been involved in, is that we have taken more risk—we have assessed the risk, and we have taken risk where we believe that it is prudent so that we can invest in the new acquisition that is required for us to have the Navy of the future. And so I ask for your support in this year's readiness request. It will deliver the right readiness at the right cost for the Nation.

Lastly, our request continues to sharpen our investment in our people so that we can shape them into the workforce that we need for the future. And, of course, in the Navy we recognize that every single thing that is good that is happening in the Navy is happening because we have been winning the battle for people. For all of our advanced technology—and our advanced technology is incredible—for the readiness that we have achieved, it is still our people that bring our capabilities to bear whenever and wherever the Nation needs them.

But, at the same time, Mr. Chairman, we do recognize the cost of manpower. We know that manpower is not free. And I am committed to building a Navy that can maximize the capability of our people and minimize the total number of people on the payroll. And as you can see from this request, and as Senator Inouye has indicated, this budget request reduces our end strength. Our strategy for doing this is straightforward, Senator. We are investing in the growth and the development of our people. We are improving training and our maintenance processes. We are leveraging technology. We are decommissioning older, more manpower-intensive platforms that have less capability for the future, and we are rebalancing our reserve and active forces. And as we deliver more high-tech ships and aircraft, our workforce will intentionally get smarter, but we intend for it also to get smaller.

Your support, over the years, of incentive pay, re-enlistment bonuses, and the kind of training and information tools that make our people more productive, has been critical to our success in the past and is crucial to our ability to attract and retain and shape the kind of workforce we need for the future.

I want to report to you that your support for these initiatives has been working. We have the highest retention that we ever had in the history of the Navy, and we have an extraordinarily competitive and talented group of people in our Navy. I ask you to continue to give us the tools that we need to shape this force for the future. And I look forward to discussing this with you in the minutes and hours ahead, and the months ahead, as we move toward this budget.

I close by saying that we have a higher quality Navy and Marine Corps team today than at any time that I've witnessed in my career, and I believe it's so for a very important reason. It is because

our sailors feel the support and the confidence that is being placed in them by the citizens of the United States of America.

Mr. Chairman, this is a very proud team. They believe in the importance of what they are doing. And each of you have seen them on the point, and you know how they are reacting to the challenges that are being presented to them. And they are responding to the signals of support that are being sent to them by the citizens of America.

PREPARED STATEMENT

I thank you for your support, and the citizens of America for their support, and I look forward to your questions this morning.

Thank you very much.

Senator STEVENS. Thank you very much, Admiral.

[The statement follows:]

PREPARED STATEMENT OF ADMIRAL VERN CLARK

Mr. Chairman and members of the Committee, I appreciate this opportunity to appear before you. I want to express my gratitude for the substantial investment you have made in making this Navy the best Navy the nation has ever seen.

Your Navy is built to take credible combat power to the far corners of this earth, taking the sovereignty of the United States of America anywhere we need to take it and at anytime we choose to do so. It is capable of delivering the options this nation needs to meet the challenges of today and it is committed to the future capabilities the joint force will need to win throughout the 21st century.

It is a wonderful time to be a part of this Navy and a great privilege to be associated with so many men and women—active and reserve, uniformed and civilian—committed to the service and defense of this nation. I speak for all of our men and women in thanking you for your exceptional and continuous support.

YOUR NAVY TODAY—PROJECTING DECISIVE JOINT POWER ACROSS THE GLOBE

Your Navy's performance in Operations ENDURING FREEDOM (OEF) and IRAQI FREEDOM (OIF) last year proved—more than anything else—the value of the combat readiness in which you have invested. It demonstrated the importance of the latest technology in surveillance, command and control and persistent attack. It highlighted our ability to exploit the vast maneuver space provided by the sea. Most importantly, it reaffirmed the single greatest advantage we hold over every potential adversary: the genius of young Americans contributing their utmost in their service to this nation.

This past year, the fleet produced the best readiness levels I've seen in my career. We have invested billions of dollars to training, maintenance, spare parts, ordnance, flying hours and steaming days accounts these last few years, and that investment resulted in the combat ready response of more than half the Navy to operations worldwide.

Seven aircraft carriers and nine big deck amphibious ships were among the 164 U.S. Navy ships forward deployed last spring in support of OEF and OIF and contingencies worldwide. The Military Sealift Command sailed and chartered more than 210 ships and moved 94 percent of the nation's joint and combined capability to the fight. We also deployed three Fleet Hospitals, a Hospital Ship, 22 P-3 aircraft, 25 Naval Coastal Warfare detachments and we mobilized more than 12,000 reservists.

OIF and OEF were the most joint operations in our history and they have provided the best possible opportunity to dissect, study and analyze some of the limiting factors and effects of how we fight. Beyond the mere numbers, these operations confirmed that we should continue to pursue the capabilities that enhance our power projection, our defensive protection and the operational independence afforded by the sea.

While we recognize that we must continue to challenge all of our assumptions in a variety of scenarios, our lessons learned indicate that the capabilities-based investment strategies, new war fighting concepts and enabling technologies we are pursuing in our Sea Power 21 vision are on the right vector. Let me give you some examples.

—The reach, precision and persistence of our Sea Strike capability added lethality to ground combat engagements in Afghanistan and Iraq. The joint surveillance and attack technologies and processes that we have already put in place forced enemy combat formations to either disband and desert or be destroyed in place by precision weapons. Navy aviation generated more than 7,000 combat sorties in support of OIF, sometimes flying joint missions with land-based Air Force tankers more than 900 miles from their carriers. Surface combatants and submarines struck targets throughout Iraq with more than 800 Tomahawk missiles. The initial deployments of new F/A-18E/F Super Hornet squadrons greatly extended our range, payload, and refueling options. And we will realize more of these capabilities in the future through the conversion of the first of four Trident SSBNs into the SSGN conventional strike and Special Operations Forces platform.

—USS HIGGINS (DDG 76) provided early warning and tracking to joint forces in Kuwait and southern Iraq to help warn forces and defend against the threat of theater ballistic missiles. This tracking-only capability demonstrated the initial potential of extending Sea Shield defenses to the joint force. In a sign of things to come, we advanced our missile defense capability with another successful flight test of our developmental sea-based defense against short-to-medium range ballistic missiles. USS LAKE ERIE (CG 70) and USS RUSSELL (DDG 59) combined to acquire, track and hit a ballistic test target in space with an SM-3 missile in support of the Ballistic Missile Defense program. This was the fifth success in six tests.

Our OIF mine warfare efforts cleared 913 nautical miles of water in the Khor Abd Allah and Umm Qasr waterways, opening 21 berths in the Umm Qasr port and clearing the way for operations in the littoral areas of the Northern Persian Gulf and for humanitarian aid shipments into Iraq. These operations included the use of the High Speed Vessel X1 (JOINT VENTURE), Navy patrol craft and six unmanned, autonomous underwater vehicles (AUV) directly from our science and technology (S&T) program in the littoral for special operations and mine clearance operations, and gave us important insights into our vision for both future littoral and mine warfare concepts and capabilities.

—We projected joint combat forces across the globe with greater speed and agility than we have ever done in the past. Along with our number one joint partner, the United States Marine Corps, we put more than 60,000 combat-ready Marines ashore in Kuwait in 30 days. The Navy's Military Sealift Command delivered more than 32 million square feet of combat cargo and more than one billion gallons of fuel to the nation's war fighters in Operations Enduring Freedom and Iraqi Freedom. We were able to sustain the strategic and operational flexibility afforded by Sea Basing to generate a three-axis attack on Iraq from our dispersed aircraft carriers, surface combatants and submarines in the Red Sea, the Mediterranean Sea and the Persian Gulf.

We forged ahead in our shipbuilding investments. We awarded three preliminary design contracts for the Littoral Combat Ship (LCS), leading to the construction of the first LCS in fiscal year 2005. We selected the baseline design for the DD(X) 21st Century multi-mission destroyer, launched SAN ANTONIO (LPD 17), christened VIRGINIA (SSN 774) and began fabrication of MAKIN ISLAND (LHD 8) and LEWIS AND CLARK (T-AKE 1).

—In OIF, we were able to know more, decide faster and act more decisively than ever before. Our three-axis, multi-platform attack from the Persian Gulf, Red Sea and Mediterranean Sea—as well as the geometric increases in striking power, defensive protection and speed of maneuver generated by our joint forces—is made possible by the power of joint command, control, communications, computers, intelligence, surveillance and reconnaissance (C⁴ISR). Fully eighty percent of targets struck with precision ordnance were unknown at aircraft launch. We developed and installed CENTRIX and COWAN networks to enhance joint and coalition interoperability on all of our deploying ships, and we also promulgated the FORCEnet campaign plan, defining the architecture and standards that will help us further integrate warriors, sensors, weapons, and platforms.

These accomplishments this past year have taught us more about who we are and where we're headed. We know that the combat power of the truly joint force is much more than the sum of the services' contributions. We understand the value of readiness and the importance we must place on improving the fleet's ability to respond and surge with decisive combat power. We relearned the lesson that over flight and basing is not guaranteed; our dominance of the maritime domain and our consequent ability to quickly deliver an agile combat force is a priceless advantage for

our nation. And we reaffirmed that our people are now, and always will be, the root of our success.

YOUR NAVY TOMORROW—ACCELERATING OUR ADVANTAGES

Readiness, advanced technology, dominance of the maritime domain, and the genius of our people—these are our asymmetric advantages. They are the core of our Sea Power 21 Navy and we intend to accelerate these advantages over the coming year. We are in a position to continue to build upon and recapitalize these strengths, to innovate and experiment, and to push the envelope of operational art and technological progress. Our ability to project persistent, sovereign combat power to the far corners of the earth now and in the future depends on it.

In last year's statement, I discussed principally the advantages brought by advanced technology and the vast maneuver area of the sea in our Sea Power 21 vision.

This year, I'd like to spend a few moments on the efforts we've taken to improve our other advantages: our readiness to respond to the nation's defense needs and the tools we'll need to ensure the right people for our Sea Power 21 Navy.

Today's naval forces and personnel are superbly trained and well provisioned with ordnance, repair parts and supplies. They are ready earlier—for a longer period of time—and they are deploying at a higher state of readiness than ever before. In short, the Navy the nation has paid for is truly ready to accomplish its missions and it is more ready to do so than I've ever seen it in my career.

I mentioned the results; in OIF, we surged more than half the fleet to fight half a world away. The combined power of our forward presence forces and those that we were able to surge overseas helped keep our enemies on the run. This conflict and our analysis of future campaign scenarios make it apparent that the readiness of both our forward forces and the forces that must surge forward will be critically important to our future. It is no longer good enough to be able to surge just once every ten years or so.

The war on terrorism and the unpredictability of the global security environment make this an immediate imperative. The nation needs a Navy that can provide homeland defense and be both forward and ready to surge forward to deliver overwhelming and decisive combat power whenever and wherever needed. We are committed to do so.

With this in mind, we launched the Fleet Response Plan (FRP) this past year. The FRP resets the force in a way that will allow us to surge about 50 percent more combat power on short notice and at the same time, potentially reduce some of the personnel strain of forward rotations.

In simplest terms, rather than having only two or three CSGs forward-deployed and properly equipped at any one time—and an ability to surge only a maximum of two more—the FRP enables us to now consistently deliver six forward deployed or ready to surge Carrier Strike Groups (CSGs) almost immediately, plus two additional CSGs in the basic training phase in 90 days or less. This FRP capability is commonly known as six plus two.

To do this, we have fundamentally reconfigured our employment policy, fleet maintenance, deployment preparations and fleet manning policies to expand the operational availability of non-deployed fleet units. We have shifted the readiness cycle from one centered solely on the next-scheduled-deployment to one focused on returning ships to the right level of readiness for both surge and deployed operations. The net result is a fleet that is more ready, with more combat power—more quickly—than was possible in the past.

Our forward rotations remain critically important to our security, to strengthening alliances and coalitions, and to the global war on terrorism. But it is clear we must make these rotations with purpose, not just to fill the calendar.

For example, implementing the new Proliferation Security Initiative to counter weapons of mass destruction as a tool for terrorists and their sponsors is likely to involve the use of forward naval forces in maritime interdiction. Additionally, we plan to be ready to establish Initial Missile Defense operations using forward-deployed ARLEIGH BURKE class guided missile destroyers and their AEGIS systems in Long-Range Tracking and Surveillance roles. And of course, we will continue to provide Combatant Commanders with the combat-credible, rapidly employable forward forces required for the nation's defense.

But at the same time, we recognize that our ability to rapidly surge significant additional combat power and provide a range of joint employment options is critically important to the swift and decisive combat operations that must be our future. The FRP allows us to do just that.

We have an obligation to accurately assess the readiness needs and create the resources necessary to support this FRP capability. This has also been a major focus this past year.

Readiness is a complex process. It is much more than a count of our end strength, our ordnance and spares, and the number of hours and days spent training. It is the product of our ability to deliver the required effects needed to accomplish the mission. We know too that readiness at any cost is unacceptable; as leaders we must achieve and deliver the right readiness at the right cost.

The Integrated Readiness Capability Assessment (IRCA) was developed for the fiscal year 2005 budget to more carefully examine our readiness processes. Starting with our new FRP operating construct, we took a hard look at everything that we needed to have on hand and what we needed to do to deliver the required combat readiness for the nation's needs.

The IRCA assessment helped us understand the collective contributions of all the components of readiness, accurately define the requirements, align the proper funding and provide a balanced investment to the right accounts. It improved our visibility into the true requirements and it gave us a methodology to assess and understand both acceptable and unacceptable risks to our current readiness investments.

The end result is this: we have carefully defined the readiness requirement. We have identified areas where we can streamline or cease activities that do not add to readiness. And we have requested the funds our commanders need to create the right readiness for fiscal year 2005. I ask for your support of this year's current readiness request as we've re-defined these processes and already taken acceptable risks. We will deliver the right readiness at the right cost to the nation.

These improvements to our operational availability of forces and the associated readiness elements will not be made on the backs of our people.

We have a smart, talented cadre of professionals who have chosen a lifestyle of service. Our ability to challenge them with meaningful, satisfying work that lets them make a difference is part of our covenant with them as leaders.

A new operating concept like the Fleet Response Plan could not be made if we still had the kind of manpower-intensive mindset to problem solving we had even five years ago. But today, thanks to your sustained investment in science and technology among others, we have already realized some of the advancements in information technology, simulators, human system integration, enterprise resource planning, web-enabled technical assistance and ship and aircraft maintenance practices that can reduce the amount of labor intensive functions, the training and the technical work required to ensure our readiness.

These advances speak to our larger vision for our Sea Power 21 Navy and its Sea Warrior initiative. Our people are today's capital assets. Without them, all the advanced weaponry in the world would sit dormant. But at the same time, it is the effects they deliver that are the true measure of their contribution to readiness and capability.

We have long had a force stove-piped into active and reserves, uniformed and civilian, sea and shore, and enlisted and officer components, all with work driven largely by the limits of industrial age military capabilities, personnel practices, technology and the organizational models of the day.

In today's era, when we have whole corporations bought or sold just to capture the intellectual capital of an organization, we recognize that our human resource strategy must capture the talents and efforts of our capital as well. Our vision for the future is a more truly integrated workforce wholly committed to mission accomplishment. This must include a total force approach that can functionally assess missions, manpower, technology and training and produce an enterprise-wide resource strategy.

The principles of this strategy are clear. We will capture the work that contributes to mission accomplishment. We will define enterprise-wide standards. We will leverage technology to both enhance and capitalize on the growth and development of our people. We will streamline organizational layers. We will instill competition. And we will incentivize the talents and behaviors needed to accomplish the mission.

There is still much to study and discuss as we develop our total force approach in the months and years ahead, but we can already see that the application of these principles will help us more accurately define our manpower requirement and lead us to a smaller workforce in the future.

The benefits are enormous. Our people will be powerfully motivated and better educated and more experienced in the coming years. They will be properly equipped to maintain, operate and manage the higher technology equipments that are our future. Our combat capabilities will continue to grow.

We must be committed to building a Navy that maximizes the capability of its people while minimizing the total number in the manpower account. Manpower is

never free; in fact, manpower we do not truly need limits both the true potential of our people and the investments needed to transform our combat capability for the future.

Our developing human resource strategy will likely require changes in the way we recruit, assess, train, manage and balance the workforce in the years to come. Sea Warrior of course, is crucial here. Last year's authorization of the National Security Personnel System (NSPS) is very important to such an effort as well. The NSPS Act authorized a more flexible civilian personnel management system that allows DOD to be a more competitive and progressive employer. The Navy has volunteered to be in the first wave of conversions to NSPS because it will facilitate the kind of competition and performance we need in the 21st century.

In the near future, we will need to look at improving the two-way integration of our active and reserve force. At a time when our ability to surge is more important to the nation than ever, we must ensure our Navy reserves have the kind of future skills, front-line equipment, training standards and organizational support that will facilitate their seamless integration into required combat and support structures.

Most importantly, I believe we will need the kinds of flexible authorities and incentive tools that will shape the career paths and our skills mix in a way that lets us compete for the right talent, not just within the Navy, but with all the nation's employers as well.

In the months ahead, I will continue to discuss with you our developing human resource strategy and the kinds of authorities we'll need to deliver on it.

We are beginning to realize the powerful war fighting capabilities of Sea Power 21. Our culture of readiness and our commitment to developing a 21st Century workforce will help us employ those transformational capabilities to achieve unprecedented maritime power.

OUR FISCAL YEAR 2005 BUDGET REQUEST

This past year our Navy's budget request continued our effort to sustain our current readiness gains, deepen the growth and development of our people and invest in our transformational Sea Power 21 vision while harvesting the efficiencies needed to fund and support these three critical priorities. This year we intend to:

- Deliver the right readiness at the right cost to support the war on terror and the nation's war fighting needs,
- Shape the 21st century workforce and deepen the growth and development of our people,
- Accelerate our investment in Sea Power 21 to recapitalize and transform our force and improve its ability to operate as an effective component of our joint war fighting team.

At the same time, we will continue to pursue the Sea Enterprise improvements that make us a more effective Navy in both fiscal year 2005 and beyond. Our Navy budget request for fiscal year 2005 and the future supports this intent and includes:

- Nine new construction ships in fiscal year 2005, including construction of the first transformational destroyer (DD(X)) and the Littoral Combat Ship (LCS), the acceleration of a SAN ANTONIO Class Amphibious Transport Dock Class ship from fiscal year 2006 to fiscal year 2005, and one SSBN conversion and refueling. Our request this year includes the following ships:
 - 3 ARLEIGH BURKE Class Guided Missile Destroyers (DDG)
 - 1 VIRGINIA Class submarine (SSN)
 - 1 SAN ANTONIO Class Amphibious Transport Dock (LPD)
 - 2 Lewis and Clark Class Dry Cargo and Ammunition ships (T-AKE)
 - 1 21st Century Destroyer (DD(X))
 - 1 Littoral Combat Ship (LCS), and
 - 1 SSBN conversion/refueling

The investment plan across the future year's defense plan (FYDP) also includes three Maritime Prepositioned Force (Future) (MPF (F)) ships and advanced procurement for an MPF (F) aviation variant. While our build rate dips to six ships in fiscal year 2006, this is a reflection of a shift in focus to the next generation surface combatants and sea basing capabilities. We have also assessed the risks and divested several assets that have high operating costs and limited technological growth capacity for our transformational future; this includes decommissioning two coastal mine hunter ships, and the accelerated decommissioning of the remaining SPRUANCE-class destroyers, SACRAMENTO Class Fast Combat Store Ships and the first five TICONDEROGA-class guided missile cruisers in the future year's plan.

- Procurement of 104 new aircraft in fiscal year 2005, including the F/A-18 E/F Super Hornet, the MH-60 R/S Seahawk and Knighthawk Multi-mission Com-

bat Helicopter, the T-45 Goshawk training aircraft and the Marine Corps MV-22 Osprey among others. We continue to maximize the return on procurement dollars through the use of multi-year procurement (MYP) contracts for established aircraft programs like the Super Hornet and we have increased our research and development investment this year in the Joint Strike Fighter (JSF), the EA-18G Airborne Electronic Attack (AEA) aircraft and the broad area anti-submarine, anti-surface, maritime and littoral intelligence, surveillance and reconnaissance (ISR) capable Multi-mission Maritime Aircraft (MMA).

- Investment in transformational unmanned underwater vehicles (UUV) like the Long-Term Mine Reconnaissance System, and unmanned aviation vehicles (UAV) such as the Broad Area Maritime Surveillance UAV and the Joint-Unmanned Combat Air System. The budget also requests funding for experimental hull forms like the X-Craft, and other advanced technologies including the Joint Aerial Common Sensor (JACS).
- A 3.5 percent basic pay raise, and a reduction in average out-of-pocket housing costs from 3.5 percent to zero, allowing Sailors and their families more of an opportunity to own their own homes and have more of a stake in their communities.
- Investment in housing and Public-Private Ventures that will help eliminate inadequate barracks and family housing by fiscal year 2007 and enable us to house shipboard Sailors ashore when their vessel is in homeport by fiscal year 2008.
- Readiness investment that supports the Fleet Response Plan (FRP), including sustained funding for ship and aircraft operations, aviation depot maintenance, and precision guided munitions. This includes improvements in ship maintenance and training scheduling to maximize surge capabilities.

Delivering the Right Readiness at the Right Cost

To me, the “right readiness” is the return on your investment in the Navy. Readiness is the catalyst that brings combat power to bear whenever it is needed. Achieving readiness at any cost however is not good for the nation. This year’s request accurately defines our readiness needs, assesses the risks to our investment and—as requested—will deliver the resources necessary for leaders in the Navy to create the required readiness.

- Ship Operations and Flying Hours requests funds for ship operations OPTEMPO of 51.0 days per quarter for our deployed forces and 24 days per quarter for our non-deployed forces. We have properly funded the flying hour account to support the appropriate levels of readiness and longer employability requirements of the FRP. This level of steaming and flying hours will enable our ships and air wings to achieve the required readiness over the longer periods defined by the Fleet Response Plan, and as a result, it will improve our ability to surge in crisis and sustain readiness during deployment.
- Ship and Aviation Maintenance. We have made significant improvements these last few years by reducing major ship depot maintenance backlogs and aircraft depot-level repair back orders; improving aircraft engine spares; adding ship depot availabilities; ramping up ordnance and spare parts production; maintaining steady “mission capable” rates in deployed aircraft; fully funding aviation initial outfitting; and investing in reliability improvements.

Our fiscal year 2005 request continues to improve the availability of non-deployed aircraft and meets our 100 percent deployed airframe goals. Our ship maintenance request continues to “buy-down” the annual deferred maintenance backlog and sustains our overall ship maintenance requirement. We are making great strides in improving the visibility and cost effectiveness of our ship depot maintenance program, reducing the number of changes in work package planning and using our continuous maintenance practices when changes must be made.

- Shore Installations. Our Facilities Sustainment, Restoration and Modernization (SRM) program remains focused on improving readiness and quality of service for our Sailors. While our fiscal year 2005 Military Construction and Sustainment program reflects difficult but necessary trade-offs between shore infrastructure and fleet recapitalization, the majority of the SRM trends are very good. Facilities sustainment has increased in fiscal year 2005. Our budget request keeps us on a course to achieve the DOD goal of a 67-year recapitalization rate by fiscal year 2008, achieve DON goals to eliminate inadequate family and bachelor housing by fiscal year 2007 and provides Homeport Ashore Bachelor Housing by fiscal year 2008. We are exploring innovative solutions to provide safe, efficient installations for our service members, including design-build improvements, and BRAC land sales via the GSA Internet. Additionally, with

the establishment of Navy Installations Command, we have improved our capability to manage our dispersed facility operations, conserve valuable resources, establish enterprise-wide standards and continue to improve our facility infrastructure.

- Precision Guided Munitions receive continued investment in our fiscal year 2005 request with emphasis on increasing the Joint Stand-Off Weapon (JSOW) baseline variant, Joint Direct Attack Munition (JDAM), and Tactical Tomahawk (TACTOM) inventory levels, while the JSOW penetrator variant enters full-rate production. We have also entered into a Common Missile program with the U.S. Army to replace the aging inventory of TOW, Maverick and Hellfire missiles. Joint partnerships with the Air Force and Army in several of our munitions programs continue to help us optimize both our inventories and precious research and development investments and will remain a focus for us in the future.
- Training Readiness. We continue to make significant strides in this critical area. In fiscal year 2004, the Congress supported two important programs to advance our training readiness. First, you endorsed the Training Resource Strategy (TRS), to provide more complex threat scenarios and to improve the overall realism and value of our training. Additionally, you funded the Tactical Training Theater Assessment and Planning Program to provide for a comprehensive training range sustainment plan. Our fiscal year 2005 budget continues this work. We are working to make the Joint National Training Capability a reality. We have established a single office to direct policy and management oversight for all Navy ranges as well as serve as the resource sponsor for all training ranges, target development and procurement, and the Navy portion of the Major Range Test Facility Base (MRTFB).
- Environmental Readiness. In the last two years, Congress has provided significant legislative relief from encroachment and environmental requirements by amending the Endangered Species Act, the Migratory Bird Treaty Act and the Marine Mammal Protection Act. These amendments help to balance environmental stewardships and realistic military training. We will continue to focus the use of our ranges on military training, and remain committed to our environmental obligations through integrated natural resource management plans. We will make every effort to protect marine mammals while ensuring our Sailors are properly trained and our transformational systems are properly tested. We look forward to demonstrating our ongoing commitment to environmental stewardship.

Shaping the 21st Century Workforce

At the heart of everything good in our Navy today is this: we are winning the battle for people. Higher quality recruits, historic retention rates, innovative incentive pay pilots, reduced attrition, competitive reenlistments and detailing, and outstanding leadership in the ranks has made this the highest quality workforce the Navy has ever seen.

In 2003 specifically, we exceeded all of our aggregate retention goals for the third straight year; our recruiters reached their quotas for the 28th consecutive month; we reduced attrition another 10 percent from fiscal year 2002 levels; and, through decommissioning older, manpower-intensive platforms, improving training and employment processes, and more efficient infrastructure organization, we have reduced gaps at sea to less than 1,000, down from 18,000 gaps just six years ago.

These accomplishments will help us develop the 21st Century workforce we'll need for our Sea Power 21 Navy. As our Navy becomes more high tech, so must our workforce. Our people will be a more educated and experienced group of professionals in the coming years, and we must properly employ their talents. We will spend whatever it takes to equip and enable these outstanding Americans, but we do not want to spend one extra penny for manpower we do not need.

As part of that effort, we continue to pursue the kind of new technologies and competitive personnel policies that will streamline both combat and non-combat personnel positions, improve the two-way integration of active and reserve missions, and reduce the Navy's total manpower structure. To that end, we are proposing a fiscal year 2005 Navy end strength reduction of 7,900 personnel.

We will use existing authorities and our Perform to Serve program to preserve the specialties, skill sets and expertise needed to continue the proper balancing of the force.

We intend to build on the growth and development momentum of the last three record-breaking years. We are fully committed to ensuring every Sailor has the opportunity and resources to successfully compete. Our goal remains attracting, developing, and retaining the most highly skilled and educated workforce of warriors we have ever had, to lead the 21st century Navy.

As I testified last year, Sea Warrior is designed to enhance the assessment, assignment, training and education of our Sailors.

Our fiscal year 2005 budget request includes the following tools we need to enhance mission accomplishment and professional growth:

—Innovative personnel employment practices are being implemented throughout the fleet. Optimal manning experiments in USS BOXER (LHD-4), USS MILIUS (DDG 69) and USS MOBILE BAY (CG 53) produced revolutionary shipboard watch standing practices, while reducing overall manning requirements and allowing Sailors to focus on their core responsibilities. The fleet is implementing best practices from these experiments to change Ship Manning Documents in their respective classes. Optimal manning means optimal employment for our Sailors.

We have our fourth crew aboard USS FLETCHER (DD 992) and our third crew aboard USS HIGGINS (DDG 76) in our ongoing Sea Swap initiative. This has saved millions of dollars in transit fuel costs and increased our forward presence without lengthening deployment times for our Sailors. FLETCHER and HIGGINS will return to San Diego this year after a period of forward deployed operations of 22 months and 17 months respectively. We will continue to assess their condition and deep maintenance needs to develop and apply lessons learned to future Sea Swap initiatives.

—Selective Reenlistment Bonus (SRB). Targeted bonuses such as SRB are critical to our ability to compete for our highly trained and talented workforce both within the Navy and with employers across the nation as well. Proper funding, adequate room for growth and the flexible authorities needed to target the right skills against the right market forces are important to the shape of the workforce. This program specifically targets retention bonuses against the most critical skills we need for our future. We ask for your continued support and full funding of this program.

—Perform to Serve (PTS). Last year, we introduced PTS to align our Navy personnel inventory and skill sets through a centrally managed reenlistment program and instill competition in the retention process. The pilot program has proven so successful in steering Sailors in overmanned ratings into skill areas where they are most needed that the program has been expanded. More than 2,400 Sailors have been steered to undermanned ratings and approved for reenlistment since the program began last February and we will continue this effort in 2005.

—Assignment Incentive Pay (AIP) is a financial incentive designed to attract qualified Sailors to a select group of difficult to fill duty stations. AIP allows Sailors to bid for additional monetary compensation in return for service in these locations. An integral part of our Sea Warrior effort, AIP will enhance combat readiness by permitting market forces to efficiently distribute Sailors where they are most needed. Since the pilot program began last June, more than 1,100 AIP bids have been processed resulting in 238 Sailors receiving bonuses for duty in these demanding billets. We ask for continued support of this initiative.

—Professional Military Education (PME). We are taking a more comprehensive approach to the education of our people than we have done in the past. We are in the process of developing a PME continuum that integrates general education, traditional Navy-specific Professional Military Education (NPME), and Joint Professional Military Education (JPME) curricula. This will allow us to develop a program that fully incorporates all aspects of our professional and personal growth and development training needs. Improvements so far include establishing networks with civilian educational institutions, developing new degree programs, and establishing partnerships with other services' institutions. We are also expanding opportunity through distance learning and the Internet. We are committed to broadening the professional and intellectual horizons of both our officers and our enlisted men and women to prepare them to operate tomorrow's fleet and assume key naval and joint leadership roles.

—Human Performance Center (HPC) has been established to apply Human Performance and Human System Integration principles in the research, development and acquisition processes. In short, the HPS will help us understand the science of learning. They will ensure training is driven by Fleet requirements and they will focus requirements on the performance needed to carry out our missions. This will eliminate potential performance and training deficiencies, save money and help us improve our readiness.

—The Integrated Learning Environment (ILE) is the heart of our Revolution in Training. ILE is a family of systems that, when linked, will provide our Sailors with the ability to develop their own learning plans, diagnose their strengths

and weaknesses, and tailor their education to support both personal and professional growth. They will manage their career requirements, training and education records. It will match content to career requirements so training is delivered at the right time. Most importantly, these services will be provided anytime, anywhere via the Internet and the Navy-Marine Corps Intranet (NMCI).

We are taking advantage of every opportunity to accelerate the tools we need to develop our 21st Century workforce. The improvements and pilots that Congress has supported—including bonuses, pay table adjustments, retirement reforms, better medical benefits, and our Sea Warrior initiatives—are having the desired impact.

Your support of our fiscal year 2005 request for a 3.5 percent basic pay raise, for our efforts to transform our manpower structure in some fundamental ways, and for a reduction in average out-of-pocket housing costs from 3.5 percent to zero will have a direct effect on our ability to properly size and shape the 21st century workforce that is our future.

Accelerate Our Investment in Sea Power 21

As I testified last year, Sea Power 21 defines the capabilities and processes that the 21st century Navy will deliver. We now have an opportunity to accelerate the advantages that our vision for a joint, netted and sea-based force provides this nation, thanks to the tremendous investments that you have made in our battle for people, in the quality of service for each of our Sailors, and in readiness.

This year, we will pursue distributed and networked solutions that could revolutionize our capability. We will focus on the power of Sea Basing and our complementary capability and alignment with our number one joint partner, the U.S. Marine Corps. We will sustain a robust science and technology program, and we will exploit investments made in joint research and development wherever possible.

For example, we are urgently pursuing technical advances to support our Sailors, Soldiers, Airmen and Marines in Iraq. The Naval Sea Systems Command and the Office of Naval Research are working closely with all services, government agencies, industry, and academic and government laboratories to identify, test, and deploy promising technologies that can counter improvised explosive devices (IEDs), snipers, suicide bombers and other force protection threats. We are also pursuing other quick-reaction technology initiatives such as persistent wide-area surveillance using small Unmanned Aerial Vehicles, blue force tracking technology, body armor and extremity protection. We are committed to ensuring that the joint force on the ground is as equipped as they possibly can be to accomplish their mission.

Our highest priority programs within each of the core capability sets that define our Sea Power 21 vision.

Sea Basing is the projection of operational independence. Our future investments will exploit the largest maneuver areas on the face of the earth: the sea. Sea Basing serves as the foundation from which offensive and defensive fires are projected—making Sea Strike and Sea Shield a reality. Sea Basing capabilities include, Joint Command and Control, Afloat Power Projection and Integrated Joint Logistics.

Our intent is to maximize our sea basing capability and minimize as much as possible our reliance on shore-based support nodes. To do this, we will make doctrinal, organizational and operational changes mandated by this concept and by the underlying technology that makes it possible. We have an opportunity here, along with the U.S. Marine Corps and the U.S. Army, to reexamine some of the fundamentals of not only how we move and stage ground forces, but how we fight ashore as well. Our highest priority Sea Basing investments include:

- Surface Combatant Family of Ships. As I've already testified, the power of joint forces in OIF was in the synergy of individual service strengths. The same concept holds true within the Navy itself. We seek the synergy of networks, sensors, weapons and platforms that will make the joint force greater in combat power than the sum of the individual parts. Development of the next generation of surface combatants as “sea frames”—analogous to “air frames”—that are part of a modular system is just such an endeavor.

The surface combatant family of ships allows us to dramatically expand the growth potential of our surface combatants with less technical and fiscal risk. To bring these concepts to life and to take them—and the fight—to the enemy, we have decided upon three entirely new ship classes. The first to premier will be the Littoral Combat Ship (LCS) in 2007. The advanced strike destroyer (DD(X)) will follow in about 2011. And just a few years after the first DD(X), the keel will be laid on the first CG(X), the next class of cruiser designed from the keel up for theater air and ballistic missile defense.

Our research and development efforts and experimentation with high speed and theater support vessels like SWIFT, and the X-Craft later this year, are

helping us reduce our technical risk and apply important lessons in hull design and mission modularity to the development of the surface combatant family of ships. DD(X) is the heart of the family and will spiral promising technologies to both CG(X) and LCS in the future. I will discuss each one of these ships in more detail below.

- CVN 21 is the centerpiece of the Navy Carrier Strike Group of the future. It will bring transformational capabilities to the fleet, including a new electrical generation and distribution system, the electro-magnetic aircraft launching system (EMALS), a new/enlarged flight deck, weapons and material handling improvements, and a crew reduction of at least 800 personnel. It will be able to generate higher daily and sustained sortie rates than our NIMITZ-class aircraft carriers. Our fiscal year 2005 request of \$979 million in research and development and procurement funding continues the development of CVN 21 and several critical technologies in the lead ship, including the EMALS prototype and testing already ongoing in Lakehurst, New Jersey. Construction of the CVN 21 remains on track to start in fiscal year 2007.
- CVN 70 RCOH. The fiscal year 2005 budget provides advanced procurement funds for the USS CARL VINSON (CVN 70) RCOH, now scheduled to begin in fiscal year 2006. CVN 70 has sufficient reactor fuel for one additional deployment. This action makes the best possible use of CARL VINSON's remaining fuel capacity and improves shipyard work loading.
- MPF(F). These future Maritime Prepositioning Ships will serve a broader operational function than current prepositioned ships, creating greatly expanded operational flexibility and effectiveness. We envision a force that will enhance the responsiveness of the joint team by the at-sea assembly of a Marine Expeditionary Brigade that arrives by high-speed airlift or sealift from the United States or forward operating locations or bases. These ships will off-load forces, weapons and supplies selectively while remaining far over the horizon, and they will reconstitute ground maneuver forces aboard ship after completing assaults deep inland. They will sustain in-theater logistics, communications and medical capabilities for the joint force for extended periods as well. Our fiscal year 2005 request accelerates the lead MPF(F) from fiscal year 2008 to fiscal year 2007 to reflect our emphasis on Sea Basing capabilities.

Sea Strike is the projection of precise and persistent offensive power. The core capabilities include Time Sensitive Strike; Intelligence, Surveillance and Reconnaissance; Ship to Objective Maneuver; and Electronic Warfare and Information Operations.

We are already investing in impressive programs that will provide the capabilities necessary to support Sea Strike; these include the following fiscal year 2005 priorities:

- DD(X). The technology engine for the Fleet, DD(X) is the centerpiece of a surface combatant family of ships and will deliver a broad range of capabilities. This advanced multi-mission destroyer will bring revolutionary improvements to precise, time-critical strike and joint fires and our Expeditionary Strike Groups of the future.

Transformational and leap ahead technologies include an electric drive and integrated power system; an Advanced Gun System with the high rate of fire and precision to reach almost 8 times farther and command more than 110 times the area of our current five inch capability; the new Multi-Function Radar/Volume Search Radar suite; optimal manning through advanced system automation, stealth through reduced acoustic, magnetic, IR, and radar cross-section signature; and enhanced survivability through automated damage control and fire protection systems. DD(X) is an enabler both technically and operationally. This seaframe will also reduce our seagoing manpower requirements and will lower total ownership costs.

This program will provide a baseline for spiral development of technology and engineering to support a range of future seaframes such as (CG(X)). It will also enable the transformation of our operations ashore. Imagine an Army or Marine rifleman on the ground and Navy Petty Officer at sea looking at the same real-time picture of enemy troops encamped at a municipal airport. With the push of a button, the rifleman sends targeting coordinates to the Petty Officer in a DD(X) more than 50 miles offshore. Within a few minutes, rounds from the AGS start falling on the airport with incredible accuracy. That kind of on-demand, persistent time-critical strike will revolutionize our joint fire support and ground maneuver concepts of operation and it will free our strike fighter aircraft for more difficult targets at much greater ranges.

DD(X)'s all-electric drive, called the Integrated Power System (IPS), will not only drive the ship through the water, but will also generate the kind of power

capacity that will enable eventual replacement of the Advanced Gun System (AGS). When combined with the physical capacity and volume of the hull form, DD(X) could lead us to revolutionary technologies from the naval research enterprise like the electromagnetic rail gun and directed energy weapons. The fact that rail guns do not require any explosives will free up magazine space for other mission areas. This capability is projected to be a reality in the 2015 to 2018 timeframe. DD(X) will be in service for decades after that; having the kind of growth potential to install those kinds of technologies dramatically lowers our future development costs.

The funding profile for DD(X) supports the 14,000-ton design and the S-Band Volume Search Radar (VSR). Lead ship detail design and construction are planned to start in fiscal year 2005.

- JSF. The Joint Strike Fighter will enhance our Navy precision with unprecedented stealth and range as part of the family of tri-service, next-generation strike aircraft. It will maximize commonality and technological superiority while minimizing life cycle cost. The JSF has just completed the second year of a 10–11 year development program, and is experiencing a variety of typical challenges that affect System Development and Demonstration (SDD) program schedule and cost. Additional design work is required to address technical issues, primarily weight projections. The budget therefore realigns \$5 billion from procurement appropriations in fiscal year 2005 through fiscal year 2009, and Low Rate Initial Production was deferred one year to fiscal year 2007. The JSF remains vital to our future. It will give us the range, persistence and survivability needed to keep our strike fighters viable for years to come.
- SSGN. Funding is included in fiscal year 2005 to continue the SSGN conversion program. Our future SSGN capability will provide covert conventional strike platforms capable of carrying 150 Tomahawk missiles. The SSGN will also have the capacity and capability to support Special Operations Forces for an extended period, providing clandestine insertion and retrieval by lockout chamber, dry deck shelters or the Advanced Seal Delivery System, and they will be arrayed with a variety of unmanned vehicles to enhance the joint force commander's knowledge of the battlespace. The inherently large capacity of these hulls will enable us to leverage future payloads and sensors for years to come. We still expect our first SSGN to be operational in 2007.
- EA-18G. Last year, you initiated funding at our request to replace the aging EA-6B Prowler with the EA-18G Airborne Electronic Attack aircraft. Increased EA-6B usage in 2003 has resulted in wing center section or outer wing panel fatigue for some 43 EA-6B aircraft, making your support last year critical to our ability to dramatically accelerate the recapitalization of the nation's only joint electronic attack capability. Using the demonstrated growth capacity of the F/A-18E/F, the EA-18G will quickly recapitalize our Electronic Attack capability at lower procurement cost, with significant savings in operating and support costs; all while providing the growth potential for future electronic warfare (EW) system improvements. It will use the Improved Capability Three (ICAP III) receiver suite and provide selective reactive jamming capability to the war fighter. This will both improve the lethality of the air wing and enhance the commonality of aircraft on the carrier deck. We begin purchasing airframes in fiscal year 2006 and will achieve initial operating capability in 2009.

Sea Shield is the projection of layered, global defensive power.

Sea Shield will enhance deterrence and war fighting power by way of real-time integration with joint and coalition forces, high speed littoral attack platforms setting and exploiting widely distributed sensors, and the direct projection of defensive power in the littoral and deep inland. Sea Shield capabilities include, Homeland Defense, Sea and Littoral Control, and Theater Air and Missile Defense. Our highest priority Sea Shield programs this year include:

- Mine Warfare Programs. We intend to field a set of unmanned, modular Mine Counter-Measure (MCM) systems employable from a variety of host platforms or shore sites to minimize our risk from mines and sustain our national economic and military access to every corner of the globe. Our future MCM capability will be faster, more precise and organic to both Expeditionary and Carrier Strike Groups and will ultimately remove both the man and our mammals from the minefield. Within the FYDP, we expect to reduce the time that it takes to render sea mining ineffective by at least half of the time that it takes us today.

Our fiscal year 2005 budget request includes funding to realize organic mine warfare capabilities in one Strike Group this year, while maintaining the funding necessary for a potent and dedicated Mine Countermeasure (MCM) force. We have also requested an increase of \$167 million across the FYDP for mine warfare programs, to include unmanned vehicles such as the Long-Term Mine

Reconnaissance System (LMRS) to provide a clandestine mine reconnaissance capability from our LOS ANGELES-class submarines, and the Remote Minehunting System on ARLEIGH BURKE-class destroyers (DDGs 91–96). Both of these programs are scheduled to reach Initial Operating Capability (IOC) milestones this year. Future introduction of the Littoral Combat Ship (LCS) with mine warfare mission modules will improve the ability of Strike Groups to neutralize mine threats in parallel with—not in sequence before—other operations.

- Littoral Combat Ship (LCS). The role of LCS is to provide access to joint forces in the littorals; a capability gap we identified as a result of the 2001 Quadrennial Defense Review. During the past year and a half, considerable campaign analysis and fleet battle experiments have demonstrated that naval forces need better ways to fight mines; small, fast, highly armed boats; and quiet diesel and advanced air-independent propulsion submarines operating in shallow waters. The performance of U.S. Navy Patrol Craft and the experimental HSV-X1 JOINT VENTURE in the Iraqi littoral was critical to the early detection and destruction of the Iraqi mine threat. The same kind of capability needs to be delivered in a fast, maneuverable, shallow-draft platform that has the survivability to operate independently. LCS will have these characteristics, along with self-defense, navigation, and command-and-control systems.

LCS will be built from the keel up to be a part of a netted and distributed force, and will be the first ship designed with FORCEnet as a requirement. The main battery of LCS will be its off-board systems: manned helicopters and unmanned aerial, surface and underwater vehicles. It is the off-board vehicles— with both sensors and weapons—that will enter the highest threat areas. Its modular design, built to open-systems architecture standards, provides flexibility and a means to rapidly reconfigure mission modules and payloads. As technology matures, the Navy will not have to buy a new LCS platform, but will upgrade the mission modules or the unmanned systems.

LCS also will have an advanced hull design and be significantly different from any warship that has been built for the U.S. Navy. Detail design and construction of the first LCS Flight 0 ship is planned in fiscal year 2005. The LCS requirements process is tailored to support the rapid delivery of two flights (Flight 0 and 1) of ships, using an evolutionary, “spiral” acquisition approach. The spiral development process allows time-phased capability improvement for ship and mission systems. This incremental development and delivery strategy supports the ship’s accelerated acquisition schedule, diverse threat and capability requirements, and dynamic levels of technology push/pull. The ship’s modular, open design will also enable lifecycle adaptability and affordability. Four LCS’s have been added since last year’s budget plan was submitted.

- Missile Defense. Our Navy is poised to contribute significantly in fielding initial sea based missile defense capabilities to meet the near-term ballistic missile threat to our homeland, our deployed forces, and our friends and allies. We are working closely under the authority of the Missile Defense Agency (MDA) to deliver this much-needed capability to the nation’s Combatant Commanders. Our sea-based missile defense programs experienced tremendous success on the test range this year, scoring two of three intercepts. Continued development and testing will support Initial Defensive Operations beginning in the fall of 2004, with select ARLEIGH BURKE-class destroyers providing Long Range Surveillance and Tracking to the nation’s capability late this year.
- Multi-mission Maritime Aircraft (MMA)—Broad Area Maritime Surveillance (BAMS). We significantly increased this year’s research and development funding for the Multi-Mission Aircraft to recapitalize our 1950’s-era Lockheed “Electra” based P-3 force. Our acquisition plan was further refined this past year with the integration of the Broad Area Maritime Surveillance-Unmanned Aerial Vehicle (BAMS-UAV) program into the overarching Maritime Patrol and Armed Reconnaissance requirement. This lethal combination of manned and unmanned reconnaissance aircraft will recapitalize our maritime patrol anti-submarine warfare, anti-surface warfare and armed intelligence, surveillance and reconnaissance capability. We also developed a robust sustainment plan for the current P-3 fleet that includes special structural inspections (SSI) and kits that extend P-3 service lives by a minimum of 5,000 hours. This SSI program will replace, correct or modify our current P-3 force to ensure that they do not prematurely reach the end of their fatigue life before we achieve Initial Operating Capability (IOC) of the MMA in 2013.
- VIRGINIA-class submarine (SSN-774). The first ship of this class was christened last year and will commission in 2004. This class will replace LOS ANGELES-class (SSN-688) attack submarines and will incorporate new capabilities,

including unmanned vehicles, and the ability to support Special Warfare forces. It will be an integral part of the joint, networked, dispersed 21st Century Fleet. Our fiscal year 2004 budget funded the first of five submarines under the multi-year procurement (MYP) contract authorized by Congress last year. The second submarine of the MYP contract is funded in fiscal year 2005. Approximately \$240 million in economic order quantity advance procurement is funded in fiscal year 2005 in support of this contract.

—CG Modernization. Funding for the TICONDEROGA-class cruiser modernization continues in fiscal year 2005. The Cruiser Modernization Program is a mid-life upgrade for our existing AEGIS cruisers that will ensure modern, relevant combat capability well into this century and against evolving threats. These warships will provide enhanced area air defense to the joint force commander. These modifications include installations of the Cooperative Engagement Capability, which enhances and leverages the air defense capability of these ships, and an ASW improvement package. These converted cruisers could also be available for integration into ballistic missile defense missions when that capability matures. Our first cruiser modernization begins in fiscal year 2006.

FORCENet is the operational construct and architectural framework for naval warfare in the joint, information age. It will allow systems, functions and missions to be aligned in a way that will transform our situational awareness, accelerate speed of decisions and allow naval forces to greatly distribute its combat power in a unified, joint battlespace. FORCENet provides the world-class IT tools that we need to continue to be the world-class Navy.

Programs that will enable the future force to be more networked, highly adaptive, human-centric, integrated, and enhance speed of command include:

—Navy Marine Corps Intranet (NMCI). NMCI is operational and providing commercial IT services for more than 300,000 DON employees and two Combatant Commanders. This initiative, as part of our FORCENet strategy, is providing a single, secure shore-based network and will link with our tactical networks to provide end-to-end collaboration within the DON and across the joint community. Fiscal year 2005 funding of \$1.6 billion provides for NMCI operations and, at the same time, continues transition of the remaining legacy IT networks to NMCI enterprise network services. This past year, with the help of the authorizing language you provided, the NMCI program finalized a full partnership agreement with the Defense Information Systems Agency for operations and provisioning.

—Mobile User Objective System (MUOS). The new MUOS Satellite Communications (SATCOM) program will increase DOD Narrowband UHF SATCOM capacity by roughly 1,300 percent over current capabilities. MUOS is a \$6.4 billion joint interest program, and it supports a particularly important “Comms-on-the-Move” capability for handheld terminals, aircraft, missiles, and UAVs in urban and heavily wooded terrain. We plan to reach the Initial Operating Capability milestone in 2009, with Full Operational Capability in 2013.

—Joint Aerial Common Sensor (JACS). We have partnered with the Army in the Joint Aerial Common Sensor development program in our pursuit of a replacement for the aging EP-3 airborne information warfare and tactical signals intelligence (SIGINT) aircraft. JACS will provide multi-intelligence strike targeting data and Signals Intelligence capabilities, and will include a Synthetic Aperture Radar, Ground Moving Target Indicator, Electro-Optical and Infrared Sights, and Measurements and Signature capabilities. These will be coupled with automatic/manual data fusion. Our fiscal year 2005 request includes \$25 million for this program.

—Joint Tactical Radio System (JTRS). JTRS will be the wireless “last tactical mile” component of the Global Information Grid (GIG) and will transform Navy’s tactical communications systems by incorporating Internet Protocol (IP) communications over multi-spectral radio frequency (RF) media. JTRS is a software programmable, multi-band, multi-mode family of networkable radios, capable of simultaneous voice, data, video communications and mobile ad hoc networking. Our fiscal year 2005 request includes \$56 million for JTRS.

—Deployable Joint Command Control System (DJC²). DJC² is the SECDEF and CJCS priority C² transformation initiative. DJC² will provide a standing, fully deployable, scaleable, and standardized command and control (C²) capability to the Regional Combatant Commanders (RCC) and Joint Force Commanders. DJC² responds to the need for joint, deployable C² capability, with first RCC delivery to PACOM in fiscal year 2005. DJC² is an enabler for the Standing Joint Force Headquarters concept being developed by Joint Forces Command (JFCOM). DON is Lead Component for the acquisition program, and we ask your support for the \$81 million we’ve requested in fiscal year 2005.

Improving Effectiveness

As I've testified, your Navy today is the most capable and most ready Navy in our history, thanks in large part to the support of the Congress and of the American people. But, I believe that we can do better—that, in fact, we must do better—as stewards of the public trust in determining not just how much we should spend on programs, but how those defense dollars are spent. This is especially true today because of the strategic challenges posed by the ongoing global war on terrorism, because of our need to recapitalize aging, Cold War-era infrastructure and capability, and because of the burgeoning technological and operational changes that will dramatically alter the way we fight. Revolutionizing the way in which our defense dollars are spent presents opportunities to increase our effectiveness, both now and in the future.

Sea Enterprise is focusing headquarters leadership on outputs and execution, and is creating ideas that will improve our productivity and reduce our overhead costs. Its key objectives are to:

- Leverage technology to improve performance and minimize manpower costs.
- Promote competition and reward innovation and efficiency.
- Challenge institutional encumbrances that impede creativity and boldness in innovation.
- Aggressively divest non-core, under-performing or unnecessary products, services and production capacity.
- Merge redundant efforts.
- Minimize acquisition and life-cycle costs.
- Maximize in-service capital equipment utilization.
- Challenge every assumption, cost and requirement.

Department of the Navy senior leadership is actively engaged in tracking the execution of ongoing Sea Enterprise initiatives totaling approximately \$40 billion, and identifying \$12.4 billion in cost savings and requirements mitigation across the Future Years Defense Program (FYDP). We are committed to efficiency and productivity improvements that will generate the savings necessary to augment our investment stream and implement our Sea Power 21 vision—delivering the right force, with the right readiness, at the right cost. Specific highlights of these fiscal transformation initiatives include:

- Right Readiness. Along with the Fleet Response Plan, we have also initiated processes ashore that will generate a more effective force. As just one example, we have established a single shore installation management organization, Commander, Navy Installations (CNI), to globally manage all shore installations, promote “best practices” development, and provide economies of scale, increased efficiency, standardization of policies, and improved budgeting and funding execution. This initiative is anticipated to save approximately \$1.2 billion across the FYDP.
- Right Cost. We've taken a hard look at our “level of effort” programs to maximize return on taxpayer investment. This year's effort generated \$2 billion in future savings in programs not supported by specific performance metrics in force structure, readiness or cost benefit. In addition, we focused on streamlining our organizations and processes as a means to harvest efficiencies and control costs. Innovative programs like SHIPMAIN and the Naval Aviation Readiness Integrated Improvement Program are aiding in developing and sharing best practices, streamlining maintenance planning and improving performance goals in shipyards, aviation depots, and intermediate maintenance activities. We also reorganized the Navy Supply Systems Command, including the establishment of the Naval Operational Logistics Support Center to consolidate transportation, ammunition and petroleum management. We will continue to look for additional opportunities in this area while leveraging the gains already made.
- Right Force. We believe transformation to our future force must include improving our buying power. To improve upon our force structure, we're divesting non-core, redundant, under-performing, and outdated products and services. We are using multi-year procurement contracts and focusing where possible on economic order quantity purchase practices to optimize our investments. An excellent example lies in the F/A-18E/F multi-year procurement contract that anticipates procurement of 210 aircraft while saving us in excess of \$1.1 billion across the FYDP. We also recognize the need to transform our single greatest asymmetric advantage, our people. The upcoming year will focus on ensuring we not only have the right number, but the right mix of military, civilian, and contractor personnel to accomplish the mission at the lowest possible cost. You've given us a tremendous tool to enhance our flexibility in this area, the National Security Personnel System, and we plan to take full advantage of it.

Building on prior efforts, I'm dedicating a significant amount of personal time to conducting execution reviews with leadership at the major commands across the Navy because, as I see it, leadership engagement in execution is an essential step to achieving our Sea Enterprise objectives. These reviews have provided me the opportunity to focus on the intricate details of the organizations while ensuring commanders are aligned with the vision and direction in which we are steaming. We focus on ways to swiftly move from strategy to implementation, as well as innovative ways to reduce costs and return resources to the enterprise for reinvestment.

In 2005, the Navy will continue to pursue product and process efficiencies and the opportunities to be more effective while improving our war fighting capability. Harvesting the savings for recapitalization is a vital part of that effort, and we will continue to balance the benefits of new productivity initiatives against operational risks. Our intent is to foster a culture of continuous process improvement, reduce overhead, and deliver the right force structure both now and in the future.

CONCLUSION

For us, winning the Global War on Terrorism remains our number one objective—and victory is the only acceptable outcome. To achieve this, we are accelerating the advantages we bring to the nation.

The Fleet Response Plan will improve upon the operational availability of fleet units, providing forward deployed forces for enhanced regional deterrence and contingency response, while at the same time, retaining the ability to rapidly surge in times of crisis.

We are investing in enhanced war fighting capability for the joint force, using the extended reach of naval weapons and sensors to reach farther and more precisely with striking power, and deliver broader defensive protection for joint forces ashore and fully leverage our command of the sea.

We are creating a personnel environment that attracts, retains and relies upon creative, effective and competitive people. We are investing in the tools, the information technology and the training that delivers more meaningful job content to them because it is they who offer us our greatest advantage.

The support of Congress is vital to our readiness today and to building the Navy of tomorrow—I thank you for your dedicated efforts and support.

STATEMENT OF GENERAL MICHAEL W. HAGEE, COMMANDANT, UNITED STATES MARINE CORPS

General HAGEE. Chairman Stevens, Senator Inouye, and distinguished members of this committee, it is my privilege to report on the state of your Marine Corps.

First, like Admiral Clark and Secretary England, I would like to thank you for your visits to our servicemen and women within and outside the United States. These trips always have a positive effect on individual morale. I would also like to thank this committee for its support of your marines and their families over the past few years. This support is critical to ensuring that we remain the expeditionary force that is most ready when the Nation is least ready.

After we withdrew from Southern Iraq, in September of last year, we continued to have significant numbers of marines deployed to Afghanistan, Horn of Africa, Philippines, Japan, the Republic of Georgia, and other regions in support of the global war on terrorism. With these ongoing deployments, and in the midst of reconstituting our force and equipment, we were directed to have approximately 25,000 marines trained and prepared to deploy to Iraq within 4 months. Today, we have nearly completed, almost 2 weeks ahead of schedule, the movement of these marines and sailors to Kuwait and Iraq in support of Operation Iraqi Freedom II.

Simultaneous with this major deployment, we have executed a short-notice deployment of over 1,400 marines and sailors to Haiti to conduct security and stability operations there. The immediate responsiveness, speed, flexibility, and adaptability of your marines

demonstrate the continued relevance of naval expeditionary capabilities to our Nation's security.

Your sustained commitment and support of the American people have been indispensable in my ability to report to you that your marines are well trained, well equipped, and highly motivated to meet the challenges vital to maintaining the Nation's security today and in the future.

Let me assure you that the Marine Corps' first priority is and will continue to be warfighting readiness and excellence in support of our Nation. In the near term, the Marine Corps is focused on readiness to provide capable forces that meet the demanding needs of our Nation. For the long term, the Marine Corps and Navy are committed to developing a new transformational sea-basing capability that will provide a critical joint competency for assuring access and projecting combat power ashore worldwide.

During Operation Iraqi Freedom, we used a combination of forward-deployed marine expeditionary units, maritime pre-positioning squadrons, two large amphibious task force, and strategic air- and sealift to deploy a combat-ready and sustainable force of almost 70,000 marines and sailors in less than 60 days. No other fighting force in the world can do that. Exploding the operational speed, reach, and inherent flexibility of sea power, your Navy/Marine Corps team, closely integrated with joint and coalition partners and special operating forces, engaged in 26 days of sustained combat operations, fought ten major engagements, destroying eight Iraqi divisions before stopping north of Baghdad, in Tikrit, almost 500 miles inland.

Today, marines are relieving the United States (U.S.) Army units in Western Iraq. In preparation for this deployment, we work closely with the U.S. Army in and out of Iraq, focusing on equipment, tactics, techniques, and procedures. We drew on analysis of our experiences in conducting security and stability operations last year in Southern Iraq, the tactics of the British, and our own extensive small-wars experience. We have assimilated these lessons through a comprehensive training package that includes rigorous urban operations and language and cultural education. We are paying particular attention to individual protective equipment, enhanced vehicle and aircraft hardening, and aviation survival equipment and procedures.

However, we also continue to plan for the future. In close cooperation and collaboration with the U.S. Navy, as Admiral Clark has mentioned, we have developed operational concepts that will deliver increased capabilities for the Nation and the regional combatant commanders in 10 to 14 days for major contingencies, and 0 to 4 days for smaller contingencies, an increase in over 50 percent response time.

The MV-22 Osprey, Expeditionary Fighting Vehicle, Joint Strike Fighter, Littoral combat ship, LHA(R), DD(X), and the Maritime Pre-positioning Force Future are in the 5-year defense plan and are critical to this effort. These platforms will comprise a system of systems that will significantly improve our warfighting capabilities by leveraging advancements in technology. The integration and interdependence of these transformational programs will enable us, as part of the joint force, to project more combat power ashore in less

time with the same number of marines. We ask for your continued support of these important complementary and transformational programs and concepts.

Your support for quality-of-life issues has been critical in our ability to recruit and retain the best young men and women America has to offer. The success in these programs is reflected in our ability to continue to meet our recruiting and retention goals even in these demanding times.

PREPARED STATEMENT

Mr. Chairman, Senator Inouye, members of this committee, I would like to emphasize the magnificent performance of your individual marine, the most agile and lethal weapons system on today's battlefield. On behalf of all marines, I thank this committee for its steadfast support, and I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF GENERAL MICHAEL W. HAGEE

Chairman Stevens, Senator Inouye, distinguished members of the Committee; it is my honor to report to you on the state of readiness of your United States Marine Corps. Your Marines are firmly committed to warfighting excellence, and the support of the Congress and the American people has been indispensable to our success in the Global War on Terrorism. Your sustained commitment to improving our Nation's armed forces to meet the challenges of today as well as those of the future is vital to the security of our Nation. On behalf of all Marines and their families, I thank this Committee for your continued support.

INTRODUCTION

In the near-term, the Marine Corps' top priorities are to maintain our high state of readiness and to provide capable forces that meet the demanding needs of the Unified Combatant Commanders in order to prosecute the Global War On Terrorism in support of the Nation. For the long-term, the Marine Corps and Navy are committed to developing a Seabasing capability that will provide a critical joint competency for assuring access and projecting power that will greatly improve the security of the United States. The marked increase in our warfighting capability will be apparent as we introduce new systems such as the MV-22 Osprey, the Expeditionary Fighting Vehicle, the Joint Strike Fighter, and the Lightweight 155 mm howitzer into our force structure, using them to enhance the already potent combat power of our Marine Air-Ground Task Forces as integral elements of our Nation's joint force.

The Navy-Marine Corps team continues to play a critical role in the Global War On Terrorism and in the establishment of stability and security throughout the world. During this past year, the Marine Corps, both active and reserve, was engaged in operations from Afghanistan, to the Arabian Gulf, the Horn of Africa, Liberia, the Georgian Republic, Colombia, Guantanamo Bay, and the Philippines. Most prominent in highlighting the value and power of the Nation's naval expeditionary capability was the Marine Corps' participation in Operation IRAQI FREEDOM. Success in this operation underscored the unique contributions of our multi-dimensional naval dominance, our expeditionary nature, our flexibility to deal with complex situations and challenges, and the adaptability of our forces and individuals in order to defeat the challenges posed by adaptive, asymmetric enemies and long-term threats.

Early last year, the I Marine Expeditionary Force deployed a combat ready force of almost 70,000 Marines and Sailors in less than 60 days using the full array of our complementary power projection capabilities. Forward deployed Marine Expeditionary Units (Special Operations Capable) again demonstrated their proven value for immediate response. Eleven strategically located Maritime Prepositioned Force ships were unloaded in 16 days to provide the equipment and sustainment for two Marine Expeditionary Brigades. A seven ship amphibious force from each coast embarked a total of 11,500 Marines, Sailors, and their equipment and within thirty days these fourteen ships began to arrive and offload in Kuwait. Strategic sea and air lift was also vital to our success in this effort. Exploiting the operational speed,

reach, and inherent flexibility of seapower, the Navy-Marine Corps team achieved a rapid buildup of sustained warfighting power that was combat ready to support U.S. Central Command on March 1, 2003.

Closely integrated with our joint and coalition partners, as well as Special Operations Forces, the I Marine Expeditionary Force provided the Combatant Commander with a potent combined arms force comprising a balance of ground, aviation, and combat service support elements all coordinated by a dynamic command element. This teamwork—the product of demanding and realistic Service and joint training—presented a multi-dimensional dilemma for the Iraqi regime's forces and loyalists. It also greatly increased the range of options available to our leadership as they addressed each unique and complex situation. The integration of the 1st United Kingdom Division within the I Marine Expeditionary Force provides outstanding lessons for achieving merged coalition capabilities and consistent goals in the future.

The combat power of I Marine Expeditionary Force generated an operational tempo that our enemy could not match. With short notice that operations would commence early, the Marines and their joint and coalition partners rapidly secured key strategic objectives. The I Marine Expeditionary Force then engaged in 26 days of sustained combat operations. Using the tenets of maneuver warfare, they executed four major river crossings, fought ten major engagements, and destroyed eight Iraqi divisions before stopping in Tikrit—almost 500 miles inland. In support of Joint Special Operations Forces Northern Iraq, the 26th Marine Expeditionary Unit inserted a Marine-Air Ground Task Force from the Eastern Mediterranean into Northern Iraq—almost 1,200 miles distance. The sustained resources of the Marine force, which were derived primarily from our seaborne logistics, provided us unrivaled advantages. While our logistics were stretched by the operational commanders, our combat service support units demonstrated flexibility and resourcefulness.

Highlighting the expeditionary mindset of Marines, our combined arms force successfully operated in desert, urban, swamp, and rural environments while effectively conducting combat, peacekeeping, and humanitarian operations—at times simultaneously. Marines also demonstrated the ability to re-task and reorganize to conduct unanticipated missions like the taking of the city of Tikrit. Following major combat operations, I Marine Expeditionary Force assumed responsibility for security and stability in five Central Iraq provinces until they were relieved of the last province by coalition forces this past September. Flexibility and adaptability are key characteristics of an expeditionary force, and they are critical advantages that we must seek to optimize for the future, particularly in this era of global uncertainty.

Recent operations also emphasize the increased importance of access to key regions for projecting our Nation's power. With global interests, the United States must retain the capability to secure access as needed. Power projection from the sea greatly increases the range of options available to avert or resolve conflicts. A credible naval forcible-entry capability is critical to ensure that we are never barred from a vital national objective or limited to suboptimal alternatives.

Since the end of major combat operations, the Marine Corps has been setting the force in order to enhance warfighting readiness for future contingencies. We are re-loading combat equipment and materiel on the ships of the Maritime Prepositioned Squadrons while also ensuring that the requirements for Operation IRAQI FREEDOM II are fulfilled. We are using provided funding to repair, refurbish, and where necessary, replace equipment. During this period, Marines have continued to forward deploy. Marine Corps units are supporting Operation ENDURING FREEDOM in Afghanistan, operations in the Horn of Africa, exercises critical to supporting the Combatant Commanders' Theater Security Cooperation Plans, and counter-drug operations in support of joint and joint-interagency task forces. In addition, we have conducted a major program to identify and analyze lessons learned from the Iraqi campaign. We have also begun to assimilate these lessons and determine where and how our force should be rebalanced.

As the last few years have demonstrated, the Marine Corps Reserve is a full partner in our total force. Reserve units participated in all aspects of the war in Iraq, providing air, ground, and combat service support as well as a large number of individual augmentees to Marine and joint staffs. Mobilized Marine reserve infantry battalions have also served as ready reaction forces, "on call" to support the Federal Emergency Management Agency's role in homeland security.

BUILDING ON SUCCESS FOR IMMEDIATE OPERATIONS

We continue to execute global operations and exercises with our joint and coalition partners. The Marine Corps is beginning to relieve the 3d Armored Cavalry

Regiment and the 82d Airborne Division in Western Iraq in support of Operation IRAQI FREEDOM II. These forces will be deployed in two rotations of seven months each. This rotation policy will result in the least disruption for the long-term health of the Marine Corps, precluding stop-loss/stop-move and unnecessary interruptions in recruit training, career progression and development, professional military education, and other deployment requirements. The first rotation, from March until September 2004, will include 25,000 Marines and their equipment and includes almost 3,000 reserve component Marines. A second rotation—of like size and composition—will overlap the first and ensure a smooth and stable transition.

In preparation for Operation IRAQI FREEDOM II, I Marine Expeditionary Force has analyzed lessons learned from their experiences in conducting security and stability operations from March to September 2003, and recent Army lessons learned. As they did last year, I Marine Expeditionary Force is working closely with the Army forces in Iraq; they have conducted a number of liaison visits with the Army units they will relieve. They have drawn from procedures used by the Los Angeles Police Department for neighborhood patrolling in gang dominated areas, the tactics of the British in Iraq—which reflect years of experience in low intensity conflicts and peacekeeping operations, as well as the Marine Corps' own extensive "Small Wars" experience. We have assimilated these lessons through a comprehensive training package that includes tactics, techniques, procedures for stability and counter-insurgency operations. We have conducted rigorous urban operations training and exercises. Over 400 Marines are receiving Arabic language immersion training, and all deploying Marines and Sailors are receiving extensive cultural education. Our supporting establishment is focused on the equipment, logistics, and training requirements of this force—paying particular attention to individual protective equipment, enhanced vehicle and aircraft hardening, and aviation survival equipment and procedures. This training and support are critically important as we send Marines back to war in a volatile, dangerous, and changing situation.

During this next year Marine Expeditionary Units will still deploy as part of Naval Expeditionary Strike Groups in support of Combatant Commander requirements. Units will continue to rotate to Okinawa and Iwakuni Japan, and some of those forces will further deploy in support of Operation IRAQI FREEDOM II. While the operational tempo remains high, recruiting and retention continue to exceed our goals. We are monitoring the health of our Service, and we are focused on ensuring that the Marine Corps remains ready for all current and future responsibilities.

TAKING CARE OF OUR OWN

Events of the past year continue to highlight the value of the individual Marine over all other weapon "systems." While we always strive to provide our Marines with the best equipment and weapons, we never forget that people and leadership are the foundations of the Marine Corps' readiness and warfighting capabilities. Operation IRAQI FREEDOM demonstrated that the Marine Corps' recruiting, training, and education of the force are extremely successful in maintaining the high standards of military readiness our Nation requires. The Marine Corps remains committed to taking care of our Marines, their families, and our civilian Marines.

Marines

End Strength.—The Marine Corps is assimilating the Congressionally authorized increase in Marine Corps end-strength to 175,000. The increase of 2,400 Marines previously authorized by Congress addressed an urgent need to train and maintain enough Marines for the long-term requirements associated with the Global War on Terrorism. It has been particularly important in enabling us to provide the Nation with a robust, scalable force option specifically dedicated to anti-terrorism—the 4th Marine Expeditionary Brigade (Anti-Terrorism).

The Marine Corps is expeditionary by nature and therefore accustomed to deploying in support of contingency and forward presence missions. We are structured in such a way as to satisfy our enduring requirements and meet operational contingencies as long as the contingencies are temporary in nature. While the force is stretched, we are meeting our current challenging operational commitments. Our high operational and personnel tempos have not negatively impacted accessions or retention efforts; however, we continue to monitor both very closely.

Recruiting.—Sustaining our ranks with the highest quality young men and women is the mission of the Marine Corps Recruiting Command. Recruiting Command has consistently accomplished this mission for more than eight years for enlisted recruiting and thirteen years for officer recruiting. This past year the Marine Corps recruited over 100 percent of its goal with over 97 percent Tier I High School graduates. In order to continue attracting America's finest youth, Recruiting Command provides its recruiters the best tools available to accomplish their mission.

The Marine Corps Reserve achieved its fiscal year 2003 recruiting goals with the accession of 6,174 Non-Prior Service Marines and 2,663 Prior Service Marines. With regard to our reserve component, officer recruiting and retention to fill out the requirements of our Selected Marine Corps Reserve units remains our most challenging concern. This is primarily due to the fact that we recruit Reserve officers almost exclusively from the ranks of those who have first served a tour as an active duty Marine officer and currently the Corps is experiencing a low attrition rate for company grade officers in our active force. We are attempting to alleviate this challenge. Two successful methods include increasing awareness of the benefits of service in the Reserves to the company grade officers who are leaving the active ranks and reserve officer programs for qualified enlisted Marines.

Retention.—Retaining the best and the brightest Marines is a constant goal; history has proven that superb leadership in the staff noncommissioned officer ranks is a major contributor to the Corps' combat effectiveness. The ranks of this elite group of leaders can only be filled by retaining our best enlisted Marines. The Marine Corps has two retention measures and both clearly indicate healthy service continuation rates. Our First Term Alignment Plan (first tour) has consistently achieved its reenlistment requirements over the past nine years. With under one-half of the current fiscal year completed, we have achieved 82 percent of our first-term retention goal. Furthermore, our Subsequent Term Alignment Plan (second tour and beyond) reveals that we have already retained 66 percent of our goal for this fiscal year.

Current officer retention is at a nineteen year high, continuing a four-year trend of increasing retention. Despite the increased retention overall, certain Military Occupational Specialties perennially suffer high attrition. We are attempting to overcome this challenge by offering continuation pay for those Marines with Military Occupational Specialties that include special qualifications and skills. Military compensation that is competitive with the private sector provides the flexibility required to meet the challenge of maintaining stability in manpower planning.

Marine Corps Reserve.—In 2003, the Marine Corps Reserve rapidly mobilized combat ready Marines to augment and reinforce the active component. Marine Corps Reserve activations in support of Operation IRAQI FREEDOM began in January 2003, and peaked at 21,316 Reserve Marines on active duty in May 2003. This represented 52 percent of the Selected Marine Corps Reserve (SMCR). Of the over 5,400 Reservists currently on active duty, almost 1,300 Individual Mobilization Augmentees, Individual Ready Reserves, and Retirees fill critical joint and internal billets. As of January 2004, the Marine Corps Reserve began activating approximately 7,000 SMCR Marines in support of Operation IRAQI FREEDOM II. Judicious employment of Reserve Marines remains a top priority of the Marine Corps to ensure the Marine Corps Reserve maintains the capability to augment and reinforce the active component. Marine Corps Reserve units and individuals are combat ready and have rapidly integrated into active forces commands demonstrating the effectiveness of the Total Force Marine Corps.

A strong Inspector-Instructor system and a demanding Mobilization and Operational Readiness Deployment Test program ensured Marine Corps Reserve units achieved a high level of pre-mobilization readiness. Marine Reserve Units continuously train to a C1/C2 readiness standard, eliminating the need for post-mobilization certification. Ninety-eight percent of SMCR Marines called up for duty reported for mobilization and less than one percent requested a deferment, delay, or exemption. The Marine Corps Reserve executed a rapid and efficient mobilization with units averaging six days from notification to being deployment-ready, and 32 days after receiving a deployment order they arrived in theater. Many activated Marine Reserve units were ready to deploy faster than strategic lift could be provided.

Building on the important lessons of the last year, the Marine Corps is pursuing several transformational initiatives to enhance the Reserves' capabilities as a ready and able partner with our active component. These pending initiatives include: increasing the number of Military Police units in the reserve component; establishing a Reserve Intelligence Support Battalion to include placing Reserve Marine Intelligence Detachments at the Joint Reserve Intelligence Centers; returning some of our Civil Affairs structure to the active component to provide enhanced planning capabilities to the operational and Service Headquarters; and, introducing an improved Individual Augmentee Management Program to meet the growing joint and internal requirements.

When called, the Marine Corps Reserve is ready to augment and reinforce. Our Reserve Marines are a vital and critical element of our Total Force. The training, leadership, and quality of life of our reserve component remain significant Marine Corps priorities.

Marine For Life.—The commitment to take care of our own includes a Marine's transition from active service back to civilian life. The Marine For Life Program's mission is to provide sponsorship for our more than 27,000 Marines who honorably leave active service each year. The program was created to nurture and sustain the positive, mutually beneficial relationships inherent in our ethos, "Once a Marine, Always a Marine." In cities across the United States, Reserve Marines help transitioning Marines and their families get settled in their new communities. Sponsorship includes assistance with employment, education, housing, childcare, veterans' benefits, and other support services needed to make a smooth transition. To provide this support, Marine For Life taps into the network of former Marines and Marine-friendly businesses, organizations and individuals willing to lend a hand to a Marine who has served honorably.

Initiated in fiscal year 2002, the program will reach full operational capability in fiscal year 2004. In addition to 110 Reserve Marines serving as "Hometown Links," an enhanced web-based electronic network, easily accessed by Marines worldwide, will support the program. The end state of the Marine For Life Program is a nationwide Marine and Marine-friendly network available to all Marines honorably leaving active service, that will improve their transition to civilian life.

Civilian Marines

Civilian Workforce Campaign Plan.—Recognizing that our Civilian Marines are integral to the success of military operations, General James L. Jones, the 32nd Commandant of the Marine Corps, charged our senior Marine Corps officials with the development and implementation of a strategic 5-year plan for the recruitment, development, and retention of our Civilian Marines. The Civilian Workforce Campaign Plan (CWCP) consists of six strategic goals: (1) nurture, build, and grow Civilian Marines; (2) provide flexible career opportunities; (3) create leaders at all levels; (4) improve the performance evaluation system; (5) strengthen workforce management expertise; and (6) establish an integrated Total Force management approach. As Commandant, I have provided the following additional implementing guidance.

Our vision is to make the Marine Corps the employer of choice for a select group of civilians imbued with the Marine Corps values of honor, courage, and commitment. Through implementation of the CWCP, we will not only define what the Marine Corps will offer its Civilian Marines, but what the Corps expects from them. We will attract, nurture, build, and grow Civilian Marines by providing innovative recruitment, development, retention, reward, and acculturation programs throughout the work-life cycle.

National Security Personnel System.—We want to take this occasion to thank again the committee and the Congress for enacting the National Security Personnel System (NSPS) in the Fiscal Year 2004 National Defense Authorization Act. The Act authorized a more flexible civilian personnel management system for the Department that allowed the Department to be a more competitive and progressive employer at a time when our national security demands a highly responsive system of civilian personnel management. The legislation ensures that merit system principles govern any changes in personnel management, whistleblowers are protected, discrimination remains illegal, and veterans' preference is protected. The Department will collaborate with employee representatives, invest time to try and work out our differences, and notify Congress of any differences before implementation. In January, Department officials met with union representatives to begin the development of a new system of labor-management relations. Later this year, following an intensive training program for supervisors, managers, human resources specialists, employees, as well as commanders and senior management, the Department plans to begin implementing NSPS. The Marine Corps, along with the entire Department of the Navy, expects to be in the first wave of implementation.

Military-Civilian Conversions.—The Marine Corps will continue to actively pursue a review of all functional areas within the Marine Corps in an effort to return more Marines to the operating forces. Through fiscal year 2003, we have returned over 2,000 manned structure spaces to the operating forces, and we will return approximately 650 more Marines in fiscal year 2004. The fiscal year 2005 President's Budget converts roughly an additional 1,400 more billets from Marines to Civilian Marines, which will provide us more options to increase manning in the operating forces.

Education

Amid today's uncertain, volatile security environment, our most effective weapon remains the individual Marine who out-learns, out-thinks, and out-fights any adversary. Such warfighting competence is secured only through intellectual development. Recent events demonstrated how quality education instills confidence in Marines.

Our educational standards and programs produce innovative leaders who take initiative and excel during challenging situations involving uncertainty and risk. These high educational standards are inculcated by the Marine Corps University and are designed to target every rank in both our active and reserve forces. Each year the Marine Corps University student population includes members of the other armed services, various government agencies as well as dozens of international military officers from over thirty different countries.

The Marine Corps endeavors to provide its Marines with “lifelong learning” opportunities through a variety of educational programs, college courses, and library services on our bases and stations. Furthermore, distance learning programs through the Marine Corps University make continuing education available to Marines regardless of their location. In addition, the Marine Corps will continue to fully fund the Tuition Assistance Program in accordance with the Department of Defense guideline—funding for 100 percent of tuition cost up to \$250 per semester hour with a maximum of \$4,500 per year. In fiscal year 2003, there were 25,454 Marines enrolled in almost 80,000 courses with the help of the Tuition Assistance Program.

Joint Initiatives.—The Marine Corps synchronizes its educational objectives with those of the other armed services in order to provide Regional Combatant Commanders with the most capable joint force. We support the proposal for a Joint Advanced Warfighting School (JAWS) and for broadening Joint Professional Military Education (JPME) opportunities for the Total Force. By working closely with Joint Forces Staff College and our sister services, JAWS has the potential to empower future combatant commanders with talented officers who are experienced in campaign planning. Intent on broadening our joint experience base, the Marine Corps is pursuing an accredited advanced joint curriculum (JPME Phase II) at the Marine Corps War College and will continue to work to provide JPME opportunities for both active and reserve components.

Senior Leader Development Program.—The Senior Leader Development Program was developed last year to address General Officer and Senior Executive Service career development and to link education opportunities to career progression. A study was commissioned to identify the competencies required in each of our general officer billets in an effort to link core and complimentary curriculum with the assignment process. Within the core curriculum, senior leaders will attend the Joint Warfare series of courses as prerequisites by rank and billet while they study innovation, business transformation, and resource management through complementary courses.

Quality of Life / Quality of Service

The Marine Corps works to improve the quality of life for Marines and their families in order to continue the success of the all volunteer force. We provide excellent quality of life programs and services, while also helping new Marines to better understand what to expect in the military lifestyle. We continuously assess, through a variety of means, the attitudes and concerns of Marines and their families regarding their quality of life expectations. With 67 percent of our Marines deployed away from their home installations at the height of Operation IRAQI FREEDOM, we carefully captured lessons learned to ensure quality of life programs meet the needs of deployed Marines and families who remain at home. Community and Family Assistance Centers were established at Camp Lejeune, Camp Pendleton, Marine Corps Air Station Miramar, and Marine Corps Base Twentynine Palms to provide Marine family members and loved ones access to relevant information and referral services.

To further help Marines and their families before, during, and after deployments, the Marine Corps implemented Marine Corps Community Services (MCCS) One Source, a Marine Corps-conducted, Department of Defense funded pilot program providing around-the-clock information and referral services. MCCS One Source is especially useful to our activated Marine Reserves and their families as they negotiate the requirements and procedures associated with utilization of military programs such as TRICARE and other benefit services. In recognition of the importance of the transition home after deployments for both Marines and their families, the Marine Corps developed a standardized return and reunion program consisting of a mandatory warrior transition brief for returning Marines, a return and reunion guidebook for Marines and family members, a caregiver brief, and briefs designed for spouses.

We greatly appreciate the supplemental appropriations bills during 2003, that contained additional help for deployed Marines and their families. In 2004, quality of life efforts will continue to focus on issues related to supporting deployed forces and their families.

Safety

Safety programs are vital to force protection and operational readiness. Marine leaders understand the importance of leadership, persistence, and accountability in the effort to reduce mishaps and accidents. The fiscal year 2003 off duty and operational mishap rates were driven upward by the mishaps that occurred during and post Operation IRAQI FREEDOM, while the aviation mishap rate decreased. To meet the Secretary of Defense's challenge to all Services to reduce mishaps by 50 percent in two years, the Marine Corps is focusing on initiatives that deal particularly with the development of strategies and specific interventions to reduce all mishaps. Our leadership at every level understand the challenge, and we are actively involved in the effort to safeguard our most precious assets—Marines and Sailors.

BUILDING ON SUCCESS FOR THE FUTURE

The Marine Corps, in partnership with our Navy brethren, provides our Nation with unrivaled maritime power to help secure peace and promote our national interests. The President's fiscal year 2005 budget, together with your support, will provide a strong foundation for our continued success. The fiscal year 2005 budget—predicated on a peacetime operational tempo—sustains a high level of readiness and ensures our ability to rapidly respond to emerging situations. It also allows us to assimilate new technologies and explore new concepts that will help realize the full potential of our people and their equipment. We will continue to seek improved means to increase the efficiency of our investments and increase the combat effectiveness of our forces.

Technology and Experimentation

The Marine Corps has a long history of innovation and adaptation. Experimentation is our principle means to explore new ideas and technologies in order to develop new capabilities to overcome emerging challenges. The Marine Corps Combat Development Command has realigned its experimentation program around the Sea Viking campaign. This campaign will explore both concept and prototype technology development pathways leading to the sea-based expeditionary capabilities envisioned for the future, to include forcible entry from the sea. The Sea Viking campaign is complementary to the joint concept development and experimentation campaign of Joint Forces Command and the Navy's Sea Trial experimentation process. As an integral part of this effort, the Marine Corps is refining the expeditionary combat capabilities best suited to participate in future Expeditionary Strike Group and Expeditionary Strike Force operations. It is also exploring the potential for an expanded Seabasing capability in support of future joint operations.

The Marine Corps Warfighting Laboratory has experimented with several new pieces of equipment to enhance individual and small unit effectiveness. Based on successful experimentation, limited numbers of the M16A4 Modular Weapons System, Rifle Combat Optic, and the Integrated Intra Squad Radio were fielded for use during Operation IRAQI FREEDOM. The Marine Corps continues to seek enhanced capabilities for the future as we continue to improve and transform the force. In addition, we have procured sufficient quantities of the Outer Tactical Vest and its Small Arms Protective Insert plates to ensure all Marines participating in Operation IRAQI FREEDOM II are equipped with enhanced ballistic protection.

New Concepts and Organizations

The Expeditionary Force Development System implemented this past year is a methodological process that is designed to facilitate the development and realization of military operational concepts. It is a streamlined and integrated system that covers all phases of concept development to the acquisition of necessary equipment and weapons systems. The Expeditionary Force Development System proved to be of great value to our forces engaged in combat operations and is proving to be a helpful means of ensuring that the Marine Corps quickly profits from recent operational experiences. The system is compatible with and supports naval and joint transformation efforts as it integrates transformational, modernization, and legacy capabilities and processes. Several emerging concepts and organizational structures are maturing that will benefit the Marine Corps and ensure we can meet the future demanding requirements of the Combatant Commanders.

The Seabasing Concept.—Seabasing, envisioned as a National capability, is our overarching transformational operating concept for projecting and sustaining multi-dimensional naval power and selected joint forces at sea. As stated by the Defense Science Board in its August 2003 Task Force report: "Seabasing represents a critical future joint military capability for the United States." It assures joint access by leveraging the operational maneuver of forces globally from the sea, and reduces joint force operational dependence upon fixed and vulnerable land bases. Seabasing

unites our capabilities for projecting offensive power, defensive power, command and control, mobility and sustainment around the world. This will provide our Regional Combatant Commanders with unprecedented versatility to generate operational maneuver. Seabasing will allow Marine forces to strike, commence sustainable operations, enable the flow of follow-on forces into theater, and expedite the reconstitution and redeployment of Marine forces for follow-on missions. As the core of Naval Transformation, Seabasing will provide the operational and logistical foundation to enable the other pillars of Naval Transformation (Sea Strike, Sea Shield, Sea Base, and FORCEnet).

This year, the Marine Corps has continued to refine plans for the Marine Expeditionary Brigade of 2015, in concert with our concept for sea-based operations. Similarly, the Analysis of Alternatives for our Maritime Prepositioning Force (Future), a critical component of Seabasing, will provide valid choices for achieving Seabasing capabilities. These initiatives will complement, rather than replace, the amphibious lift and forcible entry capacity of the LHA(R), LPD-17, and LHD, and will provide the Nation a deployment and employment capability unmatched in the modern world.

Expeditionary Strike Groups.—The Marine Corps and Navy continue the series of experiments that will refine the Expeditionary Strike Group concept. This concept will combine the capabilities of surface action groups, submarines, and maritime patrol aircraft with those of Amphibious Ready Groups and enhanced Marine Expeditionary Units (Special Operations Capable) to provide greater combat capabilities to Regional Combatant Commanders. Navy combatants are incorporated within the existing training and deployment cycle of the Amphibious Ready Group. Further experimentation will also allow us to test command-and-control arrangements for the Expeditionary Strike Group (ESG). The ESG-1, composed of West Coast Navy and Marine forces, recently completed the pilot deployment in this series. The ESG-2, composed of East Coast Navy and Marine forces, will deploy later this year. Currently, the Marine Corps Combat Development Command is working with Navy and Marine operating forces to capture critical information from these experimental deployments to ensure that the ESG capability thoroughly integrates doctrine, organization, training, materiel, leadership, education, personnel, and facilities. Also, the Marine Corps Combat Development Command is working with the Navy to develop the concept for the employment of the additional capabilities that the ESG provides Regional Combatant Commanders. Finally, the Center for Naval Analyses is evaluating the series of experiments through embedded analysts deployed with both ESGs and will submit their consolidated reports to the Navy and Marine Corps in October 2004.

Marine Corps—U.S. Special Operations Command Initiatives.—The Marine Corps continues to aggressively improve interoperability with Special Operations Forces. The U.S. Special Operations Command-Marine Corps Board has developed over 30 initiatives to support our interoperability goals. The Marine Corps and U.S. Special Operations Command are working to leverage existing pre-deployment and deployment training as a means to “operationalize” our relationship. Our deploying Marine Expeditionary Units (Special Operations Capable) exchange liaison officers with the Theater Special Operations Commands as the Marine Expeditionary Units deploy within the various theaters. On June 20, 2003, a Marine Corps “proof of concept” Detachment that is task organized to complement U.S. Special Operations Command mission areas in Direct Action, Special Reconnaissance, Coalition Support and Foreign Internal Defense formally stood up at Camp Pendleton, California. The Detachment transferred to the operational control of U.S. Special Operations Command last December, to facilitate joint pre-deployment training and is scheduled to deploy in April 2004, with a Naval Special Warfare Squadron supporting U.S. Central Command. Finally, we are conducting joint training with U.S. Special Operations Command in the areas of fixed and rotary wing air support of special operation missions.

Reestablishment of Air-Naval Gunfire Liaison Companies.—During this past summer the Marine Corps reestablished an Air-Naval Gunfire Liaison Company in I Marine Expeditionary Force and another in the II Marine Expeditionary Force. These companies provide teams that specialize in all aspects of fire support—from terminal control to support of division fire support coordination centers. They greatly enhance Marine Air-Ground Task Force Commanders’ liaison capability—with foreign area expertise—to plan, coordinate, employ, and conduct terminal control of fires in support of joint, allied, and coalition forces. Each company will be fully stood up by this summer, and a separate platoon will be stood up in III Marine Expeditionary Force in October 2004.

Tactical Aircraft Integration.—Naval Tactical Aircraft (TacAir) Integration makes all Naval Strike-Fighter aircraft available to meet both Services’ warfighting and

training requirements. As part of the TacAir Integration plan, a Marine Fighter-Attack squadron will eventually be attached to each of the ten active Carrier Air Wings and will deploy aboard aircraft carriers. In addition, three Navy Strike-Fighter squadrons will be assigned into the Marine Corps' Unit Deployment Program for land-based deployments. Force structure reductions associated with this plan should result in a total cost savings and cost avoidance of over \$30 billion. The integration of the fifth Marine squadron into a Carrier Air Wing and the first Navy squadron into the Unit Deployment Program are scheduled for later this year.

TacAir Integration retains our warfighting potential and brings the Naval Services a step closer to the flexible sea based force we envision for the future. A leaner, more efficient naval strike-fighter force is possible because of three underlying factors. The first factor is "Global Sourcing"—the ability to task any non-deployed Department of Navy squadron to either Service's missions, allowing for a reduction in force structure. Second, "Level Readiness"—applying the proper resources to training, maintenance, and modernization, will ensure the smaller force is always capable of responding to the Services' and Nation's needs. Third, the development of an operational concept that will efficiently manage the employment of this integrated strike-fighter force within the naval and joint context. Support of readiness accounts, modernization programs, and our replacement of the F/A-18 and AV-8B with the Short Takeoff and Vertical Landing (STOVL) Joint Strike Fighter will ensure the potential promised by this integration.

Better Business Practices

The Secretary of Defense and Secretary of the Navy have emphasized, and the Marine Corps is committed to, business transformation in order to optimize resource allocation. The Marine Corps is employing a variety of business transformation initiatives including: competitive sourcing of over 3,500 commercial billets to save \$57 million annually; outsourcing garrison food service in our mess halls in the continental United States in to free up 594 Marines for other duties; using public-private ventures to fund new family housing and to increase the quantity of safe, comfortable, and affordable homes; consolidation of equipment maintenance from five to three echelons in order to improve maintenance effectiveness and efficiency; and, regionalizing garrison mobile equipment to realign Marines and dollars with higher priorities. The Marine Corps continues to develop its activity based costing capability in order to support fact based decision making.

In March 2003, the Marine Corps began participation in the Navy Marine Corps Intranet (NMCI)—a network outsourcing initiative that will provide a common end-to-end Department of Navy information system capability for voice, video, and data communications. By outsourcing information technology services not considered to be core competencies, the Marine Corps has been able to return 355 supporting establishment personnel structure spaces to the operating forces. As a result of this improved business practice, the NMCI operating environment will promote greater naval interoperability. The Marine Corps will continue to refine our business practices and increase the effectiveness of warfighting potential.

OUR MAIN EFFORT—EXCELLENCE IN WARFIGHTING

Training

Training at Eglin Air Force Base.—In anticipation of the cessation of naval expeditionary forces training in Vieques, Puerto Rico, efforts began in September 2002 to establish a new training capability at Eglin Air Force Base (AFB). Training at Eglin AFB is envisioned to provide a near term pre-deployment training capability for East Coast Navy Amphibious Ready Groups/Expeditionary Strike Groups and Marine Expeditionary Units (Special Operations Capable), with the potential to be part of the long-term solution. The training concept was designed for up to two 10-day training periods per year. The long-term objective is that during each 10-day event, the Expeditionary Strike Groups will be able to conduct the full spectrum of training required. The Marine Corps has invested approximately \$4.2 million in environmental assessment/mitigation and infrastructure development required to establish an initial training capability at Eglin AFB.

In December 2003, the Marine Corps completed its first 10-day training period at Eglin AFB, at an additional cost of approximately \$1 million. The Marine Corps is assessing the quality the training offered at Eglin AFB while continuing to explore and develop other options, both within the United States and abroad. While Eglin AFB has the potential for enhanced live fire and maneuver training, developing this capability will require a significant investment by the Department of the Navy and Department of Defense to upgrade existing facilities.

Joint National Training Capability.—As described by the Deputy Secretary of Defense: “The centerpiece of our Training Transformation effort will be a Joint National Training Capability.” The Joint National Training Capability is one of the three pillars of Training Transformation, and will improve joint interoperability by adding certified “joint context” to existing Service training events. The Joint National Training Capability is a cooperative collection of interoperable training sites, nodes, and events that synthesizes Combatant Commander and Service training requirements with the appropriate level of joint context.

The first in a series of pre-Initial Operational Capability Joint National Training Capability exercises was held in January 2004, linking a Marine Corps Combined Arms Exercise with live Close Air Support sorties, a Navy Stand-off Land Attack Missile Exercise, an Army rotation at the National Training Center, and an Air Force Air Warrior Exercise. The Marine Corps will be actively involved in future Joint National Training Capability exercises including Combined Arms Exercises and Marine Aviation Weapons and Tactics Squadron-1 evolutions scheduled for fiscal year 2005. The Marine Corps is fully engaged in the Joint National Training Capability program development, and is on track to enhance Service core-competency training with the appropriate level of joint context. In concert with the other Services, the Marine Corps is working with Joint Forces Command to refine the phrase “joint context,” certify ranges, and accredit exercises to ensure the force is training properly.

Infrastructure

Blount Island Facility.—The acquisition of the Blount Island facility in Jacksonville, Florida, is critical to our Nation and to our Corps’ warfighting capabilities. Blount Island’s peacetime mission is to support the Maritime Prepositioning Force. Its wartime capability and capacity to support massive logistics sustainment from the continental United States gives it strategic significance. The Blount Island facility has a vital role in the National Military Strategy as the site for maintenance operations of the Maritime Prepositioning Force. The Marine Corps thanks Congress for your role in supporting this acquisition project. Phase II, funded by the \$115.7 million appropriated in the Defense Authorization Act of 2004, gives the Marine Corps ownership of the leased maintenance area and supporting dredge disposal site consisting of 1,089 acres.

Encroachment.—We are grateful to Congress for providing a tool to facilitate the management of incompatible developments adjacent to or in close proximity to military lands. We are working with state and local governments and with non-governmental organizations such as the Trust for Public Lands, The Nature Conservancy, the Sierra Club, and the Endangered Species Coalition to acquire lands buffering or near our bases including Camp Lejeune, Marine Corps Air Station Beaufort, and Camp Pendleton. In return for our investment, the Marine Corps is receiving restrictive easements that ensure lands acquired remain undeveloped and serve as buffer zones against future encroachment on our bases.

We are also grateful to Congress for codifying legislation that gives us the opportunity to partner with the U.S. Fish and Wildlife Service and State fish and game agencies in order to manage endangered species present on military lands. Management via our Integrated Natural Resources Management Plans, which we prepare in partnerships with these agencies, allows us to protect and enhance populations of these species on our lands while allowing Marines to train. Finally, we support the Secretary of Defense’s efforts to provide flexibility under the Clean Air Act and to clarify the governing authorities under which DOD would manage operational ranges. The Marine Corps strives to be a good environmental steward and the growing number of endangered species on our lands and their increasing populations are examples of our successes. We remain committed to protecting the resources entrusted to us by the American people.

Base Realignment and Closures.—A successful Base Realignment and Closure process, resulting in recommendations in 2005, is critically important to the Nation, the Department of Defense, and the Department of Navy. By eliminating excesses and improving efficiencies, the armed services will achieve a transformation of our infrastructure in the same way we are achieving a transformation of our forces. Recommendations will be developed only after a thorough and in-depth review.

Command and Control

Naval expeditionary warfare will depend heavily on the ability of the forces to share linked and fused information from a common source which will, in turn, ensure command and control of widely dispersed forces. Exploiting the use of space, ground and aerial platforms requires a networked, protected, and assured global

grid of information. Leveraging command and control technology to improve our interoperability continues to be our focus of effort.

Advances in technology and a need to leverage existing infrastructure requires us to establish a new Information Technology (IT) framework—one that is more reliable, efficient, secure, and responsive. This new IT framework must provide enhanced information access and improved information services to the operating forces. By streamlining the deployment of IT tools and realigning our IT resources, the Marine Corps Enterprise IT Services will shift the burden away from the operating forces by establishing a new IT environment. This IT environment will fuse and integrate Department wide, net-centric enterprise services to provide a common set of sharable IT services to the entire Marine Corps. By eliminating individual organizations providing duplicative and redundant services, we will reduce the IT burden on the operating forces through enterprise provided IT services, and improve our ability to process information and enhance the speed of decision-making.

Intelligence

Our fiscal year 1996 through fiscal year 2004 enhancements to Marine intelligence improved the intelligence capability within Marine units and established a “reach-back” intelligence production capability between forward deployed units and our Marine Corps Intelligence Activity in Quantico, Virginia. These improvements are proving to be remarkably beneficial to our efforts in Operation IRAQI FREEDOM and Operation ENDURING FREEDOM. Marine intelligence is concurrently supporting ongoing operations, preparing for near term operations, and transforming our intelligence systems to meet future warfighting requirements. Marine Intelligence Specialists have provided significant contributions to ongoing operations in Iraq, Afghanistan, and Djibouti and will play a crucial intelligence role as Marine Forces return to Iraq in larger numbers this year. Before again deploying to Iraq, we will train over 400 Marines in basic Arabic to aid in our efforts to work with the Iraqis at the patrol level, and we will provide enhanced language training for some of our Arabic heritage speakers and others trained linguists to increase our operational influence and effectiveness. Meanwhile, we prepare for future conflicts by ensuring that our intelligence training and systems funded in the fiscal year 2005–2009 program incorporate the latest technological advances and become more capable of seamless interoperability with the systems used by other armed services and national agencies.

Mobility

As preliminary assessments of operations in Iraq highlight, operational and tactical mobility are essential to overcome the current range of threats. The ability to rapidly respond and then flexibly adapt to a changing situation is critical to address future challenges. Increasing the speed, range, and flexibility of maneuver units that are enhanced by logistical power generated from the sea, will increase naval power projection. The following initiatives are vital to achieve greater operational mobility:

MV-22 Osprey.—The MV-22 remains the Marine Corps’ number one aviation acquisition priority. While fulfilling the critical Marine Corps medium lift requirement, the MV-22’s increased range, speed, payload, and survivability will generate truly transformational tactical and operational capabilities. With the Osprey, Marine forces operating from a sea base will be able to take the best of long-range maneuver and strategic surprise, and join it with the best of the sustainable forcible-entry capability. Ospreys will replace our aging fleets of CH-46E Sea Knight and CH-53D Sea Stallion helicopters.

KC-130J.—Continued replacement of our aging KC-130 fleet with KC-130J aircraft is necessary to ensure the viability and deployability of Marine Corps Tactical Air and Assault Support well into the 21st Century. Acquisition of the KC-130J represents a significant increase in operational efficiency and enhanced refueling and assault support capabilities for the Marine Corps. The KC-130J provides the aerial refueling and assault support airlift resources needed to support the Osprey, the Joint Strike Fighter, and the Marine Air-Ground Task Force and Joint Force Commanders.

Expeditionary Fighting Vehicle (EFV).—The EFV, formerly known as the Advanced Amphibious Assault Vehicle (AAAV), will provide Marine surface assault elements the requisite operational and tactical mobility to exploit fleeting opportunities in the fluid operational environment of the future. Designed to be launched from Naval amphibious shipping from over the horizon, the EFV will be capable of carrying a reinforced Marine rifle squad at speeds in excess of 20 nautical miles per hour in sea state three. This capability will reduce the vulnerability of our naval forces to enemy threats by keeping them well out to sea while providing our surface

assault forces mounted in EFVs the mobility to react to and exploit gaps in enemy defenses ashore. Once ashore, EFV will provide Marine maneuver units with an armored personnel carrier designed to meet the threats of the future. EFV will replace the aging Assault Amphibious Vehicle (AAV). With its high speed land and water maneuverability, highly lethal day/night fighting ability, and advanced armor and Nuclear Biological and Chemical protection, the EFV will significantly enhance the lethality and survivability of Marine maneuver units and provide the Marine Air Ground Task Force and Expeditionary Strike Group with increased operational tempo across the spectrum of operations.

Power Projection Platforms.—Combined with embarked Marines, amphibious warships provide our Nation with both a forward presence and a flexible crisis response force. These power projection platforms give decision-makers immediately responsive combat options. As the Seabasing concept matures, enhanced naval expeditionary forces will be optimized to provide a full spectrum of capabilities.

Inherent in the Sea Strike pillar of the Seabasing concept is the ability to both strike with fires from the sea base and from units maneuvering within the littoral region. The dilemma that these two offensive capabilities impose on an enemy and the multitude of options they create for our leadership increase our ability to achieve success effectively and efficiently. The built-in flexibility and survivability of amphibious ships coupled with their combat sustainment capability ensure the rapid achievement of a full range of offensive operations that either allow us to accomplish operational objectives directly or enable us to set the conditions for major joint operations. The ability to defeat an anti-access strategy—before it is completed or even once it is developed—is vital to our national security objectives.

The LPD 17 class amphibious ships, currently planned or under construction, represent the Department of the Navy's commitment to a modern expeditionary power projection fleet. These ships will assist our naval forces in meeting the fiscally-constrained programming goal of lifting 2.5 Marine Expeditionary Brigade (MEB) Assault Echelons (AEs). The lead ship detail design has been completed and the construction process is over 80 percent complete with a successful launch in July 2003. Production effort is focused on meeting test milestones for a November 2004 delivery. Construction of LPD 23 has been accelerated from fiscal year 2006 to fiscal year 2005, leveraging fiscal year 2004 Advance Procurement resources provided by Congress. LPD 17 replaces four classes of older ships—the LKA, LST, LSD, and the LPD—and is being built with a 40-year expected service life.

LHAs 1–5 reach their 35-year service life at a rate of one per year in 2011–15. LHD-8 will replace one LHA when it delivers in fiscal year 2007. In order to meet future warfighting requirements, the Navy and Marine Corps leadership is evaluating LHA (Replacement)—LHA(R)—requirements in the larger context of Joint Seabasing, power projection, the Global War On Terrorism, and lessons learned from Operations ENDURING FREEDOM and IRAQI FREEDOM. The resulting platform will provide a transformational capability that is interoperable with future amphibious and Maritime Preposition Force ships, high-speed connectors, advanced rotorcraft like the MV-22, Joint Strike Fighter, and Expeditionary Fighting Vehicles.

Maritime Pre-positioning Force.—The leases on the current Maritime Prepositioning Ships begin to expire in 2009. The Maritime Prepositioning Force (Future)—MPF(F)—will be a key enabler to sea-based operations. It will allow us to better exploit the maneuver space provided by the sea to conduct joint operations at a time and place of our choosing. When the MPF(F) becomes operational, the maritime prepositioning role will expand far beyond its current capability to provide the combat equipment for a fly-in force. MPF(F) will serve four functions that the current MPF cannot: (1) at-sea arrival and assembly of units; (2) direct support of the assault echelon of the Amphibious Task Force; (3) long-term, sea-based sustainment of the landing force; and (4) at-sea reconstitution and redeployment of the force. The enhanced capabilities of these ships will significantly increase the capability of the Sea Base—in the Seabasing concept—to provide unimpeded mobility and persistent sustainment. This enhanced sea base will minimize limitations imposed by reliance on overseas shore-based support, maximize the ability of the naval elements of the joint force to conduct combat operations from the maritime domain, and enable the transformed joint force to exploit our Nation's asymmetric advantage of our seapower dominance. The ability to rapidly generate maneuver forces from this sea base will augment our forward presence and forcible entry forces, increasing the overall power and effect of the joint campaign. Acceleration of the lead MPF(F) from fiscal year 2008 to fiscal year 2007 in the fiscal year 2005 budget reflects an emphasis on Seabasing capabilities. The fiscal years 2005–2009 plan procures three MPF(F) ships and advanced construction for an MPF(F) Aviation variant.

High Speed Connectors.—High Speed Connectors (HSC) possess characteristics that make them uniquely suited to support the Sea Base and sea-based operations. HSCs are unique in combining shallow draft, high speed and large lift capacity into a single platform. HSCs will help create an enhanced operational capability by providing commanders with a flexible platform to deliver tailored, scalable forces in response to a wide range of mission requirements. The range and payload capacity of HSCs, combined with their ability to interface with current and future MPF shipping and access austere ports greatly enhances the operational reach, tactical mobility, and flexibility of sea-based forces.

Mine Countermeasure Capabilities.—There is a great need to continue the development of our mine countermeasure capabilities. A major challenge for the Navy-Marine Corps Team is ensuring the effective delivery of ground forces ashore when mines and other anti-access measures are employed in the surf zone or ashore beyond the high water mark. We are currently exploring with the Navy how the technology of Joint Direct Attack Munitions (JDAM) promises a short-term solution and may lead to a better long-term solution to the challenge of mines in the surf zone. Using unitary bombs, fuses, and JDAM tail kits, we have designed a mine countermeasure known as the JDAM Assault Breaching System (JABS). Preliminary test results are showing promise as an interim solution for breaching surface laid minefields and light obstacles in the beach zones. Further testing and characterization of the JABS system is proceeding throughout fiscal year 2004 with tests against Surf Zone Mines and obstacles.

Some aspects of JABS development may lead to a long-term solution to the mine threat. One possible solution that is envisioned includes developing bomb-delivered darts that physically destroy buried mines in the Beach Zone and Surf Zone region. In addition, the Navy has adopted the Marine Corp Coastal Battlefield Reconnaissance and Analysis (COBRA) mine sensor system for the beach zone with a planned product improvement enhancement for COBRA called the Rapid Overt Airborne Reconnaissance (ROAR) that extends detection to the very shallow water and the surf zone regions by 2015. In addition, the Marine Corps seeks to improve breaching capability beyond the high water mark by developing both deliberate and in-stride breaching systems. These include the Advanced Mine Detector program and the Assault Breacher Vehicle program.

Fires and Effects

As events over the past year have demonstrated—and suggest for the future—the increased range and speed of expeditionary forces and the depth of their influence landward has and will continue to increase. To fully realize these capabilities the Nation requires a range of complementary, expeditionary lethal and non-lethal fire support capabilities. During Operation IRAQI FREEDOM, sixty AV-8B Harrier aircraft were based at-sea aboard amphibious shipping—minimizing the challenge of airfield shortages ashore. This prelude to future sea-based operations was extremely successful with over 2,200 sorties generated—mostly in support of I Marine Expeditionary Force ground units. A key factor to this success was the employment of forward operating bases close to the ground forces which allowed the AV-8B to refuel and rear multiple times before returning to their ships. In addition, the complementary capabilities of surface and air delivered fires were highlighted in this campaign. Further, the importance of both precision and volume fires was critical to success. Precision fires assisted in reducing both collateral damage and the demands on tactical logistics. I Marine Expeditionary Force also validated the requirement for volume fires in support of maneuver warfare tactics. These fires allow maneuver forces to take advantage of maneuver warfare opportunities before precision intelligence can be developed and precision fires can be employed against fleeting targets or rapidly developing enemy defensive postures.

Short Take Off Vertical Landing Joint Strike Fighter (STOVL JSF).—The STOVL JSF will be a single engine, stealth, supersonic, strike-fighter capable of short take-offs and vertical landings. The aircraft is designed to replace the AV-8B and FA-18 aircraft in the Marine Corps inventory. The operational reliability, stealth, and payload capability designed into the STOVL JSF represents a great improvement in combat capability over existing legacy platforms. The aircraft is in the second year of a 10–12 year development program. The STOVL JSF force is integral to our future warfighting capabilities. Its design and capabilities will fulfill all Marine Corps strike-fighter requirements and better support the combined arms requirements in expeditionary operations. Continued support of the STOVL JSF is vital to the Marine Corps.

Indirect Fires Support.—In response to identified gaps in our indirect fires capability, the Marine Corps undertook an effort to replace the aging M198 155 mm towed howitzers and provide a full spectrum all-weather system of systems fires ca-

pability. Operations in Iraq confirmed this requirement and the direction that the Marine Corps has undertaken. This system of systems will be capable of employing both precision and volume munitions.

The Lightweight 155 mm howitzer (LW 155) is optimized for versatility, pro-active counter fire and offensive operations in support of light and medium forces. It supports Operational Maneuver from the Sea and replaces all M198's in the Marine Corps, as well as the M198's in Army Airborne, Light Units and Stryker Brigade Combat Teams. Compared to the current system, the LW 155 is more mobile, capable of more rapid deployment, more survivable, and more accurate. Initial operational capability is expected during fiscal year 2005, and a full operational capability will be reached three years later.

The High Mobility Artillery Rocket System (HIMARS) fulfills a critical range and volume gap in Marine Corps fire support assets by providing twenty-four hour, all weather, ground-based, responsive, General Support, General Support-Reinforcing, and Reinforcing indirect fires throughout all phases of combat operations ashore. HIMARS will be fielded in one artillery battalion of the active component and one battalion of the reserve component. An initial operational capability is planned for fiscal year 2007 with a full capability expected during fiscal year 2008. An interim capability of one battery during fiscal years 2005–2006 is also currently planned.

The Expeditionary Fire Support System (EFSS) is the third element of the triad of ground firing systems, and it will be the principal indirect fire support system for the vertical assault element. EFSS-equipped units will be especially well suited for missions requiring speed, tactical agility, and vertical transportability. The estimated Approved Acquisition Objective is eighty-eight systems. Initially, this provides eleven batteries to support our Marine Expeditionary Units (Special Operations Capable). Initial operational capability is planned for fiscal year 2006 and full operational capability is planned for fiscal year 2008.

Naval Surface Fire Support.—An important element of our fires and effects capability will continue to be surface ships that provide direct delivery of fires from the sea base. Critical deficiencies currently exist in the capability of the Navy to provide all-weather, accurate, lethal and responsive fire support throughout the depth of the littoral in support of expeditionary operations. In the critical period of the early phases of the forcible entry operations when organic Marine Corps ground indirect fires are not yet or just beginning to be established, the landing force will be even more dependent on the complementary capability required of naval surface fire support assets. To date, no systems have been introduced or are being developed which meet near or mid-term Naval Surface Fire Support requirements. The DD(X) destroyer—armed with two 155 mm Advanced Gun Systems—continues to be the best long-term solution to satisfy the Marine Corps' Naval Surface Fire Support requirements. Our Nation's forcible entry, expeditionary forces will remain at considerable risk for want of suitable sea-based fire support until DD(X) joins the fleet in considerable numbers in 2020. Currently, the lead ship of this class will not be operational until fiscal year 2013. In addition, the Marine Corps is closely monitoring research into the development of electro-magnetic gun technology to support future range and velocity requirements. Electro-magnetic guns could potentially provide Naval Surface Fire Support at ranges on the order of 220 nautical miles, and could eventually be incorporated into ground mobile weapon systems like the future Expeditionary Fighting Vehicles as size, weight, and power technology hurdles are overcome.

H-1 (UH-1Y/AH-1Z).—The current fleet of UH-1N utility helicopters and AH-1W attack helicopters is reaching the end of their planned service life and face a number of deficiencies in crew and passenger survivability, payload, power availability, endurance, range, airspeed, maneuverability, and supportability. The Department of the Navy has determined that the H-1 Upgrade Program is the most cost effective alternative that meets the Marine Corps' attack and utility helicopter requirements until the introduction of a new technology advanced rotorcraft aircraft. The H-1 Upgrade Program is a key modernization effort designed to resolve existing safety deficiencies, enhance operational effectiveness of both the UH-1N and the AH-1W, and extend the service life of both aircraft. Additionally, the commonality gained between the UH-1Y and AH-1Z (projected to be 84 percent) will significantly reduce life-cycle costs and logistical footprint, while increasing the maintainability and deployability of both aircraft. On October 22, 2003, the program to enter Low-Rate Initial Production (LRIP), and on December 29, 2003 the LRIP Lot 1 aircraft contract was awarded to Bell Helicopter.

Information Operations.—The Marine Corps is exploring ways to ensure Marines will be capable of conducting full spectrum information operations, pursuing the development of information capabilities through initiatives in policy and doctrine, career force, structure, training and education, and programs and resources. Marine forces will use information operations to deny, degrade, disrupt, destroy or influence

an adversary commander's methods, means or ability to command and control his forces.

New Weapons Technologies.—The Marine Corps is particularly interested in adapting truly transformational weapon technologies. We have forged partnerships throughout the Department of Defense, other Agencies, and with industry over the past several years in an effort to develop and adapt the most hopeful areas of science and technology. Several notable programs with promising technologies include: (1) Advanced Tactical Lasers to potentially support a tactical gunship high energy laser weapon, (2) Active Denial System—a high-power millimeter-wave, non-lethal weapon, (3) Free Electron Lasers for multi-mission shipboard weapons application, and (4) various promising Counter Improvised Explosive Device technologies.

Logistics and Combat Service Support

Logistics Modernization.—Since 1999, the Marine Corps has undertaken several logistics modernization efforts to improve the overall effectiveness of our Marine Air-Ground Task Forces as agile, expeditionary forces in readiness. Some of these initiatives have reached full operational capability or are on track for complete implementation. Applying the lessons learned from Operation IRAQI FREEDOM resulted in new initiatives concerning naval logistics integration, naval distribution, and the integration of the Combat Service Support Element with Marine Corps Bases.

The Marine Corps' number one logistics priority is the re-engineering of logistics information technology and the retirement of our legacy systems, which is described in the next section. The Marine Corps is working to enhance the integration of its distribution processes across the tactical through strategic levels of warfare, providing the warfighter a "snap shot" view of his needed supplies in the distribution chain to instantly locate specific items that are en route. This capability, described in the following section, will result in increased confidence in the distribution chain and will reduce both the quantity of reorders and the amount of inventory carried to support the war fighter.

Logistics Command and Control.—The Global Combat Support System-Marine Corps is the Marine Corps' portion of the overarching Global Combat Support System Family of Systems as designated by the Joint Requirements Oversight Council and the Global Combat Support System General Officer Steering Committee. It is a Marine Corps acquisition program with the responsibility to acquire and integrate commercial off the shelf software in order to satisfy the information requirements of commanders, as well as support the Marine Corps Logistics Operational Architecture. The Global Combat Support System-Marine Corps program will provide modern, deployable information technology tools for all elements of the Marine Air-Ground Task Force. Existing Logistics Information Systems used today in direct support of our Marine Air Ground Task Forces are either not deployable (mainframe based) or are deployable with such limited capability (tethered client server) that our commanders lack in-transit and asset visibility. Global Combat Support System-Marine Corps requirements include a single point of entry, web based portal capability to generate simple requests for products and services, logistics command and control capability to support the Marine Air Ground Task Force, and back office tools to assist in the management of the logistics chain. These capabilities will improve warfighting excellence by providing commanders with the logistics information they need to make timely command and control decisions. The key to improving the accuracy and visibility of materiel in the logistics chain is to establish a shared data environment.

End-to-End Distribution.—The Marine Corps is aggressively pursuing standardization of the materiel distribution within the Marine Corps to include interfacing with commercial and operational-level Department of Defense distribution organizations. Furthermore, distribution processes and resources used in a deployed theater of operations need to be the same as those used in garrison. We strongly support United States Transportation Command's designation as the Department of Defense's Distribution Process Owner. In this capacity, United States Transportation Command can more easily integrate distribution processes and systems at the strategic and operational levels and provide the Department of Defense a standard, joint solution for distribution management. Materiel End-To-End Distribution provides Marine commanders the means to seamlessly execute inbound and outbound movements for all classes of supply while maintaining Total Asset and In-transit Visibility throughout the distribution pipeline.

CONCLUSION

The Marine Corps remains focused on organizing, training, and equipping our forces to best support combatant commanders throughout the spectrum of combat.

Incorporating recent experiences, increasing our forces' integration with joint capabilities, exploiting the flexibility and rapid response capabilities of our units, and preserving the adaptability of our Marines, will collectively lead to more options for the combatant commanders. The Marine Corps' commitment to warfighting excellence and the steadfast support we receive from this Committee will lead to success in the Global War On Terrorism while helping to ensure America's security and prosperity.

BIOGRAPHICAL SKETCH OF GENERAL MICHAEL W. HAGEE

General Hagee graduated with distinction from the U.S. Naval Academy in 1968 with a Bachelor of Science in Engineering. He also holds a Master of Science in Electrical Engineering from the U.S. Naval Postgraduate School and a Master of Arts in National Security and Strategic Studies from the Naval War College. He is a graduate of the Command and Staff College and the U.S. Naval War College.

General Hagee's command assignments include: Commanding Officer Company A, 1st Battalion, 9th Marines (1970); Platoon Commander, Company A and Commanding Officer Headquarters and Service Company, First Battalion, First Marines (1970-1971); Commanding Officer, Waikale-West Loch Guard Company (1974-1976); Commanding Officer, Pearl Harbor Guard Company (1976-1977); Commanding Officer, 1st Battalion, 8th Marines (1988-1990); Commanding Officer, 11th Marine Expeditionary Unit (Special Operations Capable) (1992-1993); Commanding General, 1st Marine Division (1998-1999); and Commanding General, I Marine Expeditionary Force (2000-2002).

General Hagee's staff assignments include: Communications-Electronics Officer, 1st Marine Air Command and Control Squadron (1971); Assistant Director, Telecommunications School (1972-1974); Training Officer, 3d Marine Division (1977-1978); Electrical Engineering Instructor, U.S. Naval Academy (1978-1981); Head, Officer Plans Section, Headquarters Marine Corps (1982-1986); Assistant Chief of Staff, G-1, 2d Marine Division (1987-1988); Executive Officer, 8th Marines (1988); Director Humanities and Social Science Division/Marine Corps Representative, U.S. Naval Academy (1990-1992); Liaison Officer to the U.S. Special Envoy to Somalia (1992-1993); Executive Assistant to the Assistant Commandant of the Marine Corps (1993-1994); Director, Character Development Division, United States Naval Academy (1994-1995); Senior Military Assistant to the Deputy Secretary of Defense, Washington, D.C.; Executive Assistant to the Director of Central Intelligence (1995-1996); Deputy Director of Operations, Headquarters, U.S. European Command (1996-1998); and Director Strategic Plans and Policy, U.S. Pacific Command (1999-2000).

His personal decorations include the Defense Distinguished Service Medal with palm, Defense Superior Service Medal, Legion of Merit with two Gold Stars, Bronze Star with Combat "V", Defense Meritorious Service Medal, Meritorious Service Medal with one Gold Star, Navy Achievement Medal with one Gold Star, the Combat Action Ribbon, and the National Intelligence Distinguished Service Medal.

Senator STEVENS. Well, gentlemen, those are some of those finest statements I have heard in my period on this committee, and I thank you all very much for the depth of your comments and for the reports you've made.

FLEET RESPONSE PLAN

Admiral, could you explain a little bit more about this Fleet Response Plan?

Admiral CLARK. Absolutely, Mr. Chairman.

Fundamentally, it goes like this. We had deployed—I like the word “surge”—Operation Iraqi Freedom, we surged over 50 percent of the fleet. One of our tasks was to—our business, was telling our people, “Look, our job is to make sure that we get the most bang for the buck for the taxpayers of America. And is there any way we can put this back together when we bring it home that will make it more effective than it is today?” And, fundamentally, Mr. Chairman, what we've done is this. We put a group of sailors in the room, and asked them, “Are there things that we can do that

will make us better?" They came back with an approach, and said, "If we look at different ways to phase our training, if we look at new ways we can put maintenance concepts together that will increase the operational availability of our units, we will be able to provide 50 percent more operational capability in response to the President if a national emergency occurs."

And what that means today is this. We analyzed the risk and the requirement for naval forces. As the major combat phase of Operation Iraqi Freedom wound down, the Secretary of Defense looked at where we were. And I said, "If we bring these forces home—the risk looked like we can bring the principal naval force home—we will put this back together in a way that makes it more ready than ever before." And, Mr. Chairman, I can tell you, this morning, if the requirement came today, I could surge that force forward again, the exact same force that we sent forward for Operation Iraqi Freedom. It is ready to go this morning. And what we have done is give the Nation a more responsive Navy that can respond to a crisis and an emergency anywhere in the world.

Senator STEVENS. Thank you very much.

V-22

General Hagee, I thank you, again, for the opportunity to fly the V-22. It was an experience of a lifetime. I enjoyed being in the aircraft. But I understand now that there's been flight restrictions placed upon the V-22. Could you tell us what's caused that?

General HAGEE. Yes, sir, I can. And we appreciate you coming down and flying in that truly transformational platform.

Back in December, when one of the—it happened to aircraft number ten, which is instrumented, was flying towards the edge of the envelope in an area where we're normally not going to conduct flight operations, an input at the control caused some yawing in the aircraft. We brought the aircraft down. It took us some time to reproduce that particular phenomena. It was not uncontrolled. There was no effect on safety of flight. This aircraft happened to have a new flight control software package put into it. So we believe it is a problem in the software. We are investigating that right now. We haven't come to complete closure on how to solve that. We are very confident that we can.

We have put no flight restrictions on any of the instrumented aircraft. We have put some flight restrictions on the uninstrumented aircraft. We believe that we'll have a solution to this software, possibly hardware solution, by May of this year. We do not see that impacting the continued evaluation of the aircraft, sir.

Senator STEVENS. Will it affect the period for testing? It this going to prolong the period of testing the V-22.

General HAGEE. Sir, I think on the operational tests we're not quite sure on that. But, as you know, this is not a time-driven evaluation; this is an event-driven evaluation. We'll have a much better feel for that in about April or May, sir.

Senator STEVENS. Well, again, I think it was a joy to be able to fly that airplane. It does things that one would never expect to be able to do, and particularly because of the software that you've adapted into it. I would appreciate it if you'd keep me posted on that if there's anything additional we can do. I would like to be

sure that we do keep the schedule for putting that aircraft really into full operation, as far as the marines are concerned.

General HAGEE. We will keep this committee informed, Mr. Chairman.

Senator STEVENS. Thank you.

DD(X)

Admiral Clark, the DD(X) includes transformational technologies that bring what my staff believes are revolutionary capabilities to the fleet. Can you accomplish the acquisition strategies for the DD(X) within the cost and schedule that is currently outlined, in view of those new technologies?

Admiral CLARK. Well, Mr. Chairman, I agree completely with your staff and their assessment of what DD(X) is all about. It is a revolutionary platform. And I believe that when we have DD(X), it is going to change the way we do everything. And what I think is going to happen is that when we realize these capabilities, it will set us on a path to spiral to our other platforms, as well.

Let's talk about cost and schedule. As you know, we received permission to fund this ship in Research and Development. There are certainly risk areas in the development of something that is this revolutionary, including an all-electric platform, an advanced gun system that will fire, with precision, at a [deleted]. You know, this will give us the ability to support General Hagee and all of his marines, and cover [deleted] more area in support of them than we can do so today with a gun system. And I have great confidence in that path that we're on, because there have been mitigation strategies put in place to address the new technologies that we're bringing on. However, I would not be so bold as to say that any of us can predict the future. But I have great confidence in the team that is putting the plan together to create the future. And what does that mean? Well, it means this. One of the reasons that we asked to put this platform in research and development is that we wanted to have the same kind of tools to do this kind of new development that we have with other combat systems, and we haven't done that with ships before. And we believe that this was the right way to go at this.

So I don't see any cause for concern on the horizon. I'm confident with where we are in the reports that I'm getting from the acquisition community. But I also believe that the path that we set on last year to fund this in research and development (R&D) is absolutely the right approach.

END STRENGTH REDUCTIONS

Senator STEVENS. Mr. Secretary, I am informed that there are plans to reduce the end strength of the Navy by 7,900 sailors, and another 8,700 sailors over the next 4 years. We're told, to be on the safe side, that that is premature. What do you say to that?

Mr. ENGLAND. Well, let me reiterate, to some extent, the opening comments that Admiral Clark made regarding our manpower. We do want the very best-trained force, but we also do not want an extra force. We do not want people that we do not need in this great Navy, frankly. And as we have made improvements, in terms of our ships, in terms of our manning—for example, if you go back,

Senator, to the ships, Senator Inouye, that are sitting out in Hawaii, the U.S.S. *Missouri*, it had almost 2,000 sailors when it was active. Now we have about 350 sailors on our destroyers. That will go down, on DD(X), to about 150 sailors. So our manpower demands are less. A lot of our older ships, we are retiring, where most of the manpower has the highest demands. Also, our maintenance is better, our reliability is better on these ships, technology is helping us.

So we are not stressed, in terms of our force, Senator. I mean, we have efficiencies in the system, effectiveness, in terms of better performance, that we can reduce the size of our force. So this is a planned program, and we are not doing this in advance. I mean, we clearly understand the forces we need, and we are taking them down after we have new processes and new technology in place. So this reflects, frankly, the effectiveness, the efficiency of the Navy and our plans, in terms of staffing this great naval force.

JOINT STRIKE FIGHTER (JSF)

Senator STEVENS. Could you briefly—I've got a minute left—briefly tell us about the Joint Strike Fighter? Just an update on the Joint Strike Fighter?

Mr. ENGLAND. First, I hope one day you'll be able to fly the Joint Strike Fighter, Senator. But, look, it is a very, very important program. There are three development programs going on simultaneously. As you may know, we delayed the program 1 year because we wanted to keep them together, and we wanted to make sure that we solved all the problems early as we transitioned from the prototypes into development. So we did delay the program deliberately 1 year because our feeling is, by doing this now, we will save a lot of money and time later on. These are very important programs to us. There is an Air Force version and a Navy version. They are both, frankly, overweight, but not to the point that they will miss their key performance parameters. So we know we will realize significant improvement there.

The short take-off and vertical landing (STOVL) version, which is now both for the Marine Corps and also for the U.S. Air Force, also is experiencing a weight problem, because it is the most difficult design challenge. On the other hand, it provides us the greatest advantage, and it will replace the AV-8B, which is currently becoming long in the tooth and having difficulty in the Marine Corps. So it provides us the very greatest step forward, in terms of capability. It is harder to do, but I am absolutely convinced the design is on track and we will achieve the key performance parameters for these three airplanes.

This program also has a large international content. We have about \$4.5 billion funded by our friends and allies around the world, who are also relying on these three airplanes. This is a highly integrated program. It is technically challenging, but it is also very achievable, and the results will be dramatic for the entire military and for our friends and allies around the world.

I would encourage full support for this program, because it is so crucial to so many services. And, Senator, I can tell you, from my own personal experience, I am convinced that these three airplanes will all be of significant value, major value, to our military forces.

Senator STEVENS. I'm smiling, Mr. Secretary, because someone the other day asked me why do people use that phrase "long in the tooth," as when we get older, our teeth get shorter.

Senator Inouye.

SUBMARINE FORCE STRUCTURE

Senator INOUE. Mr. Secretary, your stated submarine force structure calls for 55 boats, but it appears that by 2020, we may have about 30. You have indicated that this would be unacceptable. Do you have alternative programs or platforms to adjust this force structure?

Mr. ENGLAND. Senator, right now, as you probably recall, we start a multi-year—last year, we were authorized to go into a multi-year, so we have a five-submarine multi-year program that will continue for 5 years. So we are, frankly, fixed at this rate of one a year for the next 5 years. That was the program authorized by the Congress. At the same time, you are right, if we continue at that level, our submarine force will, indeed, shrink. So, recognizing that, we have initiated a study to better understand the size of our submarine force and how we might afford a larger force as we go forward. That study will be part of our 2006 deliberations. So we will come to the Congress next year with our submarine program, in terms of recommendations. We are working that now. We will be briefing that shortly within the Department of Defense, and that will be part of our whole development of the fiscal year 2006 budget. So, with your permission, I would like to defer a final answer on that. Frankly, for the next 5 years, next 4 years now, we are locked into this one submarine a year because of the multi-year program. So it does give us some time to work, and we will have that resolved in fiscal year 2006.

Senator INOUE. Well, we'll wait for your study.

END STRENGTH

Admiral Clark, the Secretary spoke of how your end strength may be reduced. As the operational chief here, do you agree with that?

Admiral CLARK. I certainly do, Senator. And, in fact, you can blame me for this, or give me credit, whichever way you choose to do so. I have been—I want to report publicly, I have been under no pressure from anybody senior to me in the chain of command to affect my manning.

What we have been doing is this. Actually, I've learned a lot from working with Secretary England. He worked in the big-business world. And, you know, I grew up driving destroyers and haven't run an operation nearly as big as we're now given the task to operate. Part of our journey, Senator, is that we have—as I said in my opening statement, we have come to grips with the cost of manpower. And I've made a commitment to our people that goes like this. "We will invest in your growth and development if you promise to serve and support and defend the Constitution of the United States and be part of the Navy. We are going to invest in you. And we're going to make sure that you have opportunities to make a difference in our Navy." That's what I promised them. But I've also asked my leaders, the Senior Executive Service (SES) civilians and

the admirals in this organization, that are given the task to function as executives, “Look, we’ve got to figure out how to run this business more effectively. This is for the taxpayers. How do we give them the most return on their investment?” And I will tell you that we are actively seeking ways to learn how to operate this organization more effectively and more efficiently. We are making great progress, and that is the result of the 7,900 you see today.

My objective is this. I’ve learned that 10,000 people equals \$1.5 billion a year, and I’m turning that money into recapitalization. The year I got to this job—and, Mr. Chairman, you indicated this is my fourth visit to see you all—the year I got here, the investment in shipbuilding was \$4.7 billion. The investment today is \$11.1 billion, and I’ve been shooting to get toward a goal of \$12 billion a year. We have done this fundamentally by redirecting resources inside the Navy and becoming more effective. And so we intend to continue working toward that, and I want to promise you that part of this is because the technology insertion is allowing us to do tasks with fewer people. As he said, DD(X) is going to have far fewer people, the CVN 21 is going to have a 900-person reduction in the crew, and these kinds of things make these savings possible. And our investments make it possible. We intend to keep looking for ways to operate more effectively and put that money in tomorrow’s Navy.

SHIP FORCE STRUCTURE

Senator INOUE. Mr. Secretary, I’m certain you recall that about 10 years ago, when we discussed warfare, they spoke of major war, regional war, guerrilla war, et cetera, and you needed so many ships for that, and so many men for that. Is the force structure that you’re proposing for regional war or global war?

Mr. ENGLAND. Senator, it’s for whatever the Navy is called upon, sir. I mean, I believe as we go forward, and particularly what is in the 2005 budget, with our new ships, our Littoral combat ship and DD(X), along with LHA, the new LHA(R) we’re looking at and the new ships that we’ll have, in terms of pre-positioning, the future ships, there are concepts there that provide us significantly greater flexibility, in terms of projecting power forward. As General Hagee said, we believe this is a 50-percent improvement, in terms of response time to put power forward, which is very, very important, in terms of affecting the outcome of whatever events may be occurring.

I think my judgment—and I believe I can speak for the CNO and the Commandant here—it’s our judgment we have approaches now that allow the Navy and the Marine Corps, our naval force, to respond to any type of threat to America, whether it be regional or a larger war. I mean, we are prepared now to respond and do this very, very quickly. That’s our objective—very, very quick response.

FORCIBLE ENTRY

Senator INOUE. General Hagee, the Department, last year, announced that it had initiated a study on forcible entry options. And we’ve been told that this study may have an impact upon programs like the LPD-17, the LHA(R), and the Expeditionary Fighting Vehicle. What is the status? And what can we expect?

General HAGEE. Thank you for that question, sir.

First, there are two studies, really. There is a joint forcible-entry study that the Navy and the Marine Corps took the lead on and conducted last year. That is going to inform a much larger joint study on joint forcible entry that's being led by the joint staff right now. We hope to have the results of that study sometime late spring, early summer. I think it's really important to look at forcible entry from a joint standpoint.

As I mentioned in my opening statement, the joint forcible-entry study that we did within the Navy and the Marine Corps, the analysis of alternatives that we received on LHA(R), and the analysis of alternatives that we have just received a preview on for the maritime pre-positioning force has helped inform us on how we can project combat power faster, more combat power ashore faster, in the future. And what you're going to see Admiral Clark, myself, and the Secretary talk about is the integration of these platforms. They are complementary platforms. The maritime pre-positioning ship, the new maritime pre-positioning ship, the new LHA(R), which—we want to leverage the Joint Strike Fighter and the MV-22 capabilities; we want to make that ship more aviation-capable—the LPD-17, the connectors between those platforms, the DD(X), the Littoral combat ship, all will come into play, and we are starting to inform ourselves on what the advantages and disadvantages of having one platform versus the other. For example, on your maritime pre-positioning-ship future, if that has a well deck, or if that has what we're calling an integrated landing platform, which is platform external to the ship, where the ship can put that platform on the leeward side and actually do offloads onto that platform in a higher-state sea, this could impact the ultimate design of other amphibious ships and what we would be carrying on those amphibious ships.

So we are trying very hard and, I think, somewhat successfully, in looking at how all of these platforms come together to deliver a better capability, a more agile capability to the regional combatant commander.

Senator INOUE. And this is realistic?

General HAGEE. Yes, sir. We have talked with scientists, we have talked with physicists. This is not a physics problem; this is an engineering problem. It's also a finance problem, or an issue. And that's why the Secretary of the Navy and Admiral Clark and myself have urged support of the fiscal year 2005 budget, sir.

Senator INOUE. I thank you very much, General.

Admiral CLARK. Mr. Chairman, may I comment on that question?

Senator STEVENS. Yes, sir, Admiral.

Admiral CLARK. Senator Inouye, I'd just like to say that our task is to deliver the Marine Corps to the fight. And I see the integration between MPF(F), Maritime Pre-Positioned Force Future, and the LHA(R) as a critical intersection of new capability unlike what we have today. I absolutely do not believe that LHA(R) is just a repeat of the LHDs that we have today. It is going to be a much better, more capable platform that optimizes the aviation capability we are investing in. And that, coupled with the new concepts that we are pushing forward on MPF future, will give the marines much more surgeable capability. We talked about surging the Navy; it

will improve the Marine Corps' surgeable capability, too, which is why the future will see General Hagee and the marines producing combat capability faster anywhere in the world we have to. And these two new capabilities are going to make that happen.

Senator INOUE. Thank you very much. I'll be waiting for your report.

Admiral CLARK. Yes, sir.

Senator STEVENS. Thank you very much.

Senator Cochran.

LHA(R) AND SHIPBUILDING INDUSTRIAL BASE

Senator COCHRAN. Mr. Chairman, thank you.

Mr. Secretary, I notice, in the budget submission, the construction of the LHA(R) has been delayed 1 year from what was planned in last year's 2004 budget, and that you've identified \$250 million for the construction of the LHA(R) as an unfunded requirement. I understand that a delay in the construction of this ship is likely to lead to an increase in the cost of the ship. Can you discuss the need to maintain the shipbuilding industrial base associated with the construction of the LHA(R)?

Mr. ENGLAND. Senator, I'd be happy to. You raised a valid issue here. We originally had LHA(R) proposed for fiscal year 2007, in terms of our planning in the Future Years Defense Program (FYDP). We moved that out to fiscal year 2008, and we did it, frankly, because of funding issues. We are required, as you know—to fully appropriate the money, fund the ship immediately, on day one. That would have required, in fiscal year 2007, that we fund the full value of the ship in fiscal year 2007. Frankly, we did not have the resources to do that, so we've moved it to fiscal year 2008, where it was affordable, in terms of our projection on fiscal year 2007 and on fiscal year 2008. It does leave us with a problem right now, in terms of the yard, because we would like to start at least advanced procurement, some incremental funding, I guess you would call it, at that point in time. But, at this point, we are required to fund the full ship. Now, as we go forward in 2006 and 2007, we're going to have to look at those funding profiles to see how we can handle that situation. But, frankly, that was—your point is valid—it was strictly a decision we had to make based on what we saw as the funding profiles in those years.

Senator COCHRAN. Thank you.

LARGE DECK AMPHIBIOUS SHIPS REPLACEMENT

General Hagee, can you discuss the need to replace the large-deck amphibious ships that have exceeded their designed service life?

General HAGEE. Yes, sir, Senator. Thank you, also, for that question. And it really goes back to my answer to Senator Inouye.

I don't think that we can look at one individual ship. As Admiral Clark talked about, we're looking at the LHA(R), which is going to be, as I mentioned, an increased aircraft-capable ship. We're going to leverage the Joint Strike Fighter and the MV-22 capabilities. It's also going to complement the Maritime Pre-Positioning Force Future ship, and will complement the LPD-17. So as we build the LHA(R), and as we build MPF future, I believe that you will see

some of the equipment that has, in the past, been carried on these large amphib, move over to the Maritime Pre-Positioning Force Future ship.

What we want is the capability to operate from the sea base in a state-four sea. We want to be able to do to the reception, staging, onward movement, integration, the arrival and assembly, at sea. Today, we cannot do that, because we—as Admiral Clark mentioned, we dense-pack our maritime pre-positioning ships, so we cannot do a selective offload. So as we replace the amphib, we're looking at how LHA(R), LPD-17, LHD, which is going to be around for some time, thank goodness, and Maritime Pre-Positioning Force Future are going to integrate with one another.

TILT-ROTOR PILOT TRAINING

Senator COCHRAN. Mr. Secretary, last year's appropriations bill and the accompanying report indicated the importance of training student pilots in the same type aircraft that they would eventually be called on to fly in the fleet after they graduate from pilot training. The report required the Department of the Navy to submit a tilt-rotor pilot training roadmap to the committee prior to the submission of this year's budget request, although this report has not been submitted. I wonder if you have any information about whether we can expect this report or whether you can share with us now what the response of the Navy is to this provision in last year's bill directing the Department to consider tilt-rotor pilot training at an existing naval training site?

Mr. ENGLAND. Senator, my apologies. The report is somewhat late, because, frankly, it's gone through some revision. But we are about to publish that report, and we should have that report to you here, I would expect, in about 1 week. So we're very close to having that out.

And if you don't mind, I'm going to defer the question to General Hagee, since it's his V-22 and his pilots, I believe he's probably better able to answer this question for you.

But we will have the report to you in about 1 week, sir.
[The information follows:]

INFORMATION PAPER

Subject: V-22 Tilt-rotor pilot training roadmap

1. Purpose

The Defense Appropriations Bill, 2004, directed the Secretary of the Navy to submit a Tilt-rotor pilot training roadmap before the presentation of the fiscal year 2005 budget estimate.

2. Key Points

The MV-22 Student Undergraduate Pipeline Training and Fleet Replacement Squadron Analysis, Final Report, 1999, was conducted by Logicon, Inc.

The purpose of the study was to examine the MV-22 pilot, aircrew and maintainer training pipelines and determine if the planned training could meet the demands of an increased aircraft delivery rate. If the planned training was insufficient to meet the demand, alternatives must be developed to increase the throughput. If the demand could be met with planned resources, the recommendations for improving the training in order to produce more capable personnel in the most efficient and cost effective manner must be provided.

The study's recommendations have been included and expanded on in the V-22's training plan. Interactive Media Instruction (IMI), state of the art procedural train-

ers and simulators as well as the activation of an Aircrew Training Systems (ATS) command to address the intricacies of the training continuum are some examples.

The current tilt-rotor pilot training roadmap represents a non-material solution to implement the study's recommendations. A powered lift trainer for Undergraduate Pilot Training would address the inefficiencies in the current roadmap, increase the number of trainable tasks, and decrease time to train while increasing throughput.

The current tilt-rotor pilot training roadmap has three major elements: Primary, Advanced and Fleet Replacement training (Figure 1). Each element contains academics, simulator and aircraft phases.

—*Undergraduate Pilot Training (UPT)*.—UPT for tilt-rotors begins with primary flight training in the TC-34C. Pipeline selection occurs upon completion primary training.

—Students selected for the tilt-rotor training pipeline will continue advanced training in the TC-12B.

—Following training in the TC-12B tilt-rotor UPT students will complete their advanced training in the TH-57B/C.

—Upon completion of the advanced training students are designated Naval aviators and are assigned to the Fleet Replacement Squadron for training in the MV-22.

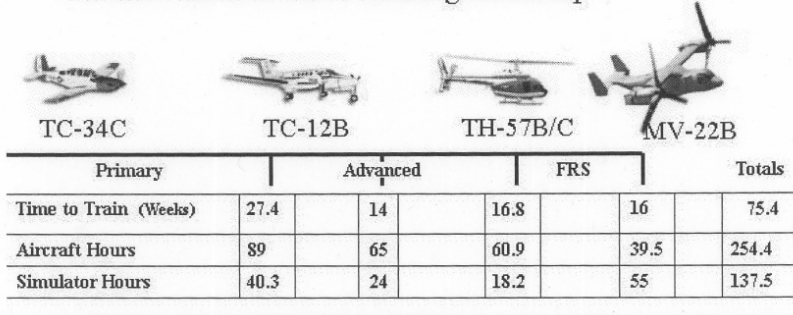
—*Fleet Replacement Squadron (FRS)*.—Provides combat capable tilt-rotor training for selected aircrews.

—Combat capable training consists of the completion of the 100 level training tasks listed in Marine Corps Order P3500.34A (Aviation Training and Readiness Manual, MV-22).

—Advanced Tilt-rotor Training Unit (ATTU). The ATTU is resident in the FRS and trains selected aircrew in advanced tactics instruction (200 level and above as specified in the Marine Corps Order P3500.34A). The ATTU provides transitioning squadrons the experience base to complete the transition as a core capable squadron per the MV-22 T&R.

The Deputy Commandant for Aviation has submitted a Universal Needs Statement (UNS) for a powered lift trainer for Undergraduate Pilot Training. Successful incorporation of the UNS in the requirements generation process will form the basis for an Analysis of Alternatives at Milestone A.

Current Tiltrotor Pilot Training Roadmap



Potential Powered Lift Tiltrotor Pilot Training Roadmap

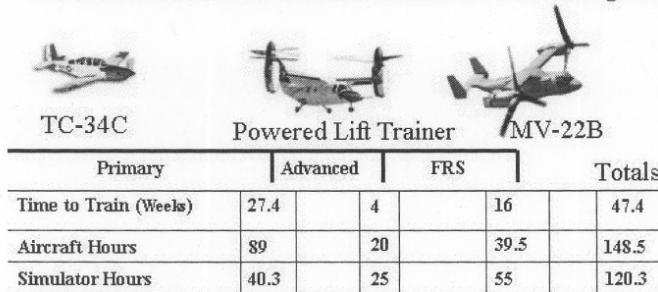


Figure-1

Senator COCHRAN. Okay.

General Hagee, do you have any comments?

General HAGEE. Yes, sir, I do. First off, we are absolutely committed to having a joint training site. Any service that's going to fly the MV-22, we think we could get a lot of synergy by having one training site. We have initially stood up the training squadron down at New River, North Carolina. But I can tell you, Senator, we are open to looking at any and all sites that might work better.

MISSILE DEFENSE

Senator COCHRAN. Admiral Clark, we've talked before about the plans that you envision for the Navy participation in missile defense. We have the near-term ballistic missile threat to the homeland that has attracted the attention of planners. Could you update the committee on the progress the Navy is making in the area of ballistic missile defense and how it fits in your overall sea-shield strategy?

Admiral CLARK. Yes, sir. Thank you, Senator. That's a very important question for the future, and clearly the kind of things that General Hagee and I envision the Navy/Marine Corps team doing in the future requires our ability to climb in the ring with an enemy, and to be able to defend ourselves, and project defense and offense. And so ballistic missile defense capability is crucial to the future, no doubt about it.

The way, of course, as you well know, it is unfolding, the acquisition—the development responsibility and acquisition responsibility, has been given to the Missile Defense Agency (MDA). What that suggests is that—General Kadish has been given the responsibility to develop what’s best for the Nation. And this year has been an exciting year in the Navy. Under MDA, we have participated in several tests this year. All but one have been fully—completely successful, and one had a problem in a late-guidance phase of the test. But what that suggests to us is this, sea-based missile defense is going to be a part of the interim missile defense capability that has been called down by the President. That will stand up in fiscal year 2005, this budget year that we’re talking about here this morning.

And I would just also report to you, Senator, that during Operation Iraqi Freedom, we had prototype capability functioning in the Arabian Gulf, and operating from one of our Aegis DDGs. They experienced significant success tracking missiles that were fired by the Iraqis at our forces, and we were connected in an integrated way. We could not—we were not equipped to fire, but detect and track; and that detect and track algorithm functioned very successfully.

And so the bottom line of the status report is that we anticipate modifying a number of our Aegis destroyers to bring this kind of capability to the Nation by the end of this calendar year, and we will be a part of that interim capability.

Senator COCHRAN. Thank you.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you.

Senator Burns.

Senator BURNS. Thank you, Mr. Chairman. I think we have—I’ve already submitted my statement. And thank you, gentlemen, for your service to your country and for coming today.

I will probably focus on some of the things that interest me. My main interest is the troops on the ground, our enlisted people that are in harm’s way, and especially like an operation like we have in Iraq, who are most vulnerable to being hurt very badly, and most vulnerable in a hostile action.

SHIPBUILDING PROGRAM

But I wanted to ask Admiral Clark—since you’ve increased the funds on shipbuilding from the \$4.7 billion to the \$11.1 billion, with what has happened in the world and the changing landscape, have you changed the thrust of your investment to meet those times? And could you give me an example on the challenges you face, now that the landscape does change from time to time?

Admiral CLARK. Well, absolutely.

Here’s the way I would lay it out. And Senator Inouye asked this question of the Secretary, do we have the numbers right? And, you know, where do we need to go? This morning, we have 295 ships in the Navy. Is this enough? I don’t believe it is. I have said that for 3 years and 8 months.

Having said that, I believe we’re on the right track. We can’t undo history. And we didn’t buy enough ships in the 1990s. Over the decade of the 1990s, our shipbuilding budget averaged just slightly over \$6 billion a year. And in order to have the Navy—

when I got to this job, the Congressional Budget Office (CBO) had just put out a study that said you had to invest \$12 billion a year to sustain yourself, and that's why \$12 billion was my target.

How does it stack out in priorities? And, by the way, I have said I think we need about 375. I've never said it's exactly 375. We have to move toward the capability of the future, and capability is more important than numbers. But there's a fact here—is that—we've studied this long and hard, Senator; I haven't figured out how to defy the laws of physics and make a ship be in more than one place at a time. You know, it's a fundamental reality.

I want to say that the Secretary has allowed me to speak to that number. It's not a number that has been sanctioned by the Department. It is the CNO's view. My view this morning is that we're continuing to learn.

Let me give you an example. We are completing, as I speak, an experiment that I've had going on for 2 years. I have had a destroyer, forward deployed, has been in Operation Iraqi Freedom every step of the way, for 2 years. I have been rotating crews to that ship. That's a Pacific-based ship, and a Pacific-based ship spends at least one-third of its deployment—because it's a vast area, of course—one-third of its 6-month deployment, is spent in transit. I've had it over there 2 years, rotated four crews. It'll be home soon. We're going to put the technical people onboard, and we're going to learn the lessons from that. But I'll tell you what it's already shown me is that that's a concept I need to exploit. It gives me more operational availability for the investment.

What have I learned about the priorities? Senator Cochran asked about missile defense. It absolutely is a requirement for the future. We do not have money in the budget yet, but I have spoken openly, and it's in my written testimony, that CG(X), a ship designed from the ground up to do that missile-defense mission, is going to have to be built. It has to be built when we know exactly what the size and shape of the future missile defense systems are going to be.

LITTORAL COMBAT SHIP (LCS)

More importantly, the Littoral combat ship that is at the—down-select—in the next 2 months, this new class ship is designed to do one principal thing: take on the enemies where they're going to take us on. No Navy is going to take us on toe to toe. We are too big and too strong. They're going to come after us in the littorals, they're going to come after us asymmetrically. Senator, I need that ship tomorrow morning. I cannot get it fast enough. I need the ability to take on the way they're going to come at us, anti-submarine warfare in the near-land arena, anti-surface attacks, mine warfare. And we're going to build this ship from the ground up to be optimized to handle unmanned vehicles, and we're going to change the calculus on the enemy. This is going to be a much smaller ship, and we're going to have to build it in numbers. And I think we need 50 or 60 of them. But the reason I don't know the exact number is that I'm still working the manning concept, and am I going to be able to keep them forward, like I've just done with this ship for 2 years. And if I can, I will need not as many as if I had to rotate them every time. So those are the way I see the priorities. Coupled with what we described with General Hagee in the new

Navy/Marine Corps team and the capability that we will project with MPF Future, which I believe should be considered as an integral part of the fighting force. Today's MPF maritime pre-positioned ship is a warehouse, floating warehouse. Tomorrow's MPF isn't going to be like that. It will have command and control spaces in it, it will have aviation decks on it to surge aircraft forward and so forth. That's the way I see the future, Senator.

RECRUITMENT AND RETENTION

Senator BURNS. General Hagee, give me an idea—recruitment and retention of our troops, are you making your quotas? Are you getting the kind of people that you want? I would ask all three of you that. Are there areas of concern or—how are we doing?

General HAGEE. Sir, thank you for that question. I am happy to report to you that we are doing very well in both areas. Last November, we had 100 straight months of meeting mission, recruiting, and we are getting the right type of young American man and young American woman, and I think you saw that in Operation Iraqi Freedom. Unbelievable quality. Just had a report yesterday, we are on track to make mission this month. But we are doing very well on recruiting.

As far as retention is concerned, for this fiscal year we are about 80 percent of attaining our first-term re-enlistment goal, and we are about 85 percent of achieving our second-term re-enlistment goal. And, of course, we have all the way to September to accomplish those two missions.

So I am very happy with where we are right now. I have to be—I'll be frank with you, sir, we are putting a lot of demands on our marines. The sun never sets on the Marine Corps. It is around the world, and they are doing a magnificent job. And I have asked all the commanders to keep a good feel on the pulse of the marines and their families for any indication that retention or recruiting is going to turn in the wrong direction. Right now, we do not have those signals, sir.

Senator BURNS. Admiral Clark, do you want to comment about that?

Admiral CLARK. Yes, I sure do. Highest retention in the history of the Navy, ever, 38 or 39 straight months. Quality, we have increased quality 4 percent, to the 94 percent level last year, and our goal was 95 percent high-school graduates. Quality is high. It's fundamentally because of the things the Congress has done. And at the end of my opening statement, I said that they're reading the signals of the citizens of America. They're listening. They're watching. And the support that America is sending to our people is resonating with them. They believe in their cause, and they're committed to making a difference.

Now, here's one concern I have. Because we're successful, please don't take my tools away. The tools that I've got are the things that are allowing me to reshape my force, and I need them. And our people are responding to this challenge we're giving them. "We're going to give you a chance to make a difference, and we're going to invest in your growth and development," and that's what they're responding to, Senator.

Senator BURNS. Mr. Secretary, do you want to make a comment? Because I have another question and comment.

Mr. ENGLAND. Just one comment. When I first testified, we were recruiting 58,000 a year, in terms of sailors, and now we are recruiting about 40,000 because our retention is so high. So it's an indication, just in terms of numbers that we're recruiting, much lower than we were in the past.

AIRSPACE AVAILABILITY FOR TRAINING

Senator BURNS. We lost our ability to train into—at Vieques, as you well know, down in Puerto Rico. It continues to be a problem among all our services that have a flight wing to them, or whatever. And I noticed that, in your statement, you mention Eglin as a joint place where you're training. I would just make a comment that we, in Montana, are—when you look at this country, and the airspace that we have in which to train, it continues to shrink. And I think we should look at some areas where we have airspace in which to train, and also the infrastructure in which to hold those people that are in training, and their aircraft. So we would visit with you about that.

IMPROVISED EXPLOSIVE DEVICE (IED)

And then I have some other questions about detecting these explosives in Iraq. I know—you know, that's why I say, our men and women are in a most vulnerable position. They are the target, and they're unprotected, and I'm concerned about body armor. Are they protected? Can we detect those roadside bombs, General Hagee? And is there new technology which allows us to do that? And if not, are we looking into maybe some unconventional areas to gain that technology?

General HAGEE. Yes, sir. That is, without a doubt, our highest priority right now, is to ensure that all of our servicemen and women overseas are protected. I can tell you that the 25,000 marines and sailors that are going into Operation Iraqi Freedom, they all have the so-called Small Arms Protective Inserts (SAPI) plates. Everyone will be wearing it.

There is no magic answer, there is no one solution for the improvised explosive device. It is a combination of technologies and tactics and procedures. We have worked very closely with the United States Army to learn everything that we can from them. The Army has stood up a task force called Task Force IED, improvised explosive device. It is a joint task force that is focused on this particular problem. What technologies we can bring to bear, what are the tactics, techniques, and procedures that we need to use on the battlefield, and, probably most importantly, where do we have gaps? Because every time that we come up with a solution, the opposing side is looking for a way to get around that particular solution. So we are working very hard in those particular three areas.

We're going to have about 3,000 vehicles of various kinds—Humvees, 5 ton, 7 ton—on the road and in harm's way. Every one of those vehicles, before it goes out on patrol in Iraq, will be hardened. We have a few of the so-called up-armored Humvees, but not very many of those. So what we have done is, we have purchased

kits, we have cut steel, and we have sufficient quantity to harden every single one of those vehicles.

We have done the same with our aircraft. We have put on the most modern aircraft survivability equipment that this Nation has produced. We have also taken our pilots, every single one of them that will be going over there, they've gone through a 2-week very intensive training course down in Yuma, Arizona, flying against the type of threat that we believe is over there. Once again, marrying the technology and the tactics, techniques, and procedures.

Once again, to be frank, sir, it's still a dangerous place over there. We are aware of that, and all of us are working very hard in that area.

Senator BURNS. Well, you know, my father was always criticized for working mules. You know, everybody else worked horses. This was back in the old days, and they said, "Why do you work them darn mules? You know, they'll kick you, bite you, and everything else." And Dad would kind of say, under his breath—he said, "Well, you've got to be smarter than the mule." So we've got to be a little bit smarter, too, and a jump ahead. And I thank you for your thoughts.

Senator STEVENS. Senator McConnell.

MK45

Senator MCCONNELL. Thank you, Mr. Chairman.

Let me begin by thanking all three of you for your extraordinary contributions to the war on terrorism, which has, so far, been successful beyond anyone's expectations. It's been a great American success story, and it continues.

Mr. Secretary, despite the efficiencies and cost savings achieved by the privatization of the Louisville Naval Ordnance Station, the Navy has relied heavily on congressional add-ons in order to meet its requirements for overhauls and for procurement of large-caliber guns. This committee has provided sufficient additional funding for the MK45 gun overhaul orders to extend the life of this important weapon. And several of us have sought funding for modifications that allow the Navy to modernize this gun so that it can bridge the gap between the Navy's budget for this program and its requirements until the Navy's cruiser modernization and DD(X) destroyer programs actually begin production.

It's my understanding the Navy's request today contains no provision for MK45 gun modifications to support cruiser modernization, and despite Congress' efforts to restore this program last year and this committee's expression of the importance of the MK45 gun modernization. The so-called cost savings associated with this move are not particularly impressive with cutting these modifications, particularly given the negative impact this will have on the Navy's industrial base, the Marine Corps' requirement for naval surface-fire support, and the costs associated with restarting the production line for the DD(X) advanced gun system.

That having been said, General Hagee, it's my understanding that the Marine Corps supports the modernization of the MK45 gun to improve its capacity for precision fire support. Would reinvesting in the modernization of this gun improve the Navy's ability

to provide the kind of fire support you need for your marines on-shore?

General HAGEE. Sir, I think Admiral Clark and I have discussed this. We like that gun. But it's an affordability issue, as you mentioned. And what we have to do is balance the weapon systems that we have out there with the risks. We've got DD(X) coming on, which is going to have a significant capability. The aviation fires is, of course, a part of this particular equation, and moving the lightweight 155 and the expeditionary fire-support system ashore is also a part of the fires equation. So it's integrating all of the fires that we're going to have.

I would repeat, would we like to have that gun? Yes, sir. But when you look at the affordability, the risk, and then look at all the other fire systems that we have out there, I support Admiral Clark in his decision.

Senator MCCONNELL. So then are you telling me that the marine's near-term need for precision naval surface fire support is adequate?

General HAGEE. No, sir, I'm not. It is not.

Senator MCCONNELL. Therefore, Secretary England, I hope you will reconsider the decision to cut funding for this important modification to the MK45 gun system. It seems to me, clearly, you need this, at least on an interim basis, until you get to the next weapon. Do you have any observations about this?

Mr. ENGLAND. Just one, and then I would turn it over to the CNO—all right, go ahead—

Admiral CLARK. Why don't I—

Senator MCCONNELL. Jump right in.

Admiral CLARK. All right. We're excited about the extended range guided munition (ERGM) development, and the round that is going to give us extended-range precision capabilities for the marines. Senator, General Hagee's got it exactly right. When I sit down at the end of the day, I don't have all the resources I'd like to have; I've got more than I've ever had before, but technology costs money. And so I made this judgement that, with the cruisers, who would be primarily focused on operations near the carrier, and not in the near-land scenario supporting the marines, I would not do the modification for the cruisers, but I would focus that money on the DDGs. So that's the decision that we made. If we had unlimited resources, we absolutely would have procured this modernization for every one of the guns that we have. We would.

We expect this—even though AGS, the advanced gun system, is coming, we expect that this gun is going to be around for a long time. And, frankly, when you look at future warfare, the ability to provide precision on the battlefield to the Marine Corps is what is going to help us transform the way we fight.

So it's an affordability issue. We made the judgement based upon where the cruisers will spend most of their life, and that's, you know, more in the deep-blue environment instead of the near-land brown-water environment.

Senator MCCONNELL. Summing it up, if you had the resources, you'd like to do what I suggest.

Admiral CLARK. That is correct.

Senator MCCONNELL. I thank you.

Thank you, Mr. Chairman.

CG(X)

Senator STEVENS. Thank you very much.

Admiral, I went to the archives to look up the CG(X) that you presented in May 2003, a long-range shipbuilding plan, that indicated that those would be procured sometime after the end of this first decade. As a matter of fact, it looks like the first procurement would be 2018. The description you just gave it indicates that it probably is going to be needed sooner. Are you going to revise the plan?

Admiral CLARK. I would tell you that the far-out plan doesn't have great granularity to it yet, Mr. Chairman. I believe that this is contingent totally upon the way the technology develops and the size missile system that MDA decides that this platform is going to have to carry—all of that work is still ongoing.

I do believe that 2018 is likely to be too far away. I have not refined it because we're outside the FYDP—this platform I expect to be fundamentally built upon the hull and the technology that exists in DD(X), so that we will spiral the technology from DD(X) to CG(X). And I would like to tell you that I don't have great confidence in the date that is in that extended projection, and it is one of the issues that we have—that we are analyzing as we move forward with the Missile Defense Agency.

Senator STEVENS. Well, is the DD(X) to be designed so that it could be evolved into the CG(X)?

Admiral CLARK. It is my intention to recommend that we do just that, and that is what our intent has been. But I would reserve this point, Mr. Chairman, that it might have to be scaled up to do the kinds of things that may be required. So what I'm really trying to say is, we will spiral the technology in DD(X), and that's all of the pieces, including all electric and the hull form. You know, we kind of stopped talking about how advanced this platform really is. I mean, let me just give you one fact as an example. This ship, in its size, is going to have the radar cross-section of a fishing boat because of the advanced design, stealthy design, of the platform. That's the kind of technology we want for the future. We want the technology that gives us the ability to man it with fewer people.

So I expect it to be built upon the frame of a DD(X). It might have to be made a little bit larger.

Senator STEVENS. Do you have money in the research budget now for that CG(X)?

Admiral CLARK. I do not have that money in the budget yet. No, sir, I do not.

Senator STEVENS. Is any additional money needed for the DD(X) to evolve into the CG(X)?

Admiral CLARK. We have placed the emphasis on the research and development to do the risk mitigation that I spoke about in my earlier answer, to develop DD(X). And, you know, when we're 2 to 3 years into this, into the construction, I believe we're going to know the things that we need to know, where we need to put the follow-on research and development.

It is fundamentally going to be an issue of the hull form, and scaling it up, and we do need to get started on that development.

ADVANCED RADAR TECHNOLOGY

Senator STEVENS. What about the development of the radar suite and the other air-to-air missile defense research? Is that in the budget?

Admiral CLARK. There are resources against advanced radar technology. We have resources against digitalizing the new Aegis architecture. I could take, for the record, the specifics to—I want to make sure I'm telling you that we've got the right levels there, because, frankly, this interfaces with MDA and their budget, and I need to go check that out.

[The information follows:]

The Navy is already conducting solid-state S-Band prototyping and we have requested \$220 million in additional research and development funding in the fiscal year 2005 budget. This solid-state active phased array radar would allow increased capability against cruise missile and air-breather threats, as well as simultaneous performance of long-range Ballistic Missile Defense missions.

Our current plan puts us on a path for initiation of radar system development in fiscal year 2008 and ultimately, integration with the CG(X) platform in the 2020 timeframe. It is important to note that we are continually analyzing the rate and evolution of future threats to refine the pace of our own capabilities development. As we gain fidelity in the timeline for CG(X), we will likely need to adjust future budget submissions to appropriately align the schedules.

The nexus of this capability will greatly enhance the forward, credible, assured access of our Naval forces through mid-century.

Senator STEVENS. Well, I was just going to ask whether that interface has taken place yet. The National Missile Defense System has a substantial amount of research money. Are you included in that?

Admiral CLARK. Absolutely. For example, I indicated that by the end of this year I expect to have 15 ships modified to our existing Aegis systems, with advanced algorithms in the software to do the detect and track, and the funds for that activity are coming from MDA.

Senator STEVENS. Well, I think we'd like to visit with you later, in a classified situation, to discuss this. At least I would. Because I would like to make sure, during our watch, that this thing is moving forward as rapidly as possible.

Admiral CLARK. Yes, sir. We'd be very—I absolutely believe that would be very helpful.

Senator STEVENS. Senator Inouye.

Senator INOUE. Thank you very much.

SUPPLEMENTAL FUNDING

General Hagee, you have a significant contingent of marines in Haiti, and this deployment was not accounted for in fiscal year 2004. And now you are going to be deploying a large contingent to Iraq. Can you fund this without a supplemental?

General HAGEE. Sir, as you know, the Department did receive a supplemental for fiscal year 2004, and we are capturing those costs, both the costs that we're starting to incur with the deployment of marines down into Haiti, and we are most definitely capturing those costs of deployment into Iraq. And we are reporting those costs up to the Office of the Secretary of Defense (OSD), and we expect to be reimbursed for those funds.

BODY ARMOR

Senator INOUE. Mr. Secretary, Senator Burns brought up a very interesting, but tragic, matter. Unofficially, I've been advised that in Operation Iraqi Freedom, there are disproportionately more amputees than chest or stomach injuries. For one thing, you have body armor that cover your chest and stomach area, but nothing for the legs and arms. Are we doing any research to, for example, protect the foot and ankle or the hands and wrists?

Mr. ENGLAND. Senator, there's a lot of work underway. And I'd like to, if I can, get together with you separately on this subject, because there is work, but I'd rather not discuss it here, if we can. But there's definitely work underway to expand the type of coverage we have, in terms of protection for our men and women in combat. But, if we can, we can bring some people in and have that discussion with you, sir.

Senator INOUE. All right. I appreciate that, sir.

Thank you very much, Mr. Chairman.

AMPUTEE MEDICAL TREATMENT

Senator STEVENS. On that subject, Mr. Secretary, I was talking to some of the surgeons out at Walter Reed, and they tell me that a lot of the people that they need to deal with, the problems that Senator Inouye is discussing, are in theater, but are really not used there, because people are injured with this type of situation, in arms and legs, are being brought home. Are you familiar with that?

Mr. ENGLAND. I'm not familiar with that subject at Walter Reed. No, sir, I'm not.

Senator STEVENS. I would ask that you look into it, because they tell me that they have not enough at Walter Reed, and there are people that are over there, that are reservists that have been called up, and they don't have the facilities to do the work. It's long-term work, and not emergency work, in theater. I would urge you to take a look at that. That, from one of the most senior and trusted surgeons in Walter Reed, tells me that they're hard-pressed. I'd like to see if you'd look into that, please.

Senator Cochran.

Mr. ENGLAND. We will do so, Senator.

[The information follows:]

The Department of the Navy is not in a position to comment on the staffing of Army medical treatment facilities, or their concept of operating and staffing medical treatment facilities in direct support of operating forces.

What Naval Medicine can comment on is its current deployment status as relates to orthopedic surgeons and its ongoing process of tracking medical services in the military treatment facilities. Currently, there are 4 orthopedic surgeons deployed with U.S. Marine Corps Surgical Companies in Iraq. On a monthly basis, or more frequently as required, the Naval medical treatment facilities provide a Medical Service Availability Report that details the services that they can offer to their beneficiaries. Should an event like this deployment interrupt a military treatment facility's ability to provide specific services, it is determined early so that the Bureau of Medicine and Surgery (BUMED) can apply mitigating strategies utilizing resources from across all of Naval Medicine to minimize the impact from the loss of services. In this case, no Naval medical treatment facilities have reported an inability to provide orthopedic services.

The Department of the Navy would respectfully defer comment on the level of staffing at Walter Reed Army Medical Center to the Army Surgeon General.

MARITIME NORAD CAPABILITY

Senator COCHRAN. Admiral Clark, you've indicated that you're convinced of the necessity to build a maritime aerospace defense command for North America. I understand that the littoral surveillance system, which is part of the distributed common-ground station, may already be able to accomplish many of these mission requirements. I also understand that Northern Command and the Pacific Command are looking at this capability for separate initiatives in the Gulf of Mexico and Pacific Rim. In your opinion, is there an opportunity to leverage existing capabilities of the littoral surveillance system to reduce research and development costs and to expedite delivery of a maritime NORAD capability?

Admiral CLARK. Well, I absolutely believe—while I'm not expert on the system, I absolutely believe that there's potential to help us have a system with much better information in it, that would be akin to what I have dubbed the Maritime North American Aerospace Defense Command (NORAD). And here's the way I look at it—and, by the way, I have discussed this extensively with the Commandant of the Coast Guard, who, I believe, fundamentally has this responsibility, but that we understand that we've got to be a great partner to the Coast Guard. And I believe that we are partnering better than we ever have before. We, just the other day, completed another headquarters-level cooperation talk so that we can better align our efforts.

Having said that, and that the littoral surveillance system will improve the process, I do believe that ultimately—and I would say that the Commandant of the Coast Guard agrees with me—that what makes the NORAD system so effective is the transponder system that exists in aircraft, so that they are actively transmitting who they are and where they are. The reason I believe that this is the kind of capability that we're going to have to have, is that people that don't have anything to hide are going to be anxious to tell you that they don't have anything to hide, and here they come.

I believe we have the technology today to advance our knowledge to better protect ourselves. Where I had an opportunity to talk about ways that we could better defend the United States of America, I made these recommendations. I'm happy to report to you that the Commandant of the Coast Guard is working through his channels in Homeland Security—and this is an international challenge, of course—that they are actively working toward how we would put together such a capability.

UNMANNED AERIAL VEHICLES (UAV)

Senator COCHRAN. As we all know, unmanned aerial vehicles, such as Global Hawk, are proving to be very valuable to current operations. I'm informed that the Navy broad-area maritime surveillance UAV is not scheduled for operational capability, until fiscal year 2010, but the Air Force's Global Hawk program is on track for fiscal year 2006 for initial operating capability. It seems there is an opportunity to achieve the desired capability ahead of schedule with interoperability with the Air Force. Can you tell us what the likelihood is that the Navy may choose to delay a decision on

the Navy broad-area maritime surveillance UAV and to accelerate the program by selecting a joint platform?

Admiral CLARK. Well, I cannot talk about the acquisition decision, because the acquisition authority rests with the Secretary and the Assistant Secretary, who make those decisions. But let me just say what I can talk about.

I agree with the foundation of your question. Your question suggests, well, you know, "Admiral Clark, why aren't you exploiting what the Air Force is doing?" And that's where we are. We laid money in the budget this last year and this year, in execution—to get started in this direction, because we desperately need this kind of capability. And so we funded and let the contract recently to buy Global Hawks as initial demonstrators for us to then mature this capability in the maritime domain.

I'm happy to report to you, Senator, that we'll get our first platform about 1 year from now. I believe it's scheduled for April 2005. And then we will get the second platform in late 2005. The acquisition executive will have to make a determination if we can build upon that or if we will be required to compete from that point, and I can't—I will not be the one that makes a decision on that.

We have taken this direction because I want to be as joint as I can, I want to partner and capitalize on the research and development of the United States Air Force in this case every time I get an opportunity, instead of spending R&D of my own, of our own. And so I'm very excited about the rapid introduction of this capability. And, frankly, what we looked at is—we redefined that program in the 2005 submit to you, because we said—we had more money in the demonstration phase of it, and said, "The Air Force has already done a lot of this demonstration, so why do we need to do that?" And, in the process, we saved several million dollars. And so the future—the decision is that in the future, I'm very happy with where we are in buying these two demonstrator vehicles, which will deliver 1 year from now.

Senator COCHRAN. Thank you.

Mr. Secretary, do you have any comments, views on that subject?

Mr. ENGLAND. Only, Senator, that there are some competition issues as we go forward, in terms of, do we sole-source? Do we have competition? But what the CNO said is right, we are buying some Global Hawks. As we go forward, though, the discussion we're having now is, Is there going to be a competition for follow-on vehicles, and what will that be?

SEABEES

Senator COCHRAN. Mr. Secretary, I understand that Seabees have played a very important role during our combat operations in Iraq, and they continue to be an important resource. In fact, I think there were two individuals from the Navy construction regiment, based down in Gulfport, the Navy Construction Battalion Center, that were awarded Bronze Star Medals for their recent actions. Could you tell us something about the work that Seabees have performed and the important contributions that they've made in Iraq?

Mr. ENGLAND. Senator, thanks for the opportunity to recognize the Seabees, because I can tell you, we are tremendously proud of

the men and women in the Seabees. They have served with distinction in Operation Enduring Freedom, supporting the Marine Corps, and also the Navy, ashore. They were deployed with the IMEF. There were approximately 5,000 Seabees, and almost 2,000 from the reserve, that supported that effort. And today we have well over 500 Seabees, active duty, and about 500 Seabees, reserved, who are deploying with the marines on this deployment to Iraq. And they will be tasked with force protection, doing structures and facilities, and also for reconstruction of some of the civilian infrastructure in Iraq. So the Seabees have been very important, very instrumental. Like I say, we're tremendously proud of their effort.

UPARMORED HUMVEES

Senator COCHRAN. There has already been a question about the problem with the improvised explosive devices. I understand that, in the case of the marines, there is an effort being made to upgrade the deployment of Humvees with armor that would provide additional protection. And I know there are other things that are being done in this area that can't be discussed in open session. But will the Marine Corps have adequate numbers of up-armored Humvees to help deal with this situation?

General HAGEE. Sir, we won't have the up-armored Humvees. As I mentioned, we're going to have about 3,000 vehicles in Iraq, a combination of Humvees, 5 tons, 7 tons, and other moving stock. Any of those vehicles that will go in harm's way on patrol will be hardened. They're not the M1114, which is the up-armored Humvee, but they will be hardened, either with kits or with steel that we have cut to fit the platforms.

LIGHTWEIGHT 155 HOWITZER PROGRAM

Senator COCHRAN. There is a request in the budget for funds for 97 Lightweight 155 Howitzers. Could you provide us with your assessment of how this program is progressing?

General HAGEE. Sir, the Lightweight 155 is going very well. There was a minor problem here a month or so ago with the weld on the tail of the 155. That's been resolved. We are very confident that we'll be able to go to a full-rate production, and we'll have a positive decision in January 2005.

Senator COCHRAN. Thank you very much, General.

Thank you, Mr. Chairman.

GLOBAL HAWK

Senator STEVENS. Secretary England, I noted the comments of the Senator from Mississippi about the Global Hawk. And, Admiral Clark, we have done some work with the Coast Guard in trying out the Predator for long-range activities along the maritime border off Alaska. And they've reported that that has been fairly successful. I do hope there's going to be some competition, because I see the Global Hawk as one platform; the Predator and some of these other smaller ones are different platforms, and they have different utilities as we go along. Are you exploring all of these possibilities for competition with the Global Hawk?

Mr. ENGLAND. Yes, we are. That was really the gist of my comment, that we're now talking specific platforms. We are specifically looking at the competitive environment and who should compete in this. But we will definitely compete if there are systems that meet the requirements, Senator.

Senator STEVENS. As a matter of fact, I was out at Stanford Research Institute recently, and one of them you could hold in your hand. Very interesting derivation of the concept of unmanned aircraft. But I do think the future is in utilizing a whole series of them, and I hope we stay current with the whole concept, and not just one.

Mr. ENGLAND. No, actually, we agree. I mean, this is not only in the air, but this is on the surface of the Earth, it's on the surface of the water, it's undersea. We're working a wide variety of unmanned, across a full spectrum of utility in combat. And, Senator, I agree with you, I think there's far more utility in the future than we expect.

Senator STEVENS. Not that I have anything against Global Hawks. They're a very sound platform. But it's high-altitude, long-range, and long-endurance. I think it's a very vital portion of our system, but there are other challenging areas where it just cannot fit in. And so I hope we pursue them all.

Yes, Admiral?

Admiral CLARK. If I can add, Mr. Chairman, I think this is really something for us to collectively consider. The technology is moving so fast. We are going to send the marines over, and, at the Naval Research Laboratory (NRL), we have developed a hand-launched UAV that they're taking with them. It's called Silver Fox. The marine will launch it like this. It will link directly to him. The marine will be carrying a computer. He won't be bothering with the satellites and all this stuff. We've got to have mechanisms to be able to tap into this technology and turn it in a hurry. And by the time we finish our demonstrations, it's impossible to say today how much the technology is going to have moved in this area. And so we need the acquisition system to be agile enough for us to be able to exploit.

This is our asymmetric advantage, Mr. Chairman. We'd like to think of this enemy that we're fighting, that they're the ones with the asymmetric advantage; ours is that we can turn technology faster than anybody in the world. And the marines are going with this brand-new system.

General HAGEE. If I could pile on for a minute, Mr. Chairman. I could not agree more with both the Secretary and Admiral Clark. We're also bringing a UAV called Dragon Eye, which is a hand-launched UAV, that can give the company commander visibility over the next hill. And, of course, we have Pioneer.

To me, what is critical is the ability to link all of these platforms—whether they're tactical, whether they're operational, or whether they're strategic—that we have the communication architecture down there to where that company commander, battalion commander, or ship driver, can get that information, and it's not stove-piped down to one ground station. I think that's where our concentration needs to be.

Senator STEVENS. And it's going to be linked up to the cockpit of the manned aircraft, too. So I think this is the future, and I hope you are doing what we're doing, and that is, visiting some of those people in graduate school who are thinking out of the box and trying to really push the envelope—

Mr. ENGLAND. Actually—

Senator STEVENS [continuing]. On the whole subject.

Mr. ENGLAND. I'm sorry, Senator. But, you know, a lot of this is operational. I mean, even in the war that we're conducting, in Operation Enduring Freedom (OEF) and, before, Operation Iraqi Freedom (OIF), we actually had unmanned tied in with manned aircraft. And it's interesting, when you listen to the conversation, you don't know if the pilot's on the ground or in the airplane. So it's quite interesting how this all ties together. We have made, I think, giant strides in this area.

Senator STEVENS. Well, the three of you make us proud.

Do you have any further questions, Senator?

ADDITIONAL COMMITTEE QUESTIONS

Without any question, we've seen a lot of teams at that witness table, in my time on this subcommittee; I think you're the finest we've seen, and we appreciate what you're doing. You've got a grand group of young men and women serving our country under your command. So we couldn't be more pleased with the way you're conducting your activities. And I do hope that we can find ways to work together and make sure that we deliver the funds to you in the areas that they're needed.

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

QUESTIONS SUBMITTED TO HON. GORDON R. ENGLAND

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

WATER PURIFICATION PROGRAM

Question. Mr. Secretary, as you know the Office of Naval Research (ONR) has begun a water purification research program in southern New Mexico.

The goal of this program is to study techniques in reverse osmosis that will lead to the production of a transportable water purification unit.

In turn, these units would be used by Marines engaged in humanitarian and disaster relief efforts. They would also help meet the water demands of our expeditionary war-fighters.

What is the schedule to produce the first water purification system with the upgraded technology being developed by the Navy?

Answer. The Office of Naval Research (ONR) is the program coordinator for the Expeditionary Unit Water Purification (EUWP) program. The EUWP program is in the near term building state of the art demonstrators, and for the long term is investing in significant science and technology enhancements.

In the near term, the EUWP program is designing a 100,000 Gallon Per Day (GPD) system. This system is transportable by C-130 aircraft and encompasses state of the art commercially available technology. It will ultimately be fielded to the Tularosa Basin National Desalination Research Facility (TBNDRF), Alamogordo, New Mexico, and is on schedule with delivery planned for January 2005.

NAVY HIGH ENERGY LASER TESTING

Question. What is the status of the Navy high energy laser testing against anti-ship missiles at White Sands?

Answer. The Navy is in the process of upgrading the Sea-Lite Beam Director (SLBD) acquisition and tracking systems from its circa 1970s technology to more state of the art technologies. The name of this program is High Energy Laser Precision Acquisition and Track (HEL-PAT). At present, two new cameras, mid wave infrared, and long wave infrared, have been purchased and are on site. A new Automatic Aimpoint Selection and Maintenance (AUASM) telescope and Hot Spot Tracking (HST) optics are being manufactured. A new Tracking Processor Unit (TPU) has been procured and the associated tracking software is being developed. The new TPU will allow object oriented tracking as opposed to edge tracking currently employed.

Starting in April 2004, the TPU and one of the new cameras are being installed and integrated with the SLBD using a surrogate AUASM telescope. This will ensure that the TPU can properly control the SLBD for tracking. First tests will be on a stationary target board. Later tests will track military aircraft. The goals of the SLBD upgrades are to allow the tracking and engagement of low contrast targets against a clutter background and to maintain the high energy laser beam on target. In addition, tracking through the full aperture will be utilized. Low power laser engagements will begin in June 2004 and high power engagements in November 2004.

Question. Is the Navy interested in developing laser weapons for the all-electric ship?

Answer. The Navy is interested in high-energy lasers as a future concept, but does not consider the technology to be mature enough for inclusion in an acquisition program. Adequate power generation is a limiting factor in the development of these weapons. We continue to invest in Science and Technology programs to attain methods for generating the required power levels. One example is the ongoing program in free electron laser development sponsored by the Office of Naval Research. Additionally, we continue to coordinate with other Services and Agencies on related high energy laser development projects.

JOINT STRIKE FIGHTER

Question. The success of the Joint Strike Fighter (JSF) program is vital to the future of tactical aviation of all the services, especially the fighter bases in New Mexico.

What is the status of the JSF program, especially the problem of being overweight? Do you expect any significant impact on the schedule?

Answer. The Joint Strike Fighter (JSF) program has completed two years of an 11-year development program. To date, the development of all three variants has gone very well in propulsion, subsystems, avionics, and autonomic logistics areas. The Air System Preliminary Design Review was completed in June 2003, and the F-135 First Engine to Test was successfully completed in October 2003.

The Department does have concerns regarding the aircraft's airframe design. At this time, the airframe design is heavier than the established goal. Reducing the weight of the airframe is an important step in meeting performance requirements. We believe current weight issues are solvable within normal parameters of design fluctuation, and we are re-planning JSF System Development and Demonstration (SDD) to make sure we succeed. Specifically, our SDD plan recognizes that Short Takeoff and Vertical Landing (STOVL) performance is absolutely vital and is focusing upfront efforts to ensure STOVL viability for our war fighters. In addition, we are aggressively pursuing trade studies to improve performance by reducing weight, as well as aggressively pursuing propulsion enhancements to improve performance. Additionally, the Department has formed an independent review team to look at the entire program, including a near-term engineering view, assessing the present design, with specific emphasis on weight, aircraft structural design, and other technical risk areas.

Additional design work required to address technical issues, primarily weight projections, will result in an SDD schedule delay and a one-year slip to starting Low Rate Initial Production to fiscal year 2007 vice fiscal year 2006. In addition, Initial Operational Capability (IOC) dates will be extended as a result of adjusting the program with the STOVL variant's IOC moved from fiscal year 2010 to fiscal year 2012, the Conventional Takeoff and Landing (CTOL) variant moved from fiscal year 2011 to fiscal year 2013, and the Carrier Variant (CV) moved from fiscal year 2012 to fiscal year 2013.

QUESTION SUBMITTED TO GENERAL MICHAEL W. HAGEE

QUESTION SUBMITTED BY SENATOR THAD COCHRAN

M4 CARBINES

Question. General Hagee, I noted with some concern an unfunded requirement of \$4.9 million for the procurement of 5,400 M-4 Carbines to be used by forward deployed Marines. Also, I recently became aware of a new technology for coating weapons that could enable weapons such as the M4 Carbine to operate without lubrication. I understand that this technology could greatly improve the reliability of the weapons concerned while decreasing the workload of the Marine.

Could you update the Committee on your small arms shortfall, and are you aware of this technology? If so, are you investigating the feasibility of its application to Marine Corps weapons?

Answer. As the result of lessons learned in recent operations, certain Marines are inappropriately armed with the M9 pistol or the M16A4 rifle. The M4 carbine is a shorter, lighter version of the standard M16A2 service rifle and is deemed a better weapon for specific applications due to its smaller profile. Therefore, the Marine Corps recently established a 10,119 Table of Equipment (T/E) requirement for the M4 carbine variant of the Modular Weapon System (MWS). The M4 carbine replaces some of the current M16A2 rifles and M9 pistols. This increase of 4,420 weapons raises the MWS requirement to 69,883 weapons. This is comprised of 59,764 M16A4 rifles and 10,119 M4 carbines. The \$4.9 million will procure 5,400 M4 carbine variants.

The Marine Corps Infantry Weapons and Weapons Maintenance program is actively investigating coating technology for small arms. A Universal Chemical Technologies, Inc. product will increase wear and corrosion resistance and reduce friction. The Marine Corps will continue to investigate coating technology sources to reduce weapons lifecycle costs.

SUBCOMMITTEE RECESS

Senator STEVENS. Our next Defense Subcommittee meeting is scheduled for Wednesday, March 24, at 10 a.m.

Thank you very much.

[Whereupon, at 11:42 a.m., Wednesday, March 10, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, March 24.]

**DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR FISCAL YEAR 2005**

WEDNESDAY, MARCH 24, 2004

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

The subcommittee met at 10:15 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Cochran, Inouye, Leahy, Dorgan, and Durbin.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE AIR FORCE

STATEMENTS OF:

**HON. JAMES G. ROCHE, SECRETARY
GENERAL JOHN P. JUMPER, CHIEF OF STAFF**

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. I apologize, Mr. Secretary and General. I was Chair of the Senate, and my relief did not show up. But we're happy to have you here this morning. It's an important time for all of us, very important hearing concerning the future of the Air Force.

As you know, some of us just returned from a trip to Iraq and Afghanistan, and I know you're confronted with the difficult task of modernizing the Air Force. We're pleased to have your leadership.

I'll put my statement completely in the record because I am late. [The statement follows:]

PREPARED STATEMENT OF SENATOR TED STEVENS

Secretary Roche, General Jumper, it is good to welcome you back before the subcommittee at this time of importance for the nation and the Air Force. As we meet here today, the Air Force continues to support the nation's forces committed to operations in Iraq and Afghanistan. At the same time you are both confronted with the difficult task of modernizing the Air Force. The country is fortunate to be able to call upon your leadership.

The committee has begun its review of the fiscal year 2005 Defense budget. Clear from the President's request is the Air Force effort to modernize fighters by investing in the F/A-22 and the Joint Strike Fighter, and to commit the Department to the next generation of space capability.

We look forward to hearing today of your priorities in the budget request.

We will make your full statements a part of the committee's record.

Before you proceed, I would like to ask my colleague from Hawaii if he has any opening remarks.

Senator STEVENS. All of your statements are completely in the record, by the way.

Senator Inouye, our co-chairman, do you have a statement?

STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. Yes, I did want to put the rest of my statement in the record. Mr. Chairman, I wish to begin by congratulating the Secretary and the General for the performance of the men and women in the Air Force in Iraq, Afghanistan, and other places around the world. And I'd like to thank all of you and your command, because we are in your debt. Thank you very much for your service.

And may I ask that the rest of the statement be made part of the record?

Senator STEVENS. Yes, sir.

[The statement follows:]

PREPARED STATEMENT OF SENATOR DANIEL K. INOUE

Secretary Roche, General Jumper thank you for being here today to testify before this subcommittee on your fiscal year 2005 budget request.

Gentlemen, I want to begin by congratulating you on the performance of the men and women in the Air Force in Iraq, Afghanistan and around the world.

The last few years have been very demanding on our military with frequent family separations from overseas deployments, periods of intense combat which heighten concern for our loved ones, and the stress that comes from knowing that we are living in a very dangerous era.

Particularly at times like these, it is critical that we demonstrate our support and express our thanks to these fine officers and airmen, and their families.

I look forward to hearing from you today about how the fiscal year 2005 budget request will accomplish this task.

Mr. Chairman, I want to note also that there are several important issues in this budget request. The Air Force is recommending changes in its aviation force structure, with the retirement of ten F-117s. Furthermore, many other adjustments are being contemplated.

For instance, I am told you are considering buying additional F-15 and F-16 fighters, retiring C-5as, and restoring B-1 bombers back to the fleet.

Some of these might prove controversial, and I encourage you to include us in the decision making process as you proceed.

Gentlemen, the proposed budget includes an increase of over \$4 billion in your investment accounts, while the other services did not fare as well. I understand that some of your increase is due to classified activities, but I would like you to address the unclassified increases for space and other programs today and why they are priorities at this juncture.

I look forward to hearing your remarks today on these and other topics as we review the state of the Air Force.

Finally, Mr. Secretary, General Jumper I want to thank each of you for your service to the Air Force and the country. We are in your debt.

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

Senator DORGAN. Mr. Chairman, I do intend to ask some questions today about a number of things, but let me, again, echo your comments and the comments of Senator Inouye. I appreciate the work that the Secretary does, and General Jumper's, and the men and women of the Air Force.

Senator STEVENS. Thank you, sir.

I have a statement from Senator Burns for the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Thank you, Mr. Chairman. I would like to thank Secretary Roche and General Jumper for coming to brief this Committee on the Air Force budget, and I thank you for your service to our great Nation. Your airmen are critical to winning this global war on terror. I intend to honor our men and women serving and those who have made the ultimate sacrifice for our country by ensuring that our forces have the resources they need. With 16,000 airmen deployed to 25 locations in southwest Asia, including 12 new bases, our Air Force is fully committed to support the Global War on Terror.

Members of the 120th Fighter wing of the Montana Air National Guard were one of many Air Guard units mobilized and deployed to Saudi Arabia last year in support of the war. As part of the Air and Space Expeditionary Forces (AEF), they have performed superbly. I urge you to ensure the Air National Guard units called to active duty have the most current equipment available. We must depart from the cold war premise that equips the Air Guard with older generation equipment transitioned from Active Duty Air Force units. Today, our Air Force Guard and Reserve components fight beside their active counterparts. I urge you to ensure that all units deployed overseas are equipped with the best technology our country can provide.

We have witnessed the successful employment of unmanned aircraft within our forces. We have seen an increase in the number of Unmanned Air Vehicles in use by our forces at all echelons. Feedback I have seen from the soldiers on the ground is that they wish they had more of these systems, not less. I urge the Air Force to consider expanding the force structure of unmanned aircraft into the Air National Guard. The Air Force would benefit from retention of a strategic reserve of this capability as operational tempo subsides in the coming years, and the Air National Guard would benefit from force structure that could support homeland security or disaster relief missions. I will be interested to hear whether or not you have plans for achieving this balance between the active Air Force and Air National Guard.

I am encouraged by Air Force investments in advanced technology that enables us to maintain superiority in sensor coverage and the ability to provide rapid, precise application of force. This investment is critical to our continued success in operations under our new operational model, which relies on precision engagement weapons and rapid identification of targets to augment traditional firepower and maneuver formations. I would hope that the Air Force continues its investment in the development of cutting edge, creative applications for the warfighter of today and the future.

The key to future combat is knowledge provided by rapid processing of data from pervasive sensors, empowered with quick response precision engagement capability. Air Force programs like satellite communications and space based radar support the growth in bandwidth required of our combat network resulting from integration of high resolution multi-spectral sensors, precision weapons, and maneuver formations.

I read daily of our forces in the field using American ingenuity to develop unconventional solutions to solve the many unconventional problems they face. I appreciate your efforts as the leaders of the Air Force to seek innovation in technology, acquisition processes, and doctrine to meet the challenges of the evolving battlefield.

Again, I thank you for being here today and look forward to the discussion this morning. Thank you.

Senator STEVENS. Senator Cochran.

Senator COCHRAN. Mr. Chairman, I join you in welcoming the distinguished Secretary and Chief of Staff of the Air Force, and commend them on the outstanding leadership they're providing to the Air Force at this very important time.

Thank you.

Senator STEVENS. Maybe I should be late every morning, Mr. Secretary.

We'd get to you quicker this way.

I thank the Senators for their courtesy, and we'd be pleased to hear your statement.

Dr. ROCHE. Thank you, Mr. Chairman. We very much appreciate the comments you made about our wonderful airmen. They really are spectacular young men and women, and we're terribly proud of them.

So, Mr. Chairman, Senator Inouye, and members of the committee, it is our great pleasure to appear before this distinguished committee and to represent the 700,000 Active, Guard, Reserve, and civilian airmen who are engaged in defending our Nation. General John Jumper and I are extremely proud of their achievements and service this past year and the years before that. They have contributed significantly to our Nation's global fight against terrorism, to our military successes in Iraq and Afghanistan, and to our homeland defense mission. They are devoted servants to our Nation, and have our utmost respect and confidence.

And, sir, I would also want to point out how honored I am to serve alongside such an outstanding leader as General John Jumper, a wonderful officer, a superb gentleman, a renaissance man, and a good friend.

Our highest priority continues to be warfighting through delivering capabilities that enable us to remain decisive in combat. Through the efforts of this committee, your colleagues in the Congress, and the dedicated professionals of the Department, we are proud to report we are meeting these objectives.

As highlighted in our written testimony, we continue adapting the Air Force to realize the President's and Secretary Rumsfeld's view of transformation. Our strategy is to exploit the sources of strength that give us the military advantages we enjoy today. Our goal is to build a portfolio of advantages, one that uses operational concepts to guide investments that's relevant to the joint character of warfare and is useful in the increasingly asymmetric conduct of warfare. With the support of this committee, we have delivered combat effects never before imaginable on the battlefield, and we'll sustain this dominance in the future. The portfolio of capabilities, which I will be speaking of, will continue to provide joint force air and space dominance, enable battlefield operations, and produce decisive joint-combat effects.

F/A-22

Let me start with the F/A-22, Mr. Chairman. Today, the F/A-22 is not just a program on a piece of paper, but a real aircraft, a revolutionary aircraft that is moving to the field now. Ten jets assigned to Edwards Air Force Base, California, are completing developmental tests, and they're well into operational tests. At Nellis Air Force Base, Nevada, five Raptors are developing operational tactics and techniques. And at Tyndall Air Force Base, Florida, four jets, and counting, are training pilots.

I recently visited our airmen at Tyndall—I've been to all of the facilities, but most recently at Tyndall Air Force Base—and heard firsthand the glowing reports of this transformational weapons system, from the airmen who maintain it and operate it. In fact, as I departed, two Raptors were taxiing back from another successful mission. Later, I was told that both aircraft landed Code 1, which means they'd be ready to go for its next mission after routine servicing.

With these aircraft in the inventory, we are now focusing on operational testing, expanding the flight envelope, integrating more weapons, and improving our maintenance processes. One year ago, we had completed 16 missile shots. Today, after 5,000 flight test

hours, we've had 47 successful missile shots, and major elements, flight envelope and weapons envelope, are cleared for Initial Operational Test and Evaluation (IOT&E) start. In fact, as General Jumper will tell you, pilots flying the aircraft today believe that if war were to break out, they would like to take the aircraft to war today.

Additionally, through your commitment, stable production of the F/A-22 program is producing cost savings. Earlier this year, we exercised an option to add one F/A-22 aircraft to our LOT-3 contract, increasing our buy to 21 planes for the price of 20. While such dramatic savings won't be available every year, this is happening because of gains in supplier confidence, which led to reduced costs. With 65 percent of aircraft costs associated with over 1,400 suppliers in 46 States, a firm commitment to program stability is absolutely essential to create conditions where suppliers view efficiency gains as a path to increased orders. Again, your commitment to F/A-22 program stability is what has allowed this to happen, and we thank you.

At the same time as we strive for program stability, we are transforming the F/A-22's capabilities. Through deliberate spiral development, we are integrating new avionics and weapons to make it a premier air-to-ground strike system, as well. In addition to obtaining and sustaining air dominance, the F/A-22 will counter existing and emerging threats, such as advanced surface-to-air missile systems of the SA-20 and the SA-400 family, time-sensitive targets, moving targets, and cruise missiles, protecting our Navy colleagues, our deployed soldiers and airmen, or, God forbid, even our homeland, to a greater fidelity than anything we have in our legacy systems.

And we just completed Defense Acquisition Board the day before yesterday, and it was characterized by all members as very encouraging. Members were satisfied. We expect to enter into an initial operational test and evaluation near the end of April, but it'll be event-driven. As of now, we see no impediments to enter.

Also as part of a test, we were required to do a test against the F-15, because there had been requirement that the F/A-22 demonstrate that it was at least twice as good as the F-15 in air-to-air combat. The head of the Air Force test organization tells General Jumper and me that, in fact, the F/A-22 proved to be roughly five times as good as the F-15.

We have also just completed LOT-4 negotiations for 22 aircraft. That means that we are at a position where the recurring cost—not including research and development, but the recurring cost of each airplane is under \$110 million a copy. We are on the price curve, as we had wished to be. And, again, we thank you for the stability that's allowed us to do that.

Our F/A-22 budget request continues much needed program stability and supports its transition from development to operational tests with Initial Operational Capability (IOC) at the end of calendar year 2005. The \$4.8 billion request includes funding for production of 24 aircraft, and continues our smooth ramp-up to 32 jets per year. As you recall from last year, Mr. Chairman, we have decided not to try and go beyond 32 because it would require additional facilities and other things. We much prefer to have some-

thing that's stable, because when you have a stable production line, you can work very hard at finding efficiencies in order to get costs down and get reliability up.

We look forward to the delivery of the first F/A-22 to Langley Air Force Base, Virginia, this November as part of the first operational squadron. IOC is clearly within sight, and the Air Force is postured to deliver this transformational capability, as anticipated, to the Joint Warfighter.

JOINT STRIKE FIGHTER—F-35

With respect to the Joint Strike Fighter, a complementary capability to the F/A-22 should be provided by the F-35 Joint Strike Fighter. This aircraft is expected to provide a sustainable, focused close air-support platform for the Joint Force commander. The benefits potentially to be gained from the F-35 commonality across services and major allies will have no comparison to any system in the fleet today.

With the F-35 only in its second year now of an 11-year development program, we can effectively apply the production quality and Operational Test and Evaluation (OT&E) lessons that we learned on the F/A-22. In fact, every time there's a Defense Acquisition Board meeting on the F/A-22, we require the F-35 team to be there to learn any lessons so that they don't repeat any mistakes we might have made.

Together, these aircraft will be integral to our support of ground forces in various environments flying different profiles. They are not the same aircraft; they are very different aircraft. They are not substitutes; they are complements.

We, in the Air Force, are in the process of improving our commitment to close air-support capability by planning to acquire Short Takeoff and Vertical Landing (STOVL) and STOVL variants of the F-35 to better support land forces, be they Marine, Army, Coalition, or special operators.

In moving our Air Force into the STOVL world, with an emphasis on the short takeoff for air support, we will look to gain training efficiencies by working jointly with the Marine Corps on facility use and course development. Additionally, we are pressing for the early development of STOVL capability in the program cycle to reduce risk.

Right now, there's a weight problem in the F-35 program, and it most greatly affects the STOVL variant. We are working with the Navy and with the people in Acquisition and the Program Office to change the program so that risk reduction on the STOVL becomes one of the paramount things to do in the short-term, because if we cannot build a STOVL aircraft, then we really don't—we should not proceed with the F-35 program.

A STOVL is key for a number of reasons—commonality with the Conventional Take Off and Landing (CTOL), the fact that the Marine Corps are very dependent on it, the fact that we will become dependent on it. If we were merely to be designing a plane to replace the F-16, we would probably have taken a different route.

We believe this is doable, and we believe it is what you would want us to do, which was to find the toughest part of the program and to demonstrate to you that, in fact, the program is a viable

program. Since the Air Force will be taking over this program sometime in June, end of May or June, we are committed to being as transparent as possible to you about the program—when there's a problem, tell you about the problems; when there's something good, tell you about something good. Right now we think what we owe you most is to prove that, in fact, the short takeoff and landing aircraft can be developed from this design, and can do it with the amount of weight that's reasonable.

BOMBERS

With respect to our bombers, Mr. Chairman, during Operation Iraqi Freedom and Operation Enduring Freedom we continue to demonstrate our ability to link air and ground forces with our airmen combat controllers, turning the battlefield air operations from a concept into a reality, and giving Joint Forces the tools they need to bring devastating fires to bear. These young airmen, who operate on the ground, sometimes to the back of forces in remote locations, have proven their worth to our country, and they and their colleagues, as part of our battlefield airmen field, will only be developing over time. And we are working with the United States Army—in particular, General Jumper and General Schoomaker—to assure that, as the Army reorganizes and has smaller maneuver combat units, that we will have the airmen for each of those units to be able to bring air power to bear to support those ground forces.

B-52

A decade ago, we were concerned with the relevance of the B-52. And, as John has pointed out, General LeMay never would have predicted we'd employ B-52s from 39,000 feet in a close air-support mission with such precision, but he would be proud.

And last year, during Operation Iraqi Freedom, reserve B-52 units from Louisiana figured out how to incorporate the Litening II sensor pod on a "BUFF", and conducted the first combat laser-guided employment. We were able to drop Laser-Guided Bombs (LGBs) from a B-52. The first time the crew saw the targets, they were actually attacking, and it became—these planes became the two weapons of choice for the Combined Forces Air Component Commander (CFACC) in the area, because they could do so much more with them. We are now expanding that to cover about 14 of the B-52s.

At one point, there were those who were writing off the B-1, but we adapted the fleet. Today, we are using it in ways never conceived. We removed the stores bay fuel tank to give it increased carriage capability, and we developed tactics that make it useful for new missions. With increased range and duration over a target area measured in hours because of the changed way we employ this aircraft, and the capability of stacking aircraft in benign areas for execution of time-sensitive or emerging targets, the B-1 and our whole bomber force—have become theater weapons of choice, and we're especially proud of the men and women who have made the B-1 so effective.

Our bomber fleet of B-1s, B-2s, and B-52s are combat-proven. Thanks to this committee, increased spare-parts funding and your commitment to platform modernization and fleet consolidation have

resulted in record mission-capable rates and a fleet that is more lethal and survivable. We truly have achieved something together, sir.

B-1

Our B-1s achieved their highest mission-capability rate in history thanks to a smaller fleet, improved availability of spares, and the concentration on two bases with the best maintainers split between those two bases, instead of five. We've done well.

B-2

The B-2 fleet story is similar. We currently have 21 B-2 aircraft achieving their best mission-capable rate since its IOC in 1997. With congressional support, shelters are now available to support global B-2 expeditionary operations.

Today, we are investing in future technologies for enabling long-range strike for 2025 and beyond. Over the next year or so, we will determine what form that long-range strike capability will take. Our long-range strike strategy and investment plan will sustain our legacy force and provide a future stealthy, possibly regional bomber to deliver combatant commanders combat effects. When we say "regional bomber", we mean a bomber that is big enough to carry a number of weapons, and stealthy, able to fight or to evade a fight and, thereby, be able to be daytime stealth, because right now all our stealthy systems can only be operated at night. The exact range is to be determined, but could be something like three-quarters that of a B-2 or, for certain design, might even exceed that of a B-2.

C-17

C-17 next, sir. Another warfighting success story rests with a key enabler of our strategic mobility, the C-17, and this committee has been heavily involved in it from the very, very beginning. Therefore, we're proud to say that we have a fleet that now includes 116 aircraft, of which 79 are available for immediate global mobility with a mission-capable rate of 86.7. This is the highest mission-capable rate in our manned-aircraft fleet.

Combat employment of the C-17 has been even more impressive, and would not have been possible without the support of you and your colleagues, Mr. Chairman. For instance, while we were constrained from access by land, 15 Air Force C-17s airdropped over 950 paratroopers from the 173rd Airborne Brigade, and 23 airmen, into Northern Iraq. This successful mission opened Bashur airfield and assured the United States (U.S.) ground forces could be resupplied in the northern part of Iraq. As of today, the C-17 has flown the bulk of U.S. airlift missions supporting Operation Iraqi Freedom and Operation Enduring Freedom flying over 40 percent of all aircraft sorties, delivering 260,000 tons of cargo. The additional 60 C-17s approved in the multi-year buy is a continued step in the right direction to support this nation's airlift requirements. With your committee's support, the C-17 program and the multi-year funding profile provides the stability and maximizes production, while enabling suppliers to gain efficiencies, providing cost savings.

We still believe that the 60 multi-year, as you've allowed us to do it, sir, enables us to save at least \$1 billion over the course of the program. That's equal to four more planes. We are getting 60 planes for roughly the price of 56.

TANKERS

Tankers, Mr. Chairman. As you know, our tanker recapitalization initiative is on hold. The initiative is complicated enough, as you know, so I am in complete agreement with Secretary Rumsfeld's desire to review the program and ensure that it is not tainted in any way.

Meanwhile, we are programming money, starting at fiscal year 2006, to conduct a KCX tanker replacement program, and that has been our plan all along. As a critical joint enabler of U.S. power projection, our global aerial refueling fleet serves Air Force, Navy, Marine Corps, and Coalition aircraft. Recapitalization of the KC-135 fleet, over 540 aerial refueling aircraft, will clearly take years to complete, and their average age, as you are well aware, is roughly 43 years. The Air Force is committed to an acquisition approach for this program that brings the best capability to the Joint Warfighter at the lowest possible cost and in the most efficient manner.

UNMANNED AERIAL VEHICLES

If I may now, I'll just touch on Unmanned Aerial Vehicles (UAVs). We, again, would like to thank this committee for its contribution to our UAV force and remotely piloted aircraft. I know, personally, a number of you were interested in this subject long before the services were, and now I think you can point with pride to your early positions.

Since beginning operations with these transformational systems, you have enabled us to make this a valuable asset in the conduct of modern-day warfare and the prosecution of time-sensitive targets. In just 2 years, these aircraft have evolved from intelligence platforms used to see over the next hill, into systems that can now provide Joint and Coalition Forces with intelligence, surveillance, reconnaissance, target acquisition, and, in the case of the armed Predator, direct attack.

OPERATION IRAQI FREEDOM

During Operation Iraqi Freedom, we further refined Predator capabilities, as well as Global Hawk capabilities, sending realtime Predator feeds to other airborne platforms and to ground forces. Now, in fact, we have 20-some of these units we call Rover 2's, which are the—to downlink instruments from the Predator to the ground forces, that they're going to use in Iraq.

Being able to run five simultaneous combat orbits through advanced technology and tactics development was also demonstrated. Innovations in our laser Hellfire operation saved lives and refined the standards for time-sensitive targeting. Last year, we used Predators, as well as our Global Hawk UAV, to assist in the effort to preclude Scud launches from the western desert of Iraq. Integrated with special operations and other air assets, these unmanned air-

craft allowed small teams to own and control 6 million acres of territory that had been the launching points for dozens of Scud missiles during the 1991 gulf war. With small teams, with that kind of air surveillance, backed up by attack aircraft, we suppressed the western part of Iraq.

Mr. Chairman, I know you know that we, in fact, were able to practice with the same people, the leaders of this, in the western part of the United States night after night after night, quite secretly. Our range is the size of Connecticut. Two Connecticuts make the size of western Iraq. We moved that identical team right over, and these were our Army folk, some Navy, Air Force, some Coalition allies, special operators, who had trained night after night together, and then we moved them.

Working with other intelligence/surveillance/reconnaissance assets, the Predator also provided target acquisition and conducted direct attacks on targets where the chances of collateral damage were high. We loved the story of a pilot named Yvanna, and she took her Predator to remove Baghdad Bob off the airwaves. She had to destroy his satellite dish, antennae, and generator, and it was set up only a few yards away from international media antennae, and very close to a mosque. She operated the Predator slowly, as she said. As you know, Mr. Chairman, this thing only can go 70 knots, at best. But she came in slowly, to be very quiet. She coordinated with the Combat Air Operations Center (CAOC) in the Kingdom of Saudi Arabia. She was flying the vehicle from the United States. She flew over downtown Baghdad. She found the target, made sure that the laser beamed exactly the right spot, and blew it away, and the other media never even noticed. It was a beautiful job, and there was no collateral damage.

GLOBAL HAWK

Another example that we're very proud of is the work of the Global Hawk with our Joint Surveillance Targeting Attack Radar System (JOINTSTARS) working against the Medina Division in the midst of a sandstorm. As my colleague often points out, when people talked about a lull in the war, I don't think they ever asked the commander of the Medina Division, because he was certainly not experiencing a lull, and he found that if he moved, he could be identified, and his units were killed.

PREDATOR

Examples like these reinforce our current plan for a force of 68 Predator A's. We expect many of our ongoing initiatives in this platform to pay big dividends. Developing multi-spectral sensors, improving our weapons integration and communication links remain top priorities for our Predator force.

For Predator B production, General Jumper and I have directed a more deliberate acquisition program to ensure we deliver an effective and sustainable hunter/killer capability to the warfighter. And John just visited the Predator B yesterday, and he may want to comment on it.

We have also reviewed the fielding strategy to get us up to 60 aircraft, the requisite sensors, and ground stations. This will allow

for early deliveries of interim combat capability, support near-term requirements, while ensuring a disciplined development program.

There's a lot we could go on about the Global Hawk, sir. We are going to be ordering 34 of these over the Future Years Defense Plan (FYDP). These were used differently than ever intended during the Iraqi War. Our young teams taught us how these things should be used in ways we never envisioned, and we are just delighted that they have applied their brains and come back with some wonderful new doctrine and tactics.

In space, sir, may I comment that the leadership—under the leadership of Under Secretary of the Air Force Pete Teets, we are working to put our space programs on track. Pete inherited a number of ongoing programs that needed revitalizing. Besides working programs, he has increased the unity of effort among the Air Force, the National Reconnaissance Office, and intelligence community in ways that we have never seen in the past. I can think of no one more knowledgeable to lead our space efforts and our space personnel. Recognizing these space professionals as a segment of warriors requiring special attention, Pete Teets has developed a roadmap designed to develop more in-depth expertise in operational and technical space specialties.

This evolving expertise served us well in Operation Iraqi Freedom, where Air Force General Buzz Moseley was both the CFACC and the senior space authority for all Joint and Coalition space activities. These improvements will continue to enhance space support for the warfighter, bring a joint perspective to our Department of Defense's executive agents—our role as the Department of Defense's executive agent for space.

Our next step in space will be to focus on what we call Joint Warfighting in space, a new initiative that General Jumper and I are trying to undertake. This focus area strives to develop rapidly launched, responsive, and survivable Microsats that advances our ability to protect our space assets and enhances our direct support to Joint Force commanders throughout the globe. Part of that support includes Command and Control (C²) networks. Using both air and space media, we envision a C² constellation that is robust, a protected network, and globally based command and control system that accomplishes all levels of the battle. This network is one that allows machines to do the integration and fusion, but leaves combat experience and judgement to leaders. It uses battlefield management command and control that will consist of command sensors—command centers, sensors, and systems, like space-based radar (SBR), transformational satellite (TSAT) communications, Global Hawk, Predator, other drones, airborne—AMTI and GMTI—that's airborne moving target indicator and ground moving target indicator—distribute a common ground picture in our air operations centers, all geared towards achieving the objectives of the joint battlefield commander. We are at the very early stages, and now we're thinking through what the architecture ought to be.

Mr. Chairman, our 2005 budget supports the Air Force's joint focus. The \$98.5 billion budget request invests in a portfolio of military advantages, advantages that depend on our ability to develop and maintain our airmen, maintain our readiness, improve our infrastructure, and provide decisive effects-based capabilities to the

Joint Force commander anytime, anyplace, under any condition. Our budget request increases both Research Development Test and Evaluation (RTD&E) and procurement to support our emphasis on transformation and modernization, consistent with the strategy we discussed.

FISCAL YEAR 2005 BUDGET REQUEST

In the fiscal year 2005 budget request, we make a significant investment in a number of critical joint systems—14 C-17s, 11 C-130J's, seven Predators, A's and two B's, four Global Hawks, and joint space capabilities, including transformational communications, space-based radar, and military satellite communications (SATCOM). We're also investing in joint weapons, including more than 23,000 Joint Direct Attack Munitions (JDAMs). Our bottom line, Mr. Chairman, is that we are committed to the joint fight. In fact, joint enablers account for roughly 50 percent of the Air Force's real budget growth.

SUPPLEMENTAL APPROPRIATIONS

Finally, we know there are concerns with respect to our ability to continue operating without a supplemental. In the Air Force, we have the ability to cash-flow into fiscal year 2005, preserving our ability of operating at home and abroad. This assumes we get no additional bills in any kind of rebalancing. Right now, we see ourselves about \$2 billion short, and that's because of some bills that have come, plus some other changes inside the Air Force, and we are looking for ways to reprogram to handle those.

Mr. Chairman and members of the committee, I am proud to be a part of the finest Air Force in the world, and I'm honored to be part of the joint team that has done so much to defend America and our interests. With your continued support and the investments—that this budget makes in adapting our force to the demands of this new era, we will continue to deliver for our Nation.

PREPARED STATEMENT

I look forward to your questions. Thank you so much for all your support, sir.

[The statement follows:]

PREPARED STATEMENT OF HON. JAMES G. ROCHE

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

Throughout our distinguished history, America's Air Force has remained the world's premier air and space power because of our professional airmen, our investment in warfighting technology, and our ability to integrate our people and systems together to produce decisive effects. These Air Force competencies are the foundation that will ensure we are prepared for the unknown threats of an uncertain future. They will ensure that our Combatant Commanders have the tools they need to maintain a broad and sustained advantage over any emerging adversaries.

In this strategic environment of the 21st century, and along with our sister services, our Air Force will continue to fulfill our obligation to protect America, deter aggression, assure our allies, and defeat our enemies. As we adapt the Air Force to the demands of this era, we remain committed to fulfilling our global commit-

ments as part of the joint warfighting team. In partnership, and with the continuing assistance of the Congress, we will shape the force to meet the needs of this century, fight the Global War on Terrorism, and defend our nation.

The 2004 Posture Statement is our vision for the upcoming year and is the blueprint we will follow to sustain our air and space dominance in the future. We are America's Air Force—disciplined airmen, dominant in warfighting, decisive in conflict.

INTRODUCTION

In 2003, U.S. and coalition military operations produced unprecedented mission successes—across the spectrum of conflict and around the globe. The joint warfighting team demonstrated combat capability never previously witnessed in the history of conflict. Integrating capabilities from air, land, sea, and space, the U.S. and coalition allies achieved considerable progress in the ongoing Global War on Terrorism. In our most recent engagements, our armed forces fulfilled our immediate obligations to defend America, deter aggression, assure our allies, and defeat our enemies.

The foundation of these achievements can be found in the Department of Defense's (DOD) commitment to teamwork and excellence. Operation IRAQI FREEDOM (OIF) was a joint and coalition warfighting effort from planning to execution. Air, ground, maritime, and space forces worked together at the same time for the same objectives, not merely staying out of each other's way, but orchestrated to achieve wartime objectives. Our air and space forces achieved dominance throughout the entire theater, enabling maritime and ground forces to operate without fear of enemy air attack. Our airmen demonstrated the flexibility, speed, precision, and compelling effects of air and space power, successfully engaging the full range of enemy targets, from the regime's leadership to fielded forces. When our ground and maritime components engaged the enemy, they were confident our airmen would be there—either in advance of their attacks, or in support of their operations. And America's Air Force was there, disciplined, dominant, and decisive.

These operational accomplishments illustrate the growing maturation of air and space power. Leveraging the expertise of our airmen, the technologies present in our 21st century force, and the strategies, concepts of operation, and organizations in use today, the U.S. Air Force continues to adapt to meet the demands of this new era, while pursuing the war on terrorism and defending the homeland.

On September 11, 2001, the dangers of the 21st century became apparent to the world. Today, the United States faces an array of asymmetric threats from terrorists and rogue states, including a threat that poses the gravest danger to our nation, the growing nexus of radicalism and technology. As we continue our work in Afghanistan and Iraq, we stand ready to respond to flashpoints around the world, prepared to counter the proliferation of weapons of mass destruction to unfriendly states and non-state entities.

We are adapting to new and enduring challenges. As we do, we are exploiting the inherent sources of strength that give us the advantages we enjoy today. It is a strategy predicated on the idea that, if we accurately assess our own advantages and strengths, we can invest in them to yield high rates of military return. This approach helps us create a portfolio of advantages allowing us to produce and continue to exploit our capabilities. Our goal is to create a capability mix consistent with operational concepts and effects-driven methodology, relevant to the joint character and increasingly asymmetric conduct of warfare.

Since 1945, when General Henry "Hap" Arnold and Dr. Theodore von Karman published *Toward New Horizons*, the Air Force has evolved to meet the changing needs of the nation—with the sole objective of improving our ability to generate overwhelming and strategically compelling effects from air and now, space. It is our heritage to adapt and we will continue to do so. During this comparatively short history, we became the best air and space force in the world through our focus on the development of professional airmen, our investment in warfighting technology, and our ability to integrate people and systems to produce decisive joint warfighting effects.

The Air Force is making a conscious investment in education, training, and leader development to foster critical thinking, innovation, and encourage risk taking. We deliberately prepare our airmen—officer, enlisted, and civilian—with experience, assignments, and broadening that will allow them to succeed. When our airmen act in the combined or joint arena, whether as an Air Liaison Officer to a ground maneuver element, or as the space advisor to the Joint Force Commander (JFC), this focused professional development will guide their success.

We are also investing in technologies that will enable us to create a fully integrated force of intelligence capabilities, manned, unmanned and space assets that communicate at the machine-to-machine level, and real-time global command and control (C²) of joint, allied, and coalition forces. Collectively, these assets will enable compression of the targeting cycle and near-instantaneous global precision-strike.

As we cultivate new concepts of global engagement, we will move from analog to digital processes and adopt more agile, non-linear ways of integrating to achieve mission success. This change in thinking leads to capabilities including: networked communications; multi-mission platforms which fuse multi-spectral sensors; integrated global intelligence, surveillance, and reconnaissance (ISR); robust, all-weather weapons delivery with increased standoff; small smart weapons; remotely-piloted and unattended aircraft systems; advanced air operations centers; more secure position, navigation, and timing; and a new generation of satellites with more operationally responsive launch systems.

Investment in our core competencies is the foundation of our preparation for future threats. They ensure we have the tools we need to maintain strategic deterrence as well as a sustained advantage over our potential adversaries. Ultimately, they ensure we can deliver the dominant warfighting capability our nation needs.

Potential adversaries, however, continue to pursue capabilities that threaten the dominance we enjoy today. Double-digit surface-to-air missile systems (SAMs) are proliferating. China has purchased significant numbers of these advanced SAMs, and there is a risk of wider future proliferation to potential threat nations. Fifth-generation advanced aircraft with capabilities superior to our present fleet of frontline fighter/attack aircraft are in production. China has also purchased, and is developing, advanced fighter aircraft that are broadly comparable to the best of our current frontline fighters. Advanced cruise missile technology is expanding, and information technology is spreading. Access to satellite communications, imagery, and use of the Global Positioning System (GPS) signal for navigation are now available for anyone willing to purchase the necessary equipment or services. With this relentless technological progress and the potential parity of foreign nations, as well as their potential application in future threats, the mere maintenance of our aging aircraft and space systems will not suffice. Simply stated, our current fleet of legacy systems cannot always ensure air and space dominance in future engagements.

To counter these trends, we are pursuing a range of strategies that will guide our modernization and recapitalization efforts. We are using a capabilities-based planning and budgeting process, an integrated and systematic risk assessment system, a commitment to shorter acquisition cycle times, and improved program oversight. Our goal is to integrate our combat, information warfare, and support systems to create a portfolio of air and space advantages for the joint warfighter and the nation. Thus, we continue to advocate for program stability in our modernization and investment accounts.

The principal mechanisms that facilitate this process are our Air Force Concepts of Operation (CONOPS). Through the CONOPS, we analyze problems we'll be asked to solve for the JFCs, identify the capabilities our expeditionary forces need to accomplish their missions, and define the operational effects we expect to produce. Through this approach, we can make smarter decisions about future investment, articulate the link between systems and employment concepts, and identify our capability gaps and risks.

The priorities that emerge from the CONOPS will guide a reformed acquisition process that includes more active, continuous, and creative partnerships among the requirement, development, operational test, and industry communities who work side-by-side at the program level. In our science and technology planning, we are also working to demonstrate and integrate promising technologies quickly by providing an operational "pull" that conveys a clear vision of the capabilities we need for the future.

We are applying this approach to our space systems as well. As the DOD's Executive Agent for Space, we are producing innovative solutions for the most challenging national security problems. We have defined a series of priorities essential to delivering space-based capabilities to the joint warfighter and the Intelligence Community. Achieving mission success—in operations and acquisition—is our principal priority. This requires us to concentrate on designing and building quality into our systems. To achieve these exacting standards, we will concentrate on the technical aspects of our space programs early on—relying on strong systems engineering design, discipline, and robust test programs. We also have many areas that require a sustained investment. We need to replace aging satellites, improve outmoded ground control stations, achieve space control capabilities to ensure freedom of action, sustain operationally responsive assured access to space, address bandwidth limitations, and focus space science and technology investment programs. This effort will

require reinvigorating the space industrial base and funding smaller technology incubators to generate creative “over the horizon” ideas.

As we address the problem of aging systems through renewed investment, we will continue to find innovative means to keep current systems operationally effective. In OIF, the spirit of innovation flourished. We achieved a number of air and space power firsts: employment of the B-1 bomber’s synthetic aperture radar and ground moving target indicator for ISR; incorporation of the Lightning II targeting pod on the F-15, F-16, A-10, and the B-52; and use of a Global Hawk for strike coordination and reconnaissance while flown as a remotely piloted aircraft. With these integrated air and space capabilities, we were able to precisely find, fix, track, target, and rapidly engage our adversaries. These examples illustrate how we are approaching adaptation in the U.S. Air Force.

Ultimately, the success of our Air Force in accomplishing our mission and adapting to the exigencies of combat stems from the more than 700,000 active, guard, reserve, and civilian professionals who proudly call themselves “airmen.” In the past five years, they have displayed their competence and bravery in three major conflicts: the Balkans, Afghanistan, and Iraq. They are a formidable warfighting force, imbued with an expeditionary culture, and ready for the challenges of a dangerous world.

Poised to defend America’s interests, we continue to satisfy an unprecedented demand for air and space warfighting capabilities—projecting American power globally while providing effective homeland defense. This is the U.S. Air Force in 2004—we foster ingenuity in the world’s most professional airmen, thrive on transitioning new technologies into joint warfighting systems, and drive relentlessly toward integration to realize the potential of our air and space capabilities. We are America’s Airmen—confident in our capability to provide our nation with dominance in air and space.

AIR AND SPACE DOMINANCE IN A NEW ENVIRONMENT

The U.S. Air Force ensures a flexible, responsive, and dominant force by providing a spectrum of operational capabilities that integrate with joint and coalition forces. To sustain and improve upon the dominance we enjoy today, the Air Force will remain engaged with the other services, our coalition partners, interagency teams, and the aerospace industry. As we do, we will incorporate the lessons learned from rigorous evaluation of past operations, detailed analyses of ongoing combat operations, and thoughtful prediction of the capabilities required of a future force.

The pace of operations over the past year enabled us to validate the function and structure of our Air and Space Expeditionary Forces (AEFs). Operations in 2003 demanded more capability from our AEFs than at any time since their inception in 1998. However, for the first time we relied exclusively on our AEFs to present the full range of our capabilities to the Combatant Commanders. Through our 10 AEFs, our AEF prime capabilities (space, national ISR, long range strike, nuclear, and other assets), and our AEF mobility assets, we demonstrated our ability to package forces, selecting the most appropriate combat ready forces from our Total Force, built and presented expeditionary units, and flowed them to the theaters of operation in a timely and logical sequence. We rapidly delivered them to the warfighters, while preserving a highly capable residual force to satisfy our global commitments.

More than three-fourths of our 359,300 active duty airmen are eligible to deploy and are assigned to an AEF. Through much of the past year, Total Force capabilities from 8 of the 10 AEFs were engaged simultaneously in worldwide operations. The remaining elements were returning from operations, training, or preparing to relieve those currently engaged. By the end of 2003, more than 26,000 airmen were deployed, supporting operations around the world.

In 2004, we will continue to use the AEFs to meet our global requirements while concurrently reconstituting the force. Our number one reconstitution priority is returning our forces to a sustainable AEF battle rhythm while conducting combat operations. Attaining this goal is about revitalizing capabilities. For most airmen, that will include a renewed emphasis on joint composite force training and preparation for rotations in the AEF. Through the AEF, the Air Force presents right-sized, highly trained expeditionary units to JFCs for employment across the spectrum of conflict.

Global War on Terrorism

The year 2003 marked another historic milestone for the United States and the Air Force in the Global War on Terrorism. Since September 11, 2001, air and space power has proven indispensable to securing American skies, defeating the Taliban, denying sanctuary to al Qaeda and other terrorist organizations, and most recently, removing a brutal and oppressive dictator in Iraq. This Global War on Terrorism

imposes on airmen a new steady state of accelerated operations and personnel tempo (PERSTEMPO), as well as a demand for unprecedented speed, agility, and innovation in defeating unconventional and unexpected threats, all while bringing stability and freedom to Afghanistan and Iraq. The Air Force and its airmen will meet these demands.

Operation NOBLE EAGLE

High above our nation, airmen protect our skies and cities through air defense operations known as Operation NOBLE EAGLE (ONE). The Total Force team, comprised of active duty, Air National Guard, and Air Force Reserve airmen, conducts airborne early warning, air refueling, and combat air patrol operations in order to protect sensitive sites, metropolitan areas, and critical infrastructure.

This constant “top cover” demands significant Air Force assets, thus raising the baseline of requirements above the pre-September 11 tempo. Since 2001, this baseline has meant over 34,000 fighter, tanker, and airborne early warning sorties were added to Air Force requirements.

This year the Air Force scrambled nearly 1,000 aircraft, responding to 800 incidents. Eight active duty, eight Air Force Reserve, and 18 Air National Guard units provided 1,300 tanker sorties offloading more than 32 million pounds of fuel for these missions. Last year, over 2,400 airmen stood vigilant at air defense sector operations centers and other radar sites. Additionally, in 2003, we continued to institutionalize changes to our homeland defense mission through joint, combined, and interagency training and planning. Participating in the initial validation exercise DETERMINED PROMISE-03, the Air Force illustrated how its air defense, air mobility, and command and control capabilities work seamlessly with other agencies supporting NORTHCOM and Department of Homeland Security objectives. The integration and readiness that comes from careful planning and rigorous training will ensure the continued security of America’s skies.

Operation ENDURING FREEDOM—Afghanistan

Operation ENDURING FREEDOM—Afghanistan (OEF) is ongoing. Remnants of Taliban forces continue to attack United States, NATO, coalition troops, humanitarian aid workers, and others involved in the reconstruction of Afghanistan. To defeat this threat, aid coalition stability, and support operations, the Air Force has maintained a presence of nearly 24,000 airmen in and around the region. Having already flown more than 90,000 sorties (over 72 percent of all OEF missions flown), the Air Force team of active, Guard, and Reserve airmen continue to perform ISR, close air support (CAS), aerial refueling, and tactical and strategic airlift.

While fully engaged in ONE and OIF, the men and women of the Air Force provided full spectrum air and space support, orchestrating assets from every service and ten different nations. Of these, Air Force strike aircraft flying from nine bases flew more than two-thirds of the combat missions, dropped more than 66,000 munitions (9,650 tons) and damaged or destroyed approximately three-quarters of planned targets. In 2003 alone, Air Force assets provided more than 3,000 sorties of on-call CAS, responding to calls from joint and/or coalition forces on the ground.

Last year, the Air Force brought personnel and materiel into this distant, landlocked nation via 7,410 sorties. Over 4,100 passengers and 487 tons of cargo were moved by airmen operating at various Tanker Airlift Control Elements in and around Afghanistan. To support these airlift and combat sorties and the numerous air assets of the coalition with aerial refueling, the Air Force deployed over 50 tankers. In their primary role, these late 1950s-era and early 1960s-era KC-135 tankers flew more than 3,900 refueling missions. In their secondary airlift role, they delivered 3,620 passengers and 405 tons of cargo. Without versatile tankers, our armed forces would need greater access to foreign bases, more aircraft to accomplish the same mission, more airlift assets, and generate more sorties to maintain the required duration on-station.

Operations in Afghanistan also highlight U.S. and coalition reliance on U.S. space capabilities. This spanned accurate global weather, precise navigation, communications, as well as persistent worldwide missile warning and surveillance. For example, OEF relied on precision navigation provided by the Air Force’s GPS constellation, over-the-horizon satellite communications (SATCOM), and timely observations of weather, geodesy, and enemy activity. To accomplish this, space professionals performed thousands of precise satellite contacts and hundreds of station keeping adjustments to provide transparent space capability to the warfighter. These vital space capabilities and joint enablers directly leveraged our ability to pursue U.S. objectives in OEF.

Operations NORTHERN WATCH and SOUTHERN WATCH

During the past 12 years, the Air Force flew over 391,000 sorties enforcing the northern and southern no-fly zones over Iraq. With the preponderance of forces, the Air Force, along with the Navy and Marine Corps, worked alongside the Royal Air Force in Operations NORTHERN WATCH (ONW) and SOUTHERN WATCH (OSW). Manning radar outposts and established C² centers, conducting ISR along Iraq's borders, responding to almost daily acts of Iraqi aggression, and maintaining the required airlift and air refueling missions taxed Air Force assets since the end of Operation DESERT STORM. Yet, these successful air operations had three main effects: they halted air attacks on the ethnic minority populations under the no-fly zones; they deterred a repeat of Iraqi aggression against its neighbors; and they leveraged enforcement of United Nations Security Council Resolutions. Throughout this period, our airmen honed their warfighting skills, gained familiarity with the region, and were able to establish favorable conditions for OIF. For more than a decade, American airmen rose to one of our nation's most important challenges, containing Saddam Hussein.

Operation IRAQI FREEDOM

On March 19, 2003, our airmen, alongside fellow soldiers, sailors, marines and coalition teammates, were called upon to remove the dangerous and oppressive Iraqi regime—this date marked the end of ONW/OSW and the beginning of OIF. OIF crystallized the meaning of jointness and the synergies of combined arms and persistent battlefield awareness.

In the first minutes of OIF, airmen of our Combat Air Forces (USAF, USN, USMC, and coalition) were flying over Baghdad. As major land forces crossed the line of departure, Air Force assets pounded Iraqi command and control facilities and key leadership targets, decapitating the decision-makers from their fielded forces. Remaining Iraqi leaders operated with outdated information about ground forces that had already moved miles beyond their reach. As the land component raced toward Baghdad, coalition strike aircraft were simultaneously attacking Iraqi fielded forces, communications and command and control centers, surface-to-surface missile launch sites, and were supporting special operations forces, and ensuring complete air and space dominance in the skies over Iraq. Due to these actions and those during the previous 12 years, none of the 19 Iraqi missile launches were successful in disrupting coalition operations, and not a single Iraqi combat sortie flew during this conflict. Twenty-one days after major combat operations began, the first U.S. land forces reached Baghdad. Five days later, the last major city in Iraq capitulated.

The Air Force provided over 7,000 CAS sorties to aid land forces in the quickest ground force movement in history. Lieutenant General William S. Wallace, Commander of the U.S. Army V Corps said, "none of my commanders complained about the availability, responsiveness, or effectiveness of CAS—it was unprecedented!" As Iraqi forces attempted to stand against the integrated air and ground offensive, they found a joint and coalition team that was better equipped, better trained, and better led than ever brought to the field of battle.

Training, leadership, and innovation coupled with the Air Force's recent investment in air mobility allowed U.S. forces to open a second major front in the Iraqi campaign. Constrained from access by land, Air Force C-17s airdropped over 1,000 paratroopers from the 173rd Airborne Brigade into northern Iraq. This successful mission opened Bashur airfield and ensured U.S. forces could be resupplied.

Before 2003, the Air Force invested heavily in the lessons learned from OEF. Shortening the "kill chain," or the time it took to find, fix, track, target, engage, and assess was one of our top priorities. This investment was worthwhile, as 156 time-sensitive targets were engaged within minutes, most with precision weapons. The flexibility of centralized control and decentralized execution of air and space power enabled direct support to JFC objectives throughout Iraq. Coalition and joint airpower shaped the battlefield ahead of ground forces, provided intelligence and security to the flanks and rear of the rapidly advancing coalition, and served as a force multiplier for Special Operations forces. This synergy between Special Operations and the Air Force allowed small specialized teams to have a major effect throughout the northern and western portions of Iraq by magnifying their inherent lethality, guaranteeing rapid tactical mobility, reducing their footprint through aerial resupply, and providing them the advantage of "knowing what was over the next hill" through air and space-borne ISR.

The Air Force's C²ISR assets enabled the joint force in Afghanistan as well. This invaluable fleet includes the RC-135 Rivet Joint, E-8 JSTARS, and the E-3 AWACS. This "Iron Triad" of intelligence sensors and C² capabilities illustrates the Air Force vision of horizontal integration in terms of persistent battlefield awareness. Combined with the Global Hawk unmanned aerial vehicle and Predator re-

motely piloted aircraft, spaced-based systems, U-2, and Compass Call, these invaluable system provided all-weather, multi-source intelligence to commanders from all services throughout the area of responsibility.

OIF was the Predator's first "networked" operation. Four simultaneous Predator orbits were flown over Iraq and an additional orbit operated over Afghanistan, with three of those orbits controlled via remote operations in the United States. This combined reachback enabled dynamic support to numerous OIF missions. Predator also contributed to our operational flexibility, accomplishing hunter-killer missions, tactical ballistic missile search, force protection, focused intelligence collection, air strike control, and special operations support. A Hellfire equipped Predator also conducted numerous precision strikes against Iraqi targets, and flew armed escort missions with U.S. Army helicopters.

Space power provided precise, all-weather navigation, global communications, missile warning, and surveillance. The ability to adapt to adverse weather conditions, including sandstorms, allowed air, land, and maritime forces to confound the Iraqi military and denied safe haven anywhere in their own country. As the Iraqis attempted to use ground-based GPS jammers, Air Force strike assets destroyed them, in some cases, using the very munitions the jammers attempted to defeat. As Defense Secretary Donald Rumsfeld noted, this new era was illustrated by the coalition's "unprecedented combination of power, precision, speed, and flexibility."

During the height of OIF, the Air Force deployed 54,955 airmen. Ambassador Paul Bremer, Chief of the Coalition Provisional Authority, pronounced, "In roughly three weeks [we] liberated a country larger than Germany and Italy combined, and [we] did so with forces smaller than the Army of the Potomac." Led by the finest officers and non-commissioned officers, our airmen flew more than 79,000 sorties since March of 2003. Ten thousand strike sorties dropped 37,065 munitions. The coalition flew over 55,000 airlift sorties moved 469,093 passengers and more than 165,060 tons of cargo. In addition, over 10,000 aerial refueling missions supported aircraft from all services, and 1,600 ISR missions provided battlespace awareness regardless of uniform, service, or coalition nationality. This was a blistering campaign that demanded a joint and combined effort to maximize effects in the battlespace.

Today, Air Force airmen continue to contribute to the joint and coalition team engaged in Iraq. At the end of the year, 6,723 airmen from the active duty, Reserve, and Air National Guard conducted a wide range of missions from locations overseas, flying approximately 150 sorties per day including CAS for ground forces tracking down regime loyalists, foreign fighters, and terrorists. On a daily basis, U-2 and RC-135 aircraft flew ISR sorties monitoring the porous borders of Iraq and providing situational awareness and route planning for Army patrols in stability and support operations. Providing everything from base security for 27 new bases opened by the coalition to the lifeline of supplies that air mobility and air refueling assets bring to all joint forces, Air Force airmen are committed to the successful accomplishment of the U.S. mission in Iraq.

Other Contingency Operations

In 2003, the Air Force remained engaged in America's war on drugs and provided support to NATO ground forces in the Balkans. Since December 1989, Air Force airmen have been an irreplaceable part of the interagency fight against illegal drug and narcotics trafficking. Deployed along the southern United States, in the Caribbean, and Central and South America, airmen perform this round-the-clock mission, manning nine ground-based radar sites, operating ten aerostats, and flying counter drug surveillance missions. The Air Force detected, monitored, and provided intercepts on over 275 targets attempting to infiltrate our airspace without clearance. Along with our interagency partners, these operations resulted in 221 arrests and stopped hundreds of tons of contraband from being smuggled into our country.

In the Balkans, airmen are fully committed to completing the mission that they started in the 1990s. Today, Air Force airmen have flown over 26,000 sorties supporting Operations JOINT GUARDIAN and JOINT FORGE. These NATO-led operations combine joint and allied forces to implement the Dayton Peace Accords in Bosnia-Herzegovina and enforce the Military Technical Agreement in Kosovo. At the end of 2003, approximately 800 airmen were supporting NATO's goal of achieving a secure environment and promoting stability in the region.

Additionally, the Air Force engaged in deterrence and humanitarian relief in other regions. While the world's attention was focused on the Middle East in the spring of 2003, our nation remained vigilant against potential adversaries in Asia. The Air Force deployed a bomber wing—24 B-52s and B-1s—to the American territory of Guam to deter North Korea. At the height of OIF, our Air Force demonstrated our country's resolve and ability to defend the Republic of Korea and

Japan by surging bomber operations to over 100 sorties in less than three days. This deterrent operation complemented our permanent engagement in Northeast Asia. The 8,300 airmen who are stationed alongside the soldiers, sailors, Marines, and our Korean allies maintained the United Nations armistice, marking 50 years of peace on the peninsula.

Our strength in deterring aggression was matched by our strength in humanitarian action. In response to President Bush's directive to help stop the worsening crisis in Liberia, we deployed a non-combat medical and logistics force to create a lifeline to the American Embassy and provide hope to the Liberian people. An Expeditionary Group of airmen provided airlift support, aeromedical evacuation, force protection, and theater of communications support. Flying more than 200 sorties, we transported and evacuated civilians and members of the Joint Task Force (JTF) from bases in Sierra Leone and Senegal. The 300 airmen deployed in support of JTF-Liberia reopened the main airport in Monrovia, and ensured the security for U.S. military and civilian aircraft providing relief aid.

Strategic Deterrence

The ability of U.S. conventional forces to operate and project decisive force is built on the foundation of our strategic deterrent force; one that consists of our nuclear-capable aircraft and Intercontinental Ballistic Missile forces, working with the U.S. Navy's Fleet Ballistic Missile Submarines. In 2003, these forces as well as, persistent overhead missile warning sensors and supporting ground-based radars, provided uninterrupted global vigilance deterring a nuclear missile strike against the United States or our allies. The dedicated airmen who operate these systems provide the force capability that yields our deterrent umbrella. Should that deterrence fail, they stand ready to provide a prompt, scalable response.

Exercises

The Air Force's success can be attributed to the training, education, and equipment of our airmen. Future readiness of our operations, maintenance, mission support, and medical units will depend on rigorous and innovative joint and coalition training and exercising. This year we are planning 140 exercises with other services and agencies and we anticipate being involved with 103 allied nations. We will conduct these exercises in as many as 45 foreign countries. Participation ranges from the Joint/Combined command post exercise ULCHI FOCUS LENS with our South Korean partners to the tailored international participation in our FLAG exercises and Mission Employment Phases of USAF Weapons School. From joint search-and-rescue forces in ARCTIC SAREX to Partnership for Peace initiatives, our airmen must continue to take advantage of all opportunities that help us train the way we intend to fight.

In addition to previously designed exercises, recent operations highlighted the need for combat support training. During OEF and OIF, the Air Force opened or improved 38 bases used by joint or coalition forces during combat. Our Expeditionary Combat Support teams established secure, operable airfields in Kyrgyzstan, Uzbekistan, Pakistan, and in Iraq. They also built housing, established communications, and erected dining facilities that are still used by other services and follow-on forces today. To prepare our airmen for these missions, we have created EAGLE FLAG, an Expeditionary Combat Support Field Training Exercise. During this exercise, combat support personnel apply the integrated skills needed to organize and create an operating location ready to receive fully mission capable forces within 72 hours. From security forces and civil engineers to air traffic controllers and logisticians, each airman required to open a new base or improve an austere location will eventually participate in this valuable exercise.

Our ranges and air space are critical joint enablers and vital national assets that allow the Air Force to develop and test new weapons, train forces, and conduct joint exercises. The ability of the Air Force to effectively operate requires a finite set of natural and fabricated resources. Encroachment of surrounding communities onto Air Force resources results in our limited or denied access to, or use of, these resources. We have made it a priority to define and quantify the resources needed to support mission requirements, and to measure and communicate the effects of encroachment on our installations, radio frequency spectrum, ranges, and air space. We will continue to work with outside agencies and the public to address these issues. The Air Force strongly endorses the Readiness Range and Preservation Initiative. It would make focused legislative changes, protecting the Air Force's operational resources while continuing to preserve our nation's environment.

Lessons for the Future

As we continue combat operations and prepare for an uncertain future, we are examining lessons from our recent experiences. Although we are currently engaged

with each of the other services to refine the lessons from OIF, many of the priorities listed in the fiscal year 2005 Presidential Budget submission reflect our preliminary conclusions. The Air Force has established a team committed to turning validated lessons into new equipment, new operating concepts, and possibly new organizational structures. Working closely with our joint and coalition partners, we intend to continue our momentum toward an even more effective fighting force.

One of the most important lessons we can draw was envisioned by the authors of the Goldwater-Nichols Act. ONE, OEF, and OIF all validated jointness as the only acceptable method of fighting and winning this nation's wars. In OIF, the mature relationship between the Combined Forces Land Component Commander (CFLCC) and the Combined Forces Air Component Commander (CFACC) led to unprecedented synergies. The CFACC capitalized on these opportunities by establishing coordination entities led by an Air Force general officer in the supported land component headquarters and by maintaining internal Army, Navy, Marine Corps, and coalition officers in his own headquarters. Both of these organizational innovations enabled commanders to maximize the advantages of mass, lethality, and flexibility of airpower in the area of responsibility.

Another lesson is the Air Force's dependence on the Total Force concept. As stated above, September 11 brought with it a new tempo of operations, one that required both the active duty and Air Reserve Component (ARC) to work in concert to achieve our national security objectives. The synergy of our fully integrated active duty, Air National Guard and Air Force Reserve team provides warfighters with capabilities that these components could not provide alone.

Our reserve component accounts for over one-third of our strike fighters, more than 72 percent of our tactical airlift, 42 percent of our strategic airlift, and 52 percent of our air refueling capability. The ARC also makes significant contributions to our rescue and support missions, and has an increasing presence in space, intelligence, and information operations. In all, the ARC provides a ready force requiring minimum preparation for mobilization. Whether that mobilization is supporting flight or alert missions for ONE, commanding expeditionary wings in combat, or orchestrating the Air Force Special Operations roles in the western Iraqi desert, the ARC will remain critical to achieving the full potential of our air and space power.

A third lesson was validation of the need for air and space superiority. Through recent combat operations, the Air Force maintained its almost 50 year-old record of "no U.S. ground troops killed by enemy air attack." Without having to defend against Iraqi airpower, coalition commanders could focus their combat power more effectively. In addition, air and space superiority allowed airmen to dedicate more sorties in support of the ground scheme of maneuver, substantially reducing enemy capability in advance of the land component.

We also need to continue to advance integration and planning—integration of service capabilities to achieve JFC objectives, interagency integration to fight the war on terrorism, and information integration. Integration of manned, unmanned and space sensors, advanced command and control, and the ability to disseminate and act on this information in near-real time will drive our combat effectiveness in the future. Shared through interoperable machine-to-machine interfaces, this data can paint a picture of the battlespace where the sum of the wisdom of all sensors will end up with a cursor over the target for the operator who can save the target, study the target, or destroy the target.

Finally, there are three general areas for improvement we consider imperative: battle damage assessment, fratricide prevention/combat identification, and equipping our battlefield airmen. First, battle damage assessment shapes the commander's ability for efficient employment of military power. Restriking targets that have already been destroyed, damaged, or made irrelevant by rapid ground force advances wastes sorties that could be devoted to other coalition and joint force objectives. Advances in delivery capabilities of our modern fighter/attack aircraft and bombers mean that ISR assets must assess more targets per strike than ever before. Precision engagement requires precision location, identification, and precision assessment. Although assets like the Global Hawk, Predator, U-2, Senior Scout, and Rivet Joint are equipped with the latest collection technology, the Air Force, joint team, and Intelligence Community must work to ensure that combat assessments produce timely, accurate, and relevant products for the warfighters.

We are also improving operational procedures and technology to minimize incidents of fratricide or "friendly fire." In OIF, major steps toward this goal resulted from technological solutions. Blue Force Tracker and other combat identification systems on many ground force vehicles allowed commanders situational awareness of their forces and enemy forces via a common operational picture. Still, not all joint or coalition forces are equipped with these technological advances. We are pursuing Fire Support Coordination Measures that capitalize on the speed and situational

awareness digital communications offer rather than analog voice communications and grease pencils.

A third area we are actively improving is the effectiveness of the airmen who are embedded with conventional land or Special Forces. With assured access to Air Force datalinks and satellites, these "Battlefield Airmen" can put data directly into air-land-sea weapon systems and enable joint force command and control. We have made great progress in producing a Battlefield Air Operations Kit that is 70 percent lighter, with leading-edge power sources; one that will increase the combat capability of our controllers. This battle management system will reduce engagement times, increase lethality and accuracy, and reduce the risk of fratricide. This capability is based upon the good ideas of our airmen who have been in combat and understand how much a single individual on the battlefield can contribute with the right kit.

Summary

The airmen of America's Air Force have demonstrated their expertise and the value of their contributions to the joint and coalition fight. These combat operations are made possible by Air Force investments in realistic training and education, superior organization, advanced technology, and innovative tactics, techniques, and procedures. In the future, our professional airmen will continue to focus advances in these and other areas guided by the Air Force CONOPS. Their charter is to determine the appropriate capabilities required for joint warfighting and to provide maximum effects from, through, and in air and space. This structure and associated capabilities-based planning will help airmen on their transformational journey, ensuring continued operational successes such as those demonstrated in 2003.

ENSURING AMERICA'S FUTURE AIR AND SPACE DOMINANCE

Air Force lethality, mobility, speed, precision, and the ability to project U.S. military power around the globe provide Combatant Commanders the capabilities required to meet the nation's military requirements and dominate our enemies. Consistent with the DOD's focus on Joint Operating Concepts, we will continue to transform our force—meeting the challenges of this era, adapting our forces and people to them, and operating our service efficiently. We will adopt service concepts and capabilities that support the joint construct and capitalize on our core competencies. To sustain our dominance, we develop professional airmen, invest in warfighting technology, and integrate our people and systems together to produce decisive joint warfighting capabilities.

DEVELOPING AIRMEN—RIGHT PEOPLE, RIGHT PLACE, RIGHT TIME

At the heart of our combat capability are the professional airmen who voluntarily serve the Air Force and our nation. Our airmen turn ideas, tools, tactics, techniques, and procedures into global mobility, power projection, and battlespace effects. Our focus for the ongoing management and development of Air Force personnel will be to: define, renew, develop, and sustain the force.

Defining our Requirements

To meet current and future requirements, we need the right people in the right specialties. The post-September 11 environment has taxed our equipment and our people, particularly those associated with force protection, ISR, and the buildup and sustainment of expeditionary operations. Our analysis shows that we need to shift manpower to stressed career fields to meet the demands of this new steady state, and we are in the process of doing this. We have realigned personnel into our most stressed specialties and hired additional civilians and contractors to free military members to focus on military specific duties. We have also made multi-million dollar investments in technology to reduce certain manpower requirements. We have redirected our training and accession systems and have cross-trained personnel from specialties where we are over strength to alleviate stressed career fields, supporting the Secretary of Defense's vision of moving forces "from the bureaucracy to the battlefield."

Since 2001, we've exceeded our congressionally mandated end strength by more than 16,000 personnel. In light of the global war on terrorism and OIF, DOD allowed this overage, but now we need to get back to our mandated end strength. We are addressing this issue in two ways: first, by reducing personnel overages in most skills; and second, by shaping the remaining force to meet mission requirements. To reduce personnel, we will employ a number of voluntary tools to restructure manning levels in Air Force specialties, while adjusting our active force size to the end strength requirement. As we progress, we will evaluate the need to implement additional force shaping steps.

We are also reviewing our ARC manpower to minimize involuntary mobilization of ARC forces for day-to-day, steady state operations while ensuring they are prepared to respond in times of crisis. Since September 11, 2001, we've mobilized more than 62,000 people in over 100 units, and many more individual mobilization augmentees. Today, 20 percent of our AEF packages are comprised of citizen airmen, and members of the Guard or Reserve conduct 89 percent of ONE missions. We recognize this is a challenge and are taking steps to relieve the pressure on the Guard and Reserve.

In fiscal year 2005, we plan to redistribute forces in a number of mission areas among the Reserve and Active components to balance the burden on the Reserves. These missions include our Air and Space Operations Centers, remotely piloted aircraft systems, Combat Search and Rescue, Security Forces, and a number of high demand global mobility systems. We are working to increase ARC volunteerism by addressing equity of benefits and tour-length flexibility, while addressing civilian employer issues. We are also looking at creating more full-time positions to reduce our dependency on involuntary mobilization.

We are entering the second year of our agreement to employ Army National Guard soldiers for Force Protection at Air Force installations, temporarily mitigating our 8,000 personnel shortfall in Security Forces. As we do this, we are executing an aggressive plan to rapidly burn down the need for Army augmentation and working to redesign manpower requirements. Our reduction plan maximizes the use of Army volunteers in the second year, and allows for demobilization of about one-third of the soldiers employed in the first year.

Future Total Force

Just as in combat overseas, we are continuing to pursue seamless ARC and active duty integration at home, leveraging the capabilities and characteristics of each component, while allowing each to retain their cultural identity. We continue to explore a variety of organizational initiatives to integrate our active, Guard, and Reserve forces. These efforts are intended to expand mission flexibility, create efficiencies in our Total Force, and prepare for the future. Today's Future Total Force team includes a number of blended or associate units that are programmed or are in use. The creation of the "blended" unit, the 116th Air Control Wing at Robins Air Force Base, Georgia, elevated integration to the next level. With an initial deployment of over 730 personnel, and significant operational achievements in OIF, we are now examining opportunities to integrate active, Guard, and Reserve units elsewhere in order to produce even more measurable benefits, savings, and efficiencies.

The reasons for this type of integration are compelling. We can maximize our warfighting capabilities by integrating active, Guard, and Reserve forces to optimize the contributions of each component. Reservists and Guardsmen bring with them capabilities they have acquired in civilian jobs, leveraging the experience of ARC personnel. Integration relieves PERSTEMPO on the active duty force. Because ARC members do not move as often, they provide corporate knowledge, stability, and continuity. Finally, integration enhances the retention of airmen who decide to leave active service. Because the Guard and Reserve are involved in many Air Force missions, we recapture the investment we've made by retaining separating active duty members as members of the ARC.

Renewing the Force

To renew our force, we target our recruitment to ensure a diverse force with the talent and drive to be the best airmen in the world's greatest Air Force. We will recruit those with the skills most critical for our continued success. In fiscal year 2003, our goal was 5,226 officers and 37,000 enlisted; we exceeded our goal in both categories, accessing 5,419 officers and 37,144 enlisted. For fiscal year 2004, we plan to access 5,795 officers and 37,000 enlisted.

In the Air Force, the capabilities we derive from diversity are vital to mission excellence and at the core of our strategy to maximize our combat capabilities. In this new era, successful military operations demand much greater agility, adaptability, and versatility to achieve and sustain success. This requires a force comprised of the best our nation has to offer, from every segment of society, trained and ready to go. Our focus is building a force that consists of men and women who possess keener international insight, foreign language proficiency, and wide-ranging cultural acumen. Diversity of life experiences, education, culture, and background are essential to help us achieve the asymmetric advantage we need to defend America's interests wherever threatened. Our strength comes from the collective application of our diverse talents, and is a critical component of the air and space dominance we enjoy today. We must enthusiastically reach out to all segments of society to ensure the

Air Force offers a welcoming career to the best and brightest of American society, regardless of their background. By doing so, we attract people from all segments of society and tap into the limitless talents resident in our diverse population.

In addition to a diverse force, we also need the correct talent mix. We remain concerned about recruiting health care professionals and individuals with technical degrees. To meet our needs, we continue to focus our efforts to ensure we attract and retain the right people. We will also closely monitor ARC recruitment. Historically, the Air National Guard and Air Force Reserve Command access close to 25 percent of eligible, separating active duty Air Force members with no break in service between their active duty and ARC service.

Developing the Force

Over the past year, we implemented a new force development construct in order to get the right people in the right job at the right time with the right skills, knowledge, and experience. Force development combines focused assignments and education and training opportunities to prepare our people to meet the mission needs of our Air Force. Rather than allowing chance and happenstance to guide an airman's experience, we will take a deliberate approach to develop officers, enlisted, and civilians throughout our Total Force. Through targeted education, training, and mission-related experience, we will develop professional airmen into joint force warriors with the skills needed across the tactical, operational, and strategic levels of conflict. Their mission will be to accomplish the joint mission, motivate teams, mentor subordinates, and train their successors.

A segment of warriors requiring special attention is our cadre of space professionals, those that design, build, and operate our space systems. As military dependence on space grows, the Air Force continues to develop this cadre to meet our nation's needs. Our Space Professional Strategy is the roadmap for developing that cadre. Air Force space professionals will develop more in-depth expertise in operational and technical space specialties through tailored assignments, education, and training. This roadmap will result in a team of scientists, engineers, program managers, and operators skilled and knowledgeable in developing, acquiring, applying, sustaining, and integrating space capabilities.

Sustaining the Force

The Air Force is a retention-based force. Because the skill sets of our airmen are not easily replaced, we expend considerable effort to retain our people, especially those in high-technology fields and those in whom we have invested significant education and training. In 2003, we reaped the benefits of an aggressive retention program, aided by a renewed focus and investment on education and individual development, enlistment and retention bonuses, targeted military pay raises, and quality of life improvements. Our fiscal year 2003 enlisted retention statistics tell the story. Retention for first term airmen stood at 61 percent, exceeding our goal by 6 percent. Retention for our second term and career airmen was also impressive, achieving 73 percent and 95 percent respectively. Continued investment in people rewards their service, provides a suitable standard of living, and enables us to attract and retain the professionals we need.

One of the highlights of our quality of life focus is housing investment. Through military construction and housing privatization, we are providing quality homes faster than ever before. Over the next three years, the Air Force will renovate or replace more than 40,000 homes through privatization. At the same time, we will renovate or replace an additional 20,000 homes through military construction. With the elimination of out-of-pocket housing expenses, our Air Force members and their families now have three great options—local community housing, traditional military family housing, and privatized housing.

Focus On Fitness

We recognize that without motivated and combat-ready expeditionary airmen throughout our Total Force, our strategies, advanced technologies, and integrated capabilities would be much less effective. That is why we have renewed our focus on fitness and first-class fitness centers. We must be fit to fight. And that demands that we reorient our culture to make physical and mental fitness part of our daily life as airmen. In January 2004, our new fitness program returned to the basics of running, sit-ups, and pushups. The program combines our fitness guidelines and weight/body fat standards into one program that encompasses the total health of an airman.

The Air Force has established a capabilities-based approach to war planning, allowing us to focus investments on those capabilities we need to support the joint warfighter. This type of planning focuses on capabilities required to accomplish a variety of missions and to achieve desired effects against any potential threats. Our capabilities-based approach requires us to think in new ways and consider combinations of systems that create distinctive capabilities.

Effects Focus: Capabilities-Based CONOPS

The Air Force has written six CONOPS that support capabilities-based planning and the joint vision of combat operations. The CONOPS help analyze the span of joint tasks we may be asked to perform and define the effects we can produce. Most important, they help us identify the capabilities an expeditionary force will need to accomplish its mission, creating a framework that enables us to shape our portfolio.

- Homeland Security CONOPS leverages Air Force capabilities with joint and interagency efforts to prevent, protect, and respond to threats against our homeland—within or beyond U.S. territories.
 - Space and Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance CONOPS (Space and C⁴ISR) harnesses the integration of manned, unmanned, and space systems to provide persistent situation awareness and executable decision-quality information to the JFC.
 - Global Mobility CONOPS provides Combatant Commanders with the planning, command and control, and operations capabilities to enable timely and effective projection, employment, and sustainment of U.S. power in support of U.S. global interests—precision delivery for operational effect.
 - Global Strike CONOPS employs joint power-projection capabilities to engage anti-access and high-value targets, gain access to denied battlespace, and maintain battlespace access for required joint/coalition follow-on operations.
 - Global Persistent Attack CONOPS provides a spectrum of capabilities from major combat to peacekeeping and sustainment operations. Global Persistent Attack assumes that once access conditions are established (i.e. through Global Strike), there will be a need for persistent and sustained operations to maintain air, space, and information dominance.
 - Nuclear Response CONOPS provides the deterrent “umbrella” under which conventional forces operate, and, if deterrence fails, avails a scalable response.
- This CONOPS approach has resulted in numerous benefits, providing:
- Articulation of operational capabilities that will prevail in conflicts and avert technological surprises;
 - An operational risk and capabilities-based programmatic decision-making focus;
 - Budgeting guidance to the Air Force Major Commands for fulfilling capabilities-based solutions to satisfy warfighter requirements;
 - Warfighter risk management insights for long-range planning.

Modernization and Recapitalization

Through capabilities-based planning, the Air Force will continue to invest in our core competency of bringing technology to the warfighter that will maintain our technical advantage and update our air and space capabilities. The Capabilities Review and Risk Assessment (CRRRA) process guides these efforts. Replacing an outdated threat-based review process that focused on platforms versus current and future warfighting effects and capabilities, our extensive two-year assessment identified and prioritized critical operational shortfalls we will use to guide our investment strategy. These priorities present the most significant and immediate Air Force-wide capability objectives.

We need to field capabilities that allow us to reduce the time required to find, fix, track and target fleeting and mobile targets and other hostile forces. One system that addresses this operational shortfall is the F/A-22 Raptor. In addition to its contributions to obtaining and sustaining air dominance, the F/A-22 will allow all weather, stealthy, precision strike 24 hours a day, and will counter existing and emerging threats, such as advanced surface-to-air missiles, cruise missiles, and time sensitive and emerging targets, including mobile targets, that our legacy systems cannot. The F/A-22 is in low rate initial production and has begun Phase I of its operational testing. It is on track for initial operational capability in 2005. A complementary capability is provided by the F-35 Joint Strike Fighter, providing sustainable, focused CAS and interservice and coalition commonality.

We also recognize that operational shortfalls exist early in the kill chain and are applying technologies to fill those gaps. A robust command, control, and sensor portfolio combining both space and airborne systems, along with seamless real-time communications, will provide additional critical capabilities that address this short-

fall while supporting the Joint Operational Concept of full spectrum dominance. Program definition and risk reduction efforts are moving us towards C⁴ISR and Battle Management capabilities with shorter cycle times. The JFC will be able to respond to fleeting opportunities with near-real time information and will be able to bring to bear kill-chain assets against the enemy. Additionally, in this world of proliferating cruise missile technology, our work on improving our C⁴ISR capabilities—including airborne Active Electronically Scanned Array or AESA radar technology—could pay large dividends, playing a significant role in America's defense against these and other threats. To create this robust command and control network, we will need a flexible and digital multi-service communications capability. We are well on our way in defining the architecture to make it a reality. The capabilities we are pursuing directly support the Department's transformational system of interoperable joint C⁴ISR.

There is a need for a globally interconnected capability that collects, processes, stores, disseminates, and manages information on demand to warfighters, policy makers, and support people. The C² Constellation, our capstone concept for achieving the integration of air and space operations, includes these concepts and the future capabilities of the Global Information Grid, Net Centric Enterprise Services, Transformational Communications, the Joint Tactical Radio System, and airborne Command, Control, and Communication assets, among others.

One of the elements of a sensible strategy to maintain U.S. power projection capabilities derives from a global aerial refueling fleet that serves Air Force, Navy, Marine Corps and coalition aircraft. Our current fleet of aging tankers met the challenges of OEF and OIF but is increasingly expensive to maintain. The fleet averages more than 40 years of age, and the oldest model, the KC-135E, goes back to the Eisenhower Administration. Recapitalization for this fleet of over 540 aerial refueling aircraft will clearly take decades to complete and is vital to the foundation and global reach of our Air Force, sister services, and coalition partners. The Air Force is committed to an acquisition approach for this program that will recapitalize the fleet in the most affordable manner possible.

Capabilities-driven modernization and recapitalization efforts are also taking place on our space systems, as we replace constellations of satellites and ground systems with next generation capabilities. The Evolved Expendable Launch Vehicle has completed six successful launches. Using two launch designs, we will continue to seek responsive, assured access to space for government systems. Space-Based Radar will provide a complementary capability to our portfolio of radar and remote sensing systems. We will employ internet protocol networks and high-bandwidth lasers in space to transform communications with the Transformational Satellite, dramatically increasing connectivity to the warfighter. Modernization of GPS and development of the next-generation GPS III will enhance navigation capability and increase our resistance to jamming. In partnership with NASA and the Department of Commerce, we are developing the National Polar-orbiting Operational Environmental Satellite System, which offers next-generation meteorological capability. Each of these systems supports critical C⁴ISR capabilities that give the JFC increased technological and asymmetric advantages.

Space control efforts, enabled by robust space situation awareness, will ensure unhampered access to space-based services. Enhanced space situation awareness assets will provide the information necessary to execute an effective space control strategy. However, we must be prepared to deprive an adversary of the benefits of space capabilities when American interests and lives are at stake.

Additional capability does not stem solely from new weapon system acquisitions. It results from innovative modernization of our existing systems. One example is incorporating a Smart Bomb Rack Assembly and the 500 lb. version of the Joint Direct Attack Munition into the weapons bay of the B-2. In September of 2003, we demonstrated that the B-2 bomber is now able to release up to 80 separately targeted, GPS-guided weapons in a single mission. This kind of innovation reduces the number of platforms that must penetrate enemy airspace while holding numerous enemy targets at risk. The second order consequences run the gamut from maintenance to support aircraft.

We will also address the deficiencies in our infrastructure through modernization and recapitalization. Improvements to our air and space systems will be limited without improvements in our foundational support systems. Deteriorated airfields, hangars, waterlines, electrical networks, and air traffic control approach and landing systems are just some of the infrastructure elements needing immediate attention. Our investment strategy focuses on three simultaneous steps: disposing of excess facilities; sustaining our facilities and infrastructure; and establishing a sustainable investment program for future modernization of our facilities and infrastructure.

Finally, we need to continue to modernize and recapitalize our information technology infrastructure. To leverage our information superiority, the Air Force is pursuing a modernization strategy and information technology investments, which target a common network infrastructure and employ enterprise services and shared capabilities.

Science and Technology (S&T)

Our investment in science and technology has and continues to underpin our modernization and recapitalization program. Similar to our applied-technology acquisition efforts, the Air Force's capability-based focus produces an S&T vision that supports the warfighter.

The Air Force S&T program fosters development of joint warfighting capabilities and integrated technologies, consistent with DOD and national priorities. We will provide a long-term, stable investment in S&T in areas that will immediately benefit existing systems and in transformational technologies that will improve tomorrow's Air Force. Many Air Force S&T programs, such as directed energy, hypersonics, laser-based communications, and the emerging field of nanotechnology, show promise for joint warfighting capabilities. Other technology areas, such as miniaturization of space platforms and space proximity operations, also show promise in the future. Through developments like these, the Air Force S&T program will advance joint warfighting capabilities and the Air Force vision of an integrated air and space force capable of responsive and decisive global engagement.

Capabilities-Based Acquisition / Transforming Business Practices

To achieve our vision of a flexible, responsive, and capabilities-based expeditionary force, we are transforming how we conceive, plan, develop, acquire, and sustain weapons systems. Our Agile Acquisition initiative emphasizes speed and credibility; we must deliver what we promise—on time and on budget. Our goal is to deliver affordable, sustainable capabilities that meet joint warfighters' operational needs.

We continue to improve our acquisition system—breaking down organizational barriers, changing work culture through aggressive training, and reforming processes with policies that encourage innovation and collaboration.

Already, we are:

- Realigning our Program Executive Officers (PEOs).*—By moving our PEOs out of Washington and making them commanders of our product centers, we have aligned both acquisition accountability and resources under our most experienced general officers and acquisition professionals.
- Creating a culture of innovation.*—Because people drive the success of our Agile Acquisition initiatives, we will focus on enhanced training. Laying the foundation for change, this past year 16,500 Air Force acquisition professionals, and hundreds of personnel from other disciplines, attended training sessions underscoring the need for collaboration, innovation, reasonable risk management, and a sense of urgency in our approach.
- Reducing Total Ownership Costs.*—With strong support from the Secretary of Defense, we will expand the Reduction in Total Ownership Cost program with a standard model ensuring that we have accurate metrics.
- Moving technology from the lab to the warfighter quickly.*—Laboratories must focus on warfighter requirements and researchers need to ensure technologies are mature, producible, and supportable. Warfighters will work with scientists, acquisition experts, and major commands to identify gaps in capabilities. With help from Congress, we have matured our combat capability document process to fill those gaps. During OIF, we approved 37 requests for critically needed systems, usually in a matter of days.
- Tailoring acquisition methods for space systems.*—In October 2003, we issued a new acquisition policy for space systems that will improve acquisitions by tailoring acquisition procedures to the unique demands of space systems.

Transformation of our business processes is not limited to acquisition activities. Our Depot Maintenance Strategy and Master Plan calls for financial and infrastructure capitalization to ensure Air Force hardware is safe and ready to operate across the threat spectrum. Our increased funding for depot facilities and equipment modernization in fiscal year 2004–09, along with public-private partnerships, will result in more responsive support to the JFC. We expect to maximize production and throughput of weapon systems and commodities that will improve mission capability.

Our logistics transformation initiative will revolutionize logistics processes to improve warfighter support and reduce costs. The goal of the Air Force's logistics transformation program, Expeditionary Logistics for the 21st Century, is to increase

weapon system availability by 20 percent with zero cost growth. Our current initiatives—depot maintenance transformation, purchasing and supply chain management, regionalized intermediate repair, and improved logistics command and control—will transform the entire logistics enterprise.

Our depots have put some of these initiatives into place with exceptional results. In fiscal year 2003, our depot maintenance teams were more productive than planned, exceeding aircraft, engine, and commodity production goals and reducing flow days in nearly all areas. Implementation of “lean” production processes, optimized use of the existing workforce, and appropriate funding, all contributed to this good news story. In addition, our spares support to the warfighter is at record high numbers. In 2003, supply rates and cannibalization rates achieved their best performance since fiscal year 1994 and fiscal year 1995, respectively. Fourteen of twenty aircraft design systems improved their mission capable rates over the previous year, with Predator unmanned aerial vehicles improving by 11 percent, and B-1 bombers achieving the best mission capable and supply rates in its history. Thanks to proper funding, fleet consolidation, and transformation initiatives, spare parts shortages were reduced to the lowest levels recorded across the entire fleet.

Financing the Fight

An operating strategy is only as good as its financing strategy. And similar to acquisition, logistics, and other support processes, our finance capabilities are strong. We are taking deliberate and aggressive steps to upgrade our financial decision support capability and reduce the cost of delivering financial services. Our focus is on support to our airmen, strategic resourcing and cost management, and information reliability and integration. The initiatives that will get us there include self-service web-based pay and personnel customer service, seamless e-commerce for our vendor payment environment, budgets that link planning, programming, and execution to capabilities and performance, financial statements that produce clean audit opinions while providing reliable financial and management information, and innovative financing strategies.

INTEGRATING OPERATIONS

The Air Force excels at providing communications, intelligence, air mobility, precision strike, and space capabilities that enable joint operations. Our airmen integrate these and other capabilities into a cohesive system that creates war-winning effects. Integration takes place at three levels. At the joint strategic level, integration occurs between interagencies and the coalition. Integration also takes place within the Air Force at an organizational level. At its most basic level, integration takes place at the machine-to-machine level to achieve universal information sharing which facilitates true integration at every level.

Integrating Joint, Coalition, and Interagency Operations

The ever-changing dynamics of global events will drive the need to integrate DOD and interagency capabilities and, in most cases, those of our coalition partners. Joint solutions are required to produce warfighting effects with the speed that the Global War on Terrorism demands. Fully integrated operations employ only the right forces and capabilities necessary to achieve an objective in the most efficient manner. We must also integrate space capabilities for national intelligence and warfighting.

We are pursuing adaptations of our C² organizations and capabilities to support this vision. While the Air Force’s global C² structure has remained relatively constant, throughout our 57-year history, the demands of a changing geopolitical environment have stressed current C² elements beyond their design limits.

We have conducted an extensive review of our C² structures to support the National Security Strategy objectives of assure, dissuade, deter, and defeat as well as the SECDEF’s Unified Command Plan. We will enhance our support for the JFC and our expeditionary posture through a new Warfighting Headquarters Construct. This will enable the Numbered Air Forces to support Unified Combatant Commanders in a habitual supported-supporting relationship. Working with their strategy and planning cells on a daily basis will ensure that Air Force capabilities are available to the JFC’s warfighting staff. This new headquarters will provide the Combined Air Operations Center (CAOC) with sufficient staff to focus on planning and employment of air, space, and information operations throughout the theater.

We are also adapting the capabilities of our CAOCs. The CAOCs of each headquarters will be interconnected with the theater CAOCs, all operating 24 hours a day, seven days a week. They will be operated as a weapons system, certified and standardized, and have cognizance of the entire air and space picture. This reorganization will increase our ability to support our Combatant Commanders, reduce redundancies, and deliver precise effects to the warfighters. As we near completion

of the concept development, we will work with the Secretary of Defense and the Congress to implement a more streamlined and responsive C² component for the Combatant Commanders and national leadership.

Integrated operations also depend on integrated training. We continue to advance joint and combined interoperability training with our sister services and the nations with which we participate in global operations. The Joint National Training Capability (JNTC) will improve our opportunities for joint training. The aim of the JNTC is to improve each service's ability to work with other services at the tactical level and to improve joint planning and execution at the operational and strategic levels. The Air Force has integrated live, virtual, and constructive training environments into a single training realm using a distributed mission operations (DMO) capability. JNTC will use this DMO capability to tie live training events with virtual (man-in-the-loop) play and constructive simulations. Live training in 2004—on our ranges during four Service-conducted major training events—will benefit from improved instrumentation and links to other ranges as well as the ability to supplement live training with virtual or constructive options. These types of integrated training operations reduce overall costs to the services while providing us yet another avenue to train like we fight.

Integrating Within the Air Force

The Air Force is continuing to strengthen and refine our AEF. The AEF enables rapid build-up and redeployment of air and space power without a lapse in the Air Force's ability to support a Combatant Commander's operations. The Air Force provides forces to Combatant Commanders according to the AEF Presence Policy (AEFPP), the Air Force portion of DOD's Joint Presence Policy. There are ten AEFs, and each AEF provides a portfolio of capabilities and force modules. At any given time, two AEFs are postured to immediately provide these capabilities. The other eight are in various stages of rest, training, spin-up, or standby. The AEF is how the Air Force organizes, trains, equips, and sustains responsive air and space forces to meet defense strategy requirements outlined in the Strategic Planning Guidance.

Within the AEF, Air Force forces are organized and presented to Combatant Commanders as Air and Space Expeditionary Task Forces (AETFs). They are sized to meet the Combatant Commander's requirements and may be provided in one of three forms: as an Air Expeditionary Wing (AEW), Group (AEG), and/or Squadron (AES). An AETF may consist of a single AEW or AEG, or may consist of multiple AEWs or AEGs and/or as a Numbered Expeditionary Air Force. AETFs provide the functional capabilities (weapon systems, expeditionary combat support and command and control) to achieve desired effects in an integrated joint operational environment.

One of our distinctive Air Force capabilities is Agile Combat Support (ACS.) To provide this capability, our expeditionary combat support forces—medics, logisticians, engineers, communicators, Security Forces, Services, and Contracting, among several others—provide a base support system that is highly mobile, flexible, and fully integrated with air and space operations. ACS ensures responsive expeditionary support to joint operations is achievable within resource constraints—from creation of operating locations to provision of right-sized forces. An example of this capability is the 86th Contingency Response Group (CRG) at Ramstein Air Base, organized, trained, and equipped to provide an initial "Open the Base" force module to meet Combatant Commander requirements. The CRG provides a rapid response team to assess operating location suitability and defines combat support capabilities needed to establish air expeditionary force operating locations.

Another example of ACS capability is the light and lean Expeditionary Medical System (EMEDS) that provides the U.S. military's farthest forward care and surgical capability. Air Force medics jump into the fight alongside the very first combatants. Whether supporting the opening of an air base or performing life saving surgeries, these medics bring an extraordinary capability. They carry backpacks with reinforced medical equipment, permitting them to perform medical operations within minutes of their boots hitting the ground. Complementing this expeditionary medical capability is our air evacuation system that provides the lifeline for those injured personnel not able to return to duty. The other services and our allies benefited greatly from this capability in OEF and OIF. The Army and Navy are now developing a similar light and lean capability. The success of EMEDS is also apparent in the reduction of disease and non-battle injuries—the lowest ever in combat.

Horizontal Machine-to-Machine Integration

We also strive to increasingly integrate operations at the most basic level—electron to electron. Victory belongs to those who can collect intelligence, communicate information, and bring capabilities to bear first. Executing these complex tasks with

accuracy, speed, and power requires assured access and the seamless, horizontal integration of systems, activities and expertise across all manned, unmanned, and space capabilities. Such integration will dramatically shorten the kill chain.

Machine-to-machine integration means giving the warfighter the right information at the right time. It facilitates the exchange of large amounts of information, providing every machine the information it needs about the battlespace and an ability to share that information. In the future, we will significantly reduce the persistent challenges of having different perspectives or pictures of the battlefield. Examples would be to ensure that the A-10 could see the same target as the Predator or to guarantee that the F-15 has the same intelligence about enemy radars as the Rivet Joint.

We want a system where information is made available and delivered without regard to the source of the information, who analyzed the information, or who disseminated the information. It is the end product that is important, not the fingers that touch it. The culmination of the effort is the cursor over the target. It is an effect we seek, and what we will provide.

The warfighters' future success will depend on Predictive Battlespace Awareness (PBA). PBA relies on in-depth study of an adversary before hostilities begin in order to anticipate his actions to the maximum extent possible. We can then analyze information to assess current conditions, exploit opportunities, anticipate future actions, and act with a degree of speed and certainty unmatched by our adversaries. PBA also relies on the ability of air and space systems to integrate information at the machine-to-machine level and produce high-fidelity intelligence that results in a cursor over the target. The result—integrated operations—is our unique ability to conduct PBA and impact the target at the time and place of our choosing. This machine-to-machine integration will include a constellation of sensors that create a network of information providing joint warfighters the information and continuity to see first, understand first, and act first.

The C² Constellation is the Air Force capstone concept for achieving the integration of air and space operations. Our vision of the C² Constellation is a robust, protected network infrastructure, a globally based command and control system to encompass all levels of the battle and allow machines to do the integration and fusion. It uses Battle Management Command and Control and Connectivity and consists of command centers, sensors, and systems like the U-2, Space Based Radar, the Distributed Common Ground System, and our CAOCs. Given the C² Constellation's complexity, the Air Force recognizes the need for an architecture to address myriad integration issues—methodically—so all elements work in concert.

SECURING AMERICA'S NEXT HORIZON

Armed with the heritage of air and space power in combat, the lessons learned from our most recent conflicts, and the powerful advances in technology in the 21st century, we stand ready to deliver decisive air and space power in support of our nation. Whether called to execute a commanding show of force, to enable the joint fight, to deliver humanitarian assistance, or to protect our nation from the scourge of terrorism, we will deliver the effects required. Our ability to consistently answer the call is our dividend to the nation, a result of our sustained investment in people, technology, and integration.

Our portfolio of advantages provides dividends on the battlefield. We bring to bear a diversified collection of capabilities, which answer the needs of a spectrum of combat and humanitarian operations. As one would with any investment, we will monitor, maintain, and adjust our investments as needed to reflect the demands of a dynamic environment. Transformational initiatives in the way we organize, train, and equip reflect such adjustments, changes that will result in significant gains for our force, for the joint team, and for our nation. Yet, we will not shift our focus from the core competencies that have provided the foundation for our success and continue to do so. The success of the Air Force resides in the airmen who employ the technology of warfighting through integrated operations with our joint and coalition partners. This is our heritage and our future. This is America's Air Force.

STATEMENT OF GENERAL JOHN P. JUMPER

Senator STEVENS. General Jumper.

General JUMPER. Well, I would like to make a statement. Mr. Chairman, Senator Inouye, members of the committee, thank you for the opportunity to sit here. It's a pleasure to sit here with Dr. Roche and to work for a boss who spends so much energy caring

for our people and helping us all make sure that we do the right thing as an Air Force for our Nation.

I'd also like to thank you, Mr. Chairman, and members of the committee, who take the time to go out and see our airmen, soldiers, sailors, and marines personally throughout the world when they are deployed. It's one thing for me to go out there and tell them how important they are. It's much more effective when we have the representatives of the people go out and send that message. I cannot tell you how important that is, and I thank you, sir, for your efforts to do that. I've watched you, Mr. Chairman and Senator Inouye, for many years, and I know that wherever there's a crisis, you all show up, and usually together, and it's a very powerful message that you send.

AEROSPACE EXPEDITIONARY FORCE

Sir, the Air Force, over the last 10 years, has recreated itself from a contingent—from a cold war operation coming out of the cold war years into a contingency-based operation that we work with our Aerospace Expeditionary Forces (AEF). We have 10 Aerospace Expeditionary Force packages that we actually used for the first time in 1999 in the air war over Serbia. But to prosecute Operation Enduring Freedom and Operation Iraqi Freedom, we had to call 8 of 10 of these packages forward in order to completely deal with the situation.

We opened 36 bases in the process of this. Sixteen of those bases continue to be open today. At the height of operations, we had over 72,000 American troops and Coalition partners living in Air Force tents throughout the ADR. Today, that number is about 17,000 at bases where we have support responsibilities. We continue to engage across the spectrum of conflict, as you know, from the counter-drug mission to patrolling the skies over America, to those deployed operations that I mentioned.

We are now in the process of reconstituting our force. It will take some time to get us completely reconstituted, but, just this month, we've started back in a normal rotation cycle with most of our people, even as we have two-plus AEF packages still deployed forward, dealing with the Operation Iraqi Freedom.

Sir, even though you know that our AEF packages are serving us well, we can't do this, any of it, without a Total Force and a joint team effort. Secretary Rumsfeld has challenged us to make sure that everyone we have in uniform is doing the job that's required of someone in uniform. I can report to you, sir, that daily, 47 percent of our active-duty force is committed directly to the mission of the combatant commanders throughout the world. As you know, we're still flying 150 sorties a day over Iraq, and some 50 sorties a day over Afghanistan, to include mobility sorties, strike sorties, air-refueling sorties, intelligence, surveillance, reconnaissance, and close air-support missions.

For our mobility forces, the tempo remains about 50 percent above the pre-9/11 activity. We owe the success of these mobility missions to the great contribution that we get out of our Air National Guard and Air Force Reserve. They make up more than 50 percent of this mission-area capability.

In the skies—or in the Aerospace Expeditionary Force packages that we deploy, each one of those packages consists of 20 to 25 percent of the Air National Guard or the Air Force Reserve. We put our Total Force to good use, and it works for us very well. In Operation Noble Eagle, patrolling the skies over the United States, which we've been doing now for 2½ years, over 80 percent of that effort is borne by the Air National Guard or the Air Force Reserves.

GUARD AND RESERVE

Since 9/11, we have mobilized some 36 percent of our total Guard and Reserve. Today, about 6 percent remain activated, mobilized, and serving throughout the world. We integrate the Guard and Reserve with our daily activity, as the boss mentioned—with blended wings. We have the 116th Air Control Wing at Robins Air Force Base, which is our JOINTSTARS unit, that is a combination of Air National Guard and Active Duty Air Force in the same unit. The command of that unit rotates. Today, it happens to be commanded by an Air National Guard officer. This is working very well, although we still have work to do in trying to get the laws synchronized that will allow us to have common judicial standards and other standards. We will continue to work with you to get that achieved.

Again, I want to thank the employers of our Nation who allow these Guard and Reserve members to come on active duty and to deploy. They, too, serve, because they give up probably the most capable part of their work force to come on active duty, put on the uniform and deploy, and they do a magnificent job for us. So we are very grateful to the employers in all the States who allow this to happen.

As we look to the future, I worry about capabilities that we have to deal with. Secretary Roche spoke of the F/A-22, which is going to be necessary as we look forward to the threat of cruise missiles, as we look forward to new generations of surface-to-air missiles that in some places of the world are being deployed today, as we look at a new generation of fighter aircraft, such as the Su-37.

Mr. Chairman, today we brought along three members that belong to you, sir. These are members of the fighter wing in Elmendorf Air Force Base in Anchorage, and I'll ask them to stand, Colonel Greg Neubeck, Captain Mark Snowden, and Captain Pete Fesler. These three gentlemen are F-15 pilots. They have just returned from an exercise in a country we haven't exercised with for some years, and they were able to fly their F-15s against some of these new fighters that we talk about. We can't discuss it here today, but in closed session I'd enjoy the opportunity at some point in the future to come and talk to you about the results of their trip. I think you would find the information very revealing. The Secretary and I are proud to bring along these three great young Americans who serve this country so well. Thanks, guys.

Senator STEVENS. Welcome gentlemen, and thank you, General. They obviously come from the top of the world and have a very fine home.

General JUMPER. Yes, sir.

Senator STEVENS. I'm going to have to ask you, General, if you can summarize pretty quickly. I've got to tell you that we have a vote starting at 10:30. We'll stay here until—or 11:30—

RECRUITING AND RETENTION

General JUMPER [continuing]. I will do that, Mr. Chairman.

Let me just say that as far as our retention and recruiting, we're meeting all of our goals, not only in the active, but in the Guard and Reserve, and it's truly a great Air Force team.

Sir, I appreciate the opportunity to sit before you here today, and I look forward to your questions.

Senator STEVENS. Thank you very much.

We do thank you very much. And those are wonderful statements.

Gentlemen, because of the timeframe—I've discussed this with Senator Inouye—we'll take 5 minutes each, and then we'll see what questions we might have in the second round. We'd urge you to keep your responses as short as possible.

TANKERS

I congratulate you, Secretary Roche, in being willing to talk about the tankers. We all have, you know, sort of, lash marks across our back because of the fact we tried to accelerate the IOC for those tankers. What is the IOC going to be under the current situation?

Dr. ROCHE. IOC, I don't have it exact in my head. The first one will show up—if we do the normal KCX, the first one won't show up until 2010, so it'll be a few years after that before we have IOC. Had we been able to effect release in the first year that it was made available to us by the Congress, we would have had something like 80 planes available by 2010, and we would have had IOC.

Senator STEVENS. And the average age is somewhere about 43 years today—

Dr. ROCHE. Forty-three years. And, remember, the Secretary of Defense has the program in a pause, so it's not that we've rejected the lease that the Congress agreed to last time; it's in a pause.

Senator STEVENS. Well, the net result is, we delay the IOC, and we engender the growth of foreign-constructed tankers to meet our needs. I think that we will have done a disservice to this country. I hope that—pray to God that we'll solve this problem soon. It is just a jurisdictional fight between Members of the Senate, as far as I'm concerned. But I do think that you've taken too much heat on the subject.

SPACE PROGRAMS

Let me go to the basic problem of this budget, as I see it. You've got budget requests for three Air Force space programs, transformatational communications, the Evolved Expendable Launch Vehicle (EELV) launch—space launch—space-based radar more than doubles in fiscal year 2005. Those programs alone would grow about additional 30 percent by 2006, and we plan to go ahead and

move into full-rate production of the F/A-22. Can all those programs survive under the trend line of the budget today?

Dr. ROCHE. We have not been optimistic about the trend line and it is one of the reasons that I brought down the production rate from 22 to 32 per year, instead of going up to 56. I did this in order to smooth things out so we could address other subjects.

The space programs of the United States are old, sir. They, too, need to be recapitalized. We don't talk about them as often as we probably should. A number of those systems have done very well because they have just been built so beautifully, but they need to be recapitalized. Space-based radar, as a part of a portfolio of sensors that can be used for intelligence and for tactical operations, is a necessary thing. We believe that, as we see our budget, we can smooth these in. Yes, sir.

F/A-22

Senator STEVENS. What's the IOC now for the F/A-22?

Dr. ROCHE. It should be the end of calendar year 2005, sir.

Senator STEVENS. Someone asked me the other day why we're building the F/A-22. What's the threat?

Dr. ROCHE. I would like to meet in a closed session and tell you about some of the new aircraft, but certainly there are existing surface-to-air missile systems now that, if not dealt with by something like the F/A-22, will deny airspace to us for land operations, for any other support operations. There are emerging threats, like cruise missile threats, that only the F/A-22 can handle because of its super-cruise. Its capabilities are such that it replaces a number of other aircraft. We will become far more efficient in the use of our airmen by having far more capable airplanes. We'll have fewer of them, but we'll be able to use the crews much more often. So it's a combination of the threat, the efficiency, and the move into new technology, which enables you to not have to spend the kind of funds we have to spend now on maintenance, the fact that our F-15 fleet is roughly 22-plus years old, and the F-15Es are the young part of that. We have flight restrictions on some of our F-15Cs because of some problems in the vertical stabilizers.

Senator STEVENS. Well, I thank you. This committee did save the C-17. We saved the Predator. We saved the V-22. And as far as I'm concerned, we're going to save the F-22.

Senator Inouye?

Senator INOUE. Mr. Chairman, I concur with you.

Mr. Secretary, on the F/A-22, about 20 months ago, you added a new, robust air-to-ground capability. And, as such, the Secretary of Defense suggested that the cost could go up by \$11.7 billion over a 10-year period. Has that been factored into the budget?

Dr. ROCHE. Sir, the Secretary of Defense didn't do it; it was the General Accounting Office, if I'm not mistaken, Senator Inouye. They took an honest-to-goodness wish list from our Air Combat Command that goes until the plane is dead. Now, we're going to keep this plane for 30 years, so there will be things that one might think of doing 20 years into the future. The work that we are doing to make—to enhance the capability of this airplane for air to ground—it already has some capabilities—will actually, in some cases, save money. We'll put a new radar on that's 40 percent

cheaper than the existing radar. We'll incorporate the smaller-diameter bomb, which will be done for lots of other reasons. So the amount of money that we have planned that we will actually spend is budgeted, and is less than \$3.5 billion, and that's for all the aircraft that come after it.

Now, just as a comparison, sir, over the same FYDP period we'll invest \$2.5 billion in just doing upgrades to the B-2 bomber. There are only 21 of them.

Senator INOUE. Has the change made the full-rate production decision a little later now? You were going to do it in December 2004.

Dr. ROCHE. The full production decision for the F/A-22, sir, will be, again, a function of how well we do in initial operational test and evaluation (IOT&E). We have worked out every problem we can think of. We have issues associated with IOT&E sortie generation and meantime between maintenance hours that are really an attempt to interpolate from what our measures after 100,000 hours of flight (which won't happen until 2008) to what they ought to be today. We believe that, barring something we can't see now, we should enter IOT&E at the end of April. That's in 2004. The full-rate production decision would be at some point thereafter; again, it will be event driven. But we are ramping up slowly, with your help. We went to 20 airplanes, 22 airplanes; this budget, 24 airplanes, to get to 32 without incurring additional cost by rushing.

BOEING CORPORATION

Senator INOUE. As a result of certain alleged incidents by Boeing employees, Senator Rudman was asked to conduct an investigation, and, as a result of that, he said that despite problems that have occurred, "We believe it would be both unfair and incorrect to conclude that the company treats ethics and compliance matters lightly." And then he further went on to say that, "Boeing programs are robust and confirm that the company pays significant attention to ethics and compliance matters."

Have these results or findings had any impact on the progression of replacing the tanker fleet?

Dr. ROCHE. I'm certain that they've been an input to the Inspector General's review. There is an Inspector General review. There's also a Defense Science Board look, across the board. There's a group from the Industrial College of the Armed Forces who were looking at, "How innovative was our approach? And what lessons are to be learned?" We, clearly, can't take action based on Senator Rudman's report, but I know that that has been an input to the Inspector General's thinking.

END STRENGTH

Senator INOUE. I believe you're planning to downsize your force end strength. How do you propose to do that?

Dr. ROCHE. We are, at this point, Senator, a little under, sir—about 16,000 over and above our end strength, and it is—we're suffering from riches, Senator. We just took stop-loss off last July. We had anticipated that our airmen would return to the normal sequence, which is: we lose 37,000 a year, we recruit 37,000 a year. With a lot that you have done, in terms of benefits, 100 percent

housing, a whole series of things, we are exceeding our retention rates, we have pilots coming back, and we finished 40 percent of our recruiting for this fiscal year last year. So we're having to see if some of our airmen would like to transition earlier into the Guard and Reserve, to get on with, maybe, their academic life. We are trying to not lose faith with any of these men and women who have had faith in us, but they like serving our Air Force, and there is a sense of esprit that I know you've seen when you've dealt with them over in the Area of Responsibility (AOR). They have a sense of self worth, that they're doing something terribly important, and they want to stay. We're trying to adjust this so maybe we can have more of them migrate to our Guard and Reserve.

John?

General JUMPER. Senator, we do not want to kick anybody out of the Air Force that wants to stay. And we lived through—in the late 1980s and early 1990s, we lived through involuntary separations. It was destructive for the morale of the service. We will ask your help to make sure that we don't have to kick out anybody that doesn't want to go, even as we try to get down to our authorized numbers as quickly as we can.

Thank you, sir.

Senator INOUE. Thank you very much.

Senator STEVENS. Senator Dorgan.

Senator DORGAN. Mr. Chairman, thank you very much.

First, let me say to the Secretary that I'm really pleased that you're not moving over to the Army. I know that was a long and tortured period for you, but, frankly, I think you've done a wonderful job, and I appreciate your commitment to the United States Air Force and to this country's security.

BASE REALIGNMENT AND CLOSURE

Let me ask a question about base closing, if I might. The base closing commission proposition that has everyone nervous, I expect. And let me ask whether—as you understand it, whether this base closing round is going to look at nearly every Air Guard and Reserve facility. The reason I ask that question is, in the 1995 background only a handful of Air Guard and Air Force Reserve facilities were actually evaluated. What's your impression of what will happen in this base closing commission round?

Dr. ROCHE. We really believe in the Total Force. We would like everyone to be looked at. We are doing it slightly differently. We're doing it in accordance with the congressional law and regulation, but we're starting out taking that very seriously, in terms of what is the force structure we expect to see around 2020–2025. Because we've always noted that we'll be replacing 750 F-15-like aircraft with roughly 400 F/A-22s. Our Air Force will be getting smaller. What are the systems we think we'll need for the contingencies in the future? What are those capabilities? Where are they best deployed inside the United States? How much overseas basing will we have to do? Just go through the capabilities. Then we're going to look at things like ranges. As you know, supersonic range is a critical to us. Other air ranges are critical to us. Then keep working our way down, in terms of what kinds of systems tend to be

for the Atlantic-Pacific. Which are swing systems? How do we deal with Operation Noble Eagle?

We believe as we go through that, plus the work that's being done by the joint staff of where is there commonality of training, hospitals, other things, that the answer will start to come out pretty obviously.

Guard is working on its own, doing some very innovative thinking about how they can better integrate with the Active Force, or complement it.

Senator DORGAN. As you know, my State houses two air bases, one at Minot, one at Grand Forks—one B-52, one a tanker base—as well as an Air Guard Base in Fargo.

Dr. ROCHE. And missiles.

B-52

Senator DORGAN. And missiles in the Minot base, as well—at the Minot base. Let me ask you how you see the role for the B-52 and also the role for the core tanker base as we move forward.

Dr. ROCHE. I can't speak of any specific base with respect to the systems.

Senator DORGAN. Yeah.

Dr. ROCHE. We see the B-52 as a system that we fly very differently. We fly slower, higher. We picked 90 of the best of the 700 that were built. These are the planes that did not fight in Vietnam. Some of the tankers that were associated with those B-52s are also in good shape, even though they're old, and they would be the tankers we would expect to fly when they're roughly 70 years old, even if we began recapitalizing now. We see the B-52 having a future for the next, say, 10, 20 years. But we now are looking at how to replace the platform.

Senator DORGAN. Well, the B-52 is estimated to be out 30 years, is it not?

Dr. ROCHE. It is, and we'll track both the costs of it and how many we'll use, how many we'll use for standoff jammers. But bomber capabilities are located where they are in the United States for very good reasons; it's because they swing. Originally, the northern States had them, because we went over the top.

B-2

Now we've found that when we place the B-2, it is wise to put a bomber facility in the center of the United States so it can swing to the Atlantic or the Pacific. For example, Dyess Air Force Base in Texas, just to name one that's not in your State, sir, needs ranges nearby. These are important things for us to take into account as we look at placement.

TANKER FLEET

Senator DORGAN. Will your ability to maintain the tanker fleet be substantially affected by the 767 issues?

Dr. ROCHE. We think that we will not replace the full 550 KC-135s with 550 new wide-body tankers. We'd like to—it may not all be 767s by the time you go over 20-so years to do it, but it'll still be, we think, something above 400, sir.

GLOBAL HAWK

Senator DORGAN. And have you—when will you describe a basing plan for the Global Hawk, the full contingent of Global Hawks?

Dr. ROCHE. Right now—you remember, in Iraq our Global Hawk fleet consisted of one airplane.

General JUMPER. That's correct.

Dr. ROCHE. And as these come in, we will be trying to do that. We have been showing the members as many of our roadmaps as we have finished. So we've shown a tanker roadmap, we've shown a C-130 roadmap, lifter roadmap. We would continue to do that, to share our thinking early with various members.

In terms of Global Hawk, right now, Beale Air Force Base is the right place for them to be, because of their closely associated mission with the U-2. Over time, as we use these—and there will be other remotely-piloted aircraft, the UAVs—we will be picking locations for them.

F/A-22

Senator DORGAN. Mr. Chairman, let me make one additional comment. First of all, I agree with the Chairman's comment about the F/A-22. I think that's a critically important weapons program for us to maintain air superiority long into the future. I think Global Hawk and Predator programs have been extraordinarily valuable, and I would commend the Air Force and the men and women who run those systems.

BASE REALIGNMENT AND CLOSURE (BRAC)

And then I finally want to say, again, many of us are very, very nervous about this base closing commission process. I looked to the report that was issued today by the Pentagon. It's very hard for us to quite understand exactly where the magnifying glass is placed here, but we've got some great bases. And I'm not altogether sure, having watched the Pentagon plan in the long term, that we know what's going to happen 5 and 10 years from now with respect to our needs. And to be talking about a commission that sizes the military for 20 years, I'm not all that convinced that we ought to move as aggressively as you think, Mr. Secretary, and others in the Pentagon think. But, you know, again, I think we'll work through that, and I appreciate very much your appearance here today.

Dr. ROCHE. Thank you for your thoughts. I would say we are trying to factor in the fact that we cannot predict the future. So we're trying to hedge, and we're trying to hedge in many ways.

Senator STEVENS. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

Before this started, I had a chance to talk with the Secretary and General Jumper before the hearing, and, it's interesting, we were referencing back to the Secretary's time when he was here with "Scoop" Jackson. I'm looking around the committee. You and I and Senator Inouye and, I believe, Senator Cochran all served here when Senator Jackson was here. He was one of the giants, the real giants, of the Senate, and one who did, as you do, Mr. Chairman, formed those bipartisan coalitions that are so very, very necessary in these defense bills. And I mean that as a compliment to both

you and Senator Jackson and, of course, to Secretary Roche, who's tried the same way; I think one of the reasons why the Air Force is doing so well and why it has such support up here. I've also had some of these discussions with General Jumper, and we—our discussions have ranged everywhere from what it's like growing up in small-town America to where the Air Force is going to be well into the 21st century with the kind of threats and the unpredictability—as you said, Mr. Secretary, the unpredictability of the future.

General Jumper, if I might—this is probably one of those rare times that a parochial question has ever come out from a member of the Appropriations Committee, but I am the co-chair of the U.S. Senate National Guard Caucus, along with Senator Kit Bond of Missouri, and we have close to 90 Members of the Senate, most of the Senate. We strongly support your effort to transform the Guard's and the entire Air Force capability to meet the Nation's needs. I think, probably more than any time since I've been in the Senate, we see the integration and the need of using the Guard with our regular forces, certainly in Iraq and Afghanistan, and being prepared in that second, third, and fourth wave if we need it.

I talked with you about a proposal I've been working on with the Air National Guard unit in my home State of Vermont, the F-16 unit. This F-16 unit, Mr. Chairman, is the one that, immediately after—now, by “immediately,” I mean immediately after—the attack on New York City, in September 11, they were flying cover, and flew cover for weeks on end, around the clock, over New York City. Flying based out of Vermont, it doesn't take them very long to get to New York City. And, of course, you had tankers basically parked up there, and they just ran around the clock.

Under our proposal, the Active Force would send many of its pilots and maintenance personnel to the Vermont Guard for a tour that would increase integration among the Guard and the Active Force, allow the Active Force to take advantage of the high level of experience we have up there. I understand it would actually save money, in the long run. I'd also mention that the Burlington area is a very nice place to live, having lived there all my life—all my life, so far. It would be a great retention tool. And I'm wondering, General, if you'd give me an update of where this proposal stands in the Air Force.

GUARD AND RESERVE

General JUMPER. Well, Senator Leahy, as you are aware, we currently have a great number of initiatives going on with the Guard and Reserve especially the Air National Guard, as the Secretary mentioned. This notion of bringing active duty and National Guard units together is working very well for us in Georgia right now. It's only proper we also look at it the other way not only consider bringing the Guard and Reserves to the active units, but look at it the other way around. As we also look at what makes sense with regard to consolidations of units that are in close proximity to one another and other such ideas that you're aware of that we're actively pursuing in the Air Force.

So, sir, I think that this idea has merit. It is certainly worth us considering and taking advantage of the great opportunity to live in some of our cities around the world that we don't normally have access to. So it's under consideration right now, sir.

Senator LEAHY. General, will you or your staff keep me posted on how it goes? Because I want to—I really do have a very strong interest in this, and not just from a parochial—I go to bat for the Vermont Guard, because they do a superb job there, always at the top level of preparedness, fitness, and all the rest. And I would—I'm a typical enough Vermonter, I wouldn't go to bat like that unless they were that good. I just think it can work well. I also think that, from our—the east coast still is a danger area. I'll put this—other questions in the record for both of you.

But I'm just curious, is this in the budget?

General JUMPER. Sir, this would—as far as I understand it, it would have to be a part of a BRAC consideration to talk about how we adjust forces if it's in any significant numbers. But it's part of the overall consideration, under military value, that we are dealing with, as part of that process.

Dr. ROCHE. If I may, sir, I think it's a legitimate——

Senator STEVENS. The gentleman's time has expired.

Senator LEAHY. Could I just hear his answer to just that one question, Mr. Chairman?

Dr. ROCHE. Very briefly. The Guard is looking at a number of innovative things, and they're all being listed. And General "Danny" James is doing a terrific job of working with his colleagues to be part of the solution to this problem, not part of the problem.

Senator STEVENS. Senator Cochran.

COLUMBUS AIR FORCE BASE

Senator COCHRAN. Mr. Chairman, thank you.

Mr. Secretary, General Jumper, I'm fresh back from a trip to my State, where I had the pleasure of cutting a ribbon at Columbus Air Force Base for a new facility, a radar approach control facility, part of a control-tower facility, as well, that will be ensuring that we'll have one of the most modern training facilities for pilots in the country. We already are very proud of the fact that, at Columbus, one-third of the Air Force pilots are trained there. Over 468 during fiscal year 2003. And not long ago, we participated in a ceremony in Jackson, where the Air National Guard received the first C-17, and training is underway there. We're really proud of the fact that that's occurring in our State, as well, and also that Keesler Air Force Base continues to train, I guess, as many people as any Air Force base training facility anywhere, 40,000 students each year. We have the largest medical facility, medical group in the Air Force—is also located at Keesler Air Force Base. So we're very interested in the Air Force's budget request. We're very interested in your requirements and helping make sure that this committee responds to your needs.

C-17

I think that it's very clear that you're embarking on some important new modernization efforts. The C-17 is one example. And we hope that—the procurement schedule, as I understand, may be

going up from your earlier expectations of your needs. Could you tell us what your expectation of a procurement schedule is for the C-17? Is your budget sufficient to give you what you need?

Dr. ROCHE. Senator, we have this multi-year for 60 that we're involved in at this time, and that will give us a total of 180. There are two things that will drive the follow-on decision. One is, the joint staff is looking at what the mobility needs are for our Total Force—all Army, Navy, Air Force, and Marines—to update what was done a number of years ago, in terms of how much lift is required. They will finish that at some point here in the not-too-distant future. That will then feed into us, in terms of what we need to be able to do in million ton miles per day (MTMS/DAY).

The second issue that we are attempting to resolve is whether or not the C-5As can be modernized through the Reliability Enhancement and Re-engining Program (RERP). We're going to do it for all the B models, which are the newer C-5s. We're going to do the avionics for all of the A models. And the issue is, if the A's are in good enough shape to be able to have service life extension, then that would then compensate. If the number of MTMS/DAY required goes up, if the C-5As are not worth investing in, then clearly the other thing we'd do is get more C-17s. But this is in flux right now. We have an Air Force Fleet Viability Board, which is independent, looking at the A's, as we speak. We expect that report to come to John and me by the end of April, end of the month. We'll start to then get a sense of what the condition of the A's are. We're waiting for U.S. Transportation Command (USTRANSCOM) to finish with the joint staff, its desires for lift. Then, from that, we'll come and make a decision on the follow-on procurement. We have a few years before we have to get to that.

GLOBAL HAWK

Senator COCHRAN. One other procurement item that you mentioned was the Global Hawk. You said you were going to ask for funds for four of those. That sounds like just a few. Do you have any question about the effectiveness or the importance of it in the recent Iraqi Operation?

Dr. ROCHE. It's four in the budget; it's 34 in the Future Years Defense Plan (FYDP).

Senator COCHRAN. I see.

Dr. ROCHE. And, in fact, as we often point out, General Tommy Franks was very kind to John and me. He allowed us to put systems into Afghanistan that were really not ready for prime time. We had a couple of Global Hawks, as you know, auger in. We had a couple of Predators auger in. But we learned so much that by the time Iraqi Freedom came, we had terrific responsiveness from the Global Hawk. It's done beautifully, and we anticipate it being part of our inventory for a great deal of time.

AIRBORNE LASER

Senator COCHRAN. One of your defensive missile programs is the airborne laser program; the primary mission, knocking down ballistic missiles during the initial boost phase of flight, and using, as I understand it, an Air Force platform for that purpose. What is

the status of that, and what is the outlook? Do you have anything you can tell us about the progress being made in that program?

Dr. ROCHE. John has had a personal interest for a long time, and I'd like to let him answer.

General JUMPER. Sir, we've purchased the first airplane that will be the test bed for the laser, and the laser system's scheduled to fire on the ground, I believe, by the end of this year. Then it will be disassembled, put into the airplane, and further tested.

There have been problems with the airplanes, or with the system, as you can imagine, something this complex. When I talk to the scientists and engineers that are dealing with this, there is still great confidence that this thing is going to work. So it's funded appropriately to complete the engineering, to do the demonstrations, and to make sure that we are successful in what we have done so far, and it will all revolve around our ability to get a successful shot out of this thing in the next year or so. So I'm very confident, and I appreciate your interest in it.

Dr. ROCHE. And, as you know, it's in the Missile Defense Agency's budget, it's not in ours, sir. We view it like uncles looking at it. It's the experiment that ought to be done.

Senator COCHRAN. Yeah.

Dr. ROCHE. If it works, it's going to be fantastic.

Senator COCHRAN. Yeah.

Thank you, Mr. Chairman.

Senator STEVENS. Senator Durbin.

Senator DURBIN. Thank you very much, Mr. Chairman.

Secretary Roche, General Jumper, thank you for joining us today, and thank you for your service to our country.

I'd like to ask you another parochial question, which you can certainly expect from members of the panel from time to time, and it's one of interest to me, as well as Speaker Hastert, Congressman Costello, and Congressman Shimkus. In fiscal year 2004, Congress provided \$12.2 million to continue the C-9 mission at Scott Air Force Base for an additional year while a study was being completed on the mission of the 932nd Airlift Wing. In January, that study was released, and concluded that the men and women of the 932nd could meet the increased operational support aircraft, (OSA), requirements of the Air Force. And I know other studies are going on, but I wanted to ask you what your plans are to meet OSA requirements since the C-9As are scheduled to retire very soon, in fiscal year 2005, and it appears that we've not provided any funding to continue the mission. I know you have C-40s on your unfunded requirements list, but what do you plan to do between now and fiscal year 2007, when the C-40s reach—

Dr. ROCHE. I'll ask John to see if my memory is shaky on this, Senator. We believe that the C-9's at Scott ought to be retired. We'd like to flow the C-9C aircraft from Andrews to Scott, and then backfill Andrews with new C-40s. That's the plan. We'd like to be able to get that more defined over the next couple of years.

We have found that the medical evacuation planes, especially—we have so many other systems that do that well that that's not the purpose, but we still need, in the center of the country, the kind of capabilities that were contained in the C-9 fleet at Scott,

and we'd like to maintain it by flowing aircraft to Scott from Andrews.

C-40S

Senator DURBIN. Should you receive funding, how many C-40s will you acquire, at what cost?

Dr. ROCHE. Oh, sir, may I get back to you—

Senator DURBIN. Certainly.

Dr. ROCHE [continuing]. For the record?

[The information follows:]

SECRETARY OF THE AIR FORCE,
Washington, May 10, 2004.

The Honorable RICHARD J. DURBIN,
United States Senate,
Washington, DC 20510.

DEAR SENATOR DURBIN: Thank you for your continued support of the United States Air Force and particularly the men and women of Scott Air Force Base (AFB). During my testimony before the Defense Subcommittee on March 23, 2004, you asked me to explain what the Air Force plan is for Scott AFB once the C-9s leave.

The Air Force has identified a requirement for three C-40s at Scott AFB IL on our fiscal year 2005 Unfunded Priority List. If funding were appropriated for these aircraft, the Air Force Reserve Command's 932d Airlift Wing, along with an Associate Active Duty unit, would operate them. To facilitate a transition from the C-9A to the C-40, we have developed a bridge plan using C-9Cs.

C-9As would remain at Scott until replaced with C-9Cs from Andrews AFB MD. Beginning in fiscal year 2005 the Air Force will transfer C-9Cs to Scott AFB. As a C-9C arrives at Scott, a C-9A would retire. The intent is to continue to operate at least three C-9s until C-40Cs arrive.

According to the plan, two C-40Cs would deliver in fiscal year 2007 and one in fiscal year 2008, though we will make every effort to deliver the first C-40C in fiscal year 2006. As a C-40C arrives at Scott, a C-9C would retire.

I trust this response clarifies our intent for C-40s and the 932 AW mission. On behalf of the men and women of the Air Force, let me convey my gratitude for your interest and support.

Sincerely,

JAMES G. ROCHE.

Should the Air Force receive fiscal year 2005 funding it would acquire three C-40C aircraft for Scott AFB, IL.

Total cost for purchasing and establishing the C-40C operation at Scott follows. The cost includes sustaining the current C-9A operation at Scott during fiscal year 2005.

[In millions of dollars]

	Fiscal year 2005
Aircraft purchase (3x C-40C)	225.0
C-9A Fiscal Year 2005 Sustainment	8.3
C-40C Site Activation	12.4
O&M	3.8
MILCON	6.0
Total	255.5

Dr. ROCHE. I believe the number of planes is three, and I'm—
General JUMPER. We need to get back to you on that, sir.

Dr. ROCHE. Yes, sir.

Senator DURBIN. That's fine.

When would the Air Force be able to assume the operation and maintenance costs for those aircraft?

General JUMPER. For the new C-40s?

Senator DURBIN. Right.

General JUMPER. Sir, I think that once we got them, we'd be able to—it would probably be a part of a contract that would come with the airplanes, and we'd be able to assume it right away.

Dr. ROCHE. The beginning of it would be a warranty period. There might be some—

General JUMPER. Right.

Dr. ROCHE [continuing]. Some contract logistics support, because we don't have a big fleet of these. Anything we have a big fleet of, we have a strategy to migrate eventual maintenance to our depots.

Senator DURBIN. And I want to make sure—maybe you've answered this, but I want to make certain I understand it—where will the C-40s be stationed, and what unit will they be assigned?

Dr. ROCHE. They will replace C-9Cs at Scott Air Force Base assigned to the 932nd Airlift Wing.

Senator DURBIN. C-40s at Andrews?

C-9AS

What is the bridge plan, since the C-9As will be retiring soon?

Dr. ROCHE. To move planes from Andrews to Scott.

Senator DURBIN. Do you know what the cost will be for fiscal year 2005?

Dr. ROCHE. Sir, I'm sorry, not off the top of my head.

Senator DURBIN. Are there any C-9Cs that are noise compliant?

General JUMPER. No, sir, there are not.

Senator DURBIN. What will it take—

General JUMPER. Sir—

Senator DURBIN [continuing]. Will it take to make them—

General JUMPER [continuing]. It's not only noise compliant, it's compliant with all the avionics restrictions that are coming down the road. I don't have a number, but it would be huge. We can get you that number.

[The information follows:]

None of our C-9Cs are stage III noise compliant. The Air Force plans to primarily use the C-9Cs for CONUS travel, where hush kits are not currently required.

Based on the USMC experience with equipping their two C-9B aircraft with hush kits, it would cost approximately \$2.5 million per aircraft. The cost to equip the three C-9Cs and spare engines (\$2 million) is estimated at approximately \$9.5 million.

Due to increase weight of the hush kits (approximately 300 lbs.), the C-9C will experience reduced range and/or reduced capacity (cargo and passenger loads).

GUARD AND RESERVE

Senator DURBIN. May I ask you another question? Because I note that you're not only responsible for the active Air Force, but have responsibilities for the Guard and Reserve. What are your projections about recruitment and retention for Guard and Reserve units, based on current activations?

Dr. ROCHE. Yes, sir. We're delighted to answer this one. These are fabulous people. Only about 35 percent, or less, of our Air National Guard and Air Force Reserve have been mobilized in these conflicts. We have something like 6 percent mobilized at this time. When we asked them about recruiting, because we were worried, and we had a conscious plan after Operation Enduring Freedom to make sure that our commands did not hold on to guardmen and

reservists more than they needed to be. We said we had an ethical requirement to return these colleagues back to their normal lives. We created the program of thanking every single employer. We sent a pin, replicating something that was done in World War II, to each employer to say, "Thank you for what you've done for these fighters."

Their recruiting seems to be doing fine. Sometimes you scratch your head and say these are people who are so dedicated and so patriotic that they go through all kinds of family disruptions in order to serve their country. They're truly wonderful.

We are also trying to have our excessive active duty members, who we can, migrate to the Guard and Reserve to complete their obligated service, a program we call Palace Chase, which we're thinking of expanding. So we very much worry about the Guard and Reserve because we're so dependent on them.

General JUMPER. Right now, sir, we're meeting 100 percent of our goals in both Active, Guard, and Reserve, for both recruiting and retention.

Senator DURBIN. Mr. Chairman, I would just say, I'm glad to hear that. That's great information. It says quite a lot about the men and women serving us in the Guard and Reserve, as well as our active duty. It is unfortunate, and I hope to change soon, the fact that activated Guard and Reserve Federal employees don't receive the same type of consideration from their employer as many in the private sector.

Dr. ROCHE. And the States.

Senator DURBIN. And States. Some States do, some don't. But, clearly, we should set an example. Ten percent of the Guard and Reserve in America are Federal employees, and, once activated, they don't receive the same helping hand that many private employers are providing activated Guard and Reserve.

Dr. ROCHE. It's a mixed bag, Senator. There are some private employers, who, after 2 months, don't support. There are others, who are very patriotic, who have borne the cost. Every time I find one of them, I thank them. When I find a particularly outrageous case of a private employer, I've been known to pick up the phone and call the Chief Executive Officer (CEO) and have a chat.

Senator DURBIN. Oh, I'm glad you do. I just hope the Federal Government will set an example. Thank you.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you very much.

Gentlemen, we have 10 minutes left, and we're going to set a clock for 3 minutes for each one of us to ask questions, if you'll agree.

Let me just make a statement and ask one question. I'm told that the tankers flew 6,193 tanking sorties in Iraq alone during this past period, and that they've off-loaded over 417 million pounds of gas to be used in the ground vehicles. That shows how critical those tankers are to us. And I do hope that we can proceed further.

F/A-22

My question is, Is it possible, in this open session, to talk about the sorties that have been flown by the F/A-22s, sorties in this

testing period, routinely against adversaries like souped-up F-15s? Can you tell us what happened, and give us a little description of that?

Dr. ROCHE. If I may, just put—

Senator STEVENS. John, can you do that?

Dr. ROCHE. 12,000 tanker sorties out of 99,000—12,000 are tankers.

General JUMPER. Sir, we've got more than 5,000 hours of testing on the F/A-22 airplane now. The guys that are flying against it are our very best. And the testimony that comes back to me is, "When we fly against the F/A-22, we never see a thing, and we're dead before we know it." Like Dr. Roche said, we have received testimony from the guy who has been commanding our test efforts, and is a seasoned fighter pilot of many years. He said, "If we went to war today, this is the airplane I'd want to take." It goes on and on. So it's very, very positive, sir.

Senator STEVENS. These guys behind you, were they part of that group?

General JUMPER. Sir, these are F-15 pilots. There's no doubt that they'll be flying F/A-22s someday, and they know what the airplane can do. They talk to their buddies, and they know what the airplane can do.

Senator STEVENS. Just being a little provincial, I hope you stick around. I have asked for a photographer. I'll send a picture home with you—

General JUMPER. Yes, sir. You bet.

Senator STEVENS [continuing]. Here.

Senator Cochran.

Senator COCHRAN. Mr. Chairman, I'm curious to know what progress we are making in the protection of our aircraft in the Iraqi theater. I know there's an infrared laser capability that's being developed and tested. Is this an effective defense against missiles that are aimed at our aircraft that are in tankers and other similar aircraft?

MISSILE WARNING RECEIVER

Dr. ROCHE. There are a number of levels of protection. There's the—we basically have a warning receiver, missile warning receiver, that tells you something's shot at you, and then you have a countermeasure you deploy. You can have difficulties with both. The countermeasures that are the most widespread are flares. There's a system called directional infrared countermeasures (DIRCM), which is on our special operating C-130s. There's a derivative of it, called LAIRCM, which is large aircraft infrared countermeasure system. Given the fact that there are components of this that are produced by a series of companies, there's only so much that can be done in a period of time, we are spreading these out over a number of our C-17s, C-130s, and Special Operations aircraft. We have a classified number now installed. We are doing it in such a way that we can put some capability on almost all of our large aircraft C-5s, as well. As we get enough of these systems, we'll start adding systems to each airplane. They have been extensively tested down at White Sands over and over and over. They were retested again most recently when we had concerns about

Iraq. When those systems are installed, the result, so far, is they've been very, very effective.

SPACE-BASED RADAR

Senator COCHRAN. There's also an effort to move forward with a space-based radar system. Could you give us a report on the status of that?

Dr. ROCHE. Yes, sir. It's in its architectural phase. One of the issues that we're trying to work out is to—how much money do you want to have in the space-based radar part, as compared to how much do you want to have in atmospheric systems. There are things that space-based radar can do that clearly you could otherwise not do—circle the world in a short period of time, look deep inside a denied territory. But there are certain technical things that can be done by systems like JOINTSTARS or the upgrade to JOINTSTARS, called multi-platform radar technology insertion program (MP-RTIP), which is a module improved radar that would go on E-10A command and control aircraft, that can do for the ground forces what space-based radar cannot do. Therefore, we believe this is a portfolio, and the portfolio to have some space-based radar, but we would not want to have all our eggs in that basket; you'd want to go across, so that you can do both synthetic aperture radar imagery, as well as moving target indicators, as well as large sweeps of the globe. So it's complementary.

JOINT STRIKE FIGHTER (JSF)

Senator COCHRAN. The Joint Strike Fighter, multi-role fighter, that is under development, I understand the aircraft has been experiencing some development problems, the most widely publicized having to do with the overall weight of the aircraft. You mentioned this. You touched on this in your statement. What is the outlook for this program?

Dr. ROCHE. The first point I'd like to make, Senator, is that this is an airplane. It's one of our complicated airplanes. If you look at the history of our aircraft, we demand enormous amounts from them, and they are never what the viewgraphs say. The JSF is going from the viewgraph stage of an airplane to real drawings, real weight measurements, real component measurements, en route to being developed. It's only completed two of what was originally a 10-year development program. Now it's two of an 11-year development program. Weight has come up. You would expect that about this time. I can sit here and predict what kinds of problems we're going to see in 2008, because they're natural in the development of these systems.

Is the weight a terminal problem? We don't think so. But because it most severely affects the short-takeoff and landing airplane, we believe it prudent and right in our responsibilities to work that problem soonest, without disrupting the program, and to put all the attention on risk reduction of the STOVL version. If we can get the weight down, more thrust out of the engine, and possibly flying it slightly differently; you don't have to keep every constraint the same so that it's an effective weapons system, then we would like to proceed with the program.

But we are very attentive to it, especially now that the Air Force wants to purchase some of the STOVL units. So we and the Marines are joined at the hip on this.

Senator COCHRAN. Thank you, Mr. Chairman.

Senator STEVENS. I do hope you'll mobilize, as much as you can, the support for the F/A-22. I recall that the B-1, the B-2, the 117, C-17, you think of any new system that was right on the line of becoming right up to IOC, it's been just attacked viciously. But they're always in favor of the systems that are over the horizon. Okay? Now, this system is needed, and I hope we can get the support we need, here in Congress, to maintain it.

I thank you all for what you're doing, and I do really commend you for what we saw when we went into Iraq and Afghanistan and Pakistan, and Kuwait. Our generation was called—what? The—

Dr. ROCHE. The Greatest Generation.

Senator STEVENS [continuing]. Greatest Generation. Well, we spawned a greater generation. Those kids that are out there now are much better than we ever were, and they're doing a wonderful job, men and women now. And, I'll tell you, it's just an absolute privilege to be able to visit them. So we thank you for giving us a lift over.

Dr. ROCHE. I repeat what John Jumper said, these young people are thrilled when you take the time in your schedule to spend some time with them.

Senator STEVENS. Both Dan and I wish we could be reincarnated right now and see some of these systems and be able to fly them. You know?

I did fly the V-22, yes.

ADDITIONAL COMMITTEE QUESTIONS

If there are any additional questions, they will be submitted to you for your response.

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

QUESTION SUBMITTED TO HON. JAMES G. ROCHE

QUESTION SUBMITTED BY SENATOR PETE V. DOMENICI

F-117 STEALTH FIGHTER

Question. The F-117 Stealth Fighter has provided the United States with a low-observable first strike capability for nearly 20 years. On day-one, hour-one of Operation IRAQI FREEDOM, Stealth Fighters delivered precision munitions on an Iraqi leadership target. F-117s also struck highly valuable, heavily defended targets during the conflict in Serbia. The F-117 has proven itself to be the "tip of the spear" of America's military might. The fiscal year 2005 Air Force budget proposes to reduce 20 percent of the Stealth Fighter force. (10 of 50 aircraft) It is my understanding that the Air Force has performed a risk-analysis of the proposed retirement. I am concerned, however, that this Committee has not had sufficient time to review this important Air Force decision.

Given the F-117's proven capability, do you think it might be prudent to delay this retirement decision so Congress has more time to gather further information?

Answer. As you well know the F-117 has served our Nation well for many years. We believe it is prudent and timely to retire a specific portion of them enabling the Air Force to fully support and sustain the remaining aircraft and capitalize on other Air Force transformational capabilities. Therefore, we would prefer to act now as

outlined in the fiscal year 2005 President's Budget. As always, we welcome discussion on this and other subjects of interest to you.

QUESTIONS SUBMITTED TO GENERAL JOHN P. JUMPER

QUESTIONS SUBMITTED BY SENATOR PETE. V. DOMENICI

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SUPERSONIC TRAINING STUDY

Question. As you know, the fiscal year 2003 DOD Authorization bill began a process of evaluating airspace at Cannon Air Force Base for supersonic flight training. The purpose of this study is to provide more realistic training for our pilots by allowing them to fly supersonic speeds at lower altitudes.

Can you provide me with an update on the progress of the Environmental Impact Study associated with this supersonic training initiative?

Answer. On December 31, 2003, the Air Force began the Environmental Impact Statement (EIS) process by having the Notice of Intent published in the Federal Register. That was followed by a series of public scoping meetings in late January 2004. In December 2004, after extensive AF and FAA coordination and review, we expect to publish the Draft EIS for public and agency review. Hearings will then be held to receive comment on the Draft EIS. A Record of Decision is expected in fall 2005.

SUBCOMMITTEE RECESS

Senator STEVENS. We're going to reconvene on March 31 to consider the President's request for the intelligence community.

Thank you very much.

[Whereupon, at 11:33 a.m., Wednesday, March 24, the subcommittee was recessed, to reconvene at 9 a.m., Wednesday, March 31.]

**DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR FISCAL YEAR 2005**

WEDNESDAY, APRIL 7, 2004

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

The subcommittee met at 10:07 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Cochran, Domenici, Bond, Burns, Inouye, Leahy, and Dorgan.

DEPARTMENT OF DEFENSE

NATIONAL GUARD BUREAU

STATEMENT OF LIEUTENANT GENERAL H. STEVEN BLUM, CHIEF

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Thank you very much, Generals. I am sorry to be a little late. We welcome you all so we can review the National Guard and Reserve programs.

There are two panels scheduled this morning, I would say to the members of the committee. First, we will hear from the National Guard leadership, followed by the leadership of the four Reserve forces. Our first panel, obviously, is General Steven Blum, the Chief of the National Guard Bureau; Lieutenant General Roger Schultz, Director of the Army National Guard; Lieutenant General Daniel James, Director of the Air National Guard. We thank you gentlemen for joining us this morning.

There is no question that the Guard and Reserve have been asked to perform beyond the normal call of duty and you have taken on your missions in Iraq and Afghanistan and elsewhere around the world in great fashion. Despite the burden and stresses that each of the Guard and Reserve service members have had to assume since 9/11, they continue to make extraordinary contributions to our Nation's security and we thank all of the citizen soldiers that are under your command.

We have had visits to Iraq, Kuwait, Pakistan, and Afghanistan, and we have seen your people in action. We congratulate you for what you have done and pledge to you our support for what you are going to do in the future.

Does any member have an opening statement?

Senator BOND. Mr. Chairman?

Senator STEVENS. Sir.

STATEMENT OF SENATOR CHRISTOPHER S. BOND

Senator BOND. Mr. Chairman, I join with you in welcoming the generals and all of the men and women from the National Guard. Senator Leahy and I are very proud to be able to work with the members of the Guard Caucus and particularly this committee in supporting the Guard, whether it is an allocation in the National Guard and Reserve Equipment Appropriations (NGREA) account or full-time support, additional rotor wing aircraft, Army aviation, additional civil support teams, the Youth Challenge program, just a few of the important things the Guard is doing.

We understand there are over 170,000 Guard and Reserve forces currently activated and almost 40 percent of the force in Iraq is composed of Guard and Reserve. I think we have to remain diligent to follow up to see that we support the Guard and the Reserve as they support us.

That is why Senator Leahy and I investigated concerns about medical holds and housing at Fort Stewart, Georgia. We got the response we needed. Soldiers on medical hold are getting better care and housing and the Army does not want a repeat of what went on at Fort Stewart.

Right now I am working with a number of people to make sure that we get the mail system modernized so that mail can get to deployed troops overseas. Majority Leader Frist asked for a General Accounting Office (GAO) investigation of the mail system and that report is due out the end of April. We are hearing that it is going to have some very, very deep concerns about the ability to get mail to deployed troops which is very important for morale.

Those of us in the political realm know that it is very important that Guard and Reserve who are deployed be able to vote. Twenty-nine States, including my State of Missouri and a number of other States here, require voting by mail, and if we cannot get the absentee ballots to our deployed troops and get them back, then they are disenfranchised. In Missouri last year, the Secretary of State checked on the 2002 election and found that 40 percent—40 percent—of the Missouri military deployed abroad who applied for absentee ballots did not get their ballots counted. And with much larger numbers deployed now, I think it is absolutely imperative. I have spoken to the Secretary of Defense, and I hope that the bureaucracy will get off its duff and make sure that we develop a mail system that can get the mail that our deployed troops deserve to see on a regular basis from home and also be able to participate in the political process.

I thank all the members of the Guard. I want specifically to recognize Sergeant 1st Class Stephanie Leonard. She is a citizen soldier committed to supporting the community and the Nation's military, an excellent example, the first Bronze Star female winner in the Missouri National Guard. Sergeant, thank you very much for being with us.

Thank you, Mr. Chairman.

Senator STEVENS. While we are recognizing constituents, Senator, let me point out that the students in the back of the room are from the Colony High School Closeup group from Palmer, Alaska. They have come 4,500 miles to be with you this morning.

That is where they grow all those big pumpkins and big squash and things like that.

Does any other Senator wish to make an opening statement?

Senator COCHRAN. I would just ask, Mr. Chairman, to have my statement printed in the record. I join you in welcoming our witnesses and thank them for their service and their leadership.

Senator STEVENS. Thank you very much, Senator.

[The statement follows:]

PREPARED STATEMENT OF SENATOR THAD COCHRAN

Mr. Chairman, I am pleased to join you in welcoming our witnesses this morning.

This year has been a huge challenge for our National Guard and Reserve forces and their response has been very impressive. An unprecedented number of Guard and Reserve are on active duty, serving in Iraq, Afghanistan and in the Global War on terrorism. Two Army reservists from my state of Mississippi have paid the ultimate price in Iraq. Today, as the Guard and Reserve serve in the air, on land and sea throughout the spectrum of warfare they can be assured we are committed to ensuring they have all the equipment and training necessary to succeed, and to return home safely as soon as possible.

I would like to thank the witnesses, and the men and women they represent, for their service and their leadership. I look forward to hearing their testimony.

Senator BURNS. Mr. Chairman, could I have my statement also admitted to the record? We would like to hear from our witnesses this morning. Also, congratulations on a great job done by our citizen soldiers. Thank you very much.

Senator STEVENS. Thank you.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Thank you, Mr. Chairman. I would like to thank all of you for being here today to discuss the status of your respective National Guard and Reserve Components.

Our men and women of the Guard and Reserve have performed nobly since 9/11 and in their current operations in Iraq and Afghanistan—the Global War on Terrorism and Operation Iraqi Freedom. The Guard and Reserve have certainly seen an increased operations tempo over the past few years and have been working side-by-side with the Active Component regularly. I worry that their equipment may be behind the current technologies or may not be compatible. Older equipment is expensive to operate and maintain, due to lack of availability of spares and increased failure rates. We must make sure the outdated cold war policy of fielding the newest equipment to our active forces first, and cascading the older equipment to the Guard and Reserve forces has changed.

The Guard and Reserve force represents one that is extremely skilled and capable, responding to various missions across this nation and across the world. They show flexibility and rapid response as they continue to play very important roles in the protection of our homeland and warfighting operations overseas.

Ensuring that our Guard and Reserve Components have the proper training, equipment and facilities necessary to carry out their duties is essential. I pledge to do what I can to make sure that our Guardsmen and Reservists have the support they need to get the job done, then come home to their loved ones safely.

Again, thank you for coming this morning. I look forward to today's testimony today and the discussion that takes place.

Thank you.

Senator STEVENS. Senator Leahy.

STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you, Mr. Chairman. I want to welcome the witnesses here too, General Schultz and General Blum and General James. I have worked with all three of them. I know what a superb job they do. I think we have a great leadership team in place at the Guard Bureau.

But, Mr. Chairman, you and Senator Inouye have been a great help. Senator Bond mentioned the fact that we lead the National Guard Caucus. This has been a joy not only because of my personal friendship and admiration of Senator Bond, but because of the men and women we represent. I think all the members of the caucus would agree in thanking you for the leadership you have given. Your subcommittee, yours and Senator Inouye's subcommittee, was the engine for launching two major initiatives that will significantly strengthen the Guard, including the TRICARE program and a significant increase in equipment funding. It made the Guard a priority. You have marshalled help through critical appropriations. Your own staff is superb in these areas.

While we are mentioning folks from home, I would like to mention Sergeant Cara Krauss, who is sitting behind the Generals. The sergeant is a member of the Vermont National Guard. She just returned from Afghanistan. And, Sergeant, we are delighted to have you here.

I am very proud of her. I am very proud of all the members of the Vermont Guard who served with great distinction in Bosnia, Iraq, and Afghanistan, along with the Texas Guard and along with the Missouri Guard and all the others.

Not surprisingly, Mr. Chairman, she was telling me this morning that there are a couple big differences here. One, it is a lot easier walking around without having to wear all the body armor that is necessary in those places, and it is kind of nice to walk into stores and be back in the United States of America where things are a lot more familiar.

But we have three Guard members here, and of course, so many others throughout the place. If it was not for our Guard and Reserves, we could not be carrying out our missions around the world and we would not have the United States well represented. So thank you, and thank you and Senator Inouye again for all the support you have given.

Senator STEVENS. Thank you, Senator.

I have been out to Bethesda and to Walter Reed, and each time I was out there visiting with some of the military who have come back, I think you would be surprised to know each time I was asked, will you help me go back. That is a spirit that just grabs me. It just grabs me. It is really wonderful to be with those people.

Our co-chairman has arrived. Senator Inouye.

STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. If I may, I would like to join all of you in welcoming our Reserves and their chiefs and to thank and commend them and their men and women for their demonstration of citizenship and courage. We admire them, sir. Thank you very much.

May I ask that the rest of my statement be made part of the record?

Senator STEVENS. All of your statements will be printed in the record in full.

[The statement follows:]

PREPARED STATEMENT OF SENATOR DANIEL K. INOUE

Mr. Chairman, I want to join you in welcoming our witnesses today, General Blum, General Schultz, and General James of the National Guard who will be followed by General Helmly, Admiral Cotton, General McCarthy, and General Sherrard of the Reserves.

Since this will be General Sherrard's last appearance before this Committee, I would like to take the opportunity to thank him for his dedicated service to the Air Force.

General, as chief, you commanded the Air Force Reserve during a time of unprecedented mobilizations, including Kosovo, Operation Noble Eagle, Operation Enduring Freedom, and Operation Iraqi Freedom.

During your tenure in the Reserves you have also had a distinguished career as a command pilot with more than 5,000 flying hours, commander of an Air Force Reserve group, two wings and two numbered air forces, and finally five years as chief of the Air Force Reserve.

General, we thank you for your loyal service.

Gentlemen, when I think of our Reserves, I think about your long history as citizen soldiers, the minutemen in the Revolutionary War, the militia that put down riots when our nation was in infancy, and our Guard that responds to natural disasters and emergencies, and ensured minority children were safely admitted into public schools. But things are different now. Today our Guard and Reserves make up 38 percent of our force in Operation Iraqi Freedom.

Since September 11th, 282,896 of our Guard and Reserve personnel have been called to active duty, and 25,151 have been called upon more than once.

I would like to commend everyone that has played a role in these operations. Time and time again, the extraordinary ability of our men and women in uniform and all the people that work to support them has been demonstrated.

But, these ongoing operations have strained our troops. Numerous concerns such as recruiting and retention, benefits, pay equity, and force structure requirements continue to be raised by our military forces in the field. This committee also remains concerned over the longstanding issues of procuring sufficient weapons and equipment to support our Guard and Reserve forces.

Gentlemen, the challenge you face is how to separate the identities of our Active and Reserve components, but ensuring equity in their treatment.

I hope you will be able to address some of these concerns that are so important to our Guardsmen and Reservists and their families today.

Mr. Chairman, I commend you for holding this hearing and look forward to hearing the testimony of our witnesses.

Senator STEVENS. All of your statements and the statements of the next panel will be printed in the record in full. I would appreciate it if you would summarize it. We would call on you first, General Blum.

General BLUM. Well, thank you, Mr. Chairman, and thank you, other members of the committee, for the opportunity to appear here this morning.

As was stated in some of your opening remarks, as we sit here this morning, there are 144,000-plus citizen soldiers and airmen deployed all around the world that are engaged in the global war on terrorism and defending our homeland both here at home and abroad.

Your National Guard has become critically essential to the defense, security and safety of our States and of our Nation. The National Guard has always been an operational reserve when it has answered the calls of the Governors and the President here at home. As a Federal reserve component of our Army and Air Force, we are transitioning from a strategic reserve that was once held in reserve for World War III to an operational force that is needed each and every day as our Army and our Air Force execute their missions around the world.

This is a resource, manpower, and organizationally intensive undertaking that will have to happen on a very compressed time line

if we are going to make it happen to meet the needs of our Nation. The National Guard and Reserve equipment account has been and will remain extraordinarily useful and vital in these initiatives.

I am proud to report to you that your National Guard has answered every call, met every requirement, and accomplished every mission it has been asked to do.

We are committed to transformation. We are transforming the Guard into a more joint and effective organization from top to bottom. We are improving readiness across the full spectrum of requirements from the full scale warfight overseas to the myriad homeland defense, support to homeland security operations and State traditional missions.

We are providing better predictability to our soldiers, to our airmen, to their families, and to our employers. We are meeting the needs of our elected leaders and our uniformed and State and Federal leaders, and we are meeting the mandate to seamlessly operate in a State and Federal intergovernmental, interagency, joint and multinational role. Your National Guard is focusing on the right force mix with the right kinds of units, with the right kinds of capabilities distributed to each State and territory.

We are transforming, along with the Army and the Air Force, and we are full partners in that transformation. It is now recognized that there are 18 divisions in the United States Army, 8 of which are assigned to the Army National Guard. There will be 82 brigade combat teams in the United States Army; 34 of these will be assigned to the Army National Guard. The National Guard will convert units overtaken by technology or strategic and tactical needs to those capabilities that our country needs for today and tomorrow. We will eliminate nonessential and under-resourced force structure because it does not provide us the capabilities we need today or that which we will need in the future. We will move to a more modular, plug-and-play capabilities-based force which is manned, equipped, trained, and resourced like its active component.

Partnering with our active components and the Reserves, we will create a true total force. Nationwide, we are rebalancing and leveraging the Army and Air National Guard formations. Transformation and modularity are both very good for the National Guard. It will enhance our readiness. It will increase our flexibility, agility and our ability to respond to today's reality and tomorrow's threats both here at home and abroad. We are taking on these transformations with the assistance and the full collaboration and inclusion of all stakeholders, the Governors, their Adjutants General, the services, the Department of Defense, and you, sir, and the United States Congress. Your National Guard is committed to doing what is right for America.

PREPARED STATEMENTS

I look forward to your questions. Thank you.
 Senator STEVENS. Thank you very much, General.
 [The statements follow:]

PREPARED STATEMENT OF LIEUTENANT GENERAL H STEVEN BLUM
 NATIONAL GUARD 2005 POSTURE STATEMENT
 PROTECTING AMERICA AT HOME AND ABROAD

IN MEMORIAM

A Dedication to the men and women of the Army and the Air National Guard who made the ultimate sacrifice while serving the United States of America.

OVERVIEW

At no time in our history has America depended more on its Citizen-Soldiers. The strength of our National Guard, as always, is derived from the caliber of our Soldiers and Airmen. When we think about what our nation asks these young Citizen-Soldiers and Airmen to do for their communities, their states, and their nation, and how magnificently they have performed here at home and abroad, our hearts are filled with pride.

Our priorities and our vision focuses on leveraging the talents, the abilities, the selfless commitment and the enthusiasm of these Soldiers and Airmen. As Chief of the National Guard Bureau, my mission is to ensure that they receive the latest training, complete and modern equipment, and an organizational and command structure worthy of their mission and their service.

The National Guard will remain, first and foremost, a provider of ready, trained, and equipped warfighting units to combatant commanders through the Army and the Air Force. Notably, the Guard has always been, throughout its history, a force that spanned the continuum of what we define today as "Homeland Security," "Homeland Defense," and "Warfighting." September 11, 2001 has refocused us on our fundamental responsibility to defend the homeland—the original mission of the militia—and revealed the present day efficacy that the founders understood so well—that a citizen-based militia is the best force to protect the citizenry from which it is drawn.

The Guard is uniquely suited, like no other entity in the Defense Department, or indeed in the entire nation, to carry out that mission. No other organization has our combination of size, skills, training and experience, dispersion across the nation, command and communications infrastructure, and the legal flexibility to support civil authorities at a moment's notice. In nearly 3,000 communities around the nation, the Guard stands ready today—as it has since Jamestown was settled nearly 400 years ago.

SUPPORT THE WAR FIGHT

Anytime, Anywhere

We, the Guard, must provide the kind of forces that America needs, when America needs them.

One of Secretary Rumsfeld's key mandates to the Services is to find ways to make the National Guard more ready and accessible in its federal warfighting role. Working in conjunction with the Army and Joint Forces Command, our goal is to dramatically improve the current mobilization and demobilization process. Under current guidelines, it can take several weeks to months to prepare an Army National Guard unit to mobilize and deploy—compared to the Air Guard model where units deploy in a matter of hours or days.

We need to study and adapt the Air Guard model where possible.

We are working with the Army to change its go-to-war protocols. It is no longer practical to follow cold war regimens of train, alert, mobilize, train, certify, deploy. We must move to train, alert, deploy. By updating home station facilities, taking advantage of new technologies, and funding units at a higher level of readiness, we hope to create a new 21st century minuteman. The Guard must and will continue to operate across the full spectrum of national security missions. But, new asymmetrical threats call for a different kind of warfighter and different mission systems. We need to be smarter, lighter, more agile, and more lethal.

The National Guard force structure does not stand alone unto itself, but rather represents a 38 percent slice of the total Army and approximately 34 percent of the total Air Force. As ongoing operations abroad reveal the need to rebalance the types

of units in the Army and the Air Force, the Guard will be a leader in embracing this change. Likewise, if studies indicate that Army divisions or Air Force wings are no longer needed, it is our view that we, like the active component and reserves, must change. We are working closely with the Army as we move to a balanced, modular force. Similarly, through Vanguard, we are working with the Air Force to meet the aerospace needs of the future.

HOMELAND DEFENSE

Here and Abroad for over 365 Years

We are this country's longest lasting, longest serving military organization; we predate our nation. Today, the National Guard is ready to write a brand new page in its long and heroic history, and get the mission accomplished.

When you call out the National Guard, you call out America's joint home team.

The Guard was there when it was needed, demonstrating the flexible accessibility inherent in the unique multi-status roles of the Guard. Our Homeland Defense and Security roles mandate that we be capable of seamlessly operating in federal and state intergovernmental and interagency roles. September 11th and its aftermath are illustrative of the Guard's new operating environment and its unique flexibility to respond to our nation's needs.

Within 24 hours of the attack on the World Trade Center, 8,500 New York Army and Air National Guardmembers were on the streets of New York in State Active Duty status. Within 72 hours of President Bush's request to the Governors, Guardmembers were assisting civil authorities in protecting U.S. airports (USC Title 32 status). As security of our skies became paramount after September 11th, the Air National Guard logged more than 30,000 incident free, fully armed combat air patrol missions (USC Title 10 status) over the United States.

Congress funded the formation of joint Weapons of Mass Destruction Civil Support Teams within the National Guard beginning in 1999. These units were designed to provide direct assistance to civilian emergency responders in the event of a chemical, biological, nuclear or radiological attack upon the homeland. Few in numbers and still in their operational infancy in 2001, nevertheless it was one of these units—New York's 2nd Civil Support Team—that became the first organized unit of any military service or component to arrive on Ground Zero on the morning of September 11th, sampling the air to ensure that no biological or chemical contaminants were present.

Since September 11th, National Guard Weapons of Mass Destruction Civil Support Teams operate daily in communities throughout the nation. They are in a unique position to provide emergency community response with full communications capability to the local, state and federal levels. Moreover, they are actively involved in planning and integration of Guard assets in local and state emergency plans.

Currently, we have 32 fully certified Weapons of Mass Destruction Civil Support Teams. Congress recognized the urgent need to expand that number, and 23 teams are scheduled to stand up in the next four years, beginning with 12 this year alone. The Guard has initiated several dramatic new programs that will further increase and improve our Homeland Defense capability, while at the same time enhancing our ability as warfighters.

We are actively pursuing the following initiatives:

- Organizing 12 Enhanced Response Force Packages. These forces will consist of a National Guard Civil Support Team, an enhanced division medical company with a 150-person per hour decontamination and treatment capability, an enhanced engineer company with specialized search and recovery equipment, and a task-trained combat unit capable of supporting law enforcement. These force packages will meet a previously identified Northern Command request for capabilities.
- Expanding National Guard involvement in Ground-based Mid-course Missile Defense, Cyber and Information Operations, Space, and Intelligence Operations for both the Army and Air Guard. One model we hope to emulate is the Guard's highly successful experience in manning Nike missile batteries in the 1960s and 1970s. At that time, traditional and full-time Guardsmen served together in units under State control, with self-activating orders that automatically brought them into a Federal status when the enemy attacked.
- Creating National Guard Reaction Forces through dual missioning and training of existing units. These units will be immediately available to State and Federal governments and for Homeland Security purposes. They are already forward deployed throughout the United States. The units will retain full war fight and homeland security capabilities. These forces will also meet a previously identified Northern Command request for forces requirement.

We are expanding our interagency and intergovernmental efforts and look forward to increased cooperation between the National Guard, the states and the Departments of Homeland Security and Defense. We are participating in exercises and planning at state and local levels, and we have shared our Automated Exercise and Assessment System with them. We are working with the national emergency responder and management associations as well.

The National Guard has a significant number of units capable of “dual-use”—that is to say, the combat skill sets in these units are directly applicable to peacetime domestic support operations. We have developed a force management model that will help us to ensure that sufficient appropriate forces, properly resourced are available to the Governors for State, Homeland Defense and support to Homeland Security missions.

We will leverage the units, training and resources in our existing war fight capabilities to expand and enhance the roles we can perform in homeland security. We will make smarter use of force structure and make minor modifications to mission essential task lists to geometrically increase capabilities. We will provide homeland defense capabilities in force packages, built from standardized warfighting units. By doing this in our role as a state military force, we will raise the threshold at which commitment of federal military resources to non-warfighting tasks becomes necessary.

TRANSFORMATION FOR THE 21ST CENTURY

Relevant, Reliable, Ready and Accessible

Transformation is a state of mind. It is about how we think, organize and approach the future. We are transforming our headquarters and our capabilities to shape our future. We reorganized the National Guard Bureau from three separate organizations into a joint organization effective July 1, 2003. We streamlined and flattened the organization, making it more efficient, capable, and aligned its staff functions and responsibilities with those of the Joint Staff and the combatant commanders.

We have undertaken aggressive employer and family programs. The three-legged stool of the Guard and Reserve—Service member, family, and employer—is only as sturdy as the weakest leg. We are talking with the nation’s major employers and the states are aggressively doing the same with employers in their area. Our family program was the model on which the entire Department of Defense program was based, and we continue to work to address the information, emotional and support needs of our families. To that end, I have authorized a position in each state to specifically deal with employer support.

The State Adjutants General consolidated 162 State headquarters organizations into 54 doctrinally aligned Standing Joint Force Headquarters—creating, effective in October 2003, a single joint force headquarters in each state for all Army and Air Guard activities. This will ensure a rapid and coordinated response to any emergency, making the National Guard more versatile, relevant, and able to meet our national security challenges.

Our joint team will become seamless with the other five services—the Army, Navy, Air Force, Marine Corps, and the Coast Guard—and their reserve components as well. It will be capable of meeting active component requirements and serving as an integrator for active component and reserve component consequence management operations. Together with our sister services, we will fight and win this war on terrorism both here at home and abroad.

Readiness is a product of resources and training. We must focus our training on the myriad missions we will be asked to perform, and we—the National Guard Bureau—must obtain the resources necessary for the Soldiers and Airmen to accomplish the mission.

Some of the changes contemplated will require the cooperation of Congress in amending existing law.

Because of its increased relevance, the National Guard Bureau should be organized so that the senior officer of the Army and the Air National Guard of the United States on duty with the National Guard Bureau should become the Acting Chief if the office is vacant or if the Chief is absent or disabled. This change is necessary because of the elevation of the Directors of the Army and Air National Guard to Lieutenant General, without a concomitant promotion of the Vice Chief of the National Guard Bureau. Similarly, the Vice Chief of the National Guard Bureau should become the Director of the Joint Staff of the National Guard Bureau. This designation reflects the roles and functions of this individual within the National Guard Bureau’s joint organization.

CONCLUSION

We are transforming the Guard in all domains—the way we fight, the way we do business, and the way we work with others—to provide the Guard America needs today and tomorrow.

Training must produce enhanced readiness, immediate accessibility, and individual and unit capability to conduct operations at home and abroad.

We have approached our transformation in an open, collegial manner, talking with all affected stakeholders including the Governors and working as a team—Adjutants General, National Guard Bureau, Army, Air Force, Office of the Secretary of Defense, the Joint Staff and others—to do what is right for America.

As we look forward to the new fiscal year, the National Guard is enthusiastically engaged in planning, programming, and executing the extraordinary changes that are ahead. We are evolving in ways that will allow us to accomplish our state and federal missions more efficiently than ever before, as we design mechanisms to seamlessly operate in the Defense Department, interagency, and intergovernmental environments.

The National Guard will continue to defend our nation, both at home and abroad, in both its state and federal capacities, as it has for 367 years. It will continue to serve as the reserve component without peer in the world. This is our birthright—it is the legacy of the Minuteman.

 PREPARED STATEMENT OF LIEUTENANT GENERAL ROGER C. SCHULTZ

OVERVIEW

The Army National Guard stands with the Active Component as we wage war against the purveyors of global terrorism. Today, Soldiers in the Army National Guard have answered the call of the nation and are serving across the nation and the world. The Army National Guard, as an integral part of the U.S. Army, is transforming itself to better prosecute the Global War on Terrorism while remaining a ready and relevant force that is prepared to defend our homeland.

The Posture Statement provides the Army National Guard an opportunity to share with Congress what we have done in the past year and where we are heading in the future. The Army Directorate in the National Guard Bureau is responsible for how the Army National Guard supports the Soldiers, their families, and their employers in communities throughout the United States. Our Soldiers come from every state, territory, and segment of society, and we recognize that we support and are supported by those around us. The Army National Guard is a community-based military organization and, as such, we are prepared to assist our cities and towns in times of natural or man-made disaster. Army National Guard Soldiers are Citizen-Soldiers, and we recognize that we must fulfill dual roles as ordinary citizens and as members of the Armed Forces of the United States.

As the Army National Guard continues to protect our nation, the Chief, National Guard Bureau, has identified three priorities for the Army National Guard that will nurture this responsibility: Support the War Fight, Homeland Defense, and Transformation for the 21st Century. As our enemies seek ways to wage their war of terrorism in the United States and around the world, we are and must remain ready. The Army National Guard has proven itself capable of securing our borders while simultaneously carrying out a variety of missions across the globe. Our goals are to maximize our ability to support our Soldiers, protect our nation, and support the warfighters by providing a trained and ready force.

It cannot be stressed enough that the Army National Guard has an increased and more vital role in the U.S. Army than ever before. The U.S. Army is at the forefront of the conflict in Afghanistan and Iraq. As Reserve Components of the Army continue to deploy at increasing rates, the Army National Guard joins the Army in its objectives to remain ready and relevant in the midst of a war where our enemy is elusive. We are transforming ourselves into a more flexible, responsive, and capabilities-based force that is able to seamlessly integrate into the larger Army. As the Army transforms itself from the Current Force to the Future Force, so will the Army National Guard.

The Army National Guard is ready for every challenge both here at home and abroad. We are not and cannot be complacent. The support we receive from our citizens, families, employers, and legislatures is invaluable. Our Constitution charges us to defend America, and we will do this with the same dedication and steadfast purpose as we have done for nearly 400 years.



SUPPORT THE WAR FIGHT

The Guard Overseas

Not since World War II have so many Soldiers been activated for wars. The Army National Guard demonstrated its responsiveness by providing ready units in support of numerous overseas missions throughout 2003. These missions ranged from combat operations to Post-Hostility and Stability Operations. At the close of the year, 75,000 National Guardsmen were on active duty serving overseas. The year began with our Soldiers fighting in Afghanistan and ended with Soldiers from the Vermont and Oklahoma National Guard training the Afghanistan National Army. There are just over 4,000 Soldiers in Afghanistan today. The war in Iraq required the activation of 69,380 Soldiers and there are just under 60,000 serving there today. The war in Iraq and in Afghanistan exacted a toll on our most precious resource, the Soldier. Understandably and regrettably there have been 60 Soldiers who have lost their lives fighting these two campaigns. The war in Iraq saw the activation of brigade size units, Attack Aviation Battalions, Combat Engineers, and Military Police. The Army has plans to schedule several more brigades and potentially a Division Headquarters for future rotations. Most Soldiers that were activated for the war served an average of 18 months, with 12 months of duty in Iraq. Related to the two overseas wars has been a demand on our Military Police units to guard the enemy Prisoners of War in Cuba. In addition to the direct role in the overseas wars, the National Guard remains the Army's primary force conducting operations in Kosovo, Bosnia, and the Sinai. Just under 6,000 National Guardsmen are there today. What were once active duty missions are now principally missions of the Guard.

There are two other noteworthy events for the Guard's overseas duty. The Army National Guard was given the mission to protect ships in transit to the Persian Gulf, and we also provided 9,000 Soldiers to the Air Force to protect their bases abroad and at home. These unplanned missions simply demonstrate the accessibility, reliability, and capability of the National Guard. Our overseas presence today is supporting missions on five continents, and the future demands a level of commitment similar to previous years. Not since World War II has our call to duty been so great. It is important to note that our total commitment since 9/11 has been a

call to federal duty for 175,734 Soldiers. That represents just over 50 percent of our force of 350,000.

Readiness of the Force

Well before the attacks of September 11th, Army National Guard units were being mobilized more frequently. The Total Force Policy in the Army worked. During the Cold War period of our Army, the expectation of readiness for the Reserve Components was to be “generally ready for war.” There were plans with TPFDDs and windows of time for expected deployment. The plan was to move to an active duty installation and then provide units with additional equipment and extra training. Since 9/11, that level of readiness and window of time have changed. Today our units are required to deploy at the highest level of readiness, and the time from notification to deployment is sometimes a matter of hours. In 2003, our units did extensive exchanging of Soldiers and equipment as they prepared for war in Iraq. We demonstrated flexibility, but placed unnecessary hardships on our Soldiers in the process. Soldiers went to war with equipment they had not previously trained upon. Thousands went to war with units other than their own. This method of exchanging resources after a unit mobilizes is not conducive to long-term success. Units must be manned, trained, and equipped before they get the call to go to war. Train—Mobilize—Deploy! The Army National Guard’s level of readiness in the future should be C1, the highest level. The Army National Guard must modernize when the Army modernizes. We must raise the Full-Time Manning levels to 100 percent of Requirements. Our failure to resource Army National Guard units for any mission will place undue hardship on Soldiers as they go to war.

Medical and Dental Readiness

The Army and the Army National Guard have a vested interest in the care of Soldiers. The Army requires physical fitness prior to deploying to a war. Today’s deployment timelines are shorter, and there have been some delays in our ability to respond to war because of the medical readiness of our Soldiers. Most, but not all, Soldiers have medical and dental plans. There are limits on the Army’s ability to fix medical shortcomings after the Soldier is mobilized for war. We have experienced medical backlogs at some of the Army’s installations responsible for providing medical treatment.

The future of medical readiness rests in providing complete medical evaluations prior to being alerted for war. We envision that each of our State’s Joint Force Headquarters provide support in the initial care for Soldiers and refer Soldiers for medical support beyond their capacity.

The National Guard plans to provide periodic physicals to its Soldiers. This will enable our units to transition faster from a state of peace to war. We also envision leveraging the medical capabilities of our communities to offset the shortages in military medical providers. Medical readiness and health care for our Soldiers are key variants to our ability to train, mobilize, and deploy in the fashion of a Minute-man.

Training Soldiers and Growing Leaders

Supporting the Warfighter will be best accomplished by training the force with an integrated training strategy for individuals, leaders, and units through live, virtual, and constructive training.

Throughout 2003, the Army National Guard prepared units and Soldiers for wars and responded to the nation’s call for contingency operations. Our units trained at the Army National Guard Training Centers and the Army’s Combat Training Centers. They participated in joint exercises and conducted training deployments overseas.

The key to training Brigades is to have them participate in the Brigade Command and Battle Staff training. Five brigades participated in this training in 2003. Seven of the eight Army National Guard divisions participated in the Battle Command Training Program at the Joint Readiness Training Center at Fort Polk in Louisiana in 2003.

The Army National Guard is committed to producing the best Soldiers. An excellent training venue is the Army National Guard training centers. These centers train Soldiers, simulate real-world conditions, and provide training enablers for the commanders.

Another way the Army National Guard achieves training excellence is through Distributed Learning. The Army National Guard’s emphasis on Distributed Learning reduces the time Soldiers are away from their home stations, eliminates excess travel time and costs, and takes less time than training in a formal school setting. The goal of this program is to maximize training time by providing more local access to training and education at any time and at any location.

The Army National Guard's limited training time, training dollars, and sometimes access to training ranges has generated an increased reliance on low-cost, small-footprint training technologies. We have invested in a virtual training infrastructure to meet or exceed the Army's training requirements. As more missions such as homeland defense and weapons of mass destruction are required of the National Guard, the ability of our forces to respond requires that we are ready at all times. The following new virtual technologies are tools critical to achieving these readiness objectives:

- Advanced Bradley Full Crew Interactive Skills Trainer.*—The Bradley Fighting Vehicle, an armored personnel carrier, is the primary weapon system of the U.S. Army Mechanized Infantry, as well as a critical system for the cavalry. The current force structure plans have the Army National Guard providing more than half of the U.S. military's Bradley Fighting Vehicle force. The Army Infantry School approved the Advanced Bradley Full Crew Interactive Skills Trainer as a precision gunnery trainer. This is a low-cost, deployable training system that attaches directly to the Bradley and therefore does not require a simulated vehicle mockup, thereby better preparing the crew for live fire gunnery.
- Abrams Full Crew Interactive Skills Trainer.*—The Army National Guard provides 54 percent of the armor force in the U.S. military. This equates to nearly 2,500 Abrams tanks with the vast majority being the M1A1 configuration. The Abrams Full Crew Interactive Skills Trainer is approved by U.S. Army Armor School as a precision gunnery trainer. This, too, is a low-cost, deployable training system that attaches directly to the Abrams tank and therefore does not require a simulated vehicle mockup, thereby better preparing the crew for live fire gunnery.
- Simulations Network Rehost.*—In the mid-1980s, the Defense Advanced Research Projects Agency developed a new concept in simulation training called the Network. The goal of this trainer is to expose mounted combat forces to mock battles in an effort to develop tactical maneuver skills and improve situation awareness of commanders. This program provides a highly cost-effective means of providing basic tactical platoon-level training capability to a highly dispersed force. The Simulations Network units are platoon sets for the Abrams Main Battle Tank and the Bradley Fighting Vehicles. The National Guard's force structure accounts for approximately 50 percent of these mounted combat forces.
- Table Top Trainers (M1A1 and M2).*—The Table Top Trainer program is the linchpin of the National Guard's virtual training strategy. The ammunition and operational tempo cost to train this fleet exceeds \$1 billion annually. The virtual training systems have been introduced to offset costs that were even higher in previous years. A single low-fidelity Table Top Trainer can be reconfigured to supply 60 to 70 percent of the associated skills training for Abrams Tanks, Bradley Fighting Vehicles, and Stryker Light Armor Vehicles. The remaining skills tasks can be trained in the available 25 percent training time in the high-fidelity trainers or through live fire events.

Combat Training Centers and National Training Center

In 2003, the Army National Guard sent over 28,000 Soldiers to participate in training at the Army's two Combat Training Centers. This training program cost \$23 million but produced the most significant increase to training readiness for those units and Soldiers.

North Carolina's 30th Brigade formed the core of a 34-unit, 15-state task force comprising the 5,545 Army National Guard Soldiers who deployed to the National Training Center at Fort Irwin, California, in May and June 2003. This training rotation was the culminating exercise in an intensive four-year train-up. The North Carolina Joint Force Headquarters formed Task Force Tar Heel that served as the division headquarters throughout the train-up and at the National Training Center. The 30th and North Carolina's Joint Force Headquarters executed wartime mobilization tasks by deploying the entire task force's equipment and personnel from facilities across the country to Fort Irwin's desert environment.

During 2003, additional Engineer, Field Artillery, and Infantry units representing 3,732 Soldiers deployed to the National Training Center in support of Active Component rotations. These units served both as friendly and opposing force units integrated side by side with their active military counterparts. An additional 1,123 Soldiers assigned to Direct Support and General Support Maintenance Companies were sent to Fort Irwin to supplement maintenance and reconstitution operations.

Joint Readiness Training Center

In 2003, the majority of Florida's 53rd Brigade was mobilized and deployed to Iraq. In preparation for this mission, they underwent training at the Joint Readiness Training Center. While there, they supported the training of the 10th Mountain Division, 7th Special Forces Group, and the 3rd Brigade (Stryker), 2nd Infantry Division.

Combined Arms Center

Through the Army National Guard's Battle Command Training Center, the U.S. Army's Combined Arms Center at Fort Leavenworth, Kansas, supported the 29th Infantry Division and 49th Armored Division during their Battle Command Training Program rotation in 2003. The training center also conducted twelve Brigade Command and Battle Staff Training Program seminars. Over 15,500 Army National Guard Soldiers participated in these training events.

Force-on-Force Training

The Army National Guard Force-on-Force Training Program supports the readiness of the National Guard's ground combat units. This program simulates battles that are fought using laser-targeting systems to replicate live ammunition. Some 2,080 Soldiers from Army National Guard divisions participated in Force-on-Force events in 2003.

In 2003, Army National Guard brigades participated in Battle Command Training Program staff exchanges, train-up exercises at the Combat Training Centers, and gunnery and divisional artillery training. A total of 30,034 Army National Guard Soldiers, 8 percent of the Army National Guard's endstrength, conducted training at or in association with the Army's training facilities at a cost of approximately \$26 million. The payoff of this relationship is obvious. Three of these brigades, the 30th, the 39th, and the 81st were directed to prepare for war in Iraq. They will deploy there early in 2004.

Recruiting and Retention

The Army National Guard ended 2003 with 1,091 Soldiers above its endstrength goal of 350,000, a result of surpassing retention goals and retaining quality Soldiers. Despite the unprecedented challenges at home and abroad, the Army National Guard validated the three-tenet Strength Maintenance philosophy of recruiting, attrition management, and retention. The "Oath to Expiration of Term of Service" philosophy has helped to create a partnership with the units by building greater trust and cooperation between the recruiting force, the full-time support force, and unit leadership. The Army National Guard has developed numerous tools to ensure continued success:

- Highly successful advertising campaigns and recruiting initiatives that integrate the recruiting and retention force with traditional unit members.
- Dynamic recruiting and retention programs to highlight the relevance, features, and benefits of Army National Guard service to current and potential Soldiers.
- Soldier and family member feedback programs that assess unit environments and determine Soldier motivations for joining and remaining in the Army National Guard.
- Post-mobilization surveys and retention initiatives to facilitate the re-integration of the unit and its members following deployment.
- Post-mobilization "Freedom Salute" campaign to recognize Soldier, family member, and employer support of extensive overseas deployments.
- Development of Recruit Sustainment Programs to better prepare new Soldiers for initial active duty training and promote unit strength readiness.
- Attrition management/retention programs to educate leaders on caring for and mentoring Soldiers in the high operations tempo environment of the Global War on Terror.
- Resource allocation that optimizes the effectiveness of the Strength Maintenance Philosophy and the teaming of the Recruiting and Retention Force and traditional Army National Guard Soldiers.

SELECTED RESERVE INCENTIVES PROGRAM

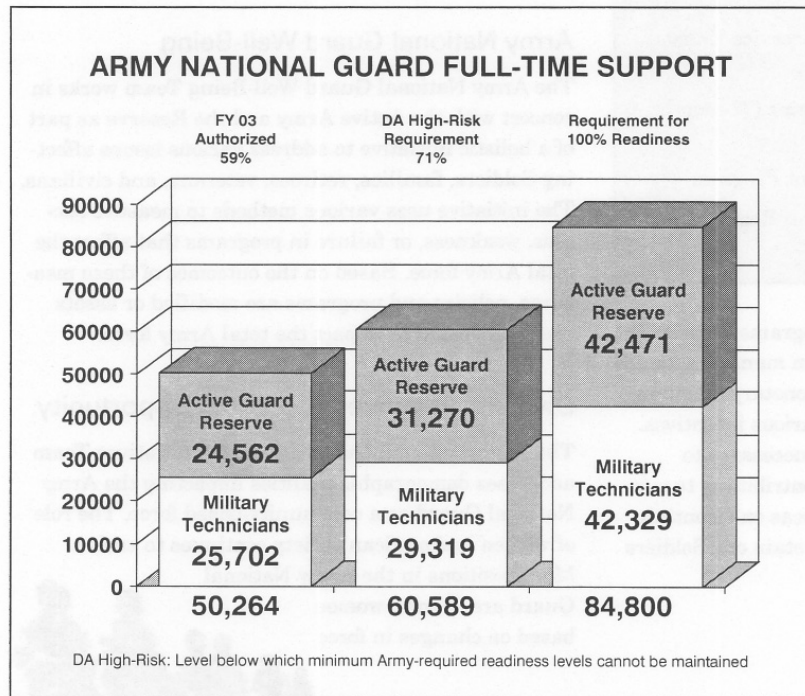
Up to \$8,000 Enlistment Bonus for Non-Prior Service enlistees
 —\$3,000 for critical skill
 —\$3,000 for non-prior service bonus
 —\$2,000 for Off-Peak ship to training
 \$3,000 Civilian Acquired Skills Program for NPS enlistees
 \$2,500 for a first 3-Year Re-enlistment/Extension Bonus
 \$2,000 for a second 3-Year Re-enlistment/Extension Bonus
 \$2,500 for a first 3-year prior service Enlistment Bonus
 \$2,000 for a second 3-year prior service Enlistment Bonus
 \$50 per month for Affiliation Bonus (72-month maximum)
 \$10,000 Student Loan Repayment Program
 \$50,000 Health Professional Loan Repayment Program

Army National Guard Incentive Programs are currently undergoing review by program managers for potential adjustments to both the monetary amounts and the payment schedules of the various incentives. We believe these improvements are necessary to compensate our Soldiers, who are contributing to our nation's defense and deploying overseas on a continuous rotational basis. Our goal is to retain our Soldiers when they return.

Army National Guard Full-Time Support

Dedicated men and women who provide Full-Time Support to Army National Guard Soldiers are a critical part of the Army National Guard. They enhance readiness by assisting Unit Commanders in managing day-to-day requirements. In recent years, the Army National Guard has begun to expand its Full-Time Support force in order to better serve its Soldiers and the units to which they are assigned. To meet readiness requirements, the Chief of the National Guard Bureau, in concert with the state Adjutants General, has placed increasing Full-Time Support authorizations as one of the top priorities for the Army National Guard.

The National Guard Bureau will place new Full-Time Support manpower into our units or into positions that directly impact unit readiness. An example is the Military Technicians that will be directly placed into organizational maintenance shops. Junior enlisted grades will increase through fiscal year 2012 and will be applied to the unit level to accomplish many of the missions where it is not uncommon to find single Active Guard Reserve Soldiers working today.



Army National Guard Well-Being

The Army National Guard Well-Being Team works in concert with the Active Army and the Reserve as part of a holistic initiative to address various issues affecting Soldiers, families, retirees, veterans, and civilians. The initiative uses various methods to measure success, weakness, or failure in programs that affect the total Army force. Based on the outcomes of these measures, policies and programs are modified or assets are re-allocated to impact the total Army force.

Diversity Initiatives and Equal Opportunity

The Army National Guard Diversity Initiatives Team addresses demographic realities impacting the Army National Guard as a community-based force. The role of women in American society continues to evolve. More positions in the Army National Guard are open to women based on changes in force structure. With the rapid advance in technology and changes in society, diversity also hinges on generational, technical, and cultural differences.

The Army National Guard Equal Opportunity Team proactively addresses team development and cultural exchanges to foster more productive units and Soldiers. Fundamental to the mission of the Army National Guard, the Equal Opportunity Office addresses issues that arise relating to race, color, gender, sexual harassment, national origin, and religion. The Army National Guard is steadfast in maintaining zero tolerance for all forms and types of discrimination. The Army National Guard will guarantee that all are treated with dignity and respect.

HOMELAND DEFENSE

Domestic Operations

In 2003, the Army National Guard provided 419,463 mandays in 42 states, two territories, and the District of Columbia to state-level emergency support missions. The year began with Tropical Storm Lilli along the Gulf Coast that required 9,835 mandays for cleanup and security. Super-typhoon Pongsona hit Guam and required 18,822 mandays to provide traffic control, water, debris removal, and security.

The Army National Guard provided 318,131 mandays to Key Asset Protection, the most significant category of Emergency Support Missions. The Space Shuttle Columbia disaster demonstrated how quickly the National Guard responds from a “standing start.” On the day of the disaster, thousands of Army National Guard Soldiers from five states were on duty, recovering and safeguarding debris. This mission required 18,816 mandays of support.

The Army National Guard also provided support to special events, including assistance to law enforcement for the Super Bowl and the Kentucky Derby. Support to governors in response to Hurricane Isabel ended a busy year.

The Army National Guard routinely performs training missions that simultaneously support and assist our communities. The Innovative Readiness Training Program required 205,000 mandays of support in 2003. Programs included improving schools and parks, building and repairing roads, administering immunizations, and providing medical care to under-served areas.

The California Army National Guard is leading an effort to construct access roads to the United States-Mexican border to assist the Border Patrol in dealing with the growing tide of illegal immigrants and narcotics. In Alaska, the Guard is leading a five-year project that will result in a 15-mile road connecting two villages on Annette Island, a trip that currently can only be made by boat. The Army National Guard in Maine, Colorado, Arizona, Illinois, North Carolina, Texas, and Alaska conducted medical training exercises to provide inoculations, physician contacts, dental care, and optometrist services to under-served populations. Innovative Readiness Training projects benefit both the Army National Guard and the communities.

Missile Defense

Defense against ballistic missile attack is a key component of the National Security Strategy in providing for Homeland Security. The National Guard will play a major role in this mission as the force provider for the Ground-based Midcourse Defense system in the initial defensive operations/defensive operations phase per National Security Presidential Directive 23, dated December 16, 2002.

The National Guard received an increase of 100 in Active Guard and Reserve authorizations in the fiscal year 2004 President’s Budget request to support this mission. Ground-based Midcourse Missile Defense is a critical element of the Administration’s National Security Strategy and defense of the homeland. This program is continually evolving and undergoing refinement.

Continuity of Operations

The National Guard’s Continuity of Operations Program was conceptualized in 1988 and took on added importance after September 11, 2001. In support of homeland defense, the Guard is utilizing this program as a means to ensure continuous command and control in case of emergency.

Executive orders, Department of Defense directives, Chairman of the Joint Chiefs of Staff directives, and Army Regulations require a Continuity of Operations Program. This protects key leaders; allows for the continuity of essential missions; provides for relocation sites; protects vital records and operating files; and ensures survivability, recoverability, and the ability to reconstitute. The National Guard has taken a three-level approach to achieving this end:

- The first level is the Headquarters Department of the Army Continuity of Operations Program that provides the active component with the Army National Guard leadership to support the War fight.
- The second level is the National Guard Continuity of Operations Program that allows both the Army National Guard and the Air National Guard to continue supporting the states and territories in the event of a national disaster.
- Finally, the National Guard is also providing the platform for the 54 states, territories, and the District of Columbia to develop their own Continuity of Operations Program initiatives to support both homeland defense and the War fight at the state and local level.

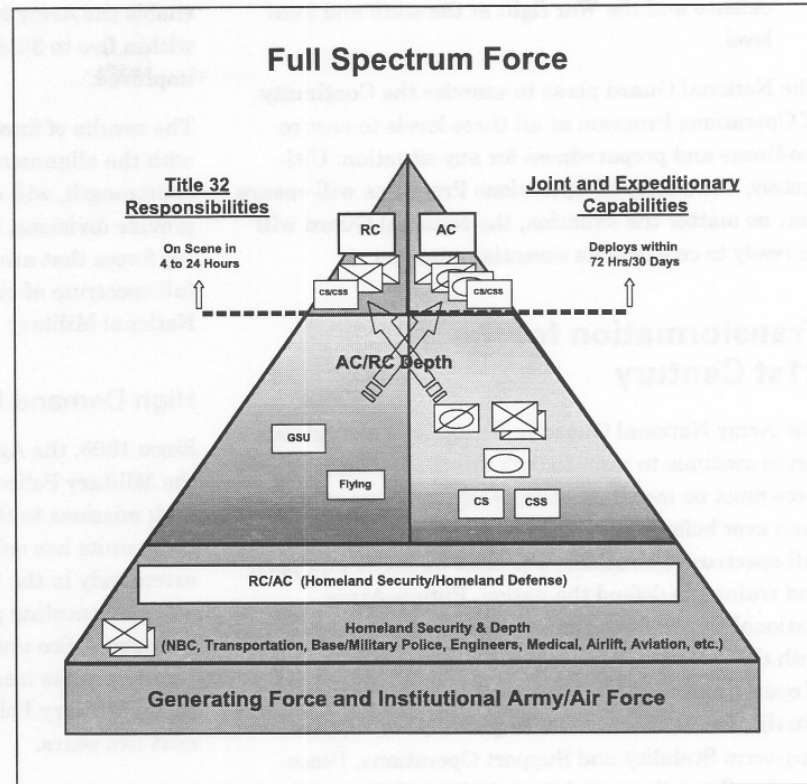
The National Guard plans to exercise the Continuity of Operations Program at all three levels to ensure readiness and preparedness for any situation. Ultimately, Continuity of Operations Programs will ensure that no matter the situation, the National Guard will be ready to continue its essential missions.

TRANSFORMATION FOR THE 21ST CENTURY

The Army National Guard is changing. Although our forces continue to meet today’s missions, tomorrow’s force must be more versatile, ready, and accessible than ever before. They must continue to be capable of full-spectrum operations, but must be better equipped and trained to defend the nation. Future Army National Guard forces must be more interoperable with the Active Component and must be fully ca-

pable of operating in a joint or interagency environment. Finally, Guard forces must be postured to support long-term Stability and Support Operations, Peacekeeping Operations, and the missions of the newest Combatant Command, NORTHCOM.

In order to achieve these objectives, the Army National Guard must attract and retain quality Soldiers. We must train and equip them to accomplish the missions of tomorrow.



Force Balance and Restructure

The Department of the Army is revising priorities to better support the National Military Strategy. Under the direction of the Secretary of Defense, the Army is exchanging some formations from the Active Component and the National Guard. These realignments will better align the Army National Guard and the Army in supporting the warfighting and Homeland Defense missions.

Another significant aspect of this force balance analysis is an initiative by the Director of the Army National Guard to reduce the Army National Guard's force structure with its congressionally authorized personnel endstrength. This rebalancing effort will enable the Army National Guard to deploy units within five to 30 days because their readiness will be improved.

The results of force balance adjustments, coupled with the alignment of force structure and personnel endstrength, will allow the Army National Guard to provide divisions, brigade combat teams, and supporting forces that are ready and capable of supporting the full spectrum of military operations required by the National Military Strategy.

High Demand Units

Since 1995, the Army has placed a high demand on the Military Police in the National Guard. Beginning with missions to the Balkans, the rate of work for these units has only increased. Today they are used extensively in the Global War on Terrorism, principally in guarding prisoners. To reduce the stress on Military Police

units, we have started to convert Field Artillery units into Military Police. Eighteen additional Military Police units will be organized in the next two years.

Modular Units

The Chief of Staff, Army, has directed a comprehensive reevaluation of the Army's corps, divisions, and brigade structures with the intent of making these units more expeditionary through modular design. Modular units will allow for a "plug and play" capability, which will enable the Army to provide the flexible mix of capabilities needed by the warfighter. The Army National Guard will adapt existing force structure to the new design envisioned by the leadership of the Army. Over the next few years, we will reconfigure existing brigades, including the 15 enhanced Separate Brigades, to the new Brigade Combat Team design. We will have 34 Brigade Combat Teams and 8 Divisional Headquarters that will be designed in an infantry and armored mix identical to the Active Component's. This modular capability will provide a new level of flexibility to our organizations as they support the full spectrum of military operations. Distribution of new capabilities will be equitable across the states.

FISCAL YEAR 2005 ARMY NATIONAL GUARD EQUIPMENT MODERNIZATION SHORTFALL LIST

High-Mobility Multi-Purpose Wheeled Vehicles (HMMWV)
 Single-Channel Ground and Airborne Radios (SINC-GARS)
 Night Vision devices
 Black Hawk utility helicopter
 Heavy Expanded Mobility Tactical Trucks (HEMTT)
 Small Arms
 Family of Medium Tactical Vehicles (FMTV)
 Javelin Anti-Armor Missiles
 Thermal Crew-Served Weapon Sight
 Movement Tracking System
 Enhanced Position Location Reporting System (EPLRS)
 Warlock Electronic Jamming Device
 Tactical Unmanned Air Vehicle (TUAV)
 M-22 Automatic Chemical Detector Alarm
 Prophet Signal Intelligence System
 Line Haul Tractor (M915A3)
 22½-ton Trailer (M871A3)
 Dump Truck (M917A1)
 34-ton Trailer (M872A4)
 Tactical Quiet Generators
 Secure Mobile Anti-Jam Reliable Tactical Terminal (SMART-T)
 Sentinel air defense radar system
 Howitzer (LW 155)
 Bradley Infantry Fighting Vehicle (M2A2)
 Hercules (M88A2 [heavy tank recovery vehicle])

Force Modernization

The Army's highest priority remains maintaining warfighting readiness. In support of this priority, the Army National Guard is pursuing a modernization strategy that will provide the nation with compatible, interoperable, and strategically relevant forces well into the future.

In the near term, we will ensure our Soldiers are equipped with essential force protection items such as the latest body armor with Small Arms Protective Insert plates for the outer tactical vests, the latest Night Vision Devices, and small arms. To enhance near-term readiness, the Army National Guard will focus on Army procurement of the Black Hawk utility helicopter, High-Mobility Multi-Purpose Wheeled Vehicles, Single-Channel Ground and Airborne Radios, Family of Medium Tactical Vehicles, and M-22 Automatic Chemical Detector Alarm.

In the midterm, the Army National Guard will ensure the Army earmarks sufficient funding to refurbish or recapitalize its current forces to ensure fleets viability over the next several decades and for future readiness and relevance. The Army National Guard will focus on Current Force systems to include our primary aircraft, the Black Hawk, CH-47 Chinook, and the Apache; the M1A1 Abrams Main Battle Tank; M2A2 Bradley Fighting Vehicle; M109A6 Paladin Howitzer; Heavy Expanded

Mobility Tactical Trucks; and the 5-ton truck fleet. The Army National Guard will continue working with the Army to ensure program managers bring systems cascaded to the Army National Guard's Divisional and Corps troop units up to the required standard.

Army National Guard Aviation Modernization & Transformation

Throughout 2003, the focus of the Army National Guard aviation modernization and transformation efforts was directed toward completion of sweeping changes to unit organizational designs. Accompanying these widespread conversions to the Army Aviation Transformation designs was the continued turn-in of obsolete UH-1H/V "Huey" (Iroquois) and OH-58A/C Kiowa series aircraft, and the fielding of the additional modern UH-60A/L Black Hawk and AH-64A/D Apache series aircraft. Unfortunately, while the Army National Guard net inventory of modernized aircraft increased by 8 Black Hawk and 17 Apache aircraft during fiscal year 2003, the resulting Army National Guard levels for these aircraft did not meet Army goals. In addition, most of the supporting or corrective actions scheduled and funded for 2003, such as increased quantities of special tools and spare parts, were effectively negated by the increased requirements for contingency operations in Afghanistan and Iraq. Based upon current projections, it is uncertain whether the originally scheduled fiscal year 2002 figures for the Black Hawk and Apache inventory in the Army National Guard will be reached by end of fiscal year 2004. Army fixed-wing aviation modernization efforts are underway to replace the Army National Guard's C-23 Sherpa cargo aircraft with a more robust and capable airplane.

Information Operations

Army National Guard Information Operations Field Support Teams assist the Brigade, Division, Corps, Joint Task Force, and Combatant Commanders in integrating full-spectrum offensive and defensive information operations, planning, execution, and assessment into their operations. Additionally, Army National Guard full-spectrum Information Operation Vulnerability Assessment Teams, Computer Emergency Response Teams, and Joint Web Risk Assessment Cells contribute to national and homeland security through the protection of information infrastructure. The teams deploy domestically and globally to provide their specialized service to the Combatant Commanders.

In fiscal year 2003, the Army National Guard's Information Operations program continued to develop technically and tactically focused units that supported the warfighting commanders and provided protection of the nation's critical information infrastructure across the operational continuum. During the same period, the Army National Guard Information Operations section for the Pennsylvania Guard's 28th Infantry Division and Minnesota's 34th Infantry Division deployed in support of peacekeeping operations in Bosnia and Kosovo. Seven Information Operations Field Support Teams and one Computer Emergency Response Team were mobilized in support of Operation Iraqi Freedom. The Army National Guard Information Operations program also provided operational support to all major commands and several Army divisions.

This program has trained over 2,400 Reserve and Active Component Soldiers since fiscal year 2000. The program is scheduled to expand its training capability, doubling its capacity in fiscal year 2004.

Logistics and Equipment

The Army National Guard is deployed all over the world in support of the Global War on Terrorism and operations taking place in Afghanistan and Iraq. Army National Guard personnel, in many cases, train on and use older generation equipment to help support these critical operations. This equipment is far behind the current technologies, making much of what is used by the National Guard incompatible with current Army equipment. And in many cases this older equipment is more expensive to operate and maintain. An additional challenge is that operational costs of older equipment are higher than the new versions due to increased failure rates and decreased availability of spare parts.

The Army National Guard has faced modernization challenges in previous years for such systems as the High-Mobility Multi-Purpose Wheeled Vehicles, Single-Channel Ground and Airborne Radios, chemical and biological detection equipment, and Night Vision Devices. Many of these challenges have had an adverse impact on units preparing for overseas deployment.

The Army National Guard is making significant progress in modernizing its heavy force and bridging its equipment to the digital force. Emerging technologies will dramatically lower the logistics impacts of these systems and substantially reduce repair times, increase operational readiness rates, and eliminate obsolete and unsustainable test equipment. This will allow the Army National Guard to operate

its heavy equipment at a higher operational rate while reducing the overall costs for these systems.

EQUIPMENT MODERNIZATION CHALLENGES IN THE ARMY NATIONAL GUARD

High-Mobility Multi-Purpose Wheeled Vehicles
 Single-Channel Ground and Airborne Radios
 Chemical and biological detection equipment
 Night Vision Devices

The Army National Guard currently has a significant portion of the Army's maintenance infrastructure. This Cold War vestige is too expensive and redundant. Under the Army's new maintenance strategy, the Guard and other Army elements are transforming their maintenance capabilities from a four-level system to a two-level system. This two-level maintenance system will cut redundancy in the system and allow Army maintenance personnel to more efficiently diagnose and maintain equipment at the forward level.

Another focus area for the Army National Guard is the agility and flexibility provided as a full partner in the Army Acquisition Community. Whether it is grooming expert contingency contracting personnel, facilitating Rapid Fielding activities, and/or participating in major Army Program/Project Executive Offices, Army National Guard Acquisition professionals are engaged in depth. The Army National Guard is aggressively analyzing the task organization of Contingency Support Contracting Teams. The members of these teams, task-organized from the existing Modified Table of Organization and Equipment structure, are identified and trained in advance to support specific deployment requirements, giving deploying commanders the flexibility necessary to accomplish their missions without relying on supporting unit assistance.

Environmental Programs

Training the best force in the world requires the world's best training areas. The Army National Guard's environmental programs support the war-fighter and homeland defense by sustaining healthy training lands. By reducing training restrictions, the Army National Guard is able to be a good steward of the land it uses, while operating top training facilities. The first Army Compatible Use Buffer under Title 10, U.S. Code 2684A was recently implemented at Camp Blanding, Florida. Within the designated buffer, and in collaboration with other agencies, the National Guard has formed land-use agreements to ensure land-use is compatible with military operations.

In addition, Integrated Natural Resource Management Plans will now be used in lieu of critical habitat designation to ensure training lands will continue to be used for training while simultaneously protecting habitat. Also, the Army National Guard has instituted restoration programs to clean and restore contaminated sites. Initiatives at seven sites were recently completed and efforts at five additional sites will be conducted through fiscal year 2005.

The Army National Guard is also improving its business practices as they relate to the environment. Environmental program management will be improved through the implementation of mission-focused Environmental Management Systems. The Army National Guard will change its environmental program from one of compliance to one that is proactive and oriented toward the strategic goal of sustainable installations. This will enhance the ability of warfighting units while minimizing environmental impacts. Our organization is utilizing tools such as the Environmental Performance Assessment System's Compliance Site Inventory, a web-based module that allows environmental managers to track, manage, and query a wide array of compliance data. Recent program developments include a series of protocols to assess the progress of the Environmental Management Systems.

A top priority for the Army National Guard is preparation for fiscal year 2005 base realignment and closure actions and the effect these will have on the environment. The Army National Guard expects to have a complete inventory of training lands by 2006 through its Geographic Information System program. These technologies are critical to the battlefield intelligence component of transformation.

Part of the Joint Force

During the past year, the Chief of the National Guard Bureau directed the most profound organizational change to the National Guard since the end of World War II. The heart of this transformation effort was to combine the separate Army and

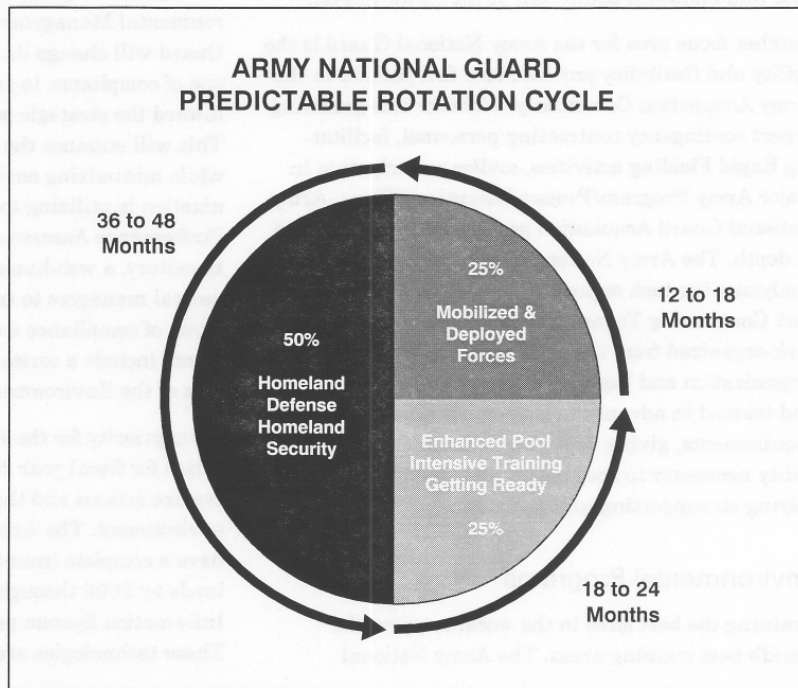
Air National Guard Headquarters that existed in each state and territory into a Joint Force Headquarters, State. The vision was to make the National Guard more responsive to regional Combatant Commanders and better enable the Guard to defend the nation as part of the Joint Team.

The Army National Guard is capable of fighting as part of the Joint Team. Today, operations in both peace and war are conducted by Joint Forces. Army National Guard leaders must be trained and capable of operating in a joint environment.

To ensure that its leaders are capable of this, the Army National Guard is developing the means to expose them to joint operations at various stages in their careers, and facilitate the opportunity for them to receive Joint Professional Military Education. These opportunities and experiences with the realities of joint operations will better assure prepared leadership in the Army National Guard.

Predictability for Our Soldiers

The National Guard has manned units from local communities since the first muster in the Massachusetts Bay Colony in 1636. The National Guard is a community-based force where a Soldier may spend an entire career in the same battalion, company, battery, or troop. This provides for unit cohesion, stability, continuity, and the bonds of camaraderie that come from shared hardships and experiences.



Although we remain a “Minuteman” force, predictability is an important factor in retaining our Citizen-Soldier. Since 1996, our force has been consistently called to federal active duty. Our Soldiers have and will continue to muster for any mission in the fine tradition of the National Guard. However, the Global War on Terrorism is projected to last several years. Feedback from the Soldiers, their families, and their employers is consistent: they simply wish to know when they are needed and for how long. Soldiers are asking for predictability. When possible, mobilizations and deployments should be forecasted in advance, potentially years ahead of a unit’s deployment. The Army National Guard is working towards instituting a Predictable Deployment Cycle that will provide units a forecast on overseas deployments. This predictable cycle looks at using a unit only one time in a six-year period. This is a benchmark. While the National Guard stands ready for any mission at any time, this concept will help alleviate the magnitude of the unknown.

Home Station Mobilization

Home Station Mobilization is a National Guard initiative that empowers the Joint Force Headquarters, State, with greater responsibilities for the mobilization of units deploying to war. The Joint Force Headquarters, State, assume responsibility for all mobilization processing activities that are currently done at active duty installations. This expedites the mobilization of the National Guard and their employment into theaters of operation. Improved efficiencies in mobilization allow the Army to maximize the operational capability of the force. Three units successfully conducted Home Station Mobilization and demobilization in fiscal year 2003.

Strategic Readiness System

The Army National Guard implemented the Strategic Readiness System in 2003 to more accurately capture unit readiness. This is an integrated strategic management and measurement system that ensures that all levels of the Army recognize and align their operations to the vision, objectives, and initiatives of the Army Plan. It measures each element's success in achieving these goals. The Strategic Readiness System has assisted Army transformation by changing the way the Army National Guard approaches and reports readiness data.

Personnel and Human Resources

Continuing Army National Guard participation in the Department of Defense Personnel Transformation includes immediate movement towards the implementation of the Defense Integrated Military Human Resources System during 2005–2006. This human resource system aligns the Army National Guard with a Defense vision and goal of a Joint Service integrated personnel and pay system. It will provide support throughout the life cycle of a service member's career. Development and implementation are proceeding under the direction of the Under Secretary of Defense for Personnel and Readiness in coordination with all services and components. This human resource system will streamline the Guardsman transition from a non-federal to federal active duty status.

The Army National Guard's Permanent Electronic Records Management System is a web-based system utilizing digital imagery to store and retrieve personnel records. Its importance lies in its seamless records management capability throughout the Army, enhancing both mobilization and personnel readiness.

By consolidating the administrative operation of human resources in one place, the Permanent Electronic Records Management System allows personnel records to follow a Soldier regardless of component. Army National Guard enlisted records, currently in hard copy, will be converted to an electronic form in fiscal years 2004 and 2005. It will also adopt an Automated Selection Board System to support and improve the process under which information and votes regarding personnel actions are processed by military personnel boards.

Moving from a paper system to a digital system is a time-consuming process. However, once the Automated Selection Board System is adopted, it will save the Army National Guard more than \$150,000 per year in microfiche production and postage costs. This system is essential to achieve and fully support Personnel Transformation and programmed for fielding in fiscal year 2005.

CONCLUSION

The Army National Guard remains a unique capability with its State and Federal mission. As a community-based force, we are entrusted with the responsibility to protect our citizens' liberties and our nation's freedoms. Army National Guardsmen have a warrior's ethos and a loyalty to respond to any Governor or Presidential call to duty.

Our Soldiers have been called upon more than ever to provide security to our nation. We are a ready and relevant force, but we will continue to raise our readiness level to C1, the highest level. We are committed to obtain the necessary resources in the areas of modernization, training, and equipping. Our Soldiers will not reach their fullest potential readiness with outdated equipment, limited health care, and unpredictable deployment cycles. In all areas, however, we remain dedicated to using our resources efficiently and prudently.

The Army National Guard continues its transformation into a leaner, more agile and ready force. As the Army National Guard continues to operate in concert with the U.S. Army, it will fight wars and ensure the safety and well-being of the American people.

PREPARED STATEMENT OF LIEUTENANT GENERAL DANIEL JAMES, III

OVERVIEW

What an incredible year this has been for the nation and the Air National Guard. We've continued to make great strides in securing peace for the nation in the Global War on Terrorism. We have validated everything we've said about our capabilities: we train to fight and can accomplish the mission professionally and, most importantly, bring the will of the American people to the conflict.

Our contributions over the past two years and specifically in Operation Iraqi Freedom have been tremendous. Since September 11th, we've mobilized over 36,000 members and have flown over 111,000 sorties for over 340,000 hours. One-third of the Air Force aircraft in Operation Iraqi Freedom was from the Air Guard. We flew 100 percent of the Operation Enduring Freedom A-10 missions and 66 percent of the Iraqi Freedom A-10 taskings. We accomplished 45 percent of the F-16 taskings. The A-10s flew more combat missions in the Iraqi war than any other weapon system. Thanks to our innovative culture, we modernized A-10 and F-16 Block 52 aircraft with LITENING II targeting pods in just three months, giving them precision guided munitions capability. Because of this capability, we were 100 percent successful in stopping SCUD missile launches in the Western Iraqi desert.

We flew 86 percent of the Operation Iraqi Freedom tanker sorties. We accomplished this primarily through the Northeast Tanker Task Force which was operating within 24 hours of initial call from Air Mobility Command. In line with our militia spirit, that task force was initially manned through volunteerism. A total of 18 units supported it; 15 were from the Air Guard.

Iraqi Freedom was also the first employment of the integrated 116th Air Control Wing flying with the Joint Surveillance and Target Attack Radar System (JSTARS). Wing leadership and the Guard and Active crews worked together superbly. While there is still work to do to fix some administrative issues, we have validated the concept of blended or integrated units.

Our Expeditionary Combat Support has been providing outstanding service to the warfighter. Air National Guard maintenance quickly rewired our A-10s and F-16s with LITENING II in minimum time. They've kept our aircraft flying despite the challenging operating conditions.

Security Forces personnel were mobilized for two years and have provided an incredible service. It was Air National Guard Security Forces that were the first Security Forces on the ground in Iraq. Intelligence personnel have been providing unique capabilities for Central Command and organizational support for the U-2, Predator, and Global Hawk. Medical personnel have been utilizing the new Expeditionary Medical Service capability, providing critical care to the warfighter. Civil Engineers built bare bases out of the desert and trained Iraqi firefighters while Weather personnel worldwide provided over 50 percent of the Army's weather support. Financial Management personnel have been diligently working to keep benefits flowing to our members despite complex systems. Air National Guard Command, Control, Communications and Computer personnel have kept vital information flowing on one end of the spectrum and provided Ground Theater Air Control System Personnel on the other. Our chaplains, too, have been providing outstanding spiritual aid out in the field. We have been able to participate at these levels because we provide Expeditionary and Homeland Defense capabilities that are relevant to the nation.

Today as we look toward our future relevancy, as indispensable and equal Total Force partners, we have to be prepared to transform with the Total Force. We are now in a position to make the decisions that will influence our next evolution—transforming the Air National Guard. We are fully committed to the transformation of the National Guard Bureau and Joint State Headquarters.

Some of today's capabilities may not be required in the future. The future Air Force will rely heavily on technological advances in space, command and control, intelligence and reconnaissance systems, information warfare, unmanned aerial vehicles, and the ability to conduct high volume and highly accurate attacks with significantly fewer platforms. For the Air Guard to remain Total Force partners, we have carved out our own strategy in those areas and will explore new organizational constructs. Among those constructs are various forms of integrated units where we can combine individual units with other Air Guard units or with another service component. We have to expand our capabilities as joint warfighters and make the necessary changes to integrate seamlessly into the joint warfighting force. To remain relevant we must continue to listen to the messages that are being sent today.

The "VANGUARD" Engagement Strategy is our vision for transforming the Air National Guard to remain "out in front" as the Department of Defense addresses current realities and plans for an uncertain future. Our Air National Guard of to-

morrow will be molded by our transformational approach and actions of today. The Engagement Strategy highlights several Transformation Focus Areas where we can concentrate our continuing transformational efforts.

We must continue to lean on the strengths of our people, core values, core competencies, community connections and unique culture while participating in Air Force and Department of Defense Transformation, Jointness and Capabilities-Based Relevance.

Now is the time for us to lead the way by considering, selecting and implementing new concepts and missions that leverage our unique strengths to improve Total Force capabilities in support of Expeditionary roles and defense of the homeland. This can only be accomplished by involving all Air National Guard stakeholders, working toward a common goal—enhanced future relevance for the entire Air National Guard. Vanguard seeks the optimum synergy resulting from melding the right concepts and missions at the right times and places for the right reasons without jeopardizing our core values and historic traditional militia heritage and culture.

By together addressing the complex issues that face us, we will keep the Air National Guard “Ready, Reliable, Relevant—Needed Now and in the Future.”

SUPPORT THE WAR FIGHT

In the continuing tradition of the Citizen-Airmen, members of the Air National Guard have been contributing to the Global War on Terrorism across the full spectrum of operations. During the peak of Operation Iraqi Freedom, we had over 22,000 members mobilized or on volunteer status supporting the Global War on Terrorism worldwide. In Operation Iraqi Freedom we flew 43 percent of the fighter sorties, 86 percent of the tanker sorties and 39 percent of the airlift sorties. At the same time we were flying almost 25 percent of the Operation Enduring Freedom fighter sorties and over 20 percent of the tanker sorties. True to our heritage, Air National Guard members were hard at work protecting our shores at home by flying over 70 percent of the fighter sorties, over 50 percent of the tanker sorties and 35 percent of the airlift sorties.

But our capabilities do not reside only in aircraft; 15 percent of our expeditionary combat support were engaged during this same period. This includes 60 percent of Security Forces, many of whom were mobilized for the longest duration. Additionally, about 25 percent of our Intelligence, Services and Weather personnel were mobilized.

Air National Guard men and women are proud to defend and protect our nation at home and abroad. Often, however, support equipment requirements overseas necessitate that equipment remain in place, causing a shortage of equipment for training at home. We are working with Air Force and Defense Department leaders to develop a solution.

Medical Service Transformation—Expeditionary Combat Support, Homeland Defense, and Wing Support

In 2002, the Air National Guard’s Surgeon General led the Air National Guard Medical Service through its most revolutionary transformation in history by reconfiguring its medical capabilities into Expeditionary Medical Support systems. These systems provide highly mobile, integrated and multifunctional medical response capabilities. They are the lightest, leanest and most rapidly deployable medical platforms available to the Air National Guard today. This system is capable of simultaneously providing Expeditionary Combat Support to the warfighter for Air and Space Expeditionary Force missions, Homeland Defense emergency response capabilities to the states and support to the Air National Guard Wings.

During Operation Iraqi Freedom, Air National Guard medical units provided Expeditionary Combat Support to the warfighter. The Expeditionary Medical Support capability allowed 10 percent of Air National Guard medical unit personnel to deploy for Operation Iraqi Freedom, compared to only 3 percent in the early 1990s for deployments for Operations Desert Shield and Desert Storm. The United States Central Command has validated that the Expeditionary Medical Support system is a perfect fit for the Chief of Staff, U.S. Air Force Global Strike Task Force and Concept of Operations.

Homeland Defense capabilities are provided by the Expeditionary Medical Support system through its Military Support to Civil Authorities. The Air National Guard Medical Service plays a vital role in the development and implementation of the National Guard’s Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive Enhanced Response Force Package. This package will provide support to state and local emergency responders and improve Weapons of Mass Destruction response capabilities in support of the Civil Support Teams. The Air National Guard will have 12 trained teams by late 2004 and will build toward an anticipated 54

teams by 2007. The Air Combat Command Surgeon General has committed to providing 39 mass decontamination equipment sets to 39 Wings for installation-to-installation support, which will ensure that the Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive Enhanced Response Force package's decontamination teams remain trained. The National Guard's short-term objective is to obtain 10 Small Portable Expeditionary Aerospace Rapid Response equipment sets, one for each Federal Emergency Management Agency Region.

The Air National Guard Medical Service's new Force Structure provided by the Expeditionary Medical Support system provides standardized and much improved Force Health Protection, Public Health, Agent Detection, and Health Surveillance capabilities to better support all Air National Guard Wings. This will enhance the protection of the Wings' resources and improve the medical readiness of its personnel.

Thus the modular "building block" capability of Expeditionary Medical Support provides an advanced technology and an essential, tailored medical capability in a small forward footprint expandable to meet situational needs.

The Air National Guard Surgeon General has pursued and will continue to develop the Air National Guard Medical Service's technology and modernization plans to support the warfighter's, state's, and Wing's requirements.

Eyes and Ears in the Sky: Air National Guard Intelligence, Surveillance, and Reconnaissance Systems and Support

The Air National Guard's Intelligence Surveillance and Reconnaissance personnel and systems play an increasingly important role in the defense of our nation. Air National Guard men and women are essential to Air Force tasking, processing, exploitation, and dissemination missions to support Global Hawk, Predator, and U-2 collection missions.

Due to a significant increase in Air Force mission requirements, the Air National Guard continues to expand its intelligence collection and production capability. The Air National Guard has also expanded its imagery intelligence capability through the use of Eagle Vision, which is a deployable commercial imagery downlink and exploitation system. This system provides valuable support to aircrew mission planning and targeting, as well as imagery support to natural disasters and terrorism.

Other developing Air Force capabilities that are entrusted to the Air National Guard include the F-16 Theater Airborne Reconnaissance System and the C-130 SCATHE VIEW tactical imagery collection system. The Theater Airborne Reconnaissance System will be improved to provide near-real-time support to warfighter "kill-chain" operations in day-night, all weather conditions. SCATHE VIEW provides a near-real-time imaging capability to support humanitarian relief and non-combatant evacuation operations. To support signal intelligence collection requirements, the Air National Guard continues to aggressively upgrade the SENIOR SCOUT platform. SENIOR SCOUT remains the primary collection asset to support the nation's war on drugs and the Global War on Terrorism in the Southern Hemisphere. Finally, the Air National Guard established a new unit to support RC/OC/WC-135 flying operations at Offutt AFB, Nebraska. This unique future Total Force organizational construct is transformational and serves as a successful example for future operationally integrated units. The Air National Guard is transforming its force structure to meet escalating Intelligence Surveillance and Reconnaissance mission requirements and an ever-increasing demand for Air Guard capabilities.

Managing Force Finances

Financial Management experienced an unprecedented deployment tempo during 2003. For the first time ever, an Air National Guard Comptroller was assigned exclusive command and fiduciary responsibility for the establishment and sustainment of financial operations in direct support of combat missions. The challenge was to create a financial infrastructure from scratch. This Comptroller and subordinate staff of 5 Air National Guard financial management professionals "financed the fight" with distinction.

As locations overseas were vacated, our financial management expertise was noticeably acknowledged. Our finance personnel were specifically chosen and assigned the significant responsibility for final reconciliation and settlement of accounts. The importance of departing the local economy with balanced books and completely liquidated fiscal obligations cannot be understated. The Air Guard delivered remarkable stewardship in this demanding role.

The Operational Tempo at home generated another Financial Management "first". One hundred seventy-six Air National Guard finance personnel were mobilized as part of an innovative home station support package. This was a transformational

approach to the surge in processing workload that tripled as hundreds of Airmen at each unit were called to duty and follow-on overseas deployment.

The Air National Guard: Using the Stars to Serve the Community

For the Air Guard, Space Operations provide a critical communications link to communities throughout the nation in the form of satellite support for everyday uses, television, computers, and wireless phones, but also serve as an important military deterrence from external threats. Currently, the 137th Space Warning Squadron in Colorado provides mobile survivable and endurable missile warning capability to U.S. Strategic Command. Recently, two Air National Guard units in Wyoming and California have come out of conversion to provide operational command and control support to Northern Command and to provide round-the-clock support to the Milstar satellite constellation.

Additionally, the Air Force has approved space missions for the 119th Command and Control Squadron in Tennessee to support the U.S. Strategic Command, and the 114th Range Flight in Florida is partnered with an active Air Force unit performing the Launch Range safety mission. There are future plans by the Air Force to transition additional space program missions and assets in Alaska and other states to Air National Guard control.

Comprehensive and Realistic Combat Training—An Asymmetric Advantage

The National Guard Bureau has a fundamental responsibility to ensure that the men and women of the Air Guard are properly trained to meet the challenges they will face to protect and defend this country. This can be done through the effective development and management of special use airspace and ranges. To support this requirement of the warfighter, the Air Guard is responsible for 14 air-to-ground bombing ranges, four Combat Readiness Training Centers, and the Air Guard Special Use Airspace infrastructure.

To ensure that our units remain ready and relevant, they must have access to adequate training airspace and ranges that meet the demands of evolving operational requirements. The National and Regional Airspace and Range Councils, co-chaired by both the Air Guard and the Air Force, continue to identify and work airspace and range issues that affect combat capability and are engaged with the Federal Aviation Administration in the redesign of the National Airspace System.

Transformation efforts to improve realistic training at our ranges have been identified by several units as instrumental in preparation for Operation Iraqi Freedom. For example, the recently deployed Joint Modular Ground Targets, Urban Area Targets and Time Sensitive Targets provide training that reflects today's combat realities. Ranges are being equipped with modernized scoring and instrumentation and data-link equipment necessary to support precision-guided weapons training. Critical training is provided to ground Forward Air Controllers as well as aircrews. Range residual cleanup and associated environmental issues remain a major challenge.

The four Combat Readiness Training Centers provide an integrated, year-round, realistic training environment (airspace, ranges, systems, facilities, and equipment), which enables military units to enhance their combat capability at a deployed, combat-oriented operating base and provide training opportunities that cannot be effectively accomplished at the home station. As such, these centers are ideal assets for the Joint National Training Capability. The centers offer an effective mix of live, virtual and constructive simulation training. The Air National Guard continues to pursue National Training Capability certification for these centers and ranges.

It is imperative to the warfighter that the Air Guard maintain its training superiority. As the warfighting transformation and joint operational requirements evolve, it is essential that the airspace and range infrastructure be available to support that training.

HOMELAND DEFENSE

Air Sovereignty Alert

Since September 11, 2001, thousands of National Guardsmen have been mobilized to operate alert sites and alert support sites for Operation Noble Eagle (ONE) in support of Homeland Defense. Our Air National Guard has partnered with Active Duty and Reserve forces to provide Combat Air Patrol, random patrols, and aircraft intercept protection for large cities and high-valued assets in response to the increased threat of terrorist groups. By the end of fiscal year 2003, Air National Guard units had assumed 16 of 16 North American Air Defense and Northern Command-directed ground alert sites in the Continental United States and 1 of 2 alert site locations outside the United States. While the Air National Guard has assumed the responsibility of all ground alert sites and some irregular Combat Air Patrol pe-

riods, Active Duty units have shouldered the burden of all regular “steady-state” Combat Air Patrols. This partnering agreement maximizes our nation’s current basing locations and capitalizes on the high experience levels within the Air National Guard and its professional history in Air Defense operations.

To continue operations at this indefinite pace has posed some unique funding and manning challenges for both the field and headquarters staffs, especially with the looming two-year mobilization limitation and Secretary of Defense’s desire to normalize operations. Beginning mid-November 2003, many Air National Guard personnel began to reach their two years on active duty, causing much concern as to the participation of Air National Guard personnel. With the release of the fiscal year 2004 President’s Budget, the Air National Guard received temporary funds to begin transitioning from a mobilized to a “steady state” force for fiscal years 2004 and 2005. This funding allowed for supporting the ASA mission in a new Continuum of Service active duty or technician status while at the same time it funded many of our facilities, equipment, and MILCON requirements to support the mission long-term. Our goal is to have all alert personnel transitioned from contingency/mobilized to “steady state” Continuum of Service status by March of 2004. As we move into the fiscal year 2006 Program Objective Memoranda exercise, the active Air Force and Air National Guard will continue to work towards a permanent solution for our alert force and advocate with the Office of the Secretary of Defense to incorporate these temporary Continuum of Service tours into steady state programs.

TRANSFORMATION FOR THE 21ST CENTURY

Supporting a “Capabilities Based” Military Force

The Air National Guard is a solid partner with the Air Force, the Air Force Reserve, and all collective units of the Department of Defense designed to protect national security and maintain international peace. The Defense Department’s priority is Transformation—and therefore it is the priority of the active services and the reserve components. Transformation as “relevancy” is dependent on the Air National Guard readiness, in both state and federal missions, being able to support service-apportioned, Joint Chiefs-validated, and Combatant Commander-required “capabilities.”

The Air Force is pursuing innovative organizational constructs and personnel policies to meld the various components into a single, unified force. Ongoing shifts in global conflict and U.S. strategy suggest an increasing attention to activities such as homeland defense, nation-building, and others that may require different mixes of capability that are not necessarily resident at sufficient levels in the Active Component alone. This “Future Total Force” integration will create efficiencies, cut costs, ensure stability, retain invaluable human capital, and, above all, increase our combat capabilities. One example of this transformational initiative is the proposed movement of Air National Guard manpower to Langley AFB, an active duty base, from Richmond, an Air National Guard base, with the intent of leveraging the high experience of Guard personnel to improve the combat capability for the active force.

Another transformation effort is to “integrate,” where sensible, units from two or more components into a single Wing with a single commander. Active, Guard, and Reserve personnel share the same facilities and equipment, and together, execute the same mission. This is a level of integration unprecedented in any of the Services.

Potential future missions might include Unmanned Aerial Vehicles and their training programs, combining the Unmanned Aerial Vehicle squadrons with their manned fighter counterparts; and integrated fighter squadrons realizing the benefits of highly trained personnel flying legacy systems during the transition period to newer fighter aircraft such as the Joint Strike Fighter. The Air National Guard has been steadily increasing its participation in space operations over the years and already plays a vital role in missile warning, satellite command and control, and launch operations. These contributions will be significant during conflicts envisioned for the future.

These changes confirm and continue the trend in which air and space forces carry a heavier share of the burden in the nation’s wars. The new strategy and force-sizing standard point to an increase, not a decrease, in aerospace power.

Modernizing for the Future

The Air National Guard modernization program is a capabilities-based effort to keep the forces in the field relevant, reliable and ready for any missions tasked by the state or federal authorities. As a framework for prioritization, the modernization program is segmented into three time frames: short-term, the current and next

year's Defense budget; medium-term, out to fiscal year 2015; and long-term, out to fiscal year 2025 and beyond.

As the force structure continues to evolve, the Air Guard can anticipate a continuous process to ensure the forces provide an equivalent capability for Joint and Coalition Forces. The Air National Guard remains an equal partner with the Air and Space Expeditionary Forces that are tasked to meet the future challenges and missions. Because of budget constraints, it is incumbent upon the Air Guard to maximize combat capability for every dollar spent. The Air National Guard includes all aircraft, ground command and control systems, and training and simulation systems in this modernization effort. The requirements necessary to focus this effort must be grounded in clearly defined combat capabilities and missions. The foundation of our future efforts is relevance with reliability and readiness. It is increasingly difficult to keep the Air National Guard legacy systems relevant given the transformation of the Air Force to better, more effective technologies. Systems funding will be a continuous and serious challenge since funding levels continue to fall short of mission requirements. Over the foreseeable future, the Air Force will be stretched to simultaneously fund current operations, modernization, and future research and development projects.

In the near-term, our Modernization Program focuses on the ongoing Global War on Terrorism. Theaters of operations range from domestic efforts, such as fire-fighting, to full partners in overseas efforts, such as Operation Iraqi Freedom and Operation Enduring Freedom. The demands of the modern battlefield require the Air Guard weapons systems and crews to have identical or equivalent capability as the joint and coalition forces. The results of the modernization program were graphically demonstrated in both Operation Iraqi Freedom and Operation Enduring Freedom as the Block 25/30/32 F-16s, with their laser designator LITENING II targeting pods, the Enhanced Position Reporting System and Situation Awareness data links became the weapons system of choice for the combatant commanders in both theaters. Once air supremacy was achieved, the Air National Guard, Air Force Reserve Command and active A-10 aircraft became the primary choice in both theaters. We fully expect that future threats will continue to evolve which will require continued modernization across all weapons systems.

Here is a summary of the Air National Guard's force posture by weapons system:

The A-10 demonstrated its continued relevance in today's battlefield as the Warthog was the dominant weapon when coalition forces raced for Baghdad during Operation Iraqi Freedom. Rapid integration and installation of the LITENING II laser targeting pod in only a few days and subsequent spectacular precision attacks served as a model for the future of the A-10. Several other limitations were identified to include the need to modernize the aircraft infrastructure through the Precision Engagement program. One particular limitation was the lack of a tactical data link. The leading candidate in the near-term is the Joint Tactical Radio System, with installation scheduled to begin in fiscal year 2005. During 2003, the A-10 modernization program experienced, increased emphasis including an aircraft modification to house the personal locator system, further research into an adequate engine replacement, continued testing of the AN/ALR 69 Radar Warning Receiver, continued COMET infrared countermeasures pod testing, continued acquisition of targeting pods for precision guided munitions, and further work for the Precision Engagement program to upgrade the aircraft avionics continued development and integration.

During 2003, the Air Guard F-16s provided crucial combat capabilities in Operation Noble Eagle, Operation Iraqi Freedom and Operation Enduring Freedom by using advanced targeting pods funded by the Air National Guard's Modernization Program for precision-guided munitions. The Commercial Central Interface Unit, Color Multifunctional Displays, the Heads Up Display Advanced Electrical Unit, the Radar Modernized Programmable Signal Processor, the AN/ALR-69 Radar Warning Receiver Antenna Optimization, Situational Awareness Data Link and the Electronic Attack Upgrade were all part of our successful modernization effort. Funding for the Advanced Identify Friend or Foe upgrade was secured along with funding for the final engine upgrade kits. The Theater Airborne Reconnaissance System continued its spiral development to bolster the manned tactical reconnaissance limitation identified by the combatant commanders in every after-action report.

The HC-130 is completing installation of the Forward Looking Infrared system, an essential capability during combat rescue operations. The HC-130 starts integration and installation of the Large Aircraft Infrared Counter Measure system, increasing survivability in face of the ever-increasing threat from hand-held missiles.

The HH-60 program started installation of the new M3M .50 caliber door gun, replaced personal equipment for the pararescue jumpers with state-of-the-art weap-

ons and technologies. The initiation of the HH-60 replacement program will begin to slow any further modernization.

The Operational Support Aircraft Modernization Program leased two 737 Boeing Business Jets that are supporting current VIP Special Air and Joint Operational Support Airlift operations to improve response for civilian and military senior leaders. A third aircraft will receive full modifications and begin service as the C-40C in September 2004.

The training and simulation systems ensure the personnel on the front line are as ready and relevant as the equipment they use. Over the past year, the Air National Guard has begun the transition to the Distributed Mission Operations capability leveraging 21st century technology with realistic simulation. Useful at every level of training, crews acknowledged the edge they gained through mission rehearsals on the ground prior to some of the more complex missions. Starting with the A-10 and F-16 distributed mission training capable flight simulators, the Air National Guard has begun to transform their approach to combat training. The modernization of the F-15 includes the continued installation of the BOL Infrared countermeasures improvements system, continued delivery of upgraded engine kits and completion of the installation of the Multifunctional Information Distribution System Fighter Data Link. The next upgrades include the installation of the new 8 mm recorders, retrofit of a permanent night vision cockpit lighting system, continued integration and purchase of the Joint Helmet Mounted Cueing System, and the delivery of the replacement Identify Friend or Foe system. The conversion from the F-15A/B to F-15C/D begins in fiscal year 2005, thereby extending the relevance of the air superiority forces in the Air National Guard.

C-130 enhancements included the multi-command Avionics Modernization Program which upgraded nearly 500 aircraft to a modern, more sustainable cockpit. Additionally, the Air National Guard continued acquisition of the AN/APN-241 Low Power Color Radar, continued installation of the Night Vision Imaging System, and the Air National Guard-driven development of Scathe View to include various technological spin-offs having application in a myriad of civilian and military efforts. Other Air Guard programs include the AN/AAQ-24 (V) Directional Infrared Counter-measures System, propeller upgrades like the Electronic Propeller Control System and NP2000 eight-bladed propeller, and a second generation, upgraded Modular Airborne Fire Fighting System. Additionally, the Air National Guard partnered with the Air Force for the first multiyear buy of the new C-130J aircraft to replace the aging C-130E fleet.

The KC-135 weapons system completed the installation of the cockpit upgrade and continued the engine upgrades to the R-model. The KC-135 continued to be the air bridge for the multiple combat deployments across the globe. Keeping the aging fleet modernized will continue to challenge the Air National Guard as the refueling operations evolve to meet the next mission. It is critical the aging tanker fleet be modernized.

The Air National Guard Modernization Program is the key to continuing to field a relevant combat capability, ensuring dominance of American air power for the next 15 to 20 years. We must sustain an open and honest dialogue from the warfighter through Congress, in order to maximize the investment of precious tax dollars. The modernization program is a process, not a goal. Recent combat successes validate that process and serve as a model for future transformation of the United States Air Force.

Land Fleet Supports Air Operations

The Air National Guard Vehicle Priority Buy program cannot keep pace with mission requirements associated with Homeland Security, new Alert sites, Security Force protection, medical evacuation teams and new aircraft conversions.

At the present time, 35 percent of the Air National Guard vehicle fleet is due for replacement, at a cost of approximately \$262 million.

The Air National Guard vehicle fleet will continue to age and become more costly to maintain. The less-than-adequate replacement rate coupled with additional requirements to support newly emerging homeland security tasking will severely impact our vehicle readiness.

Military Personnel Transformation—30 Years After “Total Force”

The Air National Guard is partnered with the Air Force in multiple transformation initiatives that will affect the Total Force. These initiatives, tied with the Office of the Secretary of Defense’s new paradigm—Continuum of Service—will necessitate simplifying the processes and rules that are now in place. Continuum of Service is a transformation for personnel management that is needed to acknowledge the changes that have occurred in the way Reserve Component members are

now employed in the full range of operational worldwide missions. This transformation will require changes in legislation and the commitment of the military services. Although there is an increased spirit of volunteerism, and retention remains strong despite the increase in calls for federal and state service, a more integrated approach to military personnel management is imperative. The integration that is required presents a challenge in military personnel life cycle management. The Guard's Directorate of Diversity, Personnel, and Training, the stewards of the force, will ensure Continuum of Service policies have the flexibility to manage the force separately, so Guardmembers have a reasonable opportunity to compete for promotion.

One of the business operations targeted by the Secretary of the Air Force for transformation is the manner in which the Air Force delivers human resource services to its customers. The transformation of these business operations will achieve the Air Force Secretary's objectives by shifting from the current labor-intensive, transaction-focused customer service delivery system to a "strategic partner" role. The ultimate goal is the creation of a customer-focused, mission-driven Total Force service-based delivery system. The system will be leveraged by technology that provides effective, efficient and timely services, while freeing human resource professionals to advise commanders on the development and management of their personnel. The Air Guard is committed to the Secretary's vision and goals for Customer Service Transformation while, at the same time, ensuring Air National Guard members have access to the human resource services which are vital to effective career management.

The Air National Guard supports the transformational vision of the Chief of Staff of the Air Force for a more deliberate approach in developing a force development construct. This entails a Total Force concept that incorporates the way the Air Force trains, educates, promotes, and assigns the Total Force—Active, Guard, Reserve, and Civilians. The newly published Air Force Policy Directive 36-26 represents a radical departure from the current educational and assignment culture. The newly published directive emphasizes a flexible, capabilities-based, Total Force approach that fulfills the professional and personal expectations of our Airmen, while still meeting mission requirements.

One aspect of the Force Development construct is ensuring implementation of the Air National Guard's national diversity strategy. The purpose of the diversity strategy is to increase mission readiness in the organization by focusing on workforce diversity and assuring fair and equitable participation for all. Finally, the Air National Guard has developed a Formal Mentoring Initiative that is ready for a nationwide rollout. This program will be a key component in the professional development of Air National Guard members.

Information Networking for the Total Force

The Air National Guard Enterprise Network is critical to the successful transmission of information within a unit, between units, and among the various states. We are making progress towards modernizing our nationwide information technology network that serves a vital role in homeland security and national defense. A healthy and robust network for reliable, available and secure information technology is essential to federal and state authorities in their ability to exercise command and control of information resources that potentially could impact their various constituencies. The effective functioning of the Air National Guard relies upon a strong interface and interaction within the network to share information at all levels.

The Air National Guard continues to make significant progress in procuring network hardware and personal computer and server software that decreases complexity and increases network communication with Air Force and Department of Defense partners.

The Air National Guard has completed a nationwide consolidation of network servers by consolidating core network services to regional operations centers, and we continue to provide high quality Information Technology services. At the same time, we continue to reduce redundant and obsolete systems and programs.

The current initiative to provide better communications to our warfighters is our initial roll-out of Microsoft's Active Directory Services. These services will provide enhanced security and broader communications capabilities to our users, and more closely integrate our network with Air Force and other Service networks, thereby increasing both security and communications capability. We hope to fund the remaining roll-out in fiscal year 2004 and begin follow-on programs that will reduce the time required to maintain server and desktop hardware, as well as help manage the software upgrades and security patches so critical to our network's security.

Greater emphasis must be placed on maturing the Air National Guard Enterprise Network. The rapidly changing hardware and software requirements of our warfighting and combat support functions come with a significant cost to upgrade and maintain a fully capable Information Technology network. The Air Guard network has typically been supported at the same level it was during the 1990s. Without a significant infusion of new technology, all other Air National Guard mission areas will be less than fully capable of executing their missions. This modernization initiative will certainly enhance the Air National Guard's interoperability with other federal and state agencies.

Preserving Facility Operations

Air National Guard Civil Engineering is proud of its management record of constraining infrastructure and operating costs while providing quality installations responsive to the nation's needs. This focused business concept limits direct investment to core responsibilities to better balance component, service, and department resources with other risk areas.

Civil Engineering demonstrates the balance between cost-effective and responsive infrastructure by operating a lean facility plant, relying on contractors for most facility work, and leveraging with the states and the traditional Guard member structure to reduce costs.

Facility space at the typical Air National Guard installation averages only 350,000 square feet constrained to operational, training and administrative space on 150 acres of leased property. Air National Guard installations do not have the extensive support facilities typically present on active component bases, such as dormitories, golf courses, family housing, hospitals, child-care facilities, schools, youth centers, commissaries or main exchanges. Instead, Guard members leverage this quality of life support through the community. Additional cost containment is realized by the joint-use of runways and taxiways that are typically owned by the local civilian airport authority and by property leases at nominal or no cost.

A small federal workforce of 7 to 10 predominantly civilian employees executes the facility operations and maintenance program through a contract and state employee workforce. This small full-time workforce is built around the Base Civil Engineer, an assistant, a facility manager and a production controller. About 15 state employees provide maintenance service for day-to-day requirements while larger non-routine maintenance, repair and construction, where most investment is made, are accomplished through contracts as needed. Twenty-four state employee firefighters provide crash, fire and rescue service when not provided by the local civilian airport authority.

Base operational costs are further leveraged by state contributions. Specifically, states are required to provide matching funds for services such as utilities, custodial, trash, grounds maintenance and snow removal. This contribution typically ranges between 15 and 25 percent of the total cost of the requirement. Additionally, Civil Engineer and Services "outsource" its military capability, with personnel fulfilling traditional part-time roles, and thus avoiding full-time costs except when needed for wartime or deployment requirements. The Air National Guard Prime Base Engineer Emergency Force or PrimeBEEF force has been covering 30 percent of the total Air Force engineering wartime and deployment requirement, while the Prime Readiness in Base Services or Prime RIBS team has been covering 40 percent of these requirements.

Civil Engineer management controls costs to help keep the Air National Guard and its military presence in the community. National Guard facilities and personnel assigned to local units are the primary connection most Americans have with the military since a large number of active duty bases were closed during the 1990s. This community presence provides cost-effective platforms for recruitment and retention by being close to where Guard members work and live. Correspondingly, the Air Guard's efficient infrastructure and management structure helps the National Guard and the Department of Defense to balance resources with other areas of risk as they continue to transform military capabilities.

Redesigning Financial Management Systems

The Air National Guard Financial Management community is actively participating in the coordination of the Office of the Secretary of Defense Business Management Modernization Program and the Air Force Financial Management Transformation efforts.

This will ensure our future systems and procedures comply with the Defense Business Enterprise Architecture. The Air Guard's efforts include: Adopting standard business practices and systems to enhance the accountability and accuracy of financial management transactions; and replacement of non-compliant financial

management systems with web applications that fully support the defense architecture and the Chief Financial Officers Act of 1990.

This is particularly evidenced by our efforts to transform and modernize the management of the Air National Guard Military Personnel Appropriation through the future implementation of the Reserve Order Writer System, a candidate to become a joint system that will bring the latest advances in technology and military orders information to Guards-members in the convenience of their homes around the clock.

CONCLUSION

The Air National Guard will continue to defend the nation in the War on Terrorism while transforming for the future. We will do this across the full spectrum of operations in both the Expeditionary and Homeland Defense missions. The Air National Guard will also continue to leverage our militia culture and linkage to the community that is vital to our nation. The men and women of the Air Guard are currently serving proudly in the far corners of the globe—and here at home—and will do so with distinction with the necessary tools to protect our freedoms.

PREPARED STATEMENT OF MAJOR GENERAL PAUL J. SULLIVAN, VICE CHIEF, NATIONAL GUARD BUREAU

OVERVIEW

The most exciting changes occurring in the National Guard today are in the areas of Transformation, Jointness and Homeland Defense. The initiatives begun in 2003 to bring the National Guard fully into the Goldwater-Nichols era of jointness are already transforming the way we do business in the highest echelons of the Department of Defense, out in the states, and around the world where our Soldiers and Airmen are protecting our nation from harm.

Transforming our headquarters to a joint structure provides greater interoperability with combatant commands, especially with U.S. Northern Command, U.S. Southern Command, and U.S. Pacific Command. It also increases our ability to interface with the Department of Defense and the Joint Staff on issues of Homeland Defense, Homeland Security, and Military Assistance to Civil Authorities. In summary, this will allow the Guard to operate on the same basis as the rest of the Defense Department.

The year 2003 marked the beginning of our journey. There are many more tasks to accomplish before we have fully implemented our transformation campaign plan.

The National Guard Bureau completed the initial stage of its transformation to a joint staff during the summer of 2003. In revising the staff structure, we attempted to mirror as closely as possible the structure of the Joint Staff in the Pentagon, thus facilitating closer coordination between the two to the maximum degree possible.

The Bureau is extensively reorganizing its manpower to perform staff functions that had never been addressed outside of the single-service focus of the Army National Guard and Air National Guard Directorates. The new joint Directorates of Logistics and Intelligence are prime examples of the Bureau expanding its vision and capabilities so that we can fully engage in interservice and intergovernmental efforts to protect the nation at home and abroad.

The expansion of the National Guard Bureau's roles and missions in the joint arena must still be validated by the Secretary of Defense and the Joint Staff.

The transformation to a joint Headquarters at the National Guard Bureau is being paralleled by a similar transformation in the states. The new Standing Joint Force Headquarters, State, are being designed to parallel the configurations of the National Guard Bureau, the Joint Staff, and the Combatant Commands. The States have been given flexibility to apply their human and financial resources to the joint configuration to address their unique needs, while centralizing each governor's ability to leverage both homeland security and state mission capabilities in the event of a local emergency.

Every Joint Force Headquarters, State will provide a standing Joint Force Command and Control capability that will allow a combatant commander to accurately monitor an incident, provide supporting forces, or command federal forces, including federalized National Guard forces, in support of the civilian incident commander. This coordination between state and federal authorities will be aided by the creation of a robust command, control and communications backbone. We have proposed a Joint CONUS Communications Support Enterprise initiative that will provide a common, secure means through which they can coordinate their response for any domestic emergency. Upon completion of these transformational initiatives, the abil-

ity of both civil and military authorities to secure and defend the homeland will have increased exponentially.

In 2003, under the direction of Lieutenant General H Steven Blum, the Bureau asserted that joint duty billets and joint educational opportunities should be extended to the National Guard. The Defense Department is currently considering plans that will allow members of the reserve components, for the first time in history, to benefit from the opportunities provided by Joint Professional Military Education. The broad-based implementation of this training in years to come will be critical to achieving our goal of fully integrating the National Guard system with the Department and the combatant commands.

In organizing itself for the future, the National Guard Bureau, together with the National Guard headquarters in every state and territory, is transforming to become a member of the joint team. The War on Terror demands this capability from us; indeed, we are already serving in this capacity in our day-to-day interactions with the Office of the Secretary of Defense, with the Joint Staff, and with the combatant commanders. It is our responsibility to ensure that this transformation to jointness reaches full operating capability by October 2005.

SUPPORT THE WAR FIGHT

State Partnership Program

The National Guard State Partnership Program links states and countries for the purpose of improving bilateral relations with the United States. The value of this program is its ability to focus the attention of a small part of the Department of Defense—a state National Guard—with a single country or region in support of our government policies. The program's goals reflect an evolving international affairs mission for the National Guard. In addition, the National Guard promotes regional stability and civil-military relationships in support of U.S. policy objectives. The State Partners actively participate in a host of engagement activities including bilateral familiarization and training events, exercises, fellowship-style internships, and civic leader visits. All activities are coordinated through the theater combatant commander and the U.S. ambassadors' country teams, and other agencies, as appropriate, to ensure that National Guard efforts are tailored to meet both U.S. and country objectives. This program increases exposure of Guard personnel to diverse cultures in regions where they may be deployed in the future.

During 2003, nine new partnerships—Kansas-Armenia; Maryland-Bosnia; Puerto Rico-Dominican Republic; New York-South Africa; Wisconsin-Nicaragua; Utah-Morocco; Alaska-Mongolia; Florida-Guyana; and Virginia-Tajikistan—were formed. The Colorado-Jordan partnership was announced in March 2004. Currently thirty-nine U.S. states, two territories, and the District of Columbia are partnered with forty-five countries around the world, and last year alone more than 300 events took place between the partners. In fiscal year 2004 and beyond, it is our goal to expand the program to include increased interaction at the action officer and troop level will enable the partners to develop more hands-on events.

The State Partnership Program is also invaluable for our own homeland security. As we interface with countries that, on a daily basis, live with a terrorist threat in their own back yard, we learn the tactics and techniques that they employ to thwart attacks on their civilian population. Conversely, the countries learn some of the capabilities and techniques employed by not only the Department of Defense, but by our civilian organizations at both a federal and state level that are in use to protect our homeland. It is through this cooperative exchange of vital information that we ultimately protect our homeland by pushing our borders outwards and creating an atmosphere of mutual support and collaboration.

Full-Time Support

The Active Guard and Reserve and Military Technician programs are a major asset for the National Guard and are essential to organizational readiness. Governed by USC Title 32, these full-time personnel are uniformed members who perform day-to-day responsibilities for a unit, who train with traditional Guardmembers in that unit, and who are available for mobilization or deployment when the unit is called to active duty.

The heightened pace of operations, however, has put a strain on normal procedures, particularly for the military technician force. National Guard technician deployments in support of ongoing contingency operations involved approximately 16 percent of the technician workforce. This resulted in an increased demand for personnel actions to support technician separation and leave of absence actions, entitlements counseling, and backfill of positions in order to continue accomplishing essential full-time functions like payroll processing and equipment maintenance. In order

to expedite the increased demand for backfill, the previously authorized emergency hiring flexibilities were expanded and extended for another year. These flexibilities provided streamlined hiring processes for affected states.

The deployment of large numbers of military technicians with their units, while beneficial to the overall mission, created funding challenges for the program. Under current Uniformed Services Employment and Reemployment Rights laws, absence of technicians from their positions due to service in the armed forces does not result in absence of costs for agencies employing those technicians. The National Guard was still responsible for costs associated with stay-behind missions, such as maintaining armories and equipment, and the congressional legislation that employee and employer health benefit costs for technicians be paid for up to 18 months during mobilization. Therefore, residual costs incurred from health benefit costs, costs associated from backfilling mobilized technicians, outsourcing expenses, and other issues resulted in increased funding challenges during 2003.

National Guard Family Programs

As the role of the National Guard becomes focused on the dual missions of Global War on Terrorism and Homeland Security, units will continue to maintain a high level of readiness for overseas and homeland operations.

Not since World War II have so many Guardmembers been deployed to so many places for such extended periods of time. The role and support of the family is critical to success with these missions. The National Guard Family Program has developed an extensive infrastructure to support and assist families during all phases of the deployment process. There are more than 400 National Guard Family Assistance Centers located throughout the fifty-four states, territories and the District of Columbia. These centers provide information, referral, and assistance with anything that families experience during a deployment. Most importantly, these services are for any military family member from any branch or component of the Armed Forces.

If family members are not prepared for deployments, a service member's readiness, morale, and eventually retention are affected. Family programs are currently in place to assist families during deployment, pre-mobilization, mobilization, and reunion. The Family Program office provides support to program coordinators through information-sharing, training, volunteer management, workshops, newsletters, family events, and youth development programs, among other services.

The greatest challenge lies in awareness and communication. The feedback we receive indicates that many family members are unaware of the many resources available to them during a period of active duty or deployment. Our primary goals are to increase the level of awareness and participation with existing family resources, and to improve overall mission readiness and retention by giving our warfighters the peace-of-mind of knowing that their families are well cared for.

Employer Support of the Guard and Reserve

The National Guard Bureau renewed its partnership with the National Committee, Employer Support of the Guard and Reserve. The Chief, National Guard Bureau, reinforced this commitment with his decision to authorize 54 positions for the states, District of Columbia, and territories to augment retention initiatives within all seven of the reserve components. A new initiative in fiscal year 2004 is a national level contract that provides the states with additional personnel and puts the Employer Support program on a parallel track with the National Guard's Family Program. These two programs are intended to dovetail, and reflect our increased efforts to address the impact of mobilizations on employers and families.

Youth ChalleNGe Program

The award-winning National Guard ChalleNGe program is a community-based program in twenty-nine sites that leads, trains, and mentors at-risk youth to become productive citizens. The second largest mentoring program in the nation, the ChalleNGe program is coeducational and consists of a five-month "quasi-military" residential phase and a one-year post-residential phase. Corps members must be volunteers, between 16 and 18 years of age, not in trouble with the law, drug-free, unemployed, and high school dropouts.

A national model since 1993, the twenty-five states and territories that offer the program have graduated more than 48,000 young men and women who leave equipped with the values, skills, education and self-discipline necessary to succeed as adults in our society. Significantly, although many ChalleNGe candidates are from at-risk populations, over 70 percent of them have attained either a General Equivalency Diploma or a high school diploma. Furthermore, approximately 30 percent of all graduates choose to enter military service upon graduation. While the General Equivalency Diploma attainment is over 66 percent, and the graduation

rate is above 90 percent, the National Guard seeks to improve the results in both areas.

The National Guard is “Hometown America” with deep roots in every community. The strong community ties make the National Guard a highly visible and effective entity in many towns and communities across the United States. National Guard units across the country have traditionally been involved in youth programs designed to help young people become positive and productive members of their community. The ChalleNge program pays for itself with the savings realized from keeping young people out of jails and off welfare roles. In fact, these same young people are more prone to become productive, tax-paying members of their communities. The program saves \$175 million in juvenile corrections costs, while lowering the percentage of youth who are on federal assistance from 24 percent to 10 percent. The results are that a ChalleNge program actually makes money for the tax dollars spent.

Drug Interdiction and Counterdrug Activities

In 1989, the Congress authorized the National Guard to perform drug interdiction and counterdrug activities under Section 112, Title 32 of the United States Code.

This domestic counterdrug effort falls into two general areas: supporting community-based drug demand reduction programs and providing support to help law enforcement stop illegal drugs from being imported, manufactured and distributed. Approximately 2,600 personnel in Title 32 status work with the programs, while at the same time maintaining their wartime military skills and unit readiness.

The mission of the Drug Demand Reduction program organizes and expands community efforts to form coordinated and complementary systems to reduce substance abuse. The Guard’s primary focus is on community mobilization and assistance to neighborhood groups. We assist these groups in setting goals and objectives and building neighborhood strength and resiliency that provide alternatives to drugs and drug-related crime. In fiscal year 2003, National Guard members were able to reach an audience of over 4.7 million students and family members with an anti-drug message.

Supply reduction activities stem the flow of illegal drugs into the United States. The National Guard performs a variety of counterdrug missions in direct support of local, state, and federal law enforcement. The types of support provided are diverse, but focus primarily on intelligence analysis and investigative case support. Activities also include linguist support, surface and aerial reconnaissance and observation, as well as communications and engineer support. We provide unique military-oriented skills so the program acts as a force-multiplier for law enforcement agencies.

As part of the supply interdiction mission, the National Guard provides airborne support to the domestic effort through the Counterdrug Reconnaissance and Aerial Interdiction Detachment program and the C-26 Sherpa program. These programs employ Kiowa helicopters and Sherpa aircraft to detect and track targets identified by law enforcement agencies. These aircraft have been specially modified with thermal imaging equipment, night vision devices, and high-tech communications equipment. Currently, we operate 116 Kiowa helicopters distributed among thirty-seven states; while eleven states each have a single Sherpa aircraft for these efforts. Recently, several of the Sherpa assets have been tasked to support overseas missions in support of U.S. Southern Command.

In fiscal year 2003, National Guard support efforts led to 66,395 arrests and assisted law enforcement in seizing the following:

Cocaine	665,179 pounds
Crack Cocaine	61,713 pounds
Marijuana eradicated	2,232,693 plants
Marijuana (processed)	1,251,182 pounds
Methamphetamines	26,077 pounds
Heroin	6,475 pounds
Ecstasy	387,616 pills
Other/Designer Drugs	14,600,274 pills
Weapons	10,260
Vehicles	76,349
Currency	\$192,607,004

Due to the tremendous successes of the Guard’s training programs, and the growing need for more specialized training, the Guard operates five congressionally authorized training academies that provide counterdrug training for both law enforcement and community officials. These programs are open to both civilian and mili-

tary personnel, and these no-cost courses provide training in both supply interdiction and drug demand reduction.

Finally, to help ensure a drug-free workplace, the National Guard administers and oversees a Substance Abuse Prevention Program. All members of the National Guard are subject to random, unannounced testing throughout the year. Additionally, members in certain specialties or job categories are subject to mandatory testing each year. In fiscal year 2003, we performed more than 225,000 drug tests. This testing helps ensure that the National Guard force is fit and mission-ready.

HOMELAND DEFENSE

National Guard Reaction Force

The National Guard has nearly 368 years of experience in responding to both the federal government's warfighting requirements, and the needs of the states to protect critical infrastructure and to ensure the safety of local communities. In an effort to improve the capability of states to respond to threats against critical infrastructure within their borders, the Chief of the National Guard Bureau has asked each Adjutant General to develop a Quick Reaction Force capability. The goal is to have a trained and ready National Guard force available to the governor that can respond in support of local, state and, when required, federal agencies. The Guard Bureau has been coordinating with the states and territories to identify current response capabilities, as well as working with Northern and Pacific commands to ensure that these capabilities are understood and incorporated into their emergency response plans. Work is underway to identify additional requirements for force protection and interoperability with civil responders. This reaction force is not a new capability or concept. What is new is the standardized training and mission capabilities being shared by all states, territories, and the District of Columbia.

Full Spectrum Vulnerability Assessment

The Full Spectrum Vulnerability Assessment program is a new National Guard Homeland Defense initiative in which each state and territory has a team of Soldiers or Airmen trained to conduct vulnerability assessments of critical infrastructure in order to prepare and plan emergency mission response in the event of a terrorist attack or natural disaster. This program is designed to execute the pre-planning needed for emergency response; to educate civilian agencies on basic force protection; to develop relationships between emergency responders, owners of critical infrastructure and National Guard planners in the states; and deploy traditional National Guard forces in a timely fashion to protect that infrastructure. In developing this concept, the Guard Bureau has worked with the office of the Assistant Secretary of Defense for Homeland Defense to establish policies and standards. During 2004, we plan to have six of these teams trained to conduct vulnerability assessments. Through this initiative, the National Guard continues its time-honored tradition of being prepared to respond at a moment's notice in defense of America.

Weapons of Mass Destruction Civil Support Teams

The National Guard continues to strengthen its ability to respond to chemical, biological, radiological, nuclear, and high-yield explosive events. Since September 11, 2001, the existing thirty-two teams have been fully engaged in planning, training and operations in support of state and local emergency responders. Civil Support Teams are designed to provide specialized expertise and technical assistance to an incident commander by identifying chemical, biological, radiological, or nuclear substances; assessing the situation; advising the commander on potential courses of action; and assisting with cutting-edge technology and expertise. Operationally, these teams are under the command and control of the governors through their respective Adjutants General in a U.S.C. Title 32 status. The National Guard Bureau provides logistical support, standardized operational procedures, and operational coordination to facilitate the employment of the teams and to ensure back-up capability to states currently without a team.

During fiscal year 2003, teams responded to seventy-four requests for support from civil authorities for actual or potential incidents. Teams from Texas, Louisiana, Oklahoma, Arkansas, and New Mexico also provided valuable support in response to the Columbia space shuttle disaster during February 2003.

In accordance with Congressional and Defense Department direction, the National Guard will add twenty-three new teams, beginning with twelve in 2004, so that each state, territory, and the District of Columbia will have at least one team. Another four teams will be added in 2005, with four more in 2006, and the remaining three in 2007.

In order to continue to be the best possible resource to the emergency responders they assist, it is vital that these teams continue to be equipped with state-of-the-

art technology and trained to the highest possible level. To accomplish this, the teams must remain a high priority for resourcing at all levels of the Department of Defense.

Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive Enhanced Response Force Package

After the terrorist events of September 11th, the protection of personnel and resources has greater urgency and the potential for response to civil authority is greater than ever. Local, state and federal agencies are applying tremendous resources to improve their Weapons of Mass Destruction response capabilities. To enhance the National Guard capability, the National Guard Bureau has developed an initiative to equip and train units in twelve states to provide a Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive regional response. This force will augment the Civil Support Teams and will provide emergency responders with a follow-on, task force-oriented structure that will help secure the incident site, support mass casualty decontamination operations in or near contaminated environments, and provide for casualty search and extraction. Included in this response force package is platoon-sized security, medical, decontamination, and technical search and extraction teams. These personnel are expected to respond to an incident on short notice in either state active duty or U.S.C. Title 32 status. The new teams are expected to be trained and ready to respond by October 2004.

Intelligence for Homeland Security

During the 2003 transformation to a joint staff structure, the Guard Bureau broke new ground by organizing for the first time in its history an Intelligence Directorate. The draft mission statement designates the directorate as the primary advisor to the Chief, National Guard Bureau, Deputy Chiefs, and the Adjutants General of the fifty-four states and territories for all intelligence-related matters. With the focus on improving threat awareness for the Guard's Homeland Security mission, the immediate goal has been to efficiently maximize information-sharing between the Guard and Defense Department, the combatant commands, particularly U.S. Northern Command and U.S. Pacific Command, the Department of Homeland Security, and national-level intelligence agencies. Concurrently, this new directorate is taking the lead in establishing a common operating system for intelligence that will provide a standardized intelligence picture that gives each participant the same level of situational awareness and allows sharing of information and intelligence across a single system, thus aiding the decision-making process.

TRANSFORMATION FOR THE 21ST CENTURY

Transformation to a Joint National Guard Bureau

In May 2003, the Chief, National Guard Bureau, announced his vision to transform the Bureau into a Joint National Guard Bureau that encompasses both its federal and state missions. In July 2003, the Chief provisionally organized the Bureau's manpower resources into a joint staff.

In late July 2003, the Office of the Secretary of Defense recognized the changing roles of the National Guard, both in its federal and state relationship, and indicated support of the Bureau as the national strategic focal point for National Guard matters. Secretary of Defense Rumsfeld further suggested greater ties with his office, the Joint Staff, and the Departments of the Army and Air Force in support of combatant commanders. The Secretary encouraged the development of proposals to forge a new relationship, one which would improve his office's access to National Guard capabilities and improve the ability of the National Guard to operate in the joint environment and other military matters. The primary interest for the Chief, National Guard Bureau is the Area of Responsibility of all combatant commanders whose plans include or affect, or will likely include or affect, federalized or non-federalized National Guard units or personnel. As such, the Bureau supports U.S. Northern Command, U.S. Pacific Command, U.S. Strategic Command, and the states and territories in developing military strategy and contingency plans for homeland defense and civil support operations. It further supports all of the combatant commanders in developing joint operational requirements for Theater Security Cooperation, and War and Contingency Plans.

The Bureau is recommending its recognition, in both law and policy, as a joint activity of the Department of Defense, as well as a joint bureau of the Departments of the Army and the Air Force, with both joint and Service responsibilities. This joint initiative is projected to achieve full operational capability and validation from the Secretary of Defense and the Joint Staff by fiscal year 2005.

Joint Force Headquarters, State

On October 1, 2003, the Chief approved provisional operation of the Joint Force Headquarters in each of the fifty-four states, territories, and the District of Columbia. Transformation of the previously separate Air and Army National Guard Headquarters will continue through fiscal year 2006.

The Joint Force Headquarters of each state, territory, Puerto Rico and the District of Columbia exercises command and/or control over all assigned, attached or operationally aligned forces. It acts as a standing, deployed joint force headquarters, within the geographic confines of the state/territory/commonwealth or district; it provides situational awareness of developing or on-going emergencies and activities to federal and state authority. As ordered, the Joint Force Headquarters, State provides trained and equipped forces and capabilities to the services and the Combatant Commanders for federal missions. The Joint Force Headquarters, State supports civil authority with capabilities and forces for homeland security and/or domestic emergencies.

The Bureau is working to obtain Joint Staff approval for integration of this headquarters organization into the joint manpower process, specifically through submission of a Joint Table of Distribution, along with supporting documentation, by September 30, 2004.

Joint Professional Military Education

Joint Professional Military Education is the key to integrating the staffs of the fifty-four newly-created and the National Guard Joint Staff with the rest of the Defense Department. Credit for performance of joint duty is also a key factor in determining promotions in the active component, and increasingly within the reserve components as well. For this reason, in order to make the Bureau competitive with other joint duty assignments, ceilings for Joint Specialty Officer billets must be raised and billets must be allotted to the Guard. Guard officers also need increased access to resident Phase 2 Joint Professional Military Education. We are actively working with the Joint Staff in the Pentagon to explore ways of using the Guard's extensive Distance Learning facilities to expand Joint Professional Military Education opportunities to members of the military, regardless of service or component.

Reserve Joint Staff Duty at National Guard Bureau

One of the Chief's early initiatives while meeting with the other reserve component chiefs was to obtain input and support for exchanging officers to serve on each other's staffs. This added capability is intended to assist in planning for the homeland security mission by sharing at an early stage a better understanding of the roles and specific security missions assigned to each component. For the first time in its 100-year history, Navy and Marine Corps Reserve officers are now serving as part of the Bureau staff, and Guard officers, in turn, have been assigned to their staffs. Similar exchanges are planned with the Coast Guard Reserve. These pioneers in the reserve joint staff arena are field grade officers currently assigned to the Operations and Plans and Policy equivalent directorates for a two-year period.

Joint Continental U.S. Communications Support Enterprise

Under Section 10501(b), U.S.C. Title 10, one of the purposes of the National Guard Bureau is "the channel of communications on all matters pertaining to the National Guard, the Army National Guard of the United States, and the Air National Guard of the United States, between the Department of the Army and the Department of the Air Force, and the several states." Therefore, an obvious role for the National Guard is to provide an interface for communications between federal and state agencies with regard to incidents involving homeland security. There is a requirement for U.S. Northern Command, as well as other federal agencies, to have "continuous situational awareness" of incidents occurring in the states related to homeland security and the associated activities of the National Guard while acting under the states' control.

To meet these requirements, the Bureau has established a communications enterprise concept that meets the new homeland defense challenges and leverages the advantages of the National Guard's constitutional dual status under the state and federal governments. The proposed communications enterprise is the state-federal network connectivity concept named the Joint Continental United States Communications Support Enterprise.

This enterprise will involve national level management and integration by the Bureau of long haul, tactical, and other service capabilities to provide U.S. Northern Command, Pacific Command and the Joint Force Headquarters, State with connectivity to and through state networks to an incident site. The enterprise includes the establishment of a National Guard Bureau Joint Operations Center; a

state joint headquarters communications element; net-centric connectivity state-to-state; vertical connectivity to incident sites, including a wireless capability; and a National Guard Homeland Security Communications Capability.

In 2003, the Bureau took the first step by establishing a Joint Operations Center, and the Standing Joint Force Headquarters in each state are in the process of establishing a dedicated communications element. Planning and resourcing for the remaining program phases are ongoing.

National Guard Enterprise Information Technology Initiatives

The National Guard continues to move aggressively in using information technology to support our warfighters and our missions at all levels, including Homeland Security and Homeland Defense. These initiatives are being implemented with an approach that is geared towards the National Guard Enterprise. Some examples of these initiatives from the past year include using Guard telecommunications resources, specifically distributed learning classrooms and video teleconferencing assets, to link Civil Support Teams in thirteen states. These resources have been used to provide critical pre-deployment support for warfighters and their families. For example, at Indiana's Camp Atterbury mobilization site, readiness training was conducted for Soldiers during the day, and in the evenings, a "Cyber Café" was established where Soldiers checked e-mail and military accounts, took care of personal matters, and communicated with family members. During March and April 2003, nearly 10,000 Soldiers logged more than 327,000 minutes at this facility, providing substantial training efficiencies, but just as importantly, it was a great boost to Soldier and family morale. These same assets are currently being used throughout the organization to facilitate command and control for readiness of operating forces at levels never before available. Other examples are spread across the country, where Guardsmen are using newly provided capabilities to improve efficiency, effectiveness and morale.

Another initiative is the development of the Virtual Mission Preparation capability. This is being used as a prototype to provide a web-based, portal technology that delivers the capability to portray real-time status of units and their overall mobilization readiness down to the individual Soldier level. It was developed in Pennsylvania in support of the 28th Division's rotation to Bosnia, and is now being applied to Operation Iraqi Freedom, and to the 56th Stryker Brigade of the Pennsylvania Army National Guard. Virtual Mission Preparation provides functionality that has application across the Army National Guard to improve deployability, as well as the capability to meet Army, Defense Department and emergency response mission requirements.

The Bureau, through initiatives managed by the Communications directorate and the Chief Information Officer, is ensuring that the vision of supporting the warfighter and transforming the Guard is supported through an approach that casts off the old lock-step, stove-pipe method to Information Technology and moves to a truly interconnected, net-centric information sharing capability.

Transforming the Mobilization and Demobilization Process

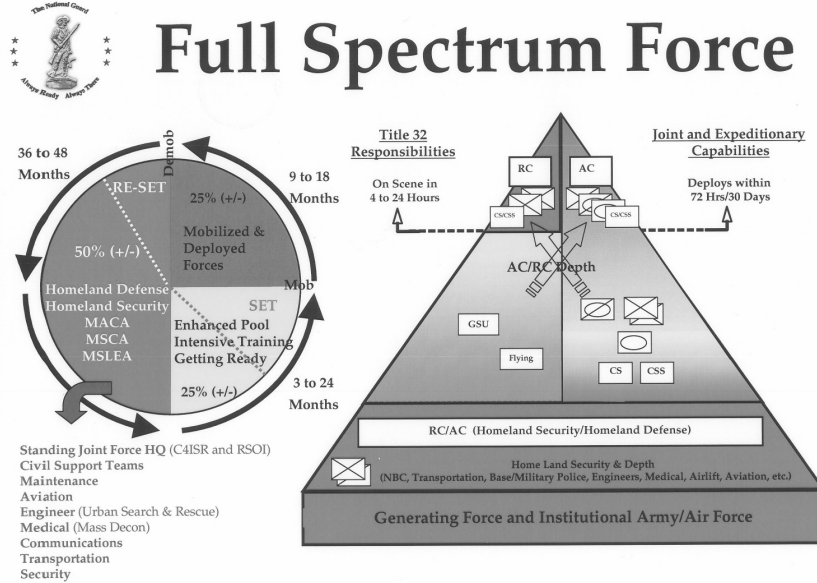
Today's global environment does not allow for the luxury of time that our current Cold War era-mobilization process requires. The modern, smaller, all volunteer military needs access to the reserve components within days or weeks—not months.

The U.S. Joint Forces Command was tasked by the Secretary of Defense to coordinate the development of a more agile and responsive process to mobilize units and individuals within the reserve components. As a result of this tasking, the command established "Tiger Teams" that consisted of subject matter experts from the reserve and active components, defense agencies, and the Joint Staff to study the mobilization process and make recommendations.

The Bureau fully participated in the workshops, endorsed the recommendations of these teams, and is working closely with the U.S. Joint Forces Command to improve the readiness and accessibility of the National Guard for its federal mission. In order for this to occur, the reserve components must be funded at a higher level of readiness and the mobilization process must be updated so that the efficiencies of automation and training during the course of the year can be capitalized upon.

The lead agency within the Bureau for this effort is the newly-organized Directorate of Logistics. They are the point of contact for all coordination and inquiries by the Office of the Secretary of Defense and combatant commands regarding logistical and mobilization matters as they relate to the National Guard. In the past, the Army and the Air National Guard had no Bureau-level counterpart to interface with the Office of the Secretary of Defense or with joint commands. The joint Directorate of Logistics fills this void and is designed to strengthen the interoperability of the Bureau with the other services and components.

In addition to spearheading our efforts to reform the mobilization and demobilization process, the directorate is an active member of a newly formed multi-government agency committee of senior logisticians that is chartered to develop a National Logistics Strategy to support the National Response Plan. The group is working with U.S. Northern Command to identify all logistics sources to support Homeland Defense and Homeland Security needs.



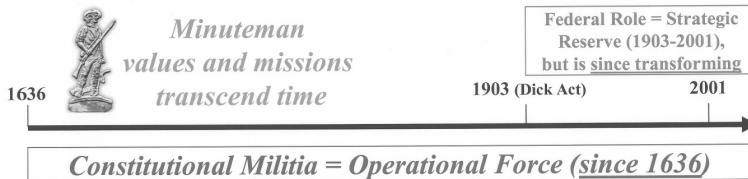
Transformation Imperatives

Strategic Reserve

- Active Service Draft
- Ample time for buildup
- Time-phased, overseas fight
- Threat-based force
- Linear formations
- Symmetric threats
- Single service/component

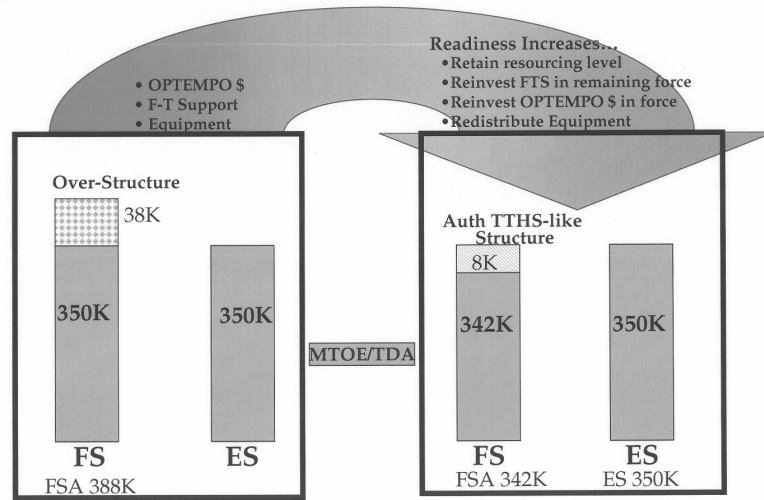
Operational Force

- Volunteer/Recruited Force
- No/limited notice
- Any time/any where
- Capabilities-based force
- Modular units
- Asymmetric threats
- Joint/multi-component/multinational

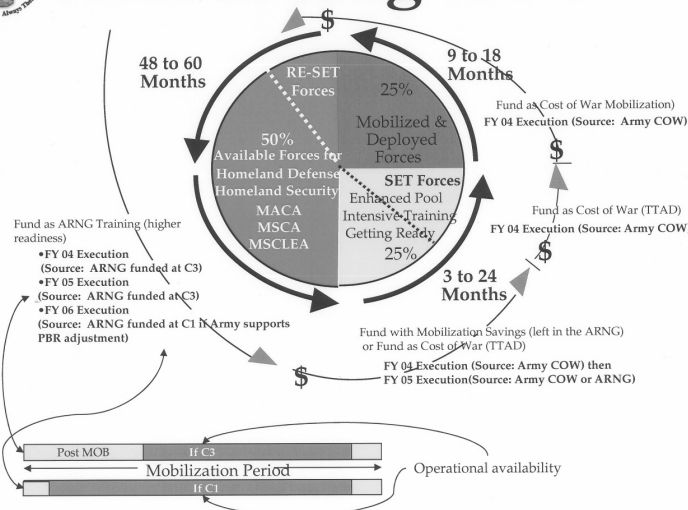




Relevant and Ready



Resourcing the Force



Senator STEVENS. General Schultz.

STATEMENT OF LIEUTENANT GENERAL ROGER C. SCHULTZ, DIRECTOR, ARMY NATIONAL GUARD

General SCHULTZ. Thanks, Mr. Chairman. I am honored to be before this committee.

As you think about our soldiers—you already mentioned the highlight—they make our units special. They make our units what they are, and collectively they develop our units' capabilities.

As we talk about the Army National Guard, today we have 94,000-plus soldiers currently deployed. We have already demobilized over 54,000 soldiers.

So, Mr. Chairman, our bottom line is readiness, and you have clearly helped us deliver what I am now talking about in highlight terms. Our posture statement gets at the detail, but I do want to reinforce a point that General Blum has already made and it has to do with Guard and Reserve equipment appropriation. That is a readiness-enhancing initiative for us, and I reinforce the importance of that.

Mr. Chairman, I know this is a 2005 hearing, but I need your help getting through 2004. I have enough total money. There will be a request coming to this committee for consideration of moving some money from personnel accounts to operations accounts. I will give you just a brief update of what is going on. With all the mobilization activity, we have, no doubt, changed our training plans from 1 October of last year. So I would ask favorable consideration to move some of our personnel accounts in a reprogramming action into the operations and maintenance accounts where I have clear need for some of our mobilization-related kinds of activity.

Mr. Chairman, thank you.

Senator STEVENS. We will look forward to that request and act promptly on it. I understand what you are after and we will work with you closely on that.

General James.

STATEMENT OF LIEUTENANT GENERAL DANIEL JAMES, III, DIRECTOR, AIR NATIONAL GUARD

General JAMES. Mr. Chairman and members of the committee, thank you on behalf of the more than 107,000 Air National Guard men and women. Thank you for this opportunity.

Before I give my remarks, I would like to introduce to the committee, if possible, Kentucky Air National Guardsman, Master Sergeant David Strasinger. Master Sergeant Strasinger is here with us today. He is a 20-year veteran. He has flown more than 1,000 sorties in his career. That is 2,500 hours of safe flying. He is a combat veteran of 30 combat missions in Operation Enduring Freedom. He has also participated in Iraqi Freedom and Noble Eagle. From the 123rd Operations Group, Master Sergeant David Strasinger.

Senator STEVENS. Sergeant, it is nice to see that A-2 jacket. That brings back lots of memories.

General JAMES. Well, Mr. Chairman, as you know, this has been an incredible year for our Nation and it has also been an incredible year for our Air National Guard. We have continued to participate in the global war on terrorism with pride and determination, and we have validated everything we have always said about our capabilities. We have trained to Air Force standards and accomplished the mission professionally as full partners in the total Air Force.

OPERATION IRAQI FREEDOM

Our contributions over the past 2 years since September 11th: we have mobilized over 36,000 members, flown over 100,000 flights for 340,000 hours. One-third of the Air Force aircraft in Operation Iraqi Freedom were from the Air National Guard. Today over 42,000 personnel, nearly 40 percent of the National Guard's force, is currently performing full-time duty.

RECRUITING AND RETENTION

We constantly monitor our recruiting and retention numbers, and I am very pleased to report that the trends so far are positive. We will and do expect to make our end strength for this year. Because we have retained more of our people, our recruiting goals are higher than need be. We have not recruited to those goals, but we will retain enough people to make our end strength.

We are currently working on a plan to posture the National Guard for the missions our Nation will need in the future. The plan, or Vanguard as I call it, is an examination of our current capabilities and those required for our future air and space force. We are already well into developing initiatives for establishing the units that are integrated with the active and reserve component in the Guard for the F/A-22 Raptor and the RQ-1 Predator remotely piloted vehicle. Both of these are groundbreaking opportunities for the Air Guard and we are excited about the prospect of being involved in these new missions and weapons systems.

C-17 AIRCRAFT

In December of 2003, the first C-17 aircraft was delivered to the 172nd Air lift Wing in Jackson, Mississippi, the first operational wing of its kind ever in the Air National Guard. The final aircraft will be delivered in May and will be named the Spirit of Sonny Montgomery in honor of Congressman Montgomery who has done so much for not only the National Guard, but for the Nation, the military, and its veterans. We look forward to that event and to the great things to come from this distinguished unit.

KC-135

The KC-135 tanker continues to be the backbone of our air bridge for combat operations across the world. Modernizing this aging fleet is critical to the Air National Guard, the Air Force, and combatant commanders. This committee has helped make and keep us relevant and is directly responsible for our ability to participate as full partners with the Air Force. Your exceptional support in providing the miscellaneous NGREA funds has been absolutely critical in enabling us to leverage our limited resources in an effort to bring needed capabilities to the warfighter. The procurement of such items as the Litening II targeting pod, upgrading the F-15 engines, and the situational awareness data link, or SADL, are some examples of how this appropriations has assisted us. We cannot thank you enough for your continued support of this very important program. With your help, I am certain that we will continue to be ready, reliable, and relevant and needed now and in the future.

I look forward to answering your questions. Thank you.
 Senator STEVENS. Thank you, Generals.

TANKERS

General James, in November 2001, we suggested a leasing program to replace the KC-135's. Members of Congress and others outside of Congress have criticized our suggestion, but they have taken over 2½ years to review it and they have not come up with anything else. The first time any one of those KC-135's goes down and one of your people loses a life, I am going to take it to the floor and point it out. And each one of those people who are delaying that proposal are going to be responsible. Those tankers are now what? Forty-four years old on the average, General?

General JAMES. Yes, sir. I think the oldest is 47 years old.

Senator STEVENS. It is just impossible to believe that. As you say, the most critical portion of our operations today is the tanker. We are airborne for almost everything that is going on in Iraq and Afghanistan, and I cannot believe that this should be delayed by just petty foolishness. It is time for them to come up with a program and get it underway. It will take 3 years before it is initiated, and take 5 years before you get the replacement. Those tankers are going to be over 50 years old by the time they are replaced. That is criminal, absolutely criminal.

Senator, do you have any comments, questions?

Senator INOUE. You have said everything I would have said, sir.

Senator STEVENS. I mean, it is your turn.

Senator INOUE. Mr. Chairman, I would have said the same thing that you have said about the tanker. If we let this fester any longer, it would be criminal, and I would hate to be a witness to its first accident.

Is it okay to ask questions?

Senator STEVENS. It is your turn. Yes, sir. I used my time to blow off.

RECRUITING

Senator INOUE. General Blum, the major concern that this committee has can be said in two words, retention and recruiting. What is your situation, sir?

General BLUM. Senator Inouye, speaking for the three of us at this front table, our major concern right now is readiness which translates directly to our ability to recruit and retain trained and ready citizen soldiers and airmen. My intuition would tell you that that would be very, very difficult in the situation and environment we find ourselves. However, in some cases, the successes that we are experiencing, is that our soldiers and airmen are reenlisting at very solid rates. They are staying with us. After they deploy to very unpleasant places around the world and put themselves in harm's way, they are staying with their formations, which brings a great sense of pride and satisfaction to the three of us at this table because our citizen soldiers and airmen are answering the call to colors and are remaining with us. This means we will have a veteran force of combat veterans which the Guard has not had since World War II. So in about 2 years, 8 out of 10 citizen-soldiers and citizen-airmen in our formations will have pulled a tour somewhere

around the world in harm's way and will be veterans of either a combat operation overseas in the away game or a homeland defense operation here at home. And that vast operational experience will make us an even more capable and ready force.

I hope those young men and women from the high school in Alaska are listening because we are getting non-prior service, first-term enlistments out of high schools and colleges at an unprecedented rate. We are doing very well and the quality of our young men and women coming in has never been better.

So the good news is we are making our end strength and we are maintaining our end strength now that we are almost 3 years into a shooting war that is very, very difficult and putting a strain on the force. But the trends seem to be holding. We do not take them for granted. We monitor it very closely. We are watching for any signs that this may fail, but so far the young men and women of our Nation are answering the call to colors.

Senator INOUE. How would you describe the attitude of employers and families?

EMPLOYERS

General BLUM. Senator Inouye, as you well know, the National Guard is really very similar to a three-legged stool. One leg of that stool is the citizen soldier or airman. One is their family members, and the third leg, equally important, is the employer. So far the American employers have been standing with us.

What they have asked us for time and time again, either through contacting their elected officials or contacting the National Committee on Employer Support for the Guard and Reserve, or calling us directly, as happens in some of our outreach programs, they simply want predictability. When is my employee going to be called to active duty? How long will they be away? When will they return? And how frequently will they be called back? How soon again will I have to lose that employee?

So what we are doing is trying to set up a predictability model that will give employers, families, and the citizen soldiers and airmen a much greater picture further out. Right now we are out to about 18 months with predictability in the Air Guard and almost 24 months out with predictability in most of the larger formations in the Army National Guard. So this gives the soldier, the family, and their employer the predictability they have asked for.

And we are also, to aid this, our transformation, modularity and rebalancing efforts are trying to put a greater number of high-demand capabilities in our force so that we do not have to rotate the same units so frequently. We are aiming for about a 5- or 6-year recovery time from an extended overseas deployment.

READINESS

Senator INOUE. In your response to the first question, you mentioned three R's: retention, recruiting, and readiness. How would you describe the readiness of the forces under your command?

General BLUM. Senator Inouye, the National Guard soldiers that have deployed most recently to Afghanistan and Iraq are among the best trained, best equipped, best prepared soldiers this Nation has ever sent out of any of its components. As a matter of fact, they

are probably the best trained, best equipped, and best prepared soldiers any nation has ever sent to war. So that pre-deployment part of it is superb.

But there are large parts of our force that are not ready because they were not resourced to be ready. Part of our rebalancing and restructuring of the National Guard will take us to a posture where we can apply increased resources to achieve enhanced readiness.

Senator INOUE. Thank you very much. Thank you, Mr. Chairman.

Senator STEVENS. Thank you, Senator.

Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you.

C-17

General James, I wanted to thank you for coming to Jackson, Mississippi for the arrival of the first C-17 that is deployed there for the Air National Guard to operate and maintain. I hope you are as pleased as I am with the progress that is being made to train the pilots and the crews. I understand the plan is to ramp up to an increased level of flying once all of the crews are qualified in the C-17.

I am curious to know if your budget request contains the resources that are necessary in order to make this unit an active participant and to fully utilize these new assets.

General JAMES. Well, Senator, it was a great honor for me to be there and see that airplane roll down the runway and come in behind the grandstand with you and other colleagues, your colleagues from Mississippi.

I am very proud of the fact that the leadership of the 172nd remains engaged with us and Air Mobility Command (AMC) to make sure that the conversion goes smoothly. I just spoke with the Adjutant General yesterday about some plans to try to keep the airplanes flying and the training going on while still taking some pressure off of the air mobility assets that AMC has.

In terms of our budgeting, when you have a conversion like that that starts into the fiscal year, we agreed with the Adjutant General (TAG) and with the leadership of the 172nd to budget at 80 percent rather than 100 percent of the flying hours for this fiscal year that we are currently in. We are using the model that we talked about earlier that came over from the 141. Once we train the crews and get the crews up to speed and get everybody checked out, we intend to look at all the data that we get from this first year's experience and then make an adjustment there so that we gradually ramp up to what or hopefully near what the active component is flying in their C-17 programs.

Senator COCHRAN. I appreciate your leadership and your staying personally in touch with the needs of that unit.

General JAMES. Well, thank you, Senator. I have to tell you that the new TAG knows the airlift business, air mobility business very well and he does not hesitate to call me if he has got an issue.

Senator COCHRAN. General Schultz, we were talking before the hearing began about the fact that Camp Shelby in Mississippi has been designated as a mobilization center. I would like for you to let us know whether this means that we will need to appropriate

any additional funds beyond what is requested in the budget to ensure that that mission is carried out successfully.

General SCHULTZ. Currently, Senator, the 278 Cav Regiment from Tennessee will be mobilizing at Camp Shelby. Requirements for the installation of upgrades and various things will be processed through the Army. So right now today, I do not have a line item for you on what that requirement would be.

Senator COCHRAN. Up in Tupelo, Mississippi, we have a unit that had helicopters. It is an Army National Guard unit. Some of the pilots have been deployed to Iraq, as a matter of fact. These are Kiowa helicopter pilots. Maybe General Blum is the one to respond to this. The report from the soldiers up there was that no replacement aircraft had been identified. Maybe they have by the time this hearing is held, but I understand the Army National Guard aviation distribution plan will be announced soon.

Can you speak to this issue or give us any indication of what the plans are?

General SCHULTZ. Senator, I am working that plan personally. We will have 10 Kiowa Warriors, which is the aircraft that the unit had before we sent all the pilots off to active duty, to war. When we are done, there will be 8 Apaches in Tupelo plus the 10 Kiowa Warriors.

Now, we are going through, obviously, a transformation in the aviation community as well, so some of the numbers I am talking about will take a while to be rebuilt, redistributed, but the end state would be a 16-helicopter flight facility there.

I might also say, Senator, that I talked with the brigade commander from the 101st Air Assault Division, and the pilots we took from Tupelo were recognized as outstanding, skilled aviators indeed.

Senator COCHRAN. We appreciate that compliment. We have had a lot of National Guard and Reserve forces from our State deployed. As a matter of fact, I think two Army Reservists have been killed in Iraq, so we are fully aware of the dangers they face and we want to be sure that the equipment they have and the training that they receive will enable them to carry out their mission successfully and to return home safely as soon as possible. We appreciate your leadership in assuring that.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you very much, sir.

Senator Leahy.

HEALTH INSURANCE

Senator LEAHY. Thank you, Mr. Chairman.

Last year the subcommittee recognized that almost 20 percent of the National Guard and Reserve did not have health insurance. We realized that this was damaging readiness. On the Iraq supplemental, we enacted legislation that allows unemployed members of the Guard to buy into the TRICARE program on a cost share basis, and we put that in the defense authorization bill. It was a bipartisan piece of legislation. But it has not been implemented. I joined my colleagues, Senators Graham and DeWine and Daschle, recently to write the Secretary of Defense to find out how we can

speed this up, stop slowing down this critical legislation. I would ask consent that my letter be part of the record, Mr. Chairman.

Senator STEVENS. Without objection.

[The letter follows:]

UNITED STATES SENATE,
Washington, DC, March 25, 2004.

The Honorable DONALD RUMSFELD,
Secretary, U.S. Department of Defense, The Pentagon, Washington, DC 20301.

DEAR MR. SECRETARY: We are writing to express our mounting frustration with the Defense Department's lethargic efforts to implement a pilot program to provide our reservists access to TRICARE.

As you know, in both the Fiscal Year 2004 National Defense Authorization Act (NDAA) and the Emergency Supplemental Appropriations Act, Congress voted to expand reservists' access to TRICARE for one year. This legislation contained seven TRICARE-related provisions, ranging from medical and dental screening for reservists alerted for mobilization, to an extension of TRICARE eligibility before and after mobilization periods.

We were pleased last week to see that the Defense Department has finally implemented the provisions to extend the post-mobilization TRICARE benefit to 180 days. But the same announcement said that implementation of a critical component of the TRICARE benefit—offering coverage to those without employer-provided health care—“cannot be completed for several months.” We are very disturbed by the delay in the department's implementation of this key provision.

We are also concerned that transitional benefits will not provide access to TRICARE Prime Remote. Many reservists, and perhaps most, live beyond a 50-mile radius of a military treatment facility and thus would be forced into TRICARE Standard. This plan charges a substantial annual deductible as well as copayments for every visit. This is not the transitional benefit that Congress sought to create.

In recent days, the Administration has indicated that it supports improving health care benefits for our reservists. We applaud that decision and ask that you work with us, both to implement the existing one-year program and enact our proposal to provide reservists and their families permanent access to TRICARE.

Sincerely,

MIKE DEWINE,
TOM DASCHLE,
LINDSEY O. GRAHAM,
PATRICK LEAHY,

Members of the Senate.

Senator LEAHY. General Blum, can you tell me why this has not been put into place yet? I would think there would be some urgency on this.

General BLUM. Senator Leahy, there is definitely urgency on our part. We place nothing at a higher priority than taking care of our soldiers, our airmen, and their families. I do not view this TRICARE initiative or this health care initiative as an entitlement program. I really view it as a medical readiness enhancement. I too am anxiously awaiting the implementing instructions from the Department of Defense on how we are going to move forward in this area.

Senator LEAHY. Well, please pass the word back that an awful lot of us up here from both parties—this is not a partisan issue, and you certainly have not made it one—who are very, very concerned. As we call up more and more of our Guard and Reserves, we would like this TRICARE implemented. If they keep delaying it at the Pentagon, I think it is going to hurt your readiness. It is certainly going to hurt retention. I know you and I have had a lot of discussions and I know how concerned you are.

We added, in this subcommittee, about \$200 million divided almost equally between the Air and Army National Guard to increase equipment procurement. We also gave the Air and Army

Guard a lot of discretion, an enormous amount of discretion in managing the account. I have received an update on how you used the funds. It appears you put them toward an urgent need like up-armored high mobility multi-purpose wheeled vehicle (HMMWV), M-4 carbines, combat identification friend or foe systems. Do you still have an equipment backlog and what are some of the most urgent needs?

EQUIPMENT BACKLOG

General BLUM. Yes, Senator, we always will have an equipment backlog as technology changes and as the requirements change on the battlefield. General James has an equipments needs list as does General Schultz. These are not wants; these are needs. Frankly, the Army and the Air Force are making every effort to finally make an honest effort to equip us like our active counterparts, but they too are going to fall short. We will welcome any assistance that we could get in that regard against our needs list, and those needs directly equate to readiness. If you want some detail on that, General Schultz can share that on the Army Guard side and General James can give you the detail, sir, for the Air Guard.

Senator LEAHY. General Schultz.

General SCHULTZ. Senator, in the case of the Army Guard, we bought trucks, machine guns, night vision devices, and radios. The equipment I am talking about now is as a result of Congress' action last year. It will be realized in the form of units going to the third rotation of Operation Iraqi Freedom (OIF)-3. In other words, we are buying new equipment and furnishing this equipment to units that are about to go to war. That is how critical this function is. We are still short the very things that I have just talked about as we now alert and mobilize follow-on units.

Senator LEAHY. General James.

General JAMES. Yes, Senator. In terms of fiscal year 2004, we have utilized those resources I mentioned in my opening remarks on targeting pods, engine upgrades, everything from night vision goggles to helmet-mounted cuing systems and large aircraft infrared countermeasures which is something we continue to press for. We have a large fleet of large airplanes and I really am concerned about their ability to protect themselves against infrared man-launched shoulder-mounted weapons in theater in particular.

LARGE AIRCRAFT INFRARED COUNTERMEASURES

As far as the unfunded areas, the top five for us for this coming fiscal year would be again the targeting pods, depot maintenance shortfalls, weapons of mass destruction equipment and training, primarily training. Again, the LAIRCM, the large aircraft infrared countermeasures, and the F-15, F-16 engines.

Senator LEAHY. Thank you.

I will submit my other questions for the record, if I might.

Senator STEVENS. Thank you very much, Senator. I will remind members that we do have a second panel.

Senator Burns.

Senator BURNS. Thank you very much, Mr. Chairman.

Each time I go home, I am just standing in marvel of what we have accomplished in the last 3 years as far as upgrading our Reserves and our National Guard in our home States.

A decision was made some 10 or 11 years ago that part of our overall military force structure was going to be moved to the ranks of the National Guard and Reserves. It became apparent to me that when you look at the infrastructure in our particular States, our infrastructure was not ready to really train hard and to have the facilities, the infrastructure to complete that mission.

So in my State, I went to work trying to fix that because we were operating out of facilities that were built in World War II. Our communications and our ability to teach interactively and distance learning and everything that we had to do was woefully way behind the state of the art. But now we have done that.

TRAINING RANGES

I just want to mention to you, General James, about a training tool that we use in Montana at the 120th wing there on the Litening II advance targeting pods. I keep hearing my people talk about them. They have probably been the most useful thing. As you know, we ran out of ranges, places to train, air space in which to train. By the way, if any of you all want some air space, you know the sky is bigger in Montana. We have got room for you and we are willing to host you. I just thought that I would throw that out there.

Senator STEVENS. The sky is only bigger in Montana if you are lying on your back.

Senator BURNS. I am not going to go there.

LITENING II TARGETING PODS

Could you bring us up to date on the Litening II targeting pods, if you would please, your requirements? Give us some idea of the cost of the program because it appears to me these will become a very, very economical way to train our pilots. Can you bring us up to date on that and tell us more about them? Because I do not think a lot of people know a lot about them.

General JAMES. Well, the Litening II targeting pod was, I would say, the piece of equipment that got us involved in the last few contingencies. The warfighters, the combatant commanders, want precision-guided munitions capability that can be delivered very accurately. My predecessor pursued this strategy to acquire the Litening II and they used the NGREA funds to do so. That capability allowed us to be involved in the last two to three contingencies, especially Iraqi Freedom and Enduring Freedom.

SNIPER POD

I have a list of different numbers here that I can pass on to the staff, but what I would say to you is our philosophy is that there is another pod that has come forward. It is called a Sniper pod and it is produced by another corporation. It was a little delayed getting into production but now they are starting to produce this pod, and it is supposed to be the Cadillac of all pods.

We still are procuring our Litening II pods and we have developed a two-pod procurement philosophy. In other words, we will continue to procure some Litening pods, but we will also procure the Sniper pod as it becomes more and more available.

Senator BURNS. Well, I congratulate on that.

General Schultz, we are trying to update our 155's in Montana. Can you give us an update? Is that possible? We want to go to the lighter weight Howitzers up there. Is that possible? What plans do you have for us on those 155's?

General SCHULTZ. Senator, I owe you a complete answer for the record. We are going through those reviews right now. We had some 155's in our long-range program. Some of those numbers have changed, and I will give you a full lay down and a detailed description of just how we are doing there. It is possible to do what you are describing.

Senator BURNS. Thank you very much.

[The information follows:]

FIELDING OF LIGHTER WEIGHT HOWITZERS FOR MONTANA ARMY NATIONAL GUARD

No force structure decisions have been made with respect to the unit level of detail for the fielding of LW 155 equipped Army National Guard Field Artillery units. Montana is part of a two-state coalition that is attempting to go after a congressional add for the LW 155 Howitzer. Montana Army National Guard is not currently on any fielding schedule for the LW 155.

Senator BURNS. I have some more questions. I will offer them in writing, Mr. Chairman. Again, I want to congratulate the leadership because I think you have been visionary because we know we are not just a weekend Boy Scout camp anymore. We are there to do business. You have caught the imagination of a lot of young people. They are staying with you to somewhat of a surprise because we hear a little rhetorical going on every now and again, but for the most part, they are very, very optimistic and they are doing a great job. I thank the Chairman.

Senator STEVENS. Thank you.

Senator Dorgan.

Senator DORGAN. Mr. Chairman, thank you very much.

First of all, let me thank all of you for your service and for what the men and women under your command do for this country.

General Schultz, this weekend a member of the 142nd battalion that just returned from Iraq told us that they did not have enough sets of body armor. The young man indicated that when one soldier came back from patrol in Iraq, he took off his body armor and gave it to the next soldier going on patrol. Can you give me any information about what is the supply of body armor? Is there sufficient body armor in Iraq at this point?

General SCHULTZ. Senator, the condition you described early on in the first rotation of Operation Iraqi Freedom was no doubt exactly as the soldier outlined it to you. The Army has (OIF-1) been working hard on the distribution of the body armor. In Afghanistan and Iraq, there are adequate quantities of the inventory. We followed the 142nd battalion and they performed a significant portion of their mission without every soldier having the full-up body armor issued. That is correct. That has since been adjusted in the theater, though. So we have taken the action that he outlined the concern for.

Senator DORGAN. I will ask him more about that later, but the question is how much is in the country relative to the number of soldiers in the country.

BASE REALIGNMENT AND CLOSURE (BRAC)

Let me ask you a question about BRAC. What will be the role of the three of you with respect to making recommendations to the Defense Secretary? My understanding is that only a handful of Air Guard and Air Force Reserve facilities were evaluated, General James, in the 1995 BRAC round. My understanding is that this BRAC round intends to look at all facilities of the Guard and Reserve. Is that correct, or am I wrong about that?

General SCHULTZ. Senator, if I could. In terms of the Army Guard, all our facilities fall below the threshold that BRAC considers. What I have said, though—and I encourage Adjutants General to do the same thing here—is we ought to volunteer to be considered for the survey, for the review, for the analysis. And then States would participate on a voluntary kind of basis for a site by site and a reconfiguration and redesign, et cetera. So there are aspects of the BRAC program I think we ought to take a serious look at and see the value-added or the advantage of what BRAC might bring us. So I have said do not just discount the BRAC benefits by saying nothing qualifies in the Army Guard.

What I am saying is we ought to take a serious look at facilities that could be joint, facilities that may have qualities where we can just simply share costs with other services. Now, that will not apply to every kind of armory across the country, but it might to some. So that is what I have encouraged States to do.

Senator DORGAN. General James.

General JAMES. We will be full participants in the BRAC. We are already working with the committees from the Office of the Secretary of Defense (OSD) all the way to the Air Force committees. The Air National Guard will be full participants in having an input into BRAC. To answer your questions, are all installations being looked at for BRAC, my understanding is yes, all installations will be looked at.

Senator DORGAN. And that is a change from 1995. Is that not correct?

General JAMES. Correct.

Senator DORGAN. If all of your units are full participants, what role will you have in making recommendations to the Secretary? I think I understand what role the other service chiefs have, but what role will you have?

General JAMES. We are involved with the Air Force. We participate through the Air Force and then on to the Department of Defense (DOD). My deputy, Brigadier General David Brubaker, sits on the committee that represents the Air National Guard and makes our inputs.

Senator DORGAN. So you will participate through the Air Force Chief.

I mean, there is a difference between regular Air Force and Air Guard because in the regular Air Force, you can close a base and move your troops. That is not necessarily the case with the Guard. Is that right?

General JAMES. That is our challenge. We cannot cut Permanent Change of Station (PCS) orders and just move our folks. We have to come up with a program whereby we can re-roll or integrate these forces into possibly a facility that is close by that is an active duty facility. Under the Vanguard concept, we are looking at those types of formations and those types of units whereby we have integrated Air National Guard and active duty. That does not work in every case as you look at the demographics and how we are spread out. In some places, that lends itself very well, in the large air-plane community, for example, along the east and west coast where we have facilities that have the air mobility assets. But when you look at the heartland and your State and other States where you have fighter units spread out throughout the United States, you have to look very carefully. There is potential because you do have a large tanker base north of you, but all of this has to be taken into consideration.

One of the things we are doing is we are asking for inputs from the States through the adjutants general for how they would do it if they were forced to remission or move.

Senator DORGAN. Finally, General Schultz, in the Guard you recruit not just a soldier but their family because it is a citizen soldier and their family plays a significant role in this. I listened closely to your answer about retention and recruitment. I think it is critical to take a hard look and a close look at that because often what we are getting from families after long deployments is word that they are concerned about that. So one would expect there to be some concern showing up in recruitment and retention. I am really pleased to hear your report that it is not, but I think that your suggestion that you need to follow that very closely is an important one at this point.

General SCHULTZ. We watch it very closely, Senator.

Senator DORGAN. I hope that those men and women who serve under you understand the gratitude of this committee and that this country is grateful for their service.

Mr. Chairman, thank you.

Senator STEVENS. Senator Domenici.

Senator DOMENICI. Thank you, Mr. Chairman. I had a series of four questions. I will try to get them in. If I do not, I will submit them.

IRAQ

Let me ask all of you. It would seem to this Senator that you must have had to change the activity expected from some of your units and some of the preparation in order to be used in this war in Iraq. When you hear of Reserves and National Guard units over there, you frequently hear that they are doing things that the regular Air Force is not doing and the regular Army is not doing. But could you tell me, when you say we are sending the best equipped, best trained people, what are you sending them over there to do? What are they principally involved in doing in Iraq?

General BLUM. Senator, I have been to Afghanistan and Iraq three times. I will be going there again in the next 2 weeks. I have been for each and every rotation, and I can assure you that the first rotation was not a pretty picture. They did not go over there

as well-equipped as we currently are doing. They were trained and they were ready, but they were not equipped, and that has been brought up by several of the other Senators. They are absolutely correct. Those issues have been corrected. The United States Army, General Pete Schoomaker has moved lots and lots of effort and money to making us the best equipped, best trained, best prepared force that has ever been deployed, and I mean that sincerely, bar none, in the history of this Nation. The group that is over there now, the 30th, the 39th, the 81st, and the 116th, the 278th, 256th, and the 42nd that are getting ready to go will be the best equipped and trained and superbly ready force we have ever sent.

What they do is what the combatant commander needs them to do on a given day because this is not a training exercise. This is a war where an enemy has a vote, and unfortunately, he votes often and differently each time, and we have to make those adjustments.

The performance of the citizen soldier and airmen that have been sent overseas has been nothing short of outstanding, superb. They have not failed in anything they have been asked to do. They can perform at the same rate or better than their active duty counterparts because of their civilian-acquired skills and some of their maturity and education levels are a little bit higher.

Senator DOMENICI. General, let me interrupt. I understand your answer and I appreciate it.

It seems to me when you talk about the success rate at keeping these people in that somebody like me wonders are they staying in expecting to be overseas or are a lot of them expecting to be part of a mission that does not take them overseas?

General BLUM. Sir, in the last 3 years no one has come into the National Guard because they think they are coming in strictly for a college education or military vocational training. They know they are going to have to answer the call to colors. They know they are going to be serving, defending this Nation either here at home or abroad, and maybe both. In fact, some of the people on the panel have done all three. They are staying with us because they feel what they are doing is vitally important to the survival of this Nation and our way of life and our liberties. I thank God every night that we have young citizens in this country that are willing to do that. When you remember that we are now in our 30th year of no draft, all volunteer, all recruited force and being tested for the first time in the crucible of war, this young generation is standing up to that test and getting high marks.

Senator DOMENICI. Thank you very much.

I want to just say I had three questions and I am just going to outline them. One has to do with a lot of families in rural areas. New Mexico is a very rural State. The families do not know their benefits, do not know what they are supposed to get, do not know what they are entitled to, and they are not in Albuquerque. They are off in some little rural area. Could there be some kind of centralized office that could provide Guard and Reserve families with information regarding what they are entitled to, or is that being done in your opinion?

General BLUM. Sir, we have over 400 centers called Family Assistance Centers where any member of the Army National Guard,

Air National Guard, or any of the other services, whether reserve or active, can contact that unit armory and speak with a trained representative who can tell them all of their benefits and direct them almost as an ombudsman to solve their problems. That is what they are there for. They are funded and they are established and they are trained to take care of the families of soldiers, sailors, airmen, and marines who happen to live in a ZIP code where there is no major military installation to help them.

Senator DOMENICI. So if we are receiving complaints about that, what we ought to do is have them check where their closest center is, and if there are not any, we ought to complain to you.

General BLUM. Absolutely. In your case, sir, I would direct them right to see General Montoya and have him direct them to the local closest Army National Guard or readiness facility that could support their efforts.

BLENDED UNITS

Senator DOMENICI. My last one has to do with blended units. We understand that the National Guard unit in California and an active duty Air Force squadron in Nevada recently formed what they called a blended wing for the operation of Predator unattended aerial vehicles (UAV). How is this concept working? And do you see an increased role for the Guard in operating UAV's for the border? And do you and the Air Force plan to expand the number of blended wings? If so, for what purpose?

General BLUM. I personally think it is the way of the future. I think it makes sense for the American taxpayer to leverage the Department of Defense's capabilities by getting the synergy of the active, the Reserve, and the Guard components. That unit that you talk about is an Air Force Reserve unit, an active Air Force unit, and two Air National Guard units that make up that unit. We call that an integrated unit because it is fully integrated. All three components comprise that unit and I think that makes great sense as we move into the future and we use our Guard and Reserve as an operational force, not a strategic Reserve.

Senator DOMENICI. Could I have one more, Mr. Chairman?

Senator STEVENS. Yes, sir.

Senator DOMENICI. In New Mexico, it seems like a restructuring is taking place. The National Guard leadership is developing a plan and an organization to convert much of what we have got there from air defense to infantry military police and other units. Is this in line with what you want, and do these kind of missions reflect a larger plan for building the National Guard for the future, reflecting perhaps a change of needs?

General BLUM. Senator, I applaud those efforts being taken by the joint force headquarters in New Mexico. It is exactly the right thing to do. They are divesting themselves of units that are no longer needed for current and future threats and moving it to areas to develop capabilities that that State will need and our Nation will need from its National Guard forces in New Mexico. General Montoya is doing exactly, in my judgment, the right thing at the right time.

Senator DOMENICI. Thank you. Thank you, Mr. Chairman.

Senator STEVENS. Thank you, gentlemen. I have only one question and that is this. When we were in Iraq, we pursued to a great extent the question of the dumps of ammunition and ordnance that exist all over that country. We were told there are from 1,000 to 7,000 of those dumps in that country and that the current deployment is not sufficient to guard them. They represent a massive amount of weapons of destruction. We have been looking for weapons of mass destruction. This is a massive amount of weapons of destruction. It appears that some of them were taken out, tied together, and blew up an Abrams tank and others have been used as mines in the roads.

I do not want your response, but I would like you to go back to your offices and take a look at that and see what would it take to send over a force designed for one purpose and that is to gather up that ordnance, either destroy it or drop it in the ocean or do something with it because it is going to be consistently used to harm our American personnel if we do not do something about it. We are asking the Department to look at it too, and I intend to go further on it before the year is over. But I do think it is going to take a special force of people that would be trained to know how to deal with that ordnance and to move it somewhere, at least get it to where we can guard it. Currently very few of those dumps are guarded. So I appreciate your response if you would get it to me.

ADDITIONAL COMMITTEE QUESTIONS

I also have some questions I will submit for the record, as did several members of this committee.

I want to thank you all again and tell you what a wonderful job we know your people are doing. I have said before Senator Inouye and I were supposed to be part of the greatest generation. We spawned a greater generation. These young people are just fantastic people. I have never met anybody like those people who are over there, and that includes the ones that are in the hospital. They are just fantastic. Thank you all very much, gentlemen.

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

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL H. STEVEN BLUM

QUESTION SUBMITTED BY SENATOR DANIEL K. INOUE

Question. One of my constituents, Atlantis Cyberspace, Inc. has developed what seems to be an extremely flexible Immersive Group Simulation system capable of providing superb training opportunities for Reserve component forces. Their basic solution provides four virtual reality pods, a live virtual camera system, a mission control instructor-operator station, training scenarios based on situations and graphics developed for "America's Army", a full runtime license, and set-up and installation. That basic system can be easily expanded from four to up to 32 pods and has additional options including expanded After Action Review stations, wireless or customized weapons, and force feedback vests that record opposing force hits. This existing flexibility allows realistic training for a range of needs: from small special operations teams up to platoon-sized conventional units. The scenarios can be modified to train specific tactics, techniques and procedures or to conduct mission rehearsals, in fact I understand that Atlantis Cyberspace has recently been asked to submit a proposal for a modification of their basic system to allow tactical convoy training in a virtual environment. The pods can be linked from different locations to allow individuals to train together while physically separated and the system is

sufficiently compact to allow its deployment in austere locations or small training spaces.

Atlantis Cyberspace has had some initial contact with the National Guard, but I am interested in your assessment of the training opportunities offered by their Immersive Group Simulation. Could you please have the appropriate members of the Bureau look at the system and provide me your thoughts on the utility of the system?

Answer. We are aware of the system and have had contact with Cyberspace but have not as yet completed a full assessment of its applicability to Army National Guard Training. Once a complete assessment is completed, we will forward a copy of the review to you.

QUESTION SUBMITTED BY SENATOR PATRICK J. LEAHY

HOMELAND SECURITY

Question. General Blum, The past has shown that there are times when it is necessary to have access to military equipment and personnel to perform certain functions in a state and local setting. We have made provisions in previous years to allow National Guard members to perform certain missions such as counter-drug and weapons of mass destruction civil support in a separate status that would not violate posse comitatus. Do you feel that domestic operational use of National Guardsmen in a title 32 status would aid in providing the necessary flexibility for our states to respond to domestic emergencies such as unprovoked terrorist attacks?

Answer. Providing clear authority for the National Guard to perform operations—in addition to training—under Title 32 would significantly strengthen the flexibility for addressing domestic missions. As you state, the counter-drug activities and weapons of mass destruction/civil support team operations have been quite successful. I would also add that the airport security mission and the recent mission in support of the G8 conference and similar major events have also demonstrated the wisdom of having National Guardsmen perform operational type missions while remaining under the command and control of states. One of the major benefits, as you point out, is the resulting ability of National Guardsmen to assist in both federal and state law enforcement free from the restrictions of posse comitatus.

Also, important, is the great speed and agility inherent in Title 32 operations. Because National Guard troops are already under the command of their state Adjutants General they can very rapidly be called to duty and, likewise, can easily be released from duty. No cumbersome federal mobilization and deployment process is needed.

For this reason, I would urge that any amendment of Title 32 to provide operational authority do so in such a manner as to minimize the number and types of administrative prerequisites which might slow down the process and thereby destroy the speed and flexibility which are among the most important characteristics of Title 32 operations in the first place.

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL ROGER C. SCHULTZ

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

HOMELAND SECURITY

Question. What is your plan for the procurement of more M777, Lightweight 155-millimeter howitzers (LW155) for the Army National Guard?

Answer. Money previously programmed to field all six battalions in the Army National Guard has been reprogrammed to fund the Army's Stryker brigades and leaving the Army National Guard with an unfunded requirement of four battalions—two-thirds—of the Army National Guard's total requirement for LW155 corps battalions. A battalion set of LW155 costs \$35 million, which includes howitzers equipped with the digitization package, initial spares, new equipment training and LW155 unique associated items of equipment and test sets.

Question. I am interested in your plans for the expansion of the force structure of unmanned aircraft into the Army National Guard; can you provide me with a plan showing which systems will be brought into Army National Guard units and a timeline for that implementation?

Answer. It is my intention to build modernized force structure which mirrors the modular design of the Active Army. These designs will be implemented between now and fiscal year 2010 and follow, as nearly as can be projected, the return of units

from Peace Keeping or GWOT missions. When the plan is completely implemented the Army National Guard (ARNG) will have 34 fully equipped and trained Shadow 200 Tactical Unmanned Aerial Vehicle (TUAV) Platoons. In order to meet this timeline the activities of a number of organizations to include the state National Guards; the operations, personnel, acquisition, force structure and training staff elements of both HQDA and NGB as well as manufacturers must be coordinated. At present, two TUAV platoons (from the Pennsylvania and Maryland Guards) comprised of 22 soldiers are training at Fort Huachuca as part of a Mobilize-Train-Deploy scenario. These units will leave equipment fielded to them in the theater of operations as they will be followed by platoons from the Minnesota ARNG. The 116th Brigade which is headquartered in Idaho shares force structure with the Oregon and Montana Army Guards and will convert to the modular design in fiscal year 2006.

Question. What is your plan to decrease the stress on certain specialties such as Military Police and Civil Affairs due to high mobilization rates within the Guard?

Answer. Current operations and future operations continue to require increasing numbers of military police units. This requirement is not likely to decrease in the near future. In order to meet on-going requirements, the Army National Guard committed to build 144 new military police units, in addition to the 118 military police units the Guard presently has, between now and September 2009. The Army National Guard provisionally organized 16 military police units to fill the immediate need for additional military police for law and order mission inside the Continental United States, Hawaii, and military installations in Germany, but some of these provisional units will return to their original structure when missions complete. In addition, the Army National Guard accelerated the activation of two military police combat support companies. The Active component and the Army Reserve own all Civil Affairs functions.

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL DANIEL JAMES, III

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

LITENING II PODS

Question. What are your requirements for the Litening II Pods for the Air National Guard?

Answer. The LITENING family of targeting pods has evolved from the original LITENING II to ER (Extended Range) and now to AT (Advanced Technology). The LITENING AT pod is equipped with a 512k FLIR, Laser Spot Track (LST), and the capability to target J-Series Weapons. The Northrop Grumman LITENING AT targeting pod (TGP) is comparable to Lockheed Martin's Sniper XR.

The total targeting pod requirement for the Air National Guard is 266 pods that includes 203 for Block 25/30/32/42 F-16s and 54 for the A-10. This breaks down to 8 TGPs per squadron plus spares. The ANG has 87 LITENING TGPs in the inventory, with 25 LITENING ATs on order, 12 Sniper XRs on order, and 70 Sniper XRs to be received from the active duty Air Force. The remaining requirement is 63 TGPs at a unit cost of \$1.3 million per pod for a total price of \$81.9 million.

F-16 FLEET

Question. Is the Air Force adequately funded to provide these pods to the F-16?

Answer. No. The United States Air Force currently has 470 LANTIRN Targeting Pods (TGP) in its inventory, which has a single mode Forward Looking Infra-Red (FLIR) and does not have a TV mode, Laser Spot Search and Track (LSS/LST), Laser Marker (LM), or the ability to generate J-series weapons. The total documented requirement for the Combat Air Forces (CAF) is 679 3rd Generation TGPs. The United States Air Force has budgeted for 200 Sniper XR targeting pods, with 56 on contract. The United States Air Force, Air National Guard, and AFRC have a total of 134 LITENING pods in their inventories. This leaves the CAF 345 TGPs short of our documented requirements.

The United States Air Force and Air National Guard combined forces in February 2000 to develop and procure the Advanced Targeting Pod (ATP). Lockheed Martin's Sniper XR pod won an open competition for the ATP contract, and the Air National Guard is supposed to receive 70 of the first 176 Snipers that are procured. Sniper is over a year and a half late, and the Air National Guard is still waiting to receive the first TGP from the United States Air Force. LITENING has helped satisfy ANG requirements in the interim.

LITENING TARGETING PODS

Question. What will be the impact if these Litening targeting pods are not adequately funded?

Answer. The Air National Guard has been sharing LITENING Targeting Pods (TGP) between units since 1998. At the present time, we only have enough pods for units to get a minimum of 3 months worth of training before they deploy to theater. When a unit returns home, they typically go 3–6 months without any TGP training capability. Funding the remaining 63 LITENING pods and receiving 70 Sniper pods from the United States Air Force will allow the Air National Guard to permanently base 8 pods plus spares at each unit. This will keep the Air National Guard from constantly moving TGPs, provide better training continuity, and establish unit “ownership” of pods that will improve their overall maintainability.

UNMANNED AIRCRAFTS

Question. I am interested in your plans for the expansion of the force structure of unmanned aircraft into the Air National Guard; can you provide me with a plan showing which systems will be brought into Air Guard units and a timeline for that implementation?

Answer. We are currently working with Air Combat Command, the lead command for unmanned aircraft, to develop a plan to support and integrate Air National Guard units into unmanned aircraft operations and maintenance. To date, the ANG has been processing, exploiting, and disseminating intelligence from Predator, Global Hawk, and U–2 missions over Iraq and Afghanistan. In particular, the 152 Intel Squadron (NV ANG) was the sole exploiter of Global Hawk imagery during OPERATION IRAQI FREEDOM and OPERATION ENDURING FREEDOM. We are currently expanding our exploitation capability by robusting our current intelligence units [117 Intel Sq (AL ANG), 123 Intel Sq (AR ANG), and 152 Intel Sq (NV ANG)] and standing up additional units in California, Georgia, Hawaii, Kansas, Maryland, Texas, Utah, and Virginia.

TACTICAL AND STRATEGIC AIRLIFT

Question. Are you finding that your tactical and strategic airlift capabilities adequate?

Answer. ANG internal tactical (theater) and strategic capabilities are more than adequate to meet Air National Guard training, non-deployed mobility and exercise support needs. The issue is that ANG resources are part of a larger, Air Force/National Defense set of requirements determined by the Air Force and the Joint Staff. Whether overall capacity is sufficient to meet national strategy and warfighting needs is currently under study. The issue is beyond the capacity of the ANG to answer.

Question. Is tactical and strategic airlift funded adequately in the fiscal year 2005 budget?

Answer. There are shortfalls in funding both tactical and strategic airlift in the fiscal year 2005 budget. On the tactical side, additional unbudgeted C–130J aircraft are required to meet the previously agreed total force acquisition profile and funding is lacking for combatant commander and AMC mandated (but not funded) night vision goggle capability and aircraft defensive systems. The strategic airlift mission area is under funded in fiscal year 2005 in the amount of \$1.7 million for the cost of C–5 simulator installation at Memphis, TN as part of the ongoing 164th Airlift Wing conversion from C–141 to C–5 aircraft. There is a critical shortfall of \$63 million in fiscal year 2005 to cover the cost of required support equipment required for the incoming C–5s at Memphis and at the subsequently converting 167th Airlift Wing at Martinsburg, WV. This equipment is not being flowed from AMC with the aircraft and is acquisition lead-time away.

RESERVES

STATEMENT OF LIEUTENANT GENERAL JAMES R. HELMLY, CHIEF, ARMY RESERVE

Senator STEVENS. Our next panel will be the Reserve chiefs, Lieutenant General James Helmly, Vice Admiral John Cotton, Lieutenant General Dennis McCarthy, and Lieutenant General James Sherrard. If you would please join us, gentlemen.

General McCarthy, can you tell us who those people are? One of them is your son I understand. Captain, it is nice to have you join your father. We appreciate it very much.

General MCCARTHY. The young captain back there is Captain Michael McCarthy who is on active duty with the Marine Chemical Biological Incident Response Force (CBIRF) unit here in Washington who wanted to come and see a hearing today. Thank you for asking me that, sir.

Senator STEVENS. It is not very educational today, but that is fine.

General Helmly, are those people behind you here for introduction?

General HELMLY. Yes, sir. This is Staff Sergeant James Gwiazda and Sergeant Paul Hutton, both members of the 299th Engineer Bridge Company of Fort Belvoir, Virginia, which fought the road to Baghdad and bridged the Euphrates River for the 3rd Infantry Division in its decisive attack on Baghdad.

Senator STEVENS. Well, we are proud to have you with us, gentlemen. Thank you very much.

All of your statements will be printed in the record as if read. We appreciate your summarizing whatever you wish to say before us today. There is a debate going on on the floor now unfortunately, but General Helmly, let us start with you please, sir.

General HELMLY. Mr. Chairman and members of this distinguished subcommittee, thank you so much for the opportunity and indeed the privilege to testify on behalf of the 211,000 soldiers, 12,000 civilian employees, and indeed the families, as we noted here today, of the Army Reserve, an integral component of the world's greatest army, an army at war for a Nation at war.

I am Ron Helmly and I am an American soldier in your Army and very, very proud of it, Mr. Chairman. I am joined this morning, as we noted, by Staff Sergeant James Gwiazda and Sergeant Paul Hutton, both of the 299th Engineer Bridge Company.

Today, as we speak, nearly 60,000 Army Reserve soldiers are on active duty in Iraq, Kuwait, Afghanistan, here in the continental United States, and elsewhere around the world as part of our Nation's global war on terrorism, serving courageously and proudly. They are joined by another 151,000 Army Reserve soldiers currently training and preparing for mobilization or, indeed, resting and refitting after being demobilized and redeployed.

Since September 11, 2001, more than 100,000 Army Reserve soldiers have served on active duty as a part of this war. Tragically, 31 Army Reserve soldiers have made the ultimate sacrifice, 4 in just the last week, in service to our Nation to keep their fellow citizens and their families and neighbors safe and free. We are forever and deeply in their debt and honor their memories by our actions here today.

Your invitation to testify comes at a time of profound and unprecedented change and challenge in the dynamics of our Nation's security environment. A critical issue that should be recognized is that this is the first extended duration war our Nation has fought with an all-volunteer force. January marked the 30th anniversary of the all-volunteer force. This immense policy change in our Nation has brought the Army Reserve and the armed forces an unheard of and unprecedented quality of those who populate our ranks. Yet, the all-volunteer force also brings expectations and sensitivities that we must confront with regard to how we support our people and how we train them and how and when we employ those people.

To meet the demands of our Nation and the needs of our Army and joint force team, we must change the way we man the Army Reserve. We must change the way we organize, train, and prepare the force. This is a period of deep change from the old to the new, but we must forge this change while simultaneously continuing the fight in the current war. We are not afforded the luxury of hanging a sign outside our Army Reserve command headquarters in Atlanta that says "closed for remodeling." The culture must change from one that expects 1 weekend a month, 2 weeks in the summer, to one that understands I am first of all an American soldier. Though not on daily active duty, before and after a call to active duty, I am expected to live to demonstrate Army values. I must prepare for mobilization as if I knew the hour and, indeed, the day that it would come.

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

Senator STEVENS. Thank you, General.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL JAMES R. HELMLY

INTRODUCTION

Mr. Chairman and members of this distinguished subcommittee, thank you for the opportunity and the privilege to testify on behalf of the 211,000 Soldiers, 12,000 civilian employees, and the families of the United States Army Reserve, an integral component of the world's greatest Army; an Army at war for a nation at war. I'm Ron Helmly, and I'm an American Soldier in your Army, and proud of it.

Today as we speak, nearly 60,000 Army Reserve Soldiers are on active duty in Iraq, Kuwait, Afghanistan, in the continental United States, and elsewhere around the world as part of America's global war on terrorism, serving courageously and proudly. They are joined by another 151,000 Army Reserve Soldiers training and preparing for mobilization or resting and refitting after being demobilized. These modern-day patriots are your neighbors who live in your communities, work in your factories, teach your children, deliver your babies, your mail, and share your everyday lives. They have willingly answered the call to duty to perform missions they have trained for, and to honor their commitment as part of a responsive and relevant force, an essential element and indispensable component of the world's finest land force, the United States Army.

The strength and added value we bring to that partnership is drawn from the people who serve in our formations. With nearly 25 percent of its Soldiers female, and

more than 40 percent minority, the Army Reserve is the most ethnically and gender-diverse force of all the armed services. Overall, 92 percent of our force holds high school diplomas. Our force consists of individuals who are community and industry leaders, highly trained and educated professionals, experts in their chosen fields who give of their time and expertise to serve our nation.

Since September 11, 2001, more than 100,000 Army Reserve Soldiers have served on active duty as part of the global war on terrorism. Tragically, 21 Army Reserve Soldiers have made the ultimate sacrifice in service to our nation to keep their fellow citizens and their families and neighbors safe and free. We are deeply in their debt and honor their memories by our actions here today.

THE CHALLENGE

Your invitation to testify comes at a time of profound and unprecedented change and challenge in the dynamics of our nation's security environment. Since September 11, 2001, we have been embroiled in a war with wily, determined enemies, who are intent on destroying our very way of life. In this global war on terrorism, we are confronting regional powers; facing the potential use of weapons of terror and mass destruction at home and abroad; and struggling with the challenges of how to secure our homeland while preserving our precious rights and freedoms. From the start, we have understood that this will be no brief campaign or a short war. It will be an enduring global war, a protracted war, a long struggle that lacks clear, well-defined borders. Have no doubt, it is a war. It challenges our national will and our perseverance. It tries our patience and our moral fiber. It is a war different, just as all previous wars have been different. Unlike previous wars the Army fought here on our own soil, where we in the armed services must be continually ready to carry out our mission when and where the nation calls.

As we engage these enemies we recognize that carrying out current missions is not by itself sufficient. The very forces that cause this war to be different have propelled the world into a period of unprecedented change and volatility. We live in a much-changed world and we must change to confront it. We must simultaneously confront today's challenges while preparing for tomorrow's. The Army will maintain its non-negotiable contract to fight and win the nation's wars as we change to become more strategically responsive and dominant at every point across the spectrum of military operations. The confluence of these dual challenges, transforming while fighting and winning, and preparing for future wars, is the crux of our challenge—transforming while at war.

Last year was my first opportunity to address this subcommittee as the Chief, Army Reserve. I told you then that I was humbled and sobered by that responsibility. That feeling remains and indeed has grown more profound. The Army Reserve is an organization that daily demonstrates its ability to be a full and equal partner, along with the Active component of the Army and the Army National Guard, in being the most responsive dominant land force the world has seen. Together with the Marine Corps, Navy, Air Force, and Coast Guard, the Army Reserve of your Army fights as part of the joint team: the sum of the parts is much greater—and that's the power we bring to the battlefield today.

ALL-VOLUNTEER FORCE

A critical issue that should be recognized is that this is the first extended duration war our nation has fought with an all-volunteer force. January marked the 30th anniversary of the all-volunteer force. This tremendous policy change in our Nation has brought the Army Reserve, and the Armed Forces, an unheard of quality of people. Yet the all-volunteer force also brings expectations and sensitivities that we must confront with regard to how we support our people, and how we train them, and how and when we employ those people.

Title 10 of the United States Code directs the Army Reserve to provide units and Soldiers to the Army, whenever and wherever required. Since 1973, the Active and Reserve components have met this challenge with a force of volunteers, men and women who have freely chosen to serve their nation. Perhaps more than any other policy decision, this momentous move from a conscript force to a force, Active and Reserve, manned solely by volunteers has been responsible for shaping today's armed forces, the most professional and capable military the world has seen. Working through this sea change in how we lead our force has highlighted differing challenges that we simply must recognize and address if we are to maintain this immensely capable force.

During a recent conference celebrating 30 years of the All-Volunteer Force (AVF) policy, former Secretary of Defense Melvin Laird discussed its genesis. He explained that while from the start, it was understood that the policy would apply to the Total

Force, in reality, after the AVF was established, the focus tended to be almost exclusively on manning the Active component—understandable since it was the tip of the spear. But as a result, manning the Reserve components became, in effect, an accidental by-product of manning the Active component. This lack of a deliberate focus has hindered the development of force-manning policies that recognize the unique nature of Reserve service. As a result, the “one weekend a month and two weeks in the summer” paradigm was created. For almost three decades, that paradigm has remained largely intact. The world has witnessed major change since we started relying on an all-volunteer force. And yet we, in the Army Reserve, allowed the continuance of expectations for our most critical element—our people—our volunteers—for a world that no longer existed.

To meet the demands of our nation and the needs of our Army and joint force team, we must change the way we man the Army Reserve, we must change the way we organize, train, and prepare the force, and to accomplish this change, the culture must change. This is a period of change from the old to the new. Forging a new paradigm is akin to the depth of change the Department of Defense endured when transitioning from a conscript force to an all-volunteer force. But we must forge this change while simultaneously continuing the fight in the current war. We are not afforded the luxury of hanging a sign outside the U.S. Army Reserve Command headquarters that says, “Closed for Remodeling.” The culture must change from one that expects “one weekend a month, two weeks in the summer” to one that understands “I am, first of all, a Soldier, though not on daily active duty, before and after a call to active duty I am expected to live Army values; I am expected to prepare for mobilization as if I knew the day and the hour that it would come. I use my civilian skills and all that I am to perform my military duties. I understand that I must prepare to be called to active duty for various periods of time during my military career while simultaneously advancing my civilian career.”

The Army Reserve is part of a public institution founded in law. Our mission and our responsibility come from this law. I would like to note that the law does not say for big wars, little wars, short wars or medium wars, it says whenever our Army and our armed services and our nation require us, we are to provide trained units and qualified individuals. We must change to continue fulfilling the mandate of that law while simultaneously perfecting and strengthening the quality force we have today.

ACCOMPLISHMENTS

The past year has been a full one for your Army Reserve, marked by great efforts and remarkable achievements. Among the most significant have been:

At War—Army Reserve Soldiers Called to Active Duty in 2003

In 2003, the Army Reserve called to active duty and deployed nearly 70,000 Soldiers, more than 30 percent of the Army Reserve’s 205,000 Selected Reserve end strength, to Afghanistan, Iraq, Kuwait, and theaters around the world in support of Operations Enduring Freedom, Iraqi Freedom, Noble Eagle, and other contingency operations.

377th Theater Support Command Operates Logistics on the Battlefield

The seamless integration of the Army’s Active and Reserve components was epitomized by the Army Reserve’s 377th Theater Support Command during Operation Iraqi Freedom (OIF). The 377th was redeployed to OIF after performing as the senior logistics headquarters during Operation Enduring Freedom. Once redeployed, the 377th TSC (headquartered in New Orleans) supported OIF, and reported directly to the Combined Forces Land Component Command.

The joint and coalition flavor that the 377th brought to the fight is a historic first. From the early hours onward, the 377th supported combat operations from Kuwait throughout the entire battle space into Iraq. The headquarters commanded over 43,500 Soldiers during the buildup of forces and subsequent combat phase of OIF, and consisted of 8 general officer commands and 8 area support groups. The 377th TSC helped shape the theater logistical footprint and was responsible for supporting the reception, staging, onward movement, and integration of all coalition forces, in addition to many other logistical support operations.

Of particular note were the 377th’s accomplishments in seaport of debarkation operations in Kuwait. This included the largest wartime combined/joint logistics over the shore operation in over 50 years, at the Kuwait Naval Base. These operations involved over 150 ships, 31,000 personnel, 4,900 wheeled/tracked vehicles, over 6,000 ammunition and general containers, over 29,000 ammunition and general pallets, and over 2,500 other pieces of cargo. The base was operated by units of 377th

and the Army Reserve's 143rd Transportation Command (headquartered in Orlando).

Three Consolidated and Streamlined Support Commands Established

Army Reserve Personnel Command (AR-PERSCOM) Merged with Human Resources Command (HRC)

Effective October 2, 2003, the St. Louis, Missouri-based Army Reserve Personnel Command inactivated and merged with the Total Army Personnel Command to form the U.S. Army Human Resources Command (HRC). The HRC envisions becoming the nation's premier human resources provider. The HRC mission is to execute the full spectrum of human resources programs, services, and systems to support the readiness and well-being of Army personnel worldwide.

The HRC executes Army personnel policies and procedures under the direction of the Department of the Army G-1. It integrates, manages, monitors, and coordinates military personnel systems to develop and optimize utilization of the Army's human resources in peace and war. HRC is the activity within the Department of the Army responsible for managing the Individual Ready Reserve (IRR) and Standby Reserve. The HRC will also plan for and integrate civilian personnel management and processes to attain a fully integrated HR focus.

Army Reserve Engineers Integrated with DA ACSIM

Effective October 1, 2003, the Army Reserve Engineers, formerly known as the Office of the Chief, Army Reserve (OCAR) Engineer Staff and the U.S. Army Reserve Command (USARC) Engineer Staff, transferred to the Army's Assistant Chief of Staff for Installation Management (ACSIM) and Headquarters, Installation Management Agency (IMA).

The former OCAR Engineer Staff (Arlington, VA) was integrated as a separate division within the Department of the Army, ACSIM, as the ACSIM-Army Reserve Division (ACSIM-ARD). The former USARC Engineer Staff (Atlanta, GA) was integrated as a separate division within the HQ, IMA, as the IMA-Army Reserve Division (IMA-ARD). The IMA-ARD is split-stationed between Arlington, VA and Atlanta, GA.

The ACSIM-ARD and IMA-ARD program, plan, and execute base operations support (e.g., environmental, maintenance and repair, and sustainment) and military construction functions on behalf of the Army Reserve and its more than 900 Army Reserve centers worldwide and two power projection platform installations (Fort Dix, NJ and Fort McCoy, WI).

Army Reserve Chief Information Office (CIO) Merged with DA CIO/G-6

At a June 25, 2003 signing ceremony, the Department of the Army CIO/G-6 and I formalized a memorandum of agreement that integrates the Army Reserve, CIO into the Department of the Army CIO/G-6.

The Army Reserve counts communication and signal technology as one of its core capabilities—an enduring skill-rich capability across the spectrum of operations. With this integration, the Army Reserve demonstrates a commitment to both the transformation of the Army and to a common/single Army enterprise. With this integration, the Army Reserve Enterprise Integration Office will continue to be responsible for C⁴/IT planning, programming, budgeting, and execution support for all related Army Reserve appropriations. The Department of the Army CIO/G-6 will provide resource guidance and policy oversight, ensuring that Army Reserve C⁴/IT requirements are integrated and validated as part of broader Army requirements.

FEDS-HEAL Program Expanded and Improved

The Army Reserve Surgeon's office worked with the Veteran's Administration to expand and improve the Federal Strategic Health Alliance (FEDS-HEAL) program. This initiative includes the addition of consolidated medical and dental records review, centralized appointment scheduling, dental treatment, vision examinations and eyeglass and lens insert procurement, and support to Soldier readiness processing activities.

The year began with a concerted effort to enhance Soldier readiness in support of Operation Iraqi Freedom. This resulted in 85,000 records being reviewed by the FEDS-HEAL Program Office, which subsequently initiated and completed 48,000 physical examinations, 31,000 dental examinations, 3,200 dental treatment services, 71,000 immunizations (not including Anthrax), 22,500 Anthrax immunizations, and 1,000 vision examinations. The effort has been sustained via routine SRP support across the nation. The effect has been to increase readiness and minimize processing time and the frequency of non-deployable Soldiers being called to active duty.

In addition, the effectiveness of FEDS-HEAL was enhanced by the program's extension to the Army National Guard, Air Force Reserve, six Active component dental treatment facilities, and the occupational health programs of the Army National Guard and Reserve.

GROWING CONTRIBUTIONS

Prior to Operations Desert Shield and Desert Storm, Army Reserve Soldiers provided minimal support to military missions. That all changed with the first Gulf War, when almost 95,000 Army Reserve members were called to active duty—and they not only responded but performed that duty well, contributing over 14 million duty days of support. Since that war, the Army Reserve provided between 1 million and 4 million duty days annually to total force missions until the terrorist attacks of September 11, 2001. Once again the Army Reserve has responded quickly and continuously with over 95,000 members serving on active duty and providing nearly 16 million duty days of support to the Active forces in fiscal year 2003.

The increased personnel tempo became steady-state even before September 11th as our Reserve Soldiers took their places among the rotational forces that are still keeping the peace in Eastern Europe. Our military police, medical, civil affairs, and public affairs Soldiers continue to provide their skills and capabilities in Operations Joint Endeavor and Joint Guardian in Bosnia and Kosovo.

In the wake of the events of September 11th, came the global war on terrorism, Operation Noble Eagle in the United States, and the subsequent campaign, Operation Enduring Freedom in Afghanistan and Kuwait. Civil affairs units made up of Army Reserve Soldiers who possess civilian-acquired and sustained skills in the fields of engineering, city planning, and education were deployed to the region to lead in reestablishing a free, functioning society. Numerous new schools were built and medical aid provided to the people of Afghanistan. These Soldiers represent the goodwill and interests of the American people with every classroom they build and every skill they teach, every functioning social capability they help create, and every contact they make with the native population. And your Army Reserve Soldiers are doing an incredible job.

In Operation Iraqi Freedom our troops have liberated Iraq and brought down Saddam Hussein. Today they remain, boots on the ground, helping restore the fabric of Iraqi society and its infrastructure and return self-determination to the people of Iraq who are free for the first time in more than 30 years.

No one expects this mission to be completed soon or the war on terrorism to be won quickly. Both will try our patience and test our resolve as a nation and as an Army. Both will require new organizational and institutional paradigms and expectations if we are to prevail in our present endeavors and prosper in future ones. The world will remain a dangerous and unstable place for the foreseeable future. We must so organize ourselves and our efforts that we have the institutional endurance and robustness to accomplish our missions effectively, efficiently, and definitively.

THE IMPERATIVE FOR CHANGE

Despite the clear relevance and strength demonstrated by these examples, we, the Army as an institution, are not without our challenges. First and foremost, we, the Army Reserve, must evolve as an institution to accommodate the changes in our environment. The division-oriented, set-piece battles of the past now share the stage with conflicts in which smaller interchangeable units will be combined in formations tailored to meet specific threats and situations and to offer the combatant commander the capabilities he needs to contain and defeat the enemy, and prevail upon the shifting, asymmetrical battlefields of the twenty-first century.

ARMY RESERVE RESPONSE

The Army Reserve is moving to meet that challenge, preparing changes to training, readiness and policies, practices, and procedures. We are restructuring how we train and prepare the force by establishing a Trainee, Transient, Holdee, and Student Account, much like the Active Army, to manage our force more effectively. We are preparing plans to support the continuum of service concept recently proposed by the Office of the Secretary of Defense, which would allow ease of movement between Army components as dictated not only by the needs of the Army, but also by what is best for the Soldier developmentally and educationally. We are excited by the potential of such transition proposals.

Federal Reserve Restructuring Initiative (FRRRI)

Our initiatives concerning the management of individuals and units in the Army Reserve are the catalyst of the evolving Army Reserve—The Federal Reserve Restructuring Initiative. Six imperatives are necessary in order for the Army Reserve to change to a 21st century force. These imperatives are: re-engineer the call to active duty process; transform Army Reserve command and control; ensure ready units; implement human resources life cycle management; build a rotational base in our force; and re-engineer individual Soldier capabilities.

Call to Active Duty Reform

Changing our industrial-age, Cold-War era call-to-active-duty and mobilization process remains a critical component to realizing the capabilities and potential of our highly skilled, loyal and sacrificing Soldiers. The nation's existing process is designed to support a traditional, linear, gradual build-up of large numbers of forces and equipment and expansion of the industrial base over time. It follows a construct of war plans for various threat-based scenarios. It was designed for a world that no longer exists. Today, multiple, operational requirements, unclear, uncertain, and dynamic alliances, and the need for agile, swift, and decisive combat power, forward presence in more responsive ways, and smaller-scale contingency operations, demand a fundamentally different approach to the design, use, and rotation of the Army Reserve forces. Rather than a "force in reserve," the Army Reserve has become and serves more as a complementary force of discrete specialized, skill-rich capabilities and a building block for teams and integrated units of capabilities, all essential to generating and sustaining forces. The process of accessing and employing these forces must be overhauled completely to become more efficient, flexible, and responsive to the nation's needs, yet sensitive to, and supportive of the Soldier, the family and the civilian employer. To do this we require a more decentralized, agile, and responsive process that accommodates the mission requirement while simultaneously providing greater predictability for soldier, family, and employer.

Changing the way we employ Soldiers starts with changing the way we prepare for calls to active duty. The current process is to alert a unit for calls to active duty, conduct administrative readiness preparations at home station, and then send the unit to the mobilization station for further administrative and logistical preparedness processing and to train for deployment. This alert-train-deploy process, while successful in Desert Shield/Desert Storm, today inhibits responsiveness. By changing to a train-mob-deploy model, and dealing with administrative and logistical requirements prior to active duty, we will reduce the time needed to bring units to a campaign quality level needed for operations. This will require us to resource more training events at home station through the use of devices, simulators and simulations. As you would expect, this shift in paradigms will increase pre-call-to-active-duty OPTEMPO beyond the current statutory level and will require greater effort and resources to achieve. We are confident that the increased costs will pay significant dividends in terms of readiness and deployability.

Realigning Force Command and Control

Our evolutionary force structure journey actually began 10 years ago and is accelerating rapidly today. In 1993 we reorganized to produce a smaller, more efficient, and more effective structure. Our overall strength was reduced by 114,000 Soldiers, or 36 percent, leaving us with a 205,000 Soldier statutory end strength today. We continue our journey from a Cold-War Army Reserve force to our current, fully engaged Army Reserve, to a changed, even more responsive and capable future Army Reserve force that will include a rotational capability. In the 1990s, we cut the number of our Army Reserve commands by more than half and re-invested those resources into capabilities such as medical and garrison support units as well as Joint Reserve units. We reduced the number of our training formations by 41 percent and streamlined our training divisions to better meet the needs of the Army and its Soldiers. Our journey continues today as we mature plans for further realignments and force structure initiatives. Between fiscal year 2005 and fiscal year 2008, we will reduce our force structure by 35,000 spaces, reinvesting those into remaining units in order to man them at 100 percent. Simultaneously, we will redesign the remaining force into more capable modular organizations and reduce the number of general officer functional commands and the number of general officer command and control headquarters subordinate to the Army Reserve Command.

The Army Reserve is the nation's repository of experience, expertise, and vision regarding Soldier and unit calls to active duty. We do have forces capable of mobilizing in 24 hours and moving to their active duty stations within 48 hours, as we demonstrated in response to September 11th. This norm of quick and precise calls to active duty ability will become institutionalized in the processes and systems of

the future and give our forces the ability to marshal Army Reserve Soldiers rapidly and smoothly.

Trainees, Transients, Holdees, and Students (TTHS) Account

The most immediately effective methods for improving Army Reserve unit readiness is to harvest the personnel authorizations (spaces) associated with those units whose historical missions have been largely overtaken by events and whose consequent relevance to war plans and missions has been significantly reduced or eliminated all together. These spaces can then be used as a holding account that increases unit readiness by removing unready Soldiers from troop program unit spaces. Currently, unready Soldiers are carried on the rolls for a variety of reasons and reported as unavailable to fill force authorized positions. With the creation of the TTHS account, these unready Soldiers will be assigned to the TTHS account where they will be trained and managed until they can be assigned to a unit in a duty-qualified status.

This procedure can be accomplished within existing manpower and funding levels. This initiative will improve the quality of service for individual Soldiers and relieve unit commanders of a major administrative challenge thus enabling them to better focus on calls to active duty and readiness activities.

The TTHS account will be used to manage vacancies and the assignment of qualified Soldiers to authorized positions, thus increasing retention with a positive Soldier-oriented life-cycle management program.

Individual Augmentee Program and Continuum of Service

In today's operational milieu, there is a growing need to establish a capability-based pool of individual Soldiers with a range of specialties who are readily available, organized, and trained for calls to active duty and deployment as individual augmentees. In spite of numerous force structure initiatives designed to man early deploying Active Army and Reserve component units at the highest possible levels, a requirement remains for individual specialists for unforeseen, unplanned-for-contingencies, operations, and exercises. Therefore, I have directed the establishment of an Individual Augmentee Program within the Selected Reserve to meet these needs.

The Individual Augmentee Program is intended to meet real-world combatant commander requirements as validated in the Worldwide Individual Augmentation System (WIAS). Additionally, this program will preclude the deployment of individual capabilities from Active or Reserve component units, adversely affecting their readiness, cohesion, and future employment effectiveness. This program will allow Soldiers to participate at several levels of commitment, and supports the Office of the Secretary of Defense proposal for a continuum of service that enables service members to move more easily between their services' components during their careers.

Rotating the Force

While changing industrial-age mobilization, personnel, training, and development policies is necessary, restructuring our force so that we can implement predictable and sustainable rotations based upon depth in capability is also necessary. We are committed to achieving a capability ratio that will manage Army Reserve deployments to once every four or five years. Predictable and sustainable utilization is a key factor in maintaining Soldier, family, and civilian employer support. One of the goals of transforming our force is to change policies that are harmful to Soldiers and families. Predictable rotation schedules will allow the Army Reserve to continue to be a long term source of skill-rich capabilities for small scale contingency conflicts and follow-on operations. Properly executed, predictable rotations will provide our units with operational experience; provide a sense of fulfillment for our Soldiers; impart a sense of order for our Soldiers, and even out the work load across the force. The recent changes to the Operation Enduring Freedom and Operation Iraqi Freedom rotational schedules are an important step in establishing those rotational capabilities.

Rebalancing the Force

There has been considerable concern raised about what is viewed as excessive reliance on the nation's Reserve components both for small-scale operations such as the Balkans rotations and for long-term contingency operations such as Operations Enduring Freedom and Iraqi Freedom. While only 33 percent of Army Reserve troop strength is currently called to active duty, and while that level of usage does not seem extreme, raw numbers alone do not tell the whole story. Some units, notably, military police and truck transportation units are in fact over-extended, and it is true that some types of units that have been used more in the war on terrorism

than others. Military police, civil affairs, military intelligence, transportation and biological detection and surveillance capabilities are the highest in utilization. We are committed to eliminating these pockets of specialty over-stress by increasing the number of some units in both the Active component and the Army Reserve and Army National Guard.

The Department of Defense is currently deeply involved in determining how to rebalance the Active-Reserve component force mix to mitigate the effects of over-use of particular specialties. Currently, 313 Standard Requirement Codes (types of units) are found exclusively in the Army Reserve. The Army Reserve has been able to meet the challenges with this structure thus far, but clearly the structure requires change and perhaps augmentation to meet the continuing demand for these skill-rich capabilities that are more practically sustained in a Reserve component force.

Recruiting and Retention

Recruiting and retention is an area of the highest importance to the Army Reserve and a volunteer force. Our responsibilities require the best Soldiers America can provide. In this regard, we are most appreciative of the help your subcommittee has provided us. We would be remiss if we did not thank you for the attention you have paid to our recruiting needs in recent legislation. With your help we have met our recruiting mission for four straight years from 2000 to 2003. In fiscal year 2004, however, we are 182 accessions short of expected year-to-date mission out of a projected 10,156 accessions. While this is cause for some concern, I am not alarmed over this because we are currently at 103 percent strength.

Although generally successful in overall mission numbers, we continue to experience difficulty in attracting and retaining qualified individuals in certain critical wartime specialties. Your continued support on behalf of recruiting and retention incentives, allowing for innovative readiness training and the funding of continuing health and educational opportunities will help us with this difficult task.

The Army Reserve, in partnership with the United States Army Accessions Command, has conducted a thorough review of Army Reserve recruiting. This review has helped us forge a stronger relationship with the Accessions Command and has streamlined our processes to support the symbiotic relationship between recruiting and retention. To that end, we will seek to ensure that all Army Reserve Soldiers are involved in recruiting and retention activities—we all are a part of the Army's accessions efforts. We are removing mission distracters allowing the Accessions Command to focus on their core competency of recruiting non-prior service applicants; we are focusing on life cycle personnel management for all categories of Army Reserve Soldiers and our retention program seeks to reduce attrition, thereby improving readiness and reducing recruiting missions.

During 2003, the responsibility for the entire prior service mission transferred from the Accessions Command to the Army Reserve. Tenets of this transfer included: establishment of career crosswalk opportunities between recruiters and retention transition NCOs; localized recruiting, retention and transition support at Army Reserve units, and increased commander awareness and involvement in recruiting and retention efforts.

To support recruiting and retention, the Army Reserve relies on non-prior service and prior service enlistment bonuses, the Montgomery GI Bill Kicker, and the Student Loan Repayment Program in combinations that attract Soldiers to fill critical MOS and priority unit shortages. The Army Reserve must be able to provide a variety of enlistment and retention incentives, for both officer and enlisted personnel, in order to attract and retain quality Soldiers. Fully funded incentive programs must be available to ensure success in attaining recruiting goals and maintaining critical shortages and skills.

As for the retention of this all-volunteer force, during the mid-eighties, at the height of the Cold War, the Army Reserve averaged a 36–38 percent officer and enlisted attrition at a time when we were never used. Today, after 8 continuous years of calls to active duty and use since 1997, we are averaging 24–26 percent attrition. Interestingly, the retention rates appear to be higher in those units that get called to active duty than in those that are not called. Our Soldiers feel the pressure, they understand the sacrifice, and they recognize their contributions to the common good and their fellow citizens. They are proud and they are determined. I am profoundly impressed by their performance, their commitment, and their dedication every day.

Historically, our retention program has been a success. Faced with an enlisted attrition rate of 37.5 percent at the end of fiscal year 1997, we adopted a corporate approach to retaining quality. Retention management was an internal staff responsibility before fiscal year 1998. In a mostly mechanical approach to personnel management, strength managers simply calculated gains and losses and maintained vol-

umes of statistical data. Unfortunately, this approach did nothing to focus commanders on their responsibility of retaining their most precious resource—our Soldiers.

In response, the Army Reserve developed the Commanders Retention Program to correct this shortcoming. A crucial tenet of this program places responsibility and accountability for retention with commanders at every level of the organization. Commanders now have a direct mission to retain their Soldiers and must develop annual retention plans. Additionally, first line leaders must ensure all Soldiers are sponsored, receive delivery on promises made to them, and are provided quality training. In this way, the Commanders Retention Program ensures accountability because it establishes methods and standards and provides a means to measure and evaluate every commander's performance.

Since the introduction of the Commanders Retention Program, the Army Reserve has reduced enlisted troop program unit attrition by nearly 12 percentage points. The enlisted attrition rate in fiscal year 2003 was 25.5 percent.

The attrition rate for fiscal year 2004 is projected to increase to 30.4 percent, due to an increase in the Expiration of Term of Service (ETS) population, expected retirements as well as recalls to active duty. The exact impact of demobilization of troops rotating out of theater having served in OIF1 and OEF3 remains to be seen. The next several months will tell the tale as stop-loss provisions are lifted 90 days after our troops are released from active duty.

Overall, the Army Reserve successfully accomplished its fiscal year 2003 recruiting mission while achieving the Department of the Army and Department of Defense quality marks. Beginning fiscal year 2004, the Army Reserve transitioned the U.S. Army Recruiting Command (USAREC) from a contract recruiting mission to a ship mission as well as began a three-year phased implementation of the Delayed Entry Program (DEP) similar to the Active Army. To support these efforts the Army Reserve recruiting mission will increase over the next three years and will stabilize by fiscal year 2007. The purpose of these two initiatives is to better utilize our training seat resources and to reduce overall unit attrition. The accomplishment of the recruiting mission will demand a large investment in time on the part of our commanders, our retention NCOs, and our recruiters as they are personally involved in attracting the young people in their communities to their units.

However, the same environmental pressures that make non-prior service recruiting and retention difficult also affect prior service accessions. With the defense drawdown we have seen a corresponding decrease in the available prior service market in the Individual Ready Reserve. This affects Army training costs, due to the increased reliance on the non-prior service market, and an overall loss of knowledge and experience when Soldiers are not transitioned to the Army Reserve. Consequently, the Army Reserve's future ability to recruit and retain quality Soldiers will continue to be critically dependent on maintaining competitive compensation and benefits.

The Army Reserve is currently experiencing a shortfall of 4,200 company grade officers. Retention goals focus commanders and first line leaders on junior officers. The establishment of a sound leader development program is a cornerstone of Army Reserve transformation. Providing young leaders the opportunity for school training and practiced leadership will retain these officers. A transformed assignment policy will enhance promotion and leader development. Increased Army Reserve involvement in transitioning officers from active duty directly into Army Reserve units will keep young officers interested in continuing their Army career. Allowing managed flexibility during their transition to civilian life will be a win for the Army and the officer.

Special attention needs to be placed on the recruiting budget, for advertising, to meet our requirements in the next several years. Young people of today need to be made aware of the unique opportunities available in the different military components. The best way to get this message out is to advertise through the mass media. Funding our critical advertising needs is imperative if we are to be honestly expected to meet our recruiting goals. Your continued support of our efforts to recruit and retain quality Soldiers is essential if we are to be successful.

Family Programs

A functional family readiness program is important in peace and critical in war. Family programs provide invaluable family assistance during peacetime and calls to active duty, to include training for family program directors and volunteers in support of family readiness activities. These volunteers and contract employees provide information referral and outreach to family members and deployed Soldiers. Within this system are 25 contractors serving in family program director positions whose

duties include aiding in promoting families' awareness of benefits and entitlements, orienting family members to Army Reserve systems, programs, and way of life.

In preparation for calls to active duty deployment, these volunteers and staff provide an extensive briefing for both families as well as Soldiers. These family services include briefings by members of the Chaplains Corps who explain what happens to spouses or families upon separation. We also provide briefings when the service member returns and coach the family members to expect changes upon the Soldier's return to home.

The average Army Reserve soldier is older and more likely to be married than the average active component soldier. While all families face hardships when their soldier is called to the colors, Army Reserve families have additional challenges as they generally do not live near an installation that can provide services. While historically we have relied extensively on volunteers, experience has shown we must increase the amount of full time staff available for families. We will soon have 25 additional family readiness group assistants positioned in locations where they can assist geographically isolated families of mobilized soldiers. We also have begun the process of accreditation to ensure the program delivers a consistent level of service to families. We continue to work on obtaining more resources for the program.

During Desert Shield/Desert Storm Army Reserve family readiness programs were sparse. Today, these programs are extensive, and they are providing a support network for our families. We have been able to meet the needs of our deployed Army Reserve Soldiers and will continue to do so. We are anticipating challenges in the future.

Information Technology

Network Service / Data Center

The Army Reserve is redesigning its information technology infrastructure to support the global war on terrorism and greatly increase the survivability of our information technology infrastructure in the event of a cyber or physical attack. This redesigned infrastructure will establish a network service/data center that supports the continental United States. With this redesign, the Army Reserve would have the technological capability to sustain existing Army systems or field new Army systems to meet readiness requirements. The redesign will also enhance the timely dissemination of information supporting command and control of areas of mobilization, training, and overall data exchange.

Force Protection

The Force Protection program within the Army Reserve is designed to provide security and preparedness to meet the full spectrum of threats facing Army Reserve facilities and stand-alone facilities worldwide. The program is an integrated set of five security activities: physical security, anti-terrorism, law enforcement, information operations, and installation preparedness.

The timely and accurate flow of threat information is the foundation of the overall Force Protection program within the Army Reserve. Vulnerability and risk assessments coupled with current threat information provides a solid crisis management planning platform for the Army Reserve stand alone facilities and installations.

The Army Reserve Force Protection program enables commanders to prioritize facilities and focus resources using a proven decision making methodology. The Army Reserve Force Protection program is being used to dramatically repair and upgrade facilities, train leaders and integrate security programs to ensure fully capable units are available to support combatant commanders in the Global War on Terrorism.

Installation Preparedness concentrates on detailed planning, integrated training and for the coordinated response of first responders such as fire, police and emergency services to incidents involving weapons of mass destruction or industrial accidents and disasters on or near Army Reserve facilities and installations.

The Army Reserve is challenged with its existing military and civilian manpower structure. To sustain the current Force Protection program and meet the demands of emerging requirements, we must expand contract requirements for physical security, anti-terrorism vulnerability and risk assessments, force program leader training and exercise planning for the entire Army Reserve.

Currently, the Army Reserve meets installation access control requirements, but sustainment of access control combined with the additional stand alone facility level security requirements associated with the global war on terrorism has become a challenge.

Funding to support these critical security programs will allow the Army Reserve to continue to repair facilities, train leaders, and integrate security programs to ensure fully capable units are available to support combatant commanders in the global war on terrorism.

Equipment Procurement and Modernization

Increasing demands placed on the Army Reserve highlight the importance of equipment that is mission-essential. In addition, the increased use of Reserve forces in operational missions and the global war on terrorism has highlighted the importance of having compatible and modern equipment. In order for our Soldiers to be able to seamlessly integrate on the battlefield, our equipment must be operationally and technically compatible. Without complete interoperability, the ability of the Army Reserve to accomplish its combat support and combat service support missions would be diminished. The need to quickly and efficiently deploy Army Reserve units invalidates the old Cold War planning that Army Reserve units will have sufficient mobilization time to replace non-interoperable equipment or fill shortfalls deliberately accepted as “necessary risk.” Retaining older, less effective equipment or filling the Army Reserve’s authorized levels of equipment only partially, leads to delays as a limited pool of Army Reserve equipment is transferred between deploying, redeploying and non-deploying units and Army Reserve Soldiers are trained or retrained to operate more modern equipment, they did not have access to during drills and annual training. The National Guard and Reserve Equipment Appropriation (NGREA) has been a significant and essential tool to improve the Army Reserve through force modernization.

Meeting these challenges requires not only that the Army Reserve be issued modern, interoperable equipment, but that the resources to maintain the readiness of this equipment also be provided. Sufficient funding needs to be provided to allow the Army Reserve to reach higher standards of readiness than currently maintained as an element of risk accepted by the Army under constrained budgets. Until the Army Reserve can be fully equipped with modern items, sustaining the combat and deployment readiness of the equipment currently on hand is essential. This requires full funding of operations and maintenance requirements and continuing support of the Army’s depot maintenance program, which is vital to maintaining the readiness of Army Reserve equipment, while extending service life, reducing life cycle costs and improving safety for Army Reserve Soldiers.

Combat support and combat service support transformation is a vital link to the Army Transformation Plan. The Army Reserve is the main provider of this capability for the Army and the Army must continue to modernize the Reserve components along a timeline that ensures the Reserve components remain interoperable and compatible with the Active component. The Army Reserve is continuing to support the Army’s Transformation through the assignment of equipment from Army Reserve units to Army prepositioned stocks (APS) and stay-behind equipment (SBE) in Iraq and Afghanistan.

Equipment modernization of the Army Reserve is indispensable in meeting the goals of the Army’s Transformation Campaign Plan. Full integration into the Army’s modernization plan to implement force interoperability enables our units to deliver required combat service and combat service support ensuring our Army’s operational success.

Facility Revitalization

The Army Reserve installation community proudly sustains two of the Army’s major installations and 12 regional support commands. These regional commands function as “virtual installations” with facilities in 1,160 communities across all 50 states, United States territories, and in Europe.

Our primary facilities, Army Reserve centers, are prominent symbols of The Army on Main Street America. They often create the very first impressions of the entire Army and present a permanent billboard for all Americans to see. Unfortunately, most Army Reserve facilities consist of 1950’s era structures that remain virtually the same as when they were constructed. They are sorely in need of modernization or, as in most cases, replacement.

Army Reserve Soldiers train in widely dispersed training centers and support facilities worldwide, whose 40 million square feet of space equates to more square footage than Forts Hood, Sill and Belvoir combined. Our facilities experience the same type of challenges active Army posts do. The impacts of poor facility conditions are even more acute for our Soldiers. Overcrowded, inadequate and poorly maintained facilities seriously degrade our ability to train and sustain units as well as sapping Soldier morale and esprit de corps.

SUMMARY

In today’s national security environment, the Army Reserve has many challenges—we accept these without hesitation. These challenges find expression in our reliance on Reserve component forces in contingency operations. Historically our na-

tion has placed great reliance on Reserve components of Soldiers, Marines, Sailors, and Airmen to expand the armed forces for operations during time of war. As BG David Fastabend notes in his unpublished white paper, *Serving a Nation at War; a Campaign-Quality Army with a Joint and Expeditionary Mindset*, "Although the fundamental nature of war is constant, its methods and techniques change chameleon-like to match the strategic context and capabilities at hand." We must also change to accommodate the twenty-first century strategic context and operational reality. This global war on terrorism, as our President has described, is a long-term campaign of inestimable duration, fought in many different places around the world. The issues we have brought to you today—changing how we man, train, prepare, maintain, and resource our force recognizes the commander-in-chief's intent to prepare for future wars of unknown duration in places we have yet to fight and against enemies who threaten our freedoms and security.

We are grateful to the Congress and the Nation for supporting the Army Reserve and our most precious resource, our Soldiers—the sons and daughters of America. Thank you.

STATEMENT OF VICE ADMIRAL JOHN G. COTTON, CHIEF, NAVAL RESERVE

Senator STEVENS. Admiral, I think this is your first appearance before our committee. We welcome you and would be happy to have your statement, sir.

Admiral COTTON. Thank you, sir. I appreciate the opportunity to testify before the committee.

There are many heroes in the room today and many heroes overseas. I would like to call to everyone's attention the brave actions here in the United States just a few weeks ago at the Baltimore Reserve Center where on a Saturday afternoon in a big storm 26 reservists went out in a mine boat and in a matter of minutes rescued 21 civilians, some of them near death, all of them would certainly have perished if these reservists had not rescued them. I am proud to say that in 10 days we will have a ceremony at the Reserve Center and appropriately recognize all of them with awards. I think what that demonstrates is not only are we fighting overseas, but we have capability amongst our Reserve centers, our Guard armories here in this country which will provide the backbone for homeland security both now and in the future.

The Naval Reserve is very busy. We have about 2,700 folks recalled overseas, over 500 cargo handlers and 500 Seabees are in action today in theater. We also have another 20,000 naval reservists on orders just this week providing operational support, as well as undergoing training to support the fleet.

We have fully integrated with the Navy. The Chief of Naval Operations and I work together to make sure that everything we do is in synergy to increase warfighting wholeness. In particular, the very much appreciated NGREA account is taken by Navy, and we look where we can apply it to Reserve equipment so that we can increase that warfighting wholeness both for current readiness and future readiness.

One other word I would like to mention is alignment. In the last 6 months in particular, we have aligned our headquarters and key individuals to create a synchronization or an increased synergy between the Navy and its Naval Reserve, which is very important in this global war on terrorism. There is currently a zero-based review going on of every Naval Reserve unit and billet, and then once we lay this down over the next 2 years, we will properly resource and program this force along with Navy in the pillars of SeaPower 21.

I thank you for your attention, your time. I look forward to your questions, sir.

Senator STEVENS. Thank you. We did notice that heroic action of your people and I think they do deserve recognition. Let us know if we can help in any way on that.

Admiral COTTON. Yes, sir.
[The statement follows:]

PREPARED STATEMENT OF VICE ADMIRAL JOHN G. COTTON

OPENING

Mr. Chairman and members of this subcommittee, thank you for the opportunity to speak with you today about some of the important changes that are happening in the Navy and its Reserve, and to give you a report on our accomplishments and current state of readiness.

As we look back, we see clearly that the tragic attack on our country on September 11, 2001, and the operations that followed, prompted significant changes for the Armed Forces, including the Guard and Reserve. Members of the National Guard and the Reserve have been called upon more in this global war on terrorism than at any other time since World War II. The Chief of Naval Operations (CNO) has said, "Change to make us better is completely necessary . . . to make our Navy even better and to build the 21st century Navy, and the Reserve is a key part of our growth and our future."

We are meeting the CNO's challenge head on, changing our culture and the shape of the force, moving away from an obsolete Cold War construct to one that provides tailorable, flexible capability in support of 21st century warfighting. Active-Reserve Integration is about more than gaining business efficiencies—it is about capitalizing on the skills, dedication and patriotism of the citizen-Sailors that make up our force. The Navy's Reserve will be structured, equipped and trained to complement the capabilities inherent in SeaPower 21, and will leverage technology to take advantage of skills and abilities carried by our Sailors on the coasts and in the heartland of America.

Integration is a journey, and we are sharing this voyage with our active component shipmates. The CNO and senior fleet leadership have taken ownership of their Reserve, from recruiting and training, to equipment and readiness. The fleet is identifying the capabilities it will require the Navy's Reserve to provide, an input that the active and reserve components together will use to design and shape the force. This new sense of ownership will build closer day-to-day operational relationships and allow for the seamless connection of total force capabilities in the right place, and at the right time.

To enable recapitalization of the Navy, CNO has directed that efficiencies be realized in all areas of operations, and in both Active and Reserve components. The Navy is fully integrating its Reserve into the new Fleet Response Plan (FRP) through both unit level and individual augmentation during day-to-day operational support, while maintaining the ability to mobilize reservists and equipment to support expanded surge operations around the globe. The fundamental construct of FRP is a surge-ready fleet, able to sail to any troubled spot in the world, swiftly defeat the enemy, and then reconstitute in minimum time. Therefore, the Navy and its Reserve will continually be in a surge status requiring minimum time to reset. Experienced and trained Reserve personnel are ideally suited for this surge capability. The basic 24 drill days per year and 14 days of annual training are provided at 20 percent of the cost of full time personnel, and they leverage prior Navy investment in training and maintain a continuum of service. Most reservists have both fleet experience and critical civilian skills to contribute to this concept of efficient utilization, and will fit perfectly into the unique surge mission requirements of the Navy's Reserve as envisioned in SeaPower 21.

The Navy's Reserve has always been and will continue to be an important element of the Navy's Total Force. In the Chief of Naval Operations' own words, ". . . with the Navy's Reserve playing such a vital role in our day to day operations, it is imperative that we continue to properly assess and fund reserve personnel and readiness requirements now and in the future." The Navy's Reserve contributes daily to support fleet operations and provides critical surge and sustainment capabilities to meet real world contingencies. However, to remain relevant, reservists must be even more accessible, flexible and adaptable to better support fleet operations both at home and abroad. Every structural change being considered for the future is intended to ensure that the Navy's Reserve remains an important element

of the Navy Team. Providing a more tightly integrated force creates the opportunity for Reservists to train, deploy and operate alongside their active counterparts using current doctrine, concepts and tactics, as well as the most modern equipment in the Navy's inventory.

The Navy is evolving, and its Reserve is in step with the changes. For instance, Navy is aligning missions by capabilities and has created Fleet Forces Command to meld the fleets into a single, integrated force. The first change we made to support this alignment was to assign both the Commander, Naval Reserve Force (CNRF) in Washington, DC, and Commander, Naval Reserve Forces Command (CNRFC) in New Orleans, LA, "additional duty" to Commander, Fleet Forces Command (CFFC) in Norfolk, VA. For the first time ever, one fleet commander acting for all other Navy commanders, is conducting a Zero Based Review (ZBR), where every Reserve unit and billet is being reviewed for capability relevance and alignment with fleet requirements, and then forwarded to CNO for inclusion in future budget deliberations and requests. The Navy's Reserve will continue to provide mission capable units and individuals to the Navy-Marine Corps team throughout the full range of operations, from peace to war, and will do so in a much more efficient and integrated manner. The Navy has taken charge of its Reserve Force to further enable it to provide predictable and effective support to the fleet, ready and fully integrated, in the most efficient manner possible.

NAVY RESERVE PRIORITIES FOR 2004

The Reserve's priorities have been aligned with those established by CNO for the entire Navy.

Priority #1: Manpower

Manpower is, and will remain, the Navy's number one priority. The Navy competes for the best people, and we are engaged on two fronts: recruiting the right people and improving retention. The focus is on capabilities and our recruiting objectives will be driven by fleet requirements. We need to attract and retain smart and savvy sailors to employ the advanced technologies that we will rely on in the network centric future.

Navy leadership understands the consequences of sustained and repeated recalls on our reserve personnel, their families and employers. Our judicious use of individual and unit mobilizations has demonstrated the Navy's efficient, tailored and volunteer-based method of mobilization. Retention remains at an all-time high and post-mobilization surveys of recalled personnel indicate strong job satisfaction. Our proud, patriotic citizen-Sailors have, and will continue, to answer the call in defense of freedom and liberty. CFFC's integration initiative will build on this success by increasing mission relevance, and ensuring that every reservist is delivering the capability and expertise required by the fleet and the Joint Force Commander.

We are pleased to report that recruiting remained strong in 2003. Last year we achieved 106 percent of our enlisted recruiting goal. Largely due to record high retention rates in the active duty Navy, 40 percent of these enlisted accessions were Non-Prior Service (NPS) personnel. While very qualified, many with advanced degrees, these NPS personnel require additional training before being assigned mobilization billets. Officer recruiting, also challenged by high retention in active duty warfare designated communities, finished at 91 percent of the fiscal year goal. Our recruiters met goal last year for both officer and enlisted Full-Time Support personnel. The Navy's Reserve had an attrition rate of 17.8 percent in fiscal year 2003, and ended the year manned at 100.2 percent of authorized end strength. Although we are pleased with our results in these important manpower categories for last year, fiscal year 2004 brings similar challenges. We believe we can meet our recruiting goals in part because Reserve Recruiting became one of the first commands to fully align with their active duty counterpart. Commander, Naval Reserve Recruiting Command (CNRRC) in New Orleans, LA, became Commander, Naval Reserve Recruiting Region (CNRRR) and is now aligned with the Navy Recruiting Command (CNRC), in Millington, TN. We are very optimistic that prototype recruiting stations combining both active duty and full-time reserve recruiters opening this year will result in improved recruiting efficiencies. Furthermore, active duty commands are being directed to increase their efforts to keep trained and talented personnel leaving the active force on the Navy team by recruiting them directly into the Navy's Reserve. Keeping Navy veterans serving, especially those with critical skills and qualifications, is very important and has the support of the entire chain of command, both active and reserve.

Navy Reserve end strength requested in the fiscal year 2005 President's Budget is 83,400, a decrease of 2,500 from fiscal year 2004. This decrease is due primarily to the rebalancing of Naval Coastal Warfare units into the active component, the

decommissioning of a Fleet Hospital, and Medical program billet reductions due to force restructuring. We expect that the requested end strength in this budget is sufficient for the Navy's Reserve to meet fleet requirements. However, ongoing initiatives and total force capability analysis may result in modifications to this target in the future.

Priority #2: Current Readiness

During Operation IRAQI FREEDOM, the Navy had eight carrier strike groups, six expeditionary strike groups, and nearly 100,000 Sailors and Marines deployed around the world in support of the Global War on Terrorism. The near term goal for the Navy's Reserve is to provide a force shaped by fleet requirements and driven by SeaPower 21. To achieve this goal, we will continue to align with the Navy, measure risk, present options and rapidly move ahead with assignment of units and personnel to match requirements with capabilities. These assessments will be driven by the question: What resources can we apply that will enhance effectiveness and efficiency, and will contribute to warfighting wholeness? If the analysis indicates that the number of reservists should be adjusted to meet current requirements and future capabilities, we will make that happen. If that means that some equipment must be retired or realigned to support the active force, then we will ensure that the Navy's Reserve is integrated with the fleet and trains on and operates the Navy's newest, most capable platforms and systems.

Following the attack on U.S.S. *Cole*, the Navy recognized the immediate need for increased force protection and added 6,619 new active component and 1,379 reserve component anti-terrorism and force protection billets. Current readiness was also enhanced in the fiscal year 2004 budget with funding to operate an additional frigate (FFG) in the Navy's Reserve Force, execute flying hours at 100 percent of requirement, and support ship maintenance to meet CNO's goal. Aviation depot maintenance funding was increased to ensure that 100 percent of CNO engine and airframe maintenance goals are achieved. In fiscal year 2004, base support funding has been consolidated Navy-wide under Commander, Naval Installations to eliminate redundancies, generate economies of scale, and provide enhanced readiness support to shore activities, both Active and Reserve. It is expected that further efficiencies will be realized by combining base support for active and reserve personnel where overlaps and excess capabilities exist.

The very much appreciated National Guard and Reserve Equipment appropriation for fiscal year 2004 provided readiness support modifications, upgrades and procurement of items for expeditionary warfare units, trainers and simulators to improve the availability of readiness training, as well to acquire eight Swiss F-5 aircraft to replace aging Reserve adversary training assets. The appropriation also included funds to complete the last two upgrades to Reserve F/A-18As to "A-Plus," providing precision strike capability and placing them on par with fleet F/A-18Cs. Funds were first applied to improve current readiness and then to enhance future readiness, and were coordinated with Navy warfare and resource sponsors.

Priority #3: Future Readiness

Improved accessibility and integration are the cornerstones of the Navy Reserve's contribution to future readiness. For example, full integration will ensure that Navy Reservists in aviation Fleet Response Units (FRU) will be able to quickly activate and support global operations under the CNO's Fleet Response Plan (FRP). Our vision is a reserve force that is better prepared and more capable for both unit and individual mobilization requirements. Co-locating our reserve personnel and hardware with their supported fleet units streamlines the activation process enabling individuals to train alongside, and be more familiar, with the units they will augment. Co-location enables FRU aircrews to train and operate state-of-the-art equipment, as well as leverage active force tactics and doctrine. Reserve experience and availability can also be used to provide onsite fleet support. Concurrently, retaining and strengthening the Squadron Augment Unit (SAU) concept continues the vital contribution that our experienced reserve instructor and maintenance cadre provides to the Fleet Replacement Squadrons (FRS). As an aside, every pilot flying combat missions in OPERATION ENDURING FREEDOM/OPERATION IRAQI FREEDOM was trained by dedicated and professional Navy Reserve aviators providing airwing adversary, Fleet exercise and training command support.

Under the guidance of Commander, Fleet Forces Command, the Navy has begun an initiative that will lead to a more integrated total force in which Navy Reserve capabilities are tied directly to active units in support of SeaPower 21 mission capabilities. The active component is currently engaged to clearly articulate requirements for the Navy's Reserve. CFFC's reserve integration cell will recommend the future Reserve force structure necessary to meet these fleet capability requirements.

Coordination has already begun with a complete zero-based review of Navy Reserve capabilities. Active duty commands have been tasked to identify their Reserve support requirements and to describe potential new capabilities they need from their Reservists to more readily meet their mission requirements.

To fully realize SeaPower 21, the Navy and its Reserve will align, organize, integrate and transform around the four warfighting pillars of Sea Strike, Sea Shield, Sea Base and FORCEnet. SeaPower 21 embodies a number of maritime capabilities that are in the domain of expertise the Navy brings to the Joint Force. To provide sufficient operational range and depth to many of these capabilities, and to efficiently and effectively meet its requirements as part of the Joint Force, Navy must leverage its investment in the extraordinary capabilities, critical skills, innovative nature, and entrepreneurial spirit of its reserve personnel.

We support the Secretary of Defense's goal of rebalancing the active-reserve component force mix to eliminate the need for involuntary mobilization, especially during the first 15 days of an operation. Our fiscal year 2005 budget submission reflects the additional active-reserve rebalancing changes needed for the Navy to meet this goal.

At present, no Homeland Defense/Homeland Security (HLD/HLS) mission has been assigned to the Navy's Reserve, but the Assistant Secretary of Defense for Reserve Affairs and the Assistant Secretary of Defense for Homeland Defense are conducting a study to determine the appropriate role of reserve components in these critical areas. Upon completion of the study, new and existing naval capabilities present in the Navy's Reserve could be assigned HLD/HLS missions. These might include Harbor Defense, Port Security, Maritime Surveillance and Tracking, AT/FP roles, Joint Fires Network Units and maintenance of shipping channels. As we move forward, evolving missions will continue to influence our force shaping and integration initiatives, with the endstate being a more combat-capable Total Force.

Priority #4: Quality of Service

Quality of Service is the combination of quality of life and quality of work. It is about achieving balance, personal and professional. The Navy will continue to strive to make available the best facilities and equipment to train, deploy and fight, and our Reservists will benefit from ongoing integration and alignment efforts. Ensuring that our Navy's Reservists can rely on predictability, periodicity, pay and benefits, will greatly assist each Sailor to achieve that balance.

—*Predictability.*—Every Sailor in the Navy's Reserve wants to make a difference and needs to know with reasonable advance notice, when and where they will train or perform operational support, whether mobilized, on active duty orders or on routine drills. As part of a fully integrated force, Reservists will train or perform meaningful work that provides or enhances capabilities required by the fleet. Additionally, individual reservists will be able to anticipate drills and periods of active duty through processes that will track and match necessary skills to appropriate billets or orders.

—*Periodicity.*—Individual reservists' availability varies during the year and with each employer. These periods of availability can be leveraged to enable each Sailor to provide meaningful fleet support. "Flexible drilling" is encouraged to allow reservists to combine traditional drill weekends to work for a week once a quarter, two weeks every six months, or even for several weeks once a year to satisfy participation requirements. If a unit or individual is called to mobilize, reservists should receive as much notice as is possible, with a target of 30 days, to help minimize potential employer or family conflicts.

—*Pay and Benefits.*—Reservists should be assured that their benefits will appropriately address their individual and family needs, whether serving at home or abroad. Development of a single pay and benefits system continues to be a priority to standardize the administration of both active and reserve personnel in all services.

Continuous professional improvement is important to every Sailor, active and reserve. Accordingly, the Navy's Reserve is a full partner with the Navy in the Sea Warrior initiative, enabling an individual to easily access and monitor their career progression and future options. Navy Reservists have full access to both the Navy-Marine Corps Intranet (NMCI) as well as the Navy Knowledge Online (NKO) web portal, which connects every Sailor, active, reserve or retired, and families, to information that will significantly aid in their overall education, growth and development.

Priority #5: Alignment

The Navy will continue to take an active role in optimizing the balance of active and reserve forces to support our National Military Strategy (NMS) and win the

Global War on Terror (GWOT). We recognize that this balance is dynamic and we continuously review our force structure and capability in order to improve integration and alignment. Integration provides the Navy's Reserve a path to current equipment, concepts and tactics, thereby increasing combat readiness and warfighting wholeness. Through integration, the Navy's Reserve will become a more capable and agile force with increased warfighting capability and a much-improved ability to meet fleet requirements.

In support of alignment and efficiency, we recently consolidated three Navy Reserve staffs in New Orleans into a single Echelon III staff to function as the provider of reserve capabilities to Fleet Forces Command. Commander, Naval Air Forces Reserve (CNAFR) has been assigned as Vice Commander Naval Reserve Forces Command, further aligning reserve capabilities under a single structure to work with the active component to fully align and integrate the Navy's Reserve. CNAFR has also been assigned additional duty to Commander, Naval Air Forces (CNAF) in San Diego, CA, to align active and reserve aviation capabilities.

We are embedding key Full-Time Support staff in headquarters, fleet and type commands. We have developed strategic linkages between Reserve Forces Command and Fleet Forces Command with tangible results, and continue to build new bridges throughout the Navy. This was done to more closely align reserve and active forces and to improve combat effectiveness and efficiency. These actions will strengthen ties between the Navy's active and reserve forces and are the first steps in an overall initiative that seeks to define, and subsequently forge a cohesive "total force" team that can more effectively satisfy the Navy's operational requirements. We will continue to identify and propose practical ways to better integrate reservists and equipment with the fleet, and have taken steps to accelerate and solidify our integration efforts. We are also participating in a new officer exchange program with other Guard and Reserve components, starting with the Army National Guard. This initiative will lead to full integration at National Guard State Headquarters Command Units to support Northern Command's Homeland Security initiatives.

ACCOMPLISHMENTS

Today's strategic environment requires naval forces that can rapidly deliver decisive combat power through a rotational, surge capable force. Operations ENDURING FREEDOM and IRAQI FREEDOM demonstrated not only the tactical value of this operational concept, but also the potent warfighting capabilities of a flexible, responsive maritime force, operating either independently or as part of a broader Joint Force. The Navy's Reserve played a significant role in the surge to war.

On September 17th, 2001, the first mobilization orders were sent to the force. Since that day, 4,537 officers and 18,436 enlisted personnel have been mobilized, providing operational support to either their supported commands or to Combatant Commanders around the world. With respect to OPERATION IRAQI FREEDOM, 12,046 Navy Reservists served their country in Navy and joint commands. While some units and equipment were mobilized in support of OPERATION IRAQI FREEDOM, we have been able to maximize individual mobilizations to support requirements submitted by Combatant Commanders, validated by the CNO's staff, and ordered to active duty by the Chief of Naval Personnel. For example, 362 drilling reservists were mobilized to augment the staff of Commander, U.S. Fifth Fleet, the Naval Component Commander for Commander, U.S. Central Command and other subordinate commands. These Navy Reservists supported this active duty staff in the development of the OPERATION IRAQI FREEDOM air plan. Since January 2003, 478 Navy Reservists attached to Navy Cargo Handling Battalions across the United States were mobilized to facilitate the movement of cargo from bases in the United States and overseas to the Central Command area of operation theater in support of Operation IRAQI FREEDOM.

A group of Navy Reservists from Fort Worth, TX, made history on the decks of U.S.S. *Theodore Roosevelt* (CVN 71). For the first time since the Korean War, an entire Navy Reserve tactical aviation squadron deployed aboard an aircraft carrier when the "Hunters" of Strike Fighter Squadron 201 were ordered to active duty. Completing a short notice workup, the squadron fully integrated with the active airwing, completed 224 combat sorties, delivered 125 tons of ordnance in combat, and impressed everyone with their experience, dedication and capabilities.

When 800 active duty medical personnel from the National Naval Medical Center (NNMC), Bethesda, MD embarked in USNS COMFORT in March 2003 and another 498 NNMC medical personnel deployed as part of Casualty Receiving and Trauma Ship's team members, 548 Navy Reservists were recalled to support the National Naval Medical Center. Civilian trauma and orthopedic surgeons were mobilized to treat the wounds of those Sailors and Marines who required more specialized care.

843 Naval Reservists have been activated to support Marine Forces during the war, including 592 enlisted corpsmen assigned to provide critical battlefield medical support to front-line Marine units. 134 Navy Reserve corpsmen have recently been recalled to support the Marines' rotation in conjunction with Operation IRAQI FREEDOM II. Of these, 24 Reservists are volunteers for their second year of activation, while the remainder have just begun their first activation under the current partial mobilization authority.

Another success story was the mobilization of the "Firehawks" of Helicopter Combat Support Special Squadron Five (HCS-5) based at Naval Air Station North Island, CA, and their subsequent deployment to Iraq, where they continue to support CENTCOM operations. In March 2003, seventy percent of this squadron's Selected Reservists were recalled to active duty in preparation for Operation IRAQI FREEDOM. This squadron is composed solely of drilling Reservists and Full-Time Support personnel, and is one of two squadrons in the Navy dedicated to Naval Special Warfare support and combat search and rescue. The Firehawks fly the latest model of the HH-60H Seahawk helicopter and their average pilot has more than 12 years of experience flying, and most have over 2,500 military flight hours. Although the majority of their flights in the Iraqi theater have supported special operations ground force missions, the squadron has other warfighting capabilities. The Firehawks have participated in operations in urban areas and have assisted with medical and casualty operations. As of the 5th of March, 2004, the squadron had flown 916 sorties and logged 1,738 flight hours.

Navy Reservists from the Redwolves of HCS-4 based at Norfolk Naval Base will soon deploy to relieve the combat veterans of HCS-5. This critical capability embedded in the Navy's Reserve has proved to be invaluable in the support of special operations and the development of new tactics in the hostile urban warfare environment. It is a predictable and periodic capability that was ready when called upon; just what the vision of future reserve contributions will be. They have trained with the special warfare units and now deploy with them to combat.

Recently, over five hundred members of the Navy Reserve Expeditionary Logistics Support Force have been mobilized in support of OPERATION IRAQI FREEDOM II, and it is anticipated that over five hundred Seabees will be mobilized as well. Their combat service support capabilities are in demand to help relieve the U.S. Army and coalition forces in Iraq.

SUMMARY

Before I close, I would like to thank this committee for the support you have provided the Navy's Reserve and all of the Guard and Reserve components. Last year's budget included several positive benefits that will help us recruit and retain our talented personnel to better support the Navy and joint commands. As you can see, this is a very exciting period for the Navy and its Reserve. The CNO has challenged every Sailor to review current ways of doing business and find solutions to improve effectiveness and find efficiencies. The Navy's Reserve has accepted the challenge and promises the members of this committee that we will continue to do just that—examine all facets of our operation to support the fleet and accelerate our Navy's advantage.

STATEMENT OF LIEUTENANT GENERAL DENNIS M. McCARTHY, COMMANDER, MARINE FORCES RESERVE

Senator STEVENS. General McCarthy.

General MCCARTHY. Thank you, Mr. Chairman, Senator Inouye. It is a great honor to represent the men and women of the Marine Corps Reserve and the sailors who serve with us today.

I am proud to report to you that the past investments that this committee and indeed the entire Congress has made in the Marine Corps Reserve have paid real dividends in the global war on terrorism. Since my testimony last year, the Marine Forces Reserve has been engaged in both combat and the stability operations and in just about every other activity that the United States Marine Corps has been engaged in. We have also prepared for future operations, and today we have Marine Forces Reserve units in Iraq, in Afghanistan, and in the Horn of Africa and elsewhere around the world.

I am also pleased to report to you that while all this has been going on, we have continued to meet our recruiting goals. We have, in fact, slightly exceeded our retention goals and the trends, in terms of sustaining this force, are very positive. Like everyone, that is something that we watch very, very closely because it is not something that we can fix after we get behind on it. But I believe that the current trends are, as I say, very positive and I believe that we will be able to sustain this capability over the long haul.

I look forward to responding to your specific questions. Thank you, sir.

Senator STEVENS. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL DENNIS M. MCCARTHY

INTRODUCTION

Chairman Stevens, Senator Inouye and distinguished Members of the Committee, it is my privilege to report on the status and the future direction of your Marine Corps Reserve as a contributor to the Total Force. On behalf of Marines and their families, I want to thank the Committee for its continued support. Your efforts reveal not only a commitment for ensuring the common defense, but also a genuine concern for the welfare of our Marines and their families.

YOUR MARINE CORPS RESERVE TODAY

As the last few years have demonstrated, the Marine Corps Reserve is a full partner in our Total Force. Marine Corps Reserve units participated in all aspects Operation IRAQI FREEDOM, providing air, ground, and combat service support as well as a large number of individual augmentees to Marine and joint staffs. Reserve units continue to fill critical roles in our nation's defense during the Global War on Terrorism—whether deployed in Iraq, Afghanistan, the Georgian Republic, Djibouti, Kuwait, and Guantanamo Bay, Cuba or on standby at U.S. bases to quickly respond to Homeland Security crises.

The Marine Corps has completed 27,389 Reserve activations, in response to both internal and joint operational requirements. Of the 27,389 Marines mobilized since 9/11, 1,426 (or 5.2 percent) have been mobilized more than once. For Operations ENDURING FREEDOM V and IRAQI FREEDOM II Phase II, of the approximately 6,300 eligible for activation, 3,422 Reserve Marines have already been mobilized at least once since 9/11. Marine Forces Reserve has maximized the use of Individual Ready Reserve volunteers, 4,570 have been activated to meet these requirements, primarily in the areas of staff augmentation, such as linguists, intelligence specialists, and for force protection requirements.

During the peak of Operation ENDURING FREEDOM and Operation IRAQI FREEDOM, the Marine Corps had 21,316 Reserve Marines on Active duty. Marine Forces Reserve proved once again that it was ready, willing and able to accomplish its primary mission of augmenting and reinforcing the active component by seamlessly integrating into the I Marine Expeditionary Force. As an example of the level of support Reserve Marines provided, 6th Engineer Support Battalion, the second largest battalion in the Marine Corps mobilized 1,972 of its 2,172 Marines from 11 separate sites. The unit is comprised of 10 companies spread among 12 Reserve centers across the United States. During the war, the battalion distributed 8 million gallons of fuel, produced and distributed over 3.1 million gallons of water and provided material handling support for numerous convoys. In addition, the unit built the longest Hose Reel Fuel line system (80 miles), the largest tactical fuel farm and the longest Improved Ribbon Bridge in Marine Corps' history.

The Fourth Marine Division was equally engaged. Two infantry battalions, 2nd Battalion, 23rd Marines and 2nd Battalion, 25th Marines were directly engaged in ground combat, as was 4th Light Armored Reconnaissance Battalion, 4th Assault Amphibian Battalion, and other combat support and combat service support outfits. Reserve officers and staff noncommissioned officers effectively trained their units for combat and led them successfully in battle.

Marine Reserve KC-130Ts proved their worth. Using the most modern night vision equipment, they participated in 3rd Marine Aircraft Wing's assault support effort, landing on highways and dirt strips to resupply Forward Arming and Refueling

Points that supported the I Marine Expeditionary Force's 500-kilometer drive from Basra to Baghdad and on to Tikrit.

The seamless integration of reserve units is a credit to the Marine Corps commitment to Total Force. A strong Inspector-Instructor system, providing a top notch staff of Active duty and Active Reserve personnel at each site, and a demanding Mobilization and Operational Readiness Deployment Test program ensure Marine Corps Reserve units achieve the highest level of pre-mobilization readiness. Marine Corps Reserve units train to a high readiness standard, eliminating the need for post-mobilization certification. For Operation IRAQI FREEDOM the Marine Corps Reserve executed a rapid and efficient mobilization. While some of our Reserve units deployed in as little as six days from notification, on the whole our units averaged 23 days from notification to deployment. None of our units missed their deployment window. In fact, many of our units were notified, activated, and ready to deploy faster than strategic lift was available.

The ability of the Marine Reserve to rapidly mobilize and integrate into the active component in response to the Marine Corps' operational requirements is a tribute to the dedication, professionalism and warrior spirit of every member of the Marine team—both Active and Reserve.

RECRUITING AND RETENTION

The Marine Corps Reserve has achieved historically high retention rates in fiscal year 2003 and, the retention rate for the Marine Corps Reserve remains favorable with a 7 to 10 percent increase over retention rates in the near-term past. Marine Forces Reserve will not be complacent about these positive trends. I will carefully and continuously monitor the data on both recruiting and retention, and will make every effort to stay ahead of any problems. These are areas in which we cannot wait until we are in trouble to initiate corrective measures. Every Marine Corps leader knows the role of leadership, training and family readiness programs in the recruiting and retention of our Marines.

With the accession of 6,174 non-prior service Marines and 2,663 prior service Marines, the Marine Corps Reserve met and exceeded, respectively, current recruiting goals. Current Military Occupational Specialty match rates are exceeding the goal of 75 percent with an enlisted Military Occupational Specialty match rate of 87.4 percent and officer match rate of 75.8 percent.

As of February 29, 2004, our end-strength was 40,235, which is 635 above our authorized end-strength but within the allowable 2 percent variation. Officer recruiting and retention remains our most challenging concern. This is due to the low attrition rate for company grade officers from the active force. The Marine Corps recruits Reserve officers almost exclusively from the ranks of those who have first served an active duty tour as a Marine officer. We are exploring methods to increase the participation of company grade officers in the Selected Marine Corps Reserve through increased recruiting, increased command emphasis on Reserve opportunities and participation, and Reserve officer accession programs for qualified enlisted Marines. Further, the Marine Corps supports the legislative proposal to allow bonuses for officers in the Selected Marine Corps Reserve who fill a critical skill or shortage. We currently have a shortage of Reserve company grade officers; this bonus could complement other efforts we are making to increase their participation.

MARINES AND THEIR FAMILIES

Our future success will rely firmly on the Marine Corps' most valuable asset—our Marines and their families.

Operational Tempo Relief

In addition to supporting Operations NOBLE EAGLE, ENDURING FREEDOM and IRAQI FREEDOM, Reserve Marines provided operational tempo relief to the active component. Notably, 96 Reserve Marines volunteered to participate in the West African Training Cruise-04, a biannual 6th Fleet sponsored exercise in West Africa (a first for the Marine Corps Reserve). During the months of October and November 2003, the Marines deployed to West Africa from various Reserve Training Centers throughout the United States via Air Force strategic lift. There they boarded the High Speed Vessel Swift and sailed Africa's West Coast conducting training exercises with military forces from South Africa, Cameroon, Ghana, Gambia, and Senegal.

Marine Forces Reserve also provided the majority of Marine Corps' support to the nation's counter-drug effort, participating in numerous missions in support of Joint Task Force 6, Joint Interagency Task Force-East and Joint Interagency Task Force-West. Individual Marines and Marine units supported law enforcement agencies

conducting missions along the U.S. Southwest border and in several domestic "hot spots" that have been designated as high intensity drug trafficking areas.

Similarly, 335 Reserve Marines volunteered to deploy to South America to participate in UNITAS 45-04. Sponsored by Commander, Naval Forces Southern Command, UNITAS is an annual naval and amphibious exercise that takes place throughout South America. This will be the second UNITAS sourced primarily from the Selected Marine Corps Reserve. This year the Selected Marine Corps Reserve Marines of Marine Forces UNITAS will conduct a 13-week training program at Camp Lejeune, North Carolina and subsequently embark on the U.S.S. *Tortuga*. From the *Tortuga* the Marines will disembark to conduct bilateral training with our allies in the Caribbean and the Pacific. In Peru, Marine Forces UNITAS 45-04 conduct a multi-national amphibious exercise that includes forces from Argentina, Bolivia, Chile, Ecuador, Mexico, Panama, Peru and Uruguay.

Mobilization Support

Mobilization readiness is our number one priority and the men and women in the Marine Corps Reserve have responded enthusiastically to the call to duty. Approximately 98 percent of Marines reported when mobilized. One of the keys to this success is the support given to the Marines and their family members prior to, during and after activation.

Programs such as Marine Corps Community Service One Source provide Marines and their families with around-the-clock information and referral service for subjects such as parenting, childcare, education, finances, legal issues, elder care, health, wellness, deployment, crisis support and relocation via toll-free telephone and Internet access. Marine Corps Community Service One Source familiarizes our activated Reserve Marines and their families not located near major military installations to the requirements and procedures associated with military programs such as TRICARE.

TRICARE

Marine Forces Reserve recognizes family readiness as an essential part of mobilization preparedness. Upon activation, Reserve families must make significant adjustments in lifestyle. Civilian jobs and/or educational commitments must be correctly managed: proper notifications provided to employers to ensure legal protections, continued good Marine-employer relations and an eventual smooth return. The TRICARE Prime-Remote provisions have made health care issues less challenging, with families no longer required to shift providers in order to use TRICARE benefits.

Since 9/11, Congress has gone to great lengths to improve TRICARE benefits available to the Guard and Reserve. Reserve members are now eligible for dental care under the TRICARE Dental Program for a minimal monthly fee. Mobilized Reserves are granted additional transitional benefits once their activation is complete. In an effort to increase awareness of the new benefits, Reserve members are now receiving more information regarding the changes through an aggressive education and marketing plan. And finally, the newest, temporary changes include provisional benefits to Marines and their family members 90 days prior to their activation date and up to 180 after deactivation and extending TRICARE coverage to members and their families who are either unemployed or employed but not eligible for employer-provided health coverage. The new reserve health program, being temporary, offers us the ability to assess the impact of these benefits after the trial period. We will review the effects of these programs on reservists and their families as they transition to and from active duty and look at the overall effect on retention and readiness.

Family Support

At each of our Reserve Training Centers, the Key Volunteer Network Program serves as the link between the deployed command and the families, providing unit spouses with official communication, information and referrals. This creates a sense of community within the unit. Additionally, the Lifestyle Insights, Networking, Knowledge and Skills Program is a spouse-to-spouse orientation service offered to new Marine spouses to acquaint them with the military lifestyle and the Marine Corps, including the challenges brought about by deployments. Online and CD-ROM versions of the Lifestyle Insights, Networking, Knowledge and Skills Program make this valuable tool more readily accessible to working spouses of Reserve Marines not located near Marine Corps installations. The Peacetime/Wartime Support Team and the support structure within the Inspector and Instructor staff provide families of deployed Marines with assistance in developing proactive, prevention-oriented steps such as family care plans, powers of attorney, family financial planning, and enrollment in the Dependent Eligibility and Enrollment Reporting System. Our

deployed commanding officers have confirmed the importance of this family readiness support while they were away and as part of their homecoming.

The Department of Defense has proposed an impressive package of legislative initiatives that will help us to effectively employ the Marine Corps Reserve. Of particular note are provisions which support a "continuum of service," a concept that makes it easier for an individual service-member to move on and off of active duty depending on his or her availability and willingness to serve.

PREPARATION FOR OIF II/OEF V

I am most pleased to report that every Reserve Marine deployed during Operation IRAQI FREEDOM and Operation ENDURING FREEDOM and those currently deployed into harm's way are fully equipped with the most modern Individual Combat Equipment available. Reserve Marines deployed in Iraq and Afghanistan are wearing the latest in individual ballistic body armor protection, the Improved First Aid Kit, and the new digital pattern Marine Corps Combat Utility Uniform. Additional individual equipment programs nearing production and distribution to our units include the new Lightweight Helmet, the Improved Load Bearing Equipment pack system, and the All Purpose Environmental Clothing System third-generation Gore-Tex.

Operationally, since I last testified, over 40,000 pieces of Reserve combat unit equipment including individual and crew-served weapons, night vision devices, radios, computers, vehicles, and engineer equipment have been deployed, engaged in theater, redeployed back through our Marine Corps installations, processed through the maintenance cycle, and returned to Reserve Training Centers. This equipment is poised to resource and future contingencies.

NATIONAL GUARD AND RESERVE EQUIPMENT APPROPRIATION

The \$44.6 million provided by fiscal year 2004 National Guard and Reserve Equipment Appropriation will provide the Reserve Force with the systems needed to improve mission capability and readiness now and into the future. Important communications systems such as the Secure Mobile Anti-Jam Reliable Tactical Terminal, the Enhanced Position Location Reporting System and Iridium Satellite phones will greatly enhance our ability to communicate on the battlefield and, most importantly, to integrate with the active component. National Guard and Reserve Equipment Appropriation funding has allowed the Marine Corps Reserve to procure mission-critical night vision devices such as the AN/PVS-17B/C Mini Night Vision Sight (used with individual weapon systems) and the AN/PAS-13 Thermal Weapon Sight (used with crew-served weapons). These sights increase our capability to fight at night and during reduced-visibility conditions. This year's National Guard and Reserve Equipment Appropriation also funded the Electronic Warfare Suite (AFC-230) for 47 percent of our AH-1W Super Cobra attack helicopters. We require 20 additional Electronic Warfare Suites to protect the remainder of our AH-1W fleet. However, I want to assure you that every aircraft, both rotary- and fixed-wing, deploying to Iraq and Afghanistan will have the latest in Aircraft Survivability Equipment installed either prior to departure, enroute while embarked aboard amphibious shipping, or shortly after arrival in-theater. A contractor "tiger team" is scheduled to arrive in Afghanistan tomorrow, April 8, from Iraq to upgrade our UH-1N utility and AH-1W attack helicopters.

GROUND ELEMENT EQUIPMENT PRIORITIES

The increasing age of our equipment is also a challenge within the Reserve ground component. I am pleased to report that we are meeting these challenges in several areas. Of our 3,448 aging High Mobility Multipurpose Wheeled Vehicle, Basic and A1 variants, Marine Forces Reserve has so far replaced 1,162 with the High Mobility Multipurpose Wheeled Vehicle A2 variant. Of our 1,233 Five-Ton truck fleet, 604 have been replaced with the Medium Tactical Vehicle Replacement truck. Both new vehicle systems embrace the latest sustainability and maintainability technological improvements available to the Marine Corps.

We continue to receive over 300 new High Mobility Multipurpose Wheeled Vehicle A2s each year and project complete replacement of our fleet by fiscal year 2009. We are scheduled to receive an additional 301 Medium Tactical Vehicle Replacement trucks between now and November 2004 with the remaining balance scheduled to be delivered by the end of fiscal year 2005.

Efforts to improve our communications capabilities have focused on increased fielding of several tactical single-channel radio programs including the PRC-117 satellite radios, PRC-150 high frequency radios and PRC-148 squad radios. Previous National Guard and Reserve Equipment Appropriation funding allowed Ma-

rine Forces Reserve to buy state-of-the-art battery chargers, power adapters for single-channel radios, and power inverters, providing a range of alternative power options comparable to active component units.

As I mentioned earlier, mobilization readiness is my number one priority. In order to continue seamless integration into the active component, my ground component priorities are the sustained improvement of individual Marine protective equipment and overall equipment readiness. With your continued support, Marine Forces Reserve will deploy Marines with the best available individual and unit equipment needed to accomplish their mission and return home safely.

AVIATION ELEMENT EQUIPMENT PRIORITIES

Maintaining current readiness levels will require continued support as our equipment continues to age at a pace exceeding replacement. Within Reserve aviation, the average age of our youngest platform is the UC-35 at 6 years, followed by the AH-1W Cobra at 11 years, the CH-53E at 16 years, the KC-130T at 18 years, the F/A-18A at 20 years, and the F-5 at 31 years. Our oldest platforms—platforms that have exceeded programmed service life—include the UH-1N at 31 years (20-year service life) and the CH-46E at 37 years (20-year service life with “safety, reliability, and maintainability” extension to 30 years). Maintaining these aging legacy platforms requires increased financial and manpower investment with each passing year due to obsolescent parts and higher rates of equipment failure. For example, for every hour the CH-46E is airborne, an average of 25.2 maintenance man-hours are required. Continued support for airframe and avionics upgrades—pending the arrival of the next generation of aircraft—reduces maintenance man-hours and increases the availability and capabilities of our aircraft.

We are thankful for and remain confident in the readiness of the Marine Corps Reserve, and we seek your continued support in the fiscal year 2005 President’s Budget. Your continued support is critical in our ability to maintain readiness and mission capability to support operations in support of the Global War on Terrorism.

INFRASTRUCTURE

Marine Forces Reserve is and will continue to be a community-based force. This is a fundamental strength of Marine Forces Reserve. Our long-range strategy is to maintain that fundamental strength by maintaining our connection with communities in the most cost effective way. We do not want to be located exclusively in just several large metropolitan areas or consolidated into a few isolated enclaves.

We seek every opportunity to divest Marine Corps-owned infrastructure and to locate our units in Joint Reserve Centers. Marine Forces Reserve units are located at 187 sites in 48 states, the District of Columbia, and Puerto Rico; 33 sites are owned or leased by the Marine Corps Reserve, 154 are either tenant or joint sites. Fifty-three percent of the Reserve centers we occupy are more than 30 years old, and of these, 37 are over 50 years old.

Investment in infrastructure has been a bill-payer for pressing requirements and near-term readiness for most of the last decade. The transition to Facilities Sustainment, Restoration and Modernization funding has enabled us to more accurately capture our requirements and budget accordingly. Similar to the active component, we do not expect to be able to bring our facilities to acceptable levels of readiness before fiscal year 2013. In fiscal year 2003 we funded seven Whole Center Repairs in a step forward to meeting the fiscal year 2013 goal. This will reduce the facilities currently rated below acceptable levels to 58 percent. While the fiscal year 2005 Presidential Budget provides a nearly 39 percent increase in our sustainment budget, we still face a backlog in restoration and modernization across the Future Years Defense Program of over \$30 million. The majority of this backlog requires Military Construction funding due to the deterioration of our facilities, but it also includes Operations and Maintenance-funded whole center repair projects and site improvements at Reserve Training Centers in Texas, New York, Florida, and Washington. Maintaining facilities adequately is critical to providing quality-training centers that support the readiness of our Marines. Replacing inadequate facilities is also part of our overall infrastructure program. The yearly Presidential Budget average for new military construction of \$8.67 million for the previous six fiscal years has allowed us to address our most pressing requirements.

Past vulnerability assessments identified \$33.6 million in projects to resolve anti-terrorism/force protection deficiencies at the 41 sites that we own or at which we have responsibility for site maintenance. We have expended \$8.3 million the last two years to reduce these vulnerabilities. The age of our infrastructure means that much of it was built well before anti-terrorism/force protection was a major consideration in design and construction. These facilities will require anti-terrorism/force

protection resolution through structural improvements, relocation, replacement or the acquisition of additional stand-off distance. All these expensive solutions will be prioritized and achieved over the long-term to provide the necessary level of force protection for all our sites. We continue to improve the anti-terrorism/force protection posture at our Reserve Training Centers and are acting proactively to resolve the issues and deficiencies.

MODERNIZATION AND TRANSFORMATION

Command, Control, Communications, and Computers

With your help, we have made great strides in Command, Control, Communications, and Computers equipment readiness during the past year. Marine Forces Reserve's Command, Control, Communications, and Computers readiness increased noticeably, due to the fiscal year 2003 National Guard and Reserve Equipment Appropriation. As I speak to you today, a detachment of our 4th Air Naval Gunfire Liaison Company is in Iraq, outfitted with high frequency and satellite radio equipment almost completely procured with the fiscal year 2003 National Guard and Reserve Equipment Appropriation funds. This marks the first time in the past year and a half a Reserve Air Naval Gunfire Liaison Company unit performed its mission without provisioning radio equipment from its gaining force commander.

There are a few areas that I would like to bring to your attention in which you may again assist us. Because of the increased reliance on Marine Forces Reserve's military police and civil affairs capabilities, we have validated an additional requirements for 200 handheld radios. Critical new requirements have emerged for our civil affairs groups' coordination and command-and-control capabilities such as the additional validated need for 100 AN/PRC-148 handheld radios and 50 single channel/satellite AN/PRC-117 radios to meet the unexpected growth in civil affairs capabilities.

Digital Data Servers

Progress has been made in fielding new equipment to bridge the gap between active component units and their Reserve counterparts. However, there are areas of improvement in which you can help speed the closure of the gap.

Prior to completion of Marine Forces Reserve fielding, 24 Digital Data Server suites were reallocated to support training requirements for Operation IRAQI FREEDOM.

Enhanced Data Relay

Today, battalion-level units in the Total Force are unable to receive robust data communications beyond line-of-sight. Regimental-level units rely on satellite and multi-channel radios to maintain reliable secure data communications to senior and parallel headquarters across the battlefield. The data link down to battalion-level units is the Enhanced Position and Location Reporting System, but it has a range limited by line-of-sight. The range limitation does not allow the secure data communications to be extended from the Regimental level to distant or fast moving battalion-level and below units. The Marine Corps Command-and-control on-the-move Network Digital Over-the-Horizon Relay initiative is an attempt to extend data networks beyond line-of-site. This initiative uses satellite and ground radio relays mounted on High Mobility Multipurpose Wheeled Vehicles in three variants. It also allows units to use standard radios to connect to tactical data networks. Though in the early stages of development, the Marine Corps Reserve's tactical Command, Control, Communications, and Computers effectiveness as well as that of the active component could be significantly enhanced with funding and fielding of the Command-and-control on-the-move Network Digital Over-the-Horizon Relay initiative.

Navy-Marine Corps Intranet

With the delay of Marine Forces Reserve's transition to the Navy-Marine Corps Intranet, many Marine Reserve units have not received up-to-date hardware to replace their aging computers. At least 12 percent of our computers are incapable of running the Marine Corps-approved operating systems, creating compatibility and reliability issues. Marine Forces Reserve is advance-fielding Navy-Marine Corps Intranet deployable computers to units deploying for operations to mitigate this problem. While this is a quick fix, it does not solve the primary issue of aging computers in the Force. Presently, Marine Forces Reserve is only funded for approximately 8,000 Navy-Marine Corps Intranet computers. Unfortunately this leaves 6,000 required Navy-Marine Corps Intranet computers, in the form of user seats. Without the funding to replace our aging computers, Marine Forces Reserve will have to contend with critical long-term computer compatibility and reliability issues.

AN/PRC-150

The fiscal year 2004 National Guard and Reserve Equipment Appropriation significantly mitigated our high frequency radio readiness issues with the purchase of man-packed AN/PRC-150 radios to replace the obsolescent AN/PRC-104s. However, the acquisition objective for AN/PRC-150 radios will grow as more of the 20-year-old AN/PRC-104s become unserviceable. We appreciate your continued support for the funding of the AN/PRC-150s which will keep potential high frequency radio readiness issues at bay.

As the transformation of our Force continues, there will be a greater need for newer tactical Command, Control, Communications, and Computers equipment to fill voids in satellite communications and data communications areas. Requirements for the Lightweight Multi-band Satellite Terminal will increase to provide the same wideband satellite communications capability resident in the active component's major communications units. Tactical data network requirements will continue to grow and so will the need for a continued refreshing of computer technology in the Force. During the next year, requirements for additional Lightweight Multi-band Satellite Terminals and tactical data network equipment will be identified for funding.

In the past few minutes, I pointed out several challenges in Command, Control, Communications, and Computers readiness for Marine Forces Reserve. However, I want to emphasize that while challenges remain, your support in providing a path for us to replace and sustain our Command, Control, Communications, and Computers equipment has placed your Marine Reserve in a much better Command, Control, Communications, and Computers posture than a year ago.

CONCLUSION

The Marine Corps Reserve is ready, willing and able to answer our Nation's call to duty in the Global War on Terrorism, as has been so well demonstrated by the mobilization and integration of Reserves into the active component. Our greatest asset is our outstanding young men and women in uniform. The Marine Corps appreciates your continued support and collaboration in making the Marine Corps and its Reserve the Department of Defense model for Total Force integration and expeditionary capability.

**STATEMENT OF LIEUTENANT GENERAL JAMES E. SHERRARD, III,
CHIEF, AIR FORCE RESERVE**

Senator STEVENS. General Sherrard, I believe this is your last visit with us. We thank you for your dedication to the Air Force Reserve and for being with us in the past years. We wish you well. We would be pleased to have your statement.

General SHERRARD. Thank you, Senator. Thank you very much. On behalf of the almost 79,000 military and civilian members of the Air Force Reserve, it is indeed my honor and privilege to be here to speak on their behalf before this distinguished committee.

I would tell you, sir, that we have had more than 28,000 Air Force Reservists mobilized since September 11th and currently have over 5,600 serving today. They have served with distinction and we are awfully proud of that. We believe that their capabilities which they provide to our Air Force are essential and they are truly a result of our priorities that we have established over the years and continue to carry our top three priorities, the first being people, the second being readiness, and the third being modernization.

RECRUITING AND RETENTION

Under the people priority, recruiting and retention are essential for us. On the recruiting side, as I have testified before this committee previously, we continue to be challenged by the smaller number of members that are separating from the active force. So, therefore, we must place our focus more on the non-prior service

members. We are finding that we can recruit those members. It certainly takes a longer time for our recruiting force, but the major challenge is the longer period it takes for them to gain the experience level that is necessary for them to do the things that we ask of them. Our history has always shown us that the high technological needs of our service demands an experienced force, and we certainly need to do that.

RETENTION

On the retention side, again as I have testified previously, I continue to stress the need for us to be able to retain our members, particularly those who have reached the point of 20 satisfactory years of service and realizing that the experience level is exactly the one we want to make sure that we do not let leave our fold, and if we can retain the members to their maximum military service separation date or high year tenure date for our enlisted members, then we have a much better and more capable force.

FAIR REPRESENTATION AND COMPENSATION

The third piece of the people side of the house is equal and equitable or fair representation and compensation and making certain that when our members are activated, they in fact are receiving the benefits that do not put them at a disadvantage to those that they are serving with.

READINESS

On the readiness side, we take great pride in the Air Force that there is one tier of readiness. The active Air Force creates the standard. We in the Air Force Reserve Command train to that standard and the active force evaluates it, and that has been the key to our success that when our members show up in theater, they are ready to go as a full combat-ready force ready to meet the challenges that come their way.

MODERNIZATION

And under modernization, I must tell you and echo what my colleagues have said. We thank you so much for the NGREA dollars that have been provided to us. They have allowed us to modernize and maintain our fleet in a form that makes them relevant and most assuredly capable. We need to continue to pursue that, making certain that we give our members the very best equipment possible to do the job, making certain that it is relevant and interoperable with not only the active force but with our coalition partners.

We need to continue to watch very carefully the modernization side and work very diligently, as was mentioned by the first panel, to look at integrating our units better operationally. We in the Air Force Reserve Command have been using the associate concept since 1968. It has served us well and there are certainly different ways of utilizing that particular endeavor and we are seeking and doing those today, whether it be in the Airborne Warning Air Control System (E-3A) (AWACS) mission in the Specialized Undergraduate Pilot Training (SUPT) program and we continue looking in the fighter associate and other arenas.

I look forward to your questions, sir.
 Senator STEVENS. Thank you very much.
 [The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL JAMES E. SHERRARD, III

Mr. Chairman, and distinguished members of the Committee, I would like to offer my sincere thanks for this opportunity, my last, to testify before you. As of September 30, 2003, United States Air Force Reserve (USAFR) has a total of 8,135 people mobilized under Partial Mobilization Authority. These individuals are continuing to perform missions involving: Security, Intelligence, Flight Operations for Combat Air Patrols (CAPs), Communications, Air Refueling Operations, Strategic and Tactical Airlift Operations, Aero Medical, Maintenance, Civil Engineering and Logistics. The Partial Mobilization for the Global War on Terrorism (GWOT) is the longest sustained, large-scale mobilization in the history of the Air Force. AFR mobilizations peaked at 15,332 on April 16, 2003 during OIF with a cumulative 28,239 mobilizations sourced in every contingency supporting GWOT since September 11, 2001. Early GWOT operations driven by rapid onset events and continued duration posed new mobilization and re-mobilization challenges, which impacted OIF even though only a portion of the Reserve capability was tapped.

In direct support of Operation ENDURING FREEDOM (OEF), Operation IRAQI FREEDOM (OIF), and the Global War on Terrorism (GWOT), Air Force Reservists have flown a multitude of combat missions into Afghanistan and Iraq. The 93rd Bomb Squadron is an example of one of the many units to successfully integrate with active duty forces during combat missions in OEF and OIF. Reserve crews, which comprise eight percent of the conventional crews, flew on 42 percent of all B-52 combat missions during four combat deployments in support of these operations. The 93rd Bomb Squadron performed many operations that were a first for B-52 operations as well as demonstrating maximum flexibility as a war-fighting unit. One of their B-52's was the first to employ Precision Strike Laser Guided Bomb self-designate capability using the LITENING II targeting pod. Reserve aircrews have also flown C-17 airland/airdrop missions into Afghanistan and Iraq delivering humanitarian aid and supplies for the warfighting effort. They also provided air refueling tanker crews and support personnel from the 434th Air Refueling Wing at Grissom ARB, Indiana (KC-135) and 349th Air Mobility Wing at Travis AFB, California (KC-10). Additionally, Air Force Reserve F-16 units have been involved in support of Operation NOBLE EAGLE (ONE) by flying combat air patrols over key American cities (301st Fighter Wing, JRB NAS Fort Worth, Texas, 482d Fighter Wing, Homestead ARB, Florida, and 419th Fighter Wing, Hill AFB, Utah). These units were also deployed at various times in support of OEF and OIF operations.

RECRUITING

The Air Force Reserve continued to address new challenges in 2003. Partial mobilization persists, though it's reducing day-by-day, but volunteerism continues to be a significant means of contribution. Dedicated members of the Air Force Reserve continue to meet validated operational requirements. Recruiting and retention of quality service members is taking top priority for the Air Force Reserve Command (AFRC) and competition for these members among other services, as well as within the civilian community has reached an all-time high.

AFRC end strength for fiscal year 2003 was 98.8 percent of authorized end strength.

Recruiting continues to pose other significant challenges as well. The pool of active duty separatees continue to shrink from its peak prior to force reduction over a decade ago, and a perceived likelihood of activation and deployment are being cited as significant reasons why separating members are declining to choose continuing military service in the Reserve. These issues further contribute to the civilian sector's ability to attract these members away from military service.

The Air Force Reserve is developing a strategy to take advantage of an active duty Force Shaping initiative. Within this fiscal year, Air Force will offer active duty members the opportunity to use the Palace Chase program to change components. While the details are not fully approved, the Air Force Reserve may have an unprecedented opportunity to access prior service members in critical career skills.

We are hopeful that we will be able to preserve the training and experience of some 16,000 personnel who may take advantage of the opportunity to serve under Palace Chase, but we must ensure the right force mix and the right faces to match our vacancies—it's not just a "numbers drill".

One consequence of the reduced success in attracting separating members from Active Duty is the need to make up this difference through attracting non-prior service members. While having enough Basic Military Training and Technical Training School quotas has long been an issue, the increased dependence on non-prior service accessions strains these requirements even further.

RETENTION

Though retention was enhanced through "Stop-Loss" in the previous two years, the eventual effects of this program may be felt in this fiscal year. Even though "Stop-Loss" was terminated in June 2003, the six-month manning policy provides an additional period of relief. Coupled with the policy to establish a separation date six months from the end of re-deployment, if there will be a subsequent impact on retention, it will be felt in this fiscal year.

We continue to look for viable avenues to enhance retention of our reservists. The reserve enlisted bonus program is a major contributor to attract and retain both unit and individual mobilization augmentee members in those critical (Unit Type Code tasked) career fields. We successfully increased the prior service enlistment bonus amount to \$8,000 this past year for a maximum six-year enlistment in accordance with related legislative authority granted in 2003. We continue to explore the feasibility of expanding the bonus program across AFRC as determined necessary; however, no decision has yet been made to implement. The Aviation Continuation Pay (ACP) continues to be offered as an incentive for active duty (AGRs).

One of the most positive quality of life enhancements occurred when the Department of Defense reduced the required threshold for dependent eligibility for TRICARE Prime from 179 days of consecutive active duty to 31 days of duty. This threshold reduction allows for greater dependent health care for the vast majority of Reserve members serving on periods of active duty, and will greatly increase volunteerism across the force for a wide variety of requirements. Additionally, the 2004 NDAA provides for three temporary improvements to the overall TRICARE system for Air Force Reserve members: access to health care for inactive members and their dependents, provided they are eligible for unemployment compensation or not otherwise eligible for employer-provided health care; earlier TRICARE eligibility for Air Force Reserve members with delayed effective-date activation orders; and finally, the period of time granted for transition health care coverage was expanded from 60 and 120 days up to 180 days for certain members separating from active duty. These vast improvements in the TRICARE program, though temporary, will continue to pay dividends in the quality of life characterization for our Air Force Reserve members, and ultimately serve as a critical readiness tool.

Space Operations

Air Force Reserve Command (AFRC) provides over 1,100 trained space officer, enlisted, civilian, and contractor personnel at more than 15 locations to acquire, plan, launch, task, operate, assess, and protect more than 28 weapon systems at 155 units worldwide for Air Force Space Command, United States Strategic Command, Headquarters Air Force, National Reconnaissance Office, and others. An annual budget of over \$22 million funds AFRC space operations and requirements providing command, control, computers, communication, intelligence, surveillance, reconnaissance (C⁴ISR), navigation, weather, missile warning, network security and force protection support to warfighters around the globe.

- Nine associate units at four locations operate Global Positioning System (GPS), Space-Based Infrared System (SBIRS), Defense Support Program (DSP), and Defense Meteorological Satellite Program (DMSP) satellites; fully integrate with the Network Operations and Security Center (NOSC) and Space AOC; conduct test and space aggressor activities; and provide security forces for land-based facilities.
- Nearly 700 individual mobilization augmentees (IMAs) at more than 15 locations provide support in all areas of the "cradle-to-grave" life cycle of national space assets.
- AFRC space personnel have been fully involved in planning and executing military activities supporting Operations NOBLE EAGLE, ENDURING FREEDOM, IRAQI FREEDOM, and NORTHERN and SOUTHERN WATCH.
- Reserve Associate Programs have been highly successful and are projected for additional growth in the future. Associate unit concepts being studied include space control, launch operations, ICBM communications, and Space Operations School.

Associate Program

The Air Force Reserve Command (AFRC) Associate Program meshes reserve units with active-duty units at bases throughout the United States. AFRC units use host aircraft and equipment for their training and work directly with their active duty counterparts. Associate mobility units fly C-141 Starlifter, C-5 Galaxy, and C-17 Globemaster III transports along with KC-10 Extender and KC-135 Stratotanker tanker aircraft. In the spring of 1996, AFRC began filling aircrew and maintenance support personnel positions in the 513th Air Control Group, an E-3 Sentry Airborne Air Control System unit.

AFRC is continuing to expand the scope of the associate program into new mission areas. New units supporting Air Education and Training Command's undergraduate pilot training program are being managed by the 340th Flying Training Group located at Randolph Air Force Base, Texas, and the 301st Fighter Squadron, F-16 associate instructor pilot program at Luke Air Force Base, AZ. AFRC has an associate fighter unit at Shaw Air Force Base, SC, associate pilots flying F-16s with the "Aggressor" squadron at Nellis AFB, NV, and an associate flight test unit integrated with the Federal Aviation Administration.

The flexibility of the Associate program allows for the effective and efficient use of highly trained AFRC aircrew members. Associate units also provide aircraft maintenance personnel to maintain the active duty aircraft ensuring the utilization of our air frames to the maximum extent.

The 919th Special Operations Wing, Duke Field, FL, trains in one of the U.S. military's most unique missions—special operations. Wing aircraft include MC130E Combat Talon I aircraft equipped for use in night/adverse weather, low-level, deep-penetration tactical missions. These aircraft have also been modified to conduct air-to-air refueling with special operations helicopters. In February 2000, the 8th Special Operations Squadron (active duty) joined the 711th SOS at Duke Field as a reserve associate unit—meaning active duty personnel fly reserve-owned aircraft. The 919th SOW manages all Talon I aircraft in the Air Force inventory. This is a first for Air Force Special Operations Command and the second time in Air Force history since the EC-121 mission.

The wing also flies the MC-130P Combat Shadow aircraft (5th SOS), which has been modified with new secure communications, self-contained inertial navigation, countermeasures systems and night vision goggle-compatible lighting. The aircraft's primary mission is to conduct single-ship or formation in-flight refueling of special operations helicopters in a low to selected medium-threat environment. On October 1, 1999, the 5th SOS moved to Eglin AFB to join the 9th SOS (active duty) as an associate Reserve unit. This marked another first in the special operations mission area. Finally, as mentioned above, the Associate program in the space operations arena is rapidly expanding.

Associate units provide several benefits and enhancements to include the following: Force multiplier which increases surge capability for war time or contingencies; continuity as AFRC forces provide stability and a service option for departing active duty personnel; experience as Reservists tend to have more years of service and bring invaluable civilian experience and knowledge to the military; and efficiencies due to Reserve cost savings and sharing of weapon systems and equipment.

MODERNIZATION

Effective modernization of Air Force Reserve assets is a key issue to remaining a relevant and combat ready force. It has been and continues to be apparent that the Reserve Component is crucial to the defense of our great nation. The events of September 11th cemented the Total Force initiatives already in place and Air Force Reserve Command (AFRC) is working shoulder-to-shoulder with the Active Duty and Air National Guard components in the long battle to defeat terrorism. Even before 9/11, USAFR was an active participant in day-to-day AF operations. USAFR is no longer a force held in reserve solely for possible war or contingency actions—we are an Operational Reserve, at the tip of the spear. It is therefore imperative that we remain a relevant and combat ready force for the future.

Our modernization strategy is sound but is dependent upon lead command funding. Lead command funding of AFRC modernization priorities continues to be one of our challenges. We continue to work with the Department of Defense and the Department of the Air Force to address our requirements. We greatly appreciate your support for the increase to the National Guard and Reserve Equipment Authorization (NGREA) funding in the fiscal year 2004 NDAA, as we strive to utilize the best technological advances available to us, to keep our people safe in current theaters of operations. Success in meeting our modernization goals depends on our cohesive and focused approach to accepting new mission areas, while ensuring the continued

success of current mission areas and robust interaction with the lead commands, as well as, keeping Congress informed of USAFR initiatives.

FLEET MODERNIZATION

F-16 Fighting Falcon

Air Combat Command and AFRC are upgrading the F-16 Block 25/30/32 in all core combat areas by installing Global Positioning System (GPS) navigation system, Night Vision Imaging System (NVIS) and NVIS compatible aircraft lighting, Situational Awareness Data Link (SADL), Targeting Pod integration, GPS steered "smart weapons", an integrated Electronics Suite, Pylon Integrated Dispense System (PIDS), Digital Terrain System (DTS), and the ALE-50 (towed decoy system). The acquisition of the LITENING II targeting pod marked the greatest jump in combat capability for AFRC F-16s in years. At the conclusion of the Persian Gulf War, it became apparent that the ability to employ precision-guided munitions, specifically laser-guided bombs, would be a requirement for involvement in future conflicts. LITENING II Advanced Technology (AT), an upgrade to LITENING II, affords the capability to employ precisely targeted Laser Guided Bombs (LGBs) effectively in both day and night operations, any time at any place. This capability allows AFRC F-16s to fulfill any mission tasking requiring a self-designating, targeting-pod platform, providing needed relief for heavily tasked active-duty units. AFRC will complete the purchase of AT upgrade kits and finish pod purchases for the F-16 this fiscal year. These improvements have put AFRC F-16s at the leading edge of combat capability. The combination of these upgrades are unavailable in any other combat aircraft and make the Block 25/30/32 F-16 the most versatile combat asset available to a theater commander.

Tremendous work has been done keeping the Block 25/30/32 F-16 employable in today's complex and demanding combat environment. This success has been the result of far-sighted planning that has capitalized on emerging commercial and military technology to provide specific capabilities that were projected to be critical. That planning and vision must continue if the F-16 is to remain useable as the largest single community of aircraft in America's fighter force. Older model Block 25/30/32 F-16 aircraft require structural improvements to guarantee that they will last as long as they are needed. They also require data processor and wiring system upgrades in order to support employment of more sophisticated precision attack weapons. They must have improved pilot displays to integrate and present the large volumes of data now provided to the cockpit. Additional capabilities are needed to eliminate fratricide and allow weapons employment at increased range, day or night and in all weather conditions. They must also be equipped with significantly improved threat detection, threat identification, and threat engagement systems in order to meet the challenges of combat survival and employment for the next 20 years.

A/OA-10 Thunderbolt

There are five major programs over the next five years to ensure the A/OA-10 remains a viable part of the total Air Force. The first is increasing its precision engagement capabilities. The A-10 was designed for the Cold War and is the most effective Close Air Support (CAS) anti-armor platform in the USAF, as demonstrated during Desert Storm, OEF and OIF. Unfortunately, its systems have not kept pace with modern tactics as was proven during Operation ALLIED FORCE. The AGM-65 (Maverick) is the only precision-guided weapon carried on the A-10. Newer weapons are being added into the Air Force inventory regularly, but the current avionics and computer structure limits the deployment of these weapons on the A-10. An interim solution using Avionics Interface Modules to integrate LITENING II targeting pods was developed by the Air Reserve Component to bring added combat capability quickly to the battlefield. This capability must be integrated permanently to bring full precision strike abilities to the fight. The Precision Engagement and Suite 3 programs will further expand this combat capability and help correct limitations of aged systems. Two other programs, Embedded GPS and Integrated Flight and Fire Control Computer (IFFCC) will increase the navigation accuracy and the overall capability of the fire control computer, both increasing the weapon system's overall effectiveness.

One of the A-10 challenges is resources for upgrade in the area of high threat survivability. The Avionics to EW Buss modification will enhance survivability by providing some automated flare dispensing. Previous efforts have focused on an accurate missile warning system and effective, modern flares; however a new preemptive covert flare system may increase survivability. The A-10 can leverage the work done on the F-16 Radar Warning Receiver and C-130 towed decoy development pro-

grams to achieve a cost-effective capability. In an effort to increase loiter time, we are installing fire suppressant foam in our Sergeant Fletcher external fuel tanks, allowing removal of current flight restrictions regarding use of the external tanks in combat scenarios. Next, critical systems on the engines are causing lost sorties and increased maintenance activity. Several design changes to the accessory gearbox will extend its useful life and reduce the existing maintenance expense associated with the high removal rate. However, the A/OA-10 has a thrust deficiency in its operational environment. As taskings evolved, commanders have had to reduce fuel loads, limit take-off times to early morning hours and refuse taskings that increase gross weights to unsupportable limits. AFRC A/OA-10s need upgraded structures and engines.

B-52 Stratofortress

In the next five years, several major programs will be introduced to increase the capabilities of the B-52 aircraft. Included here are programs such as a Crash Survivable Flight Data Recorder and a Standard Flight Data Recorder, upgrades to the current Electro-Optical Viewing System, Chaff and Flare Improvements, and improvements to cockpit lighting and crew escape systems to allow use of Night Vision Goggles.

Enhancements to the AFRC B-52 fleet currently under consideration are: Visual clearance of the target area in support of other conventional munitions employment; target coordinate updates to JDAM and WCMD, improving accuracy; and Bomb Damage Assessment of targets.

In order to continue the viability of the B-52 well into the next decade, several improvements and modifications are necessary. Although the aircraft has been extensively modified since its entry into the fleet, the advent of precision guided munitions and the increased use of the B-52 in conventional and OOTW operation requires additional avionics modernization and changes to the weapons capabilities such as the Avionics Midlife Improvement (AMI), Conventional Enhancement Modification (CEM), and the Integrated Conventional Stores Management System (ICSMS). Effective precision strike capability was proven during OEF/OIF using LITENING II Targeting Pods. Permanent targeting pod integration is needed to retain this capability in the future. Changes in the threat environment are also driving modifications to the defensive suite including Electronic Counter Measures Improvement (ECMI). Modifications to enhance stand off jamming capability are also underway to bring the B-52 into the AEA arena. The B-52 in the AEA configuration will provide the United States Air Force with the capability to deny, deceive, and destroy the enemy.

The B-52 was originally designed to strike targets across the globe from launch in the United States. This capability is being repeatedly demonstrated, but the need for real time targeting information and immediate reaction to strike location changes is needed. Multiple modifications are addressing these needs. Advanced weapons integration programs are needed for Joint Air to Surface Standoff Missile (JASSM), Joint Standoff Weapon (JSOF), and Miniature Air Launched Decoy (MALD) capability to be fully realized. These integrated advanced communications systems will enhance the B-52 capability to launch and modify target locations while airborne. Other communications improvements are Link 16 capability for intra-theater data link, the Global Air Traffic Management (GATM) Phase 1, an improved ARC-210, the KY-100 Secure Voice, and a GPS-TACAN Replacement System (TRS).

As can be expected with an airframe of the age of the B-52, much must be done to enhance its reliability and replace older, less reliable or failing hardware. These include a Fuel Enrichment Valve Modification, Engine Oil System Package, and an Engine Accessories Upgrade, all to increase the longevity of the airframe.

MC-130H Talon

In 2006, AFRC and Air Force Special Operations Command will face a significant decision point on whether or not to retire the Talon I. This largely depends on the determination of the upcoming SOF Tanker Requirement Study. Additionally, the MC-130H Talon II aircraft will be modified to air refuel helicopters. The Air Force CV-22 is being developed to replace the entire MH-53J Pave Low fleet, and the MC-130E Combat Talon I. Ultimately, supply/demand will impact willingness and ability to pay for costly upgrades along with unforeseeable expenses required to sustain an aging weapons system.

HC-130P/N Hercules

Over the next five years, there will be primarily sustainability modifications to the weapons systems to allow it to maintain compatibility with the remainder of the C-130 fleet. In order to maintain currency with the active duty fleet, AFRC has ac-

celerated the installation of the APN-241 radar as a replacement for the APN-59. All AFRC assets will be upgraded to provide Night Vision Imaging System (NVIS) mission capability for C-130 combat rescue aircraft. Necessary upgrades include defensive capability for the increasing infrared missile threat such as the Large Aircraft Infrared Countermeasures (LAIRCM) system.

HH-60G Pave Hawk

Combat Search and Rescue (CSAR) Mission Area modernization strategy currently focuses on resolving critical weapon system capability shortfalls and deficiencies that pertain to the Combat Air Force's Combat Identification, Data Links, Night/All-Weather Capability, Threat Countermeasures, Sustainability, Expeditionary Operations, and Para rescue modernization focus. Since the CAF's CSAR forces have several critical capability shortfalls that impact their ability to effectively accomplish their primary mission tasks today, most CSAR modernization programs/initiatives are concentrated in the near-term. These are programs that:

- Improve capability to pinpoint location and authenticate identity of downed aircrew members/isolated personnel;
- Provide line-of-sight and over-the-horizon high speed LPI/D data link capabilities for improving battle space/situational awareness;
- Improve Command and Control capability to rapidly respond to “isolating” incidents and efficiently/effectively task limited assets;
- Improve capability to conduct rescue/recovery operations at night, in other low illumination conditions, and in all but the most severe weather conditions;
- Provide warning and countermeasure capabilities against RF/IR/EO/DE threats; and
- Enhance availability, reliability, maintainability, and sustainability of aircraft weapon systems.

Work continues on the Personnel Recovery Vehicle (PRV), a replacement for the ageing HH-60G helicopter sometime in the 2011 timeframe.

C-130 Hercules

AFRC has 127 C-130s including the E, H, J and N/P models. The Mobility Air Forces (MAF) currently operates the world's best theater airlift aircraft, the C-130, and it will continue in service through 2020. In order to continue to meet the Air Force's combat delivery requirements through the next 17 years, aircraft not being replaced by the C-130J will become part of the C-130X Program. Phase 1, Avionics Modernization Program (AMP) program includes a comprehensive cockpit modernization by replacing aging, unreliable equipment and adding additional equipment necessary to meet Nav/Safety and GATM requirements. Together, C-130J and C-130X modernization initiatives reduce the number of aircraft variants from twenty to two core variants, which will significantly reduce the support footprint and increase the capability of the C-130 fleet. The modernization of our C-130 forces strengthens our ability to ensure the success of our war fighting commanders and lays the foundation for tomorrow's readiness. Ongoing and future modernization efforts by AFRC include APN 241 Radar and Large Aircraft Infrared Countermeasures (LAIRCM) for our C-130H2/H3 aircraft. Fiscal year 2004 funds provided for APN 241 radar. LAIRCM is required to protect the aircraft from current and future IR threats. The AN/AAQ-24 LAIRCM system uses a laser beam to defeat the missile and does not rely on hazardous and politically sensitive expendables that highlight the aircraft to additional threat.

WC/C-130J Hercules

The current fleet is being replaced with new WC-130J models. This replacement allows for longer range and ensures weather reconnaissance capability well into the next decade. Once conversion is complete, the 53rd Weather Reconnaissance Squadron will consist of 10 WC-130J's. Presently, there are six WC-130J models at Keesler AFB, MS undergoing Qualification Test and Evaluation (QT&E). The remaining four aircraft currently loaned to Lockheed Marietta, will be delivered to Keesler AFB in January 2005. Deliveries are based on the resolution of deficiencies identified during tests. This will impact the start of operational testing and the achievement of interim operational capability (IOC). Major deficiencies include: propellers (durability/supportability) and radar tilt and start up attenuation errors. AFRC continues to work with the manufacturer to resolve the QT&E documented deficiencies. The 815th ALS has 5 C-130Js at Keesler AFB. Conversion to eight PAA C-130J stretch aircraft is to be completed by fiscal year 2007.

C-5 Galaxy

Over the next five years, there will be important decisions made that will change the complexion of the AFRC C-5 Fleet. Currently, there are primarily sustainability

modifications to the weapons systems to allow it to continue as the backbone of the airlift community. Two major modifications will be performed on the engines to increase reliability and maintainability. Additionally, the C-5B fleet will receive the avionics modernization that replaces cockpit displays while upgrading critical navigational and communications equipment. AFRC C-5As are not currently programmed to receive these modifications. The C-5A fleet has no Defensive Avionics Systems, and this lack of capability has significantly hampered the ability of the C-5A to participate actively in the GWOT. If these aircraft are not upgraded, then they must be retired starting in fiscal year 2008.

C-141 Starlifter

For the past 30 years, the C-141 has been the backbone of mobility for the United States military in peacetime and in conflict. In the very near future, the C-141 will be retired from the active-duty Air Force. However, Air Force Reserve Command continues the proud heritage of this mobility workhorse and will continue to fly the C-141 through fiscal year 2006. It is crucial that AFRC remains focused on flying this mission safely and proficiently until transition to new mission aircraft is completed.

KC-135E/R Stratotanker

One of Air Force Reserve Command's most challenging modernization issues concerns our unit-equipped KC-135s. Seven of the nine air refueling squadrons are equipped with the KC-135R, while the remaining two squadrons are equipped with KC-135E's. The KC-135E, commonly referred to as the E-model, has engines that were recovered from retiring airliners. The remaining KC-135Es are being retired, and are being replaced by KC-135Rs. The last AFRC KC-135E will be retired in 4Q fiscal year 2005.

The ability of the MAF to conduct the air refueling mission has been stressed in recent years. Although total force contributions have enabled success in previous air campaigns, shortfalls exist to meet the requirements of our National Military Strategy. AMC's Tanker Requirements Study-2005 (TRS-05) identifies a shortfall in the number of tanker aircraft and aircrews needed to meet global refueling requirements in the year 2005. There is currently a shortage of KC-135 crews and maintenance personnel. Additionally, the number of KC-135 aircraft available to perform the mission has decreased in recent years due to an increase in depot-possessed aircraft with a decrease in mission capable (MC) rates.

CONCLUSION

I would like to thank this committee and the Senate for your continuing support. I am proud to tell you that our Air Force Reserve Command continues to be a force of choice whenever an immediate and effective response is required to meet the challenges of today's world. For more than 30 years the Air Force has relied upon the Reserve components to meet worldwide commitments. The events of September 11, 2001 and the Global War on Terrorism continue to highlight that reliance and have changed the way we think about and employ our forces. About one in three Air Force reservists has been mobilized at some point since that time. Transformation has proven to be an important aspect of the Air Force Reserve as we become more and more relevant in today's world.

We are ready in peace or war, available for quick response, and able to stay the course when called upon. Although we are involved more now in the daily mission of the Air Force, the focus of the Air Force Reserve Command continues to be readiness—we train during periods of peace so that we are ready to perform our wartime missions wherever we are needed, whenever we are called.

Like our active duty partners, the men and women of the Air Force Reserve are very busy. Trying to balance the demands of military service, family, and a civilian profession can be a demanding task, but ours is made easier by the support we receive from the American taxpayers, Congress, the Department of Defense and the Air Force.

The Air Force Reserve Command made major Air and Space Expeditionary Force (AEF) contributions in fiscal year 2003. AFRC met virtually 100 percent of both aviation and support commitments, deployed over 23,350 (14,130 aviation and 9,220 support) mobilized and volunteer personnel to meet these commitments. The challenge for fiscal year 2004 will be to meet the continued AEF demands of the Global War On Terrorism primarily with volunteers if the number of mobilized personnel decreases.

I would like to close by offering my sincere thanks to each member of this Committee for your continued support and interest in the well-being and quality of life of each Air Force Reservist. The recent pay increases and added benefits of the last

few years have helped us through a significant and unprecedented time of higher operations tempo, calling for each member of the Air Force Reserve to give 200 percent to the mission while still keeping families and employers happy. This will be my final opportunity to represent these fine young men and women as the Chief of Air Force Reserve, and I leave, knowing that we are on the right path: a stronger, more focused, force. A force no longer in Reserve, but integrated into the very fiber of the Air Force; the tip of the spear.

Each of you can be proud of what we've accomplished together on behalf of our great nation. Again, I offer my thanks to you and my sincerest best wishes for the future.

PERSONNEL

Senator STEVENS. Let me ask all of you this question if you would respond, and I think that would take my time in the first round anyway. The Washington Post recently had an article that stated that three-quarters of Army spouses believed the Army is likely to encounter personnel problems as soldiers and their families tire of the pace and leave for civilian lives. They quoted one expert that said 2005 is a make or break year as some soldiers who have already served in Iraq for a year are sent back for a second year.

Is this going to be a problem in 2005 and should we do anything about so far as this budget is concerned? General Helmly.

General HELMLY. The article, if you remember, addressed the Active component, but I would tell you that your concerns are certainly applicable to the Reserve components, perhaps in some cases to a greater degree.

We are vitally concerned. In our case I believe that the tale will be told during the period of about May through August. That cohort for us is about 78,000 soldiers in the Army Reserve who were mobilized for the initial attack in Iraqi Freedom. That group is the group that had the shortages that the previous panel addressed in body armor, shortages of equipment, in many cases had less than 10 days' notice that they were being mobilized. That same cohort had about 8,000 Army Reserve soldiers who were demobilized only to have to be remobilized about a month and a half to 2 months later. So that is the group for us that has taken the greatest strain.

As the previous panel noted, the current mobilization—we had to clean up, fix a lot of the equipment shortage problems. We are giving much more notice to our troops now, and the flow is much smoother and in a more predictable, practiced way. Still I am very concerned.

As far as what this committee could do, we have sought help in terms of extending the targeted selected reenlistment bonus to Reserve component members. That is a \$5,000 to \$10,000 bonus that is widely accepted by the soldiers in theater because, of course, if they reenlist while they are in theater, then those \$5,000 to \$10,000 come virtually tax free. We seek your help in that.

We have forwarded a list of other policy changes to the Department of Defense recently, seeking in many cases not additional funding, but policy changes to put us on, as General Sherrard noted, a more level footing with regard to Active component members on recruiting and retention. So that is my answer. I think that fiscal year 2005 will, indeed, be a year which will tell us how well we are able to sustain an operational force with an all-volunteer force while at war.

Senator STEVENS. Thank you. Admiral Cotton?

NAVAL RESERVISTS

Admiral COTTON. Sir, since 9/11, we have had about 22,000 naval reservists recalled to active duty, including—I see a gentleman right behind you—Bob Henke who honorably served in the gulf. That is about one-fourth of our force.

I will also say that we have integrated many of our reservists into blended or associate type augment units where they can be utilized each month or surge for a few weeks to handle whatever OPTEMPO we need. So we have been able to hold down the total numbers.

Our Chief of Naval Operations usually asks the question first, let us go to the active component to mobilize someone rather than always stress the Reserve component.

I have to add that today all Admirals in the Navy, Active and Reserve, select Senior Executive Service, and our E-9, our master chief force and fleet leadership, are in Annapolis at the Naval Academy concluding a 3-day conference, the theme of which is human resources policy for the future.

I also have to say that not only are we acting together as one Navy, we are also recruiting together as one Navy, using Reserve recruiters to recruit active, active to recruit reservists, and the real recruitment for the future I think is going to be at the active duty commanding officer when a young woman or a young man is leaving the service for whatever reason. We have to retain them in the Reserve component and develop a continuum of service where these individuals can come back in and re-serve their country. So the dynamic we are looking for is how do we keep them serving, coming back, and there will probably be some initiatives that we will come up with to ensure that.

But overall, it is working well. Last month we recruited 116 percent of our goal. So we are maintaining our end strength and doing well in the Navy, sir.

Senator STEVENS. General McCarthy.

MARINE CORPS RESERVE

General MCCARTHY. Mr. Chairman, our situation is obviously different, dictated by our force structure. Seventy percent of the enlisted Marines in the Marine Corps Reserve are single, so we do not have quite the same level perhaps of spouse involvement that some of the other services do. But I think that the concern about family support and continued family support for service is one that is definitely going to be a factor as we go forward.

I will tell you that the thing that I am probably most concerned with is our ability to continue to recruit people who complete their active service and in the past have affiliated with the Marine Corps Reserve. I think that family pressures that may induce them to conclude their active service may also influence their decision as to whether to affiliate and participate with the Marine Corps Reserve. So the next couple of years are going to be telling.

In terms of what can be done, I think that a number of the initiatives that the Department has put forward this year regarding TRICARE are very positive. I think that anything the committee

can do to strengthen the Montgomery GI bill would be a very strong plus. Forty percent of the young men and women in the Marine Corps Reserve are college students, so there is a very high interest in the Montgomery GI bill.

I would second General Helmly and everybody on the panel's position with regard to equitable and the perception of equitable treatment. But we all have to be watching this the next year or 2 very carefully.

Senator STEVENS. Thank you very much.
General Sherrard.

MANPOWER

General SHERRARD. Yes, sir. I echo the comments of my colleagues, and I would tell you that we are watching our manning, in particular, with great interest because of the fact of "stop-loss" in 2002 and then it being on for a portion of 2003. The numbers in fact are slightly low in our world today, but I am confident that we will end with our end strength on target, as well as meeting our recruiting goals. The real challenge is going to be retaining those members that we have and, again, I am very proud to say that to date, those members that have been activated are being retained at a higher rate than the remainder of our force. But again, that is a small piece compared to the larger picture that we have. We have got to continue to pursue fair and equitable compensation. I really believe that is the key to success as well as our ability to retain the members after they have satisfactorily completed their 20 years of service which qualify them for retirement, but they still have in most cases 10 to 13 years remaining that they can serve in our force.

The other caution that I would say is that while we all seek those same things, each of us has different requirements and we have to be very careful that we do not do something that impacts on another service adversely. But I do believe that fair and equitable compensation, as well as understanding and looking at issues such as General McCarthy talked about, equalizing the Montgomery GI bill benefits and things of that type, will all enhance our ability to draw the very best to serve in our forces.

RETENTION

Senator STEVENS. Well, last year we provided the National Guard and Reserve Equipment Account. I am thinking this year we ought to think about some kind of a National Guard and Reserve reenlistment account that you decide how to use it best to increase your retention, aimed at retention rather than recruiting. But think about that and let us know what you would like us to do. I think each one of you has different needs and clearly General McCarthy's are not the same as yours, but they still have to have some kind of retention capability. I think we ought to look to putting some of the money we have, either this year or in the supplemental at the first of the year, to work to assure that you have got that capability. Let us know, please. We would like to work with you.

Senator Inouye.

Senator INOUE. First of all, I agree with your plan.

Senator STEVENS. You probably thought of it and I said it.

ACTIVE AND RESERVE INTEGRATION

Senator INOUE. BRAC is upon us again. General Sherrard, I have been advised that the Active and Reserve air forces are now working out an integration plan. Can you describe that to us?

General SHERRARD. Yes, sir. The integration plans that we are working are operational integration in terms of how we can best utilize the assets that we in the Air Force will have. As was mentioned by the first panel, one of the key ones that has truly integrated all three components serving at the same time within an organization is the Predator mission that we have at Nellis. But as I mentioned, we have been doing associate business in the large aircraft, the C-5, 141, the C-17, KC-10 business for a long time. We also have associate units in the fighter business, as well as AWACS special operations and then as I mentioned also in our undergraduate pilot training program. I would tell you operationally we integrate and serve our force very well based on the fact that, as I said earlier, there is one standard to which we all train to.

We still will have the administrative control circumstances that we have to take care of based on the law that mandates what a commander is responsible for and that has been given to each of us, as well as ensuring that we have promotion opportunities and a structure which will allow progression up through the ranks so that we, in fact, do not stymie someone simply because there is no place for them to go.

But we will continue to look at operational integration and the best utilization of the limited assets we will have utilizing the highly experienced members that we bring to the force.

Senator INOUE. Is that plan applicable to the other Reserve components, General?

General HELMLY. Senator, it is. First of all, regarding BRAC, there is a single office in the Army that is overseeing Army planning. We have representatives there. We are a part of that. The chief of that office, a Senior Executive Service employee, briefs me regularly regarding our integrated efforts there.

I am in favor of additional joint basing and cooperation with the various State National Guards, because to the extent that we partner in that effort, we reduce the cost and investments in facilities and we are allowed to reinvest those dollars in operations training and such initiatives as the chairman spoke to for recruiting and retention.

Regarding operational integration, we have similar formations as the Air Force Reserve. We call them multi-component organizations. Those organizations are serving us very well in the logistic support and medical support areas of the Army.

JOINT RESERVE CENTERS

Admiral COTTON. Yes, sir. I would like to add that the Naval Reserve is a full participant in the Navy BRAC process and all cross-functional teams, and so we will work through our Chief of Naval Operations for the BRAC process.

I would also like to add that as I mentioned before, in Desert Storm we got it. We started integrating more. Today every naval

aviator that goes into combat has been trained by a naval reservist. It starts in the beginning, continues in intermediate and in advanced training. Every carrier group that gets trained in a joint task force exercise, the folks doing the training are naval reservists. These predictable and periodic missions that are easy to schedule are perfect for the skill sets that our senior and experienced reservists bring. So we have integrated and we are going to continue to do that and combine where it makes sense.

I would like to echo what we have all said here. For the future, when we build Reserve centers, they should be joint centers. They should be joint operational support centers. They should mirror what we have already done with the intel community, with the very successful JRIC's, the joint Reserve intel centers. There are 27 of them around the country. But if we are going to build a facility, we need to have a SCIF. We need to have a secure area, a T-1 line so that we can communicate from wherever the center is via Secret Internet Protocol Network (SIPRNET), via secured link to the supported commands. And we find if you have these kind of links, you do not need to move someone into theater. You can do the work from Continental United States (CONUS) and support the warfighter and not have to have a footprint in theater.

Senator INOUE. General McCarthy.

General MCCARTHY. Senator Inouye, I repeat everything everybody else has said, especially with regard to joint centers. The one point I would make is that I know it is true for the Marine Corps Reserve, and I think it is true for most everyone else. We are a locally based force and while I am 100 percent in favor of consolidating into joint centers, I think we need to keep our local footprint. We need to keep those joint centers in the communities where we exist today. That is where we draw people from. That is where we represent a Marine Corps presence. So I am opposed to the idea of clustering the Reserve components in just a few large installations as sometimes gets suggested.

Senator INOUE. The chairman and I served in the ancient war. There were many differences. For example, in the regimen I served, 4 percent of the officers and enlisted had dependents. Ninety percent of us were 18, 19, 20 and unattached. I think that was about what it was in all the United States Army. I think 10 percent with dependents and 90 percent without. Today I believe the Army has something close to 75 percent with dependents. In addition, the fact that you have embedded journalists in just about every unit brings live action into every home which was not available in my time.

Although the number of those with uniforms number just about 1 percent of the total population, it has become a national concern, a national interest. Therefore, recruiting and retention becomes a major concern to us. It may not be with us today, but with all of this happening now, we should listen to the chairman very carefully to come up with some program that will further encourage our young men and women to consider the military as a career because otherwise Congress and the administration will be called upon to use that D word. I can just see the concern in the populace when the D word comes up. So whatever you can do to enhance the re-

cruiting and retention of our forces I think would be well received by this Nation of ours.

Thank you very much.

Senator STEVENS. Thank you, Senator.

Once again, you are thinking along the same lines I was thinking about in terms of the draft. Senator Goldwater and I conspired to do away with the draft. I do not know if you know that. We certainly do not want to see it come back. I think the concept of the volunteer Army has proved itself not only in the gulf war but in this engagement for sure.

You were in the room when I asked the National Guard Generals about looking at the problem of those ammunition dumps in Iraq. I would welcome your review of that and attention. We took occasion to be briefed by the intelligence community just recently and I think it is something that is going to come to a head here fairly soon as far as Congress is concerned.

Last year Senator Feinstein asked for some specific money for that purpose and we included that purpose in with the HUMVEE upgrading and other things that really absorbed the money before that subject could be totally reviewed. And I have apologized to her for that because I think that some of us did not understand the scope of it. I certainly did not. But when you are dealing with 1,000 to 7,000 dumps of ordnance that is still usable, as far as we are informed, that is a massive problem for the world, not just for us.

So I would welcome your review and your suggestions on what we might be capable of doing in the near future. I think it may well be a problem for the United Nations and for the world to tackle, but clearly it is one of the largest problems I have ever looked at.

Thank you very much for your testimony.

SUBCOMMITTEE RECESS

We will reconvene on Wednesday, April 21 to hear testimony concerning missile defense.

Thank you very much and good luck to all of the people under your command.

[Whereupon, at 11:40 a.m., Wednesday, April 7, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, April 21.]

**DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR FISCAL YEAR 2005**

WEDNESDAY, APRIL 21, 2004

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

The subcommittee met at 10:08 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

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

DEPARTMENT OF DEFENSE

MISSILE DEFENSE AGENCY

**STATEMENT OF LIEUTENANT GENERAL RONALD T. KADISH, U.S. AIR
FORCE, DIRECTOR, MISSILE DEFENSE AGENCY**

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Good morning, General Kadish. We're pleased to have you here. Pardon me for being a few minutes late.

This is your 5th year before us, General, and we think you've done a tremendous job in helping to secure a reliable missile defense system for our Nation. You've provided the leadership and vision to achieve that goal and we're grateful and thankful for your service. And I'm pleased that I've been able to travel with you and to understand your plans. We know this is your last appearance before the subcommittee and we do wish you the very best in whatever your endeavors may be. But just keep in mind, my friend, my first father-in-law said that the English language is the only language in which retire means other than go to bed.

On December 16, 2002, President Bush stated the Department of Defense (DOD) shall proceed with plans to deploy a set of Initial Missile Defense capabilities beginning in 2004. By the end of this year the United States will in fact have Initial Ballistic Missile Defense capabilities and we're proud that you chose Alaska to have a role in that development. Having such a system will hopefully mean that we'll never have to use it in the future. So we look forward to hearing about what you've done to date and to giving us an update on the overall Missile Defense program that you have fashioned and led so well.

Before I open, let me turn to my colleague, my co-chairman for his remarks.

STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. I thank you very much. I wish to associate myself with the remarks of the Chairman and to say to General Kadish I thank you very much for your tireless dedication to your country, to the Missile Defense program, and DOD. I wish to congratulate you and best wishes on your future endeavors. Thank you, sir.

May I have the rest of the statement made part of the record?
 Senator STEVENS. Without objection, so ordered.
 [The statement follows:]

PREPARED STATEMENT OF SENATOR DANIEL K. INOUE

Today I am pleased to join our chairman in welcoming to the committee Lieutenant General Ronald T. Kadish, Director of the Missile Defense Agency.

General, I understand that this will be your last time testifying before us. You have held this position for nearly five years—much longer than most agency Director tours. You have certainly demonstrated your tremendous dedication and stamina, and I thank you for your tireless dedication to the missile defense program, to the Department of Defense, and to our country—congratulations and best wishes on your upcoming retirement.

Through your five years of service, General, you understand better than anyone that missile defense is a program of great interest to many, and one with plenty of controversy.

This September the Department plans to deploy a limited national missile defense system. This is an exciting achievement following decades of work in the field. Some of your critics, however, argue that the system is not yet ready, and more operational testing needs to be done to ensure that this limited system actually works. I look forward to hearing your response to these critics during our discussions today.

Missile defense is, by its very nature, a complex program. Despite successes in recent tests—and for that I commend you—there are still many technological hurdles to overcome, and much work remains to be done.

This year's budget request continues the growth we have seen in recent years for the missile defense programs. Over \$10 billion is in the President's budget for missile defense activities, an increase of \$1 billion over last year's appropriation. Sustaining this magnitude of increases in the out-years will be challenging.

Despite these challenges, the missile defense program is one of the most critical national security issues of today and for the foreseeable future. The ballistic missile threat to the United States, to our troops deployed overseas, and to our allies and friends around the world will continue to proliferate.

This committee understands the importance of a strong missile defense to our national security, and we will do our best to continue to support your efforts. Nevertheless, given the risks and rising costs of this program we will remain ever vigilant in our oversight.

General, I look forward to our discussions today on the fiscal year 2005 budget request and the priorities and challenges of the missile defense program.

Senator STEVENS. Senator Shelby.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Mr. Chairman, I just want to echo what you and Senator Inouye have said about General Kadish. He served with great distinction and he served in this post for 5 years. That's extraordinary, General, and we wish you the best and we all hope to see you before you actually retire.

Senator STEVENS. Senator Cochran.

Senator COCHRAN. Senator Burns was here before I was.

Senator STEVENS. He's a stealth Senator. Senator Burns.

STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. The day I become a stealth, that will become a great day. Thank you, Mr. Chairman. I just want to offer my statement for the record today, and I also want to associate my words with the chairman. General Kadish, we have traveled together and 5 years is a long time, especially in the work that you were doing and you've done it well. I don't know what you're going to do in retirement and you know what? I don't care. But we hope it's, you know, the last, General Fogelman retired, you know, why, he thought he went from chief, you know, he's got one of the great businesses there is in Southwestern Colorado. And he's really enjoying it very much; Ron's Johns. So retirement means many things to many people. But I will tell you we see him every now and again and we want to continue to see you around here every now and again too, because we rely on your advice and your good sense about this very important issue. So feel free to drop by any time and if you're going to retire, why, just have a great retirement.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

General Kadish, it appears you have come to brief this Committee on the Missile Defense Agency budget for the last time. Thank you for your service to our great Nation. You have been critical to the continuing success of the Missile Defense Agency. I wish you luck in your future endeavors.

I read daily of our forces in the field using American ingenuity to develop unconventional solutions to solve problems they face. I appreciate your efforts to pursue innovation in technology, acquisition processes, and deployment strategy, to meet the challenges of the evolving ballistic missile threat.

As we move into the phase of what you are calling "Initial Defensive Operations", to provide an initial capability to defeat an incoming ballistic missile threat, I look forward to the growth of this capability to allow us to defeat increasingly complex, and numerous missile threats launched against our homeland, our fleet, and our deployed forces overseas.

The technical challenges you face are formidable, but the stakes are high for our Nation. We must counter the threat of ballistic missile proliferation. I hope you are right in stating that the deployment of the layered missile defense program could persuade rogue states to forego their plans to develop ballistic missiles, but I reserve a sense of skepticism of this possibility.

We centralized missile defense system development with the formation of your agency in DOD to synergize the service solutions, which, at the time, competed for defense dollars within and between the services. I look forward to the layered system that leverages this centralization to develop open architectures, common interfaces, and standardized subsystems, minimize the system operational costs, and increase competition among the industry providers of these systems.

While I support the flexibility provided by the new acquisition approach, this flexibility brings with it greater exposure to risks. The budgetary classification of the resources within the Missile Defense Agency, which are primarily advanced technology development, do not require the customary depth of oversight, which comes from Defense Acquisition Boards making recommendations to transition between budget resource types. I caution you to be judicious with the resources we provide your agency.

You are developing international partnerships with some of our allies, such as the United Kingdom, Australia, and Japan. I support this effort to share the development burden and benefit with our key allies in the war on terror. They have remained part of our coalition in these difficult times, and our shared values will keep our alliance strong.

Again, I thank you for being here today and look forward to the discussion this morning. Thank you.

Senator STEVENS. Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you. General Kadish, congratulations to you on your successful tenure as Director of the Missile Defense Agency (MDA). And your skill has been quite obvious in how you have helped mobilize the resources of our Defense Department and our Government to carry out the provisions of the National Missile Defense Act that the Congress passed, and was signed by the President several years ago. We think you've done a magnificent job and we appreciate very much your hard work over this long period of years.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you, Senator.

General, we've all been around the military long enough to know you made a real sacrifice in sticking to this job. You could have moved on and had four stars but you have finished this job and we congratulate you and we admire you and we're thankful that you did it. Thank you, sir.

STATEMENT OF LIEUTENANT GENERAL RONALD T. KADISH

General KADISH. Thank you, Mr. Chairman, Senator Inouye, members of the committee. I would like to express my appreciation for the help of this committee in making the 5 years that I served as the Director of the Missile Defense Agency as productive and pleasant as they have been. My association with this committee has been one of the highlights of my tenure in the Missile Defense Agency, and I'd just like to point out for Senator Burns' benefit that I look at it as leaving active duty, not retiring. But it is a change.

We have made tremendous progress in the Missile Defense Technology Program over the last 5 years and certainly over the last year. And if I might, Mr. Chairman, I'd like to just have a very brief statement this morning and I'd like for my full statement to be entered into the record, if you so choose.

Our direction from the President and the Congress is to develop the capability to defend the United States, our allies and friends and deployed forces against all ranges of missiles in all phases of flight. And I'm pleased to report today that we're on track to do that just this year.

Beginning in 2001, we proposed building over time, a single integrated ballistic missile defense system of layered defenses, and we structured the program to deal with the enormity and the complexity of that task. Our budget request allows us to continue our aggressive research and development effort to design, build and test elements of the system in an evolutionary way, and it provides for modest fielding over the next several years.

With an evolutionary capability based acquisition approach and our aggressive research, development, test and evaluation (RDT&E) program we can put capability into the field, we can test it, we can train with it, we can get comfortable with it, we can learn what works well and what does not and improve it as soon as we can. That is, in a nutshell, what our program does.

We are working routinely with Admiral Ellis from STRATCOM and the war-fighting community. Once the system is placed on alert we'll continue to conduct tests to gain even greater confidence in the operational capability that we have. We are working very

closely with Mr. Christie and the operational test community. The thousands of tests we have conducted in the air, on the ground and in the laboratory with our modeling and simulations help identify problems so we can fix them and highlight any problems so we can address them directly.

The RDT&E program is working. We are focused on the development of the most promising near-term elements, namely the ground-based midcourse and Aegis ballistic missile defense (BMD). But the Terminal High Altitude Area Defense, or THAAD, is progressing very well and will add capabilities to engage in the late midcourse and terminal layers very soon.

In this budget we increased the investment and development of the boost phase layer, which we believe can offer a high payoff improvement to the system. Two program elements, the Directed Energy Laser Program and the Kinetic Energy Interceptor Program for hit-to-kill capability, represent parallel paths and complement each other.

Mr. Chairman, Senator Inouye, thanks to the tens of thousands of talented and dedicated people across this country, America's missile defense program is on track. The Missile Defense Agency is doing what we told the Congress we would do, and your support, in particular this committee's support, has been critical to the progress we've made.

PREPARED STATEMENT

Thank you, Mr. Chairman, and I'm ready to answer any questions you might have.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL RONALD T. KADISH

Good morning, Mr. Chairman, Members of the Committee. It is an honor to be here today to present the Department of Defense's fiscal year 2005 Missile Defense Program and budget.

Today, I would like to outline what we are doing in the program, why we are doing it, and how we are progressing. I also will address why we proposed taking the next steps in our evolutionary development and fielding program. Then I want to emphasize the importance of the acquisition strategy we are using and close with some observations about testing and the Department's approach to Missile Defense Agency (MDA) management.

Our National Intelligence Estimates continue to warn that in coming years we will face ballistic missile threats from a variety of actors. The recent events surrounding Libya's admission concerning its ballistic missile and weapons of mass destruction programs remind us that we are vulnerable. Ballistic missiles armed with any type warhead would give our adversaries the capability to threaten or inflict catastrophic damage.

Our direction from the President is to develop the capability to defend the United States, our allies and friends, and deployed forces against all ranges of missiles in all phases of flight. This budget continues to implement that guidance in two ways.

First it continues an aggressive Research, Development, Test and Evaluation (RDT&E) effort to design, build and test the elements of a single Ballistic Missile Defense (BMD) system in an evolutionary way. Second, it provides for modest fielding of this capability over the next several years.

We recognize the priority our nation and this President ascribe to missile defense, and our program is structured to deal with the enormity and complexity of the task. The missile defense investments of four Administrations and ten Congresses are paying off. We are capitalizing on our steady progress since the days of the Strategic Defense Initiative and will present to our Combatant Commanders by the end of 2004 an initial missile defense capability to defeat near-term threats of greatest concern.

BALLISTIC MISSILE DEFENSE SYSTEM

Layered defenses help reduce the chances that any hostile missile will get through to its target. They give us better protection by enabling engagements in all phases of a missile's flight and make it possible to have a high degree of confidence in the performance of the missile defense system. The reliability, synergy, and effectiveness of the BMD system can be improved by fielding overlapping, complementary capabilities. In other words, the ability to hit a missile in boost, midcourse, or terminal phase of flight enhances system performance against an operationally challenging threat. See Chart 1.

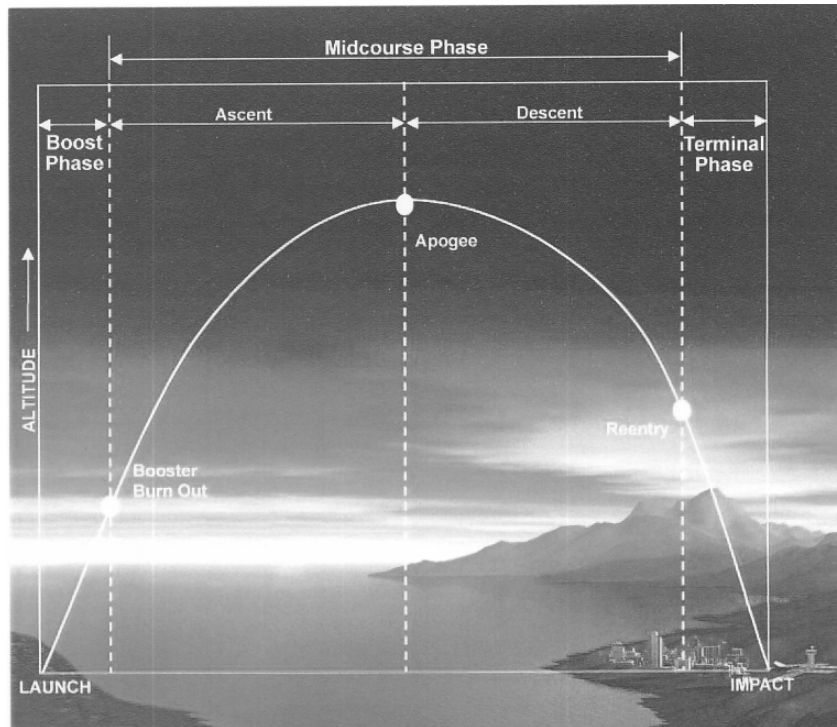


CHART 1.—BMD System Engagement Phases

All of these layered defense elements must be integrated. And there must be a battle management, command and control system that can engage or reengage targets as appropriate. And it all must work within a window of a few minutes. We believe that a layered missile defense not only increases the chances that the hostile missile and its payload will be destroyed, but it also can be very effective against countermeasures and must give pause to potential adversaries.

So, beginning in 2001 we proposed development of a joint, integrated BMD system. Yet such unprecedented complexity is not handled well by our conventional acquisition processes. At that time, the Services had responsibility for independently developing ground-based, sea-based, and airborne missile defenses. The Department's approach was element- or Service-centric, and we executed multiple Major Defense Acquisition Programs (MDAPs).

Today, as a result of defense transformation and a streamlined process instituted by the Secretary of Defense in 2001 to enhance overall integration, we are managing the BMD system as a single MDAP instead of a loose collection of Service-specific autonomous systems. We have come to understand over the years, though, that no one technology, defense basing mode, or architecture can provide the BMD protection we need. Redundancy is a virtue, and so we established a system-centric approach involving multiple elements designed, developed, and built with full integration foremost in our minds. When we made this change, we instituted a "capability-

based” acquisition process instead of a “threat-based” process. Let me explain why this is important.

Most defense programs are developed with a specific threat—or threats—in mind. Twenty years ago, the ballistic missile threat was pretty much limited to Soviet intercontinental ballistic missiles (ICBMs) and sea-launched ballistic missiles. But today we have to consider a wide range of missile threats posed by a long list of potential adversaries. And those threats are constantly changing and unpredictable. Our potential adversaries vary widely in their military capabilities and rates of economic and technological development. Many of them have a tradition of political instability.

Weapon systems developed using a threat-based system are guided and governed by Operational Requirements Documents (ORDs). These documents establish hard thresholds and objectives for the development and deployment of every component. ORDs may be entirely appropriate for most development programs because they build linearly on existing systems. For example, aircraft program managers understand lift and thrust from previous programs going all the way back to the Wright brothers.

Not so for missile defense. Most missile defense development takes place in uncharted waters. Any ORD developed for an integrated, layered missile defense system would be largely guesswork. ORDs rely on very precise definitions of the threat and can remain in effect for years, making this process all the more debilitating for the unprecedented engineering work we are doing. The reality that we may have to introduce groundbreaking technologies on a rapid schedule and also deal with threats that are unpredictable render the threat-based acquisition structure obsolete.

A capability-based approach relies on continuing and comprehensive assessments of the threat, available technology, and what can be built to do an acceptable job, and does not accommodate a hard requirement that may not be appropriate.

Perhaps the most telling difference between the two acquisition approaches is that our capabilities to perform are updated every four to eight months to reflect and accommodate the pace of our progress. We are no longer compelled to pursue a one hundred percent solution for every possible attack scenario before we can provide any defense at all. We are now able to develop and field a system that provides some capability that we do not have today with the knowledge that we will continue to improve that system over time. We call this evolutionary, capability-based development and acquisition.

INITIAL DEFENSIVE CAPABILITY—THE BEGINNING

On December 16, 2002, President Bush directed that we begin fielding a missile defense system in 2004 and 2005. The President’s direction recognizes that the first systems we field will have a limited operational capability. He directed that we field what we have, then improve what we have fielded. The President thus codified in national policy the principle of Evolutionary, Capability-Based Acquisition and applied it to missile defense.

The President’s direction also builds on the 1999 National Missile Defense Act. Under this Act, deployment shall take place “as soon as technologically possible.” The fact is that ballistic missile defense has proven itself technologically possible. Not only have most of the well-publicized flight tests been successful, but so have the equally important computer simulations and software tests. Those tests and upgrades will continue for a long time to come—long after the system is fielded and long after it is deemed operational. After all, this is the heart of evolutionary, capability-based acquisition. This is not a concept designed to trick or mislead. It is simply the logical response to the following question: Defenseless in the face of unpredictable threats, which would we rather have—some capability today or none as we seek a one hundred percent solution?

When we put the midcourse elements (GMD and Aegis BMD) of the BMD system on alert, we will have a capability that we currently do not have. In my opinion, a capability against even a single reentry vehicle has significant military utility. Even that modest defensive capability will help reduce the more immediate threats to our security and enhance our ability to defend our interests abroad. We also may cause adversaries of the United States to rethink their investments in ballistic missiles. Because of this committee’s continued support we will have some capability this year against near-term threats.

I must emphasize that what we do in 2004 and 2005 is only the starting point—the beginning—and it involves very basic capability. Our strategy is to build on this beginning to make the BMD system increasingly more effective and reliable against current threats and hedge against changing future threats.

We have made significant strides towards improving our ability to intercept short-range missiles. Two years ago we began sending Patriot Advanced Capability 3 (PAC-3) missiles to units in the field. Based on the available data, the Patriot system, including PAC-3, successfully intercepted all threatening short-range ballistic missiles during Operation Iraqi Freedom last year. Today, it is being integrated into the forces of our allies and friends, many of whom face immediate short- and medium-range threats. We believe it is the only combat-tested missile defense capability in the world.

This year we are expanding our country's missile defense portfolio by preparing for alert status a BMD system to defend the United States against a long-range ballistic missile attack. Chart 2 provides a basic description of how we could engage a warhead launched against the United States.

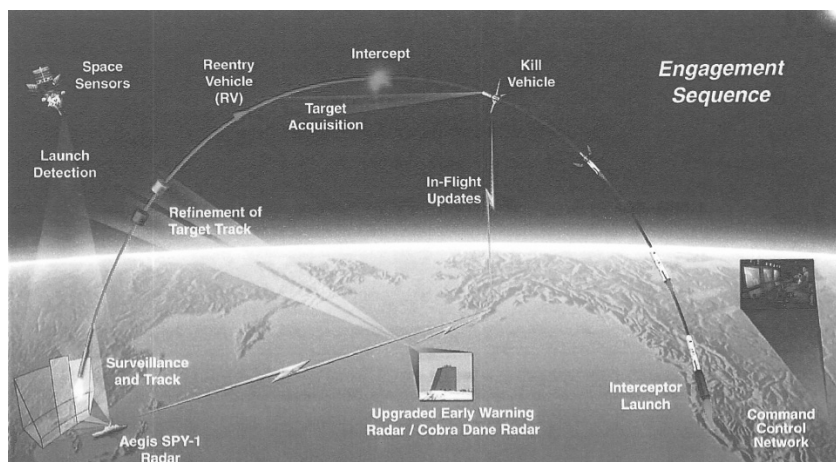


CHART 2.—Engagement Sequence

Last year, we made it clear that this initial capability would be very basic if it were used. We also emphasized that instead of building a test bed that might be used operationally, we would field more interceptors and have them available for use while we continue to test. Because the test bed provides the infrastructure for this initial capability, the additional budget request for the twenty Block 2004 interceptors and associated support was about \$1.5 billion in fiscal year 2004 and fiscal year 2005.

Forces to be placed on alert as part of the initial configuration include up to 20 ground-based interceptors at Fort Greely, Alaska and Vandenberg AFB, an upgraded Cobra Dane radar on Eareckson Air Station in Alaska, and an upgraded early warning radar in the United Kingdom. We are procuring equipment for three BMD-capable Aegis cruisers with up to ten SM-3 missiles to be available by the end of 2005. The Navy is working very closely with us on ship availability schedules to support that plan. Additionally, ten Aegis destroyers will be modified with improved SPY-1 radars to provide flexible long-range surveillance and track capability of ICBM threats by the end of 2005, with an additional five destroyers with this capability by 2006, for a total of 15 Aegis BMD destroyers and three Aegis BMD cruisers.

The fiscal year 2005 request funds important for Block 2006 activities to enhance those capabilities and system integration, which I will discuss in a moment.

The Missile Defense Agency, the Combatant Commanders, the Joint Staff, the Military Services, and the Director, Operational Test and Evaluation (DOT&E) are working together to prepare for Initial Defensive Operations (IDO). Using the core capability provided by Ground-based Midcourse Defense (GMD) and augmenting it with the appropriate Command, Control, Battle Management and Communications (C²BM/C) infrastructure between Combatant Commanders and exploiting the Aegis contribution in a surveillance and track mode, we have created an initial capability from which we can evolve.

Our current fielding plans have been built on the Test Bed configuration we proposed two years ago and are within 60 days of our schedule. Silo and facility construction at Fort Greely, Alaska and Vandenberg Air Force Base in California is

proceeding well. Preparations at Eareckson Air Station in Shemya, Alaska are on track. Over 12,000 miles of fiber optic cables connecting major communication nodes are in place, along with nine satellite communications links. We are in the process of upgrading the Early Warning Radar at Beale Air Force Base and are well underway building the sea-based X-band radar. Our brigade at Schriever Air Force Base and battalion fire control nodes at Fort Greely are connected to the Cheyenne Mountain Operations Center. The C²BM/C between combatant commanders, so essential to providing situational awareness, is progressing well and is on schedule. Upgrades to the Cobra Dane Radar are ahead of schedule. The Chief of Naval Operations has identified the first group of Aegis ships to be upgraded with a BMD capability, and the work to install the equipment on the first of these ships has begun.

Once the system is placed on alert, we will continue to conduct tests concurrently to gain even greater confidence in its operational capability. Additionally, we plan activities to sustain the concurrent test and operations and support of the system. We are laying in the infrastructure to build, test, sustain, and evolve our system as a part of the capabilities-based approach inherent in our strategy.

An integral working relationship with the warfighter, the BMD system user, is critical to the success of this mission. We are working together to ensure that we field a system that is militarily useful and operationally supportable and fills gaps in our defenses. The support centers we are establishing will provide critical training to commanders in the field. The necessary doctrines, concepts of operation, contingency plans, and operational plans are being developed under the lead of U.S. Strategic Command (USSTRATCOM) and in cooperation with U.S. Northern Command, Pacific Command, European Command, and United States Forces in Korea.

IMPROVING FIELDED CAPABILITY THROUGH EVOLUTIONARY ACQUISITION

The system's evolutionary nature requires us to look out over the next three or four years and beyond in our planning. Although it is not easy, we have laid out a budget and a plan to shape the missile defense operational architecture beyond the Block 2004 initial defensive capability.

In this budget, beginning with Block 2006 we will increase GMD Ground-Based Interceptors (GBIs) and Aegis SM-3 interceptors, deploy new capabilities (such as THAAD), expand our sensor net (with a second sea-based midcourse radar and forward deployable radars), and enhance the C²BM/C system integration. The fiscal year 2005 request begins to fund important Block 2006 activities to enhance existing capabilities and system integration. Our improvement plan is to add up to ten GBIs to the site at Fort Greely and possibly initiate long-lead acquisition of up to ten more for fielding at a potential third site or at Fort Greely. We will continue to augment our sea-based force structure with additional SM-3 interceptors and BMD-capable Aegis-class ships.

Much of this system augmentation effort involves extending and building on capabilities that we have been working on over the past several years, so I am confident that what we are doing is both possible and prudent and in line with our missile defense vision.

The confidence we achieve through our entire test program is reinforced by the fact that many missile defense test articles fielded in the existing test bed are the same ones we would use in an operational setting. Except for interceptors, which are one-time use assets, we will use the same sensors, ships, communications links, algorithms, and command and control facilities. The essential difference between an inherent capability in a test bed and the near-term on-alert capability is having a few extra missiles beyond those needed for testing and having enough trained operators and logistics on hand and ready to respond around the clock. Once we field the system, we will be in a better position, literally, to test system components and demonstrate BMD technologies in a more rigorous, more operationally realistic environment. Testing will lead to further improvements in the system and refinement of our models, and the expansion and upgrades of the system will lead to further testing.

The system we initially will put on alert is modest. It is modest not because the inherent capabilities of the sensors and interceptors themselves are somehow deficient, but rather because we will have a small quantity of weapons. The additional ten missiles for Fort Greely will improve the overall system by giving us a larger inventory. Yet today, and over the near-term, we are inventory poor. Block activities throughout the remainder of this decade will be focused in part on improving the system by delivering to the warfighter greater capabilities with improved performance.

Why is this important? In a defense emergency or wartime engagement situation, more is better. A larger inventory of interceptors will handle more threatening war-

heads. Our planning beyond the Block 2004 initial configuration has this important warfighting objective in mind. There are no pre-conceived limits in the number of weapon rounds we should buy. We will build capabilities consistent with the national security objectives required to effectively deter our adversaries and defend ourselves and our allies.

We also must think beyond the initial defensive capability if we are to meet our key national security objective of defending our friends and allies from missile attack. In Block 2006, we are preparing to move forward when appropriate to build a third GBI site at a location outside the United States. Not only will this site add synergy to the overall BMD system by protecting the United States, but it will put us in a better position to defend our allies and friends and troops overseas against long-range ballistic missiles. For the cost of ten GBIs and associated infrastructure, we will be able to demonstrate in the most convincing way possible our commitment to this critical mission objective. The location of this site is still subject to negotiation with no final architecture defined nor investment committed until fiscal year 2006.

As I have said all along, we are not building to a grand design. We are building an evolutionary system that will respond to our technical progress and reflect real world developments. We added about \$500 million to last year's projected fiscal year 2005 budget estimate to begin funding our Block 2006 efforts. As you can see, the system can evolve over time in an affordable way in response to our perception of the threat, our technical progress, and our understanding of how we want to use the system. Yet even as it does evolve, our vision remains constant—to defeat all ranges of missiles in all phases of flight.

TESTING MISSILE DEFENSES—WE NEED TO BUILD IT TO TEST IT

Another key question surrounds the nature of missile defense systems themselves. How do you realistically test an enormous and complex system, one that covers eight time zones and engages enemy warheads in space? The answer is that we have to build it as we would configure it for operations in order to test it. That is exactly what we are doing by building our test bed and putting it on alert this year.

By hooking it all up and putting what we have developed in the field, we will be in a better position to fine-tune the system and improve its performance. Testing system operational capability in this program is, in many ways, different from operational testing involving more traditional weapon systems. All weapon systems should be tested in their operational environments or in environments that nearly approximate operational conditions. This is more readily accomplished for some systems, and is more difficult to do for others.

For example, an aircraft's operational environment is the atmosphere. Similarly, when we conduct rigorous operational tests of our Navy's ships, we do so at sea—in their environment. The BMD system's operational environment is very different. It is a geographically dispersed region that is also a test bed. For both missile defense testing and operations, geography counts. After we have gone through the simulations, the bench tests, and the flybys, we want to test all missile defense parts together under conditions that are as nearly operationally realistic as we can make them—with sensors deployed out front, with targets and interceptors spaced far enough apart to replicate actual engagement distances, speeds and sequences, with communication links established, and with command and control elements in place. We in fact have conducted a number of events that exercise the projected communication and command and control paths required to link elements of the BMD system in what we call "Engagement Sequence Groups," building our confidence that we can combine threat data from different systems across a third of the globe to allow for the engagement of ballistic missiles threats to the entire United States.

One of the key questions that we have to answer is: What is the role of operational testing in an unprecedented, evolutionary, capability-based program? The answer is that the Director, Operational Test and Evaluation, and the Operational Test Agencies play a critical role in missile defense. Since evolutionary, capability-based processes do not fit the traditional ORD-based operational test methodology, we have applied an assessment approach that provides for a continuous assessment of the capabilities and limitations of the BMD system. Since testing is central to our RDT&E program and our operational understanding of the system, we are continuing to modernize and improve our test infrastructure to support more operationally realistic testing.

We are working very closely with Mr. Christie, the DOT&E, and the operational test community. As our tests are planned, executed, and evaluated, the BMD system Combined Test Force, which brings together representatives from across the testing community, is combining requirements for both developmental and operational ca-

pability testing. Wherever possible we are making every test both operationally realistic and developmental. We have been working daily with the appropriate independent operational test agencies (OTA) to ensure they are on board with our objectives and processes. There are approximately 100 operational test personnel embedded in all facets of missile defense test planning and execution who have access to all of our test data. They have the ability to influence every aspect of our test planning and execution.

Now, how much confidence should we have in using this test bed in an alert status? The full range of missile defense testing—from our extensive modeling and simulation and hardware-in-the-loop tests to our ground and flight testing—makes us confident that what we deploy will work as intended. We do not rely on intercept flight tests to make final assessments concerning system reliability and performance. Our flight tests are important building blocks in this process, but the significant costs of these tests combined with the practical reality that we can only conduct a few tests over any given period of time mean we have to rely on other kinds of tests to prove the system. System capabilities assessed for IDO will be based on test events planned for fiscal year 2004 as well as data collected from flight and ground tests and simulations over the past several years.

The missile defense test program helps define the capabilities and limitations of the system. The thousands of tests we conduct in the air, on the ground, in the lab, and with our models and simulations in the virtual world predict system performance and help identify problems so that we can fix them. They also highlight gaps so that we can address them. This accumulated knowledge has and will continue to increase our confidence in the effectiveness of the system and its potential improvements. None of our tests should act as a strict “pass-fail” exercise telling us when to proceed in our development or fielding. We can approximate realistic scenarios, though, after we have put interceptors and sensors in the field and integrated them with our C²BM/C network.

We conduct other kinds of tests that provide valuable information about the progress we are making and the reliability of the system. Integrated ground tests, for example, are not subject to flight test restrictions and can run numerous engagement scenarios over the course of a few weeks. Our modeling and simulation activity is an even more powerful system verification tool. It is important to understand that in the Missile Defense Program we use models and simulations, and not flight tests, as the primary verification tools. This approach is widely used within the Department, especially when complex weapon systems are involved.

Currently, we have very good models for each one of our system components, and we are able to use these together to run scenarios so that we can understand the environments within which we operate and characterize the margin we have in the system design. Missile defense ground and flight tests anchor the data we produce in our models, which in turn enhance our confidence regarding the operational capability we can achieve, because we can understand the system’s behavior in many hundreds of test runs. These models are regularly updated using test data from our ground and flight tests. Over time we are building up our modeling and simulation capability at the system level to approximate more closely the type of end-to-end testing we would like to have to verify that the system is doing what we want it to do.

For example, our modeling and simulation capabilities are very accurate and allow us to mirror the achieved outcome of a flight test. The graphic below provides an example of why we believe our simulation capabilities to be the most powerful tools for projecting the reliability of the initial BMD system. In Figure 1 we have mapped out the predicted performance of the Integrated Flight Test 13B interceptor and matched it up with performance data we collected during the flight. The match up is nearly exact, and it shows that the Exo-atmospheric Kill Vehicle Mass Simulator was very close to the predicted insertion point velocity.

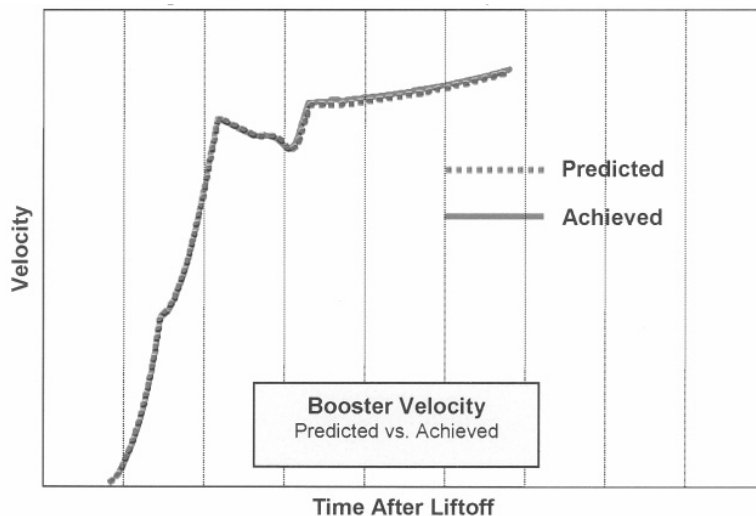


FIGURE 1. Booster Velocity/IFT 13B

Generally, when we deploy a weapon system in a traditional mission area, it is appropriate to conduct initial operational testing to ensure that the replacement system provides a better capability than the existing system. Put another way, there is a presumption that the deployed system should be used until a better capability is proven. In the current situation, where we have no weapon system fielded to defend the United States against even a limited attack by ICBMs, that presumption must be re-examined. With the provision of a militarily useful capability, even if it is limited, it is presumed that the capability can be fielded unless it is determined that operating the initial capability is considered to be an unacceptable danger to the operators, or any other similar reality.

USSTRATCOM will factor in all available test information into its military utility assessment of the fielded condition.

BALLISTIC MISSILE DEFENSE SYSTEM RESEARCH AND DEVELOPMENT PROGRAM

We have requested \$7.6 billion in fiscal year 2005 to continue our investment in missile defense RDT&E. Why do we need this level of investment in RDT&E? We need to press forward with our missile defense research and development if we are to improve the system by integrating upgraded or more advanced components and by exploiting new basing modes to engage threat missiles in, for example, the boost phase of flight. We have to lay the RDT&E foundation for evolutionary improvements to the BMD system. We intend to improve the capability of the midcourse phase while adding additional layers.

The RDT&E program is working. The ability to make trade-offs among our development activities has allowed us to focus on the development of the most promising near-term elements, namely, GMD, Aegis BMD and PAC-3. GMD and Aegis BMD make up elements of the midcourse defense layer while PAC-3 provides capability in the terminal layer. The GMD fiscal year 2005 budget request is \$3.2 billion; the request for Aegis is \$1.1 billion.

In this budget we increase investment in the development of a boost layer. Two program elements, a high energy laser capability and a new kinetic energy interceptor (KEI) or "hit to kill" capability, represent parallel paths and complement each other. Achieving capability in the boost phase as soon as practicable would be a revolutionary, high-payoff improvement to the BMD system. Although the technologies are well known, the engineering and integration required to make them work are very high risk. Therefore, having parallel approaches, even on different timelines, is a very prudent program management approach. We expanded our efforts in the boost phase as soon as we were able after withdrawal from the 1972 Anti-Ballistic Missile (ABM) Treaty, which specifically prohibited boost phase development against long-range missiles.

The Airborne Laser (ABL) program has been in development since 1996. Development of an operational high energy laser for a 747 aircraft is a difficult technical challenge. Although we have had many successes in individual parts of the program, we have not been able to make some of our key milestones over the past year. The last 20 percent of the program effort has proven to be very difficult, and some of the risks we took early in the program have impaired our present performance. Consequently, I reviewed the program late last year and directed a restructure that focused on our near-term efforts, delaying the procurement of the second aircraft until we could gain more confidence in our ability to meet schedules. I have adjusted the resources accordingly.

We no longer plan for ABL to deliver a contingency capability in Block 2004. There have been, nevertheless, several technical accomplishments to date. We have demonstrated the capability to track an ICBM in the boost phase using ABL technologies and improved beam control and fire control technologies. At this time there is no reason to believe that we will fail to achieve this capability. This is such a revolutionary and high payoff capability; I believe we should again be patient as we work through the integration and test activities. But the risks remain high. The fiscal year 2005 budget request is \$474 million for ABL.

We undertook the KE boost effort in response to a 2002 Defense Science Board Summer Study recommendation. In December 2003 we awarded the contract for development of the KEI boost effort. This was the first competition unconstrained by the ABM Treaty. It was also the first to use capability-based spiral development as a source selection strategy. The contract requires development of a boost phase interceptor that is terrestrial-based and can be used in other engagement phases as well—including the midcourse and possibly exo-atmospheric terminal phases. In other words, it could provide boost phase capability as well as an affordable, competitive next-generation replacement for our midcourse interceptors and even add a terminal phase capability should it be required. In 2005, we will begin conducting Near-Field Infrared Experiments to get a close-up view from space of rocket plumes to support the development of the terrestrial-based interceptor seeker and provide additional data needed for the development of a space test bed.

We have budgeted about \$500 million for the KE boost effort for fiscal year 2005. I believe this funding is necessary for a successful start. Those who would view this amount as a significant increase that is unwarranted for a new effort do not understand the importance of prudent programming and the preparatory work required to make such a program ultimately succeed. There are many examples of an underfunded systems engineering effort, where engineering costs sky-rocketed because adequate upfront work was not done. Mr. Chairman, I urge the committee to look carefully at our proposal and allow us to get a solid start on this essential piece of the layered BMD system.

OTHER BUDGET HIGHLIGHTS

Funding in the fiscal year 2005 request supports the Block 2004 initial configuration as well as activities to place the BMD system on alert. It also lays the foundation for the future improvement of the system. We are requesting \$9.2 billion to support this program of work, which is approximately a \$1.5 billion increase over the fiscal year 2004 request. The increase covers costs associated with fielding the first GMD, Aegis BMD, sensor, and command, control and battle management installations and will allow us to purchase long-lead items required for capability enhancements in Block 2006.

We have made a successful transfer of the PAC-3 program to the Army and remain convinced that the Department made the right decision in doing so. In the Patriot system, missile defense and air defense are so intertwined that attempting to manage them separately would be difficult if not futile. We continue to believe that the Army is in the best position, given the maturity of the PAC-3, to manage future enhancements and procurements. Meanwhile MDA remains fully cognizant of the Army's efforts and maintains the PAC-3 in the BMD system as a fully integrated element, with interfaces controlled by our configuration management process. PAC-3 is part of our ongoing system development and testing.

The fiscal year 2005 funding request will buy equipment to ramp up the testing of THAAD, which, once fielded, will add endo-atmospheric and exo-atmospheric terminal capabilities to the BMD system to defeat medium-range threats. Terminal High Altitude Area Defense (THAAD) is progressing well and will add capabilities to engage in the late midcourse and terminal layers. THAAD recently completed the Design Readiness Review, and development hardware manufacturing is underway. The fiscal year 2005 budget request is \$834 million for THAAD. Delivery of the THAAD radar was completed ahead of schedule and rolled out this month. Flight

testing is scheduled to begin in the first quarter of fiscal year 2005 at White Sands Missile Range, New Mexico.

We will be able to begin assembly and integration of two Space Tracking and Surveillance System (STSS) satellites. The fiscal year 2005 budget request for STSS is \$322 million.

We will continue development of the C²BM/C “backbone” to provide real-time sensor-netting to the warfighter for improved interoperability and decision-making capability. Additional BMD system C²BM/C suites and remote capability will be deployed to Combatant Commanders as the system matures.

We also have several Science and Technology initiatives to increase BMD system firepower and sensor capability and extend the engagement battle space of terminal elements. One of our main efforts is to increase BMD system effectiveness in the midcourse phase by placing Multiple Kill Vehicles on a single booster, thus reducing the discrimination burden on BMD sensors. We also are conducting important work on advanced systems to develop laser technology and laser radar, advanced discrimination, improved focal plane arrays, and a high-altitude airship for improved surveillance, communication, and early warning. In support of this, we have requested about \$200 million in the fiscal year 2005 budget request for the development of advanced systems.

INTERNATIONAL PARTNERSHIPS

In December 2003, through a formal Cabinet Decision, the Government of Japan became our first ally to proceed with acquisition of a multi-layered BMD system, basing its initial capability on upgrades of its Aegis destroyers and acquisition of the SM-3 missile. In addition, Japan and other allied nations will upgrade their Patriot units with PAC-3 missiles and improved ground support equipment. We have worked closely with Japan since 1999 to design and develop advanced components for the SM-3 missile. This project will culminate in flight tests in 2005 and 2006 that incorporate one or more of these components. These decisions represent a significant step forward with a close ally and we look forward to working together on these important efforts.

We are undertaking major initiatives in the international arena in this budget. Interest among foreign governments and industry in missile defense has risen considerably over the past year. We have been working with key allies to put in place mechanisms that would provide for lasting cooperative efforts.

We will begin in fiscal year 2005 to expand international involvement in the program by encouraging international industry participation and investment in the development of alternative boost/ascent phase element components, such as the booster, kill vehicle, launcher, or C²BM/C. This approach reduces risk, adds options for component evolution for potential insertion during Block 2012, and potentially leads to an indigenous overseas production capability. We intend to award a contract for this effort this year.

In 2003 the United States signed a Memorandum of Understanding on Ballistic Missile Defense with the United Kingdom and an annex enabling the upgrade of the Fylingdales early warning radar. We are continuing our consultations with Denmark regarding the upgrade of the Thule radar site in Greenland. Australia has announced plans to participate in our efforts, building on its long-standing defense relationship with the United States. Canada also has entered into formal discussion on missile defense and is considering a BMD role for the U.S.-Canadian North American Aerospace Defense Command (NORAD). Our North Atlantic Treaty Organization partners have initiated a feasibility study for protection of NATO territory against ballistic missile attacks, which builds upon ongoing work to define and develop a NATO capability for protection of deployed forces.

We are continuing work with Israel to implement the Arrow System Improvement Program and enhance its missile defense capability to defeat the longer-range ballistic missile threats emerging in the Middle East. We are also establishing a capability in the United States to co-produce specified Arrow interceptor missile components, which will help Israel meet its defense requirements more quickly and maintain the U.S. industrial work share. We are intent on continuing U.S.-Russian collaboration and are now working on the development of software that will be used to support the ongoing U.S.-Russian Theater Missile Defense exercise program.

We have other international interoperability and technical cooperation projects underway as well and are working to establish formal agreements with other governments. Our international work is a priority that is consistent with our vision and supportive of our goals.

WORLD-CLASS SYSTEMS ENGINEERING—THE KEY SUCCESS FACTOR

The President's direction to defeat ballistic missiles of all ranges in all phases of flight drove us to develop and build a single integrated system of layered defenses and forced us to transition our thinking to become more system-centric. We established the Missile Defense National Team to solve the demanding technical problems ahead of us and capitalize on the new engineering opportunities created by our withdrawal from the ABM Treaty. The National Team brings together the best, most experienced people from the military and civilian government work forces, industry, and the federal laboratories to work aggressively and collaboratively on one of the nation's top priorities. No single contractor or government office has all the expertise needed to design and engineer an integrated and properly configured BMD system. Let me give a perspective on why the National Team is so important.

What we have accomplished is an unprecedented integration of sensors, communications infrastructure, and weapons that cut across Service responsibilities on a global scale. Even our first engagement sequence involves an unparalleled accomplishment.

The BMD system will engage a long-range ballistic missile threat across 9,500 miles. Threat messages sent by an Aegis destroyer will pass this data across eight BMD system communication nodes. System data travels across approximately 48,000 miles of communication lines. The engagement takes place 3,500 from Fort Greely at an altitude of 100 kilometers. At no time in history has there been an engagement performed by detection and weapon engagement systems separated by such distances. Over the past year and a half, we have rapidly built confidence in this weapon engagement capability through the use of proven systems and technologies coupled with robust integrated tests and exercises.

The National Team's job has not been easy. System engineers work in a changed procurement and fielding environment, which in the missile defense world means making engineering assessments and decisions based on technical objectives and goals and possible adversary capabilities rather than on specifications derived from more traditional operational requirements documents. This unified industry team arrangement does not stifle innovation or compromise corporate well-being. There is firm government oversight and greater accessibility for all National Team members to organizations, people, and data relevant to our mission. We accomplished this without abandoning sound engineering principles, management discipline, or accountability practices.

Significant benefits have resulted from this unique approach. Early on, this team brought to the program several major improvements, including: system-level integration of our command and control network; adoption of an integrated architecture approach to deal with countermeasures; development of a capability-requirement for forward-based sensors, such as the Forward Deployable Radar and the Sea-Based X-Band Radar; and identification of initial architecture trades for the boost/ascent phase intercept mission. The National Team also developed and implemented an engagement sequence group methodology, which optimizes performance by looking at potential engagement data flows through the elements and components of the system independent of Service or element biases. If we had retained the traditional element-centric engineering approach, I am doubtful that any one of the element prime contractors would have entertained the idea of a forward-based radar integrated with a "competing" system element. The National Team is central to this program.

RESPONSIBLE AND FLEXIBLE MANAGEMENT

Congressional support for key changes in management and oversight have allowed us to execute the Missile Defense Program responsibly and flexibly by adjusting the program to our progress every year, improving decision cycle time, and making the most prudent use of the money allocated to us.

One of the key process changes we made in 2001 was to engage the Department's top leadership in making annual decisions to accelerate, modify, or terminate missile defense activities. We take into account how each development activity contributes to effectiveness and synergy within the system, technical risk, schedules, and cost, and we then assess how it impacts our overall confidence in the effort. We have successfully used this process over the past three years.

Today's program is significantly different from the program of three years ago. In 2001 and 2002 we terminated Space-Based Laser development in favor of further technology development; restructured the Space-Based Infrared Sensors (Low) system, renaming it the Space Tracking and Surveillance System, to support more risk reduction activities; cancelled the Navy Area program following significant cost overruns; and accelerated PAC-3's deployment to the field. We also proposed a mod-

est beginning in fielding the BMD system and put Aegis BMD and its SM-3 interceptor on track to field.

This year we have restructured the ABL program to deal more effectively with the technical and engineering challenges before us and make steady progress based on what we know. We also decided to end the Russian-American Observation Satellite (RAMOS) project because of rising levels of risk. After eight years of trying, RAMOS was not making the progress we had expected in negotiations with the Russian Federation. So we are refocusing our efforts on new areas of cooperation with our Russian counterparts.

These periodic changes in the RDT&E program have collectively involved billions of dollars—that is, billions of dollars that have been invested in more promising activities, and billions of dollars taken out of the less efficient program efforts. The ability to manage flexibly in this manner saves time and money in our ultimate goal of fielding the best defenses available on the shortest possible timeline.

Such decisive management moves were made collectively by senior leaders in the Department and in MDA. I believe these major changes are unprecedented in many respects and validate the management approach we put in place. The benefits of doing so are clearly visible today. When something is not working or we needed a new approach, we have taken action.

CLOSING

Mr. Chairman, I would like to recognize the many talented and dedicated people across this country who have made, and are continuing to make, our efforts successful. I have met with people from manufacturing facilities, R&D centers, and test centers. I have met with people from many different parts of the world who are working on our international efforts. Our fellow citizens should be proud of the talent, commitment, and dedication that every one of these people provides.

We take our responsibilities very seriously. We have an obligation to the President, the Congress, and the American people to get it right. With the continued strong support of Congress and this committee, we will continue our progress in defending the United States, our troops, and our allies and friends against all ranges of ballistic missiles in all phases of flight.

Thank you, and I look forward to your questions.

Senator STEVENS. Thank you very much. I will turn to Senator Inouye first.

Senator INOUE. Mr. Chairman, if I may, may I submit my questions?

Senator STEVENS. Yes sir.

Who was first? Senator Shelby.

Senator SHELBY. Yes sir. Thank you.

EXOATMOSPHERIC KILL VEHICLE (EKV) REPAIRS

General, could you give us the progress update on the EKV repairs as we approach IFT-13C.

General KADISH. Yes Senator, I'd be glad to. I'd like to go back in history just a little bit. About 1 year ago we decided that some design changes were needed to both the kill vehicle and our booster to make it better. And that was a result of a number of flight tests that we'd done prior to that time.

Senator SHELBY. What have you learned here?

General KADISH. We've learned, I guess the biggest thing we've learned is, it's pretty hard to make some major changes in less than 1 year. But we've done it. And we made those changes, we put it into the workflow and there's about seven or eight kill vehicles in work right now for the balance of this year. But in the process of doing that we discovered a circuit board that was not manufactured properly. And when we found that particular effort we not only decided to fix that circuit board, which would have taken about 3 or 4 weeks, or a month, of a delay. But we decided that it was in the best interest of quality and mission assurance prac-

tices to go back and put a team of experts—and we put about 40 or 50 people on this effort—and we went through each and every aspect of the design of the kill vehicle, to make sure that we didn't make any of those mistakes that we didn't know about. And we have completed that effort, we are in the process of changing a few things that we found and that has resulted in a little bit more of a delay to the flight tests this year. But I am confident that when we complete that process and we actually do the flight tests we will have done everything we could possibly do to make that kill vehicle work properly.

GROUND-BASED MISSILE DEFENSE (GMD) FUNDING

Senator SHELBY. General, the ground-based midcourse defense segment, the multiple kill vehicle program and the Kinetic Energy Interceptor program I think are very important. In the 2005 funding request it's increased to \$9.2 billion, \$1.2 billion over 2004. There's some concerns, though, that GMD is underfunded due to greater internal competition for funds. MDA, I believe, must find the proper funding balance to accomplish its goals and beyond for the Ballistic Missile Defense System architecture. I know that you've requested a significant increase in funding for the MDA programs, but I'm concerned about the health of GMD and success there. Are you trying to do too much with too little? I know you never have enough funds. Do you want to speak on that?

General KADISH. Well Senator, that's a problem we deal with every day, internally. And you're right. We never have enough funds for what we would like to do in any program.

Senator SHELBY. Do you have enough funds to meet your GMD development testing and deployment objectives at this point?

General KADISH. We believe when we balance everything out we will have enough resources to do that. I think the GMD part of this is about \$3.2 or so billion this year, a little bit less than that next year, and I think we're working on \$2 billion the following year. In fact, we've added about \$1.5 billion for fiscal year 2004, most of that goes to GMD in the sense of further building out missiles and doing the test program that we need to do. And we'll continue to look at the other aspects of what we need to do and whether it's the multi-kill vehicle or the Kinetic Interceptor (KI) boost or Aegis, and make sure that we do the best we can with the money we have. And so far—

MDA FUNDING

Senator SHELBY. If you had more money it wouldn't hurt anything, would it?

General KADISH. Senator, I'd never turn down more money. But I think it's incumbent on us, internally MDA, to make sure that we get the most out of every dollar that we get. And we're trying to do that, and it's a constant balancing of effort in the process.

Senator SHELBY. Thank you, General.

Senator STEVENS. Senator Burns.

Senator BURNS. General, the Missile Defense Agency's annual budget requests are somewhere between \$8 and \$10 billion. Does this funding cover only development, and how are the traditional acquisition procurement wedges incorporated with the Ballistic

Missile Defense System? In other words, have you changed anything in there, in that process?

General KADISH. Yes we have, Senator, and the \$8 to \$10 billion request, at least for 2004, 2005, 2006 and part of 2007 right now includes about anywhere from \$1 billion to \$2 billion a year of money for fielding equipment. Now, I didn't use the word procurement here because it has very defined meaning in the way the Department talks about procurement money versus RDT&E and so forth. Because the Congress has allowed us to use research and development money, we're able to do very modest procurement or fielding of these types of equipment in the beginning. Now, one of the problems we have with the Missile Defense in general, is trying to fit it into the mold that the Department uses, in that typically we posture a force structure. For instance, we might say that there's a need for 100 or 200 or 300 ground-based interceptors. And we would go and we'd fund those, fully fund them in a procurement account and we'd have a major growth in the overall process. We're not doing that, primarily because it is not clear what mix of interceptors we're going to ultimately need for the threats that we're going to face. So it is a non-standard approach. We're taking it a step at a time. Somewhere in the neighborhood of \$1 to \$2 billion a year right now is programmed to actually field equipment out of the RDT&E effort and make it better over time, and then when we reach a point where we reach clarity with the threat and how many pieces of the system we need, we'll go ahead and transition to the normal mode. That's the plan that we have.

HIGH ALTITUDE AIRSHIP

Senator BURNS. There was another part of what you're doing that sort of caught my attention too, and that's high altitude airship. I can't help but think that this, if successful, they call it the Airship Advanced Concept Technology Demonstration, you cut back a little bit on its funding but I happen to think that, you know, when we started to talk about space and shuttles and we started talking about reuseables and unmanned reuseables, I think this program has application, both military and commercial, in the civilian end of the world. Is this program adequately funded, do you think, to move forward with this new technology?

General KADISH. Senator Burns, I share your desire for this type of program because I believe it could be a more affordable approach for persistent high altitude and not go to space in some cases. I believe it is adequately funded because there are big risks in making an airship of this nature to fly at the altitudes that we're talking about. So, the program's structured to actually reduce those risks by demonstrating we can do this initially, and if we can demonstrate we're doing it then I wouldn't hesitate to come to you and ask for money to go ahead and take it to the full production of those types of systems. It's so revolutionary that it could be a major change.

Senator BURNS. It sure is, and I think it has spillover into our fuels and the kind of composites and different materials that we'll need. It affords a lot of possibilities for commercial application as well.

General KADISH. It certainly does.

Senator BURNS. Thank you, Mr. Chairman.
 Senator STEVENS. Senator Cochran.

BMD FIELDING ACCELERATION

Senator COCHRAN. Mr. Chairman, thank you. General Kadish, I understand that your plans for fielding the Ballistic Missile Defense capability later this year are proceeding and that eight of the planned 20 ground-based interceptors will be available for initial defense operations later this year. Can you give us some specific current time line expectations for this program and whether or not we can help accelerate that with additional funding in your budget request?

General KADISH. Senator, about 1½ weeks ago we went to Huntsville and did what we call 180-day review; 180 days to our planned internal MDA dates that we're using for September. And I came away from that review very encouraged that we were within 30 to 60 days of those schedules right now, and more on the on-time than not being on-time. It's still a major challenge for us over the next 6 months to do this but right now what I see is that we will, in fact, have up to 8 ground-based interceptors by the end of this calendar year and 12 the following year, available for alert capability. As far as accelerating anything, I think we set a few years ago the schedule and we've actually been meeting it fairly well. So I don't see over the next 6 months or even the next 12 months that we're going to be able to accelerate anything over and above the schedules that we have. I think the major success criteria that I'm using is to do it on time, in the process, and as quickly as we set up the schedules a few years ago, because it was a major challenge to accomplish it. So as much as it pains me to say this, but I don't think extra money will accelerate the process. It would help us in other areas but not necessarily in acceleration.

Senator COCHRAN. One of the important—

General KADISH. And I would not recommend trying to accelerate.

SPACE BASED SENSORS—SPACE TRACKING AND SURVEILLANCE SYSTEM
 (STSS)

Senator COCHRAN. Right. One of the important elements in our Missile Defense System is space-based sensors, terrestrial sensors. In your statement you mention assembling and integrating two space tracking and surveillance system satellites, and I understand that these could be launched in tandem in 2007. What is your view of where this program is headed and how will it contribute to an effective Ballistic Missile Defense?

General KADISH. The space tracking and surveillance system is what we used to call SBRIS-Low, and we changed the name because we got confused with SBRIS-High, which was a different program, among other things. But the way this would contribute is it would provide a low Earth-orbiting set of satellites to continuously watch for missile launches and once they're launched, track it through the entire phase of flight. If we could do that then our ability to engage those ballistic missiles and warheads and destroy them would be greatly enhanced. I'd like to point out that over the years this program has morphed into different aspects and I think the last count

was that we had 85 separate studies on whether or not to do STSS-like constellations or not. And what we decided to do was to, rather than do another study, was to put two satellites in orbit, get the data that we need to confirm whether or not we're going to be able to make this work as we intended, and then make a decision subsequent to that on whether or not we'll recommend the full constellation of these satellites. We're on track to do just that. And the tandem launch in 2007, the program activity we have to do that, is on schedule and on budget and doing very well.

Senator COCHRAN. Is there any particular risk or high risk associated with the tandem launch?

General KADISH. Well, I wouldn't normally like to do a tandem launch of this type but it is the most efficient use of money and what we found is that if we launched them separately and then we lost one satellite we wouldn't be able to do the mission anyway. Because these are stereo-viewing satellites; you need two of them to accomplish this. So we figured that the tandem launch was the best balance of risk and benefit.

Senator COCHRAN. Mr. Chairman, I have several other questions. I think my time may be expired and I'll reserve my other questions for later in the round.

Senator STEVENS. Senator Feinstein.

PREPARED STATEMENT

Senator FEINSTEIN. Thanks very much, Mr. Chairman. Welcome, General. I know you're under the weather and I don't want to aggravate your condition, so if I could submit my statement for the record I will confine my questions.

[The statement follows:]

PREPARED STATEMENT OF SENATOR DIANNE FEINSTEIN

I believe National Missile Defense is one of the key foreign policy and national security issues that we will face in the coming decades. The Administration's decisions on this issue should be made in a deliberate and thoughtful manner and in close consultation with our allies, and, most importantly, the United States Congress.

Previously, I have stated that my concerns about NMD revolve largely around four issues: the nature of the threat; the implications for arms control and the international security environment; the feasibility of the technology; and the cost.

Given the high cost and the still uncertain and untested technology, I found it surprising that President Bush has declared his intention to deploy a nation-wide missile defense this year. Given our mounting budget deficit, the threats to United States national security interests around the world and the numerous problems facing our military such as aging helicopters, aircraft with high accident rates, and a lack of bullet proof vests, the Administration's decision to seek \$10.2 billion for a largely untested and unproven missile defense program raises serious concerns.

While we no longer fear the threat of all-out nuclear war, the likelihood that America will be attacked with a nuclear, chemical, or biological weapon has increased. The proliferation of weapons of mass destruction, and the increasing availability to other nations as well as transnational groups such as terrorist organizations, to the technology and material necessary to develop and deliver WMD is perhaps the most serious threat to U.S. national security today.

We need to spend our resources wisely to make sure that we can protect our nation from these threats. But the odds that terrorists or non-state actors will use ballistic missiles to attack the United States in this manner remains, in my estimation, relatively low. Missile defense would have done nothing to stop 9/11. And missile defense would do nothing to stop a bomb smuggled into this country on a container ship or through another "soft" point of entry.

National Missile Defense is not and should not be seen as a one-size-fits-all substitute for an effective non-proliferation strategy. The United States must have a

balanced program to effectively safeguard our interests and clearly calibrate and allocate resources to meet the real challenges that face U.S. national security interests including providing for effective strategies for non-proliferation activities, deterrence, homeland defense, and counter-proliferation.

I believe it would be folly and far too costly to place too much of an emphasis on missile defense and to unilaterally develop and deploy NMD before we even know what defensive systems are feasible. And likewise I am greatly concerned that even as we spend large sums on missile defense, we are not doing enough to make sure that resources are allocated to such areas as port security. We simply cannot afford to gamble with a national security strategy based on cultivating a missile defense system of unknown effectiveness on one hand with a less stable and less secure world on the other.

SYSTEM READINESS AND A RUSH TO DEPLOYMENT—WHY?

Senator FEINSTEIN. I am still puzzled, well, I was puzzled last year and I'm still puzzled this year by the rush to deploy this system. In March, on the 11th, Senator Jack Reed asked this question. At this time we cannot be sure that the actual system would work against a real North Korean missile threat. And Tom Christie, the director of the Pentagon's Office of Operational Tests and Evaluation, replied, I would say that's true. There are enormous technical difficulties with deployment. The booster rocket has suffered problems; the ground-based X-band radar, needed to enhance satellite tracking, isn't scheduled to be fielded anytime soon; the sea-based X-band radar is not scheduled to be fielded until 2005; the infrared satellite system, which discriminates warheads from decoys and helps guide the interceptor won't be in place for many years, and the system can't deal with decoys and countermeasures, as I understand the reports. And yet it's going to be deployed. My question is why?

General KADISH. Senator Feinstein, I guess I'd like to go back and address specifically those things that you pointed out as being apparent deficiencies.

Senator FEINSTEIN. Good.

General KADISH. And I use the word "apparent" because I'm not sure that we have the right description of the problems that we're facing. When we say we cannot be sure that we would be able to destroy the warheads, I don't think in any of the procurements that I've done in the DOD that were 100 percent sure of anything. So if 100 percent sure is the standard we're not going to meet it so we might as well stipulate that at the beginning. However, where we do not have missile defense capability today against long-range missiles and that's been for 40 years or more now, if we have greater than zero chance, and I mean substantially greater than zero, I'm not going to tell you exactly what we think it is right now.

Senator FEINSTEIN. Is it over 50 percent?

General KADISH. I think that—I'd rather not get into the percentage but we have very high odds of engaging and successfully destroying the threats that we think we're going after right now.

Now, in the case of the booster and the kill-vehicles and the technical challenges, I think you're absolutely right. I mean, 4 years ago, almost 5 now, I began testifying in front of this committee saying that fiscal year 2005 was the earliest we were going to be able to do anything along these lines. And I think that has turned out to be true right now. So it's not like we, over the last year or two or three this is a rush to a particular effort. When we were doing

the old National Missile Defense (NMD) program, we were saying that fiscal year 2005 was probably the earliest, with some risk. We have reduced that risk tremendously and we believe we're going to make fiscal year 2005 in the process.

Now, we set internal dates, September that you hear about from time to time, but those are MDA dates, they're not mandated or dates ascertained by the Department of Defense. So, we believe that the sensors that we have on orbit today, the Defense Support Program, the radars that we intend with Cobra Dane and Fylingdales and then the addition of the X-band radar later on will give us the sensors we need. The booster, the kill vehicle, they're coming along and we should be flight testing them over the next few months to prove out our modeling and simulation.

So, things are going all in the right direction. And I guess the best way to characterize the effort, in terms of its performance, may sound a little trite, but if someone shoots at us we're going to be able to shoot back, whereas we couldn't do that today.

Senator FEINSTEIN. Even if we don't hit anything?

General KADISH. There's a good chance we're going to hit it and we can come talk to you about that in some detail and more classified setting. And if I was on the other side right now I'd be very worried whether or not the systems that they are producing would work against our system. And we're going to only make it better after that. The idea that the radar comes in in 2005, we've got other plans for further activities as we test and make it better that, over time, the countermeasure issues and the things that we're dealing with, we're going to be very good at.

COST JUSTIFICATION OF A BMDS

Senator FEINSTEIN. One last question. Because you've been very straight with us and I really appreciate that. I think you're really a class act. I just want you to know that. I mean, this is so much money, \$10.2 billion a year for what, 7 years? That's a lot of money to deploy a system that really hasn't been really tested in its complete form and at a time when our best case for war is asymmetric and non-State and not likely to be waged with Intercontinental Ballistic Missile (ICBMs) but with something coming in in a container. Do you really think, in view of what the next 10 years looks like, that a ballistic missile system is the best way to spend our money in terms of guaranteeing the safety of our people?

General KADISH. Well, I can give you a personal opinion on that issue; it has two parts to it. The first is that, from where I've sat for a number of years, it is a very difficult job to know what's likely and unlikely and what our adversaries are going to do to defeat us. And we make those judgements but we've got to do it with the idea that there's risk involved. And I had the unfortunate experience on September 11, sitting in my office in the Missile Defense Agency, watching the Pentagon burn as a result of the airlines. And, you know, I know there's a big debate over whether folks could have anticipated that or not, but the likelihood equations of one thing over another is a very risky business for us to determine in the Missile Defense Agency. But there's one thing I do know, and that is we have no missile defense capability except for Patriot today against short-range missiles. And that didn't happen except with

the support of this committee for many years, and we struggled with that effort. We had some failures; it was a difficult technology but it worked very well in the last war. And we're building up. And I believe that the same will occur with the systems that we're talking about at Fort Greely and Vandenberg, Aegis and THAAD and the ones that we're building. Because that \$10 billion is not only for the ground-based program effort at Fort Greely and Vandenberg this year, it's for airborne laser, the THAAD program, the Aegis program and the radars that support all that. So it's very expensive but it's also very comprehensive and complex.

I don't know if that helped in terms of the answer but it's a tough business for us to say, in the missile defense business anyway, that we ought to choose to leave ourselves vulnerable to missiles anymore now that we can do something about it.

Senator FEINSTEIN. Thanks, General. And I'd appreciate that briefing. Thank you very much.

General KADISH. Thank you.

Senator FEINSTEIN. Thank you, Mr. Chairman.

Senator STEVENS. Senator Dorgan.

DEVELOPMENT OF BMDS WITHOUT ADEQUATE TESTING

Senator DORGAN. Mr. Chairman, thank you very much. I share some of the same concerns expressed by my colleague from California. Most of the significant new weapons programs that we've been discussing with the Department of Defense I support. I think they are important for this country and for its defense. But the Senator from California asked questions that I think need to be asked. Are we rushing to deploy a system that has not been adequately tested, that has not been subject to the same rigorous testing strategies that other weapons programs have been required to meet? And, you know, there's so much, with respect to the more urgent, immediate threats that we know exist, there is so much as yet undone because we can't afford it. The question I think the Senator from California poses is in the rear view mirror of 5 years, will we look back and say we would have better used that \$10 plus billion in another area for a more urgent threat? I think the answer probably will be yes, but none of us know for sure.

Let me ask the question. You talked about the booster and the kill vehicle and in answer to the question posed by my colleague from California, no one can be 100 percent sure. I understand that and no one is asking, with respect to any of these systems, that we are 100 percent sure. But will this system be deployed without the same kind of rigorous testing that is applied to other systems? Because we are rushing here to deploy it, as you know.

CONCURRENT TESTING

General KADISH. Well Senator Dorgan, I guess I would characterize what we're trying to do here as not a rush to deployment. What it is is building the system so we can test it in its operational configuration and since we've done that it has the capability to defend the country so we will use it in that role simultaneously, or concurrently. So one of the things I have to point out, and I have a very hard time explaining this because it gets to be very technical in terms of the rules that we use within the Department, but

let me try it this way. When we do operational testing, what that means is we want the people who are going to use it to push the buttons and do all the things that we need to do so that in an operational environment, day to day, we can be sure it works. And you might want to ask the question, well, why do we do that? Well, 99 percent of the time we do that because we're replacing another system, and what we want to do is make sure good management practice is that what we're replacing, the system that we're replacing something with can work better or at least as good as, in the operational environment, after having spent a lot of money. So these things usually occur after a very long development cycle. We do an operational test, we check some boxes, make sure that things work better than what we have in the field and we move on. In the case of missile defense, we don't have a system in the field today against long-range missiles. So we have to build it in order to test it in its operational configuration. We get criticized a lot about not having the radars in the right spot and that type of thing. I can go on at length, but the simple answer to that is we need to build it to test it in its operational configuration and therefore we can actually use it as well.

Senator DORGAN. Well, building it and deploying are different circumstances, but General Kadish, the only anti-ballistic missile program that has ever been deployed was deployed in my State back in the early 1970s and was moth balled almost immediately, I believe within 30 days after being declared operational, for a number of reasons.

RUSH TO DEPLOY OR POSTPONE?

But I have received a letter that was sent around on this program from 49 generals and admirals who call for postponing missile defense. They say the Pentagon has waived the operational testing requirements essential to determine whether the highly complex system is effective and suitable, and they make the case that this money, the billions of dollars, should be spent on other defensive systems, which are more urgent.

If I might just make the case, I think there is a threat of nuclear weapons against this country. I think the least likely threat, by the way, is from an intercontinental ballistic missile. Perhaps the most likely threat is from a suitcase nuclear weapon in a rusty car on a dock in New York City. But if you take the threat meter, which many of us have seen, regarding what are the likely threats against this country, the threat of a nuclear-tipped intercontinental ballistic missile is perhaps the least likely of those threats. It would be deadly, were we attacked by someone with such a weapon. But such an attack is deterred because we, of course, know the return address of the missile, and whoever attacks us will be vaporized quickly. I mean, I think the question that the Senator from California asked is a critical one; is this the most urgent defensive system for which we should be spending \$10 billion at this point, and I don't think any of us know the answer to this. My own impression, I just might say, is that we are rushing to deploy a system that is costing a great deal of money and one which we do not know whether it will work. And I'm concerned about that because there are so many other things as yet undone.

Let me add, however, my compliments to your service, General Kadish. I've been in briefings that you've been involved in for many years; you served this country with great distinction. I know you care about this program and nurture this program with great skill and professionalism; I want to say that and thank you very much, General, for your service.

General KADISH. Thank you, Senator Dorgan.

Senator STEVENS. General, are we about ready to wind this up?

General KADISH. I'm fine, Senator.

Senator STEVENS. Are you? All right.

I will submit my questions.

Senator, do you have any further questions?

Senator SHELBY. Let me be brief if I can. I know we need to let General Kadish go.

General KADISH. Yes sir.

SYSTEM TEST AND EVALUATION PLANNING ANALYSIS

Senator SHELBY. General, you might want to answer these questions for the record, that would be fine. That is, I've been impressed with the systems test and evaluation planning analysis lab. How will system-integrated flight testing help meet the architecture integration challenge in the future? How rigorous will this testing be? Do you want to answer that for the record?

General KADISH. It will become more and more rigorous, without a doubt. I think that if we—I'd like to take the specifics of the systems tests analysis lab for the record.

Senator SHELBY. Absolutely.

[The information follows:]

The System Test and Evaluation Planning Analysis Lab (STEPAL) is the Missile Defense Agency's choice for in-depth analyses and credible flight test planning. We currently use STEPAL resources to perform vigorous pre-mission analysis that includes supportability, evaluation of test requirements, flight safety, and other factors necessary for the successful execution of integrated Ballistic Missile Defense System (BMDS) test scenarios. The support provided by the STEPAL has provided MDA with a quick look capability that allows us to observe additional important mission aspects such as safety, debris effects; telemetry coverage; as well as the adequacy of test range assets.

General KADISH. But I'd like to point out that because we're able to build it like we are, calendar year 2005 is going to be a very, very interesting year in missile defense from a test standpoint because we'll be able to do an awful lot of flight testing and ground testing that we haven't been able to do before.

SCIENTIFIC, ENGINEERING AND TECHNICAL ASSISTANCE (SETA) CONTRACTORS

Senator SHELBY. General, for the record, would you give us your views on the importance of SETA contractor support and how valuable their contributions have been to MDA?

General KADISH. The SETA contractors, the support engineering? It's been invaluable to MDA from across the country, especially from the State of Alabama and Huntsville, which is a major center for missile defense. But we couldn't do it without the talented people that we have across the country, especially the SETA contractors, the prime industrial partners and the Federally Funded Research and Development Center (FFRDCs) and folks.

Senator SHELBY. You made some cuts there. Is that wise? I know you're constrained by your budget from time to time. Will you address that some?

General KADISH. Well, what we've been doing is trying to balance out the skills that we need at any given time. And that can look like a cut in certain areas but basically we're trying to balance the skills that we need in the process.

ADVANCED TECHNOLOGY FUNDING

Senator SHELBY. General, advanced technology funding; I think you've got to invest for the future. You know, some people, and I at times ask about money, and we're spending a lot of money but if we don't spend for the future we'll be shortchanged, I believe. Development funding for sensor improvement, better software, faster communication systems, improved propulsion systems, lighter and strong structures, better thermal control, enhanced signature discrimination, decoy concepts and detection techniques are vital to all of us and for this program. Does MDA have an adequate technology development budget to support spiral development here or will you need more money?

General KADISH. Well, I think that we can get the specifics for you for the record but overall I'm satisfied with where we are on the deep technology activities. Because when I look at what's happening in the THAAD program and the GMD program and the other efforts that we have, we're doing an awful lot of that work in the application of technology right now. And it's a tough balance but I think the balance is right, right now.

SPACE AND MISSILE DEFENSE COMMAND (SMDC) AND MDA RELATIONSHIP

Senator SHELBY. General, lastly, I'm just going to touch on the relationship between SMDC and MDA. You can do this for the record. What are your thoughts on this relationship and the importance of SMDC to supporting MDA's mission?

General KADISH. I can expand for the record but the bottom line, Senator, is that it's a great relationship now, and we have people working together on some very tough problems.

[The information follows:]

The relationship between MDA and SMDC is strong. The success of my organization is dependent on the technology support that SMDC provides. As the Army's proponent for the Ground-based Midcourse Defense (GMD) System and operational integrator for global missile defense, the Army's Space and Missile Defense Command (SMDC) plays a key role in supporting MDA to develop, field, and test a fully integrated and operational Ballistic Missile Defense System (BMDS) capability for the nation. SMDC is a strong and effective advocate for global missile defense and works closely with MDA to ensure our national goals of developing, testing and deploying an integrated missile defense system are met. SMDC conducts research and develops and matures new and emerging technologies to enable missile defense capabilities. SMDC's Reagan Test Facility on Kwajalein Atoll supports missile defense testing. SMDC participates in deploying and operating the GMD System, including oversight of GMD Brigade and subordinate GMD Battalion operations. SMDC also works closely with MDA to focus attention on improving Theater Air and Missile Defense (TAMD) Systems. The long legacy and continuing research and development by SMDC in the missile defense arena has made possible the recently fielded missile defense systems and will provide the means for future enhancements and new weapon systems.

Senator SHELBY. Thank you. Mr. Chairman, thank you for your indulgence. General, I hope you feel a little better today.

General KADISH. Thank you, Senator.

Senator STEVENS. Mr. Cochran.

Senator COCHRAN. Mr. Chairman, I have other questions that I'll be happy to submit, particularly one relating to the capability for Aegis destroyers and cruisers to play an active role in missile defense and what your plans are for coordinating the operations with the Navy and helping to offset costs associated with these modifications and other questions as well. I'd be happy to submit those, Mr. Chairman, and express our appreciation for the continued good work of General Kadish.

Senator STEVENS. General, I think that Senator Inouye and I have been privileged to spend probably more time with you than other members of this committee and we thank you for the time you've spent with us to keep us posted on the developments. I have a series of questions that I would like to send to you for the record.

Senator SHELBY. Mr. Chairman, could I just mention, we have a Major General sitting behind General Kadish, General Obering, here today, and I think we'll probably see more of him in the future, will we not, General Kadish?

General KADISH. Yes sir, he's been nominated to the Senate to replace me and he's a great guy.

Senator SHELBY. And Mr. Chairman, he's from Birmingham, Alabama, it just happened to happen that way.

ADDITIONAL COMMITTEE QUESTIONS

Senator STEVENS. Well, since he wasn't from Alaska I didn't introduce him but I knew he was there. Thank you.

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

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

GROUND-BASED MISSILE DEFENSE PROGRAM

Question. General Kadish, can you assure the Committee that the Missile Defense Agency will continue to improve the ground-based missile defense system? I am concerned about technical obsolescence of the program—technology will continue to move forward—how will you deal with this?

Answer. The Ground-Based Midcourse Defense (GMD) program will continue to improve well beyond the Initial Defense Capability that is being fielded this year. We are planning upgrades to the current system, and our upcoming budget submissions will include funding for these upgrades. For example, the processor on the Exoatmospheric Kill Vehicle (EKV) will be upgraded to avoid obsolescence. This upgrade will be ready to be included in Ground Based Interceptors that are scheduled for fielding in the 2006–2007 timeframe. We are also planning upgrades to the GMD Fire Control (GFC) system as additional sensors are fielded. We have several programs to develop software upgrades to provide more advanced discrimination capability, and our testing will become increasingly more challenging to validate our progress in this area.

Question. Once this program is fully fielded in Alaska and at Vandenburg Air Force Base over the next several years, how will you use the concepts of spiral development and block upgrades to improve the program five years from now?

Answer. The program for spiral upgrades to the GMD components of the Initial Defensive Capability include an enhanced EKV (an upgrade to the processor), additional GMD Fire Control capability as a result of additional sensor capability such as the Sea-Based X-Band Radar (SBX), a program to mitigate potential counter-

measures, multi-sensor fusion improvements, and advanced discrimination capabilities. All of these efforts are currently programmed within the FYDP.

AIRBORNE LASER PROGRAM

Question. General Kadish, the airborne laser program was restructured earlier this year. Please explain some of the progress that has been made on this program and some of the remaining technological challenges?

Answer. The Airborne Laser (ABL) program has made significant technical progress to date. We have successfully modified and conducted initial flight-testing of the Boeing 747-400F which will accommodate the lasers and optical control systems. We have completed the manufacturing, optical coating, and end-to-end testing of the beam control system and have begun integration of this system into the aircraft. The six-module high power laser has been fully installed in the System Integration Laboratory (SIL) at Edwards AFB and is currently undergoing initial testing. Finally, we have successfully demonstrated our capability to safely mix and handle the chemical laser fuel and we are making steady progress towards the first firing of the high power laser.

The program was restructured to improve the focus on two near term efforts that will give us a better indication of the ABL's viability: (1) first flight of the beam control system during late 4th qtr CY 2004 and (2) first light of the six-module high power laser in the Systems Integration Laboratory (SIL), during December 2004.

Apart from these two milestones, there are a few other remaining technological objectives for the ABL program, to include integration of the turret ball on the front of the aircraft, integration of the target acquisition/tracking lasers onboard, and finally demonstration of the entire system with the shoot down of a ballistic missile. These technological objectives are significant, but at present we do not foresee any showstoppers.

Question. I note that the 2005 budget reflects this restructuring. Are you concerned about losing momentum in the program and that we have a clear way ahead on directed energy programs?

Answer. It is true that the technical challenges we are working to resolve have delayed fielding the first ABL aircraft and that the restructure has delayed acquisition of the second aircraft. However, we will maintain program momentum by resolving the pacing technical challenges and achieving laser "first light." The record of technical achievement by ABL is cause for confidence that we will solve these challenges. Only decreased funding could cause a loss of momentum at this time. Funding stability will be critical for resolving the remaining technical challenges and moving forward with fielding this capability.

FORT GREELY MISSILE DEFENSE FACILITIES

Question. General Kadish, could you explain the importance of the 2005 budget request to the ground-based midcourse system? What would be the consequences to the Fort Greely program and the overall system effectiveness if this funding is not provided?

Answer. Fiscal year 2005 funding is essential to continue development of the Ground-based Midcourse Defense (GMD) capability and to put the Ballistic Missile Defense System on alert. Decreased funding would impact development and procurement of hardware necessary for the GMD element of the Ballistic Missile Defense System, including procurement of additional ground-based interceptors (GBIs), the Sea-Based X-Band radar (SBX), and upgrades to existing Early Warning Radars. Testing of new systems would be impacted. A funding decrease could cause a break in production and cause distress in the industrial base, potentially forcing the smaller vendors out of business. The time and cost to develop and qualify a new vendor base would be prohibitive.

Decreased fiscal year 2005 funds would also impact our ability to sustain the Initial Defensive Capability. Included in the fiscal year 2005 budget is funding for the Sustainment Development Program. The Sustainment Development Program pays for spares and technical support from the GMD prime contractor. Without this effort the existing GMD hardware cannot be maintained.

Question. Please provide us a status report on how the construction at Fort Greely is proceeding?

Answer. The following is a look at some of the wide variety of GMD facilities at Fort Greely that will support IDO, and their status for alert.

- Six Fort Greely silos complete;
- Alaska fiber optic ring complete;
- Battalion Fire Control Node at Fort Greely: tested satisfactorily;
- SATCOM links (nine total): tested satisfactorily;

- Fort Greely In-Flight Interceptor Communications System (IFICS) Data Terminal (IDT) complete and tested satisfactorily;
- Fort Greely buildings: 10 complete; five on schedule; one behind schedule (no impact).

Question. Are there any significant issues as you deploy an initial operating missile defense capability later this year?

Answer. There are no significant issues, but challenges remain. Our schedule to begin Initial Defensive Operations is aggressive and depends on many interdependent activities proceeding as expected. We are attempting to remain as agile as possible to account for unforeseen events. Additionally, the outcome our flight tests this year will be important. Overall, however, we expect to remain on schedule.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. General, I understand Aegis destroyers and cruisers will play a key role in the missile defense of the United States and our allies. Could you summarize the capability to be fielded by the Navy and tell us how you coordinate operations with the Navy and help offset their costs?

Answer. The Aegis BMD element of the Ballistic Missile Defense System (BMDS) builds upon the mature, operationally-proven, globally deployed Aegis Combat System (ACS) to detect, track, intercept, and destroy Short Range Ballistic Missiles (SRBMs) to Intermediate Range Ballistic Missiles (IRBMs) in the midcourse (spanning ascent to early terminal) phase of flight while deployed in defense of the nation, deployed U.S. forces, friends, and allies.

The heart of the Aegis BMD system is the Aegis Weapon System (AWS), including the AN/SPY-1 radar. The AWS detects, tracks, and identifies the ballistic missile target, and guides the SM-3 close enough to the target for the SM-3's Kinetic Warhead (KW) to close for intercept. The KW tracks the target with its Long Wavelength Infrared seeker and uses its propulsion system to divert to complete a hit-to-kill intercept. A total of three Aegis Cruisers (CGs) and 15 Aegis Destroyers (DDGs) will be Aegis BMD capable by the end of CY 2006.

Aegis BMD will evolve through spirally developed block improvements as part of the MDA's block upgrade strategy. Block 2004 will be a spiral development, with the Initial Defensive Capability (IDC) (Aegis BMD 3.0E) completed, verified, and tested for Initial Defensive Operations (IDO). This capability will provide long-range surveillance, detection, and tracking of long range ballistic missiles in support of the BMDS. It will be fielded initially on two Aegis destroyers by September 30, 2004, quickly expanding to four DDGs before the end of calendar year 2004.

The test bed version of the engagement capability (Aegis BMD 3.0 plus SM-3 Block I) will be available for ship installation by December 2004 and flight tested in early CY 2005. This capability is not intended for operational employment, but could be available for emergency use. There will be five SM-3 Block I missiles available by December 2004 and BMD 3.0 will be installed on two Cruisers in CY 2005.

The final Block 2004 capability (Aegis BMD 3.1 plus SM-3 Block IA) will be delivered in December 2005 and certified by April 2006 for Fleet use against SRBMs and MRBMs, as well as contingency to provide Long Range Surveillance and Track (LRS&T) data to the BMDS. This configuration also includes the integration of basic Anti-Air Warfare (AAW) self-defense that will be installed in three Cruisers and up to 15 Destroyers by the end of Block 2006. Installation schedules are based on ship deployment and maintenance schedules.

The Aegis BMD element builds upon the existing Aegis Weapon System (AWS) and STANDARD Missile infrastructure already deployed in Aegis TICONDEROGA class Cruisers, ARLEIGH BURKE class Destroyers, and Japan's KONGO class Destroyers.

MDA is funding the development, integration, and testing of Aegis BMD upgrades to the existing STANDARD Missile, AWS, and command and control systems. MDA funding also covers the cost of BMD specific ship equipment sets, initial installation, missile purchases, establishing integrated logistics support (ILS), including initial training and spare parts, and developmental flight tests. MDA continues technical and logistic support until six months after the delivery of the block, when sustaining funding responsibility transfers to the Navy, and MDA pursues the next block upgrade. The Navy pays for ship operations and support (O&S) costs and Manpower and Personnel (MPN) costs for the crews throughout development and operational phases.

For developmental tests, Aegis BMD coordinates closely with Commander, Third Fleet (C3F) to assign ships to test events, particularly USS LAKE ERIE, the as-

signed BMDS test ship. C3F also provides Destroyers to participate in test events, as appropriate. MDA funds marginal costs for these test events, such as fuel.

Operational employment of the ships in support of BMDS will be under the Commander, Pacific Fleet (CPF), in coordination with NORTHCOM and STRATCOM. CPF will fund the marginal costs for ship operations. This approach fully leverages the U.S. investment in the Aegis fleet to provide an affordable missile defense capability.

Question. General, I see that you have requested funding for boost phase development for the Kinetic Energy Interceptor. With the next generation Navy Cruiser, the CG(X), in the early planning stages, I am interested to know what discussions you are having with the Navy for sea-basing options for this interceptor and what would be the fielding timeframe?

Answer. The KEI program office commissioned the Navy to conduct a CONOPS study to determine what interim platforms are feasible for the KEI mission until the CG(X) is fielded. The results of the study may be available as soon as September 2004. The projected fielding timeframe for sea-based KEI is in Block 2012 on an interim platform. The Navy CG(X) will be ready for fielding around 2020. The Navy can provide more specific dates for the CG(X) fielding.

Question. General, I understand that there is an industry proposal, supported by our Japanese allies, to develop a sea-based interceptor that would fit in existing Navy missile launchers. Given the Administration's desire to involve the international community in missile defense and the fact that this proposed missile would not involve modifying existing ships, what is your opinion of spiral developing the SM-3 missile to a 21 inch missile instead of using the 36 inch Kinetic Energy Interceptor?

Answer. The Missile Defense Agency (MDA) has initiated a comprehensive Joint Analysis with Japan to evaluate future ballistic missile defense options for the defense of Japan and the United States. This analysis will allow Japan and the United States to make informed decisions regarding the development, production, deployment and enhancement of interoperable missile defenses. Enhancements to the SM-3 will be addressed as part of the Joint Analysis.

Question. General Kadish, in your statement you indicate you have experienced some difficulties with the Airborne Laser as that system has moved from the drawing board to actual flyable hardware. For example, I have been informed the aircraft is somewhat heavier than had been hoped and that the testing of the system has faced numerous delays. Would you characterize the challenges you've encountered as something expected for a program of this sort or are they what some might call "showstoppers?"

Answer. The challenges we have faced to date are typical for a program of this nature, which is the first of its kind. However, we have encountered nothing to date, which we would categorize as a showstopper. In fact, you could say we have achieved some unique successes since beginning the development of the ABL to include work in the areas of chemical and solid-state lasers, precision optics, and even aircraft design and modification. Given the advanced nature of the technology we are using to produce the ABL, we have really made tremendous progress. Furthermore, I am confident that we can complete the remaining technical requirements in order to successfully demonstrate this system.

Question. General Kadish, I understand the Terminal High Altitude Air Defense (THAAD) radar was completed ahead of schedule and delivered last month and the THAAD program is scheduled to have its first flight test late this year. However, I am told that it will not achieve operational capability for several years. General, how would you assess the program's risk at this point, and is there anything that can be done to move this program along a little faster?

Answer. The overall program risk assessment for the THAAD program is moderate. For the first flight (December 2004), the missile component has moderate technical and schedule risks. For the first intercept (June 2005), the launcher component has moderate schedule risk. All risks will be retired by ground testing prior to first flight and intercept, with the exception of schedule risk for a production booster motor and thrust vector assembly source.

The recent incidents at the boost motor supplier (Pratt & Whitney) have put enormous pressure on the fiscal year 2004/fiscal year 2005 program. The additional cost to recover from these incidents and bring on an alternate boost motor supplier is projected to be \$120 million through fiscal year 2007. This has resulted in a significant deferral of activities out of fiscal year 2004 into later years, with an immediate impact of \$95 million in fiscal year 2005 (\$45 million to recover the necessary deferred activities and \$50 million for the boost motor supplier alternate source issues).

The current THAAD program includes the first Fire Unit for which fabrication will begin in fiscal year 2007, with delivery for operational assessments and potential deployment scheduled for mid-fiscal year 2009. The Fire Unit cost is \$483 million, with a current funding plan for Fielding based on \$360 million in fiscal year 2007 and \$123 million in fiscal year 2008. There are three options for accelerating the availability of this equipment.

Option 1: To accelerate the Fire Unit by six months, the current approved \$483 million for THAAD fielding would be required to start in fiscal year 2006 (vice fiscal year 2007). This includes \$75 million in fiscal year 2006 for radar long lead items, with the additional \$309 million in fiscal year 2007, and \$99 million in fiscal year 2008. This is a low risk option that moves the Fire Unit availability from mid-fiscal year 2009 to late-fiscal year 2008.

Option 2: To accelerate the Fire Unit by 12 months, the current approved \$483 million for THAAD fielding would be required to start in fiscal year 2006 (vice fiscal year 2007). This option would move the \$360 million from fiscal year 2007 to fiscal year 2006 and the \$123 million in fiscal year 2008 to fiscal year 2007. This is a low risk option that moves the Fire Unit availability from fiscal year 2009 to fiscal year 2008.

Option 3: To accelerate the Fire Unit by 18 months, the current approved \$483 million for THAAD fielding would be required to start in fiscal year 2005 (vice fiscal year 2007). This includes \$75 million for radar long lead items, with the additional \$360 million in fiscal year 2006, and \$48 million in fiscal year 2007. This is a more aggressive option that increases risk and requires an early decision on the purchase of hardware prior to an intercept flight test. It moves the Fire Unit availability from fiscal year 2009 to fiscal year 2007.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

Question. General Kadish, the Missile Defense Agency plans include funding for 10 ground-based interceptors at a third missile site overseas. What is the benefit of having an additional site overseas, and what are the candidate countries that you are looking at to house this site? Do you expect that there will be international contributions for a third ground-based intercept site, or will the United States have to assume the entire bill?

Answer. We have included funding in fiscal year 2005 for long-lead items for an additional 10 GBIs that could be deployed at a potential third site, or at Fort Greely. No determination has been made as to the actual location of this third site. In our analysis we have examined potential third sites in the United States as well as overseas. The benefit of an overseas site is that it provides additional protection to the United States as well as protection to our allies and friends. Several overseas regions, including Europe, are potential candidates for a GBI site from a performance perspective. There are, however, many other factors that would determine whether a particular site is viable. If a determination was made that an overseas site is desirable, in addition to the many domestic considerations, we would expect the nature of non-U.S. contributions to factor into a final decision.

Question. General Kadish, your budget request includes nearly \$80 million for space-based weapons-related research and development. \$68 million of the request is for launching a short-range kill vehicle into space for the Near-Field Infrared (NFIRE) program. What is the goal for the "N-Fire" program, and could you use alternatives to a kill vehicle in space to collect data for this program?

Answer. The Near Field Infrared Experiment (NFIRE) is a major risk reduction project for the Kinetic Energy Interceptor (KEI) program. The primary NFIRE objectives are: Collection of near field rocket plume and rocket hardbody IR data for model validation and algorithm verification; and near term KEI kill vehicle development and testing (hardware and software).

Yes there are other methods to collect IR data however NFIRE is the only method that will provide near field IR data.

Aircraft observations using a variety of sensors allow us to collect IR data at aircraft altitude and speed, but do not provide the near field resolution we need because the distance to the target is typically 150–250Km. Range safety prohibits aircraft from getting closer than that.

Sub orbital tests, simultaneously launching a one use sensor and a target, require both rockets to fly to the same point time in space. This approach is a one shot opportunity with a specific sensor.

An orbital based test, like NFIRE, uses the highly predictable nature of a satellite to reduce the risk for both objects to arrive at the same point time in space. An

orbital platform allows us to have multiple opportunities to collect near field data in various wavebands at a variety of engagement ranges and geometries.

Question. I understand that the reason the kill vehicle portion of the Near-Field Infrared Experiment is not considered a space weapon is that it is restricted from moving forward or backward. How difficult is it to put this forward-backward movement back into the kill vehicle?

Answer. Including an axial stage (forward-backward movement) was never part of the NFIRE kill vehicle. Consequently, to add an axial stage to the current NFIRE kill vehicle would require a redesign of all portions of the experiment (satellite, KV, launch vehicle, ground support). This redesign would be difficult, costly, negatively affect the schedule, and prevent our delivery of near field rocket plume and rocket hardbody IR data in time to reduce the risk to Block 10 KEI kill vehicle development.

Adding an axial stage to the kill vehicle does not contribute to the primary NFIRE objectives: Collection of near field rocket plume and rocket hardbody IR data for model validation and algorithm verification; and near term KEI kill vehicle development and testing (hardware and software).

SUBCOMMITTEE RECESS

Senator STEVENS. But continuing on, we hope that you will feel free to keep in touch with us and be a Monday morning quarterback for us, and we invite you to return to our States and be treated as you should be, as one of our favorite people in military uniform, whether you're wearing the uniform or not. Thank you very much and thank you for continuing on under difficult circumstances, General. But since this is your last meeting here, let me again repeat what I said to you. We congratulate you and thank you on behalf of the people of the United States for your commitment to the system, and your willingness to spend the hours you have spent, long days away from your family, to make certain that it is the best system we can devise today. And I hope it will continue to improve with your guidance. Thank you very much, General.

General KADISH. Thank you, Mr. Chairman.

[Whereupon, at 10:55 a.m., Wednesday, April 21, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, April 28.]

**DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR FISCAL YEAR 2005**

WEDNESDAY, APRIL 28, 2004

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

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

DEPARTMENT OF DEFENSE

MEDICAL PROGRAMS

STATEMENT OF LIEUTENANT GENERAL JAMES B. PEAKE, SURGEON
GENERAL, UNITED STATES ARMY

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Good morning. We are pleased to see you here this morning.

We are going to have a hearing on the medical programs. Two panels are scheduled. First, we will hear from the Surgeon Generals, followed by the Chiefs of the Nursing Corps. We have joining us today from the Army Surgeon General, Jim Peake; from the Navy, Admiral Michael Cowan; from the Air Force, General George Taylor. We welcome you all back again.

I understand this is your last appearance before the committee, General Peake.

General PEAKE. Yes, sir.

Senator STEVENS. And Admiral Cowan.

Admiral COWAN. Yes, sir.

Senator STEVENS. We do thank you for your service and assistance to this committee and value your views.

This is a very difficult period for defense health programs, as we all know. The President's fiscal year 2005 request for the defense health program is \$17.6 billion, a 15 percent increase over the fiscal year 2004 request. The request provides for the health care of 8.8 million beneficiaries and for the operation of 75 military hospitals, 461 military clinics.

Despite the increase that is requested this year, this committee remains concerned that the funding may not be sufficient to meet all our requirements. We recognize that the continuing conflict in Iraq and the global war on terrorism, along with rising costs for prescription drugs and related medical services, will continue to

strain the financial resources that are requested in this budget and place increased demands on our medical service programs and providers.

Now, Senator Inouye and I are both personally familiar with the value of military medicine and have worked with your organizations for many years. We committed to work with you and to address the many challenges that you face.

Let me take a moment to commend the Department's medical service personnel for their work in the global war on terrorism. Their performance has been nothing short of extraordinary. From the moment our soldiers, sailors, airmen, and marines go into harm's way military medics are deployed as part of the fight. We applaud their efforts and your efforts in serving jointly to meet the medical needs of our warfighters and their families, and we commend all of our witnesses here today for your leadership and compassion for those who serve.

We have taken visits, as you know, to Walter Reed and to Bethesda and have been really honored to meet some of the young men and women that are there. I have got to tell you that almost every person said, "Senator, can you help us go back to our unit." The morale of these people is just overwhelming and we are proud of them all.

I want to yield to my co-chairman for his comments.

STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. I thank you very much, Mr. Chairman.

I want to join you in welcoming our witnesses this morning as we review our Department of Defense (DOD) medical programs. Since this will be General Peake's and Admiral Cowan's last appearance before this committee, I would like to take this opportunity to thank them for their dedicated service to the military.

Lieutenant General James Peake assumed command of the United States (U.S.) Army Medical Command in September 2000. In the years following, he oversaw 24,000 medical personnel deployed for overseas operations and an increased demand on military treatment facilities back home. He is the son of a medical service corps officer and a nurse, and your entire life has been in service to this Nation. Your time as an infantry officer gave you a unique warrior's perspective on how our wounded should be cared for, and it has helped to shape your vision for the Army medical department.

Vice Admiral Cowan has served in the U.S. Navy for 32 years and as Surgeon General of the Navy and Chief, Bureau of Medicine and Surgery since August 2001. One could not have expected that just 1 month after taking that new responsibility, the military would be deployed at unprecedented levels and you would oversee the deployment of over 4,300 naval medical personnel. In addition to the extensive overseas operation, the Navy was also on the forefront of domestic events such as the lead laboratory for the recent ricin incident in the Senate.

Admiral Cowan and General Peake, I commend and thank you for the service you have rendered to this country, and I am certain my colleagues all join me in this.

Since the beginning of Operation Iraqi Freedom, I have heard numerous personal accounts and read dozens of articles indicating lifesaving changes made in medical deployments, technology, equipment, body armor, and unit configuration. From positioning surgeons closer to the front line than ever before and using new hemorrhage control dressings and embedding physical therapists in deployed units, decreasing the size of equipment, and aeromedical evacuation teams, they have drastically altered the fate of hundreds of lives. We will continue to support the personnel and programs that improve your capability to save lives.

We will also look forward to an open discussion today with our panels. In particular, we will want to look into the status of the next generation contracts for TRICARE, our force health protection system, deployments of medical personnel, recruiting and retention, among others.

Once again, I would like to thank the chairman for continuing to hold hearings on these issues which are so important to our military and their families.

Mr. Chairman, you should forgive me. I think I need some help here. I have got a cold. Any cold medicine here?

Senator STEVENS. Is there a doctor in the house?

Senator, do you have an opening statement?

STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Just very briefly, Mr. Chairman. I thank you for having the hearing. I would suggest to Senator Inouye what he needs is time in the sun and maybe a few days in—oh, I do not know—Hawaii?

Senator INOUE. It is a good place.

Senator LEAHY. I wanted to come to this hearing because I am concerned about the adequate health care for our armed services, whether it is active duty or Reserves. I know everybody here is concerned.

I have gone out and visited some of our wounded soldiers out at Walter Reed. It is one of the most moving and impressive things. My wife is a registered nurse and she probably understood better than I did some of the injuries of some of the people that she has talked with at greater length.

One of the most impressive things, Senator Stevens and Senator Inouye, I remember one young man who was trying on a new prosthetic leg. He had lost his leg. He was trying on a prosthetic, high-tech leg, microchips. General, I see you shaking your head. You know exactly what I am talking about. Microchips check to see how best to design it. The two of us asked him, what are you going to do now? And he looked at us like, well, I just want to get the training with the leg done so I can go back to the service. And I thought what a wonderful, wonderful answer.

Yesterday's Washington Post had a front page article, and if you have not read it, please do. It is a heartbreaking story about the devastating wounds our soldiers are suffering, and they are devastating. The good news is we can save more lives that I guess in other past combats we might not have been able to save them. The bad news, of course, is that they are horribly wounded, maimed,

blinded, and things like this. I think what we have is a real responsibility because of that to do our best.

That is all I have to say, Mr. Chairman. I do appreciate your having this hearing. I think it is an extremely important one.

Senator STEVENS. Well, we all know General Shinseki who was entitled to a full military discharge based upon his injuries and he continued in the service to become the Chief of Staff of the Army. So they have great examples from our past and we are pleased to be part of the process to help encourage them.

Our first panel is General Peake. We call on you first.

General PEAKE. Mr. Chairman, Senator Inouye, distinguished members, it really is an honor to represent Army medicine before you.

Senator STEVENS. We will put all your statements in full in the record.

General PEAKE. Thank you, sir.

It really is a unique time in our history. I reviewed the first testimony I gave before this committee in April 2001 I think it was, and we talked then about the new set of benefits that came out of NDA01, TRICARE for life, pharmacy benefit for over 65 retirees, reduction of catastrophic caps, school-age physicals, many other things, and we spoke about the need to adequately fund that benefit.

But I also made mention then of the fundamental importance from a readiness base of medical support to soldiers that comes from our direct care system then, and I commented on the U.S.S. *Cole* response of wounded sailors passing through our joint system on their way back to Portsmouth back then. I also said that it was an exciting time to have this job. I had no idea.

That hearing seems like a long time ago. Since then, your military medical system has responded to 9/11, was a key part of the response to the anthrax letters, played a major role of the cleanup right here on Capitol Hill. Our medics supported the take-down of the Taliban in Afghanistan. Forward surgical teams, linked with the special operations forces, combat support hospitals providing the only sophisticated level of care in that war-ravaged country, medics fighting uphill on treacherous terrain to save lives. Even the march to Baghdad now seems like a long time ago, a march where medical assets leap-frogged forward with the combat troops. One of our forward surgical teams set up nine different times in that march to Baghdad, integral to the fighting formations and operating on our own soldiers and Iraqi civilians and enemy prisoner of war (EPW's) as well.

Army medical evacuation helicopter crews have sustained their legacy as heroes, serving Army and cross-attached to the marines. Our combat support hospitals operated in split-based modes, covering each sequential setup of the log bases as we moved forward. The front ends of that system linked back through Europe where our jointly staffed facility at Landstuhl in Germany has continued to be the primary hub for patients who, under our construct of essential care in theater, could find themselves there within 24 to 48 hours of wounding, linked back to centers of excellence like the amputee center that you mentioned here at Walter Reed or our burn center at Brook in San Antonio. All of these efforts supported by

a base of an integrated health care system that trains to the highest standards, that inculturates our physicians and our nurses to the men and women that they support by a base of research that focuses on things relevant to the soldier so that we could field things like new skin protectants, hemostatic dressings, one-handed tourniquets. It is a base that can provide teams of world-class experts that go into country to look at things like Leishmaniasis or investigate pneumonia deaths or to study the mental health aspects of combat in an active combat zone.

We are about to complete the largest troop movement since World War II. Across this country, each of our power projection platforms and power support platforms, our soldiers have had medical screening, have been medically protected with immunizations, received care when required as they martialled for deployment, have received post-deployment screening and reintegration training and care and counseling, a tremendous medical effort focused on our balance scorecard objective, a healthy and medically protected force.

As a health system, our business has increased during this time not only with the soldiers I have described, but with family members of the deployed reservists and with the remarkable increase in our retirees who appreciate the quality of the benefit that has been legislated. I do believe the next generation of TRICARE contracts creates the correct incentives to maximize the use of our direct care system and ensure our contract partners meet the same high standards for those not around our military treatment facilities.

But it is not a magic bullet to contain the cost growth of medicine, of which we are really a microcosm, especially with the increase in those using our system. It is a cost growth that is faster than the overall DOD budget growth, as you have recognized in the past with a history of supplementals.

All of this at the same time that General Shinseki's legacy of transformation is being carried forward aggressively to make us more modular, agile, ready, and relevant to the challenges militarily of today and tomorrow.

We are fortunate to have really great leaders in our Army from our Secretary, Mr. Brownlee, who is a soldier himself, to our Chief, General Schoomaker, whose focus on the soldier is extraordinary.

But equally extraordinary are those soldiers. They inspire me and they inspire all of us who lead them at all levels. I am going to close with a couple of quotes from this last week in Iraq. I got this e-mail.

Since Sunday evening, a little more than 72 hours ago, we have done almost 60 cases with essentially nonstop surgery. I am awed at the excellence and dedication of the soldiers in my command. They have truly done an incredible job, and I am proud to be associated with them. That is from Steve Hetz, who is the commander of the 31st Combat Support Hospital in Ballad, a soldier, a surgeon who ran our teaching program at William Beaumont Army Medical Center for many years.

From Michael Oddie, a cardiac surgeon from Akron, Ohio, a reservist, a commander of the 848 Forward Surgical Team who is commanding the medical facility at the prison near Baghdad. He

sent me a note after an attack that gave them 78 casualties, of which they air evacuated 13, admitted 26, operated on 10 that night and the next day. He says, it was awesome and inspiring to see this group of soldiers perform so well and so cohesively in a dire situation. We really do have a great group of soldiers. This hospital commander stuff is as headache, but it is rewarding to see such an effort. It would have made you proud.

PREPARED STATEMENT

Well, sir, I am proud and I am proud of them and I am proud to have been a part of this team at this table. On behalf of all of our soldiers and their families and the medics, I deeply appreciate the unwavering support that you and this committee have given us all. Thank you very much.

Senator STEVENS. Part of our group visited Ballad. It is a very interesting operation, an enormous base. Those facilities are well operated and obviously very modern.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL JAMES B. PEAKE

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to appear before you today. This will likely be the last time I appear before your committee as the Army Surgeon General, and I wish to express my gratitude for your unwavering support for our military and especially for our medical personnel.

CORE COMPETENCIES

Our Nation is at War, and there is nothing that brings the missions of military medicine into focus like war. Healthy and medically protected Soldiers; a trained and equipped Medical Force that deploys with the Soldiers, providing state-of-the-art medical care; and managing the health of all Soldiers and their families back home while keeping the covenant with our retirees—this is the mission of the United States Army Medical Department (AMEDD). We are keeping our promise to all of our beneficiaries by providing quality and timely healthcare.

HEALTHY AND MEDICALLY PROTECTED SOLDIERS

This is a part of ongoing health maintenance informed by research in military relevant areas and about which few outside the military have much interest. From the development of vaccines for diseases seldom seen in the United States to formulating an insect repellent that can serve as a sunscreen and camouflage paint all at the same time, to working with the Food and Drug Administration to establish workable protocols for new drugs in remote locations, we meet our obligations to medically protect soldiers. It requires an integrated approach to educate soldiers about their health and about the things they can do to protect themselves day to day and in whatever region of the world they may find themselves deployed.

CURRENT DEPLOYMENTS

There have been many improvements in military medicine since I last appeared before this committee. These improvements are making a difference in how well we are taking care of our Soldiers on the battlefield.

To spearhead the Army Medical Department Transformation initiative, we have implemented the Medical Reengineering Initiative or MRI. MRI was approved by the Vice Chief of Staff of the Army in 1996 as an Army medical force design update (FDU), which reorganizes Echelon Above Division and Echelon Above Corps deployable medical units. These are the medical units that provide levels of battlefield medical care above the Battalion Aid Station and Division level medical companies. MRI will provide the Army with the modular organizational structure that supports the Current Force and will provide a bridge to the Future Force. MRI is versatile as exemplified by unit designs that are modular, scalable and possess standardized medical capabilities that can be deployed around the globe. The Army Plan (TAP) and the Army Strategic Planning Guidance (ASPG) 2006–2023, recognizes MRI as an example of modularity. MRI promotes scalability through easily

tailored, capabilities-based packages that result in improved tactical mobility, reduced footprint, and increased modularity for flexible task organization. This design enables the Joint Forces Commander to choose among augmentation packages, thus enabling rapid synchronization of desired medical capabilities. MRI is enabling us to provide better care further forward on the battlefield and faster than ever before.

With your help we are also saving lives through the deployment of the hemostatic dressings and the chitosen bandage. These are two new lifesaving wound dressings that are being used in Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). Approximately 1,200 hemostatic dressings were deployed under an Investigational New Drug battlefield clinical protocol. A team medic successfully applied a hemostatic dressing to a left thigh wound after he was unable to completely control femoral arterial bleeding with a pressure dressing and tourniquet. Similar success was achieved in two documented reports of Special Forces Medics using these bandages to treat severe bleeding caused by gunshot wounds to the extremities. Approximately 5,800 of these bandages have been deployed to the theater of operations. Our researchers continue to look for solutions for non-compressible hemorrhage wounds to the chest or abdomen. A hemostatic foam that can be injected into the body cavity is currently under research as well as a hand held high intensity focused ultrasound (HIFU) device. Our researchers at Medical Research and Materiel Command (MRMC) are working on a number of projects which will improve health care on the battlefield and in our treatment facilities. Some examples include the Hemoglobin-Based Oxygen Carrier (HBOC) a temperature stable, oxygen carrying solution that can be readily available to treat combat casualties with life threatening hemorrhage. MRMC is working with several companies to design Phase 2 and Phase 3 clinical trials with the goal of attaining FDA approval and licensure. MRMC is also sponsoring research on developing a better insect repellent, especially to protect our Soldiers from sand flies. In OIF over 400 of our Soldiers have been diagnosed with Leishmaniasis, which is a disease caused by parasites transmitted by sand flies. Leishmaniasis includes a wide spectrum of diseases ranging from the cutaneous form to the potentially fatal visceral disease. No prophylactic drugs or vaccines exist to combat this disease, hence personal protective measures are currently being used in theater. Each infected Soldier must be evacuated to Walter Reed Army Medical Center or Brook Army Medical Center of a 10–28 day therapy. Our researchers are looking for ways to identify and treat this disease in theater to avoid evacuation and reduce long-term scarring.

We are progressing in transforming the combat medic to the new 91W Military Occupational Specialty (MOS). These medics train for 16 weeks versus the previous 10 week course and gain National Registered EMT-Basic certification. The 91W combat medic training is conducted at the Army Medical Department Center and School. Active duty medical specialists and clinical specialists who have not converted to the 91W MOS are required to complete the training in their units that include not only EMT certification, but pre-hospital trauma training and advanced airway and IV management.

Not only are we improving our training for personnel, but we are also improving our capability to transport patients on the battlefield. In order to treat Soldiers on the battlefield we have to be where they are. The 507th Medical Company (Air Ambulance) and the 126th Company (Air Ambulance) took our most advanced casualty evacuation helicopter, the HH–60L Black Hawk, to support operations in Southwest Asia and Afghanistan. These aircraft include a digital cockpit, on-board oxygen generation system, external electric hoist, advanced communications, improved litter support system, medical suction and electrical power for medical equipment. We currently have nine HH–60Ls and are working on upgrading the entire medical evacuation fleet. On the ground, we have the medical evacuation vehicle variant (MEV) of the Stryker. This vehicle is integrated into the fighting formation of the 3rd Brigade, 2nd Infantry Division that deployed to Iraq last November. The new ground ambulance can carry four litter patients or six ambulatory patients while its crew of three medics provides basic medical care. It can be delivered to the battlefield in a C–130 aircraft, has the speed and mobility to keep up with fighting forces and can communicate with the most advanced combat formations.

RESERVE COMPONENT AND NATIONAL GUARD INTEGRATION

This war has reinforced a lesson we learned long ago: the AMEDD could not do its wartime mission without the Army National Guard and Army Reserve. Guard and Reserve medical units play key roles in Iraq, Afghanistan, and also in replacing active-duty personnel deployed from our stateside and European hospitals. We rely on Reserve Medical Support Units to process deploying Soldiers. Without them, ac-

tive duty medical forces at mobilization sites would not be able to continue normal care for Soldiers and families.

Professional Filler System

The Army Medical Department has been very successful in supporting contingency operations and the Global War on Terrorism (GWOT) by using a Professional Filler System or PROFIS to man early deploying units. Our PROFIS system takes AMEDD personnel from our fixed facilities and assigns them to deploying units who do not have their full complement of medical personnel. Medical Command (MEDCOM) is currently prepared to 5,787 PROFIS personnel to deploying units. Of the 5,787: 1,177 are Active Component personnel slated against spaces in Reserve units and the remaining 4,610 personnel are PROFIS to active component units or multi-component units. We currently have 839 PROFIS deployed to support OIF and OEF and all the while, our Regional Medical Commands are still maintaining their baseline medical care workload despite personnel being deployed.

Medical Holdover

A small percentage of Reserve Component Soldiers who mobilized in support of Operation Iraqi Freedom were not medically fit to deploy. Personnel guidance prior to October 25, 2003 stated Soldiers who were not medically fit to deploy would remain on active duty until maximum therapeutic benefit had been accomplished. If the Soldier's condition was still not at the point where he or she could deploy, then a Medical Evaluation Board would ensue and the Soldier would be released from active duty. By the end of October 2003 there were 4,452 Soldiers in the Medical Holdover (MHO) population and the numbers were growing. Personnel guidance changed on October 25, 2003 and the Army now returns Soldiers to their units and their homes if they are found medically unfit during the first 25 days of mobilization. The number of Soldiers who enter MHO during mobilization is now less than 1 percent. In October 2003 the Army also instituted enhanced access standards for MHO Soldiers, realizing these Soldiers were not near their homes and family, were living in quarters that were intended for short-term housing, and that the process of providing maximum therapeutic benefit was taking too long. The enhanced standards include 72 hours for specialty referrals, one week for magnetic resonance imaging and other diagnostic studies, two weeks for surgery, 30 days for the medical portions of the medical evaluation board processing, and one case manager for every 50 MHO Soldiers. Currently the AMEDD is meeting or exceeding those standards more than 90 percent of the time. Of the Soldiers in MHO on November 1, 2003, 871 remain on active duty. The total number of MHO Soldiers is 4,393 which is what our modeling predicted given the number of Soldiers mobilizing for OIF2 and the number of Soldiers demobilizing from OIF1. It is important to note the military is in the middle of the one of the largest troop movement operations since World War II.

Soldier Readiness Processing

As indicated above, a very small percent of Reserve Component Soldiers are mobilized, but are not medically ready to deploy. Soldier Readiness Processing (SRP) evaluates Soldiers to ensure they are medically and dentally ready to deploy. This means the Soldier has the required immunizations, is medically healthy, has a dental readiness classification of 1 or 2, and has his personal medical equipment such as ear plugs, eye glasses and protective mask inserts. Active Component units participate in the SRP process on a routine basis and are constantly maintained in a deployable status. RC Soldiers have a limited amount of time to participate in SRP's hence their medical status sometimes is not up to par to deploy with the rest of their unit. An integral part to the successful mobilization of our Army Reserve (USAR) and National Guard (ARNG) troops is providing medical and dental services by using the Federal Strategic Health Alliance (FEDS-HEAL) Program. The FEDS-HEAL program brings together resources of the DOD, Department of Health and Human Services and Veterans Health Administration to create a robust provider network. FEDS-HEAL delivers readiness services to USAR, ARNG, and United States Air Force Reserve service members in all 50 states and territories. The FEDS-HEAL provider network performs medical examinations, dental examinations and treatment, immunizations, and other medical readiness services through Veterans Administration medical centers, Federal Occupational Health clinics, and a network of over 1,100 physicians and nearly 2,250 dentists. In addition to exams and treatment, FEDS-HEAL provides a data management service and inputs patient care data into the Army's Medical Protection System (MEDPROS). The FEDS-HEAL Program Office provides 100 percent Quality Assurance Reviews prior to MEDPROS reporting. In Calendar Year 2003, Reserve and Guard forces received

42,624 dental exams, 44,730 dental treatments, 29,971 physical exams, 54,108 immunizations, and 2,427 vision exams.

90 Day Rotation Policy

From late 1995 to early 1998, one-third of RC physicians who deployed to the Balkans left the USAR due to the 270 day length of rotations. Recruitment and replacement of these physicians was difficult. The loss resulted in personnel shortfalls of physicians, dentists, and nurse anesthetists. A 1996 survey of 835 RC physicians found that 81 percent could be mobilized up to 90 days without serious impact to their civilian practice, however, extended deployments beyond 90 days had a severe negative impact. In late 1999 the Army conducted a pilot program deploying RC physicians, dentists, and nurse anesthetists for 90 day rotations. In 2001 a follow-on survey was conducted which validated the finding that RC physicians, dentists, and nurse anesthetists could deploy for that period of time without adversely affecting their private practice. The Army rotation policy was modified in early 2003 to provide for 90 day "Boots on the Ground" or BOG rotations either in the continental United States or outside of the continental United States for these specialties. Many medical professionals want the opportunity to serve their country. This policy enables them to stay with us in the Reserves and contribute to the mission.

PRE AND POST HEALTH ASSESSMENTS

We place a high priority on maintaining the health of Soldiers before, during, and after deployment. Before Soldiers deploy we closely monitor their Individual Medical Readiness (IMR). That means up-to-date immunizations, periodic health assessments, screening tests and medical equipment (ear plugs, eyeglasses, etc.). We are working on uniform metrics to inform commanders on the state of medical readiness of their troops.

For the first time in military history, we are implementing a systematic process of capturing this information. All of this data is part of the pre-deployment health assessment, which provides baseline information on the Soldier's health status before deploying. Upon redeployment all Soldiers are required to fill out a post-deployment health assessment form. We are working on ways to improve the collection of this data, to include using hand-held devices that can electronically download the information into the central record-keeping repository. Once the information is captured electronically, the TRICARE online web portal can be used by the Soldier's medical provider to access the record. Department of Veterans Affairs can also access the information from the individual's medical record, which is available to the VA upon the Soldier's separation from the military.

Despite these advances in management and use of our databases, we in the Army recognized the need for improvement. First and foremost, we realized the limitations of paper forms for pre- and post-deployment health assessment. Completing, copying and shipping paper forms from a worldwide deployed and busy Army was a process that was difficult to comply with, and almost impossible to oversee. In September 2002, we launched an initiative to improve our assessment process by automating the collection, distribution, and archiving of the data. The first automated assessment form on the internet was activated on April 1, 2003. A hand-held computer variant of the enhanced (four-page) post-deployment program was deployed to the Central Command Area of Operations (CENTCOM AOR) and to Europe beginning in August 2003. From June 1, 2003 through February 27, 2004, we have received 127,696 automated health assessment forms, which comprise about one-third of all forms received during that period. Automated pre-deployment health screening was accomplished for the entire Stryker Brigade Task Force before it deployed in November 2003, and is approaching 100 percent for the 39th and 81st enhanced Separate Brigades. In Kuwait, all post-deployment health assessments are automated; in Iraq, about half of all screening is performed using the automated form.

In November 2003, the Army initiated a formal deployment health quality assurance program. This program includes audits of the deployment health assessment program on Army installations. Audits have been conducted at six Army installations (Forts McCoy, Drum, Lewis, Hood, Stewart, and Bragg). These audits reveal that compliance with the Army pre- and post-deployment health assessment program is generally higher than indicated by comparison with Army personnel databases, and is likely to rise further with automation support and standardization and centralization of Soldier readiness processing on installations and across the Army.

LOWEST KIA/WIA RATIOS

Our died of wounds rate after receiving some level of care in OIF is 1.5 percent, the lowest in recorded warfare. A variety of factors have contributed to this, to in-

clude body armor and Forward Surgical Teams (FST). FSTs bring resuscitative surgical skills far forward on the battlefield and apply life-saving techniques that preserve the A-B-Cs of life: airway, breathing, and circulation. They target the 15–20 percent of wounded who, without care within the first hour after wounding, would die while being evacuated to the combat support hospital. Uncontrollable hemorrhage has been the major cause of death in this group in previous wars. The FST is well equipped to identify and stop bleeding by using a hand held ultrasound machine which can identify internal bleeding.

TRANSITION TO THE DEPARTMENT OF VETERANS AFFAIRS

Our goal for injured and ill Soldiers is to effect a seamless transition of care from DOD to the VA health care system. In September 2003, Secretary Brownlee put together a Disabled Soldier Liaison Team (DSLTL) specifically to look at the transition process for our most severely disabled Soldiers and make recommendations to improve that process. The mission of the DSLTL was to assist Soldiers in their transition from the Army to the Department of Veterans Affairs Health Care system. The team was chartered to help Soldiers understand the VA system and their benefits. Our efforts in the medical department focused on identifying and appointing case managers/discharge planners who served as the primary point of contact with the VA. The VA also designated OIF/OEF coordinators in each of their regional offices and provided staff at our busiest medical centers to facilitate a Soldier's transition into their system. We currently have five VA coordinators physically located at Walter Reed Army Medical Center who provide personal liaison support between Soldiers and the VA.

READINESS

One of the key successes in fighting the war on terrorism has been our use of special medical augmentation teams (SMART). The Army Medical Department has used this reach back capability to our sustaining base to provide world-class expertise on the ground to support the Warfighter. We have rapidly deployed subject matter experts in leishmaniasis, pneumonia, mental health and environmental surveillance, to name a few, into Iraq or Afghanistan to provide assessments and recommendations to the command. A prime example of this capability is the environmental surveillance team from the U.S. Army Center of Health Promotion and Preventive Medicine (CHPPM) that was deployed to Iraq to assess an evolving concern near a nuclear research facility. An infantry regiment was operating within a few kilometers of the Tuwaitha Nuclear Research Facility. Concerns were raised about possible radiation and chemical exposures to U.S. service members and local civilians due to looting. A SMART Preventive Medicine Team from CHPPM deployed into the area to assess the Tuwaitha facility, which included a site inspection and environmental sampling. All of the field data, reports, and potential health risks were communicated to field commanders and Soldiers. Due to weather conditions, short exposure time, conditions of exposure, and location of troops relative to the site, the resultant health risk was low based on U.S. peacetime standards.

In July 2003 the Army Medical Department chartered a team of mental health experts from CONUS treatment facilities around the nation to assess mental health issues in Iraq. Specifically, the mental health team was organized to assess the July increase in suicides in OIF, evaluate the patient flow of mental health patients from Theater, and assess the stress-related issues Soldiers were experiencing in a combat operation. This was the first time a mental health assessment team has ever come together and conducted a mental health survey with Soldiers in an active combat environment. The team remained in Iraq for six weeks and with the support of the combatant commanders, traveled to several base camps conducting their assessment.

The AMEDD also has nationally recognized experts in the chemical, biological, radiological, and nuclear (CBRN) field, which can be formed into SMART teams to rapidly respond to a CBRN threat either CONUS or OCONUS. These experts come from our medical centers, the U.S. Army Medical Research and Materiel Command, CHPPM, and the Army Medical Department Center and School. Their expertise ranges from medical surveillance and epidemiology to casualty management. The AMEDD Center and School also has developed a number of short and long courses addressing CBRN topics which can be taught in house or exported to our treatment facilities. CBRN training has been incorporated into the Soldiers' common skills training, advanced individual training, leadership courses, primary care courses, and a number of other avenues.

Our partnerships and collaboration with civilian counterparts is crucial in training our medical force. The U.S. Army Medical Research Institute of Infectious Dis-

eases (USAMRIID) at Fort Detrick, MD, is a great national resource of expertise on testing methods to eradicate dangerous diseases. USAMRIID is partnering with the National Institutes of Allergy and Infectious Diseases (NIAID) and the U.S. Department of Agriculture (USDA) towards building a synergistic biodefense campus. The goal is to leverage the knowledge and capabilities of these research institutions by co-locating them on a single campus to fight the Global War on Terrorism.

GARRISON CARE

The AMEDD is a \$9 billion per year enterprise whose business is to take care of the Soldier, the family member and the retiree. Managing this complex organization with its many missions requires a structured system that directs the members towards a common goal. The system in place today is the balanced scorecard, which uses a building block approach to guide the organization in making the right decisions at the right time. The AMEDD is continually measuring itself and using assessment tools to ensure best business practices are in place and being used. The Decision Support Center sends out patient satisfaction surveys to measure a patient's satisfaction with a provider at a particular treatment facility. This type of feedback is invaluable in identifying where the organization is doing well or where the organization needs to improve.

The AMEDD has used funds to establish venture capital projects and advanced medical practices initiatives to help military treatment facilities improve delivery of health care. Such projects include hiring certain specialties in a particular field to bring in more patients, renovating clinic space or purchasing new equipment to capture a particular market niche. Each project is required to have a business case analysis that must demonstrate the project will pay for itself within three years. This type of program helps commanders make better business decisions and saves money for the AMEDD in the future.

Our health care delivery system is poised to move into the next generation of TRICARE contracts. The new contracts are performance based and have been designed to control costs through incentives for the direct care system and for the contractors. Its goals are to increase beneficiary satisfaction and improve portability. Transition activities at every level of the military health care system and within contractor organizations demonstrates a full commitment to a successful transition. For the AMEDD specifically, there is a TNEX Transition Task Force that has developed a transition task list that identifies critical, time sensitive tasks that must be accomplished in sequence for the transition to be successful at the MTF level. Transition activities include training and educating staff on market management and revised financing. The Transition Task Force trains and develops personnel in key positions such as future commanders, data analysts, and health care administrators in executive level positions. We look forward to this exciting era of change, which will begin in June of this year.

Complimenting our delivery of health care is the availability of housing for visiting family members. Through the philanthropic efforts of the Fisher Foundation, there are 14 Fisher Houses operating at 9 locations. In fiscal year 2003 the Army Fisher Houses served 2,560 families, providing 39,680 family-nights of lodging. We estimate that staying in a Fisher House saved these families over \$1.5 million in out of pocket lodging costs. The average length of stay per family was 15.5 days. The contributions that the Army Fisher Houses have made in supporting the families of our combat casualties from Afghanistan and Iraq have been uniquely valuable. Since March 2003, Army Fisher Houses have accommodated 851 families attending to service members who were injured in combat operations or in support of combat operations. The occupancy rate for the Fisher Houses at Landstuhl Regional Medical Command in Germany, Walter Reed Army Medical Center in the National Capitol Region and at Fort Sam Houston, San Antonio has averaged over 97 percent. Its obvious that the Army Fisher Houses provide a valuable benefit for military families.

In an effort to protect direct care funds, the Congress passed legislation restricting the flow of funds from the direct care system to the private sector care system and vice versa. With the new health care contracts using the best business practices, there are incentives built into the system to use the direct care side as much as possible. Restricting movement of Defense Health Program funds will not allow the military treatment facilities the flexibility to manage their resources efficiently. In the new management environment, military treatment facilities are incentivized to increase productivity by pulling more beneficiaries into their facilities. The Army appreciates the congressional intent to protect direct care funding, but we recommend that the fiscal year 2005 Defense Appropriations Act language remove this

restriction and allow flexibility to move funds to wherever care is delivered without a prior approval reprogramming.

SUMMARY

Health care is a key quality of life issue for our military. I am committed to providing that quality care throughout the spectrum of operations, from the foxhole to the regional medical center. The Army Medical Department recognizes its responsibility to the men and women who defend our nation, to their families who support them, and to the retirees who have contributed so much to our country. We are committed to providing all of them exceptional healthcare. Army medicine is more than an HMO. Our system of integrated care includes teaching centers, research and development organizations, health clinics, field hospitals, and much more. The direct care system is truly the medical force projection platform for our Army; the Army we support across the world and across the spectrum of conflict. We do this quietly and on a daily basis all the while integrating active, guard and reserve units in support of the Chief of Staff's vision of THE Army.

I would like to thank my fellow Surgeons General. Their support, teamwork, and camaraderie are much appreciated. I would also like to thank the Committee for its continued commitment to our men and women in uniform, the civilian workforce, and our beneficiaries.

Senator STEVENS. Admiral Cowan.

STATEMENT OF VICE ADMIRAL MICHAEL L. COWAN, SURGEON GENERAL, UNITED STATES NAVY

Admiral COWAN. Thank you, Chairman Stevens, Senator Inouye, and distinguished members of the subcommittee for inviting me here today.

We frequently hear it said that post-9/11 everything changed, but for us in Navy medicine much remains the same. In fact, the events that have occurred since September 2001 have continually reemphasized the importance of our total mission of force health protection.

The four pillars of force health protection are: first, to prepare a healthy and fit force that can go anywhere and accomplish any mission that the defense of this Nation requires of them; second, for our medical personnel to go with them to protect them from the hazards of the battlefield and deployment; third, to restore their health wherever protection fails while also providing outstanding and seamless health care for their families back home; and finally, to help a grateful Nation thank our retired warriors by providing them health care for life through TRICARE for Life.

We strive to create a healthy and fit force by supporting healthy lifestyles not just for our sailors and marines but for their families as well. Our long-term goal is to form partnerships with families to adopt healthy lifestyles that have positive effects through their lifetimes. Healthier behaviors result in a fit and healthy force and also reduce the need for restorative medicine later in life. We work closely with our people so they are less likely to become our patients.

Nearly one in six of naval medicine's deployable personnel are deployed today in support of operations on the global war on terrorism and in Iraq, and we will continue to operate at that rate for the foreseeable future. Forward medical personnel provide first responder, stabilization and forward resuscitative care at modular theater facilities, both ashore and afloat. Our theater hospitals are deployed independently or combined with other modules in a Lego-like fashion, a building block fashion, to provide essential care in theater. Definitive care is through a medevac process in fixed over-

seas and continental United States (CONUS) medical treatment facilities (MTF).

Naval medicine's most vital asset is our people. Attracting skilled professionals and, equally importantly, retaining them to take advantage of their experience and enhanced skills represents one of our more significant challenges.

We continue to support ongoing efforts implementing the Presidential task force recommendation to pursue sharing collaboration with the Department of Veterans Affairs, specifically to optimize the use of Federal health care resources. I believe that our progress in these collaborations is one of our great success stories.

We worked hard to get the best value from every dollar that Congress has provided, and your assistance is needed to help restore the flexibility to manage funds across activity groups. Fenced private sector funds prevent transfer from the MTFs to private sector and prevent transfer from private sector to the MTF's. This does not allow us to increase productivity in the MTF's without the burden of prior approval reprogramming. This is very important in the upcoming year because the new T-NEX contracts with their incentives to move care into the MTF's make restoration of the flexibility all the more vital.

We continue to work on the forefront of technology, and I would specifically highlight information technologies to include the development of naval medicine online. This communication tool will be the key to knowledge sharing throughout naval medicine as an enterprise, allowing the right information to flow to the right people at the right time whenever and wherever it is needed. Naval medicine is also committed to transforming the naval/Marine Corps infrastructure and services.

We are further committed to the Chief of Naval Operations (CNO) transformational vision for projecting decisive joint capabilities from the sea, SeaPower 21. Examples of that transformation abound throughout naval medicine where hard work in identifying deficiencies and cutting costs have resulted in multiple opportunities to support the recapitalization of the Navy. This transformation is not limited to shore facilities. It includes remaking our fleet assets to include the reconfiguration of forward medical assets from cold war era platforms to the smaller and more agile task-oriented units that we deploy today.

Finally, we are right-sizing our active forces to the best mix of active, civilian, and contract personnel to bring the right capability to bear and in alignment with the CNO's vision. We have reconfigured and integrated naval reserve components in very different ways to shape missions, along with the active component, creating a single unified force and assuring the very best use of the skills and talent of all of our medical personnel.

We are effecting positive change throughout naval medicine, embracing the CNO's vision, and I am confident that we are on the right course for the challenges ahead.

PREPARED STATEMENT

I share General Peake's gratitude and sense of having been honored by the work and the interest of this committee, and I thank you for everything that you have done with us and for us during

my time as the Navy Surgeon General. It has been a privilege to serve.

[The statement follows:]

PREPARED STATEMENT OF VICE ADMIRAL MICHAEL L. COWAN

Chairman Stevens, Senator Inouye, distinguished members of the subcommittee, thank you for inviting me here today. Each year, the Navy Surgeon General has the privilege of appearing before the Senate Appropriations Committee Subcommittee on Defense to provide an update on the state of Naval Medicine. It has been a year of challenges met and rewards reaped, and of maturing of programs that we undertook in the wake of September 11, the anthrax attacks by terrorists unknown, and the prosecution of the Global War on Terrorism.

Force Health Protection is the primary focus of Naval Medicine. Force Health Protection is comprised of four mission objectives: (1) Preparing a healthy and fit force that can go anywhere and accomplish any mission that the defense of the nation requires of them; (2) go with our men and women in uniform to protect them from the hazards of the battlefield; (3) restore health, whenever protection fails, while also providing outstanding, seamless health care for their families back home; and (4) help a grateful nation thank our retired warriors with TRICARE for Life.

Naval Medicine balances all these actions to make force health protection work and see that all our beneficiaries get the outstanding healthcare they deserve. Wherever our Marines and Sailors at the tip of the spear deploy, we are along side them as we provide operational support in the Global War on Terrorism, achieving very low disease and combat casualty rates on the battlefield. The lessons we've learned from previous wars have led us to innovations toward a new level of agility and capability. Today, Expeditionary Medical Units are being built and fielded. These are complete lightweight tent hospitals that can be airlifted on site within days, and smaller units, Forward Resuscitative Surgery Systems, can be deployed to the action and made ready for patient care within hours. They, staffed with their "Devil Docs," have proven to be lifesavers for wounded Marines.

In defense of bio-terror attacks against our Nation, including the recent ricin attack at the Dirksen Senate Office Building, the Naval Medical Research Center, has made great advances in developing enhanced, rapid analysis and confirmation processes. These innovations have directly supported the nation's security and are a vital component in protecting our military fighting a war both abroad and here in the homeland.

Naval Medicine provides the most visually recognizable healthcare facility in the world—the military treatment facilities aboard the distinctive white with red-crossed hospital ships USNS COMFORT and USNS MERCY. These ships are symbols of life saving and caring that also send a clear message to our enemies: We are committed to our mission, and are prepared to take care of the casualties we may suffer to accomplish it.

Naval Medicine is an effective defensive weapon system for the Navy and Marine Corps Team. Naval Medicine treated every combat casualty within the critical "Golden Hour" through the use of new and innovative surgical units, such as the Forward Resuscitative Surgery System (FRSS). We reconfigured our Cold War era Fleet Hospitals to become more agile, mobile 116 bed Expeditionary Medical Facilities that are being used to support operations around the world. Sailors and Marines can be confident that they will have world class health care professionals at their side at all times—at sea or ashore.

Force Health Protection remains our primary mission. We strive to create a healthy and fit force through encouraging and supporting healthy lifestyles not only for our Sailors and Marines, but for their families as well. Our goal is to form a partnership with our families to help them adopt healthier lifestyles that will have a positive effect throughout their lifetimes. These healthier behaviors will not only result in a fit and healthy force, but will reduce the need for restorative medicine later in life. We work with our people so that they will be less likely to become our patients.

We recognize that health care is a major retention and recruitment issue as well as a readiness issue, and strive to provide world-class care not only to the families of our Sailors and Marines, but to retired service members and their families as well. Naval Medicine is implementing Family Centered Care initiatives to increase patient satisfaction and continuously improve on our delivery of patient care. If we can retain our families within the direct health care system, Naval Medicine can continue to assist them with the tools to form healthy habits throughout their lives.

FORCE HEALTH PROTECTION

Force Health Protection is a continuum of services designed to create and maintain a healthy and fit force. This continuum begins with medical and dental screening during induction into the service, followed by annual preventive health assessments, regularly scheduled physical examinations, pre and post deployment assessments and ending with separation or retirement physicals. Health care professionals participate and review every assessment along the continuum. The same schedule of physical assessments is followed for both active duty and reserve service members.

Over 100,000 Navy and Marine Corps personnel completed post deployment health assessment forms since April 2003. Primary care providers then interview service members if there are any indications of deployment related illnesses or injuries, or changes in their health concerns. Service members may be referred for additional specialty care if indicated. As of March 2004, 7 percent of active-duty and 15 percent of reservists required post deployment medical referrals.

DEPLOYMENT MEDICINE

In support of Operation Iraqi Freedom (OIF), over 7,300 active and reserve Naval medical personnel were deployed or mobilized, at sea or shore. From the battlefield Hospital Corpsmen to the Forward Resuscitative Surgery System (FRSS), the Fleet Hospitals (FH) and the hospital ship USNS COMFORT, and to the National Naval Medical Center (NNMC), Bethesda, wounded, injured, and sick Coalition Force warriors, Iraqi prisoners of war, Iraqi civilians (displaced persons) received the highest quality medical care possible.

Our readiness platforms include two 1,000 bed hospital ships, 6 active duty and 2 Reserve Fleet Hospitals as well as special medical units supporting Casualty Receiving and Treatment Ships (CRTS) and smaller, organic units assigned to augment the Marine Corps and overseas hospitals.

Nearly one in six of Naval Medicine's deployable personnel are deployed today in support of operations fighting the Global War on Terrorism and will continue to operate at that rate for the foreseeable future. Forward medical personnel provide first responder, stabilization and forward resuscitative care at modular theater hospitals, both ashore and afloat in theater. Our modular theater hospitals can be employed independently or combined with other modules to provide essential care in theater. Definitive care is provided in fixed overseas and CONUS military medical treatment facilities.

During Operation Iraqi Freedom, Naval Medicine employed a new type of unit to provide far forward surgery. The Forward Resuscitative Surgery System (FRSS) was developed to provide forward surgical capability to support the Marine Corps' Regimental Combat Teams. The FRSS is staffed with a team of two general surgeons, one anesthesiologist, one critical care nurse and four Hospital Corpsmen. The FRSS can accommodate 18 casualties in 48 hours without re-supply. During OIF, six FRSS teams treated 96 casualties and performed 153 surgical procedures during combat operations.

This year has also seen the introduction of the Forward Deployable Preventive Medical Unit (FDPMU) designed to assess, prevent, and reduce health threats in support of deployed operating forces. Other missions for the FDPMU include humanitarian assistance, consequence management, and disaster relief operations. Capabilities can include chemical, biological, and radiological agent detection and identification, as well as toxic environmental chemical detection and identification.

The Forward Deployable Preventive Medical Units are capable of deploying within 96 hours, can serve as a joint force asset to provide specialized preventive medicine, and CBRN response services in support of force health protection to combatant commanders and Joint Task Force Commanders. Naval Medicine has elements of two FDPMUs currently deployed to Iraq and elements of another FDPMU currently deployed to Haiti.

Our mobile platforms continue to be refined, making them more agile and adaptable to specific missions. Transformation efforts continue by the Fleet Hospital Program with the continued development and refinement of the Expeditionary Medical Unit (EMU). The EMU provides both forward stationed and CONUS-based forces the ability to rapidly deploy, employ, sustain and redeploy scalable medical capabilities to austere regions of the globe. The transformation process from Fleet Hospitals to EMUs is planned to continue over the next several years as we reshape our forward presence to a lighter, smaller and more agile force.

EMU Alpha was deployed to Djibouti in September 2003 and is still receiving patients. NH Jacksonville is providing the staff for EMU Alpha.

As part of the post Operation Desert Storm lessons learned analysis, Naval Medicine embarked on an extensive effort to better organize and train our wartime-required active and reserve medical force, while at the same time optimizing our peacetime healthcare benefit mission. Naval Medicine developed and implemented a CONUS readiness infrastructure strategy that aligned specific operational platforms to a single Military Treatment Facility (MTF), along with the active duty and reserve manpower required to perform both wartime and peacetime missions. This readiness alignment strategy provides the MTF commander with the authority and the resources to balance wartime readiness and peacetime benefit missions.

As a result of this new structure, Naval Medicine can employ "Tiered Readiness." This strategy allows platform rotation to support ready surge requirements. Each platform and their parent Medical Treatment Facility (MTF) will be on a scheduled rotation: for six months, two MTFs and their supporting Fleet Hospital personnel will have to be ready to deploy within 10 days. Three additional Fleet Hospitals and their parent MTFs have sixty days to prepare for a possible deployment. Finally, there is a sixth Fleet Hospital, in reserve, which must be ready to deploy within 120 days. Tiered Readiness enables Naval Medicine to plan, prepare and meet our operational commitments and is in synch with the Chief of Naval Operations' transformational vision for the United States Navy.

NAVAL MEDICINE OFFICE OF HOMELAND SECURITY

Winning the Global War on Terrorism is job #1 and Naval Medicine brings many assets to bear in this fight. As its Surgeon General, I think of Naval Medicine as a "Defensive Weapon System", which, in addition to providing the highest quality medical care to our warfighters, also can take action to deter threats through such mechanisms as delivering vaccines that eliminate specific disease threats. We have sophisticated technologies designed to detect biological, chemical and radiological threats before they cause harm, and we have highly trained medical personnel who can identify early signs of an intentional or natural disease outbreak that could degrade our military effectiveness if unrecognized. Naval Hospitals and clinics are vital national security assets that are a cornerstone of both force health protection and the National Disaster Medical System.

The Naval Medicine Office of Homeland Security, only in its second year, continues to make great contributions to our Force Protection, disaster preparedness, and homeland security missions, both here and abroad. Naval Medicine continues to execute cutting edge initiatives to ensure our hospitals and clinics around the world can continue to provide care for all who depend upon us—even in the event of an attack or disaster. Presently, we are executing an enterprise-wide program to strengthen our effectiveness in responding to disaster. The Disaster Preparedness, Vulnerability Analysis, Training and Exercise (DVATEX) Program has been conducted at 24 of our 30 military treatment facilities. It employs a comprehensive vulnerability analysis of all hospital operations in a disaster or terrorist attack. DVATEX provides emergency preparedness education thus far to over 5,000 Naval Medicine personnel, and it has exercised hundreds of our people, alongside their loyal civilian counterparts, to improve integration during an emergency.

DOD is about to deploy a web-based training program that will be used to educate physicians, nurses and other health care providers on response to chemical and biological emergencies. Originally developed for Navy use, the program has been adopted by the MHS and the Defense Medical Readiness Training Institute is preparing it now for educating personnel in all three Services.

NAVAL MEDICINE'S PEOPLE: A MANPOWER STATUS

Naval Medicine's most vital asset is its people. Attracting skilled professionals and, perhaps more important, retaining them to take advantage of their experience and enhanced skills, is one of Naval Medicine's greatest challenges.

Naval Medicine strategies to recruit and retain the best people include a multi-faceted and highly coordinated approach: The professional and educational needs of our health care professionals must be met to ensure they, at a minimum, are equal to their civilian counterparts. Their work environment must be supportive of their contributions and accommodating to their special needs, missions and requirements, while continuously challenging them professionally. Finally, their financial compensation must be sufficiently competitive with their civilian counterparts for us to attract and retain the right people.

We require our Naval Medicine professionals to have the same skills and qualifications as their civilian counterparts, and also require of them additional unique personal and professional challenges. A status of Naval Medicine's people is below:

Medical Corps

At the beginning of fiscal year 2004, the Navy's Medical Corps was manned at approximately 101.8 percent. Navy Medicine is working on community management initiatives to ensure more of a balance between specialties. The attrition rate for fiscal year 2003 was 9.2 percent, with the three-year average rate at 8.9 percent. Attrition is expected to be higher in fiscal year 2004, due to the number of requests for resignation and retirement that have already been received. High operational tempo and longer deployment durations have been cited as major reasons for this increase.

Despite success at manning and retaining skilled professionals at the Medical Corps' top line, several critical specialty areas remain undermanned. These specialties are: Anesthesia (85 percent), Cardiology (57 percent), Pulmonary/Critical Care (76 percent), Gastroenterology (79 percent), General Surgery (88 percent), Infectious Disease (89 percent); Pathology (85 percent), Urology (85 percent), and Radiology (75 percent). Not surprisingly, surgical specialists, anesthesiologists, cardiologists, gastroenterologists, and radiologists continue to be the most difficult to recruit and retain because of the high salaries offered in civilian practices.

Medical Special Pays

To be competitive in a marketplace with a limited number of qualified applicants and retain them once they have chosen Naval Medicine, adequate compensation is critical. The civilian-military pay gap has increased steadily, which makes it difficult to recruit and retain physicians in high demand specialties.

Dental Corps

At the close of fiscal year 2003, the Navy Dental Corps was manned at 91 percent. Despite aggressive efforts to improve Dental Corps recruitment and retention, the annual loss rate between fiscal year 1997 and fiscal year 2003 increased from 8.3 percent to 11.7 percent. In addition, declining junior officer retention rates has negatively impacted applications for residency training programs, which have dropped 18 percent over the last five years. The civilian-military pay gap and the high debt load of our junior officers are the primary reasons given by Dental Corps officers leaving the Navy.

Nurse Corps

At the close of fiscal year 2003, the Navy Nurse Corps was manned at just under 98 percent. The nursing shortage nation-wide has made the Navy's competition for recruiting and retaining skilled nurses a challenge. It has been further challenged by the Nurse Reinvestment Act, which offered loan repayment and sign-on bonuses to nurses in the civilian sector. Naval Medicine continues to meet military and civilian recruiting goals and nursing requirements by using a broad range of accession sources, pay incentives, graduate education and training programs, and retention initiatives that include such quality of life and practice opportunities as leadership challenges, operational experiences, promotion opportunities, and diversity in assignments with job security. The Nurse Accession Bonus, Certified Nurse Anesthetist (CNRA) Incentive Pay, Board Certification Pay, and Special Hire Authority are all initiatives that are critical in supporting Naval Medicine's success in meeting its nursing wartime and peacetime missions.

Medical Service Corps

Medical Service Corps manning at the beginning of fiscal year 2004 was 95.6 percent. The loss rate increased from 6.8 percent in fiscal year 2002 to 7.2 percent in fiscal year 2003. Loss rates vary significantly between specialties and certain specialties continue to have either shortages or experience gaps caused by low continuation rates at the junior officer pay grades. The potential effects of successive military deployments and the military to civilian billet conversions on retention and recruiting are being monitored closely.

The majority of Medical Service Corps officers enter military service directly from the private sector and have funded their own professional education. Many Medical Service Corps officers incur significant educational debt prior to commissioning and active Naval service. Additionally, there is an increasing number of doctoral and masters level educational requirements for certain healthcare professions with the increase in qualifying degree requirements, further exacerbating the educational debt load of our newest officers.

Biochemists, microbiologists, entomologists, environmental health officers, radiation health officers and industrial hygiene officers are integral members of Chemical, Biological, Radiation, Nuclear & Environmental (CBRN&E), homeland security, and operational readiness requirements and initiatives. With their strong educational background, significant work experience and security clearances, these offi-

cers are prime recruiting targets for civilian enterprises working in parallel with Department of Defense and Department of Homeland Security missions.

Hospital Corps/Dental Technicians

The Hospital Corps manning at the end of fiscal year 2003 was 94 percent. Like the Medical and Dental Corps, some specialty areas, identified by their Navy Enlisted Classifications (NEC) struggle to remain manned above 75 percent. In the operational forces, the Marine Corps reconnaissance Hospital Corpsman specialty is currently manned at 44 percent. In Naval Military Treatment Facilities, cardio-pulmonary technicians are manned at 72 percent, bio-medical repair technicians at 72 percent, morticians at 56 percent, respiratory technicians at 73 percent, and basic SEAL hospital corpsman at 70 percent of authorized levels. Manning for the Dental Technician rate is at 95 percent of authorized levels.

Initiatives to ensure consistent manning levels, as well as to bolster undermanned NECs, include the Navy's Perform to Serve program, which allows sailors in other rates to transfer or "cross-rate" into the Navy Hospital Corps and acquire NECs in critically undermanned areas. A current initiative to merge the Hospital Corpsman and Dental Technician rates into a single rate may help bolster NECs with poor manning levels.

Rightsizing the Force

Navy Medicine is converting 1,772 non-readiness military manpower positions (billets) to civilian/contract positions in fiscal year 2005. All of these positions are at CONUS MTFs or DTFs. OCONUS and operational commands are unaffected.

The final determination of which billets will be converted has not occurred yet. The draft list of the 1,772 billets under consideration was identified from a larger list of approximately 5,400 over Total Health Care Support Readiness Requirement (THCSRR) billets that Naval Medicine has been studying. Our manpower and resource management experts are working closely with representatives from the Medical, Dental, Medical Service, Nurse and Hospital Corps Chiefs/Director's Offices, and the Center for Naval Analyses (CNA). Factors to determine the final 1,772 positions include readiness impact based on emerging threats, community manning levels, the cost of conversion, and skill availability in the market place.

This initiative is very much in line with Navy's fiscal year 2004 human resource philosophy, which includes maximizing civilian and contract personnel for non-military essential (non-readiness) positions. The conversion of these positions will help alleviate the stress on the operating forces and ensure that military personnel are used to perform tasks that are military essential.

NAVAL MEDICAL EDUCATION AND TRAINING COMMAND

I am pleased to report to the Committee that the Naval Medicine Education and Training Command, or NMETC, has successfully progressed as the central source of learning for all Naval Medical personnel. The five learning centers comprising NMETC are co-located with the Fleet on the east, west and southern coasts along with basic recruit training in Great Lakes, Illinois and Naval Headquarters here in Washington.

NMETC has established itself as the Learning Center for Force Health Protection and is in precise alignment with Navy's Sea Warrior program. It has demonstrated being on par with the line Navy in implementing the Chief of Naval Operations' Revolution in Training by way of the 5 Vector model which when fully operational, will show sailors what they need to learn, how to access that learning and provide a career road map, which tracks their learning and promotion potential. The Naval Medical Department has increasing numbers of subscribers to the new web-based Navy Knowledge Online or NKO, and is utilizing the growing number of NMETC developed courses to enhance their learning. They are also rapidly beginning to share and manage their knowledge in an environment of community practice—all in one place, in real-time, in NKO. By increasing our partnership with civilian academe, we've exploited its skills and knowledge to enhance the learning of our Sailors by exposing them to newer ways of thinking and state of the art technologies.

NMETC has established a Naval Reserve medical liaison that provides input concerning the rapidly evolving requirements of the Naval Reserve and thus utilizes our Reserve partners in ONE Naval Medical education and training service.

Our "A" School, the Naval Hospital Corps School, is in the lead to see that our young Sailors, both in Active and Reserve components, are economically and efficiently trained. This is demonstrated by an improved technology-based program to train Hospital Corpsmen in a blended learning environment available both in the classroom, and non-traditional settings. Our instructors are highly trained and many come directly from the operational arena.

The Naval Schools of Health Sciences in Portsmouth and San Diego integrate the precepts of Force Health Protection into every aspect of the training and educational curricula and programs. The Commanding Officers personally lead this effort through military training, leadership and physical fitness. Their mission, to support readiness through leadership in advanced medical training, is designed to meet the needs of military medicine in conflict and in peace. It is the cornerstone for all facets of each training program. All courses include learning modules directed towards the protection and self-treatment of that sailor and other casualties resulting from weapons of mass destruction. Many of our instructors are fresh from the Fleet and the Fleet Marine Force, and bring enormous operational experience to new students in the classroom. We have incorporated experiences from Operation Enduring Freedom and Operation Iraqi Freedom into various training programs such as the Joint Special Operations Medical Training Center at Fort Bragg, which teaches trauma and emergency care skills to corpsmen attached to SEAL Teams and reconnaissance units.

Projected training requirements for fiscal year 2005 through fiscal year 2010 show an increase in the total numbers of personnel to be trained as Independent Duty Corpsmen, Laboratory Technicians, Search and Rescue and Preventive Medicine Technicians to support operational readiness. We are committed to support and to participate with the medical activities of our sister services by continuing our relationships with other DOD training organizations that prepare medical personnel for delivering care to the Fleet as well as in integrated operational environments.

As a primary deliverer of skills sets for Sea Warrior, our schools provide benchmark model training programs where students in cardiovascular technician, nurse anesthesia, physician assistants, preventive medicine technician, surgical technician, medical laboratory and nuclear medicine technician exceed professional national certification rates by as much as 30 percent thus, augmenting the Chief of Naval Operations' "Revolution in Training."

The Naval Operational Medical Institute, or NOMI, with its specialty detachments, is our dedicated operational training arm. It is fully engaged in preparing line and medical personnel to learn and implement survival and medical skills in hostile environments on land, in the air and on the sea. Recently, NOMI developed a training program and standards for Enroute Medical Care to personnel assigned to Marine Corps units with field medical evacuation requirements.

Naval Medicine at NOMI now has a Center for Medical Lessons Learned that provides feedback related to the operational environment. This helps to refine and improve requirements for training both at NOMI, as well as in our other training programs. The Medical Operational Lessons Learned Center is a web-enabled system that has captured 31 lessons learned to date from medical personnel who were forward deployed in support of operations. The Center is a single point for data collection and analysis of all Naval Medical observations and provides expeditious feedback related to the operational environment in areas such as readiness training, health services support delivery, logistics and field medicine.

As our duty, and part of the continuum of care, the Mitchell Center for Repatriated Prisoners of War performs approximately 450 extensive evaluations per year on former POWs, their spouses and comparison groups. The results of these studies have facilitated the minimization of the development or worsening of post-traumatic stress disorder and other physical and mental conditions among former prisoners of war.

NOMI is also our service's lead on the Trauma Combat Casualty Care Committee. Civilian trauma experts participate in this Triservice Committee, which produces guidelines integrated into special operations curriculum. These guidelines have also been published as a chapter on military medicine in the most recent Pre-Hospital Trauma Life Support Manual. This manual is also being utilized by the civilian EMT-paramedic community to enhance first responder training and capabilities within police, fire, and rescue services.

In fiscal year 2003, our schoolhouses prepared 8,732 medical department enlisted and officers to join the Fleet and Marine Corps medical components and to staff our Military Treatment Facilities, research commands and other support communities. Naval Medical personnel are ready to deploy wherever and whenever the Naval Services deploy, and much of the time are the only direct care providers in the field and especially at sea.

In addition to preparing for the operational arena, our educational programs include learning opportunities in healthcare management, fiscal responsibility and efficient direct healthcare delivery. We are ensuring Force Health Protection by producing highly qualified, technically competent personnel to directly support the Navy and Marine Corps in any mission the Commander in Chief calls upon them to carry out.

UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

As the Executive Agent for the Uniformed Services University of the Health Sciences (USUHS) and a member of the Board of Regents, I am pleased to announce that the University recently received a ten-year accreditation with commendation from the Middle States Commission on Higher Education. This is a noteworthy accomplishment and it reflects well on the successful, on-going commitment of the University to provide the highest levels of professional health care education for our Nation's Military Health System (MHS).

The quality of the USUHS alumni ensures that the intent of the establishing legislation, The Uniformed Services Health Professions Revitalization Act of 1972, is being realized. The military unique curricula and programs of USUHS, successfully grounded in a multi-Service environment, draw upon lessons learned during past and present day combat and casualty care. USUHS alumni, 3,421 physicians, 200-advanced practice nurses and 798 scientists, have become an invaluable and cost-effective source of career-oriented, dedicated uniformed officers. Our University graduates volunteer in large numbers for deployment or humanitarian missions; they serve proficiently in desert tents, aboard The Hospital Ship COMFORT, and during air evacuations. USUHS graduates embody the University's mission-driven goal of Learning to Care for Those in Harm's Way; they are equal to their sacred mission of providing care to our Nation's most precious resource—the men and women who serve in the Armed Forces.

I would also like to take a moment to recognize the USUHS President, James A. Zimble, M.D., VADM, USN (retired), and 30th Surgeon General of the Navy, who has successfully guided our University for the past thirteen years. Dr. Zimble served our Nation for over 40 years, will retire in August of 2004. Under his leadership, the University has become the Academic Center for the Military Health System; during his tenure, the University has achieved peer recognition, on-going accreditation with commendation from 14 accrediting entities, and the Joint Meritorious Unit Award from the Secretary of Defense. He is a public servant who has unselfishly dedicated the better part of his life to Caring for Those Who Serve in Harm's Way. I wish him the very best in his well-deserved retirement. He will be greatly missed.

HEALTH CARE DELIVERY

Naval Medicine continually examines our methods of delivering services to ensure that they are the best value for Naval Medicine, the MHS and our beneficiaries. We focus on increasing our efficiencies, but will never compromise clinical quality, access to care, customer satisfaction or staff quality of life to achieve that goal.

This year the Bureau of Medicine and Surgery (BUMED) developed a business planning model that combined standard business planning methodology with an automated business planning tool. This new process requires all activities in Naval Medicine to develop, submit, and monitor a comprehensive annual business plan that is integrated with their existing financial plan. This methodology takes into account the changes in our financing due to the TRICARE for Life program, the prospective payment system and the TRICARE Next Generation contracts. The automated tool takes information from seven different data sources to help local commands and headquarters personnel identify variations in cost and productivity for the same services between MTFs. It also helps identify high cost, low productivity services provided at local MTFs. We are providing specialized training to the senior leaders in our MTFs, to ensure that their business plans optimally represent the size and diversity of services provided at their facilities. Our goal is to reduce the variation in cost and productivity between our MTFs, driving out inefficiencies that will result in increased cost savings, patient satisfaction and quality of medical care rendered.

"Family-Centered Care" is one of the initiatives we have undertaken to provide best value for our beneficiaries. Family-Centered Care initiatives are intended not only to increase patient satisfaction and improve the delivery of care; they are intended to create partnerships between providers, patients, and their families by empowering patient's families to become active in the care plan. In the military, the definition of family must be expanded to include both immediate and extended family members as well as friends and the social support network of both single service members and spouses of deployed service members. Single service members create virtual families' through a social network within and outside their units. Family-centered care must incorporate this non-traditional type of family support in the delivery of care. By partnering with patients and their families, we can retain them in the direct health care system. This will enable Naval Medicine to provide families with the tools to develop and maintain healthy habits throughout their lives.

Our first Family-Centered Care initiative includes significant improvements to perinatal services in order to integrate our young Sailors and Marines into our health care system during the time in which they are starting their families. Our MTFs have implemented numerous initiatives to provide increased quality of service for expectant women and their families. These initiatives include: increased continuity with providers through prenatal visits with small care teams or individual providers; encouraging our providers to work with patients to create a birth plan for their deliveries; providing private post-partum rooms where possible; providing 24/7 breastfeeding support; DEERS enrollment by the bedside; and establishing a system to provide seamless transfer of care between MTFs during permanent change of station moves for expectant women. These initiatives have been successful in encouraging our patients to choose to deliver their babies in our MTFs despite the fact that they now have the choice to seek perinatal care in the civilian community.

In fiscal year 2003, Naval Medicine embarked on a global Case Management Program (CMP) in Navy MTFs. This program provided contract registered nurses and social workers to assist in the coordination of care for patients with complex illnesses or serious injuries. These professionals work with all disciplines within a medical treatment facility and within the TRICARE network to ensure that patients have a seamless transition in healthcare services, receive the proper referral to needed services and reduce the incidence of duplicate or unnecessary services. This program reduced health care costs, increased patient satisfaction and ensured high quality care for our beneficiaries.

Naval Medicine initiated a third Radiology Residency Program at the Naval Medical Center in Portsmouth, VA. This proactively addressed staffing issues in the most critically understaffed and expensive medical specialty in the Navy, immediately improving access to imaging services in the short-term while providing long-term specialty availability.

We have also invested in Pharmacy Automation Equipment at selected treatment facilities. This program leverages technology by using bar code scanners and computers to continuously track and monitor medication administered to our inpatients. This equipment greatly improves the safety of our patients by reducing the probability of unintended medication errors.

We continue to fund new pilot projects designed to increase our effectiveness in providing healthcare services. With our new business planning tool, we will be able to quickly identify those projects that successfully increase productivity and share those improvements in all of the MTFs throughout Naval Medicine. It is our intent to continuously improve our patient care delivery systems to ensure the best health care for our beneficiaries.

Patient safety is a top priority for Naval Medicine. Every MTF has a minimum of one full time staff member dedicated to coordinating command-wide patient safety initiatives. All of our MTFs participate in the MEDMARX system for medication error reporting that groups medication error events and near misses into five process nodes, allowing MTF staff to evaluate process changes that will increase the safety of medication administration. Naval Medicine also uses a standardized root cause analysis methodology that is used by both local MTF and headquarters staff to track and analyze trends in patient care systems that affect patient safety. All of our MTFs are required to submit monthly patient safety scores and receive a monthly Safety Assessment Score. These scores are used to assess overall MTF performance and are monitored closely.

We maintain our high standards through rigorous reviews. Our medical treatment facilities are reviewed by leading accreditation agencies including the Joint Commission of the Accreditation of Healthcare Organizations (JCAHO), Accreditation Council for Graduate Medical Education; the College of American Pathologists and the American Association of Blood Banks.

Naval Medicine has implemented through the JCAHO a major paradigm shift in the accreditation process of our MTFs: "Shared Vision-New Pathways". Shared Visions-New Pathways shifts the focus from survey preparation to continuous improvement of operational systems that directly impact the quality and safety of patient care. It is intended to force standards based process integration across all functional lines by using actual patient experience as a lever.

DOD/VA Resource Sharing and Coordination: Status on Implementation of Presidential Task Force Recommendation

Naval Medicine continues to support ongoing efforts implementing the Presidential Task Force recommendations to pursue sharing collaboration with the Department of Veterans Affairs specifically to optimize the use of federal health care resources. I believe our progress is one of our success stories. Site-specific sharing

initiatives, including in the key geographical areas as directed by the fiscal year 2002 and fiscal year 2003 Defense Authorization Acts, are occurring and continue to be developed.

Naval Medicine currently has 54 medical agreements, 34 Reserve agreements, 24 Military Medical Support Office agreements, and 13 non-medical agreements with the Department of Veterans Affairs. Naval Medicine has also partnered with the Department of Veterans Affairs on five medical facilities construction projects. These are:

- 1. *Naval Hospital Pensacola FL*.—This joint venture outpatient facility will be built on Navy property, and the VA will fund the project, and provide Naval Medicine with 32,000 square feet. This will be a replacement facility for Naval Medicine's aging Corry Station Clinic. Navy and VA have agreed on a site and negotiations continue on the amount of land to be allocated for construction and how services will be integrated to best serve both DOD beneficiaries and Veterans.
- 2. *Naval Hospital Great Lakes, IL*.—A fiscal year 2007 construction start has been proposed to build a separate Navy/VA Ambulatory Care Clinic on the grounds of the North Chicago Veterans Affairs Medical Center. Full integration planning has begun, with facility and site analysis to follow. The North Chicago VAMC is now providing emergency and inpatient services to Navy beneficiaries. Additionally, the North Chicago Veterans Affairs Medical Center will be available to the Navy for specified services with the Department of Veterans Affairs funding modifications of its surgical suites and urgent care facilities.
- 3. *Naval Hospital Beaufort, SC*.—A tentative fiscal year 2011 construction start has been planned for a replacement hospital. The Department of Veterans Affairs currently operates a small clinic within the existing hospital, and is expected to be a partner in developing the replacement facility.
- 4. *Naval Ambulatory Care Clinic Charleston, SC*.—A fiscal year 2005 construction start has been planned for a replacement clinic aboard Naval Weapons Station (NWS) Charleston. Navy has offered the Department of Veterans Affairs the options of an adjacent site onboard NWS or the take-over of the existing NWS clinic. The Department of Veterans Affairs is studying these options with a final decision to be made in the future.
- 5. *U.S. Naval Hospital Guam*.—A fiscal year 2008 construction start is planned for replacement of the current hospital. The Navy has offered the Department of Veterans Affairs a site for nearby freestanding community-based outpatient clinic. It's proposed that the Department of Veterans Affairs will fund the clinic, roads and parking, and will continue to utilize Navy ancillary/specialty care.

Other examples of partnerships that show the depth and variety of our collaboration include the development of uniform clinical practice guidelines for tobacco use and diabetes last year, and development of hypertension and low back pain guidelines scheduled for 2004. Asthma guidelines are projected for revision in 2005.

In the works is a VA/DOD agreement that would permit the use of North Chicago VA Medical Center spaces to establish a center to manufacture blood products in exchange for the use of these blood products. This agreement would alleviate the necessity for Naval Medicine construction costs for a new center at Naval Hospital Great Lakes. An agreement between the Bureau of Medicine and Surgery and the Department of Veterans Affairs headquarters to share each other's "lessons learned" databases is presently being developed.

Aggressive investigation of other mutually advantageous resource sharing possibilities is on-going at all Naval Medicine facilities with the focus of providing of our beneficiary populations—military and veterans, the outstanding healthcare they deserve.

DEFENSE HEALTH BUDGET FOR FISCAL YEAR 2004

One of Naval Medicine's greatest accomplishments is meeting the healthcare needs of all its beneficiaries—active duty, retiree, family members and eligible survivors. Nation-wide, healthcare costs are now increasing at the fastest rate in the last decade. Healthcare inflation continues to exceed inflation in other sectors of the economy. Utilization of healthcare services continues to increase as technology advances results in effective new—albeit sometimes costly—treatments and longer life spans.

In addition, as the news of TRICARE's quality and effectiveness spreads, and as the costs of other insurance programs rises, more retirees under 65 are dropping other health insurance and relying on TRICARE. From the trends of the past few fiscal years, it's estimated that in fiscal year 2004 there will be a 5.2 percent increase in this population.

DOD has ongoing programs that help control health care cost increases, such as building cost control incentives to managed care support contracts and competitively awarding these contracts for best value, and ensuring the pharmaceuticals delivered in our Military Treatment Facilities and through the TRICARE Mail Order Pharmacy Program are procured through using discounted federal government pricing. DOD and Naval Medicine management programs have also been utilized to ensure that healthcare provided to beneficiaries is reviewed for clinical necessity and appropriateness.

Naval Medicine has worked hard to get the best value from every dollar Congress has provided, but your assistance is needed to restore the flexibility to manage funds across activity groups. Fencing sector funds prevents transfer of funds from MTFs to the private sector, but also prevents transfer of private sector funds to the MTFs. This fencing prevents funding MTFs to increase their productivity without the burden of prior approval reprogramming, which can take anywhere from three to six months. The T-NEX contract, with its incentive to move care into MTFs, makes having this flexibility all the more vital. Two-way flexibility between the private sector care and direct care accounts is necessary for revised financing to function successfully. The Navy appreciates the congressional intent to protect direct care funding, but we recommend that the fiscal year 2005 Defense Appropriations Act language remove the separate appropriation for Private Sector Care to allow the flexibility to move funds to wherever care is delivered without a Prior Approval reprogramming.

TRANSITION TO THE NEXT GENERATION OF TRICARE CONTRACTS

TRICARE Next Generation has provided sweeping improvements in its provision of TRICARE Benefits under contracting initiated this fiscal year. While there will be no significant benefit changes, it simplifies the old contracts, and provides performance incentives and guarantees. It also distinguishes health plan management, which includes such activities as financing, claims, payment rates, marketing, and benefit design, from healthcare delivery. Some major elements of the old TRICARE contracts have been sifted out into separate contracts to allow companies with particular competencies in these contract areas provide even better service and quality healthcare.

The most obvious change is the transition from 12 regions to three, and enhancing leadership in each region by putting a Flag, General Officer or SES as director. This is a significant step in transforming TRICARE. These Regional directors have a key role in enhancing participation of providers in TRICARE and in implementing the plan to improve TRICARE Standard for those who choose to use it, and will also be responsible for integration of military treatment facilities with civilian networks, ensuring support to local commanders and overseeing performance in the region. Rear Admiral James A. Johnson, Medical Corps, is on board in the TRICARE West Region.

Medical commanders within these regions will also have an enlarged role and additional responsibilities under the new contracts, with the focus on accountability. Commanders will take on responsibilities formerly managed by the TRICARE contractor, including patient appointing, utilization management, use of civilian providers in military hospitals, and other local services.

The transition to the new TRICARE contracts in TRICARE West is going well, and all the services are working closely with TMA to make the transition phase as seamless as possible for our patients.

CLOSURE OF U.S. NAVAL HOSPITAL ROOSEVELT ROADS, PUERTO RICO

On February 12, 2004, U.S. Naval Hospital Roosevelt Roads, Puerto Rico officially closed its doors to patient care, ending more than 47 years of healthcare service to Department of Defense beneficiaries. The last time a Naval Hospital closed was almost nine years ago when Naval Hospital Long Beach closed as a result of the Base Realignment and Closure.

E-HEALTH

Naval Medicine continues to be on the forefront of technology with the development of Naval Medicine Online (NMO). This website allows one tool for all of Naval Medicine to obtain and access information from anywhere around the world. This technology will be the key to knowledge sharing throughout Naval Medicine as an enterprise, allowing the right information to be obtained by the right people at the right time—whenever and wherever it is needed.

NMO contains knowledge tools including File Cabinet that allows individuals to share documents and other electronic files; protected chat rooms that will allow

users to have secure communications with patients or other Naval Medicine personnel and news services that provide information of relevance to the Naval Medical community.

A key new function of NMO is the developer whiteboard. This tool allows Naval Medicine to leverage the brainpower of our workforce by placing software code in a secure area and allowing members of Naval Medicine to modify the code, making improvements useful to Naval Medicine. NMO also has online video teleconference capabilities and allows Naval Medicine personnel access to the Department of Veterans Affairs lessons learned database.

The Navy Marine Corps Intranet (NMCI) is a long-term initiative between the Department of the Navy (DON) and the private sector to deliver a single integrated and coherent department-wide network for Navy and Marine Corps shore commands. Under NMCI, EDS and their partners will provide comprehensive, end-to-end information services for data, video and voice communications for DON military and civilian personnel and deliver global connectivity to make our workforce more efficient, more productive, and better able to support the critical war fighting missions of the Navy and Marine Corps.

Naval Medicine is committed to transitioning to NMCI infrastructure and services where feasible. The Naval Medicine—NMCI shared vision is to create a single Navy and Marine Corps Enterprise-wide Network that provides seamless access to and exchange of comprehensive healthcare information throughout Naval Medicine and the Military Health System Community of Interest.

The Naval Medicine—NMCI transition strategy incorporates four parallel endeavors. They are:

- 1. Transition of BUMED Headquarters into NMCI (800 Seats)
- 2. Transition of non-clinical Naval Medical Department Commands into NMCI (5,900 Seats)
- 3. Completion of a Composite Health Care System Computer-based Patient Record (CHCS II) NMCI Interoperability Beta Test at Naval Medical Center, Portsmouth, VA (72 Seats). The Military Health System's (MHS) largest, and most critical, network-centric information system, CHCS II forms the core of DOD's computer-based patient record initiative, and as such, is and will be broadly integrated across the enterprise at the center of the MHS healthcare delivery mission. The Beta Test will document infrastructure and network performance characteristics to include: Interoperability, Accessibility, Continuity of Business Operations, Quality of Service, Information Assurance, and Clinical Provider Productivity.
- 4. Transition of all clinical Navy Medical Department Commands into NMCI (38,300 seats).

Naval Medicine is partnering with Electronic Data Systems (EDS), Science Applications International Corporation (SAIC), and Booz-Allen & Hamilton (BAH) to complete the financial analysis of our transition endeavors. We expect positive economies in transitioning to NMCI, which include robust information security, email server consolidation, network operations center consolidation, and uniform seat management services across the Naval Medicine Enterprise.

MEDICAL RESEARCH

Naval Medicine also has a proud history of medical research successes from our laboratories both here in the United States as well as those located overseas. Our research achievements have been published in professional journals, received patents and have been sought by industry as partnering opportunities.

The quality and dedication of the Naval Medicine's biomedical research and development community was exemplified this year as Navy researchers were selected to receive prestigious awards for their work. CAPT Daniel Carucci, MC, USN, received the American Medical Association's Award for Excellence in Medical Research for his work on cutting edge DNA vaccines. His work could lead to the development of other DNA-based vaccines to battle a host of infectious diseases such as dengue, tuberculosis, and biological warfare threats. Considering the threat of biological terrorism, DNA vaccine-based technologies have been at the forefront of "agile" and non-traditional vaccine development efforts and have been termed "revolutionary". Instead of delivering the foreign material, DNA vaccines deliver the genetic code for that material directly to host cells. The host cells then take up the DNA and using host cellular machinery produce the foreign material. The host immune system then produces an immune response directed against that foreign material.

In the last year, Navy human clinical trials involving well over 300 volunteers have demonstrated that DNA vaccines are safe, well tolerated and are capable of generating humoral and cellular immune responses. DNA vaccines have been shown

to protect rodents, rabbits, chickens, cattle and monkeys against a variety of pathogens including viruses, bacteria, parasites and toxins (tetanus toxin). Moreover, recent studies have demonstrated that the potential of DNA vaccines can be further enhanced by improved vaccine formulations and delivery strategies such as non-DNA boosts (recombinant viruses, replicons, or exposure to the targeted pathogen itself). A multi-agency Agile Vaccine Task Force (AVTF) comprised of government (DOD, FDA, NIH), academic and industry representatives is being established to expedite research of the Navy Agile Vaccine.

Naval Medicine is developing new strategies for the treatment radiation illness. Adult Stem Cell Research is making great strides in addressing the medical needs of patients with radiation illness. The Anthrax attack on the Congress and others reminded us of the threat of weapons of mass destruction, to include ionizing radiation. Radiation exposure results in immune system suppression and bone marrow loss. Currently, a bone marrow transplant is the only life saving procedure available. Unfortunately, harvesting bone marrow is an expensive and limited process, requiring an available pool of donors. In the past year, Naval Medicine researchers have developed and published a reproducible method to generate bone marrow stem cells in vitro after exposure to high dose radiation, such that these stem cells could be transplanted back into the individual, thereby providing life-saving bone marrow and immune system recovery.

In this same line of research, Naval Medicine is developing new strategies for the treatment of combat injuries. We are developing new therapies to “educate” the immune system to accept a transplanted organ—even mismatched organs. This field of research has demonstrated that new immune therapies can be applied to “programming stem cells” and growing bone marrow stem cells in the laboratory. Therapies under development have obvious multiple use potential for combat casualties and for cancer and genetic disease.

Other achievements during this last year include further development of hand-held assays to identify biological warfare agents. During the 2001 anthrax attacks, Navy scientists analyzed over 15,000 samples for the presence of biological warfare (BW) agents. These hand-held detection devices were used in late 2001 to clear Senate, House and Supreme Court Office Buildings and contributed significantly to maintaining the functions of our government. The hand-held assays that are used by the DOD were developed at Naval Medical Research Center (NMRC). Currently NMRC produces hand-held assays for the detection of 20 different biological warfare agents. These assays are supplied to the U.S. Secret Service, FBI, Navy Environmental Preventive Medicine Units, U.S. Marine Corp, as well as various other clients.

Naval Medicine’s overseas research laboratories are studying diseases at the very forefront of where our troops could be deployed during future contingencies. These laboratories are staffed with researchers who are developing new diagnostic tests, evaluating prevention and treatment strategies, and monitoring disease threats. One of the many successes from our three overseas labs is the use of new technology, which includes a Medical Data Surveillance System (MDSS). The goal of the MDSS is to provide enhanced medical threat detection through advanced analysis of routinely collected outpatient data in deployed situations. MDSS is part of the Joint Medical Operations-Telemedicine Advanced Concept Technology Demonstration (JMOT-ACTD) program. Interfacing with the shipboard SAMS database system, MDSS employs signal detection and reconstruction methods to provide early detection of changes, trends, shifts, outliers, and bursts in syndrome and disease groups (via ICD-9 parsing) thereby signaling an event and allowing for early medical/tactical intervention. MDSS also interfaces with CHCS and is operational at the Army’s 121st Evacuation Hospital in South Korea, and is being deployed at the hospital and clinics at Camp Pendleton. Currently, MDSS may have an opportunity to collaborate with other industry and service-related efforts for the purpose of developing homeland defense-capable systems. Homeland defense initiatives are currently being coordinated through the Defense Threat Reduction Agency.

Noise-Induced Hearing Loss (NIHL) is one of the most common military disabilities with over 353,116 new cases reported in 2003 despite aggressive hearing conservation programs in the military. Military related NIHL is very costly. When disability costs for tinnitus and aircraft accidents related to communication problems are included, costs for military related hearing loss may exceed \$1 billion annually. Additionally, NIHL may degrade warfighter performance, mission accomplishment, and survivability. Today’s hearing conservation programs are based on fit and frequency dependent personal hearing protection devices (HPDs), engineering solutions, and noise avoidance; which are helpful but do not provide adequate protection around today’s noisier weapons systems. Accordingly the Navy has taken the lead in research to elucidate the mechanisms underlying NIHL. The results have lead

to the development of a safe oral nutritional supplement that has proven in laboratory settings to enhance resistance and healing to inner ear damage from noise. The efficacy of these nutritional supplements to prevent and treat NIHL is being studied in two joint military-civilian clinical trials lead by the Naval Medical Center, San Diego. If these trials succeed, we believe that a proven and effective treatment and prevention strategy, when combined with hearing conservation measures, could be dramatically reduced. A conservative estimate based on the robustness of the biological response in preclinical data suggests that a 50 percent reduction in hearing related injury is possible.

NAVAL MEDICINE AND SEA POWER 21

Naval Medicine is totally committed to the Chief of Naval Operations' transformational vision for projecting decisive joint capabilities from the sea—Sea Power 21. Examples of transformation abound throughout Naval Medicine where hard work identifying efficiencies and cutting costs have resulted in opportunities to support recapitalization. These include the ongoing efforts to reduce variation in costs across our MTFs as well as among clinics within MTFs. Optimization efforts focusing on maximizing the fixed capabilities of our facilities to the greatest extent possible are active, ongoing, and will continue into the future. Transformation is not limited to shore facilities and includes remaking our fleet assets such as the reconfiguration of forward medical assets from cold war era fleet hospitals to the smaller, more agile and more flexible platforms and units described earlier in my statement.

We are right sizing our active military force to the best mix of active, and civilian or contract personnel to bring the right capability to bear at the right time, and in alignment with the CNO's vision. We have reconfigured and integrated our Naval Reserve components to shape missions along with the active component, creating one force, assuring the very best use of the skills and talent our Reserve medical personnel bring to the mission. Further, Naval Medicine is committed to the growth and development of our people through investments in leadership that are directly in support of Sea Warrior by ensuring the right skills are in the right place at the right time.

Naval Medicine will continue to seek aggressively opportunities to pursue efficiencies that improve our primary mission of Force Health Protection and do our part to return resources for recapitalization of the Navy. We are affecting positive change throughout Naval Medicine, embracing and implementing the CNO's vision for the Navy, and I am confident that we are on the correct course for the challenges ahead.

CONCLUSION

Naval Medicine has been successful in accomplishing its mission over the years, and with your support, the military benefit has become one of the most respected healthcare programs in the world. We know from Navy's quality of life surveys that among all enlisted personnel and female officers, the number one reason these service members stay Navy is the exceptional healthcare benefit.

You have allowed us to provide our service members, retirees and family members a benefit that is worthy of their service, and clearly articulates the thanks of a grateful nation for their selfless service. With your support, we have opportunities for continued success, both in the business of providing healthcare, and the mission to supporting deployed forces and protecting our citizens throughout the United States.

In just a few short months, I will leave this office, and will retire after serving more than 32 years in the United States Navy. I wish to thank this committee for its support to Naval Medicine, and to me during my time as the Navy's Surgeon General. It has been a privilege to serve.

Senator STEVENS. General Taylor, it is nice to welcome you back.

STATEMENT OF LIEUTENANT GENERAL GEORGE PEACH TAYLOR, JR., SURGEON GENERAL, UNITED STATES AIR FORCE

General TAYLOR. Thank you, Mr. Chairman. Mr. Chairman and members of the committee, it is a privilege and a pleasure to be here today.

OPERATION IRAQI FREEDOM

Much has happened since we met here 1 year ago when we had just embarked on Operation Iraqi Freedom. A year later we have found that most of our concepts were validated. Some require more work, but most importantly the men and women of the Air Force Medical Service have again served their country with phenomenal talent, capability, and dedication. The lessons we have learned in Afghanistan, Iraq, indeed, wherever we are deployed, and even at home have helped us to hone our force central capabilities, ensuring a fit and healthy force, preventing illness and injuries, providing care to casualties, and sustaining and enhancing human performance.

MEDICAL READINESS

We are doing many things to ensure our force is fit and healthy before they deploy. Our preventive health assessments and individual medical readiness program ensures that health requirements and screenings have been met before deployment. This program has been adopted DOD-wide and is clearly responsible, in great part, for the 4 percent non-battle disease injury rate in DOD that you have been hearing about, the lowest in history.

POST-DEPLOYMENT HEALTH ASSESSMENTS

I would add that our post-deployment health assessments, equally important, are going extremely well. Our Active and Reserve component personnel have returned for deployments and nearly 99 percent have completed these assessments with a provider. Our people are coming back in better health because of individual disease prevention efforts but also because of the incredible deployment health surveillance program that all three of us have fielded. From our preventive aerospace medicine teams to our biological augmentation teams, we are helping to protect the area of responsibility from biological and environmental threats. We are using amazing technology such as our rapid pathogen identification systems (RAPIDS) which can determine the identity of pathogens in only a few hours. In the future, we hope to reduce this time even further through new, more advanced, indeed breakthrough genome-based technologies.

We have shared with you over the past few years our success in our light, lean, and mobile expeditionary medical system, known as EMEDS, but before we left for Iraq a year ago, we realized EMEDS did not have the protection we needed for chemical weapons. Within 30 days, Air Force medics developed a mature nuclear, biological and chemical (NBC) treatment module that could care for 100 radiologic, biologic, or chemical casualties. This is the level of ingenuity we have in our armed forces in all the services.

Your staff had the opportunity to view other technical marvels that are saving lives in the battlefield like the laptop size ultrasound machine, the ventilator that is the size of a football, a complete surgical package that fits in a backpack.

AEROMEDICAL EVACUATION

Aeromedical evacuation continues to be the lynch pin in our deployed medical operations. In addition to the critical care air transport teams you have heard about, we continue to field patient support pallets that allow us to use all available airlift and have added an aeromedical evacuation center to our air operations center to allow smooth integration with all DOD and, indeed, allied air operations in the theater.

From our perspective, the story of Private Jessica Lynch's rescue is an excellent example of the near seamless integration of the Air Force and our sister services. Following her rescue from an Iraqi hospital, Army medics, Air Force aeromedical evacuation troops, and special operations members transported her thousands of miles using three different aircraft and provided care in the air during her entire journey until she reached the safety of an Army hospital in Landstuhl, Germany, all accomplished in less than 15 hours. And this same scenario has repeatedly saved the lives of many other, less famous, but equally courageous young heroes.

Together the three of us partner closely to see that health care from the foxhole to home station is seamless. Indeed, I would tell you that this is a case study in the application of the joint capabilities, the best of the Army, Navy, and Air Force, to meet our Nation's needs.

COMBAT MEDICINE

Combat medicine is an ever-evolving art, and we cannot afford to coast for one minute on these successes. We recognize the critical value of developing new and better technology and enhancing human performance. Our human performance initiatives cross the spectrum from battling combat fatigue, to enhancing vision through corneal refractive surgery, to creating systems that will protect our pilots and our aircraft sensors from laser damage. While all these exciting high-tech programs are taking place, we are also quietly caring for our members and their families back home.

TRICARE

We anticipate the promising next generation TRICARE contracts to be a smarter way of doing business as revised financing methodology is fielded throughout all U.S. based military health treatment facilities. We are working hard with health affairs and the Congress to ensure that our incentives and our accountability are properly aligned for this increased and more flexible local responsibility for patient care funds. While we prepare for next generation TRICARE and for the enhancement of relationships with the civilian community and our partners in the Department of Veterans Affairs, we are always aware of the direct connection between this peacetime health care and the readiness of our troops.

The Air Force Medical Service has answered the call and will continue to do so. We will work to resolve tough issues from the fiscal hurdles to challenges of recruiting and retention. And wherever we go to perform our mission, you can see the results of your support to the troops, and we thank you for this dedication.

PREPARED STATEMENT

Finally, as the last witness and anecdotally, scarily I am going to be moving to the right-hand side of the table here this next year, I would like to take a moment to focus on my two comrades in arms. Jim Peake and Mike Cowan are two of the finest Americans I have had the pleasure to meet. There are really no finer examples of the American medic than these two gentlemen to my right. They dedicated the heart of their adult lives to the men and women in harm's way. We will miss them, and our Air Force wishes them godspeed and fair tail winds.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL (DR.) GEORGE PEACH TAYLOR, JR.

Mister Chairman and members of the Committee, it is a pleasure to be here. When we last met, I described how our transformation efforts were saving lives during combat operations in support of the war against terrorism. The week before my testimony, we had just begun combat operations in Iraq. Now, a year later, major combat in Iraq has ended, but the mission and danger continue. Although many of my comments here today address the Air Force Medical Service's contribution to combat operations, I assure you that the care we provide to families and retirees is still of great importance. It continues to improve even as we are engaged in operations around the globe.

And, of course, we truly are engaged around the globe. Like our sister services, every step in our transformation is to advance our ability to operate worldwide with lightning speed. This is reflected in the Air Force's six Concepts of Operation, or CONOPS. CONOPS are a statement of our desired end result, or effect, that the Air Force brings to the battle. The first three are Global Mobility, Global Strike, and Global Response. The others are Nuclear Response, Homeland Security and finally Space and Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance. That's a mouthful, so we refer to it as Space-C⁴ISR. The medics provide fundamental support to all six.

Global Mobility, Strike, and Response CONOPS require the AFMS to provide medical care anywhere at any time to support humanitarian and warfighting operations. This demands that our medics travel fast and far, so they pack light, very light. Some of our Expeditionary Medical System medics travel with just a 70-pound pack. One small 5-person team carries enough to perform 10 life-saving surgeries in the field under battle conditions. And our aeromedical evacuation capabilities permit us to quickly fly into hostile environments, pluck injured members from the field, and fly out, often providing critical care in flight.

The Air Force's Nuclear Response CONOPS provides a deterrent umbrella under which our conventional forces operate. Medics support this CONOP by ensuring that commanders can rely on the medical and psychological health of the human element of the nuclear force. We also develop plans for the care of casualties and refugees in a radiological event of a terrorist or national origin. We assess health hazards and provide recommendations to protect responding personnel or our combatants within any hazardous zone.

The Homeland Security CONOPS recognizes that if someone attacks our homeland again, Air Force medical personal will be an invaluable asset bringing a wealth of manpower and expertise to the crisis. In such a contingency, our base clinics and hospitals become part of the local health care disaster network. They offer their ability to help local authorities detect and identify chemical, biological, and nuclear weapons, and we aid in the treatment of those exposed to them.

The final CONOPS, Space-C⁴ISR, serves to integrate the other five. Simply put, it is the network of intelligence, sensors, satellites, and communications that allow us to orchestrate our forces worldwide. Every unit and every function of the Air Force is tied into this capability. Each contributes information to it and uses information from it. Air Force medics use this capability to monitor health threats worldwide, to coordinate care from combat to CONUS, and to maintain visibility of our patients no matter where they are within the joint medical system.

We have now been in Iraq over a year. The AFMS has used this time to review its performance there through a Capabilities Review and Risk Assessment—a process that drives a hard look at our performance—from this process we learn what

we did right; and what we can do better. These lessons learned help to hone our four central AFMS capabilities of: Ensuring a fit and healthy force; preventing illness and injuries; providing care to casualties; and enhancing human performance.

Ensuring a Fit and Healthy Force

The first capability we provide the Air Force is that of ensuring a fit and healthy force. Unhealthy troops cannot deploy. A commander who is short of troops cannot fight; cannot win. We keep troops healthy so commanders can do both.

While providing a fit and healthy force is ultimately every commander's responsibility, the AFMS plays a critical role in defining what is fit, what is healthy . . . how do we get them that way, how do we keep them that way.

One recent step is the implementation of the Air Force Chief of Staff's revised fitness program—a significant change in fitness standards and how we monitor them. The program is now based upon push-ups, sit-ups, and a mile-and-a-half run. To this we add body composition measurements and a strong focus on unit exercise programs. This model includes the Guard and Reserve who must meet the same standards as their active duty counterparts.

The program is only a couple months old, but we know airmen accept and appreciate it. They must like it—I find it much harder lately to find an open weight bench at the gym, so I know first-hand that our troops are enthused about the program.

Fitness results will be available on the Air Force's secure web to commanders and leadership, allowing them to know in near real-time what percentage of our troops are fit to fight.

Of course, our dedication to health goes far beyond a yearly fitness test. We employ a life-cycle approach to care. We surround troops with continual health monitoring and evaluations from the day recruits first put on an Air Force uniform, during every visit to the in-garrison or expeditionary clinic or hospital throughout their career, and especially during their transition to veteran status. We honor our commitment to our retirees; we are there.

An important tool of ensuring a fit and healthy force has been our Preventive Health Assessment program. It ensures that at least once a year, every Airman has an assessment for changes in his or her health and for needed health screening or immunizations, and has the opportunity for a medical exam, if needed.

Additionally, preventive health assessments are provided before members deploy and immediately upon their return. Such screenings were an interest item for both the DOD and Congress last year. We are pleased to report our success. For the 61,000 Air Force personnel deployed from March 1 through December 31, 2003, 99 percent completed their post-deployment health assessment—which included a face-to-face appointment with a medic and 97 percent had serum samples collected for submission to DOD repository.

The medical information from all screenings and appointments is captured in an innovative information system called the Preventive Health Assessment and Individual Medical Readiness program, or PIMR. PIMR data, like that of our new fitness program, are available on the web to Air Force leadership worldwide.

The next version of the Composite Health Care System—CHCS II—is another computer information system that will provide significant benefit to the AFMS as well as the entire DOD health care. Even in its current decade-old form CHCS is an amazing system. It captures every visit, prescription, lab result, and procedure provided to every patient.

We first deployed CHCS in the late 1980s when computer screens were black and white and a mouse on your desk was cause for alarm. The upgraded CHCS II will have the look and feel of a web site. It will also be faster and easier to learn. More importantly, CHCS II will interface with the numerous other programs that have come on line since it was first introduced. CHCS II marches us down the path toward an electronic medical record that will solve many problems for us, including that of lost or fragmented medical records. Additionally, CHCS II will be deployable, so it will be the same program used in the field and at home.

CHCS II, like its predecessor, will be deployed worldwide, accessed by thousands of users simultaneously, and contain the patient records of up to 8.8 million eligible beneficiaries. It is the largest health information system in the world—and an invaluable tool in keeping our troops—and their families—healthy.

Once we have assured that only fit healthy troops are sent to the area of operations, we take great effort to ensure they stay that way. This falls to our next capability, that of preventing casualties.

Preventing Casualties

We are experiencing unparalleled success in the prevention of illness and injury during Operation Iraqi Freedom. A telling example of this success is our low Disease

Non-Battle Injury Rate—we call it the “D-N-B-I rate” for short. The DNBI rate describes the percentage of troops who become sick or hurt from things other than enemy activity; things like dental problems, car accidents, the flu, broken bones, etcetera.

Historically, more troops are removed from battle because of accidents or illnesses than from enemy fire. In Operation Desert Storm, the DNBI rate was about 6 percent. During the current Iraqi conflict, only 4 percent (DOD rate) of illnesses and injuries were non-combat related. This is the lowest DNBI rate in history. We seek ways to make it lower yet. One of our doctors in Iraq jokingly suggested that if we were to cancel intramural basketball games in theater we could eliminate many sprained ankles and drop that DNBI rate another percent. The important point is that we continue to address all the challenges—including sports injuries—that reduce our combatant capabilities.

Much credit for the low DNBI goes to the preventive health assessments and pre-deployment screenings I mentioned. These allow us to identify personnel with pre-existing or uncontrolled medical problems; conditions that would worsen under the stress of deployment. These folks—if allowed to deploy—are a huge source of DNBI. By pulling them out of the deployment line and caring for them back home in-garrison, we not only decrease the DNBI rate, we also ensure these members get the health care they need to make them worldwide-qualified in the future.

The Deployment Health Surveillance program is another critical piece of preventing casualties. Before airmen arrive in large numbers to establish a base in foreign territory, a special team of medics—called the Preventive Aerospace Medicine, or PAM team—has already been there. They have surveyed the environment for biological and environmental threats, and have stood up surveillance equipment to detect and identify such threats.

When it comes to total “battlespace awareness,” PAMs and another EMEDS team called the Biological Augmentation Team, or BAT team, are invaluable. These teams take on the same importance as the radar, intelligence, and security specialists whose mission it is to detect, identify, and deter enemy attacks. In the same manner that a radar operator surveys the skies for threats, our medics survey the environment with equipment to detect chemical, biological, radiological or nuclear—CBRN—threats. In combat, speed counts. That radar operator must detect the presence of an airborne object and then quickly identify it—friend or foe. The sooner that operator can do both, the faster we can react—the safer our people are. In the same way, our teams and their equipment act quickly to detect, identify, and counter CBRN threats.

For example, it used to take up to a week to detect and confirm the presence of dangerous biological and chemical weapons—too long. Imagine a biological agent loose in one of our bases in Iraq for a week before we were able to identify and contain it. Even the most conservative estimates predict that 30 percent of our troops would become seriously ill or worse.

With RAPIDS technology, we eliminate the deadly delay between the time a pathogen is released and when we become aware of its presence. The aptly named RAPIDS stands for the Rapid Pathogen Identification Systems; a fielded and proven system that can determine the identity of pathogens within a few hours; much better than 4 to 7 days it used to take. Using new genome-based technologies, we hope to reduce the time even further.

Another tool in the Air Force Medical Service toolbox is the Global Expeditionary Medical System, or GEMS. This rugged, laptop-based system serves as a deployable, electronic medical record for every patient encounter in the combat zone. To date, it has logged nearly 107,000 patient encounters in Afghanistan and Iraq. But it does more than that. It also tracks chemical, physical, and radiological hazards and even tracks the results of food inspections and living conditions in the field. GEMS provides commanders a theater-wide overview of the health of their forces. Its sophisticated epidemiology tracking features allow it to identify potential disease outbreaks very early in the courts of outbreaks or a chemical or biological attack.

I have described systems and processes we have in place that ensure oversight of our airmen’s health before they deploy, while they are in the field and even after they return. But we must remember that combat is inherently dangerous. In spite of our best efforts to prevent it, some of our troops will fall ill, and some will be wounded. Thus the critical need for our third capability; that of restoring the health of the sick or injured—casualty care.

Casualty Care

We have completed the conversion of our large-footprint field medical facilities into small, rapidly deployable Expeditionary Medical System—or EMEDS—units. Our performance in Iraq validates that the EMEDS concept works. It saves lives.

These units can be found throughout the area of operations. They often provide care from the point of injury, at tented facilities removed from the front, and during aeromedical evacuations as they transport the patient from the theater entirely. When the U.N. Building in Baghdad was car bombed last August, killing 20, EMEDS surgeons and their staff were only minutes away, and cared for numerous injuries on the spot.

Shortly before the start of combat operations in Iraq we added a new capability to EMEDS; hoping against—but preparing for—Iraq's potential use of chemical weapons, we created EMEDS Supplemental NBC Treatment Modules—or NBC pallets, as our troops call them. Each module contains 25 ventilators and medical supplies to care for 100 radiological, biological, or chemical casualties. I find it extraordinary that it took only 30 days for these packages to mature from the concept stage until the first pallet was loaded onto an aircraft for delivery.

While NBC pallets provide the tools to treat NBC casualties, the EMEDS' hardened tents and infrastructure offer a protective shelter in which our medics can render that care. Each can be equipped with special liners and air handling equipment that over-pressurizes the tents' interiors. Clean, filtered air is pushed in; contaminated air is kept out. Protected water distribution systems work the same way, ensuring a safe, potable water supply even in contaminated environments.

I continue to be impressed with the enabling technologies that permit the development of things like Push Pallets or advanced air and water-handling systems. During operations in Iraq we have relied on these and other technical marvels, like a lap-top sized ultrasound machine, a ventilator unit the size of a football, and a chemistry analyzer that—during Desert Storm—required its own tent; now it fits in the palm of your hand. Our people are saving lives with these technologies around the globe as we speak. There are EMEDS operating in Iraq and 11 other countries in support of Air Force operations.

Operation Iraqi Freedom also validated our new aeromedical evacuation concept of operations. A significant advancement in this mission is our ability to take advantage of back-haul aircraft, which has tremendously accelerated the aeromedical evacuation process. This has eliminated the need for patients to wait days for a designated C-9 or C-141 aeromedical evacuation mission to pass through their area. Patient Support Pallets—or PSPs—make it far easier to turn any Air Force mobility aircraft into an aeromedical evacuation platform. PSPs are a collection of specially packed medical equipment that can be installed into cargo and transport aircraft within minutes. The plane that just landed to deliver weapons is quickly converted to carry wounded patients.

Let me share with you an example of PSPs work. In Baghdad, a 5-year-old, deathly ill Iraqi girl was brought to one of our allied locations. She was scheduled to fly to Greece for medical treatment. Her condition was so poor that upon arrival at the clinic she was placed on a ventilator. Doctors determined she was too ill to survive and she was removed from the flight. One of our nearby medics heard of the situation. He determined that leaving that little girl behind to die was simply not an option. He, and other members of his Aeromedical Evacuation team, grabbed one of our PSPs—we have 41 of them strategically placed around the globe—and within an hour had converted a section of the Greek aircraft into a small critical care bay. Their precious cargo was loaded—with her ventilator—and she was flown to Greece to receive care. We are the only country in the world that can do this on a regular and sustained basis for our military personnel.

This demonstrates that PSPs allow us the flexibility to convert not only our own aircraft into AE platforms, we can also take advantage of our allies' aircraft. This dramatically increases the availability of aeromedical evacuation opportunities to our troops. It's like one of our medics told me: "If it flies, and we have elbow room, we can do our thing. Our thing is saving lives."

The medic I spoke of is a member of one of our Critical Care Air Transport Teams. We call them CCATS. These CCAT teams are comprised of a physician, a nurse, and a cardiopulmonary technician. They are specially trained to work side-by-side in the air with our aeromedical evacuation crews to provide critical care under the extremely difficult environment of flight.

Recently, one of our aeromedical evacuation crews augmented by a CCAT team flew into Baghdad on a C-130, under black-out conditions and while taking fire to retrieve three severely wounded soldiers. These troops, too, needed ventilators to help them breathe. They were quickly loaded and even before the aircraft could take off again, our CCAT teams were providing life-saving care to their patients. While in the air, the aircraft was diverted to Talil where U.S. forces had come under attack. Two more men were critically wounded there and needed immediate aeromedical evacuation. Both of these troops also required ventilators.

All five soldiers were flown that night to an Army medical facility in Kuwait. The Air Force medics on that mission are proud of their accomplishment—never before, or since, has there been a combat AE mission in which a team cared for five patients on ventilators in one aircraft. I'm proud of them, too. Without the AE concept and the skills our medics brought to the theater, each of those five soldiers would have succumbed to their injuries.

Another enhancement to our aeromedical evacuation capabilities is the placement of an AE cell in the Air Operations Center. This permits the smooth integration of our actions with all other DOD or allied air operations in the theater. The story of Private Jessica Lynch's rescue provides a famous example of how all these assets—the AE cell, aeromedical evacuation crews and CCATS, patient support pallets, and the use of backhaul aircraft—all come together in a successful operation. Following her retrieval from the Iraqi hospital, Army medics, Air Force Aeromedical Evacuation troops, and Special Operations members transported her thousands of miles, used three different aircraft, and provided care in the air during her entire journey until she reached the safety of an Army hospital in Landstuhl, Germany. All this was accomplished in less than 15 hours.

Like so many of our missions, Jessica Lynch's AE mission could not have been accomplished without the near-seamless integration of our sister services. Medical and AE operations serve as the perfect example of the joint application military capabilities.

I also must give praise to the backbone of our AE capability, our Guard and Reserve. Fully 87 percent of our AE structure is Air Reserve Component members. They have assisted their active duty counterparts in transporting over 13,700 patients from OEF and OIF, of which about 2,300 were urgent or priority missions.

As I hope I have made clear, EMEDS capabilities span the geography of operations from the farthest forward immediate surgical capability, throughout the area of operations, to include aeromedical evacuation to facilities around the globe. EMEDS has vastly improved how we care for casualties, but we still face challenges. Perhaps one of the most significant of which is caring for victims of weapons of mass destruction.

Although this country has recently seen two bio-chem attacks—the anthrax attack two years ago, and the fortunately unsuccessful ricin scare of January—we have yet to experience a large scale Weapons of Mass Destruction attack. Therefore, we can never know just how successful our response to such an attack will be. I guarantee our response would be superior to any other nation's on earth—but we always strive to expand the envelope of our nation's capability.

To enhance our response even more, AFMS personnel are implementing Code Silver. Code Silver is a program that offers tabletop exercises emphasizing biological and chemical warfare responses by our medical facilities. We will focus on how our facilities interact and relate to the rest of the base and with the local civilian community. Forty Air Force medical facilities and the communities surrounding them will participate in Code Silver exercises in 2004.

The fourth and critical capability we bring to the warfighter is the enhancement of human performance.

Enhance Human Performance

As the size of our military decreases and the capability of each individual platform increases, the relative importance of every individual also increases. Today's airman receives superior training so that they can maintain and operate the most sophisticated equipment and weapons systems in the world. But the stress and exhaustion of combat operations leads to fatigue. Fatigue dramatically erodes the Airman's ability to react quickly and think clearly. It eliminates the intellectual and technological advantages we bring to the battle.

Commonly used methods of combating fatigue involve careful studying of our airmen's mission schedules, their diets, sleep patterns, even their biorhythms, to mitigate the impact of drowsiness upon their missions. These are all important to maintaining wakefulness, because at the very least, fatigue degrades mission performance. At the very worst, it kills. In battle, fatigue is a deadly enemy.

We also find we can enhance human performance by enhancing vision. We do so through corneal refractive surgeries—commonly known as PRK and LASIK. These procedures are provided to non-flying and non-special duty airmen. We began offering them after an exhaustive literature review and extensive expert conference conclusions revealed that the operations are, indeed, safe, effective, and potentially cost-saving. In the near future these procedures will be offered to some aviators and special duty members. We continue to study corneal refractive surgeries to see what the effects of time or the stresses of the cockpit—like pressure changes and jar-

ring—have on our flyer's eyes. The results thus far are highly encouraging. One thing is for sure, they are very highly desired by our troops.

Good eyesight is, of course, critical to our forces. An enemy who can temporarily or permanently blind one of our troops will have succeeded in removing that Airman from combat. One method for inflicting such an injury is through directed energy, or lasers. In the little-more-than 40 years since the laser's invention, it has grown from something found only in a few science labs and an occasional James Bond movie, to a technology so common that one can find lasers in every supermarket scanner, in DVD players; and I have even seen them sold as cat toys. Lasers are also weapons—and are capable of injuring or destroying eyesight. The proliferation of lasers poses a growing threat to our pilots and troops.

In response to this challenge, we have created protective eyewear and faceplates that absorb and deflect laser light. The devices save our pilots from damaging and potentially permanent eye damage from these weapons. We continue to study ways to detect the presence of lasers in battlespace and methods for protecting our men and women against them.

Another challenge we encounter in enhancing human performance is our need for ever-increasing amounts of information and communication; especially that which flows between our EMEDS troops on the ground, our aeromedical evacuation crews in the air, and our medics in permanent facilities who receive patients from the area of operations. Our success at converting any transiting mobility aircraft into an aeromedical platform outpaced our ability to create the information systems to track the patients using them. It is difficult to keep oversight of the location and condition of thousands of patients on a worldwide scale.

Fortunately, the U.S. Transportation Command Regulating and Command & Control Evacuation System or TRAC²ES [Tray-suhs] is helping us overcome that challenge. TRAC²ES is a DOD information system that allows us to track the location and status of patients from the moment they enter the aeromedical evacuation system in the theater of operations, as they fly to a higher level of care, until they are safely back in a garrison medical facility.

I have described some of what we learned during current operations in Iraq, but before closing, I would like to mention a few our successes here on the home front.

THE HOME FRONT

We are always developing avenues to provide great and cost-effective care. One way to do so is to seek out partners who share our dedication to the care of patients and can join us in a better way of doing business. We continue to strengthen just such a relationship with our partners at the Department of Veterans Affairs. Of the seven current Joint Ventures between the DOD and VA, four of them are at Air Force medical facilities: Elmendorf in Alaska, Travis in California, Kirtland in New Mexico, and Nellis in Nevada.

These are not the only locations in which the VA and DOD work together to provide care. We are pursuing several additional Joint Venture locations and already have nearly 140 sharing agreements between the Air Force and VA throughout the United States. These are great examples of partnering with the VA.

We are also developing the exciting possibility of expanding the traditional concept of Joint Ventures to other major healthcare institutions. For example, we believe that a unique three-way joint venture between the DOD, VA and the University of Colorado Hospital will be a cost-efficient way of caring for all our beneficiaries. This concept is receiving not only strong support from DOD leadership and local VA officials, but also all of the Colorado Veterans organizations and the Colorado state congressional leadership.

NEXT GENERATION TRICARE CONTRACTS

We are passionate about our mission and confident of continued success, yet there are some uncertainties in the future that warrant mention. As you know, the DOD is in the process of fielding new contracts to replace our original TRICARE contracts. This transition is the focus of a great deal of management attention. Our ability to smoothly change contractors and governance will be closely watched by our stakeholders. Not only will there be just three TRICARE regions, revised financing will be expanded nationwide.

This is a methodology to place the entire costs of a TRICARE enrollee's care in the hands of the local Medical Group Commander. She pays the private sector care bills as well being responsible for the direct care system—that care we provide to our enrollees in our Air Force clinics and hospitals. Revised financing has proven to be an effective tool in those regions where it is currently being used. This is an important advance, leveraging what we've learned in allowing the Commander to

select the most effective and most efficient location for health care. So, the dollars allocated to the direct care system are critical, but just as critical are the dollars allocated for revised financing. With this in mind, two-way flexibility between the private sector care and direct care accounts is necessary for revised financing to function successfully. The Air Force appreciates the congressional intent to protect direct care funding, but we recommend that the Fiscal Year 2005 Defense Appropriations Act language remove the separate appropriation for Private Sector Care to allow the flexibility to move funds to wherever care is delivered without a Prior Approval reprogramming.

BUDGET

For fiscal year 2004, the Congress's budget adequately funds our direct care system. However, we do have challenges with the private sector care budget—the health benefits purchased from civilian providers for our TRICARE beneficiaries. The TRICARE Management Activity (TMA), not the Services, manages all of these funds to include those for Revised Financing.

Two issues will pose significant fiscal challenges as we try to estimate what our private sector care costs will be.

The first issue is the increased use of TRICARE. TRICARE offers a very comprehensive benefit. With civilian healthcare plans raising co-pays and cutting back on benefits, more retirees are dropping their civilian healthcare and are relying exclusively on TRICARE. As more people opt for our health care program, costs for the entire TRICARE benefit rise. Correctly forecasting this cost is crucially important and placed pressure on the Department to handle these increases.

In addition to the enhanced TRICARE benefits the Department of Defense offered to activated Reserve Component members and their families during fiscal year 2003, the National Defense Authorization Act of Fiscal Year 2004 included even more new benefits. Because the new reserve health program is temporary, it offers us the ability to assess the impact of these benefits after the trial period. We will review the effects of these programs on reservists and their families as they transition to and from active duty and look at the overall effect on retention and readiness. We have concerns that health care benefits will be enhanced permanently before a full assessment of the impact can be completed, as well as concerns over the potential cost of new entitlements for reservists who have not been activated.

Consideration must also be given to the impact on the active duty force if similar health care benefits are offered to reservists who are not activated. OMB, DOD and CBO are working together to develop a model and a resulting five-year cost estimate to price the proposal to expand TRICARE health benefits for all reservists without regard to employment, medical coverage, or mobilization status as proposed in the Reserve and Guard Recruitment and Retention legislation. Preliminary results indicate that this could range from \$6 billion to \$14 billion over five years. Final scoring of this proposal should be completed by the end of March.

The influx of retirees and their families and of increased Guard and Reserve beneficiaries have greatly increased private sector care costs, which DOD will meet with internal reprogramming actions.

These bills are a must-pay, and they affect far more than our ability to provide the right care at the right place in the most efficient manner. Care for our military families is not just a medical issue—readiness is inseparable from family health. It is unmeasurable, but undeniable, that an Airman's physical and mental fitness to deploy is tied to the well-being of his or her family. We must provide our troops piece-of-mind that in their absence their loved ones will have their social, mental, and health care needs met.

A final challenge we encounter in providing care is that of the recruitment and retention of our active duty and reserve component medical professionals, especially physicians, dentists and nurses. The civilian health care environment offers significantly more attractive financial incentives than the Air Force, and we appreciate your support of recruitment and retention bonuses, special pay programs, and critical tools such as the Health Professions Scholarship Program and the Health Professions Loan Repayment Program. These are vital to our ability to attract qualified professionals and keep them in the Air Force.

SUMMARY

No other military in the world has the expertise, willingness to devote the resources, or the capabilities of the United States when it comes to caring for troops and their families, in times of war or in peace.

One of our medics—a surgeon—just returned from four months in Baghdad. He was asked, "What one word sums up your experiences there?" He said,

“Satisfied . . . I was caring for people who put their lives on the line for this country. I know that I made a difference. That is satisfying.”

It truly is satisfying to make a difference. We do. And we are proud to bring the special skill of Air Force medics to the service of our warriors—both present and past—and to their families. I thank you for your continued support of our medical service and our Air Force. We are proud to make a difference, and we are anxious to answer the call again.

Senator STEVENS. That was very generous, General, and deserved. Of course, Senator Inouye and I hate to see such young men retire.

I do not expect it right now. There is no rush, but when this pace slows down, I would like the committee to have sort of a flow chart on how you decided to disperse the wounded from Afghanistan and Iraq. We have medical facilities in Europe. We have them in Tripler. We have them in Alaska. We have them here. And I wonder if we developed a plan to utilize the full scope of our facilities, given the air transport that is available today and its worldwide capabilities. But no rush, just sort of a long-range study to see what we did and see if there is some way we might help you to do it better for the interest of the people involved.

I have the impression that the worst cases have come to Washington. General, is that right? Have the worst cases come to Bethesda and Walter Reed?

General PEAKE. Sir, initially that was absolutely the case. Now as our units are back and the soldiers are flown through, we regulate them to wherever they need. If it is burn treatment, they will go to Brook. If the care is available and they live near or at Fort Hood, they will go to Fort Hood. It just depends on the level of the severity of their injuries. Any of our medical centers really can take care of fairly sophisticated injuries.

What we did was concentrate our amputee care at Walter Reed because we wanted to have the absolute best. It really started with Afghanistan, which was the most heavily mined area in the world, and we therefore anticipated the potential for having amputees. So we married up with the Veterans Administration (VA) and all the smart people that we could find and focused that as an area of a center of excellence.

Senator STEVENS. Well, it is my impression that because of body armor and better helmets, we are having more real serious injury to the limbs of our service men and women. Is that observation correct?

General PEAKE. Sir, I think that is correct. Really as the article talked about yesterday that Senator Leahy mentioned, what we are seeing are folks with bad extremity injuries and head and neck injuries who otherwise would not have made it to us because their thorax would have been injured as well. Now they are making it through to the definitive care for their amputees.

Senator STEVENS. Has the surge to Bethesda and Walter Reed been such that it has required reallocation of funds?

General PEAKE. Sir, we have put a lot of money into the amputee center specifically to get that ginned up. This c-leg that was referred to can cost anywhere from \$80,000 to \$100,000 for a single limb, but that is what we are doing. It is the right thing to do and we will continue to do that. Truly we have been augmented with GWOT funds, global war on terrorism funds, out of the supple-

mental last year because these are operational issues not programmed issues. In fact, I am anticipating getting another \$244 million this year from somewhere in DOD to be able to—because that is what we are spending—prosecute the medical aspects of the global war on terrorism.

Senator STEVENS. Are the facilities that we were able to put into Ballad modern enough and capable enough to take a substantial part of this surge?

General PEAKE. Sir, we have modular combat support hospitals in Ballad, in Baghdad. In Ballad, they are in basically deployable medical system (DEPMEDS) facilities. In Baghdad, we have moved them into one of Saddam Hussein's old hospitals. We have them in DEPMEDS facilities at Mosul and Tikrit, as well as what we have down in Kuwait. So we have created a system—

Senator STEVENS. I do not want to belabor this. Sometime I would like to pursue it and see what the schedule is and how that flow was from those facilities into more permanent treatment facilities and how quickly these people got back near their homes.

We had understood that the facilities in the Washington area have started to limit new beneficiaries. Are new enrollees now being turned away? I am not talking about people coming back from the war zone, just new enrollees of people who are eligible for treatment.

General PEAKE. Sir, we have limited enrollment in the military treatment facilities with capacity. What you want to be able to do is appropriately treat the people that you have enrolled and give them that care. They can still enroll in TRICARE within the civilian part, the contractor part of the managed care system under TRICARE Prime.

Senator STEVENS. These are primarily retirees.

General PEAKE. Yes, sir.

Senator STEVENS. Is that part of the problem of taking care of the increased surge from the war zones?

General PEAKE. No, sir. It is not part of that.

Senator STEVENS. It is a limitation of the facilities themselves to take on the new retirees?

General PEAKE. It is the facilities and the staffing and so forth.

Senator STEVENS. And TRICARE for Life.

General PEAKE. Right, sir.

We have an increase in unique users across our system. If you look at our retirees, just the retirees over and under 65, from 2000 to now, it is about a 60 percent increase in retirees of unique users.

Senator STEVENS. I will move on to my co-chairman, but this committee was critical of the number of hospitals that were closed in the last base closure round and urged that some of them be maintained as satellites for other military health facilities. Are you considering reopening any?

General PEAKE. Sir, our manpower came down 34.5 percent in the Army from 1989. So you have to be able to staff a hospital to run it. It is really the people not just the facilities.

Senator STEVENS. I will get into that later.

Senator Inouye.

Senator INOUE. Thank you.

NON-COMBAT INJURIES

General Taylor just reminded me of an article I read a few weeks ago that more men in the Revolutionary and Civil Wars died as a result of dysentery, more than bullets. What percentage of the personnel who are now being hospitalized are hospitalized for non-combatant injuries?

General TAYLOR. Do you know the percentage? The only number I can give you is the idea of the people that we moved through the aeromedical evacuation system. Of the 15,000 or so people we moved from the air evacuation system this last year, between 3,000 and 4,000 were for battle injuries. The rest were for disease non-battle injuries. That gives you some estimate. It is probably somewhere on the order of one-quarter to one-third are actually due to battle injuries. The rest are disease non-battle injury (DNBI) rates.

The interesting part, as General Peake said, is the chance of dying in theater is much less than historically we have ever had, and Jim probably has the statistics on that to tell you, if you are injured in battle, if you make it to a medic, what your chances of surviving are. Jim, do you want to add to that?

General PEAKE. Sir, our killed in action (KIA) rate is about 13 percent. If you look at the theater of operation in Iraq, it is what the KIA rate is, compared to about 20 percent as what we have run historically from a KIA rate.

But you are right, sir, about the importance of DNBI and our preventive medicine measures. We actively review that and pursue it. I will give you an example of having to do with eye injuries. Our chief in his rapid fielding initiative for our soldiers insisted that every soldier get the Wiley X protective glasses. I have had two e-mails from the field now talking about how our eye injury rates have dropped down. We had studied our injuries coming back and had 99 serious eye injuries just because of lack of ballistic protection for the eyes. That has changed dramatically and part of it is because we have got leaders like Pete Chiarelli as the 1st Cavalry (Cav) commander who said we will wear the eye protection. That is one of your checkpoints as you go out on patrol. So those kinds of things are important.

But if you think about the population we have got over there, it is 150,000 people, and so people get sick. People have routine injuries. There are motor vehicle accidents. When you burn the latrines, you have people that get burned in fires. Those kinds of things are part of what we are seeing and we wind up taking care of all of that as it comes back through our system.

Admiral COWAN. Sir, if I could add to that. We used to accept DNBI as sort of, well, that is just the way it is, and we do not anymore. So our efforts are very aggressively aimed at making it no more dangerous and no more likely to become sick or injured when deployed than if you were at home.

It does not just start when we deploy. Our attention to the health and the fitness to include the flexibility, endurance, social stability, family stability of each of our individuals to help them go be those sticky soldiers and sailors and airmen that will stay in the field and have the capability to do so. So that is very much the

thrust of force health protection, to drive those DNBI's down. Part of it is putting healthy people out there that are likely to survive.

Senator INOUE. Do we have enough research money to look into this matter?

Admiral COWAN. I would say that there are always more projects that could be done. I think the money that we have now has allowed us to focus on near to midterm research development and ultimately acquisition that gets to the issues that we know to be the most important. There are others out there that more resources would allow us to get to and probably concentric circles of greater research risk. So no absolute money would be enough or too much.

PROTECTIVE BODY ARMOR RESEARCH

Senator INOUE. I would like to follow up on the chairman's questioning. We have been advised that additional research is now being done to develop protective body armor for extremities and for the head. Can you give us any status report on that?

General PEAKE. Sir, I have had the program manager for the helmet project over in the office and married him up with our head and neck consultant so that we could evaluate the kinds of injuries that we are actually seeing with what he is projecting for the next generation of combat helmets. Already we have improved the helmet from what we had even in Desert Shield/Desert Storm with better protection inside and better ballistic protection from rounds. So we are marrying them up.

One of the discussion points is what kind of face protection that we could have because we have folks standing outside the hatches when they are on patrol as an example. So the medics are not the primary developers of the body armor, but we are actively collaborating.

The Armed Forces Institute of Pathology is analyzing the body armor that comes back to understand where the vulnerabilities are. We know already that the axilla is an area where it can be penetrated. It saves you from a front-on hit, but it can come through the side as an example. So they are looking at ways to modify and increase the protection for soldiers in that regard.

Admiral COWAN. Sir, we have a combat registry that was initiated by the Army—and all services use it now—that allows us to track, in a statistical way, patterns of wounding. For example, we are finding with improvised explosive devices that the Iraqis are using at the roadside, that our soldiers get blasts from above. A helmet does not help. They get eye injuries. So General Peake alluded to the glasses.

We are also finding now that the trunk and the thorax is protected. We are seeing lots of people with shoulder injuries. So now the researchers are looking into putting a protective pad on the shoulder. So the nature of the combat and the nature of the vehicles people are in matter, but now we can track that and be responsive like we could not in the past.

Senator INOUE. I realize that it is part of the policy of our Defense Department to make certain that every person in uniform carries his or her load. In the medical personnel, there are some who are extremely specialized and trained. For example, we have sent surgeons to Iraq who are some of the finest in the land when

it comes to knee, shoulder, or hip replacement. I do not suppose they have any hip replacement or knee replacement in Iraq. Why do we have to keep them there for 6 months?

General PEAKE. Sir, right now they are potentially there for 1 year for the Army, and what we are trying to do is have them there for 6 months. We have been rotating our reservists at 90 days and we think that that is going to allow them to stay in the Reserves. We are actively—as a matter of fact, I have got the program on my desk now to carry forward, and I have talked to some of the leadership in theater about being able to rotate our folks out. I could run down the list. Jack Chiles, who is the Deputy Commander at Baghdad, is one of our premier anesthesiologists. We have subspecialists over there because really that is why we have them in the Army is so that we can have the kind of quality forward deployed. But what we want to do is get them back so that they can maintain their skills and be used effectively and efficiently in the long run.

But it is an issue of being very, very busy as an Army and everybody counts for being able to go forward and take care of those soldiers. So I absolutely appreciate what you are saying. I know many of the folks that you are talking about personally and we intend to carry this forward for the active guys to rotate those specialties at 6 months. As I say, with the reservists we are sticking to the 90 days because we think that is what it is going to take to keep them in the Reserves.

Senator INOUE. My time has expired. I will wait until my turn comes up again.

Senator STEVENS. Senator Leahy, you are recognized for 5 minutes.

Senator LEAHY. Thank you, Mr. Chairman. I have watched these 5-minute clocks here for the last 20 minutes, but I will try to stay somewhat close to it.

General Peake, in one of your answers to the question about the increase in injuries based on the different type of fighting, are we seeing an increase in blindness, blinding injuries?

General PEAKE. Sir, we saw some very serious eye injuries and that is why we have put this focus on the eye protection. So we are seeing a drop-off now. We will analyze it to see if it has really made that huge a difference.

Senator LEAHY. Please do because I get episodic stories on that. We can replace an arm. We can replace a leg. And I do not say that in a cavalier fashion by any means. It is still a difficulty, but it is not as devastating by any means to a person continuing with their life as blindness is.

I heard your discussion of the—I have kind of watched that. We actually put together one of the newer, lighter helmets in Newport, Vermont. They are working around the clock. I have tried on the old helmet and the new one and there is a remarkable difference in the weight. They are both pretty heavy.

General PEAKE. Yes, sir.

Senator LEAHY. But it is a big difference.

I read that New York Times article on the incidence of post-traumatic stress disorder, this Coming Home article. It was troubling in the sense not that there is post-traumatic stress disorder. All three of you have had far more experience in this than I. You know

this happens in our soldiers, our sailors, our airmen, marines. Hundreds, if not thousands, of these people are seeing horrific things that they have never really been prepared for prior to going there, including men and women who see their own fellow Americans killed before their eyes.

But the article goes into the question, do we really have the things set in place to take care of them when they come back here? It said that a number of them are not identifying it, even though they feel they have these symptoms of post-traumatic stress disorder, because they are afraid it will look bad on their service records so they are not getting whatever counseling they might get. If they stay in the service, they have problems of having this untreated. If they go into civilian life, again the same thing. They have the problem of being untreated.

Do we have provisions to really treat this? Do we have provisions to give the counseling, to do the identifying of it, number one; treat it, number two, and with useful numbers of our armed services at work trying to retain them and their skills in our services?

General PEAKE. Well, sir, there are a lot of pieces to this.

Senator LEAHY. I understand.

General PEAKE. I think we have and are addressing it aggressively. I will speak for the Army particularly because we have had the biggest bulk of folks on the ground facing those things recently.

This post-deployment screening is more than just checking off a piece of paper or a computer chip and sending it in. It entails a face-to-face discussion with a provider who has a sensitivity to those kinds of things. You are right, sir, that some people may or may not report at that point.

We have concern about the stigma that goes with an approach to mental health providers, and so the Army has invested in having what we call the Army One Source which offers up to six visits without any link to the military at all, like a civilian commercial establishment or industry might do. They can pick up a telephone and get an immediate contact and get into those six visits.

We have really tried to push to get our combat stress units integrated out into the units so that they get to know people. So they are less threatening and they are a part of the team using sort of the chaplain's model, if you will, because we want to make that kind of thing accessible.

Senator LEAHY. You mentioned the pre- and post-deployment questionnaires they fill out and I have seen those. I had raised the same concern about 10 years ago. Do we have a tracking system? Do we know how to follow this? Do we have things that, as we go through the periodic health baselines—they report to a physician when they are in Iraq or Afghanistan, wherever for something. I do not know what we have that can show this baseline from beginning to end to, among other things, have it so readily available even without the individual names, but quantitatively and qualitatively throughout the military so that you get an indication of we are having far more of these, far less of these. It would certainly be helpful to other parts of the Government, the VA, for example. It would be very helpful to them, far easier to assess disability claims that often come up, reliable data for epidemiological studies

later on. But we do not have something that can really do that, do we, General?

General PEAKE. Sir, we are heading in that direction. We do not have.

Senator LEAHY. What can we do to help you head a little faster?

General PEAKE. Well, we are in the process of trying to field what we call CHSCII which is basically a computerized patient record across all three services over the next 30 months. This post-deployment screening is actually going into a centralized database so that we can query those fields, and that would be available to the VA as well.

Senator LEAHY. But suppose you have, say, a Sergeant Peake out there who has 2 or 3 years in there, been deployed different places, to have some way that wherever they are, they could immediately go back and see Sergeant Peake—I do not mean to pick on you by any means, but it would be, okay, they were at Fort Benning and this is what was done. They were in Afghanistan. This was done. We moved him to Iraq and this was done. Now we have him at Fort Hood and this was done, but be able to pull up immediately and know now that you are at Fort Hood, you are being treated, for them to be able to tell immediately without having to go through all kinds of paperwork, to be able to say, okay, this is what happened to the sergeant in each of these other places. But we do not have that, do we?

General PEAKE. Sir, that is what I am saying. In Mobile, Alabama, we will have a central database that really has a virtual record, electronic record, for each soldier, sailor, airmen, and marine. And that is what we will have by the end of 30 months.

Senator LEAHY. The reason I mention this, General, you would get strong support as far as the money is concerned from both Republicans and Democrats on this committee because we have to continuously make decisions on where is the money going to the VA, where is the money going to go whether it is what Admiral Cowan or General Taylor or anybody else asks us for, where is the money coming from if we have to make choices. The only way you can make choices is with the best information, and if the disease is not malaria or whatever else, but they are post-traumatic stress syndrome, if it is eye injuries, if it is stress fractures, or whatever it might be, we can put the money in there. We could also put the designing of equipment. We can do everything else.

So I would urge you to keep that as a real priority so that we not only can track the individual person but that we could have collectively, whether it is for the VA or for anything else, we can do that. And also when somebody comes in with a disability claim years later, we can actually track and know exactly what happened.

I know I went over, Mr. Chairman, but I know this is something you are interested in too. I just really want to stress to them that it is a matter that we are all concerned with.

Senator STEVENS. Thank you very much, Senator.

We do want to move on to the next panel, but I want to give us each about 3 or 4 minutes for a second round.

MEDICAL RESEARCH

Let me just make a statement to all of you. In the past bills, we have had a continual increase in medical research funding. We have had money for neurofibrosis, diabetes, juvenile diabetes, ovarian cancer, breast cancer, prostate cancer, leukemia and other blood related cancers, tuberous sclerosis, and manganese health research, head and brain injuries, molecular medicine, muscle research. We had about three-quarters of a billion dollars earmarked last year.

I want you to take a look at that and tell us what of that is related to your current problems related to the war. I think we must emphasize war research in this. These people deserve the best and we have got to do everything we can to improve the type of treatment we can give them. I am not saying I am going to recommend we cut them out entirely, but I am going to recommend we reduce the research for non-war-related injuries and concentrate for this year that money in fiscal year 2005 on the real problem of trying to deal with this massive increase in these injuries.

I do not know if the committee is going to agree with me or not because there are enormous groups behind all those other concepts, but I do believe that we should emphasize the research for the basic people that need the treatment now. Those other research concepts are going on year after year after year. These people need help now. So we are going to try to concentrate on that if we can.

MEDICAL AND DENTAL SCREENING

Other than that, let me ask you this. We enacted legislation to make medical and dental screening, as well as access to TRICARE available to service members once they are alerted for active duty. How is that working out? Is it possible to do anything more? The former service reservists have told us that post-deployment medical screening has been improved, but it falls short of identifying the care that returning soldiers need. Those two things, upon being called up and released. What needs to be done? General?

General PEAKE. Well, sir, I think the opportunity to get them screened and to provide the care to bring them up to deployable standards before they are activated is important. It keeps us from wasting time at mob stations and that kind of thing. What we need to discipline ourselves better on—and I think we are really pushing in that direction—is to be able to have that data available to commanders so they know who needs what and insist that they maintain the appropriate standard.

In regards to the soldiers coming back, this post-deployment screening that I referred to makes sure that we identify at least what they will declare to us, but then they have the opportunity for VA care for 2 years for service-connected issues, as well as the opportunity to be in TRICARE for, right now, up to 180 days after their separation. So we are very interested in trying to make sure that they do get the kind of care that they need and the process is in place to do that.

Senator STEVENS. Admiral.

Admiral COWAN. I would echo, sir, what General Peake said. There are lots of pushups that have to be done to get some of the

reservists ready when they come in, but we have not had major difficulties doing that to get them up to a level of deployment health that they need to be able to go.

We believe that the policies for the screening, the post- and pre-deployment, the annual health assessment that we do are about right, and any failures on individual cases would be failures of execution that we work through on a daily basis to be as seamless as we can.

Senator STEVENS. Thank you.

General Taylor.

General TAYLOR. The Air Force relies heavily on our Reserve component, and over the last 5 years, from the air war over Serbia to today, we have constantly had to activate Guard and Reserves to help us. So our system is built on a fairly strong program during peacetime to ensure folks are ready to deploy. So we have had less of a problem on activation.

I think it is an extremely generous benefit from the Congress to ensure that we can have access to health care upon notification of orders, and then the 180 days afterwards becomes very important to us.

Also in the Air Force, we have run a system that requires the Assistant Secretary of the Air Force to sign off on any medical mobilization extensions, which puts a driving force on us medics to make sure we are taking care of our people as quickly as possible.

So the combination of those two have made our numbers of folks that have had issues smaller. Very clearly, we have not had the kind of catastrophic injuries that the marines and the soldiers have had over the last year.

Senator STEVENS. Thank you.

I am going to put in the record Karl Vick's Washington Post report of the lasting wounds of this war that was in the Washington Post on April 27. I will put it in the record at this point.

[The article follows:]

[From The Washington Post, April 27, 2004]

THE LASTING WOUNDS OF WAR; ROADSIDE BOMBS HAVE DEVASTATED TROOPS AND DOCTORS WHO TREAT THEM

(Karl Vick, Washington Post Foreign Service)

The soldiers were lifted into the helicopters under a moonless sky, their bandaged heads grossly swollen by trauma, their forms silhouetted by the glow from the row of medical monitors laid out across their bodies, from ankle to neck.

An orange screen atop the feet registered blood pressure and heart rate. The blue screen at the knees announced the level of postoperative pressure on the brain. On the stomach, a small gray readout recorded the level of medicine pumping into the body. And the slender plastic box atop the chest signaled that a respirator still breathed for the lungs under it.

At the door to the busiest hospital in Iraq, a wiry doctor bent over the worst-looking case, an Army gunner with coarse stitches holding his scalp together and a bolt protruding from the top of his head. Lt. Col. Jeff Poffenbarger checked a number on the blue screen, announced it dangerously high and quickly pushed a clear liquid through a syringe into the gunner's bloodstream. The number fell like a rock.

"We're just preparing for something a brain-injured person should not do two days out, which is travel to Germany," the neurologist said. He smiled grimly and started toward the UH-60 Black Hawk thwump-thwumping out on the helipad, waiting to spirit out of Iraq one more of the hundreds of Americans wounded here this month.

While attention remains riveted on the rising count of Americans killed in action—more than 100 so far in April—doctors at the main combat support hospital

in Iraq are reeling from a stream of young soldiers with wounds so devastating that they probably would have been fatal in any previous war.

More and more in Iraq, combat surgeons say, the wounds involve severe damage to the head and eyes—injuries that leave soldiers brain damaged or blind, or both, and the doctors who see them first struggling against despair.

For months the gravest wounds have been caused by roadside bombs—improvised explosives that negate the protection of Kevlar helmets by blowing shrapnel and dirt upward into the face. In addition, firefights with guerrillas have surged recently, causing a sharp rise in gunshot wounds to the only vital area not protected by body armor.

The neurosurgeons at the 31st Combat Support Hospital measure the damage in the number of skulls they remove to get to the injured brain inside, a procedure known as a craniotomy. “We’ve done more in eight weeks than the previous neurosurgery team did in eight months,” Poffenbarger said. “So there’s been a change in the intensity level of the war.”

Numbers tell part of the story. So far in April, more than 900 soldiers and Marines have been wounded in Iraq, more than twice the number wounded in October, the previous high. With the tally still climbing, this month’s injuries account for about a quarter of the 3,864 U.S. servicemen and women listed as wounded in action since the March 2003 invasion.

About half the wounded troops have suffered injuries light enough that they were able to return to duty after treatment, according to the Pentagon.

The others arrive on stretchers at the hospitals operated by the 31st CSH. “These injuries,” said Lt. Col. Stephen M. Smith, executive officer of the Baghdad facility, “are horrific.”

By design, the Baghdad hospital sees the worst. Unlike its sister hospital on a sprawling air base located in Balad, north of the capital, the staff of 300 in Baghdad includes the only ophthalmology and neurology surgical teams in Iraq, so if a victim has damage to the head, the medevac sets out for the facility here, located in the heavily fortified coalition headquarters known as the Green Zone.

Once there, doctors scramble. A patient might remain in the combat hospital for only six hours. The goal is lightning-swift, expert treatment, followed as quickly as possible by transfer to the military hospital in Landstuhl, Germany.

While waiting for what one senior officer wearily calls “the flippin’ helicopters,” the Baghdad medical staff studies photos of wounds they used to see once or twice in a military campaign but now treat every day. And they struggle with the implications of a system that can move a wounded soldier from a booby-trapped roadside to an operating room in less than an hour.

“We’re saving more people than should be saved, probably,” Lt. Col. Robert Carroll said. “We’re saving severely injured people. Legs. Eyes. Part of the brain.”

Carroll, an eye surgeon from Waynesville, Mo., sat at his desk during a rare slow night last Wednesday and called up a digital photo on his laptop computer. The image was of a brain opened for surgery earlier that day, the skull neatly lifted away, most of the organ healthy and pink. But a thumb-sized section behind the ear was gray.

“See all that dark stuff? That’s dead brain,” he said. “That ain’t gonna regenerate. And that’s not uncommon. That’s really not uncommon. We do craniotomies on average, lately, of one a day.”

“We can save you,” the surgeon said. “You might not be what you were.”

Accurate statistics are not yet available on recovery from this new round of battlefield brain injuries, an obstacle that frustrates combat surgeons. But judging by medical literature and surgeons’ experience with their own patients, “three or four months from now 50 to 60 percent will be functional and doing things,” said Maj. Richard Gullick.

“Functional,” he said, means “up and around, but with pretty significant disabilities,” including paralysis.

The remaining 40 percent to 50 percent of patients include those whom the surgeons send to Europe, and on to the United States, with no prospect of regaining consciousness. The practice, subject to review after gathering feedback from families, assumes that loved ones will find value in holding the soldier’s hand before confronting the decision to remove life support.

“I’m actually glad I’m here and not at home, tending to all the social issues with all these broken soldiers,” Carroll said.

But the toll on the combat medical staff is itself acute, and unrelenting.

In a comprehensive Army survey of troop morale across Iraq, taken in September, the unit with the lowest spirits was the one that ran the combat hospitals until the 31st arrived in late January. The three months since then have been substantially more intense.

"We've all reached our saturation for drama trauma," said Maj. Greg Kidwell, head nurse in the emergency room.

On April 4, the hospital received 36 wounded in four hours. A U.S. patrol in Baghdad's Sadr City slum was ambushed at dusk, and the battle for the Shiite Muslim neighborhood lasted most of the night. The event qualified as a "mass casualty," defined as more casualties than can be accommodated by the 10 trauma beds in the emergency room.

"I'd never really seen a 'mass cal' before April 4," said Lt. Col. John Xenos, an orthopedic surgeon from Fairfax. "And it just kept coming and coming. I think that week we had three or four mass cal's."

The ambush heralded a wave of attacks by a Shiite militia across southern Iraq. The next morning, another front erupted when Marines cordoned off Fallujah, a restive, largely Sunni city west of Baghdad. The engagements there led to record casualties.

"Intellectually, you tell yourself you're prepared," said Gullick, from San Antonio. "You do the reading. You study the slides. But being here . . ." His voice trailed off.

"It's just the sheer volume."

In part, the surge in casualties reflects more frequent firefights after a year in which roadside bombings made up the bulk of attacks on U.S. forces. At the same time, insurgents began planting improvised explosive devices (IEDs) in what one officer called "ridiculous numbers."

The improvised bombs are extraordinarily destructive. Typically fashioned from artillery shells, they may be packed with such debris as broken glass, nails, sometimes even gravel. They're detonated by remote control as a Humvee or truck passes by, and they explode upward.

To protect against the blasts, the U.S. military has wrapped many of its vehicles in armor. When Xenos, the orthopedist, treats limbs shredded by an IED blast, it is usually "an elbow stuck out of a window, or an arm."

Troops wear armor as well, providing protection that Gullick called "orders of magnitude from what we've had before. But it just shifts the injury pattern from a lot of abdominal injuries to extremity and head and face wounds."

The Army gunner whom Poffenbarger was preparing for the flight to Germany had his skull pierced by four 155 mm shells, rigged to detonate one after another in what soldiers call a "daisy chain." The shrapnel took a fortunate route through his brain, however, and "when all is said and done, he should be independent. . . . He'll have speech, cognition, vision."

On a nearby stretcher, Staff Sgt. Rene Fernandez struggled to see from eyes bruised nearly shut.

"We were clearing the area and an IED went off," he said, describing an incident outside the western city of Ramadi where his unit was patrolling on foot.

The Houston native counted himself lucky, escaping with a concussion and the temporary damage to his open, friendly face. Waiting for his own hop to the hospital plane headed north, he said what most soldiers tell surgeons: What he most wanted was to return to his unit.

Senator STEVENS. Senator Inouye.
Senator INOUE. Thank you very much.

MEDICAL PERSONNEL SHORTAGES

According to information we have received, the Army Reserve had 3,000 physicians in 1991 and today they are 1,550. The Naval Reserve went from 2,191 in 1900 to 1,000 today. The Air Force currently has 761 physicians.

We have been advised that the Air Force is short on dentists, nurses, occupational therapists, and is relying on incentive pay and ongoing initiatives for school loan repayment options for recruiting and retention. The Army is short on nurse anesthetists, general surgeons, anesthesiologists, neurosurgeons. The Navy is short on nurses and dental corps personnel.

I realize that we will not have the time today, but can you advise this committee as to what you are doing about this or what can be done and what can be done by this committee? If you could, please provide us a brief response.

Admiral COWAN. Sir, we will respond to that in more detail in the immediate future.

Part of the reduction of reservists for the Navy is an intentional part of the transformation of the Navy because we use our reservists in different ways. Part of the cuts in Reserves were actually cuts of billets not people. They were billets that we could not match the skill next to. We now use our Reserves as more of an integrated force than in the past. So the degree of risk that we may be running with our Reserve assets is only perhaps marginally larger or the same as it was before.

That being said, we do have ongoing difficulties with shortages in specific areas, and I will provide you information on the programs that we are working to improve those.

[The information follows:]

The Medical Corps currently has shortages in anesthesiology, surgery, urology, neurosurgery and radiology. The Medical Corps primarily uses the Health Professions Scholarship Program and the Uniformed Services University of the Health Sciences, as it's primary accession pipeline. Students are recruited for these programs and then get into specialties based on the Navy's need and the availability of training positions. Another method to increase the number of critical shortage specialists is the use of fellowship training to entice specialists in critical areas to remain on active duty. In addition, a new training program in radiology at Naval Medical Center Portsmouth, Virginia was opened in 2003, which will increase the number of graduating radiologists per year from in service training programs.

The Nurse Corps continues to focus on a blend of initiatives to enhance our recruitment and retention efforts, such as:

- Diversified accession sources, which also include pipeline scholarship programs (Nurse Candidate Program, Naval Reserve Officer Training Corps, Medical Enlisted Commissioning Program, and Seaman to Admiral Program).
- Pay incentives (Nurse Accession Bonus, Certified Registered Nurse Anesthetist Incentive Special Pay, and Board Certification Pay).
- Graduate education and training programs, which focus on Master's Programs, Doctoral Degrees, and fellowships. Between 72–80 officers/year receive full-time scholarships based on operational and nursing specialty requirements.
- Successful recruiting incentives for reservists in critical wartime specialties include: the accession bonus and stipend program for graduate education.

The Medical Service Corps is comprised of 32 different health care specialties in administrative, clinical and scientific fields. The educational requirements are unique for each field; most require graduate level degrees, many at the doctoral level. End of fiscal year 2003 manning was at 98.2 percent, however, difficulties remain in retaining highly skilled officers in a variety of clinical and scientific professions. Entomology and Physiology are currently undermanned by more than 10 percent. Entomology has not met direct accession goals since fiscal year 1999 and Physiology has not met direct accession goals since fiscal year 1998. Use of the Health Services Collegiate Program (HSCP), a Navy student pipeline program, was instituted for the Entomology community in fiscal year 2002 and for the Physiology community in fiscal year 2003. The use of HSCP for these communities seems to be an effective means to achieve the accession goals for these communities.

The Dental Corps currently have their greatest shortages in general military dentists; endodontists (root canal specialists); Oral and Maxillo-Facial Surgeons and prosthodontists. The Dental Corps uses the Health Professions Scholarship Program (HPSP) as it's primary accession pipeline. Dental students are recruited for these programs and then get into specialties based on the Navy's need and the availability of training positions. At the present time, recent graduates are being deferred for residency training in these shortage areas on a case-by-case review.

General PEAKE. Sir, I mentioned the 90-day rotations to be able to enable dentists, nurse anesthetists, and physicians to be able to be away from their practice a reasonable period and still be able to be incorporated back into that practice when they get there. Even with that 90 days, it is stressful. I have had one say, well, I can do 90 days, but I cannot do 90 days every year, that kind of notion. So the OPTEMPO is part of it.

I think we are about to restructure our Reserves so that we have a United States Army Reserve medical command that will allow us to focus the management of all of those critical assets in a more homogeneous way. So there is a restructuring initiative that is going on.

The other aspects of it are on the active side, and so we have to keep a close eye on that, given the OPTEMPO and PERSTEMPO as well. So I think the issue of restructuring our bonuses is important and we need to be able to look forward to getting that updated because we have not really updated it in a while.

General TAYLOR. We will respond in more detail to you, Senator.

I also think for the reservists in particular it is difficult in today's medical practice. Many of the providers operate very close to the margin. So taking them out for long periods of time oftentimes can destroy a practice.

So all of us—and you heard from General Peake—are trying to work ways where we can bring them on active duty for short periods of times, particularly through a volunteer system, so they could support perhaps 30 days every couple of years. So we are all actively trying to work ways of doing that. We have been aggressively trying to do that so that it counts as 2 years' worth of points and 1 year, one 30-day activation. So we are working real hard to do that.

Certainly pay and environment of care is an important aspect, as well as trying to make continued service in the Guard and Reserve for our folks who elect to leave active duty an important piece of a smooth transition from being on active duty status. We are hoping to be able to gather more folks up to serve in these critical positions in the Guard and Reserve. We have not seen a radical drop in physicians in particular within the Guard and Reserves, but it is very troublesome seeing how much we used them in the last couple of years.

RECRUITING AND RETENTION

Senator INOUE. There are certain statistics we watch very carefully. One, obviously, is recruiting and retention of active duty medical personnel. Are we in good shape?

General PEAKE. Sir, we are in the Army on the Health Professions Scholarship Program (HPSP), of course, with the Uniformed Services University of the Health Sciences (USUHS), but really in the larger extent it is our health professional scholarship programs. Those costs have increased significantly to the point where I had to look into other sources of funds other than what we had programmed just because the tuition costs have gone up so much as we put people out into civilian training, which is tremendously important for us. That is really our best recruiting tool.

I know Debbie Gustke will talk more about nursing in the next panel, the kinds of things that we are doing to try to encourage nurses to join our Army as well.

I think what General Taylor talked about in terms of environment of care is terribly important. We have to have a quality system and the kind of quality places for them to come in and practice. Otherwise, they really will not want to be a part of a second-rate organization. So we have got to keep that first-rate.

Senator INOUE. Thank you, Mr. Chairman.

Senator STEVENS. Well, we would like to pursue that conversation with you and your successors. I know some medical people up my way who would welcome a chance to have a quarter of 1 year away from their practice and to have some different surroundings. If they had a commitment that they would not be yanked out for 1 year later, they might make that commitment. We need to devise some innovative programs to give particularly these young doctors who get stuck in some place and they do not get a chance to travel. It will give them a chance to get involved and be active duty for 2 months a year or something like that and give them a commitment they will not be called up for longer in a certain period, whatever it is, and have some bonuses involved in that training. It might be easier to do that than to get more scholarships and whatnot, to get more people who really end up by not being available anyway after they have left the service.

We want to thank you again. General Peake and Admiral Cowan, we have enjoyed your participation in our process here and we respect your commitment to your military service and your medical profession. So we wish you well.

General Taylor, you will be over at the left-hand side of the table next year. So we will look forward to that. I remember when I was sitting down at the end of this table once when an old friend of mine, who was the chairman—I had known him years before—he called me over and he said, do you know how much seat time you are going to have to log to get to sit where I am sitting?

So cheer up. You moved very quickly.

We will proceed to the nursing now and hear from the Chiefs of the service nursing corps. We thank you very much, Admiral and Generals.

Your nursing corps is vital to the success of our military medical system as any part of it. We thank you for your leadership and we look forward to hearing from you. We welcome you again. We are going to hear from Colonel Deborah Gustke, the Assistant Chief of Army Nurse Corps. We welcome Admiral Nancy Lescavage, Director of the Navy Nurse Corps, and from the Air Force, we have General Barbara Brannon, Assistant Surgeon General for Nursing. We welcome you all back warmly. None of you are leaving us this year, are you?

Colonel GUSTKE. Yes, sir.

Senator STEVENS. I yield to my good friend and co-chairman.

Senator INOUE. I would like to join you in congratulating and thanking all of the nurses here.

Major General Brannon, I believe you are the first to be a major general.

General BRANNON. I am, sir, in the Air Force.

Senator INOUE. Congratulations.

General BRANNON. Thank you for the great honor. It is very humbling.

Senator INOUE. Let us hope that you are the first of many.

I am especially proud to see Admiral Lescavage here. I have special pride in that she served on my staff for a while as a fellow.

We will hear from Colonel Gustke. Some day, if you stick around, you will have a star as well.

I understand that the Army has been operating without a Nurse Corps chief since General Bester retired. I understand that you will also be retiring.

Colonel GUSTKE. Yes, sir.

Senator INOUE. Don't you want to wait until you receive your star?

Seriously, I would like to thank you for your many years of service to our Nation. Thank you so much.

Colonel GUSTKE. Thank you, sir.

Senator STEVENS. Thank you all. Your statements will appear in the record in full. We will look forward to your comments. Colonel, we call on you first.

**STATEMENT OF COLONEL DEBORAH A. GUSTKE, ASSISTANT CHIEF,
ARMY NURSE CORPS**

Colonel GUSTKE. Mr. Chairman and distinguished members of the committee, thank you for the opportunity to update you on the Army Nurse Corps.

As of April 2004, we have deployed over 814 Army nurses to places such as Afghanistan and Iraq, serving as members of forward surgical teams in support of our deployed divisions, and as staff within our 31st Combat Support Hospital, 67th Combat Support Hospital, and 325th U.S. Army Reserve Field Hospital.

We have numerous Reserve nurses who are serving in back-fill roles in our medical treatment facilities. Furthermore, 158 Reserve and National Guard nurses are serving as case managers at the regional medical commands, mobilization sites, and at the community-based health care initiatives which were established to provide medical holdover management for soldiers impacted deployment.

We have a very strong focus on reintegration of our personnel once they return home and are continuing to assess whether the rapid deployment tempo is impacting retention. I am pleased to tell you that last year in fiscal year 2003 we experienced the lowest attrition rate in the past 5 years. We continue to collect data from Army nurses and the reasons for attrition have remained constant over the last few years without any new emerging trends.

At home we continue to leverage all available incentives and professional opportunities in recruiting and retaining both our civilian and military nursing personnel. Simply put, the direct hire authority for registered nurses authorized by Congress has substantially benefitted our hiring efforts. In fiscal year 2003 we achieved an unprecedented 94 percent fill rate of documented civilian registered nurse positions, an overall turnover rate of less than 14 percent. Our hiring reflects improvement over the past 3 years for registered nurses.

We continue, however, to have barriers in hiring our licensed practical nurses and strongly affirm that direct hire authority needs to be extended to include this extremely valuable nursing population.

We believe that we have strong recruitment and retention tools to address the long-term impact of the decreased nursing pool on our military nursing recruiting efforts. Although the Army Nurse Corps was below our fiscal year 2003 budgeted end strength, the decrement is less than in the past 2 years. We are confident that

the recruiting and retention strategies in place, such as the increased accession bonus and the health loan repayment program, will continue to help reduce the decrement in future years.

We also increased the number of soldiers who are sponsored to obtain their baccalaureate nursing degree through the Army enlisted commissioning program. We continue to take aggressive measures to strengthen nurse accessions through the Army Reserve Officer Training Corps and the United States Army Recruiting Command. We offer Reserve Officer Training Corps (ROTC) nurses scholarships at nearly 200 nursing schools and have increased the collaborative relationship between our health care recruiting resources in ROTC and the United States Army Recruiting Command (USAREC).

Army nurses continue to be at the forefront of relevant nursing research that is focused on our research priorities of readiness and nursing practice. We have nearly 90 research studies currently in progress and continue to foster involvement in the research process at all levels of our organization. Our research accomplishments include the development of 23 evidence-based standardized treatment guidelines for musculoskeletal injuries most common to soldiers.

Our Military Nursing Outcomes Database study, known as MilNOD is now in the fourth year of study and has resulted in the development of staffing and patient safety reports for the Army hospitals. This study also affirms our strong belief in collaborative nursing research as we have influenced the development of the Veterans Affairs Nursing Outcomes Database with a similar design. This project truly demonstrates what is best about nursing research and Federal nursing collaboration.

Along with our Federal nursing colleagues, our commitment to the tri-service research program and the graduate school of nursing at the Uniformed Services University of the Health Sciences remains very strong. Both these programs are distinct cornerstones of our Federal nursing education and research efforts and clearly demonstrate nursing excellence.

Thank you, sir, for your continued support of both these exemplary programs as it enables us to continue to produce advances in nursing education, research, and practice for the benefit of our soldiers and their family members and our deserving retiree population.

Finally, Senators, we are firmly determined to meeting and overcoming any challenge that we face this year and are committed to meet the uncertain challenges of the future. We are further motivated by the impressive, steadfast courage and sacrifice demonstrated by all the fine men and women in uniform who are serving our great Nation. We will continue our mission with a sustained focus on readiness, expert clinical practice, sound educational preparation, professionalism, leadership, and the unfailing commitment to our Nation that have been distinguishing characteristics of our Army nurses and organization for over 103 years.

As I conclude my 32 years of service in the Army Nurse Corps, I am most proud of all the tremendous civilian and military nursing personnel that represent this great Army Nurse Corps.

PREPARED STATEMENT

Thank you again for your support and for providing the opportunity for us to present the extraordinary efforts, sacrifices, and contributions made by all Army nurses who always stand ready, caring, and proud. Thank you, sir.

Senator STEVENS. Thank you very much.
[The statement follows:]

PREPARED STATEMENT OF COLONEL DEBORAH A. GUSTKE

Mr. Chairman and distinguished members of the committee, I am Colonel Deborah A. Gustke, Assistant Chief, Army Nurse Corps. Thank you for providing the opportunity this year to update you on the state of the Army Nurse Corps. I am pleased to represent Brigadier General William T. Bester, Chief of the Army Nurse Corps, who is currently transitioning to retirement after a very distinguished thirty-five year military career. The past year has been challenging for our great Nation as well as for the Army Nurse Corps. We have sustained a deployment rate in recent months not seen since the Vietnam era and I am extremely proud to report that the Army Nurse Corps has again demonstrated our flexibility and determination to remain ready to serve during these challenging and difficult times.

We remain very engaged in our Army's efforts in support of operations around the world. As of March 2004, we have deployed over 814 Army nurses to places such as Afghanistan and Iraq. Our nurses are providing expert care in every health care setting. There are Army nurses on Forward Surgical Teams performing immediate life-saving care to our soldiers. We have Army nurses assigned to the combat divisions who are responsible for educating and sustaining our enlisted combat medics—our linchpin to soldier care. Army nurses perform both clinical and leadership roles in the two deployed Combat Support Hospitals (CSH) and one Field Hospital. At present, the 31st Combat Support Hospital from Fort Bliss, TX and the 67th CSH from Wuerzberg, Germany are on the ground in Iraq and the 325th Field Hospital, United States Army Reserve, headquartered from Independence, MO, is currently on the ground in Afghanistan. These units in Iraq recently conducted a seamless transition with the 28th CSH from Fort Bragg, NC and the 21st CSH from Fort Hood, TX, who have now safely returned home. We are firmly supporting organized reintegration programs for the members of these units at their home stations to ensure that the transition to home is as supportive and successful as possible. We are truly proud of the Army nurses and all the medical personnel who served and are currently serving with these and all the medical units.

Our Reserve Nurse Corps officers are demonstrating the necessary leadership and clinical expertise in support of current operations in many settings around the world. In addition to the nurses in theater, numerous other Reserve nurses are serving in backfill roles in our Medical Treatment Facilities (MTFs). Furthermore, 158 Reserve and National Guard nurses are serving as case managers at the Regional Medical Commands, mobilizations sites and at the community based health care initiative sites, established to provide medical holdover management for soldiers impacted by deployment. With the addition of Army nurse case managers in June 2003, the flow and disposition rate of medical holdovers has increased dramatically. Army nurses possess the necessary mix of leadership and clinical skills to perform nursing care in any setting and in any role. I strongly believe that we have fully demonstrated this throughout our one hundred and three year history, and especially since September 11, 2001.

The current world environment is not without challenges for the Army Nurse Corps in several arenas. The National nursing shortage continues to impact the ability of the Army Nurse Corps to attract and retain nurses. Although we are encouraged by recent increases in nursing school application numbers, concerns continue over the lack of nursing school capacity due to the availability of adequate faculty. We wholeheartedly support initiatives that attract and retain nursing school faculty and believe that it will be critical to continue developing programs necessary to meet current and future faculty shortfalls.

We have worked diligently in the past year to minimize the impact of a decreased nursing personnel pool on our civilian nurse strength. Civilian nurses continue to comprise the majority of our total nurse workforce and have performed exceptionally during the recent staffing transitions at our MTFs as our active and reserve nurses mobilize in support of operations around the world. Our civilian nurses have demonstrated true resiliency and the willingness to absorb the necessary roles to ensure that we don't miss a beat as we provide expert nursing care to our beneficiaries.

We continue to have success with the Direct Hire Authority. In fiscal year 2003, we achieved a 94 percent percent fill rate of documented civilian Registered Nurse positions and an overall turnover rate of 14 percent. These numbers reflect continued improvements over the past three years and the high fill rate percentage demonstrates that Direct Hire Authority is successful. We will continue to monitor strategies to address retention efforts such as supporting opportunities for continuing education and professional development programs for our civilian Registered Nurses. Although in fiscal year 2003, for the first time in three years, we experienced a decline in the fill rate for civilian Licensed Practical nurse positions, but we experienced a decreased turnover rate. In fiscal year 2003, it took an average of 84 days to fill a Licensed Practical Nurse position, nearly 30 more days than the Army standard of 55 days. We're reviewing the options we have to ease the recruitment and hiring lag that we currently experience in this valuable nursing personnel population.

The Army Nurse Corps remains actively engaged in a DOD effort to simplify and streamline civilian personnel requirements and prepare our processes to compliment the evolving National Security Personnel System (NSPS). We support having the flexibility necessary to respond to the rapidly changing civilian market and are encouraged by the projected use of pay banding to facilitate regional hiring and retention differences. We are now able to implement the needed flexible special pay strategies within the pay system and are pursuing financing strategies to execute this authority this fiscal year. In addition, we are ready to implement the clinical education template currently required in the legislation in order to ensure consistency of hiring practices.

We believe that we have assertively leveraged strong recruitment and retention tools to address the long-term impact of the decreased nursing pool on our military nurse recruiting efforts. Although the Army Nurse Corps was below our fiscal year 2003 end-strength of 3,381 by 154, this decrement has closed since fiscal year 2002 and we are confident that the recruitment and retention strategies in place will continue to help reduce future shortfalls. We continue to take aggressive measures to strengthen our position in both the Army Reserve Officers' Training Corps (AROTC) and United States Army Recruiting Command (USAREC) recruiting markets. We now offer AROTC nursing scholarships to students at approximately 200 nursing schools across the country. One of the greatest recruiting tools for AROTC and nursing is the Nurse Educators Tour to the AROTC Leader Development and Assessment Course at Fort Lewis, WA. This course is the capstone evaluation program for AROTC cadets in the summer between their junior and senior years and impressively demonstrates the finest qualities of our future officers. In the past, we were limited to hosting 30 nurse educators, but now have secured resources to host up to 150 educators. Last summer, 104 nurse educators came to Fort Lewis and left with a new found appreciation for the benefit of AROTC training as well as for the Army Nurse Corps as a tremendous environment for their students to practice the art and science of nursing. Upon returning to school last fall, one nurse educator personally escorted five nursing students to the AROTC cadre to discuss scholarship options. It is clearly evident that the influence of nurse educators on prospective Army Nurses is integral to our efforts in AROTC and we will continue to foster those strong relationships.

We have also taken strides to increase the collaborative relationship between our health care recruiting resources in AROTC and USAREC. This collaborative non-competitive partnering was initiated to maximize the Army Nursing presence on campus and to present a unified Army Nurse Corps team to the nursing students and faculty. As of February 2004, this collaborative effort has resulted in 60 referrals to USAREC by AROTC Nurse Counselors. We will continue to support this professional partnering in nurse recruiting.

Regarding compensation incentives, we have been successful in increasing the accession bonus and are working towards incremental increases up to our authorized level in future years. We are particularly proud to report that the Health Professions Loan Repayment Program (HPLRP), implemented at the end of fiscal year 2003 and continuing into fiscal year 2006, has been very successful. We have been able to optimize the use of this program for both new accessions as well as for retention of our fine company grade Army Nurse Corps officers. We believe that these incentive programs, coupled with established professional leadership and clinical education programs, are instrumental in our efforts to retain Army nurses during the early phase of their careers. Finally, we continue to be extremely successful in providing a solid progression program for our enlisted personnel to obtain their baccalaureate nursing degree through the Army Enlisted Commissioning Program. Our intent is to consistently sponsor 85 enlisted soldiers each year to complete their nursing education to become Registered Nurses and subsequently, Army Nurse

Corps officers. We have married the support framework of these soldiers to our AROTC resources at the various colleges and universities in order to ensure that our enlisted soldiers have the support and mentoring they so richly deserve while they are pursuing their nursing studies. Graduates from this program continue to provide the Army Nurse Corps with nurses who are strong soldiers and leaders.

Our focus on retention of our junior nurses will always be important and in fact, in fiscal year 2003, we experienced the lowest attrition rate in the past five years. We believe that the robust compensation strategies such as their base pay, allowances, the Health Professions Loan Repayment Program (HPLRP) and the Incentive Specialty Pays for our Certified Registered Nurse Anesthetists (CRNA) have been paramount in our effort to recognize individuals for their tremendous efforts and sacrifices, especially during the continued high operational tempo. We continue to collect data from Army nurses who choose to leave the Army and are analyzing the recent data to assess any impact that the swift deployment tempo may have on our retention efforts. The results to date do not reflect that the losses are related to deployment, but we will continue to track and assess this very closely.

Each year, the Army Nurse Corps continues to sponsor the largest number of nurses, compared to any Service, to pursue advanced nursing education in a variety of specialty courses as well as in masters and doctoral programs. We know that this education program, coupled with the military leadership development, positively impacts improved clinical practice environment, mentoring relationships, and role satisfaction.

It is a pleasure to be able to highlight good news stories about nurses affiliated with the Army Medical Department (AMEDD) Center and School and at the many MTFs around the world who are working tirelessly to improve the clinical, education, research, and leadership environments. At the AMEDD Center and School, we have increased our training capacity for CRNAs in order to address a critical shortfall in this specialty. This involved opening a clinical training site at Brooke Army Medical Center, in San Antonio, TX, that allows us to produce an additional four CRNA nurses each year. As a result, we will increase our ability to fill the operational requirements for these nurses as well as decrease the current costs of contracting civilian CRNA personnel in our facilities.

Army Nurses are integral to the Army Medical Reengineering Initiative at all levels of our organization. To support the conversion of our enlisted/officer Licensed Practical Nurse (LPN) to an expanded level of patient care capability, Army Nurses designed and implemented a new educational program of instruction for the LPN training program. This improvement refocused training to include a greater emphasis on critical care and trauma skills in support of the revised wartime mission of these soldiers. Our first class, under the improved program of instruction, began in late 2003 and we are confident that this training will produce the highly trained Practical Nurse sought by the Army. Army Nurses are also very proud to be an integral part of the transformation of the new enlisted Healthcare Specialist Military Occupational Specialty (91Ws). We are imbedded in the training units as leaders and educators. In fact, there are 32 Army Nurse Corps officers directly assigned to the combat divisions who are working to ensure that our 91W soldiers sustain their training and preparation needed to provide the most far forward care. Over the past year, as they have throughout history, our medics have performed admirably and we are very proud to serve side by side with these exceptional soldiers. We will continue to steadfastly support all aspects of this transformation until it is completed and sustainment training practices are well established.

The Army Nurses at Tripler Army Medical Center, Hawaii have implemented a professional practice model for all its nurses. The model is a standards and role-based model that clearly delineates the role of the nurse and provides more consistent tools for use in the performance evaluation process. This process has significantly assisted our new nurses in understanding role expectations as well as assisted our nurse leaders in clearly articulating expectations to the nursing staff. This process is ongoing and we are exploring the potential of expanding this concept to other MTFs. The Army Nurses from Hawaii are also in demand around the Pacific Rim and have established professional dialogue with the Royal Thai Nurses, The Australian Nurse Corps, and the New Zealand Defence Corps. In addition, Army Nurses have presented on clinical and professional nursing issues in Bangkok, Thailand and Hanoi, Vietnam. We will continue to sponsor this professional collaboration in the spirit of international cooperation and mutual benefit.

Last year, we presented information on the Combat Trauma Registry initiative that was employed at Landstuhl, Germany and contained retrospective data entered on soldiers injured in Afghanistan in support of Operation Enduring Freedom. I am pleased to report that this database is now termed the Army Medical Department Theater Trauma Registry (AMEDD TTR) and is a web-based system, with DOD

interface, now capable of concurrent data collection and casualty reporting. The AMEDD TTR collects data on all casualties, all U.S. military personnel and any NATO and allied military personnel and local nationals, treated at U.S. facilities in Operation Iraqi Freedom. Army Nurses in partnership with experts from the Institute of Surgical Research, Walter Reed Army Medical Center, Landstuhl Army Medical Center, the Armed Forces Institute of Pathology and the Navy Health Research Center have worked tirelessly on this project. It is expected that the results of this data collection and analysis will provide information pertinent in the development of improved medical training, equipment, and practice modalities for future operations.

Army nurses continue to be at the forefront of nursing research focused on the five Army Nurse Corps research priorities of identification of specialized clinical skill competency training and sustainment requirements, issues related to pre-, intra-, and post-deployment, issues related to the nursing care of our beneficiaries in garrison, nurse staffing requirements and their relationship to patient outcomes, and finally, issues related to civilian and military nurse retention. Today I will share with you our progress and accomplishments in these five priority areas.

The Military Nursing Outcomes Database (MilNOD) project is now in the fourth year of study and incorporates research efforts across the military nursing services. The participating sites include Walter Reed Army Medical Center, Madigan Army Medical Center, Womack Army Medical Center, Dewitt Army Community Hospital, Malcolm Grow Air Force Medical Center, Naval Hospital Bremerton and Naval Hospital Whidbey Island. This project is collecting data to support evidence-based clinical and administrative decision-making and create a reliable and valid database consisting of standardized nurse staffing and patient safety data. In addition, the investigation team is working with the California Nursing Outcome Coalition (CalNOC), a repository of staffing and patient safety data from 120 California hospitals, to benchmark data from like facilities. Although still in progress, this project has resulted in very promising findings to include the development of staffing and patient safety reports for the Army hospitals. The content of these reports meets the JCAHO compliance measures for staffing effectiveness measures and is being used by the nursing leadership in staffing pattern decisions. In addition, the MilNOD data on patient safety related to pressure ulcers revealed that nurses at Walter Reed were noticing that some of the ill or injured patients returning from deployment were experiencing pressure ulcers. This finding led to a discussion of pressure ulcer prevention in the field setting and resulted in the sharing of pressure ulcer prevention protocols from the Medical Center with the Combat Support Hospital in theater. In addition, nurses determined that the field litters currently used to support and transport patients did not provide the necessary padding protection against the development of pressure ulcers. This finding opens up a whole new area for potential inquiry and intervention. The MilNOD project is a tremendous long-term effort by nurses in all three services and has now influenced the development of the Veteran's Affairs Nursing Outcomes Database (VANOD). This project truly demonstrates what is best about nursing research and Federal Nursing collaboration.

Army nurse researchers at Madigan Army Medical Center have also developed 23 evidence-based standardized treatment guidelines for musculoskeletal injuries most common to soldiers. These guidelines provide information on patient education, exercise regimes with photographic aids, diagnostic information, and medical profile information. There have been hundreds of requests for these guidelines from deploying units as well as from providers at MTFs at home and each of these guidelines may be found on-line at the Madigan Army Medical Center website.

Our Nursing Anesthesia students continue to add to our growing body of knowledge in nursing anesthesia care for our beneficiaries at home or our soldiers in a deployment setting. This past year, several studies were done on monitoring techniques, warming techniques, gender differences in medication dosage levels and the impact of medication use on pain perception. We are extremely proud of the research that all our students accomplish while they are completing very vigorous programs of study.

Our civilian nurses are also very involved in nursing research. Nurse researchers at Fort Carson, CO received a National Institutes of Health grant to study self-diagnosis of genitourinary infection of deployed women. The study plan is to develop a safe and accurate field expedient self-diagnosis and treatment kit for genitourinary infections to be used by military women deployed to austere environments. In a preliminary study involving over 800 military women, the investigators learned that 87 percent of these women experienced symptoms of infection at some point during the deployment. Nearly half of the women reported that the symptoms resulted in decreased work performance and 24 percent reported lost hours of work time. It is evi-

dent that the outcomes of this research could have a positive impact on readiness and women's health in the deployed environment. This study has far reaching implications for other humanitarian organizations that send women to areas in which the needed health care may not be readily accessible or available.

The Army Nurse Corps research priorities are extremely timely and relevant to the research being conducted by our civilian nursing colleagues. A study recently completed in December 2003 by Lieutenant Colonel Patricia Patrician, an Army Nurse Corps researcher from Walter Reed Army Medical Center, focused on assessing the Army hospital work environment in order to describe the work environment attributes, nurse burnout, job dissatisfaction and intent to leave the Army workforce from the perspectives of military and civilian staff nurses. The second purpose was to compare these results to published reports from civilian hospitals. As we know, recruitment and retention has been tied to positive work environments, such as those that exist in magnet hospitals. The final sample from the Army study consisted of 957 Registered Nurses who worked in inpatient settings within the Army's 23 hospitals in the United States. The sample represented 64 percent civilian and 36 percent military nurses. The study results concluded that nurses working in Army hospitals rated Army hospitals more favorably as compared to the ratings of a group of civilian hospitals in terms of work environment. Nurses who work in Army hospitals experience less burnout and less job dissatisfaction than those in civilian hospitals. Finally, when taking into consideration normal military rotations and rotations within a hospital, Army nursing personnel are less likely than civilian nurses to leave their current positions within one year. Research of this nature helps us maintain our healthy work environment as well as remain competitive with our civilian counterparts in recruitment and retention.

Our support and appreciation for the Uniformed Services University of the Health Sciences (USUHS) is also very strong. USUHS continues to provide us with professional nursing graduates who continue to excel in their programs of study and subsequent professional military careers. We are pleased that both the Clinical Nurse Specialist Program in Perioperative Nursing as well as the Doctoral Program in Nursing are successfully progressing in their inaugural year. These programs were established as a result of an identified need in the military services and the Graduate School of Nursing leadership and staff worked tremendously hard to develop and execute both of these programs. USUHS will continue to be our cornerstone educational institution and remains flexible and responsive to our Federal Nursing needs. We look forward to a continued strong partnership to maintain the necessary numbers of professional practitioners to support our complex mission.

The Army Nurse Corps experienced the loss of two tremendous Army Nurse Corps officers this past year, one whose legacy of leadership and influence will forever have an impact on the Corps and one whose young career ended much too soon. Brigadier General (Retired) Lillian Dunlap, our 14th Chief, Army Nurse Corps, passed away in April 2003. She had a long and illustrious life, both personally and professionally. BG Dunlap served in the 59th Station Hospital in the southwest Pacific area of New Guinea, Admiralty Islands and the Philippines during World War II and during her 33 year career, held almost every position available in the Army Nurse Corps from staff duty nurse to nurse counselor, chief nurse, 1st U.S. Army during Vietnam, director of nursing services, instructor and director of nursing science at our Academy of Health Sciences. Without a doubt, one of BG Dunlap's most powerful and lasting achievements was the elevation of the educational level of nurses in the Army Nurse Corps. Her support and guidance assured the success of the baccalaureate degree in Nursing as the standard for entry into practice for Army Nurses—a standard that the Army Nurse Corps once again reaffirms today as the minimum educational requirement and basic entry level for professional nursing practice. We appreciate your continued support of this endeavor and your commitment to the educational advancement of all military nurses. BG (R) Dunlap's legacy will endure and she will be known as an Army nurse who opened many doors for the future of Army nursing and "gave that handful more" to everything that she did. We salute her self-less service.

Captain Gussie Mae Jones was born in Arkansas and was one of eight children. She began her Army career by enlisting in 1988 as a personnel clerk and climbed to the rank of sergeant. In 1986, Captain Jones earned a bachelor's degree in business administration from Arkansas University Central. She was selected above her peers to attend the Army Enlisted Commissioning Program and earned her second bachelor's degree from Syracuse University in 1998. It was in nursing that she found her passion. Her career as a registered nurse and a commissioned officer began in September 1998 at Brooke Army Medical Center in San Antonio. After completing our specialty course in critical-care nursing in 2002, she was assigned to William Beaumont Army Medical Center, where she excelled in nursing in the

intensive care setting. Assigned as a Professional Officer Filler (PROFIS) to the 31st Combat Support Hospital, Captain Jones deployed with her unit to Iraq in February of this year. An emerging leader and dedicated nurse, Captain Jones was admired by her fellow soldiers. On March 7, 2004, Captain Jones died of natural causes in Baghdad, Iraq surrounded by the soldiers with whom she served. Captain Jones devoted 15 years of her life to the service of her Country and the United States Army. She was a soldier and consummate professional nurse whom we are extremely proud to have had in the Army Nurse Corps. CPT Jones represents the best in Army nursing. We will never forget her sacrifice and willingness to serve. She will be sorely missed.

Finally Senators, we are firmly determined to meeting and overcoming any challenge that we face this year and are committed to meet the uncertain challenges of the future. We will continue with a sustained focus on readiness, expert clinical practice, sound educational preparation, professionalism, leadership and the unfailing commitment to our Nation that have been distinguishing characteristics of our Army nurses and our organization for over 103 years. As I conclude my 32 years of service in the Army Nurse Corps, I am most proud of all the tremendous civilian and military nursing personnel that represent this great Army Nurse Corps. Thank you again for your support and for providing the opportunity to present the extraordinary efforts, sacrifices and contributions made by Army nurses who are all ready, caring and proud.

Senator STEVENS. Admiral Lescavage.

**STATEMENT OF REAR ADMIRAL NANCY J. LESCOVAGE, DIRECTOR,
NAVY NURSE CORPS**

Admiral LESCOVAGE. Good morning, Chairman Stevens, Senator Inouye. I am Rear Admiral Nancy Lescavage, the 20th Director of the Navy Nurse Corps and the Commander of the Naval Medical Education Training Command. It indeed is an honor and a privilege to speak before you during my third year in this position and to highlight the achievements and issues of our 5,000 Navy nurses, both Active and Reserve.

The Navy Nurse Corps' exceptional performance during the past year clearly demonstrates operational readiness as we continue to meet our primary mission. In support of Operation Iraqi Freedom, we had 500 nurses deployed and there were over 400 filled reserve mobilization requests to maintain the continuum of care in our military treatment facilities. In addition, there were over 400 active and Reserve Navy nurses involved in additional training exercises.

Through a variety of activities, ranging from direct care to the conduct of research in support of our operational forces, Navy nurse fleet support has been well received by our line community. For example, nurse practitioners assigned to the Norfolk Naval Base see fleet sailors on board ship or while underway. Through the newly established force nurse initiative with the U.S. Atlantic fleet and Pacific fleet, Navy nurses are now integral to fleet level oversight and lend guidance and assistance to aircraft carrier medical departments and our aviation squadrons.

At our naval health research centers, Navy nurse researchers are leading the way in research projects focused on things like women's health initiatives and casualty care.

Numerous training opportunities across the Federal and the civilian sectors have been essential to maintaining critical Navy nursing specialty skills that are required in the operational environment. As one example, over 50 Navy nurses have successfully rotated through the Navy trauma training program with Los Angeles (L.A.) County and the University of Southern California Med-

ical Center to enhance their combat trauma skills. Also, through established agreements between six military treatment facilities and local trauma centers, an additional 50 Navy nurses have also benefitted from this specialized training.

Across naval medicine, military and civilian nurses are leaders, clinical experts, and researchers in a variety of programs from population health to specific disease management. The Joint Population Health Office at Naval Medical Clinic Pearl Harbor has been labeled as a benchmark for population health in the Navy with their comprehensive screening and assessment program to individualize patient care.

Through the vast worldwide case management program across Navy medicine, the collaborative efforts of 93 civilian nurse case managers have resulted in an estimated cost avoidance of \$6.4 million through recaptured workload, decreased lost training days, and better managed care. In addition, innovative nurse managed clinics include a 24-hour/7-day-a-week nurse call center which supports increased accessibility, post-deployment stress briefings and disease management, to name a few.

In the area of research, we value its contribution to quality patient care and the practice of our nursing professionals anywhere from utilizing evidence-based medicine to establishing innovative health care programs. Through a comprehensive research-based practice initiative, focused on patient falls, for example, National Naval Medical Center Bethesda has become a model in promoting patient safety for civilian, as well as our military facilities.

As an outcome of one of our TriService nursing research program funded grants, we now assign more seasoned Navy nurses with specific critical care expertise to our aircraft carriers to better meet our operational mission. Many of our research grant findings are collaboratively shared across the services and presented worldwide at numerous professional conferences and in professional publications.

Your continued support of TriService nursing research is greatly appreciated.

With the Nation's focus on the overall nursing shortage, it is important to address our recruitment and retention efforts. Our goal is to shape the force with the right number of Navy nurses in the right specialties, more importantly at the right time in the right positions. That is done to meet our mission in all care environments and to become the premier employer of choice for our Navy nurses and civilian nurses.

Naval medicine has historically been able to meet military and civilian recruiting goals and specialty nursing requirements to this point. We had a slow start this year, specifically in active duty recruiting, with our most recent report of attaining only 26 percent of our goal although we are only midway through the recruiting year. We have recently been successful in increasing the accession bonus, and that occurred late January of this year. We are also in the process of seeking funding for the health professional loan repayment program.

Fortunately, the good news is we have other pipeline scholarship programs, for instance, our ROTC programs and seaman to admiral, to help meet our recruiting needs. Based on our projected gains

and losses for this year, we predict a deficit of 98 for a desired end strength of 3,176 active duty nurses.

As for our Reserve component, we are right on track with recruiting and we predict 100 percent fill of our billets. Our Reserve nurses are at 105 percent end strength.

To meet nursing specialty mission requirements and promote retention, I do have to say our graduate education scholarship programs and specialized training for those on active duty have been extremely successful in retaining our active duty nurses. Our retention numbers are very high. Our Navy nurses love education. We continue to focus on our operationally related nursing specialties, for example, operating room, critical care, anesthesia, and emergency room nurses, as well as academic programs that will propel our nurses into the forefront of health care planning and policy in obtaining Ph.D.'s and MBA's and public health graduate degrees.

In addition to civilian universities, we also send our students to the Uniformed Services University of Health Sciences. Your continued interest in the USUHS Graduate School of Nursing and their doctoral, perioperative, family nurse practitioner, and anesthesia nursing programs is greatly appreciated.

In closing, I again do appreciate your tremendous support with legislative initiatives and the opportunity to share the accomplishments and issues that face our great Navy Nurse Corps. I consistently see our nurses as dynamic leaders and innovative change agents in all settings, both in our MTF's and in combat. I remain truly proud of the corps and our civilian nurses as they stand ready to promote, protect, and restore the health of all entrusted to our care.

PREPARED STATEMENT

I look forward to continuing to work with you during my tenure as the Director of the Navy Nurse Corps. Thank you, sirs, for this great honor and privilege.

Senator STEVENS. Thank you very much.
[The statement follows:]

PREPARED STATEMENT OF REAR ADMIRAL NANCY J. LESCAVAGE

Good morning Chairman Stevens, Senator Inouye and distinguished members of the Committee. I am Rear Admiral Nancy Lescavage, the 20th Director of the Navy Nurse Corps and Commander of the Naval Medical Education and Training Command. It is an honor and a privilege to speak before you during my third year in this position and to highlight the achievements and issues of our 5,000 Navy nurses.

Our performance during Operations Enduring Freedom and Iraqi Freedom clearly demonstrated operational readiness as we continue to meet our primary mission. I would now like to address Navy Nurse Corps impact in the areas of readiness and homeland security; nursing initiatives; education and training; jointness and research.

READINESS AND HOMELAND SECURITY

In support of Operation Iraqi Freedom, we had 500 nurses deployed from over eighteen facilities to the Hospital Ship COMFORT, Fleet Hospitals, Casualty Receiving Treatment Ships, Shock Trauma Platoons, and with the Marines. To maintain the continuum of care back at our Military Treatment Facilities, there were over 400 filled Reserve mobilization requests, the second largest recall since Desert Storm. In addition, there were over 400 Active and Reserve Navy Nurses involved in training exercises, such as Fleet Hospital Field Training, Operational Readiness

Evaluations, Hospital Ship MERCY Exercises, Cobra Gold, West African Outreach Program, Operation Arctic Circle and Combined Armed Exercises. Throughout all operations and exercises, our military and civilian nurses readily adapted; remarkably delivered outstanding care; and achieved mission accomplishment at our facilities and while deployed.

In addition to meeting the medical needs of our Navy and Marine Corps team "in theater," readiness also includes preparing health care personnel at Navy hospitals and clinics around the world to respond to a natural disaster or terrorist attack. Nurses are at the forefront of emergency preparedness across Naval Medicine in a variety of roles. Within Naval Medicine's Homeland Security Office at the Bureau of Medicine and Surgery, there are two Navy nurses executing a comprehensive "Disaster Preparedness, Vulnerability, Analysis, Training and Exercise Program" to identify vulnerabilities in training and to test each military treatment facility's emergency response plan. Their effectiveness was recently put to an immediate test during the third training day at Naval Hospital Charleston, when a real disaster occurred. Forty-four participants, two local hospitals and the Charleston County Emergency Medical System provided topnotch care for the casualties involved in a bus accident. In addition, we have several Navy nurses collaborating with local community disaster planning programs, promoting well-coordinated response plans, such as at Naval Hospital Pensacola and Naval Hospital Charleston.

Training

Optimizing available training opportunities across the Federal and civilian sectors is essential in maintaining critical nursing specialty skills that are required in all operational environments. Great success is attributed to the Navy Trauma Training Program in conjunction with the Los Angeles County/University of Southern California Medical Center, one of the nation's finest Level I Trauma Centers. Since its inception in the fall of 2002, over fifty Navy nurses have successfully rotated through this program to enhance their combat trauma skills and to further increase medical readiness with their respective platform teams. Due to intense follow-up with health care team graduates in the field, many operational lessons have been incorporated into their curriculum. The program has received positive national press coverage through television, nursing magazines and newspapers, praising the Navy faculty as experts in the most current trauma standards.

Trauma training is further enhanced through established agreements between six military treatment facilities with local trauma centers and critical care settings for over 50 nurses at San Diego, Bethesda, Jacksonville, Camp Pendleton, Bremerton, and Charleston. Other training opportunities include web-based critical care courses, such as the "American Association of Critical Care Nurses Essentials of Critical Care Orientation" and other instructor presentations, which provide continuing education credit. To support dual critical specialty skills in the operational environment, the Association of Perioperative Registered Nurses nursing curriculum for Perioperative Nurses Training has been adapted for critical care nurses. As an adjunct to traditional platform training, the nursing staff at Naval Medical Center San Diego conducted "Operational Skills Days" to enhance their clinical skills and didactic foundation. When operational needs required immediate training, Navy nurses were sent to Naval Hospital Okinawa to assist with Forward Resuscitative Surgical System training.

In short, our Senior Nurse Executives are very resourceful in seeking educational resources and skills enhancement training to meet platform and specialty requirements, particularly when located in smaller, remote facilities or overseas. These clinical training opportunities have also expanded to other required nursing specialties, such as labor and delivery, nursery and mother infant nursing for our Naval Hospitals at Guam and Keflavik through clinical programs in facilities stateside and overseas. In addition, we continue to place strong emphasis in developing a solid clinical foundation for our graduate nurses through Nurse Intern Programs at several of our facilities, providing a good mix of clinical rotations tailored to varied patient acuity and specialties resulting in better prepared nurses.

Related to operational training while supporting community needs, I would like to highlight three unique military training exercises. The Civil-Military Innovative Readiness Training Program with our reserve nurses helps to rebuild America in underserved areas through Operation Arctic Care in Alaska. Partnership efforts include regional, state and local communities with Guard and Reserve units in providing exceptional medical care. Through our nurses' sound leadership and detailed coordination in the deployment and movement of these units, operational and combat readiness skills of the military units are enhanced. While on the exercise, the health care team on the Hospital Ship MERCY provided medical care to eighty-three Seattle veteran-eligible patients last summer, lauded by the Seattle Post for

their community support. While in the Pacific Northwest, our health care professionals met with Canadian health care counterparts to discuss response plans for a major earthquake scenario. In addition, during the recent Southern California fire, our hospital ship provided housing and hot meals for over 100 military families.

At the Deckplate

The expanding direct Fleet support by our Navy nurses has been well received by the Navy and Marine Corps communities. Our two nurse practitioners assigned to the Norfolk Naval Base see 300 Fleet sailors a month onboard ship or while underway for wellness and readiness efforts alone. They also function as trainers and consultants and have developed a CD-ROM for Fleet implementation of the Preventive Health Assessment Program. Women's Health Nurse Practitioners have provided clinical exams for females onboard the U.S.S. Kennedy and also serve as instructors for the gynecological portion of the Independent Duty Hospital Corpsman curriculum. Through the newly-established Force Nurse Initiative with Commander, Naval Air Force U.S. Atlantic Fleet and Commander, Naval Air Force U.S. Pacific Fleet, two Navy nurses are now integral to Fleet level oversight, guidance and assistance to aircraft carrier medical departments and aviation squadrons. Professional nursing and technical recommendations are also provided on Force Health Protection, Shipboard Medical Training, Medical Department Quality Assurance, Infection Control, the acquisition of new medical equipment and other programs.

Preventive Health Assessment Nurse-Run Clinics, such as in our Naval Hospitals at Pensacola and Corpus Christi, have been praised by the Navy Line Community for promoting healthy, physically fit Naval Forces as program compliance dramatically increased. With the addition of a mental health clinical nurse specialist, the Outreach Program at Corpus Christi has further expanded suicide awareness briefs and other services.

Within the operational nursing division at our Naval Health Research Centers, our nurse researchers are leading funded research projects focused on women's health issues and casualty care. In addition, they collaboratively developed research-based methods for providing surgical support during special operations at sea and in caring for the Medical and Security forces at Camp Delta in Guantanamo Bay, Cuba. These are just a few examples of how Navy nurses at the deckplate are involved in diverse activities ranging from direct care to the conduct of research in support of our operational forces.

NURSING INITIATIVES

Across Naval Medicine, Navy nurses are involved in the planning and implementation of a variety of programs as leaders, clinical experts and researchers from population health to specific disease management. Military and civilian nurses are valued catalysts across our facilities directing patient safety initiatives and leading collaborative teams to evaluate patient outcomes that reduce error, variability, and cost. Several nursing initiatives include implementation of the JCAHO National Patient Safety goals, skin care studies, staffing effectiveness project, the management of diabetic patients, inpatient bed utilization, and medication/non-medication related near misses and actual events.

Navy nurses at our three Healthcare Support Offices have been primary movers in linking the clinical aspects of Naval Medicine with strategic and annual business planning efforts to create more efficient practices and improve outcomes. Their most significant impact is in relating the clinical processes to business rules and interpreting the data relative to true clinical practices. In addition, nurse leaders and researchers are very involved with Navy Advisory Boards, Joint Readiness Clinical Advisory Boards and nationwide studies to collaborate on clinical advances and identify specific metrics to demonstrate efficient business practices.

Joint Population Health Programs

Through the Joint Population Health Program across three California-based Naval Hospitals at San Diego, Camp Pendleton, and Twenty-Nine Palms, masters and doctorally-prepared nurses demonstrate savvy in program implementation, policy, practice and research to shape the health status of Naval forces and all eligible beneficiaries, while focusing on quality, cost and access. The Joint Population Health Office at Naval Medical Clinic Pearl Harbor, Hawaii has been labeled as a benchmark for population health in the Navy. Based on a comprehensive screening and assessment process, the program addresses Preventive Health Assessments (Active Duty); adult and children immunization and health maintenance status; and health education literature and classes based on individual needs. Statistically proven results support the benefits of both of these programs.

Case Management

In today's rapidly changing health care environment, nurse case managers play a crucial role in helping patients and providers select the most appropriate level of care in the most cost-effective setting. Optimal outcome is best exemplified through the Case Management Program across Navy Medicine based on the collaborative efforts of 93 civilian nurse case managers. Their focus on Active Duty, Exceptional Family Member Program families, patients with multi-system medical problems, targeted disease management entities and frequent emergency room users resulted in recaptured workload, decreased lost training days, enhanced patient/provider satisfaction and better managed care. The Active Duty Trauma Nursing Case Management Program at Naval Medical Center, San Diego coordinated the health care needs of 87 Operation Iraqi Freedom wounded and 233 non-operational trauma patients. Among other programs, such as at Naval Hospital Guam, nurse case managers have been responsible for reducing emergency room visits and inpatient admissions for chronically ill patients by responding to hundreds of consults and processing catastrophic, complex, high risk, high-cost health care requests.

Nurse-managed Clinics

The rise in nurse-managed or nurse-run clinics has demonstrated the art and science of nursing in facilitating wellness, prevention and health maintenance towards self-management for patients. The nature of registered nurse practice in collaboration with physician champions meets the standards of the American Academy of Ambulatory Nurses through the use of research-based clinical practice guidelines, spanning across the spectrum from neonates to geriatric patients.

Using the latest technological advances in wound care, nurses at Naval Hospitals Pensacola and Portsmouth enhance the care of complex battlefield injuries. Within Family-Centered Care, nurses plan, coordinate, and provide direct care and case management through a variety of programs, such as Postpartum Care Clinics. Home Action Plans for Pediatric Pulmonary patients at three of our facilities reduced admission rates by 50 percent. Other innovative nursing initiatives include: a nurse call center supporting 24/7 accessibility; post-deployment stress briefings; and disease management (diabetes, hyperlipidemia, and hypertension), to name a few.

Successful open access initiatives as a result of the innovative leadership of nurses at Naval Hospitals Pensacola and San Diego have increased patient satisfaction; decreased emergency room visits and unscheduled walk-in appointments; and improved patient/provider matching. With the assistance of the Institute for Healthcare Improvement at Naval Hospital Great Lakes, demand and patient flow processes were reviewed; inefficiencies were identified; new business plans were developed; and appointments were adjusted to maximize access. Success has migrated these processes to other clinics and clinical support areas as well.

RESEARCH

We value research as an essential component to quality nursing care, from utilizing evidence-based practice to conducting research. For example, at Naval Medical Center Portsmouth, adult patients with bladder problems are now scanned for urinary retention resulting in an 87 percent reduction in catheterizations. Upper respiratory infection, urinary tract infection, diabetes and asthma clinical practice guidelines have improved clinical parameters and therefore decreased the number of appointments. In support of patient safety, an evidenced-based practice initiative for a more comprehensive risk assessment and protocol for "falls" was implemented at National Naval Medical Center Bethesda and has become a model for civilian and military facilities. The Sports Medicine and Reconditioning Team at Naval Medical Center San Diego includes a nurse researcher to evaluate "return to duty" time and re-injury rates of our Sailors and Marines to identify areas for improvement. Through a multidisciplinary research study, MedTeams strive to eliminate errors in the obstetrical area, increase patient satisfaction, and enhance collegiality and collaboration among health care professionals.

We continue to focus on advancing the practice of military specific nursing and its response to requirements of military readiness and deployment. The TriService Nursing Research Program has conducted Grant Management Workshops, which provided invaluable mentorship and training, resulting in an increased number of higher quality grant submissions. Research results are collaboratively shared across the services and are further disseminated to other facilities. Many of our research grant findings have been presented worldwide in numerous nursing conferences and in at least ten professional publications.

JOINT INITIATIVES

There are several examples of joint programs across our Federal agencies, which combine the talent of our health care teams to provide quality care. Nurses at Naval Hospital Great Lakes are involved in coordinating a partnership program for active duty treatment and inpatient care with the North Chicago Veterans Affairs Medical Center. Nurses at Naval Hospital Corpus Christi are involved in the business planning and management of specialty care with their local Department of Veterans Affairs Hospital.

Combined training initiatives and the mutual sharing of clinical expertise are beneficial, particularly for our overseas duty stations. Noteworthy coordinated efforts include a mental health nursing program with Walter Reed Army Medical Center in Washington, DC; an Obstetrics Course at Langley Air Force Hospital; Labor and Delivery training at Landstuhl Army Medical Center; assisting Madigan Army Medical Center with their medic (Licensed Practice Nurse) clinical training; and providing Advanced Cardiac Life Support and Pediatric Advanced Life Support classes for the Air Force at our Naval Medical Clinic in London.

PROFESSIONAL NURSING IN NAVAL MEDICINE

Our goals are to shape the force with the right number of people in the right specialties, to meet the mission in all care environments, and to become the premiere employer of choice. Accomplishing this requires close attention to the national nursing issues; the pursuit of available recruitment and retention initiatives; and the alignment of our military and civilian nurses to meet Naval Medicine needs.

The Department of Health and Human Services and other independent studies project that the current national nursing shortage of several hundred thousand registered nurses may add up to 750,000 by 2020. Despite recent increases in the number of nursing school entrants, the nation could have a long way to go in making a dent in the overall shortfall. We carefully monitor civilian compensation packages to maintain the strength of our military and civilian nursing work force by offering a variety of incentives.

Recruitment and Retention

Through our diversified accession sources, pipeline scholarship programs, pay incentives, graduate education programs, specialized training opportunities and varied retention initiatives, Naval Medicine has historically been able to meet military and civilian recruiting goals and specialty nursing requirements to this point. We presently have 96.4 percent of our authorized active duty billets filled and 100 percent fill for our Reserve component. We continue to focus on our operationally-related nursing specialties, such as medical-surgical, critical care, perioperative and anesthesia, as well as women's health nurse practitioner and certified midwives. Although we had a slow start in recruiting this year when compared to the past 10 years, we expect to meet our active and reserve recruiting goals this fiscal year.

Our civil service workforce challenges have been identified in remote locations stateside and overseas, as well in certain specialties, such as labor and delivery. Recruiting and retention incentives are utilized and career ladders initiated where possible.

Graduate Education

Graduate education program and specialized training have been extremely successful in meeting our nursing specialty mission requirements and promoting retention. This year, we are sending two nurses to the recently established Doctoral Program at the Uniformed Services University of Health Sciences (USUHS). In addition, we continue to send several of our students to the USUHS anesthesia, family nurse practitioner and perioperative nursing programs.

Nurse Leadership

Navy nurses continue to function in pivotal executive roles to impact legislation, health care policy and medical delivery systems. Executive nurse leaders in the Active and Reserve component are in key command positions as Commanding Officers and Executive Officers; at the Bureau of Medicine and Surgery Headquarters as Deputy Surgeon General and Deputy Directors; and other staff positions at Tricare Management Activity, Health Affairs.

As leaders, we value mentorship, which is accomplished via many innovative formal programs and informal forums with our enlisted personnel, Naval Reserve Officer Training Corps students, Medical Enlisted Commissioning Program students, junior nurses, and novice researchers.

Recognition

Our nurses are recognized for their exceptional talent, outstanding leadership and professional nursing community involvement and have received clinical practice awards through the American Association of Critical Care Nurses, the Sigma Theta Tau Nursing Honor Society; the Association of Women's Health, Obstetric and Neonatal Nurses; and the American Academy of Ambulatory Care Nurses. Our integral presence has also been documented through an extensive list of journal publications. For example, the June 2003 Critical Care Nursing Clinics of North America was specifically dedicated to military and disaster nursing. In addition, our professional achievements have been highlighted in many forums at the Academy of Medical-Surgical Nurses Conference, the Association of Perioperative Nurses Workshop, the California Nurse Leader Workshop, and at the Institute for Health Care Improvement Conference.

CONCLUSION

In closing, I appreciate the opportunity to share the accomplishments and issues that face the Navy Nurse Corps. I see our nurses as dynamic leaders and innovative change agents in all settings.

I remain truly proud of our Navy military and civilian nurses as they stand ready to promote, protect, and restore the health of all entrusted to our care anytime and anywhere.

I look forward to continuing to work with you during my tenure as the Director of the Navy Nurse Corps. Thank you for this honor and privilege.

Senator STEVENS. General Brannon, my daughter is taking Chinese and she has learned to read from right to left. I have not, so although you do have the star, I start from the left. Please proceed.

STATEMENT OF MAJOR GENERAL BARBARA C. BRANNON, ASSISTANT AIR FORCE SURGEON GENERAL, NURSING SERVICES

General BRANNON. Thank you, Chairman Stevens, Senator Inouye. It is a great honor and pleasure to again represent your Air Force nursing team. What a dynamic time in the history of our Nation. Our soldiers, sailors, airmen, and marines continue to valiantly support the global war on terrorism in dangerous and unpredictable environments. They can count on the support of Air Force nursing, active duty, Guard, and Reserve, officer and enlisted. We are one team ready anytime to go anywhere at our Nation's call to provide robust medical support to combat units, to victims of natural disasters, and to those in need of humanitarian or civic assistance.

IRAQ

To support Operations Enduring Freedom and Iraqi Freedom, 2,328 nurses and medical technicians deployed as members of 24 EMEDS units, treating more than 200,000 patients, combat casualties and those suffering non-combat injury and disease. Six nurses provided outstanding leadership as EMEDS commanders in diverse locations around the globe.

AEROMEDICAL EVACUATION

Aeromedical evacuation is a vital link in combat casualty care and a key Air Force capability. Since last spring, we have flown over 3,200 missions and supported more than 40,000 patient transports. Our ability to provide critical care in the air, using specialized transport teams, has bridged the gap between point of trauma and definitive medical treatment.

RECRUITING

Air Force independent duty medical technicians provide vital care in remote and deployed locations. They are jacks of all trades, from providing medical and dental services, to protecting troops from bioenvironmental hazards.

On the home front, we continue to aggressively organize, train, and equip the nursing forces we need. A robust recruiting program is essential to keep our nurse corps strong. Fiscal year 2003 was our most successful recruiting year since 1998, yet we were still 100 nurses below our requirement. Thanks to your tremendous support, this year we are offering an increased accession bonus or loan repayment to new accessions. We are optimistic that this will result in a more successful recruiting year.

RETENTION

Retention is the other dimension of force sustainment. Air Force retention remains strong at 93 percent. So despite missing our requirement for 5 years, we were only 118 nurses below our authorized end strength last year.

Education and training and research ensure we deliver top quality nursing care. Air Force nurse researchers stay on the cutting edge of military nursing science, and I am proud to report that 21 are actively engaged in Tri-Service nursing research program studies with a very strong emphasis on operational research.

EDUCATION AND TRAINING

The Uniformed Services University Graduate School of Nursing is aggressively developing programs to meet the needs of Federal nurses. Their new perioperative clinical nurse specialist program is the only one in the Nation and includes preparation for practice in deployed environments. Three Air Force nurses are in the inaugural class.

RESEARCH

Their new Ph.D. program will promote nursing research relevant to Federal health care and to military operations. Although the program is in its first year, the response has been overwhelming with 12 nurses currently enrolled.

We continue to look for opportunities to capitalize on the strength of our enlisted force and to provide avenues for progression to a bachelor's degree in nursing. There is great interest in the programs and growing our own nurses will provide a strong nurse corps and ease our recruiting requirements.

This has truly been an extraordinary year for our nurse corps and we have reached two major milestones. Colonel Melissa Rank's nomination to Brigadier General marks the first nurse corps selection at an all-corps promotion board, and as you mentioned, I was also promoted to Major General in August and I am truly honored by the trust that has been placed in me.

PREPARED STATEMENT

Mr. Chairman, Senator Inouye, I am very proud to lead the 19,000 men and women of Air Force nursing, active duty, Guard,

and Reserve. Thank you for your tremendous support and for again allowing me to share Air Force nursing accomplishments and just a few of our plans for the future.

[The statement follows:]

PREPARED STATEMENT OF MAJOR GENERAL BARBARA C. BRANNON

Mister Chairman and distinguished members of the committee, it is an honor and great pleasure to again represent your Air Force Nursing team. What a dynamic time in the history of our nation! Last year, at this time, our allied forces had toppled the regime of Saddam Hussein and focus had shifted to peacekeeping and humanitarian relief for the Iraqi people. Today, the fighting continues and our soldiers, sailors, marines and airmen continue to make the ultimate sacrifice for their nation. Terrorist organizations continue their campaign of carnage throughout the world, and horror is commonplace on front-page news. This war is far from over.

Our nation has expressed pride and grateful appreciation for the selfless sacrifice of our soldiers, sailors, airmen and marines. The American Soldier is Time magazine's Person of the Year. And the American public holds the nursing profession in very high esteem. In a recent Gallup poll, Nursing was rated the most honest and ethical profession.

As our military men and women fight far from home, they count on great medical support in theater and for their loved ones at home. Nursing plays a pivotal role in Air Force healthcare in both arenas. Lieutenant General Taylor has highlighted the importance of Preventive Health Assessments, Individual Medical Readiness, and post-deployment health assessments. All these programs, in which nursing personnel have key administrative roles, have been integral to the success of deployment health. The disease non-battle injury rate of 4 percent for this conflict is the lowest ever achieved. That translates to more healthy people ready to execute the mission.

Active duty, guard and reserve Nurse Corps officers and aerospace medical service technicians also serve around the world to provide robust medical support to our combat units, victims of natural disasters, and those who need humanitarian or civic assistance. It is my honor to share some of our activities in support of deployment and training and some of the stories of our everyday heroes.

Our first priority, and our greatest success, is our ability to maintain constant mission readiness for any contingency. We deploy anytime, anywhere at our nation's call. To support Operations ENDURING FREEDOM and IRAQI FREEDOM, 725 nurses and 1,603 medical technicians deployed as members of 24 Expeditionary Medical Support units, or EMEDS. Five of these deployed units have been equipped with chemical and biological protection to counter potential threats. Our EMEDS teams have treated more than 171,000 casualties, those injured in combat and those with non-combat injuries and disease. I am very proud to report that six nurses were deployed as EMEDS commanders during the past year. These nurse leaders, in charge of deployed wing medical facilities, were absolutely outstanding in meeting healthcare needs of combined and coalition forces in such diverse locations as Saudi Arabia, Romania, the United Arab Emirates, Bahrain, and Diego Garcia.

Aeromedical Evacuation has had a starring role in Operation IRAQI FREEDOM and continues to be a critical core competency for the Air Force. It is battle tested and it works, providing state-of-the-art in-flight medical care for transport of U.S. and coalition forces. The system has exceeded all expectations in providing life-saving care during transport of the sick and injured from battlefields to their home units. Since last spring, we have flown over 3,200 missions and supported more than 40,000 patient transports without a single in-flight combat-related death. We have transformed the aeromedical evacuation system from one relying on specific aircraft and dedicated missions, to an integrated multiplatform capability, which uses available aircraft and prepositioned aeromedical evacuation crews. Through the vision and ingenuity of our leadership, we have overcome numerous challenges and have continued to move forward, demonstrating flexible, timely support to combat operations.

Our Flight Nurses and Aeromedical Evacuation Technicians are seamlessly integrated with Medical Service Corps Officers, front-end aircrews, maintenance crews, and ground medical units in areas of operations. Combining the capability of the Critical Care Air Transport Teams (CCATT) with Aeromedical Evacuation crews has brought definitive care closer to the point of injury, faster than ever before. The additional capabilities of the CCATT makes it possible to safely transport stabilized patients by air, reduces the requirement for in-theater beds, and gets injured troops to definitive care in hours rather than days.

Major Dan Berg was a member of the Critical Care Air Transport Team that cared for a 19-year old soldier whose convoy had been hit by rocket-propelled grenades. Major Berg provided care to the critically injured patient throughout the 10½ hour flight. Only able to communicate by writing on a notepad, the young soldier wrote that he never expected such care so far from home. Major Berg showed the young man his flight suit patch, which bore the promise, "Committed to the Wounded Warrior."

Nurses play a vital role in tailoring the aeromedical evacuation system to meet needs of our forces. The Andrews AFB team converted the base gymnasium into a 100-bed contingency aeromedical staging facility (CASF). Eighty-five medical professionals activated from the 459th Aeromedical Staging Squadron staffed the facility, working with a smaller active duty team from the 89th Medical Group. During peak operations, personnel at the CASF managed up to 6 inbound overseas missions per week with 50–70 patients per mission. Many of the patients were transported directly from the flight line to Walter Reed Army Medical Center and the National Naval Medical Center, but up to 92 patients remained overnight in the CASF for further air transport. Within the past 12 months, the CASF team supported over 850 aeromedical evacuation flights and coordinated over 15,700 patient movements. Great teamwork between our Air Force components and sister services made this mission a resounding success.

Seamless integration with the medical teams of our sister services has been critical in many locations during Operation ENDURING FREEDOM and IRAQI FREEDOM. Major Kathryn Weiss, a nurse anesthetist from Hurlbert Field, deployed with the Army's 10th Special Forces Group to Northern Iraq to provide frontline emergency medical capabilities in an imminent danger area within the range of enemy artillery. The team treated casualties suffering from bullet and shrapnel wounds as well as those injured in motor vehicle crashes. The team was recognized by the award of the Bronze Star for their meritorious achievements.

Major Weiss is just one example of the tremendous capability of our Certified Registered Nurse Anesthetists. They are frequently part of our Mobile Field Surgical Teams, substituting for anesthesiologists. Seventeen of the twenty-seven certified registered nurse anesthetists who deployed in 2003 were filling anesthesiologist tasks and provided top-notch surgical support.

Our Air Force Independent Duty Medical Technicians are linchpins in health care delivery in remote and deployed locations. They are "jacks of all trades" and masters of health care modalities from routine and emergency medical and dental care, to biomedical environmental management. IDMTs are invaluable in the full spectrum of military missions to include Special Operations, EMEDS, Forward Air Controllers, Combat Communications and coalition team activities.

Recently one of our IDMTs, MSgt James Koss from Tyndall Air Force Base, accompanied a coalition force in Iraq and provided support in medical intelligence, personnel and field sanitation, force protection, medical pre-screening and coordination of medical care. His preventive health initiatives were key to a low rate of heat related injuries and disease outbreaks.

In Iraq, Nurse Corps Colonel David Adams, Director of Force Health Operations for the Office of the Assistant Secretary of Defense for Health Affairs, served as Chief of Strategic Planning for the Coalition Provisional Authority in Baghdad. Colonel Adams assisted the Minister of Health in identifying healthcare system needs and then coordinating support from other nations. Colonel Linda McHale, an Air Force Reserve Individual Mobilization Augmentee is mobilized to work with the Iraqi Minister of Health in establishing training programs for nurses and medical technicians.

In French Village, Iraq, a three-member team from the 122nd Indiana Air National Guard Fighter Wing set up a medical clinic to restore health care for the villagers after their civilian clinic had been looted and destroyed by insurgents earlier in the year. Captain (Dr.) Jeff Skinner, Senior Master Sergeant Tommie Tracey and Senior Airman Matt Read collected donations of essential items for the clinic, including children's vitamins and a play set for the waiting room. When all was ready, they assisted with the grand opening of the new facility.

In addition to providing service in Operation ENDURING FREEDOM and IRAQI FREEDOM, Air Force Nursing actively supports Homeland Security and humanitarian relief. Air Force Lieutenant Colonel Linda Cashion, Chief of Air Force Homeland Security Medical Operations, was the first nurse to complete a fellowship with the National Disaster Medical System, part of the Federal Emergency Management Agency. She provided valuable assistance in planning and implementing the Disaster Relief Program and expertly developed the nursing role for Disaster Medical Assistance Teams. Colonel Cashion was also instrumental in coordinating care for 26 critically burned victims in the Rhode Island nightclub fire.

Air Force nursing support of humanitarian missions reaches around the globe. Chief Master Sergeant Virginia Thompson, an Air Force aeromedical technician at Randolph Air Force Base, participated in a two-week mission to El Salvador last year where the team of eleven medical personnel treated 3,000 patients. This humanitarian mission not only advanced host-nation health, but also afforded our military medical personnel valuable experience applicable to future humanitarian missions.

During another humanitarian effort, First Lieutenant Lynn Zuckerman, Master Sergeant Baron Stewart and Staff Sergeant Patricia Fernandez from the 375th Medical Group, Scott Air Force Base were part of an eight person team that participated in a U.S. Southern Command sponsored mission to Guatemala. The team provided medical care to the under-served Guatemalan population in the isolated villages of San Sebastian, San Jose Caben, Rincon and Chim. During this mission, 5,600 patients received treatment for a wide range of conditions including gastrointestinal illnesses from parasitic infection and chronic debilitating disease from arthritis and heart disease.

Air Force nursing vigorously supports international partnerships. Personnel from the 435th Medical Group, Ramstein Air Base, participated in EUCOM-directed multinational mass casualty exercise. Nurses and medical technicians trained over 100 medical students in Georgia, the independent state of the former USSR, on a variety of skills to include moulage, self-aid buddy care, and advanced trauma management. The team also improved medical support in the community by training 30 local civil defense authorities in mass casualty and disaster management. The U.S. Ambassador to Georgia praised the team's tremendous support in providing much-needed training.

SKILLS SUSTAINMENT

Air Force medics could not succeed in our expeditionary deployments without targeted training to ensure clinical currency. The Readiness Skills Verification Program (RSVP) continues to ensure that our personnel are trained in the wartime skills they need and that they stay current in those skills. The training is accomplished at home station and at multiple off site locations. As I mentioned last year, at our Centers for Sustainment of Trauma and Readiness Skills (C-STARS) programs, we partner with civilian academic centers to immerse our nurses, medical technicians, and physicians in all phases of trauma management to sharpen combat casualty care skills.

We now offer this terrific program at three locations: The Shock Trauma Center in Baltimore, The University of Cincinnati Medical Center, and Saint Louis University Hospital. By expanding the program, we have been able to train more medics each year. Over the last 2½ years, 334 nurses and medical technicians have completed the training; almost half of these were trained in 2003.

First Lieutenant John Cleckner, a critical care nurse preparing to deploy on an EMEDS validated the program's importance by saying, "This experience allowed me to significantly update and hone my trauma skills. Now I'm confident that I am ready."

As part of the C-STARS program, nurses complete an Advanced Trauma Life Support Course, and medical technicians complete the Pre-Hospital Trauma Life Support course. Both courses teach aggressive trauma care techniques and how to adjust standard treatment when projectiles and velocity impact the victim. These competencies are essential to care of wartime casualties.

RECRUITING AND RETENTION

We have a robust recruiting program, which is essential to keeping the Nurse Corps healthy and ready to meet the complex challenges in healthcare and national security. Numerous incentive programs have been instituted to prevent a nursing shortage in the Air Force, but shortfalls continue to be an enormous challenge both nationally and internationally. Last year, the Bureau of Labor Statistics reported that registered nurses are at the top of ten occupations with the largest projected job growth through the year 2012. One positive sign is that the number of enrollments in entry-level baccalaureate programs increased by 16.6 percent last year, although there were an additional 11,000 qualified students turned away due to limitations in faculty, clinical sites, and classrooms. Employer competition for nurses will continue to be fierce and nurses have many options to consider.

Quality of life and career opportunities, coupled with other incentives, are critical recruiting tools for Air Force Nursing. Fiscal year 2003 was our most successful recruiting year since 1998. Although we have recruited approximately 70 percent of our goal each year since fiscal year 1999, we have seen an increase in the number

of new accessions each year. Last year, we recruited 16 percent more nurses than in fiscal year 2002, and I attribute the increase largely to our educational loan repayment program. In order to compensate for our current shortfall and projected separations, our fiscal year 2004 recruiting goal is 394 nurses. Funding is available to offer new accessions either a \$10,000 accession bonus or up to \$28,000 for educational loan repayment. We have \$5.2 million available to fund these initiatives in fiscal year 2004 and are hopeful that our accession numbers will exceed last year. As of March 31, 2004, we have brought 108 new nurses onto Active Duty—on par with last year and about 27 percent of goal. We attract some of the best nurses in the job market today, although most are very junior with respect to experience level.

This year we continue to recruit nurses up to the age of 47 to boost our ranks. We commissioned 25 nurses over age 40 last year, and although they are not retirement eligible, they provide tremendous support during their time on active duty. They have the critical skills and clinical leadership we need to meet our peacetime and wartime readiness mission, as well as years of clinical experience to share with our novice nurses.

Our slogan, “we are all recruiters,” continues to rally support as we tackle the challenge of recruiting. I have fostered more effective partnering with recruiting teams to maximize recruiting strategies and success. Among other activities, we have increased nursing Air Force ROTC quotas from 29 in fiscal year 2003 to 35 in fiscal year 2004, and 100 percent of our quotas have been filled.

I take advantage of every occasion to highlight the tremendous personal and professional opportunities in Air Force Nursing. I encourage nurses to visit their alma mater and nursing schools near their base to market quality of life and professional opportunities as an Air Force Nurse. This has proven to be a powerful recruiting tool.

We have also expanded media exposure of the outstanding accomplishments of our people and their support of troops in Operation IRAQI FREEDOM. This past fall, Secretary of Defense Rumsfeld’s visit with our aeromedical evacuation teams in Baghdad was highlighted in print media, and Major Keith Fletcher, an Air National Guard Nurse from the 379th AES Mobile Aeromedical Staging Facility, was featured in a photo with the Secretary. Air Force Reserve nurse Major Tami Rougeau was selected as one of the “Heroes Among Us” by the National Military Family Association, and she rode in the Rose Bowl Parade with other honorees. Another Air Force Nurse Corps star, Captain Cynthia Jones Weidman of Scott Air Force Base, Illinois, was awarded the American Red Cross Florence Nightingale Medal, one of the highest honors in the nursing profession. She was the first Air Force Nurse to receive the medal, and the first military nurse since 1955. Air Force nurses present very positive images in the news.

Retention is the other key dimension of force sustainment. Our retention remains strong at 93 percent and, despite not meeting our recruiting goal for five successive years, we were only 143 nurses under our authorized end strength of 3,862 at the end of fiscal year 2003.

Lieutenant Colonel John Murray, one of our doctorally-prepared Nurse Corps officers, developed a standardized, web-based officer assessment tool to identify what influences officers to remain on active duty or separate from the Air Force. The pilot study began in January 2004 with a sample of Nurse Corps officers. The assessment tool will help identify targets of opportunity to enhance quality of life and professional practice. We continue to recommend Reserve, National Guard, and Public Health Service transfers for those who desire more stability in their home base but wish to continue military service and can meet deployment requirements.

RESEARCH

Air Force nurse researchers stay on the cutting-edge of advancing the science and practice of nursing. I am proud to say that twenty-one Air Force nurses are actively engaged in TriService Nursing Research Program (TSNRP) funded initiatives.

Air Force researchers are leaders in the Department of Defense and the Nation in operational nursing research. In fiscal year 2003, nursing research at Wilford Hall Medical Center continued to focus on care of the war fighter in military unique and austere environments. A study on the thermal stresses onboard military aircraft led to evaluation of products designed to maintain body temperature in critically injured patients during aeromedical evacuation. This will identify devices that are effective in maintaining temperature control to improve support and survivability of casualties.

The TSNRP-funded Air Force Combat Casualty Aeromedical Nursing research study describe the experiences of AE crewmembers in providing combat casualty care to gather information that can be used to improve AE nursing practice. The

study also aims to pilot a research instrument to measure characteristics of casualties in different locations and the nursing care required. This study will influence AE combat casualty care and future training.

Another study, "Recruitment Decision Making for Military Nursing Careers" is being conducted collaboratively by military nurse researchers at Keesler AFB and nursing researchers at the University of South Alabama. The goal of this study is to describe factors that influence nursing students in considering military nursing careers. This study will help identify the characteristics of individuals interested in military service and guide recruiting services in deploying recruiting initiatives.

EDUCATION

The Graduate School of Nursing at the Uniformed Services University has demonstrated tremendous flexibility and capability in meeting the needs of uniformed nurses. They began a clinical nurse specialist master's program at the request of the Federal Nursing Chiefs and also inaugurated a Ph.D. nursing program. The Perioperative Clinical Nurse Specialist program is the only one in the nation and includes special preparation for operating in a field environment so graduates are ready for deployment challenges. Three Air Force nurses are in the inaugural class.

The Ph.D. program was established to meet the evolving need for nursing research relevant to federal health care and military operations. It affords federal nurses the opportunity to study in a unique environment and gain exceptional qualifications to lead in research, education, and clinical practice. Although the program is in its first year, the response has been overwhelming, and twelve nurses are enrolled either full or part time.

NURSING FORCE DEVELOPMENT

Nursing has vigorously embraced the Force Development initiative launched last summer by Air Force Secretary James G. Roche and our Chief of Staff, General John P. Jumper. General Jumper describes the construct as making sure "we place the right technical and leadership skills in the right places with the right people who are educated and trained for success".

Each officer career field has a dedicated Development Team (DT) to guide the assignments and educational opportunities for each officer. Our Nurse Corps DT has already played a substantial role in selecting chief nurses for our facilities, best assignments for our Colonels on the move and educational programs and candidates we will sponsor.

We continue to work on opportunities to capitalize on the knowledge and experience of our enlisted force, and provide them more avenues to acquire advanced training and credentials. Eight medical technicians will graduate from the Army's Licensed Practical Nurse training course in April 2004 and we are looking at ways to increase LPN numbers. The Air Force Reserve is piloting an initiative to send new enlisted nursing personnel to a civilian LPN program. We have reviewed Navy enlisted baccalaureate scholarship programs and are reviewing similar opportunities for our enlisted personnel to earn a bachelor's degree and a commission in the Nurse Corps. This has great potential to reduce our recruiting deficit by "growing our own" nurse corps officers from our enlisted ranks.

The global war on terrorism and a resource constrained environment has driven us to look even harder at efficiencies in nursing force utilization. Recent research has shown that a more educated nurse force, implementation of higher nurse-to-patient ratios, and better nursing work environments contribute to improved patient safety and lower patient morbidity and mortality. The Air Force Medical Service chartered Product Line Analysis and Transformation Teams to study civilian healthcare industry staffing models and best practice benchmarks. The new models they identified for nursing are being used to adjust staffing requirements.

The Nurse Corps Top Down Grade Review mentioned in my testimony last year is progressing, and we have identified the need to rebalance Nurse Corps grade authorizations to better meet readiness and in-garrison healthcare requirements, and provide healthy career progression and promotion opportunities more in keeping with those of line officers and other medical service corps. Another aspect of our grade review was to determine the number of active duty nurses required for deployment and other military unique requirements. With this process, we have identified opportunities to civilianize many nurse positions. The methodology employed in the Nurse Corps study is being applied to all other career fields in the Air Force Medical Service to determine force structures and appropriate civilian/military mix.

This has been an extraordinary year by all measures, and our Nurse Corps also reached two big milestones in our history. The nomination of Colonel Melissa Rank to Brigadier General marks the first selection of a nurse corps officer by an "all

corps" promotion board. It is a testament not only to her outstanding performance but also reflects the magnitude of leadership and talent we have in our Air Force Nurse Corps. I was also promoted on the first of August to Major General, another Air Force first. It is a great honor and very humbling. I am grateful to have the opportunity to continue to serve. For the first time in history, we will have two active duty nurses concurrently serving the Air Force as general officers.

Mister Chairman and distinguished members of the Committee, it has been a joy and great honor to lead the 19,000 men and women of our active, guard and reserve total Air Force Nursing team. Thank you for your tremendous advocacy and stalwart support to our great profession of nursing and for inviting me to share the accomplishments of Air Force Nursing once again.

Senator STEVENS. Thank you all very much.

I am going to yield to the patron saint of military nurses, my co-chairman.

Senator INOUE. I thank you very much.

RECRUITING AND RETENTION

Nurses are all angels to me. They are very important.

As all of you have indicated, our major concern is recruiting and retaining. I just want to make certain that these programs continue.

For example, the Tri-Service nursing research program is not funded. I was told it is number nine on the USUHS priority list. Do you believe this committee should override that and fund it?

General BRANNON. Well, sir, if I may speak, I think the Tri-Service nursing research program initiatives have tremendous impact on the progress in military science for operationally nursing. I think it is a unique funding stream and allows us to do many great studies. I would hate to lose that avenue.

Senator INOUE. If it is not funded, would it have any impact or implication on patient care?

General BRANNON. Yes, potentially. At aeromedical evacuation, we have a Tri-Service nursing research funded program that is looking at the environment of the various aircrafts and how we can mitigate some of the heat and cold concerns to provide a more stable transport environment for patients. That very clearly would adversely impact patients if we cannot complete that research. That is just one of many examples.

Admiral LESCAVAGE. Sir, I echo what General Brannon just said. I believe research is key to our future. As you queried the previous panel of our Surgeons General, you did also mention the subject of research. Research is quite competitive. There are never enough dollars for any type of research, as you well know.

Should the funding go away, I see our nursing projects certainly as very important, but I know all of the good work, some 75 ongoing projects right now—some of them would not get the attention they need, and we would suffer from not being able to do it all. But I am certain we also would keep the highly relevant ones going, for instance, in the combat arena.

We very much appreciate the funding that we get every year and frankly do not want to live without it.

Senator INOUE. We have a graduate school of nursing, Colonel, and also a doctoral program. Should they be continued?

Colonel GUSTKE. Yes, sir, most definitely. We have had the opportunity from the Army's perspective for the last 3 or 4 years to use the Uniformed Services University (USU) program strictly for

education of our family nurse practitioners, and without that program, we would not have the necessary funding to do that.

Additionally, this past year we had our first inaugural year of the perioperative nursing program which, of course, is an extremely, go-to-war skill. This year we have educated four to six perioperative nurses from the Army and we will continue to do so every year. We have been extremely fortunate in educating additional certified registered nurse anesthetists (CRNAs), which again is another go-to-war mission that is important for us. Without this program, it would have a severe impact upon our ability to do so.

Senator INOUE. Do these programs have any impact on recruiting and retention?

Colonel GUSTKE. Well, sir, I would say the ability for our nurses to attend long-term health education is a very big retention carrot. Many of our nurses say that once they hit that 6th, 7th, 8th year—it is between the 4th and 6th years when we lose a number of our nurses. So we probably have our biggest retention problems, if we have any, at any particular given year. And many of our nurses say the ability to go back to graduate school and for the military to pay that bill for them to get their advanced education is extremely important to them. It is one of the reasons they come in. It certainly is not pay. It certainly is not incentive pay of any kind, but it is the ability to advance their education. I think to lose that capability would have a severe impact upon our retention.

LOAN REPAYMENT PROGRAMS AND BONUSES

Senator INOUE. We have been impressed upon, that in about 10 or 15 years, we will have a nursing shortage of about 400,000 nurses in this country. Obviously, that will have an impact upon the military nurse corps. Do these loan repayment programs and bonuses make a difference?

Colonel GUSTKE. Yes, sir. I will tell you from our perspective, this is our inaugural year in using the health loan repayment plan. We have got three programs in effect currently for recruitment. First, if individuals used health professions loan repayment program (HPLRP), they come in for 3 years. Second tier, they can use HPLRP with an accession bonus of \$5,000 and come in for 6 years, and the third tier is for them to just accept a \$10,000 bonus and come in for 4 years. Under those plans, this past year we have seen anywhere from 12 to 15 applicants come in the Army Nurse Corps each month. With these continued programs, we firmly believe that we will be able to meet our mission this year for the first time in 3 years, our USAREC recruitment mission. So having spoken to the folks out in the field and the recruiters, they want to keep these initiatives going, and we would also certainly like to see an increase in our accession bonus as the years progress to see where we are competitively with the civilian market. But it has been extremely good to us this past year.

Senator INOUE. I suppose you all agree.

General BRANNON. Yes. Of the almost 100 nurses that have been recruited so far this year, 60 percent have taken a loan repayment and 40 percent the increased accession bonus. I just came from a recruiting conference yesterday and they applauded the efforts,

that they are making a tremendous difference because we are more competitive with the civilian facilities. So thank you.

Admiral LESCAVAGE. It is my belief nurses anywhere want three things: to be appreciated, which we do very well I believe in the military; to be compensated, our pay is very good; and to be educated. The pipeline programs I mentioned in my testimony, the ROTC programs, really help us out with bringing nurses into the Navy and then the issue is to retain them. We offer about 80 scholarships a year. As I visit our facilities, I always ask the question, who has been to duty under instruction. A fair amount of hands will go up. And who wants to duty under instruction, the scholarships we give while on active duty. Many, many hands go up. It is sort of a fever that has been created, and it is our best retention tool. I myself have had two scholarships from the Navy. It is highly valued.

Senator INOUE. Well, I am certain I speak for the committee, and I speak for all of my colleagues in thanking all of you for your service to this Nation.

On a personal note, I spent just about 20 months in military hospitals, and if it were not for nurses, I do not suppose I would be sitting here. So to you, thank you very much.

Senator STEVENS. Well, I did not spend that long, but I spent my time in military hospitals too. I think that the Senator is right. You have the calling of the angels.

SURGE CAPABILITY FROM GUARD AND RESERVE

My only question would be, is there enough emphasis on a surge capability in time of war, as I have talked to my previous panel, for doctors and surgeons in particular? Do we have a surge capability from the Guard, Reserve? You mentioned total force. You mentioned it somewhat too, Colonel. But I don't want to be offensive, but I do not sense the commitment to the ongoing capability of former members of the service to have plans to bring them back in if needed. Can you comment? Do we have sufficient plans really to call up additional people from Guard and Reserve if they are needed?

Colonel GUSTKE. Well, sir, I will tell you from the Army's perspective, we have three things in place currently. We have not skipped a beat in providing patient care to date, no matter what facility you will go to. We have the GWOT dollars to supplement with our contract civilian nurses, which has been very successful. We have integrated Reserve units as back-fills in our medical treatment facilities, both in CONUS and overseas, and then we have also used our 91 percent fill rate for our civilians which has been very successful, the direct hire authority.

We also have had a number of military nurses call up and want to come back on active duty. So there is a program in place at our branch right now to look at that plan, should we ever need that to come to fruition. But for right now, sir, I think what we have in place is working very well, and should the need arise, we will look at that and get back in more detail on it, sir.

Senator STEVENS. Admiral.

Admiral LESCAVAGE. Sir, I feel fully confident that we are ready. During my tenure, what we have done, actually before we ever

went into Iraq, was to look at our critical specialties, make sure not only do we have the numbers, but that we have provided the training that they need. And that is in areas of nurse anesthesia, operating room, emergency room, and critical care. What happened, once we did go into Iraq, I, as Colonel Gustke just described, received many calls from previous active duty to come back, our reservists. We are manned at 105 percent. The key to the Reserves is to get more in the middle grades. We have many in the senior grades. So we are now tweaking that to try to recruit more middle grade officers into the Reserves. But, sir, I feel we are ready.

Senator STEVENS. General.

General BRANNON. Well, we are a total nursing team, and we have relied heavily on our Reserve and Guard brethren to support the nursing missions, particularly aeromedical evacuation. I will say some has been mobilization. Most of the positions are really being filled with willing volunteers at this point. So I remain always impressed and astonished at the commitment from our Reserves and our Guard.

Senator STEVENS. Thank you very much.

My mind goes back to the time that I introduced an amendment to change the draft laws to draft women. It was defeated, as we expected, but we also then defeated the draft. We have relied on volunteer entrants to all of our services, and retention of some of those people who retire or leave before retirement for the purpose of surge capability in the cases of war and emergencies. So I think we sometimes forget the numbers that we were part of, 6 million and 7 million men. All-out war requires an enormous capability.

I am not sure we have that capability today under the volunteer service, but I think we have to find some way, as I mentioned to the doctors, to try and see if we can provide the incentive for some people to be trained and just be literally reserved for crisis or all-out war, not for just the temporary surges in numbers. We are still in a fairly small war in comparison to the time when the two of us were in the service. God forbid we will ever have to do it. But I am not sure we have plans to do it. That is what bothers me. I would like to talk to you about it sometime in the future.

ADDITIONAL COMMITTEE QUESTIONS

But meanwhile, I do appreciate what you have done, and I echo what my friend says about the admiration we have for all of the people that are in your service. They are not all women, as a matter of fact. You are all women, but I have met many male nurses in the service, and I commend them and we commend all of you. Thank you for your service.

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

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL JAMES B. PEAKE

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. General Peake, I am pleased to hear of the progress that the Army is making in its efforts to develop modern alternatives to the deployable medical field systems, or "DEPMEDs," that we've had in service for so many years. Is it true that

the Army would like to begin fielding an alternative to DEPMEDs as early as calendar year 2005 once a final design is decided?

Answer. The Army's Transformation Objective requires a Force that is strategically responsive and dominant at every point on the spectrum of operations. Heavy forces must be more strategically deployable and more agile with a smaller logistical footprint, and light forces must be lethal, survivable, and tactical.

For more than 20 years the Department of Defense has employed Deployable Medical System (DEPMEDS) hospitals for any significant deployment of combat forces. Whether configured as the Navy's Fleet Hospital, the Air Force's Air Transportable Hospital, or the Army's Combat Support Hospital, each service uses essentially the same concept of moving special purpose medical shelters, both tents and ISO shelters, with a very low level of pre-integrated equipment, which required a significant number of transport containers. As a result of transformation throughout DOD, the need to rapidly deploy a range of scaleable, modular medical capabilities, which have the flexibility to be tailored and packaged to support a full range of combat operations, has become paramount. Accordingly, the concept for the Future Medical Shelter System (FMSS) shall respond to the joint requirements of the U.S. Army and the U.S. Navy.

The FMSS shelter concept integrates the majority of medical supplies and equipment directly into the ISO containers thus eliminating separate packaging for these items and reducing the need for additional transport shelters and reducing weight and cube of the DEPMEDS hospital by approximately 30 percent. Consequently, the strategic deployability (air, ship, and truck transport volume) requirements are correspondingly reduced. Additional benefits of integration are enhanced tactical mobility as a result of the decreased time required to set up and prepare a DEPMEDS hospital for operation, conservation of the fighting strength by providing CONUS standards of medical care for soldiers deployed in world wide operations, and the ability to operate in all climates due to the environmentally controlled and chemical-biological overpressure protected environment. The fully modular system with integrated plug-and-play capability will have the required flexibility to be tailored and packaged to support the full range of combat operations.

The Army is currently managing three separate Congressionally funded FMSS initiatives, Oak Ridge National Laboratories (ORNL), Mobile Medical International Corporation (MMIC), and EADS-Dornier. Each is developing a design for an Operating Room ISO container. ORNL and MMIC will deliver prototypes to the Army in May 2004 and July 2004 respectively. EADS-Dornier is funded to provide engineering drawings of the OR ISO by December 2004.

The FMSS program is in the Concept & Technical Development/Systems Development & Demonstration phases of development. Much work remains to ensure that these units are suitable for military use. It is unlikely that this could be accomplished by 2005 due to the fact that there is no funding available for further development or testing. There was no fiscal year 2004 Congressional Appropriation for the FMSS and the Army has no funding to support development or procurement of these initiatives, however, it is desired to begin replacing our aging DEPMEDs containers with these new enhanced capabilities as soon as possible. With your assistance and additional RDT&E funds, we should be able to achieve a procurement decision by the end of fiscal year 2006. As a reminder, the original DEPMEDs procurement was funded through direct Congressional Appropriation. Due to the projected cost of replacing DEPMEDS and current DOD funding priorities, this approach is the most likely scenario for a successful procurement of a DEPMEDs replacement.

Question. General Peake, in that the hard-shell mobile hospital alternatives you are developing deploy very quickly and feature nuclear-biological-chemical protective capability, do you see these units having a possible role in disaster or terrorist incident response either at overseas U.S. bases or in this country?

Answer. I believe the hard-shell mobile hospital alternative you refer to is the Chemical Biological Protective Shelter (CBPS). The CBPS is not exactly a mobile hospital alternative, however, it provides a highly mobile, self-contained, contamination free, environmentally controlled medical treatment area for forward deployed medical treatment units. (Battalion Aid Stations, Division & Corps Med Companies and Forward Surgical Teams). The CBPSs are complexed to provide these capabilities.

The CBPS is a 300 square foot, air beam, soft wall shelter rolled up and transported on the rear of a Highly Mobile Multipurpose Wheeled Vehicle with Light weight Multipurpose Shelter and a trailer mounted Tactical Quiet Generator. The system can process 10 Litter/ambulatory patients per hour. It is Type Classified Standard with full materiel release and is currently in procurement through the Joint NBC Defense Program.

The CBPS could have a role in disaster or terrorist incident response as it provides a contamination free environmentally controlled environment for treatment and surgery. Its capacity, however, is limited.

Question. Do you and Dr. Winkenwerder anticipate use of this type of mobile diagnosis/treatment center in medical diplomacy missions where the Pentagon is trying to win the "hearts and minds" of ambivalent local populations in places like the Philippines, Middle East, and the Western Horn of Africa?

Answer. The Chemical Biological Protective Shelter (CBPS) provides a contamination free environmentally controlled environment for the provision of sick call, advanced trauma life support and surgery on the contaminated battlefield. The CBPS currently is in the initial stages of procurement and is in short supply.

I believe the CBPS can provide a small mobile medical treatment facility (clinic like capability) for diagnosis/treatment in medical diplomacy missions. This use must be coordinated between the Department of Defense and Department of State.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

BLOOD SUBSTITUTES

Question. I have heard of advances the Army and the Navy are making in developing blood substitutes for treating combat wounded. I know the Army has successfully completed Phases I and II with Northfield Laboratories in Illinois and are working with the FDA for approval, as well as the lab, to complete Phase III which would provide for clinical trials. I believe it is critical that we continue to support these efforts as they have significant battlefield applications, as well as first responders in a natural disaster or terrorist attack.

Would you explain what these blood substitutes are, and why they are important to the future of combat casualty care and your assessment of their prospects for success for all services?

Answer.

What are blood substitutes

The most common approach that has been taken to develop blood substitutes is to harvest hemoglobin, the natural molecule that carries oxygen to vital tissues, from either human or bovine (cattle) sources. The hemoglobin is then subjected to proprietary processes to remove unwanted materials and to remove or inactivate potential infectious agents. Other proprietary processes are used to build the individual hemoglobin molecules into chains of hemoglobin. This process is believed to reduce or eliminate toxic effects caused by individual molecules of hemoglobin. Once processing is completed the hemoglobin is ready for use as a means to provide oxygen-carrying capability to subjects who have lost significant amounts of blood. These preparations are referred to as hemoglobin-based oxygen carriers (HBOC). Other approaches are being pursued but they are much earlier in their development and will not be ready, if ever, for many years.

Potential utility for the military services

Combat injury on the battlefield typically occurs in the absence of ready availability of packed red blood cells (PRBC), the derivative of whole blood that is normally required to manage patients who have severe bleeding. Most deaths that result from severe bleeding on the battlefield occur within the first hour of injury. It has been difficult to solve this problem because medics on the battlefield cannot carry PRBC. PRBC must essentially remain refrigerated until used. HBOC have the advantage that they are much more stable when removed from refrigeration and can therefore be carried on the battlefield for at least limited periods (days to weeks) and remain safe for human use. Thus, more ready availability of HBOC on the battlefield may provide a bridge for the casualty with life-threatening hemorrhage that will permit survival until evacuation from the battlefield can be accomplished.

Prospects for success of HBOC

An early HBOC developed by the Baxter Corporation was developed and tested in the 90's and subsequently abandoned during advanced clinical testing when an excessive (unexpected) number of deaths occurred among patients treated with the product in their Phase 3 study.

Currently, two smaller companies, Northfield Laboratories, Inc., Evanston, IL and Biopure Corporation, Cambridge, MA have developed new products incorporating new processes that it is hoped will mitigate the toxicity problems seen with the Baxter product. Both Northfield and Biopure have conducted animal and human studies

of their products that have both so far shown promise. However, large, phase 3 clinical studies that demonstrate both safety and effectiveness remain to be completed. Northfield Laboratories began a Phase 3 study in trauma patients outside of the hospital in December 2003 and plans to complete this study in 2005. If this study is successful (shows both safety and effectiveness), the company anticipates licensure sometime in 2006. Biopure Corporation, in collaboration with the Naval Medical Research Center, plans to begin a Phase 3 study of their HBOC in trauma patients outside the hospital later in 2004. If successful, licensure might be anticipated in 2006 or 2007.

The Army and the Navy have continued to collaborate and remain connected with both companies to help shape and ensure that their products will have maximal relevance for military as well as civilian application. In that regard, the Navy has recently assumed sponsorship of the Phase 3 study that will be conducted with the Biopure Corporation HBOC. The Army is collaborating with Northfield Laboratories to make their HBOC available to Special Operations Forces casualties on the battlefield in a controlled, pre-licensure treatment protocol.

DENTAL RESEARCH

Question. As I am sure you are all aware, a DOD review panel in 2000 confirmed the need for the military dental research but found that it is hampered by discontinuous funding streams. Last year, the Committee included language in its report that “directed” the Department to sufficiently fund the military dental research program at the Great Lakes naval base. Last year Congress added \$2 million for dental research, which was actually only about half of what was requested.

Could you tell this Committee how much the Army and Navy are each putting into this program for fiscal year 2005?

Answer. The U.S. Army, through U.S. Army Medical Research and Materiel Command, Combat Casualty Care and Walter Reed Army Institute of Research fund the U.S. Army Dental and Trauma Research Detachment at \$1.687 million of which some support is provided for infrastructure and \$1.08 million is available for U.S. Army Dental Research.

Question. It is my understanding that one of the biggest problems for deployed Soldiers is avoiding gum disease—like trench mouth. What are the Army dental researchers at Great Lakes doing to address this problem to prevent dental emergencies for deployed Soldiers?

Answer. The U.S. Army Dental Trauma and Research Detachment (USADTRD) is approaching reduction of the historically constant 15.6 percent emergency rate in deployed Soldiers from several different avenues. Firstly, (USADTRD) is developing a rapid PCR that will, if successful, identify those Soldiers who are most susceptible to accelerated deterioration of oral health during deployments. Once identified, special measures, including diet and special oral hygiene aides, can be prescribed specifically for that Soldier to prevent becoming an emergency/evacuation. The single largest focus of USADTRD’s science program is the development of a safe, efficacious anti-microbial peptide that can be added to military rations and control dental plaque caused disease. It is anticipated this peptide will be delivered via chewing gum, and will be effective in reducing/preventing oral diseases even in the face of heightened stress levels and decreased oral hygiene due to the optempo experienced during deployments. Currently of the 15.6 percent emergency rate, 75 percent of those emergencies are related to dental plaque. USADTRD is projecting at least a 50 percent decrease in plaque related emergencies. This will be a significant force multiplier for the warfighter.

Question. The Navy dental researchers at Great Lakes have developed several new products and pieces of equipment that allow corpsmen to treat warfighters in the field saving time and money. Can you tell us about some of that equipment?

Answer. In keeping in line with current U.S. Army doctrine, the U.S. Army Dental and Trauma Research Detachment (USADTRD) has developed and fielded a miniaturized dental field unit and operating system (DeFTOS). This dental field unit significantly reduces the weight and cube of dental equipment used in deployed environments. This reduction allows dental equipment to be closer to the warfighter, permitting much more rapid return to duty following evacuation for dental emergencies as well as saving very valuable transportation assets for other requirements. Currently USADTRD is also working to greatly reduce the weight, size and electrical requirements for field sterilizers. By accomplishing this, the U.S. Army will not only benefit with a smaller, lighter sterilizer, but due to a lessened electrical requirement, a great deal more weight and cubes will be saved by a far smaller electric generator.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

Question. The antimalarial drug mefloquine has been identified as causing severe side effects such as psychosis, aggression, paranoia, depression and thoughts of suicide, even after use of the drug has stopped. Could you please tell me why another quinolone, ciprofloxacin, is being given to soldiers to self administer when consuming suspicious foods in Iraq when the side effects from one quinolone have the potential to be compounded by the second?

Answer. Mefloquine is a 4-quinolinemethanol derivative. Ciprofloxacin is a fluoroquinolone that is an antimicrobial agent, used to kill bacteria. The two drugs are not related. There are no known drug interactions between mefloquine and ciprofloxacin. Furthermore, it is not Army policy to give ciprofloxacin for self-administration when consuming suspicious foods. In fact, Soldiers are cautioned against consuming foods on the local economy. Soldiers have a variety of foods provided for them, including Meals-Ready-To-Eat, T-rations, which consist of containers of pre-packaged foods and fresh rations, which are thoroughly inspected for quality.

Question. DOD has begun an investigation into psychiatric adverse events in soldiers and plans a study of mefloquine. DOD has stated that it has not included in its assessments several incidents in soldiers who have taken mefloquine or soldiers who do not demonstrate blood levels of the drug. FDA's News Release of July 9, 2003 states that "Sometimes these psychiatric adverse events may persist even after stopping the medication." What is being done by DOD to investigate the incidents of suicides in soldiers while on or returning from deployment? Any investigations should include soldiers who consumed mefloquine and committed suicide or committed other acts of violence whether there were residues identified in their blood or not. What is DOD's timeframe for conducting a review of these cases and conducting other studies of the effects of mefloquine?

Answer. The DOD uses all of the currently recommended antimalarial medications, basing their choice on medical and operational considerations for each mission. All of these medications have potential side effects, and, the risks and benefits of each are considered by our operational surgeons, when recommending a medication for malaria prophylaxis. Recently, the antimalarial drug mefloquine has been highlighted in news reports, alleging severe adverse side effects potentially related to this medication. DOD is committed to finding answers to the questions raised by these reports.

Dr. Winkenwerder, Assistant Secretary of Defense for Health Affairs, has asked an expert panel of independent physicians, scientists, epidemiologists, and ethicists from highly respected civilian institutions and academia to recommend study designs that are best suited to answering questions surrounding antimalarial medications. Based on these recommendations, Health Affairs has commissioned two studies. The first, to be led by the Deployment Health Research Center at the Naval Health Research Center (NHRC) in San Diego, will look at the (comparative rates of adverse events (including neuropsychiatric) associated with antimalarial use. A preliminary descriptive study is underway and preliminary results should be completed within one to two months. Based on the recommendations of the expert panel, the NHRC will then partner with a civilian academic institution to perform a retrospective cohort analysis of the data to determine the comparative rates of adverse outcomes associated with each of the antimalarial medicines. The details of this thorough analysis are being developed now. We anticipate that this study will take 12-18 months to complete.

A second study will address the questions raised about suicides in our deployed and recently deployed service members. The Armed Forces Institute of Pathology is leading this study. The first step will be a comprehensive review to characterize all suicides in DOD. They will then partner with a civilian academic institution to perform a case control analysis in order to better understand the myriad of potential attributable risk factors with these deaths. Use of the antimalarial medication mefloquine will be one factor assessed in this study. Planning for this study is underway, and we anticipate this extremely thorough analysis to take 18 to 24 months to complete.

The credibility of this work will hinge on the fact that it will be comprehensive and validated by the medical community. A non-federal oversight board will oversee both of these study efforts—DOD will be working with the American Institute of Biological Sciences.

Question. What are you doing to specifically recognize and report adverse events that are potentially associated with mefloquine consumption in deployment situations? What kind of reporting systems are available to deployed physicians, medics and or soldiers for reporting adverse events?

Answer. Once a health care provider has determined that an adverse event is likely due to mefloquine or any drug, they first document it in the patient's health record. Then, they would ensure that the information is reported. If they were in a deployed medical treatment facility that has Internet connectivity, they would access the web site for the Joint Medical Workstation (JMeWS) system, and code the patient encounter as an adverse drug event. In more remote combat areas, mobile Army medical personnel use laptops to input patient encounter information through Composite Health Care System II—Theater (CHCS—II—T).

Question. What support is provided for soldiers reporting adverse events who are taking mefloquine? What is the Standard Operating Procedure for a managing a soldier with side effects from mefloquine consumption, knowing that stopping the drug is insufficient as the effects can persist after stopping the product, while on deployment or here in the United States?

Answer. If a Soldier experiences severe side effects with mefloquine, then the medication will be stopped and the medical needs of the Soldier will be taken care of. It is important to understand that treatment is individualized according to the type of reaction and what treatment is indicated for that particular adverse event. When Soldiers have any health concerns that may be related to deployment, no matter which deployment nor how long ago the deployment occurred, we use an evidenced-based clinical practice guideline called the post-deployment evaluation and management guideline. Service subject matter experts from the Department of Defense and Veterans Health Affairs developed this guideline. It is used in the primary care setting in screening, evaluating and managing the post-deployment health concerns of service members. It provides an algorithm to systematically and comprehensively address health concerns by reinforcing a partnership with the Soldier patient. A detailed medical history is taken; followed by a medical exam, appropriate laboratory tests and consultative services, if indicated. It also serves to enhance the continuity of care and foster the establishment of therapeutic relationships.

QUESTIONS SUBMITTED TO VICE ADMIRAL MICHAEL L. COWAN

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

DENTAL RESEARCH

Question. As I am sure you are all aware, a DOD review panel in 2000 confirmed the need for the military dental research but found that it is hampered by discontinuous funding streams. Last year, the Committee included language in its report that "directed" the Department to sufficiently fund the military dental research program at the Great Lakes naval base. Last year Congress added \$2 million for dental research, which was actually only about half of what was requested. Could you tell this Committee how much the Army and Navy are each putting into this program for fiscal year 2005?

Answer. The Navy's Military Dental Research Program is primarily conducted by the Naval Institute for Dental and Biomedical Research (NIDBR) located at the Great Lakes Naval Station. NIDBR's total funding for fiscal year 2004 and the requested budget for fiscal year 2005 is summarized in the following table.

NIDBR

[Dollars in thousands]

Funding Source	Research Area	Fiscal Year 2004
DHP, Navy	Mercury Abatement	\$910
RDT&E, Navy	Science and Technology Projects	\$1,130
RDT&E, Navy	Transition/Advanced Development	\$761
RDT&E, Navy	Congressional Add	\$1,154
RDT&E, Navy	General Purpose Test Equipment and Maintenance.	\$236
DHP, Navy	Longitudinal Risk Assessment	\$162
US-EPA	Mercury Hygiene Training	\$30
Commercial Research and Development Agreement	Creighton University	\$85
Total Program .....	.....	\$4,468
Various	NIDBR Fiscal Year 2005 Request	\$4,863

The NIDBR request in fiscal year 2005 assumes that research funding is available in fiscal year 2005 in the same amounts as in fiscal year 2004. In fiscal year 2005 NIDBR has additional requirements for supplies and equipment and maintenance. Science and Technology projects have not been awarded for fiscal year 2005.

Question. It is my understanding that one of the biggest problems for deployed Soldiers is avoiding gum disease—like trench mouth. What are the Army dental researchers at Great Lakes doing to address this problem to prevent dental emergencies for deployed Soldiers?

Answer. We would respectfully defer comment on Army dental research to the Army Surgeon General.

Question. The Navy dental researchers at Great Lakes have developed several new products and pieces of equipment that allow corpsmen to treat warfighters in the field saving time and money. Can you tell us about some of that equipment?

Answer. Recent achievements/products/equipment developed by the Naval Institute for Dental and Biomedical Research (NIDBR) in support of the Warfighter in all deployed venues include:

Treatment of Dental Emergencies CD-ROM.—NIDBR has developed and deployed a dental treatment CD-ROM that aids Independent Duty Corpsmen in the diagnosis and treatment of common dental emergencies. This tool assists corpsmen in providing necessary emergency treatment to deployed personnel in venues where there is no immediate access to dental officer.

Rapid Salivary Diagnostics.—NIDBR continues the development of rapid, simple, non-invasive salivary diagnostic tests to assess militarily relevant diseases such as tuberculosis and Dengue Fever, and anthrax immunization status of military personnel at risk or preparing for deployment. Currently, assays for clinic and battlefield-use using two methods: lateral flow and fluorescence polarization are being developed to provide corpsman and non-medical personnel a means for early diagnosis of personnel in the field who have contracted these diseases. This rapid diagnostic capability will allow for appropriate treatment and quicker return to duty or necessary evacuation to a higher echelon of medical care.

Far-forward Interim Dental Restorative Material/Dressing.—NIDBR continues to develop and test a new novel dental material and delivery system that can be used to treat dental emergencies in the deployed environment, thereby reducing MEDEVACs and keeping Warfighters on station. The far-forward dental dressing has been designed for use by first responders as a method to treat a wide variety of urgent dental problems encountered by the deployed Warfighter.

Authorized Dental Allowance List (ADAL) Field Dental Operatory Test and Evaluation.—NIDBR continues to test, evaluate, and validate new and existing components of the Marine Corps ADAL to ensure the deployed dental delivery systems will withstand the rigors of field use during an operational deployment.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

Question. The antimalarial drug mefloquine has been identified as causing severe side effects such as psychosis, aggression, paranoia, depression and thoughts of suicide, even after use of the drug has stopped. Could you please tell me why another quinolone, ciprofloxacin, is being given to soldiers to self administer when consuming suspicious foods in Iraq when the side effects from one quinolone have the potential to be compounded by the second?

Answer. A three-day supply of ciprofloxacin is commonly supplied to travelers (both civilian and military) for the emergency treatment of diarrhea, in the event that they are incapacitated and not able to receive immediate medical attention. Ciprofloxacin is usually prescribed for this type of treatment because it should either significantly improve or cure about 70 percent of bacterial gastroenteritis episodes. While it is theoretically possible for one quinolone to potentiate the side effects of another, this has not been shown to be a problem with mefloquine and ciprofloxacin. The possible association between mefloquine and ciprofloxacin with adverse events has been speculated upon, however, there have been no well-documented cases of problems due to this drug combination. Whenever mefloquine and ciprofloxacin are prescribed together, the theoretical risk of interaction must be weighed against their proven life saving benefits.

Question. DOD has begun an investigation into psychiatric adverse events in soldiers and plans a study of mefloquine. DOD has stated that it has not included in its assessments several incidents in soldiers who have taken mefloquine or soldiers who do not demonstrate blood levels of the drug. FDA's News Release of July 9, 2003 states that "Sometimes these psychiatric adverse events may persist even after stopping the medication." What is being done by DOD to investigate the incidents

of suicides in soldiers while on or returning from deployment? Any investigations should include soldiers who consumed mefloquine and committed suicide or committed other acts of violence whether there were residues identified in their blood or not. What is DOD's timeframe for conducting a review of these cases and conducting other studies of the effects of mefloquine?

Answer. The Office of the Assistant Secretary of Defense for Health Affairs (ASD (HA)) is coordinating a DOD study of adverse events associated with mefloquine, including any possible connection with suicide. Recommendations for the proposed study have been developed by a select sub-committee of the Armed Forces Epidemiological Board (AFEB) and will be presented to ASD (HA) and the AFEB. Questions regarding whether the anticipated study will include soldiers involved in specific incidents or how blood levels of mefloquine will be approached should be referred to ASD (HA).

Question. What are you doing to specifically recognize and report adverse events that are potentially associated with mefloquine consumption in deployment situations? What kind of reporting systems are available to deployed physicians, medics and/or soldiers for reporting adverse events?

Answer. Reporting of adverse events associated with mefloquine, or any other medication, is addressed by Naval Medicine's Risk Management, Patient Safety and Operational Health Care Quality Assurance programs. Operational units are required by the Chief of Naval Operations to track adverse drug reactions as a part of the Operational Health Care Quality Assurance program. These units use U.S. Food and Drug Administration guidelines for the reporting of adverse drug reactions.

Any provider, civilian or military, may submit adverse drug reactions to the U.S. Food and Drug Administration (FDA). The FDA accepts adverse drug reaction reports via website, telephone or mail. In addition, these drug reactions must be monitored at the local level through the Operational Health Care Quality Assurance Program.

Question. What support is provided for soldiers reporting adverse events who are taking mefloquine? What is the Standard Operating Procedure for a managing a soldier with side effects from mefloquine consumption, knowing that stopping the drug is insufficient as the effects can persist after stopping the product, while on deployment or here in the United States?

Answer. Individuals experiencing possible side effects from mefloquine are provided support through their local primary care provider. Management of adverse side effects from medication involves prevention through proper screening, choice of medication, appropriate monitoring, and above all, stopping the suspected medication. U.S. Food and Drug Administration guidelines advise discontinuing mefloquine if side effects occur. Due to the long half-life of mefloquine, adverse reactions to mefloquine may occur or persist up to several weeks after the last dose.

Standard of care for managing a patient with an adverse reaction to Mefloquine is to change the patient's medication, monitor the patient for resolution of side effects and refer the patient to appropriate clinical specialists for persistence of any psychiatric or neurological side effects.

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL GEORGE PEACH TAYLOR, JR.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

MEFLOQUINE

Question. The antimalarial drug mefloquine has been identified as causing severe side effects such as psychosis, aggression, paranoia, depression and thoughts of suicide, even after use of the drug has stopped. Could you please tell me why another quinolone, ciprofloxacin, is being given to soldiers to self administer when consuming suspicious foods in Iraq when the side effects from one quinolone have the potential to be compounded by the second?

Answer. Ciprofloxacin (an antibiotic) is used for the prevention or treatment of certain type of traveler's diarrhea, often caused by consuming poorly prepared or inappropriately stored food. During deployments, our public health officials work very hard to ensure that the food that our airmen consume is safe.

Our healthcare providers prescribe prophylactic medications in accordance with the Centers for Disease Control and Prevention (CDC) recommendations, Food and Drug Administration license, and the manufacturers' prescribing information. While the concomitant administration of mefloquine and quinine or chloroquine (another antimalarial) may produce electrocardiographic (heart conduction) abnormalities,

there is no scientific evidence to suggest that the use of ciprofloxacin would compound the adverse reactions that may be associated with mefloquine use. It is within the standard of care to prescribe both mefloquine and ciprofloxacin. Both are excellent pharmaceutical agents for force health protection.

Question. DOD has begun an investigation into psychiatric adverse events in soldiers and plans a study of mefloquine. DOD has stated that it has not included in its assessments several incidents in soldiers who have taken mefloquine or soldiers who do not demonstrate blood levels of the drug. FDA's News Release of July 9, 2003 states that "Sometimes these psychiatric adverse events may persist even after stopping the medication." What is being done by DOD to investigate the incidents of suicides in soldiers while on or returning from deployment? Any investigations should include soldiers who consumed mefloquine and committed suicide or committed other acts of violence whether there were residues identified in their blood or not. What is DOD's timeframe for conducting a review of these cases and conducting other studies of the effects of mefloquine?

Answer. A loss of any airmen to suicide is tragic. For many years, Air Force leaders have been very committed to preventing suicides. Our nationally recognized suicide prevention program educates leaders as well as individual airmen on how to identify at-risk individuals and intervene when necessary to prevent suicides. Since the program's inception, our suicide rates have continued to decline.

We, along with our Sister Services and the Assistant Secretary of Defense for Health Affairs, are very concerned about the number of suicides among deployed troops and potential adverse outcomes of mefloquine. At the May 12, 2004 meeting of the Armed Forces Epidemiological Board (AFEB), the ASD/HA accepted the Board's recommendations to formally study the factors associated with suicide and to study outcomes potentially related to mefloquine. His staff is currently determining the exact details, such as time frame.

Question. What are you doing to specifically recognize and report adverse events that are potentially associated with mefloquine consumption in deployment situations? What kind of reporting systems are available to deployed physicians, medics and/or soldiers for reporting adverse events?

Answer. All our deployed military treatment facilities have capabilities to report reportable medical events. Reportable medical events include adverse events associated with vaccinations and certain medical conditions. If an airman sees a healthcare provider for an adverse event associated with medication use, it is documented in the airman's medical record and the DD Form 2766 (Adult Prevention and Chronic Care Flowsheet). The DD Form 2766 accompanies deployed personnel to the field and is returned to the individual's medical record upon re-deployment. While providers are not required to report adverse events that are not out of the ordinary (i.e., adverse events that have been reported in the package inserts for the individual pharmaceutical agent), they are required to report unusual adverse events associated with a medication directly to the Food and Drug Administration. In the 10 years that the Air Force has used mefloquine, it has not had a significant reportable event associated with mefloquine administration.

Question. What support is provided for soldiers reporting adverse events who are taking mefloquine? What is the Standard Operating Procedure for a managing a soldier with side effects from mefloquine consumption, knowing that stopping the drug is insufficient as the effects can persist after stopping the product, while on deployment or here in the United States?

Answer. If an Airman experiences symptoms while on mefloquine, a healthcare provider evaluates him or her. If necessary, the medication is discontinued and an alternative medication is substituted. Airmen are instructed to seek care for any medical concerns, including those associated with any medication use. All Airmen receive a post-deployment briefing and a face-to-face medical visit with a healthcare provider prior to returning home. Airmen are also provided with information on how to seek medical care, either through our medical treatment facilities or the VA system.

SUBCOMMITTEE RECESS

Senator STEVENS. We are going to conclude the testimony here today. We will reconvene on May 5 at 9:30 a.m., when we hear from nondepartmental witnesses on the total budget for defense. Thank you very much.

[Whereupon, at 11:50 a.m., Wednesday, April 28, the subcommittee was recessed, to reconvene at 9:30 a.m., Wednesday, May 5.]

**DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR FISCAL YEAR 2005**

WEDNESDAY, MAY 5, 2004

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

The subcommittee met at 9:30 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.
Present: Senators Stevens and Inouye.

NONDEPARTMENTAL WITNESSES

**STATEMENT OF SUE SCHWARTZ, R.N., CHAIRPERSON, HEALTH CARE
COMMITTEE, THE MILITARY COALITION**

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Good morning. We do welcome all of you to our public witness hearing. There are 24 witnesses today who have indicated each of them wishes to testify or submit a statement for the record. To keep us on schedule, unfortunately, I must ask that you limit your testimony to not more than 4 minutes. We are in session. We are going into session now, and we will have votes today.

We appreciate your interest and want you to know that we do carefully review each item that you do present to us. Your prepared statements are included in the record already. We ask that you summarize those statements.

As soon as my good friend, Senator Inouye, arrives, we will see if he has an opening statement. I do not think he does. But why do we not proceed with our first witness and allow my friend to make such statements he wants to make.

The first witness is Sue Schwartz, a registered nurse, and Chairperson of the Coalition's Health Care Committee of the Military Coalition. Welcome, Ms. Schwartz.

Ms. SCHWARTZ. Good morning, Mr. Chairman.

Mr. Chairman and distinguished members of the subcommittee, thank you for the opportunity to address you today concerning the Military Coalition's views on funding for the defense personnel programs. I want to reiterate our deep appreciation to the entire subcommittee for the role you played in the development of a wide range of landmark health care initiatives over the past few years, particularly for Medicare eligibles and active duty families. On behalf of our grateful members, we say thank you for the leadership your subcommittee gave last year directing the Department of Defense (DOD) to take specific action to address chronic access prob-

lems for TRICARE Standard and to begin to address health care needs for the selected Reserve.

We ask the subcommittee's continued emphasis to ensure that these enhancements are not only successfully implemented, but adequately funded as well.

DOD officials speak of funding shortfalls in the out-years, but there are current problems as well. Bases are turning retirees away from their pharmacies, saying this is due to budget cuts. In many instances, a retiree or any beneficiary may only get a 30-day supply of medication from the military pharmacy instead of the usual 90-day supply.

To control costs, some military pharmacies cut back on expensive drugs not on the basic core formulary. Beneficiaries then turn to the retail pharmacy to get those medications where funds come out of a different pot of money. When funds get tighter, it becomes harder to get an appointment. Pharmacy and clinic hours get cut. Prime access standards are not met. Sometimes beneficiaries are told the schedule is not ready, call back in a week, and the queue starts to build.

Last year the Office of Management and Budget (OMB) considered increasing retiree pharmacy cost share significantly, even going so far as to propose charging retirees for medications obtained in military pharmacies. In a memo dated March 26, the United States (U.S.) Army Command states there is a significant funding shortfall in their annual funding of \$250 million to support the war. Many command activities have budget execution rates that cannot be sustained within current funded levels.

We ask the subcommittee's continued support in appropriating sufficient amounts for the direct and purchased care systems so that the defense health program (DHP) budget does not have to be balanced on the back of beneficiaries.

In the last session of Congress, you took the first steps to extend to the Guard and Reserve additional TRICARE coverage before and after mobilization and to provide TRICARE on a cost-share basis for members without access to employer-sponsored health care.

Mr. Chairman, some disturbing news is 6 months have passed and DOD has not implemented all these provisions. The Defense Department cannot tell us if or when it will be able to implement access to TRICARE on a cost-share basis for those reservists without health insurance. These programs are temporary and the clock is ticking. The authority and funding for this legislation expires at the end of the year, but the call-ups will not. How can we expect to have a valid test when time is running out?

The coalition urges you to send a strong message that health care for the Guard and Reserve and their family members is a priority. We ask you to take steps to fully fund the permanent expansion of these TRICARE benefits for the Guard and Reserve components pre-and post-mobilization. The coalition believes we need to enhance health care for the Guard and Reserve families because it is a readiness issue. It is a quality of life issue to provide affordable health care to Reserve families. It will stimulate recruiting and retention efforts, and it gives employers of mobilized members financial incentives. Dependence on Guard and Reserve personnel will not decrease and most likely will grow. Making these health care

enhancements permanent and fully funded demonstrates that we appreciate the service and sacrifice of our citizen soldiers and their families.

We deeply appreciate the subcommittee's ongoing leadership and commitment to those who are in uniform today and those who have served our Nation in the past.

I look forward to answering your questions. Thank you. Senator Stevens: Is it your position they have not yet covered those who have actually been mobilized or those who are being demobilized?

Ms. SCHWARTZ. Sir, the section 702, 703, and 704 of last year's National Defense Authorization Act—only section 704 has been fully implemented which is the extension of the transitional assistance medical program (TAMP), which is the temporary extension of benefits post-mobilization. The other two sections have not been implemented.

Senator STEVENS. As I understand, it is a very difficult thing to do. We will look into it, though, but I did look into it a little bit, and it is extremely difficult to do without providing a disincentive to employers to maintain health insurance for their people who are also members of the Guard and Reserve. I thank you for your statement. We are continuing to look at that.

Ms. SCHWARTZ. Thank you, Mr. Chairman. There are no simple answers. I appreciate your support.

Senator STEVENS. Thank you.

[The statement follows:]

PREPARED STATEMENT OF SUE SCHWARTZ

EXECUTIVE SUMMARY

Active Force Issues

Personnel Strengths and Operations Tempo.—The Military Coalition strongly recommends restoration of Service end strengths to sustain the long-term global war on terrorism and fulfill national military strategy. The Coalition supports increases in recruiting resources as necessary to meet this requirement. The Coalition urges the Subcommittee to consider all possible manpower options to ease operational stresses on active, Guard and Reserve personnel.

Commissaries.—The Military Coalition opposes all privatization and variable-pricing initiatives and strongly supports full or even enhanced funding of the commissary subsidy to sustain the current level of service for all patrons, including Guard and Reserve personnel and their families.

Family Readiness and Support.—The Military Coalition urges funding for improved family readiness through education and outreach programs and increased childcare availability for servicemembers and their families and associated support structure to assist families left behind during deployments of active duty, Guard and Reserve members.

Retirement Issues

Combat Related Special Compensation Claims Processing.—The Military Coalition urges Subcommittee leaders and members to ensure that DOD has sufficient funding to provide adequate resources for the timely processing of combat related special compensation claims.

Guard And Reserve Issues

Selected Reserve Montgomery GI Bill Improvements.—The Military Coalition recommends funding to raise SR-MGIB benefit levels to 47 percent of the active duty MGIB rate and support to allow reservists who serve non-consecutive tours of 24 months or more active duty within a five-year period to enroll in the active duty MGIB.

Health Care Issues

Full Funding For The Defense Health Budget.—The Military Coalition strongly recommends the Subcommittee continue its watchfulness to ensure full funding of

the Defense Health Program, including military medical readiness, needed TRICARE Standard improvements, and the DOD peacetime health care mission. It is critical that the Defense Health Budget be sufficient to secure increased numbers of providers needed to ensure access for TRICARE beneficiaries in all parts of the country.

Pharmacy Cost Shares for Retirees.—The Military Coalition urges the Subcommittee to continue to reject imposition of cost shares in military pharmacies, oppose increasing other pharmacy cost shares that were only recently established, and to provide full funding for the Defense Health Pharmacy Program. We urge the Subcommittee to ensure that Beneficiary Advisory Groups' inputs are included in any studies of pharmacy services or copay adjustments.

Healthcare for Members of the National Guard and Reserve.—The Military Coalition urges the Subcommittee to take action to appropriate sufficient funds and support permanent authorization of the Temporary Reserve Health Care Program (Sec. 702, 703, and 704 Public Law 108–136) to support readiness, family morale, and deployment health preparedness for Guard and Reserve servicemembers.

The Military Coalition urges the Subcommittee to appropriate sufficient funds to provide for federal payment of civilian health care premiums (up to the TRICARE limit) as an option for mobilized service members.

The Military Coalition recommends the Subcommittee provide sufficient funding to permit expansion of the TRICARE Dental Plan benefits for Guard and Reserve servicemembers. This would allow all National Guard and Reserve members to maintain dental readiness and alleviate the need for dental care during training or mobilization.

PERSONNEL ISSUES

Mr. Chairman, The Military Coalition (TMC) is most grateful to the leadership and members of this Subcommittee for their strong support leading to last year's significant improvements in military pay, housing allowances and other personnel programs for active, Guard and Reserve personnel and their families. But as much as Congress accomplished last year, very significant inequities and readiness challenges remain to be addressed.

In testimony today, The Military Coalition offers its collective recommendations on what needs to be done to address these important issues and sustain long-term personnel readiness.

ACTIVE FORCE ISSUES

Personnel Strengths and Operations Tempo.—The Coalition is dismayed at the Department of Defense's reluctance to accept Congress' repeated offers to increase Service end strength to relieve the stress on today's armed forces, who are clearly now sustaining an increased operations tempo to meet today's global war on terror. While we are encouraged by the Army's announcement to temporarily increase their end strength by 30,000, we are deeply concerned that Administration-proposed plans for selected temporary manpower increases rely too heavily on continuation of stop-loss policies, unrealistic retention assumptions, overuse of the Guard and Reserves, optimistic scenarios in Southwest Asia, and the absence of any new contingency needs.

Administration and military leaders warn of a long-term mission against terrorism that requires sustained, large deployments to Central Asia and other foreign countries. The Services simply do not have sufficient numbers to sustain the global war on terrorism, deployments, training exercises and other commitments, so we have had to recall significant numbers of Guard and Reserve personnel. For too many years, there has always been another major contingency coming, on top of all the existing ones. If the Administration does not recognize when extra missions exceed the capacity to perform them, the Congress must assume that obligation.

The Coalition strongly believes that earlier force reductions went too far and that the size of the force should have been increased several years ago to sustain today's pace of operations. Deferral of meaningful action to address this problem cannot continue without risking serious consequences. Real relief is needed now. There is no certainty that missions will decline, which means that the only prudent way to assure we relieve the pressure on servicemembers and families is to increase the size of the force.

Some argue that it will do little good to increase end strengths, questioning whether the Services will be able to meet higher recruiting goals. The Coalition believes strongly that this severe problem can and must be addressed as an urgent national priority, with increases in recruiting budgets if that proves necessary.

Others point to high reenlistment rates in deployed units as evidence that high operations tempo actually improves morale. But much of the reenlistment rate anomaly is attributable to tax incentives that encourage members to accelerate or defer reenlistment to ensure this occurs in a combat zone, so that any reenlistment bonus will be tax-free. Retention statistics are also skewed by stop-loss policies. Over the long run, past experience has shown that time and again smaller but more heavily deployed forces will experience family-driven retention declines.

Action is needed now. Failing to do so will only deepen the burden of already overstressed troops and make future challenges to retention and recruiting worse.

The Military Coalition strongly recommends restoration of Service end strengths to sustain the long-term global war on terrorism and fulfill national military strategy. The Coalition supports increases in recruiting resources as necessary to meet this requirement. The Coalition urges the Subcommittee to consider all possible manpower options to ease operational stresses on active, Guard and Reserve personnel.

Commissaries.—The Coalition continues to be very concerned about preserving the value of the commissary benefit—which is widely recognized as the cornerstone of quality of life benefits and a valued part of the servicemembers' total compensation package.

During the past year, the Department of Defense announced plans to close a number of commissaries, replace the traditional three-star officer serving as chairman of the Commissary Operating Board (COB) with a political appointee, and require a study on instituting variable pricing for commissary products. These proposals are apparently intended to save money by reducing the annual appropriation supporting the Defense Commissary Agency (DeCA), which operates 275 commissaries worldwide. The COB recommendation is also viewed as another indicator of DOD's ongoing interest in eventually privatizing the benefit.

The Coalition supports cost savings and effective oversight and management. However, we are concerned about the unrelenting pressure on DeCA to cut spending and squeeze additional efficiencies from its operations—despite years of effective reform initiatives and recognition of the agency for instituting improved business practices.

The Coalition is particularly opposed to the concept of variable pricing, which the Administration acknowledges is aimed at reducing appropriated funding. This can only come at the expense of reducing benefits for patrons.

The commissary is a highly valued quality of life benefit not quantifiable solely on a dollars appropriated basis. As it has in the past, The Military Coalition opposes any efforts to privatize commissaries or reduce benefits to members, and strongly supports full funding of the benefit in fiscal year 2005 and beyond.

The Military Coalition opposes all privatization and variable-pricing initiatives and strongly supports full or even enhanced funding of the commissary benefit to sustain the current level of service for all patrons, including Guard and Reserve personnel and their families.

Family Readiness and Support.—Family readiness is a key concern for the approximately 60 percent of servicemembers with families. Allocating adequate resources for the establishment and maintenance of family readiness and support programs is part of the cost of effectively fulfilling the military mission.

Servicemembers and their families must understand and be aware of benefits and programs available to them and who to contact with questions and concerns—both at the command level and through the respective Service or Department of Defense—in order to effectively cope with the challenges of deployment. It is also important to meet childcare needs of the military community including Guard and Reserve members who are being called to active duty in ever-increasing numbers.

The Military Coalition urges funding for improved family readiness through education and outreach programs and increased childcare availability for servicemembers and their families and associated support structure to assist families left behind during deployments of active duty, Guard and Reserve members.

RETIREMENT ISSUES

Combat Related Special Compensation Claims Processing.—The Military Coalition applauds Congress for the landmark provisions in the fiscal year 2004 National Defense Authorization Act that expand combat related special compensation to all retirees with combat-related disabilities and authorizes—for the first time ever—the unconditional concurrent receipt of retired pay and veterans' disability compensation for retirees with disabilities of at least 50 percent. Disabled retirees everywhere are extremely grateful for this Subcommittee's action to reverse an unfair practice that has disadvantaged disabled retirees for over a century.

However, we are becoming increasingly aware of growing problems with combat related special compensation claims processing. Large numbers of applicants are waiting six months or more for decisions. The Services have acknowledged that the expanded authority will increase backlogs even more. The Coalition believes DOD must have sufficient funding to meet staffing and other support requirements to ensure claims are processed in a reasonable period of time.

The Military Coalition urges Subcommittee leaders and members to ensure DOD has sufficient funding to provide adequate resources for the timely processing of combat related special compensation claims.

GUARD AND RESERVE ISSUES

Selected Reserve Montgomery GI Bill Improvements.—Individuals who first become members of the National Guard or Reserve are eligible for the Selected Reserve Montgomery GI Bill (SR-MGIB) under Chapter 1606 of Title 10 U.S. Code. But SR-MGIB benefits have declined sharply compared to active duty benefits and need to be restored.

During the first fifteen years of the SR-MGIB program (1985–1999), benefits maintained 47 percent comparability with the active duty MGIB authorized under Title 38. But in the last few years, the SR-MGIB has slipped to a 29 percent ratio with the basic program due to benefit increases that were enacted only for the active duty program. The drop in reserve benefits happened at a time when the Guard and Reserve have been mobilized and deployed unlike any other time since World War II. In addition, many reservists have been mobilized for more than one extended tour of active duty. If the tours add up to 24 months of active duty but are served non-consecutively, the reservists are not eligible for the active duty MGIB.

The Military Coalition recommends funding to raise SR-MGIB benefit levels to 47 percent of the active duty MGIB rate and support to allow reservists who serve non-consecutive tours of 24 months or more active duty within a five-year period to enroll in the active duty MGIB.

Guard/Reserve Family Readiness and Support.—All military families experience high stress levels when their military spouses are deployed in harms way. National Guard and Reserve families are no exception. In their case, however, military base support networks are rarely available to them due to their geographic dispersion across the nation. The Services and the Defense Department have initiated new programs to support the growing needs of reserve component families but more needs to be done.

The Guard and Reserve have increased the number of paid family readiness coordinators and established more Family Assistance Centers to help volunteers and provide basic information. The challenge is providing consistent and reliable information on benefits and services across all of the reserve components. For example, the Air National Guard employs professional family coordinators but the Army National Guard does not. Another concern is the lack of childcare services for mobilized Guard and Reserve families.

The Military Coalition urges adequate funding for family readiness services through education and outreach programs, increased childcare availability for servicemembers and their families, and associated support services to assist families left behind during deployments of active duty, Guard and Reserve members.

HEALTH CARE ISSUES

The Military Coalition is most appreciative of the Subcommittee's exceptional efforts over several years to honor the government's health care commitments to all uniformed services beneficiaries. These Subcommittee-sponsored enhancements represent great advancements that should significantly improve health care access while saving all uniformed services beneficiaries thousands of dollars a year. The Coalition particularly thanks the Subcommittee for last year's outstanding measures to address the needs of TRICARE Standard beneficiaries as well as to provide increased access for members of the Guard and Reserves.

While much has been accomplished, we are equally concerned about making sure that subcommittee-directed changes are implemented and the desired positive effects actually achieved. We also believe some additional initiatives will be essential to providing an equitable and consistent health benefit for all categories of TRICARE beneficiaries, regardless of age or geography. The Coalition looks forward to continuing our cooperative efforts with the Subcommittee's members and staff in pursuit of this common objective.

Full Funding For The Defense Health Budget.—Once again, a top Coalition priority is to work with Congress and DOD to ensure full funding of the Defense Health Budget to meet readiness needs—including graduate medical education and

continuing education, full funding of both direct care and purchased care sectors, providing access to the military health care system for all uniformed services beneficiaries, regardless of age, status or location. A fully funded health care benefit is critical to readiness and the retention of qualified uniformed service personnel.

The Subcommittee's oversight of the defense health budget is essential to avoid a return to the chronic underfunding of recent years that led to execution shortfalls, shortchanging of the direct care system, inadequate equipment capitalization, failure to invest in infrastructure and reliance on annual emergency supplemental funding requests as a substitute for candid and conscientious budget planning.

We are grateful that last year, Congress provided supplemental appropriations to meet growing requirements in support of the deployment of forces to Southwest Asia and Afghanistan in the global war against terrorism.

But we are concerned by reports from the Services that the current funding level falls short of that required to meet current obligations and that additional supplemental funding will once again be required. For example, we have encountered several instances in which local hospital commanders have terminated service for retired beneficiaries at military pharmacies, citing budget shortfalls as the reason. Health care requirements for members returning from Iraq are also expected to strain the military delivery system in ways that we do not believe were anticipated in the budgeting process.

Similarly, implementation of the TRICARE Standard requirements in last year's Authorization Act—particularly those requiring actions to attract more TRICARE providers—will almost certainly require additional resources that we do not believe are included in the budget. Addressing these increased readiness requirements, TRICARE provider shortfalls and other needs will most likely require additional funding.

The Military Coalition strongly recommends the Subcommittee continue its watchfulness to ensure full funding of the Defense Health Program, including military medical readiness, needed TRICARE Standard improvements, and the DOD peacetime health care mission. It is critical that the Defense Health Budget be sufficient to secure the increased numbers of providers needed to ensure access for TRICARE beneficiaries in all parts of the country.

Pharmacy Cost Shares for Retirees.—Late last year, the Office of Management and Budget (OMB) and the Defense Department considered a budget proposal that envisioned significantly increasing retiree cost shares for the TRICARE pharmacy benefit, and initiating retiree copays for drugs obtained in the direct care system. While the proposal was put on hold for this year, the Coalition is very concerned that DOD is undertaking a review that almost certainly will recommend retiree copay increases in fiscal year 2006.

It was less than three years ago that Congress authorized and appropriated adequate funding for the TRICARE Senior Pharmacy Program (TSRx) and DOD established \$3 and \$9 copays for all beneficiaries. Defense leaders highlighted this at the time as “delivering the health benefits military beneficiaries earned and deserve.” But the Pentagon already has changed the rules, with plans to remove many drugs from the uniform formulary and raise the copay on such drugs to \$22.

Now, there are new proposals to double and triple the copays for drugs remaining in the formulary—to \$10 and \$20, respectively. One can only surmise that this would generate another substantial increase in the non-formulary copay—perhaps even before the \$22 increase can be implemented.

Budget documents supporting the change rationalized that raising copays to \$10/\$20 would align DOD cost shares with those of the VA system. This indicates a serious misunderstanding of the VA cost structure, unless the Administration also plans to triple VA cost shares. At the present time, the VA system requires no copayments at all for medications covering service-connected conditions, and the cost share for others is \$7.

The Coalition believes this Subcommittee will appropriate the funds needed to meet uniformed services retiree health care commitments if only the Administration will budget for it. The Coalition is concerned that DOD does not seem to recognize that it has a unique responsibility as an employer to those who served careers covering decades of arduous service and sacrifice in uniform. Multiple administrations have tried to impose copays in military medical facilities, and Congress has rejected that every time. We hope and trust that will continue.

The Coalition vigorously opposes increasing retiree cost shares that were only recently established. Congress' recent restoration of retiree pharmacy benefits helped restore active duty and retired members' faith that their government's health care promises would be kept. If implemented, this proposal would undermine that trust, which in the long term can only hurt retention and readiness.

The Military Coalition urges the Subcommittee to continue to reject imposition of cost shares in military pharmacies, oppose increasing other pharmacy cost shares that were only recently established and to provide full funding for the Defense Health Pharmacy Program. We urge the Subcommittee to ensure that Beneficiary Advisory Groups' inputs are included in any studies of pharmacy services or copay adjustments.

Healthcare for Members of the National Guard and Reserve.—The Military Coalition is most appreciative to Congress for ensuring that the Temporary Reserve Health Care Program was included in the fiscal year 2004 National Defense Authorization Act. This program will provide temporary coverage, until December 2004, for National Guard and Reserve members who are uninsured or do not have employer-sponsored health care coverage. TRICARE officials plan to build on existing TRICARE mechanisms to expedite implementation; however, no one is certain how long this will take. Immediate implementation and full funding is required.

The Coalition is grateful to the Congress for their efforts to enact Sec. 703 and 704 of the fiscal year 2004 NDAA. Sec. 703—Earlier Eligibility Date for TRICARE Benefits for Members of Reserve Components provides TRICARE health care coverage for reservists and their family members starting on the date a “delayed-effective-date order for activation” is issued. Sec. 704—Temporary Extension of Transitional Health Care Benefits changes the period for receipt of transitional health care benefits from 60 or 120 days to 180 days for eligible beneficiaries.

Congress recognized the extraordinary sacrifices of our citizen-soldiers, by enacting extending this pre- and post-mobilization coverage. Now it's time to recognize the changed nature of 21st century service in our nation's reserve forces by making these pilot programs permanent and provide full funding.

The Military Coalition urges the Subcommittee to take action to appropriate sufficient funding and support permanent authorization of the Temporary Reserve Health Care Program (Sec. 702, 703, and 704 Public Law 108-136) to support readiness, family morale, and deployment health preparedness for Guard and Reserve servicemembers.

Health insurance coverage varies widely for members of the Guard and Reserve: some have coverage through private employers, others through the Federal government, and still others have no coverage. Reserve families with employer-based health insurance must, in some cases, pick up the full cost of premiums during an extended activation. Guard and Reserve family members are eligible for TRICARE if the member's orders to active duty are for more than thirty days; but, many of these families would prefer to preserve the continuity of their health insurance. Being dropped from private sector coverage as a consequence of extended activation adversely affects family morale and military readiness and discourages some from reenlisting. Many Guard and Reserve families live in locations where it is difficult or impossible to find providers who will accept new TRICARE patients. Recognizing these challenges for its own reservist-employees, the Department of Defense routinely pays the premiums for the Federal Employee Health Benefit Program (FEHBP) when activation occurs. This benefit, however, only affects about ten percent of the Selected Reserve.

The Military Coalition urges the Subcommittee to appropriate sufficient funds to provide for federal payment of civilian health care premiums (up to the TRICARE limit) as an option for mobilized service members.

Dental readiness is another key aspect of readiness for Guard and Reserve personnel. Currently, DOD offers a dental program to Selected Reserve members and their families. The program provides diagnostic and preventive care for a monthly premium, and other services including restorative, endodontic, periodontic and oral surgery services on a cost-share basis, with an annual maximum payment of \$1,200 per enrollee per year. However, only five percent of eligible members are enrolled.

During this mobilization, soldiers with repairable dental problems were having teeth pulled at mobilization stations in the interests of time and money instead of having the proper dental care administered. Congress responded by passing legislation that allows DOD to provide medical and dental screening for Selected Reserve members who are assigned to a unit that has been alerted for mobilization in support of an operational mission, contingency operation, national emergency, or war. Unfortunately, waiting for an alert to begin screening is too late. During the initial mobilization for Operation Iraqi Freedom, the average time from alert to mobilization was less than 14 days, insufficient to address deployment dental standards. In some cases, units were mobilized before receiving their alert orders. This lack of notice for mobilization continues, with many reservists receiving only days of notice before mobilizing.

The Military Coalition recommends the Subcommittee provide sufficient funding to permit expansion of the TRICARE Dental Plan benefits for Guard and Reserve

servicemembers. This would allow all National Guard and Reserve members to maintain dental readiness and alleviate the need for dental care during training or mobilization.

CONCLUSION

The Military Coalition reiterates its profound gratitude for the extraordinary progress this Subcommittee has made in advancing a wide range of personnel and health care initiatives for all uniformed services personnel and their families and survivors. The Coalition is eager to work with the Subcommittee in pursuit of the goals outlined in our testimony. Thank you very much for the opportunity to present the Coalition's views on these critically important topics.

STATEMENT OF JANET RUBIN, M.D., ON BEHALF OF THE NATIONAL COALITION FOR OSTEOPOROSIS AND RELATED BONE DISEASES

Senator STEVENS. Dr. Janet Rubin. Good morning, Doctor.

Dr. RUBIN. Mr. Chairman, I am Janet Rubin. I am a professor in the Department of Medicine at Emory University and a staff physician at the Atlanta Veterans Medical Center. I am representing the National Coalition for Osteoporosis and Related Bone Diseases and I seek your continued support for Department of Defense funding of the bone health and military medical readiness research program.

Bone health is an essential element of military readiness. Our troops must be ready and able to endure vigorous activity during combat training and force operations. Musculoskeletal injury is, however, an unfortunate result of training. In particular stress fracture accounts for more loss duty days in the active duty population than any other injury. Stress fractures compromise our military's operational readiness, drive up health care costs, and increase personnel attrition. The stress fracture takes a soldier out of combat as quickly as an entry wound and requires weeks for healing.

Consider those young people entering basic training. As many as 5 percent of male recruits sustain stress fractures. In the case of females, the number may rise to as much as 20 percent, and even trained soldiers who switch from light to heavy physical duty are at risk for stress fracture.

The current bone health and military medical research program was developed and funded with the goal of eliminating stress fractures in all recruits. The program's successes to date are many. I am going to give you a sampling of what we have learned and what DOD-funded scientists are pursuing and have published in more than 100 publications.

Recruits are frequently deficient in vitamin D and calcium. The optimal level of supplementation of these and other vitamins and minerals for active young people is under investigation.

Recruits with family histories of osteoporosis are at higher risk for stress fracture. DOD-supported scientists have modeled osteoporosis genes in mice, revealing genes that can predict bone quality and bone structure. Indeed, bone structure plays a critical role in stress fracture. We are only just starting to understand how skeletal structure of women differs from men. DOD-funded research suggests that the smaller bones of women may be underpowered for the weight they bear during training, increasing the risk of stress fracture. The training of female recruits may, thus, require added bone protective strategies.

Scientists in this program are also trying to understand how biomechanical signals cause bone formation and improved bone strength during exercise. One DOD-funded study suggests that bone fluid flow stimulates bone cells to make stronger bones.

Of course, improving diagnosis of stress fracture is a topic of this program, including improvement and standardization of noninvasive measurements of bone. We would like to be able to better predict incipient fractures. An increase in the porosity of bone appears to precede the fracture. We hope that detection of this porosity with new instrumentation will improve prevention.

Last, we need to design better treatment algorithms to get our soldiers back on their feet and prevent chronic disability such as pain and degenerative joint disease. DOD-funded scientists are studying both pulsed ultrasound and dynamic electrical fields as novel adjuncts to standard rest therapy.

Mr. Chairman, we are all aware that stress fractures and other bone-related injuries erode the physical capability and effectiveness of our combat training units. Military readiness suffers. A small investment in bone health research can make a large contribution to our combat readiness. Therefore, it is imperative that the Department of Defense build on these recent findings and maintain an aggressive and sustained bone health research program at a level of \$6 million in fiscal year 2005.

Thank you.

Senator STEVENS. I understand there are some new techniques for inquiring about the osteoporosis and other such bone defects. Do you advocate that women recruits be given those tests before they enter the service?

Dr. RUBIN. I think it would help to know if their bone density was very low. One of the problems that we have in the osteoporosis field that, although, for instance, dual x-ray absorptiometry (DXA) is the gold standard for measuring bone density, it really does not predict bone structure. So it is a poor measure of young women in terms of what they can bear. So I think it would probably be worthwhile to measure bone density in young women, yes.

Senator STEVENS. Thank you very much, Doctor. We appreciate your coming.

[The statement follows:]

PREPARED STATEMENT OF JANET RUBIN, M.D.

Mr. Chairman and Members of the Committee, I am Janet Rubin, M.D., Professor, Department of Medicine, Emory University and Staff Physician at the Atlanta Veterans Affairs Medical Center. I am here today on behalf of the National Coalition for Osteoporosis and Related Bone Diseases to urge your support in maintaining the Bone Health and Military Medical Readiness research program within the Department of Defense and providing necessary funding to preserve the program. The members of the Bone Coalition are the American Society for Bone and Mineral Research, the National Osteoporosis Foundation, the Paget Foundation for Paget's Disease of Bone and Related Disorders, and the Osteogenesis Imperfecta Foundation.

Bone health is an essential element of military readiness. The goal of the Department of Defense (DOD) is to guarantee military readiness by keeping our forces trained, equipped and ready to adapt to emerging threats. Our troops must be ready and able to endure vigorous activity during combat training as well as during force operations. Soldiers are always at risk of injury, incapacitation, and degraded performance resulting from injuries such as stress fractures—all of which compromise the mission, readiness, and budget of the Armed Forces.

Although the benefits of strenuous physical activity are well documented, these activities are also known to incur certain risks. Musculoskeletal injury, for example, is the most common morbidity in civilian and military populations who participate in physical activity. In fact, fractures account for the highest number of lost duty days in the active duty population of any injury. These injuries incur a high cost to the DOD not only in lost duty days, but in health care, lost training time, and attrition of personnel. Ultimately, the operational readiness of U.S. military forces is severely compromised.

Stress fractures are one of the most common and potentially debilitating overuse injuries experienced in the military recruit population. Stress fractures occur in 0.8 to 5.2 percent of male recruits, and from 3 to 21 percent of female recruits. Recent research suggests that several factors may contribute to the increased risk for stress fracture suffered by women, including the density, shape, and size of their bones (which affect bone quality), and their nutritional, hormonal and physical conditioning status.

Lack of physical conditioning affects the United States as a whole, along with the military population in particular. An Institute of Medicine report published in 1998 by the Subcommittee on Body Composition, Nutrition and Health of Military Women concluded that the low initial fitness of recruits, both cardiorespiratory and musculoskeletal, appeared to be the principal factor in the development of stress fractures during basic training. The Committee also concluded that muscle mass, strength, and endurance played a critical role in the development of stress fracture. Now we know from DOD-funded research that bone structure adds to the risk of fracture, along with a history of poor diet, lack of exercise, hormonal imbalances and genetic factors. Ethnicity also plays a part.

Isn't basic training good for recruits' health, you may wonder. The answer is yes and no. Exercise is important to building bone health, but the type of exercise and the transition to new exercise regimens play a role in bone strength. Many new recruits, upon arrival for basic training, are unaccustomed to intense exercise, particularly strenuous running and marching activities. Under normal circumstances, the increased demand placed on bone tissue causes the bone to remodel to adapt to the new loads, and become stronger in the areas of higher stress. However, if the remodeling response of the bone cannot keep pace with the repetitive demands placed on a service member during the 8 to 12 week training period, a stress fracture may result. Without proper rest and time to heal, the stress fracture may lead to chronic pain and disability.

Different types of stress fractures require different treatment. For example, femoral neck or hip stress fractures can sometimes progress to full fractures and interrupt the blood supply to the thigh bone portion of the hip joint. This in turn can cause early degenerative changes in the hip joint. Physicians consider the femoral neck stress fracture to be a medical emergency requiring immediate treatment. Researchers have raised concerns regarding the possible relationship between increased risk for stress fracture and long-term risk of osteoporosis, osteoarthritis, and other bone diseases.

Like hip stress fractures, stress fractures of the navicular (foot bone), anterior cortex of the tibia (front portion of the mid-shinbone), and proximal fifth metatarsal (a bone in the foot) are also slow to heal. Many of these diagnoses require an affected service member cease training for a lengthy period of medical care and rehabilitation until the fracture has healed. At one basic training location, over 70 percent of the injured soldiers pulled from training were diagnosed with overuse bone injuries.

While stress fracture injury is seen primarily in new recruits, anyone who suddenly increases his or her frequency, intensity, or duration of physical activity, such as a recently called-up reservist is potentially at risk for developing lower body stress fractures.

The study of bone health is not a simple task, as bone health requires a complex interaction between exercise and other factors that affect bone remodeling, such as nutrition, hormonal status, genetics, and biomechanics. Currently, there is a distinct gap in understanding the effects of exercise and other factors on normal bone remodeling in a young adult population; more research is needed to determine the best types of exercise regimens to build and maintain healthy bone. Moreover, an understanding of all factors affecting bone health, particularly in young, healthy men and women, is necessary to fully describe the physiological response of bone and muscle to the physical demands placed on our service members, and to maintain the health and military readiness of our service members.

At this point, Mr. Chairman I would like to identify some of the promising studies currently being funded by the DOD:

Current Studies

Identifying key mineral and other nutritional levels needed in military rations to ensure optimal bone health of recruits:

- Vitamin D, for example, is known to be deficient in the population at large, particularly in sunlight-deprived individuals, and yet it, like calcium, is key to bone health. Researchers are working to determine the proper level of vitamin D required in the military population. A related question is: What levels of vitamin D supplementation are necessary to maintain bone health?
- The effect of calcium and calorie intake on the incidence of stress fractures in the short term, and osteoporosis in the long term, is another subject of investigation.
- How do caloric restriction and disordered eating patterns—and/or related amenorrhea or menstrual period cessation—affect hormonal balance and the accrual and maintenance of peak bone mineral content is a question also under investigation.

Researching the association between stress fractures and physical training methods, including an examination of past injuries and the effects of poor nutrition, lack of exercise, smoking, use of anti-inflammatory medications, alcohol and oral contraceptives, all of which may negatively affect bone.

Examining the mechanisms of bone cell stimulation from the flow of surrounding fluids during compression (loading) of the bone. As the bone is repeatedly compressed due to physical activity, fluid flows in a network of spaces; this oscillating fluid flow is a potent stimulator of bone cells.

Comparing recovery times from tibial stress fracture in subjects treated with active or placebo-controlled electric field stimulation, including evaluation of male and female responses.

Assessing the fracture healing impact of pulsed ultrasound.

Attempting to accelerate stress fracture healing time using conservative but generally favored treatments of rest from weight bearing activity (this averages three months).

With DOD's critical investment support, the findings are already impressive:

- Poor physical fitness when recruit training is initiated has been identified as a strong predictor of injury. This has led to the development of a scientifically based intervention to reduce injuries at the Marine Corp Recruit Depot. An evaluation of this intervention demonstrated an overall reduction in overuse injuries and a 50 percent reduction in stress fractures, with no decrement in physical fitness at graduation.
- Muscle elasticity—as measured by ultrasound—has been shown to undergo physiological alterations with an abrupt transition to a running training program similar to that employed for military recruit training. MRI allows for imaging of soft tissue and can detect these alterations in muscle structure during running. Combining ultrasound characterization with MRI scanning of the muscle recruitment during running will ultimately enable physicians to pinpoint the relationship of muscle elasticity to the level of tibial stress, and, ultimately, fracture risk.
- Being able to assess metabolism and bone growth in humans will advance our understanding of bone remodeling: key to building and maintaining strong bone. DOD-funded scientists have developed a prototype of the highest resolution positron emission tomography (PET) device existing to focus on meeting this need for improved assessment.
- Data suggests that increased bone remodeling precedes the occurrence of bone microdamage and stress fractures. Researchers found that increases in cortical bone porosity precede the accumulation of bone microdamage, suggesting an important role of increased intracortical remodeling in the development of stress fractures. If we can detect this porosity before microdamage occurs, we could prevent stress fractures.

Areas of Need

Improved and more sensitive methods are needed for the noninvasive assessment of bone metabolism along with standard measurements of bone density and other parameters of bone strength to assess normal bone remodeling, impending risk of bone injury, and bone responses to treatment interventions.

Structural and biomechanical factors that contribute to tibial stress fracture risk need to be explored using recent advances in technology to detect microscopic damage to tibial bone structure non-invasively, before occurrence of stress fracture injuries.

We need to determine the relationship between whole bone geometry and tissue fragility in the human tibia, testing the linkage between geometry, gender, and the occurrence of low-impact bone fractures (those that occur with minimum force).

DOD scientists' research in genetic determinants of bone quality may ultimately help protect women and men against musculoskeletal injuries. Bone mineral density, while a major determinant of bone strength, is just one parameter of bone quality. Both geometric characteristics and density of bone are related to bone strength, and muscle strength and endurance have been linked to the ability of bone to withstand repetitive loading. Thus, susceptibility to stress fracture clearly has both bone and muscle components. Research on the effects of genetics, diet and nutrition, mechanical load, and other factors that might affect bone quality can now be studied using new technologies, such as magnetic resonance imaging, peripheral quantitative computed tomography, regional DXA, and tibial ultrasound, and has the potential to provide great insight into the bone remodeling and adaptation process. In addition, new techniques such as virtual bone biopsies are under development to provide more critical data.

Mr. Chairman, stress fractures and other bone related injuries erode the physical capabilities and reduce the effectiveness of our combat training units, compromising military readiness. A small investment in bone health research can make a large contribution to combat readiness. Therefore, it is imperative that the Department of Defense build on recent findings and maintain an aggressive and sustained bone health research program at a level of \$6 million in fiscal year 2005.

Senator STEVENS. My good friend, the co-chairman, is here. Do you have any opening statement, Senator?

Senator INOUE. No, thank you.

Senator STEVENS. Very well.

Vice President Howard R. Hall of the Joslin Diabetes Center please. Good morning.

STATEMENT OF HOWARD R. HALL, VICE PRESIDENT, JOSLIN DIABETES CENTER

Mr. HALL. Good morning. Mr. Chairman and Senator Inouye, thank you for this opportunity to report on the progress of the Joslin Diabetes Center cooperative telemedicine project with the DOD and the Veterans Administration (VA) for the diagnosis, management, and treatment of diabetes and diabetic retinopathy, Army Research, Development, Test and Evaluation (RDT&E) medical advanced technology PE0603002A.

I am Howard Hall of the Joslin Diabetes Center. I am also here to request continued level funding at \$5 million for this collaborative project in fiscal year 2005.

As both of you know I believe, the Joslin Vision Network (JVN) Eye Care and Comprehensive Diabetes Management Program is a telemedicine initiative designed to access all people with diabetes into cost effective, quality diabetes and eye programs across cultural and geographic boundaries with reduced costs.

I am pleased to report that these innovative JVN eye care and diabetes management programs are being deployed not only in the DOD but also throughout the Indian Health Service (IHS) and VA health care systems. Already we have 52 sites in 18 States and the District of Columbia.

Currently the JVN telemedicine eye care system is the only non-mydratric system available that has been rigorously validated, equivalent to the current gold standard for retinopathy diagnosis.

Version 3 of the Joslin eye care is ready for deployment this summer and will be simpler and less expensive to operate. A new prototype JVN retinal imaging system that is portable and 50 percent

less costly has been developed and is being to undergo initial clinical validation.

Joslin has completed the first phase in the use of automated detection of diabetic retinopathy which can increase the cost efficiency of the JVN system by 42 percent. Recognizing the need to manage total care of diabetic patients and to empower better self-management so as to realize a prevention of vision loss, the DOD/VA/Joslin collaborative has developed the JVN comprehensive diabetes management program (CDMP) using web-based interactive technologies.

By the end of this May 2004, CDMP will be integrated into the DOD Healtheforces website for daily use. In addition, CDMP is expected to be fully operational for both the VA VISN system and in the Indian Health Services in July 2004.

The CDMP, the comprehensive diabetes management program, can result in a three- to seven-fold reduction in health care expenses.

The requested continuation of the current level of funding for 2005, \$5 million, will provide support for the existing JVN eye care system for deployment of the JVN comprehensive diabetes management program to participating sites, for continued JVN refinements, and quite important, to perform critical prospective clinical studies.

Mr. Chairman, Joslin is pleased to be a part of this project for the Department of Defense and we are most appreciative of the support that you and your colleagues have provided to us. Please know that we would be grateful for continued support again this year.

At this time, I would be pleased to answer any questions that you or Senator Inouye may have. Thank you.

Senator STEVENS. Thank you very much, Mr. Hall. I think I commented to you before my father was blind because of juvenile diabetes. We are pleased to try to work with you.

Mr. HALL. Try to prevent it so others do not have to have that. Thank you.

[The statement follows:]

PREPARED STATEMENT OF HOWARD R. HALL

Introduction

Mr. Chairman and Members of the Committee, thank you for this opportunity to appear before you. I am Howard Hall of the Joslin Diabetes Center. I am pleased to present an update on the collaborative Joslin Diabetes Project with the Departments of Defense and Veteran's Affairs on the health concerns related to diabetes.

Joslin is extremely appreciative of the funds provided for this valuable project in the fiscal year 2004 Defense Appropriations Act. Our proposal for fiscal year 2005 funding will allow for the DOD/VA/Joslin collaborative to continue to enhance research refinements and extend clinical developments of Joslin Vision Network (JVN) Eye Care and the Comprehensive Diabetes Management Program (CDMP).

The Joslin Vision Network (JVN) Eye Care and Comprehensive Diabetes Management Program (CDMP) is a telemedicine initiative designed to access all diabetes patients into cost-effective, quality diabetes and eye care programs across geographic and cultural boundaries at reduced costs.

This DOD/VA/Joslin collaborative is the core foundation for these innovative eye care and diabetes management programs that are being deployed not only in the DOD but also throughout the IHS and VA health care systems.

Collectively, the JVN is deployed at 52 sites in the District of Columbia and the following 18 states: Alaska, Arizona, Florida, Hawaii, Idaho, Kansas, Maine, Mary-

land, Massachusetts, Minnesota, Montana, New Mexico, Oklahoma, Pennsylvania, South Dakota, Texas, Virginia, and Washington.

Summary

This request of \$5,000,000 represents the collective costs of Joslin and associated expenses of the Department of the Army, RDT&E.

Fiscal Year 2004 Status Report

JVN Deployment

As of January 2004 we have deployed in:

- The Department of Defense infrastructure: 11 independent remote JVN imaging sites, 5 centralized JVN reading center sites, and 2 coordinating independent JVN servers.
- The VA system: 8 independent remote JVN imaging sites, 4 centralized JVN reading center sites, and 2 coordinating independent JVN servers.
- The Joslin Diabetes Center system: 7 JVN imaging sites, and 4 JVN reading center sites.

JVN Validation

Currently the JVN telemedicine's eye care system is the only non-mydriatic (no pupil dilation needed) system available that has been rigorously validated and shown to be equivalent to the current gold standard for retinopathy diagnosis. The JVN validation study results were published in the March 2001 issue of Ophthalmology.

JVN Application Enhancement

The JVN application has been refined to use totally non-proprietary hardware and software and is fully DICOM and HL7 compliant as well as being compliant with HIPAA security standards. Workstations are now standard PCs with Microsoft 2000 operating systems interfaced with Agfa PACS environment which facilitates direct interfaces to DOD CHS and VA VISTA medical record systems.

Preparing for evolving PC functions, JVN Eye Care Version 3 is ready for release this summer. With applications written in Microsoft.Net operating system-platform, JVN software becomes modular. This software enhancement will facilitate addition of new modules to expand JVN value and will make JVN simpler and significantly less expensive to operate.

New JVN Retinal Imaging System

During the initial Cooperative Agreement Joslin undertook the development of a retinal imaging system that overcame the limitations identified in current commercially available non-mydriatic retrieval funders camera imaging systems. A prototype imaging system that is portable and 50 percent less costly has been developed and is being readied to undergo initial clinical validation.

JVN Computer-based Detection of Micro-aneurysms for Screening Digital Retinal Images

This development effort represents the first phase in the use of image analysis to automate identification of retinal lesions in diabetic retinopathy. This ability will dramatically improve the efficiency of the reading center and based on results from the retrospective cost efficiency study will have a significant impact on cost savings for the use of the JVN system. This effort has been completed and results indicate that automated detection can be achieved with a sensitivity and specificity of 70 percent. At this level we can expect to increase the cost efficiency of the JVN system by 42 percent.

JVN Comprehensive Diabetes Management Program (CDMP)

A focus during the first 5 years of the DOD/VA/Joslin collaborative was the recognition of the need to develop the JVN Comprehensive Diabetes Management Program (CDMP). This development process was focused on care management for the diabetic patient using web-based interactive technologies. The driver for this application was the need to manage the total care of diabetic patients and to empower better self-management so as to realize a prevention of vision loss. The development of the CDMP was started in year 3 of the funding cycle. The JVN eye care component now becomes a module of the larger CDMP application. The CDMP application is now ready to be deployed to participating sites.

By the end of May 2004 CDMP will be integrated into DOD HealthForces website for daily use. In addition CDMP is expected to be fully operational in both the VA VISN system and in the Indian Health Services in July 2004.

CDMP Phase Two—Prospective Clinical Studies

Following upon comprehensive Broad Area Announcement (BAA) DOD review process the second major phase of the Cooperative Agreement was initiated in October 2003: performing the appropriate prospective studies aimed at demonstrating the cost effectiveness and clinical efficacy of the combined JVN eye care and diabetes management system. This is the critical component of the work as the application will not be adopted widely without data demonstrating value in terms of cost reduction, increased efficiency in usage and increased clinical effectiveness.

Equally important, this program provides a platform for propagating the concept of a shared private medical intranet that assembles a “virtual” medical record that draws on sources of heterogeneous information. The ultimate vision with development of the CDMP within the DOD, the VA and Joslin is the ability to facilitate implementation of a unified medical record that addresses the security and confidentiality implications of web-connecting the nation’s clinical data.

The major goals of this continuing project are the establishment of a telemedicine system for comprehensive diabetes management and the assessment of diabetic retinopathy that provides increased access for diabetic patients to appropriate care, that centralizes the patients in the care process, that empowers the patient to better manage his disease, that can be performed in a cost-effective manner, and that maintains the high standard of care required for the appropriate management of diabetic patients.

The DOD/VA/Joslin collaborators have designed prospective clinical studies to cover a five year period to enable the appropriate collection of data and to allow the expected changes to be measured as significant clinical outcomes. The collaborators have written manuals of operation for these studies, and submitted protocols for review at organization IRBs.

This next phase of the DOD/VA/Joslin research program will assess the usability of the JVN CDMP applications, assess diabetic patients’ current behaviors, undertake a multi-center CDMP clinical outcomes efficacy and cost efficiency study, pursue a prospective study of JVN Eye Care cost efficiency and conduct a Multi-center JVN Risk Benefit Study.

First studies are slated to begin in June 2004 with the last study to start in December 2004. The 3 year-long studies will be completed by January 2008. Data analysis will be done from January 2008 to July 2008.

The expectation is that these studies will demonstrate that use of JVN eye care and CDMP will result in improvements in care of diabetes patients, improvements in patient control of diabetes, reduction of risks such as blindness, increased productivity of people with diabetes in the workplace and a reduction in utilization of expensive hospital care resources such as ER visits and length of stay in hospital.

It is anticipated the studies will also show that CDMP can result in a 3 to 7 fold reduction in health care expenses.

Fiscal Year 2005 Objectives

The current level of funding for 2005 (\$5,000,000) will provide support for existing JVN Eye Care systems; for deployment of the JVN Comprehensive Diabetes Management Program (CDMP) to participating sites; for continued refinements to the JVN platform; to bring on line a new, refined JVN Imaging System; and to perform appropriate and critical prospective clinical studies that will allow the DOD/VA to further refine and increase their clinical effectiveness and cost effectiveness of the combined JVN Eye Care and Comprehensive Diabetes Management Program (CDMP).

Joslin Diabetes Project Requested Fiscal Year 2005 Budget

Administrative and Management Fees

Administrative and management fees were addressed on page 231 of your Conference Report on H.R. 2658 Department of Defense Appropriations Act, 2004. Administrative and management fees assessed by DOD at 20 percent take \$1,000,000 off the top of project appropriations thereby reducing the project’s reach and delaying full implementation of the endeavor.

	Amount
DOD Costs:	
DOD Administrative and Management Costs (@20 percent)	\$1,000,000
DOD/VA Participating Sites	1,757,000
TOTAL DOD/VA Costs	2,757,000

	Amount
Joslin Costs:	
Joslin Vision Network (JVN)	1,228,000
Comprehensive Diabetes Management Program (CDMP)	1,015,000
TOTAL Joslin Costs	2,243,000
TOTAL Requested Budget	5,000,000

Mr. Chairman, Joslin is please to be a part of this project with the Department of Defense and we are most appreciative of the support that you and your colleagues have provided to us. Please know that we would be grateful for your continued support again this year. At this time, I would be pleased to answer any questions from you or any other Member of the Committee.

Senator STEVENS. Senator Inouye.

Senator INOUE. Do you have any estimate as to the number of men and women in the military who might be afflicted?

Mr. HALL. Yes. I think the main thrust for the military—there is a chance of people becoming diabetic but most of the concern with this was military dependents for the DOD. At the same time, the telemedicine comprehensive diabetes management program is also being evolved with the Telemedicine and Advanced Technology Research Center (TATRIC) into a disease management. We are at the stage where this can actually go to the front lines.

That is why we are interested in basically—eye care other than diabetes is handled by the portable JVN system, and I am just reporting on the diabetes component to you today. I do not want to carry it on because with the limited budget we have, as indicated in the written testimony, we cannot move out in other fields, but we are working on that and I am also looking for private funding in that regard.

Senator INOUE. Thank you, sir.

Mr. HALL. Thank you.

Senator STEVENS. Thank you very much, Mr. Hall.

Our next witness is Dr. Christopher Sager, American Psychological Association. Good morning, Doctor.

STATEMENT OF CHRISTOPHER SAGER, Ph.D., ON BEHALF OF THE AMERICAN PSYCHOLOGICAL ASSOCIATION

Dr. SAGER. Good morning, Mr. Chairman and Senator Inouye, I am Dr. Christopher Sager, Principal Staff Scientist at the Human Resources Research Organization. I am submitting testimony on behalf of the American Psychological Association, APA, a scientific and professional organization of more than 150,000 psychologists.

Although I am sure you are aware that a large number of psychologists are providing clinical services to our military members here and abroad, you may be less familiar with the wide range of research conducted by psychological scientists in the Department of Defense. Our behavioral researchers work on issues critical to national defense with support of the Army Research Institute, the Army Research Laboratory, and the Office of Naval Research, and the Air Force Research Laboratory.

I would like to address the proposed cuts to the fiscal year 2005 human-centered research budgets for these military laboratories within the context of the larger Department of Defense science and technology (S&T) budget.

The President's budget request for basic and applied research for S&T at DOD in fiscal year 2005 is \$10.55 billion, a 12.7 percent decrease from the enacted fiscal year 2004 level. APA joins the Coalition for National Security Research, a group of over 40 scientific associations and universities, in urging the subcommittee to provide DOD with \$12.05 billion for S&T in fiscal year 2005. This figure is in line with the recommendations of the independent Science Board and the Quadrennial Defense Review.

A portion of this overall defense S&T budget funds critical human-related research in the broad categories of personnel, training, and leader development; warfighter protection, sustainment and physical performance; and system interfaces and cognitive processing. Some of my current work, for example, focuses on developing measures of characteristics required of first-term soldiers and non-commissioned officers in the future Army. These efforts will be used to help Army selection and promotion systems meet the demands of the 21st century.

In a congressionally mandated report to this committee, DOD reported on the continuing erosion of its own support for research on individual and group performance, leadership, communication, human-machine interfaces, and decision-making. The Department found that the requirements for maintaining strong DOD support for behavioral, cognitive, and social science research capability are compelling and that this area of military research has historically been extremely productive with particularly high return on investment and operational impact.

Despite the critical need for strong research in this area, the administration has proposed an fiscal year 2005 defense budget that would slash funding for human-centered research by 12 percent. Army, Navy, and Air Force basic behavioral research would remain essentially flat for fiscal year 2005 and both the Air Force and the Army would sustain deep, detrimental cuts to applied behavioral research programs, cuts in the range of 35 percent. APA urges the committee to, at a minimum, restore funding for human-centered research at the fiscal year 2004 level of \$477.89 million.

In closing, I would like to quote again from the DOD's own report to the Senate Appropriations Committee. "Military knowledge needs are not sufficiently like the needs of the private sector that retooling behavioral, cognitive and social science research carried out for other purposes can be expected to substitute for service-supported research, development, testing, and evaluation. Our choice, therefore, is between paying for it ourselves and not having it."

Mr. Chairman, our servicemembers deserve the very best that we can give them, and I hope that this subcommittee will restore cuts to defense S&T funding and, in particular, the human-centered research budget. Thank you. I would be happy to answer any questions.

[The statement follows:]

PREPARED STATEMENT OF CHRISTOPHER SAGER, PH.D.

Conflict is, and will remain, essentially a human activity in which man's virtues of judgment, discipline and courage—the moral component of fighting power—will endure . . . It is difficult to imagine military operations that will not ultimately be determined through physical control of people, resources and terrain—by people . . . Implicit, is the enduring need for well-trained, well-equipped and ade-

quately rewarded soldiers. New technologies will, however, pose significant challenges to the art of soldiering: they will increase the soldier's influence in the battlespace over far greater ranges, and herald radical changes in the conduct, structures, capability and ways of command. Information and communication technologies will increase his tempo and velocity of operation by enhancing support to his decision-making cycle. Systems should be designed to enable the soldier to cope with the considerable stress of continuous, 24-hour, high-tempo operations, facilitated by multi-spectral, all-weather sensors. However, technology will not substitute human intent or the decision of the commander. There will be a need to harness information-age technologies, such that data does not overcome wisdom in the battlespace, and that real leadership—that which makes men fight—will be amplified by new technology. Essential will be the need to adapt the selection, development and training of leaders and soldiers to ensure that they possess new skills and aptitudes to face these challenges. NATO RTO-TR-8, Land Operations in the Year 2020

Mr. Chairman and Members of the Subcommittee, I'm Dr. Christopher Sager from the Human Resources Research Organization. I am submitting testimony on behalf of the American Psychological Association (APA), a scientific and professional organization of more than 150,000 psychologists and affiliates. Although I am sure you are aware of the large number of psychologists providing clinical services to our military members here and abroad, you may be less familiar with the extraordinary range of research conducted by psychological scientists within the Department of Defense. Our behavioral researchers work on issues critical to national defense, particularly with support from the Army Research Institute (ARI) and Army Research Laboratory (ARL); the Office of Naval Research (ONR); and the Air Force Research Laboratory (AFRL). I would like to address the proposed cuts to the fiscal year 2005 human-centered research budgets for these military laboratories within the context of the larger Department of Defense Science and Technology budget.

Department of Defense (DOD) Science and Technology Budget

The President's budget request for basic and applied research at DOD in fiscal year 2005 is \$10.55 billion, a 12.7 percent decrease from the enacted fiscal year 2004 level. APA joins the Coalition for National Security Research (CNSR), a group of over 40 scientific associations and universities, in urging the Subcommittee to provide DOD with \$12.05 billion for 6.1, 6.2 and 6.3 level research in fiscal year 2005. This figure also is in line with recommendations of the independent Defense Science Board and the Quadrennial Defense Review, the latter calling for "a significant increase in funding for S&T programs to a level of three percent of DOD spending per year."

As our nation rises to meet the challenges of a new century, including current engagements in Iraq and Afghanistan as well as other asymmetric threats and increased demand for homeland defense and infrastructure protection, enhanced battlespace awareness and warfighter protection are absolutely critical. Our ability to both foresee and immediately adapt to changing security environments will only become more vital over the next several decades. Accordingly, DOD must support basic Science and Technology (S&T) research on both the near-term readiness and modernization needs of the department and on the long-term future needs of the warfighter.

Despite substantial appreciation for the importance of DOD S&T programs on Capitol Hill, and within independent defense science organizations such as the Defense Science Board (DSB), total research within DOD has remained essentially flat in constant dollars over the last few decades. This poses a very real threat to America's ability to maintain its competitive edge at a time when we can least afford it. APA, CNSR and our colleagues within the science and defense communities recommend funding the DOD Science and Technology Program at a level of at least \$12.05 billion in fiscal year 2005 in order to maintain global superiority in an ever-changing national security environment.

Behavioral Research within the Military Service Labs

In August, 2000 the Department of Defense met a congressional mandate to develop a Report to the Senate Appropriations Committee on Behavioral, Cognitive and Social Science Research in the Military. The Senate requested this evaluation due to concern over the continuing erosion of DOD's support for research on individual and group performance, leadership, communication, human-machine interfaces, and decision-making. In responding to the Committee's request, the Department found that "the requirements for maintaining strong DOD support for behavioral, cognitive and social science research capability are compelling" and that "this area of military research has historically been extremely productive" with "particularly high" return on investment and "high operational impact."

Despite the critical need for strong research in this area, the Administration has proposed an fiscal year 2005 defense budget that would slash funding for human-centered research by 12 percent. Army, Navy and Air Force basic behavioral research would remain essentially flat in fiscal year 2005, and both the Air Force and Army would sustain deep, detrimental cuts to their applied behavioral research programs. APA urges the Committee to, at a minimum, restore funding for human-centered research at the fiscal year 2004 level of \$477.89 million.

Within DOD, the majority of behavioral, cognitive and social science is funded through the Army Research Institute (ARI) and Army Research Laboratory (ARL); the Office of Naval Research (ONR); and the Air Force Research Laboratory (AFRL). These military service laboratories provide a stable, mission-oriented focus for science, conducting and sponsoring basic (6.1), applied/exploratory development (6.2) and advanced development (6.3) research. These three levels of research are roughly parallel to the military's need to win a current war (through products in advanced development) while concurrently preparing for the next war (with technology "in the works") and the war after next (by taking advantage of ideas emerging from basic research).

All of the services fund human-related research in the broad categories of personnel, training and leader development; warfighter protection, sustainment and physical performance; and system interfaces and cognitive processing. In addition, there are additional, smaller human systems research programs funded through the Office of the Secretary of Defense, the Defense Advanced Research Projects Agency (DARPA), the Marine Corps, and the Special Operations Command.

Despite substantial appreciation for the critical role played by behavioral, cognitive and social science in national security, however, total spending on this research would decrease from \$477.89 million appropriated in fiscal year 2004 to \$421.29 million in the Administration's fiscal year 2005 budget, a 12 percent cut. 6.2 level applied behavioral research in particular would suffer dramatically under the Administration plan. The Air Force's 6.2 program would be cut by 19.7 percent, the Army's would be cut by 35 percent, and the Office of the Secretary Defense (OSD) program would be cut by 31.3 percent (the Navy's program would see a small decrease). In terms of 6.3 level research, the Air Force would suffer a 23.4 percent cut and OSD would see a 20 percent cut in fiscal year 2005. Basic, 6.1 level human-centered research would remain essentially flat as it has for several years now.

Behavioral and cognitive research programs eliminated from the mission labs due to cuts or flat funding are extremely unlikely to be picked up by industry, which focuses on short-term, profit-driven product development. Once the expertise is gone, there is absolutely no way to "catch up" when defense mission needs for critical human-oriented research develop. As DOD noted in its own Report to the Senate Appropriations Committee:

"Military knowledge needs are not sufficiently like the needs of the private sector that retooling behavioral, cognitive and social science research carried out for other purposes can be expected to substitute for service-supported research, development, testing, and evaluation—our choice, therefore, is between paying for it ourselves and not having it."

The following are brief descriptions of critical behavioral research funded by the military research laboratories:

Army Research Institute for the Behavioral and Social Sciences (ARI) and Army Research Laboratory (ARL).—ARI works to build the ultimate smart weapon: the American soldier. ARI was established to conduct personnel and behavioral research on such topics as minority and general recruitment; personnel testing and evaluation; training and retraining; and attrition. ARI is the focal point and principal source of expertise for all the military services in leadership research, an area especially critical to the success of the military as future war-fighting and peace-keeping missions demand more rapid adaptation to changing conditions, more skill diversity in units, increased information-processing from multiple sources, and increased interaction with semi-autonomous systems. Behavioral scientists within ARI are working to help the armed forces better identify, nurture and train leaders. One effort underway is designed to help the Army identify those soldiers who will be most successful meeting 21st century noncommissioned officer job demands, thus strengthening the backbone of the service—the NCO corps.

Another line of research at ARI focuses on optimizing cognitive readiness under combat conditions, by developing methods to predict and mitigate the effects of stressors (such as information load and uncertainty, workload, social isolation, fatigue, and danger) on performance. As the Army moves towards its goal of becoming the Objective Force (or the Army of the future: lighter, faster and more mobile), psy-

chological researchers will play a vital role in helping maximize soldier performance through an understanding of cognitive, perceptual and social factors.

ARL's Human Research & Engineering Directorate sponsors basic and applied research in the area of human factors, with the goal of optimizing soldiers' interactions with Army systems. Specific behavioral research projects focus on the development of intelligent decision aids, control/display/workstation design, simulation and human modeling, and human control of automated systems.

Office of Naval Research (ONR).—The Cognitive and Neural Sciences Division (CNS) of ONR supports research to increase the understanding of complex cognitive skills in humans; aid in the development and improvement of machine vision; improve human factors engineering in new technologies; and advance the design of robotics systems. An example of CNS-supported research is the division's long-term investment in artificial intelligence research. This research has led to many useful products, including software that enables the use of "embedded training." Many of the Navy's operational tasks, such as recognizing and responding to threats, require complex interactions with sophisticated, computer-based systems. Embedded training allows shipboard personnel to develop and refine critical skills by practicing simulated exercises on their own workstations. Once developed, embedded training software can be loaded onto specified computer systems and delivered wherever and however it is needed.

Air Force Research Laboratory (AFRL).—Within AFRL, Air Force Office of Scientific Research (AFOSR) behavioral scientists are responsible for basic research on manpower, personnel, training and crew technology. The AFRL Human Effectiveness Directorate is responsible for more applied research relevant to an enormous number of acknowledged Air Force mission needs ranging from weapons design, to improvements in simulator technology, to improving crew survivability in combat, to faster, more powerful and less expensive training regimens.

As a result of previous cuts to the Air Force behavioral research budget, the world's premier organization devoted to personnel selection and classification (formerly housed at Brooks Air Force Base) no longer exists. This has a direct, negative impact on the Air Force's and other services' ability to efficiently identify and assign personnel (especially pilots). Similarly, reductions in support for applied research in human factors have resulted in an inability to fully enhance human factors modeling capabilities, which are essential for determining human-system requirements early in system concept development, when the most impact can be made in terms of manpower and cost savings. For example, although engineers know how to build cockpit display systems and night goggles so that they are structurally sound, psychologists know how to design them so that people can use them safely and effectively.

Summary

On behalf of APA, I would like to express my appreciation for this opportunity to present testimony before the Subcommittee. Clearly, psychological scientists address a broad range of important issues and problems vital to our national security, with expertise in understanding and optimizing cognitive functioning, perceptual awareness, complex decision-making, stress resilience, and human-systems interactions. We urge you to support the men and women on the front lines by reversing another round of dramatic, detrimental cuts to the human-oriented research within the military laboratories.

Below is suggested appropriations report language which would encourage the Department of Defense to fully fund its behavioral research programs within the military laboratories:

DEPARTMENT OF DEFENSE

Behavioral Research in the Military Service Laboratories.—The Committee recognizes that psychological scientists address a broad range of important issues and problems vital to our national security through the military research laboratories: the Air Force Office of Scientific Research, the Army Research Institute and Army Research Laboratory, and the Office of Naval Research. Given the increasingly complex demands on our military personnel, psychological research on leadership, decision-making under stress, cognitive readiness, training, and human-technology interactions have become even more mission-critical, and the Committee strongly encourages the service laboratories to reverse cuts made to their behavioral research programs. A continued decline in support for human-centered research is not acceptable at a time when there will be more, rather than fewer, demands on military personnel, including more rapid adaptation to changing conditions, more skill diversity in units, increased information-processing from multiple sources, and increased interaction with semi-autonomous systems.

Senator STEVENS. Well, we will look into that cut. It is sort of a different type of reduction. We do not have any support for it yet, but we will inquire into it.

Senator Inouye.

Senator INOUE. Mr. Chairman, recently our attention has been focused on prisoner abuse. Would your studies have been able to detect flaws in one's character?

Dr. SAGER. Senator Inouye, that is an excellent question. A lot of the research I am personally involved with has to do with the personal characteristics required of enlisted soldiers in the Army. Among those are measures of conscientiousness and other psychological constructs that are very important to that. Yes, I think they would contribute to predicting problems and preventing problems in that area. However, research in that domain is very difficult and the Army is setting the standards in a lot of ways in that domain.

Senator INOUE. Thank you. Thank you, Mr. Chairman.

Senator STEVENS. Thank you very much. We appreciate your testimony.

Our next witness is Kenneth Galloway, the Dean of Vanderbilt University, appearing for the Association of American Universities (AAU). Good morning, Dean.

STATEMENT OF KENNETH F. GALLOWAY, DEAN, SCHOOL OF ENGINEERING, AND PROFESSOR OF ELECTRICAL ENGINEERING, VANDERBILT UNIVERSITY ON BEHALF OF THE ASSOCIATION OF AMERICAN UNIVERSITIES

Dr. GALLOWAY. Good morning. Mr. Chairman, Senator Inouye, I am Kenneth F. Galloway, Dean of the School of Engineering and Professor of Electrical Engineering at Vanderbilt University. I appear before you today on behalf of the Association of American Universities which represents 60 of America's most prominent public and private research universities. I have submitted a statement for the record and will briefly summarize the key points.

I greatly appreciate this opportunity to testify in support of basic research and applied research funded in the research, development, testing, and evaluation section of the defense appropriations bill. I would like to thank Chairman Stevens, Ranking Member Inouye, and the members of the subcommittee for your past support of defense science and technology programs and specifically for basic and applied research sponsored by DOD and conducted at our Nation's universities. Your ongoing support of these programs is greatly appreciated.

As the subcommittee begins work on the 2005 defense appropriations bill, the AAU offers the subcommittee two major recommendations.

The first recommendation is that the committee support defense S&T at a level equal to 3 percent of the total defense budget. This has been recommended by both the Defense Science Board and the Quadrennial Defense Review. The core S&T programs include basic, applied, and advanced technology development, the 6.1 and 6.2 and 6.3 items. These investments are important to ensuring the technological superiority of America's military forces.

The second recommendation addresses strengthening support of basic research. Today that support has declined to less than 12 percent of DOD S&T funding. This has occurred as DOD has shifted

some of its focus from support of fundamental, long-range research to meeting more immediate, short-term defense objectives.

In the early 1980's the basic research portion was nearly 20 percent of total defense S&T. The AAU supports increasing the competitively awarded defense research sciences and university research initiative program elements in 2005 by \$95 million. The association also endorses continued growth and applied research at the 4.6 percent rate approved by Congress last year.

Now, why do we think these recommendations are important? DOD-funded research at universities is concentrated in fields where advances are most likely to contribute to national defense. DOD accounts for 68 percent of Federal funding for university research in electrical engineering, 32 percent for computer sciences, 50 percent for material science and engineering, more than 50 percent for mechanical engineering, and 29 percent for ocean sciences. Additionally, DOD provides a significant amount of support for graduate students in critical defense fields.

Examples of technologies in use today that have benefitted from university-based research include the global positioning system, GPS; the thermobaric bomb, or bunker buster; laser targeting systems that give us precision weapons; lightweight body armor; radar-evading materials, the internet; night vision and thermal imaging; unmanned aerial vehicle control; bio and chemical sensors. DOD investments in basic and applied research made these technologies available to the warfighter today.

Many research efforts underway at universities and national laboratories around the country will lead to development of new technologies that will ensure our Nation's military superiority tomorrow.

To conclude, the Nation must not sell short tomorrow's warfighters by undercutting research today. The AAU urges the subcommittee to strongly support the basic and applied science behind the best fighting force in the world.

Again, I would like to thank the subcommittee for continued support of the Department of Defense research and urge members to sustain and grow the S&T programs that make such an important contribution to our national security. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF KENNETH F. GALLOWAY

Mr. Chairman and members of the subcommittee: I am Kenneth F. Galloway, Dean of the School of Engineering and Professor of Electrical Engineering at Vanderbilt University. I appear before you today on behalf of the Association of American Universities, which represents 60 of America's most prominent public and private research universities in the United States.

I greatly appreciate this opportunity to testify today in support of basic research (6.1) and applied research (6.2) funded in the Research, Development, Testing and Evaluation (RD&E) section of the Department of Defense (DOD) appropriations bill. I would also like to thank Chairman Stevens, Ranking Member Inouye, and the members of the subcommittee for past support of Defense Science and Technology (S&T) programs and specifically for basic and applied research sponsored by DOD and conducted at our nation's universities. Your ongoing support of these programs is recognized and greatly appreciated.

As the subcommittee begins its work on the fiscal year 2005 defense appropriations bill, the AAU offers the subcommittee two major recommendations.

Support Defense S&T at 3 percent of the total defense budget.—AAU supports recommendations by the Defense Science Board (1998) and the Quadrennial Defense Review (2001) to devote 3 percent of the DOD budget to core S&T programs. The

core S&T programs include basic (6.1) and applied (6.2) research and advanced technology development (6.3) in the Army, Navy, Air Force, and Defense-Wide accounts. These investments are key to ensuring the future safety and technological superiority of America's military forces.

Strengthen support of basic research.—In the early 1980's, basic research accounted for nearly 20 percent of total defense S&T funding. Today, that support has declined to less than 12 percent, as DOD has shifted some of its focus from support of fundamental, long-term research to meeting more immediate and short-term defense objectives.

To begin to restore basic research funding to its effective historic levels, AAU supports increasing the competitively awarded Defense Research Sciences and University Research Initiative program elements in fiscal year 2005 by \$95 million. The association also endorses continued growth in applied research at the 4.6 percent rate approved by Congress last year, which would be an increase of approximately \$205 million.

Why defense research is important to universities (and universities are important to defense research)

DOD is the third largest federal sponsor of university-based research after the National Institutes of Health and the National Science Foundation. More than 300 universities and colleges conduct DOD-funded research and development. Universities receive more than 54 percent of defense basic research funding and a substantial portion of defense applied research support.

DOD funded research to universities is concentrated in fields where advances are most likely to contribute to national defense. DOD accounts for 68 percent of federal funding for university electrical engineering, 32 percent for computer sciences, 50 percent for metallurgy and materials engineering, and 29 percent for ocean sciences. DOD also sponsors fellowships and provides a significant amount of support for graduate students in critical defense fields such as computer science and aerospace and electrical engineering.

Why investing in DOD research is important to the nation

If we do not invest adequately in DOD research, we will delay or even prevent the development of technologies that would provide critical protection to our future warfighters and make them more effective in the field. We need only look at how past knowledge and discoveries generated at U.S. universities have made major contributions to the nation's defense efforts. Examples of technologies used by troops today include the following.

- The Global Positioning System (GPS) is one of the greatest assets to the modern warfighter. GPS provides a precision of location that was unimaginable decades ago, enabling military leaders to pinpoint targets in a way that increases lethality and minimizes collateral damage. The system also enables commanders to know the precise location in the field of their human and material assets. This crucial battlefield resource was developed from fundamental physics research in atomic clocks.
- The Thermobaric Bomb, or the "bunker buster," has been used in recent military campaigns in Afghanistan and Iraq. The new technology was transformed from a laboratory concept to an operational battlefield technology in less than three months. As Rear Admiral Jay Cohen of the Office of Naval Research noted in his statement for a hearing of the Senate Emerging Threats and Capabilities Subcommittee in April, 2002: "Such speed was possible because the science was done before the need became urgent."
- The ability of today's soldiers to fight in urban environments has been profoundly increased by the use of lightweight and easily deployed laser targeting systems. Troops today can discreetly and precisely target a location, providing a critical capability for increasingly frequent urban conflicts. Decades ago, military research offices supported the fundamental research that led to the development of the laser.
- Lightweight Body Armor, a new technology developed for the Department of Defense, can stop 30-caliber armor piercing bullets yet has an aerial density of only 3.5 pounds per square foot. To make the new self-adjusting reinforced helmets and body armor, which can be tailored to fit the mission, researchers used a new boron-carbide ceramic plate that weighs 10 to 30 percent less than conventional armor and delivers equal or greater protection.

There are many other examples of discoveries and technologies made possible through university-based defense basic research:

- THE INTERNET started as ARPANET, which connected major universities through the world's first packet-switched network. This technology translated

into a robust communications network designed to protect the nation in the event of full attack.

- NIGHT VISION and thermal imaging technology make it possible for the U.S. Army to use forward-looking infrared detectors to spot enemy forces and roll into combat in pitch-blackness.
- UNMANNED AERIAL VEHICLES enable the warfighter to effectively and affordably suppress enemy air defenses and conduct surveillance missions without placing pilots at risk. University researchers recently executed the most complex maneuver ever performed by an unpowered helicopter. This breakthrough could provide a new tool for military reconnaissance and weapons delivery in challenging terrains such as mountainous and urban areas.
- BIO-SENSORS detect the presence of a biological or chemical agent. University researchers helped design a sensor that can determine the presence of anthrax spores, enabling officials to differentiate quickly between hoaxes and real threats.

Many research projects underway at universities and national labs around the country will lead to development of new technologies to ensure the nation's military superiority in the future. For example, at Vanderbilt University, our AFOSR-supported research on Survivable Electronics for Space and Defense Systems is leading to more resilient microelectronic devices to be used in defense systems. These devices are susceptible to damage and mission failure from radiation emanating from a variety of sources. Vanderbilt research will enable electronics designers to develop more reliable systems for defense applications and to deploy more advanced technologies in challenging radiation environments.

Another example of Vanderbilt research, sponsored by DARPA funding, is the Monopropellant-Powered Actuation for a Powered Exoskeleton Project. Vanderbilt researchers are developing a lightweight system to power and control a wearable structure that will enable warfighters to carry up to 300 pounds for 12 hours. This power system uses high-intensity hydrogen peroxide to deliver many times more power than batteries, at manageable temperatures, with completely benign emissions of water and oxygen.

Other examples of DOD sponsored research occurring at other universities around the country include:

- Semiconductors—The United States has been able to capitalize on increased computing capacity to provide an economic and military edge over other countries. But the U.S. computer-chip industry is quickly approaching the physical limits of the chip-making process. Without major research advances, the semiconductor industry's ability to sustain the pace of innovation could come to a halt in 10–15 years.
- Nanotechnology research promises both miniaturization of existing equipment and the potential for new materials, properties, and devices. Much of the current research is focused on improving the survival and comfort of soldiers. The 140-pound pack and cotton fatigues worn by infantry today could be transformed into a lightweight battlesuit able to protect the warfighter from enemy and environmental threats. At the same time, these suits could monitor health, help treat injuries, enable communications, and enhance performance.
- Explosives Detection Devices are an example of basic research efforts where additional investments are still needed. Nuclear quadrupole resonance (NQR) technology detects and identifies specific molecules, such as nitrogen, in explosives. The technology has been adapted to detect landmines, roadside explosives, and terrorist bombs in such places as Bosnia and Iraq. But more research is needed to further transform and refine the military's traditional explosive detection systems.
- Self-Healing Technology research addresses medical limitations on the battlefield, including a lack of supplies, diagnostic and life-support equipment, and time for treatment. Research efforts underway will accelerate healing time and reduce casualties.

CONCLUSION

The nation must not sell short tomorrow's warfighters by undercutting research today. AAU urges the subcommittee to strongly support the basic and applied science behind the best fighting force in the world.

Again, I would like to thank the subcommittee for its continued support of Department of Defense research and urge members to sustain and grow the S&T programs that make such an important contribution to our national security.

Senator STEVENS. Well, Dean, you raise an interesting conundrum because very clearly we have some systems coming on that we will have to postpone if we do not cut other places. We have the F-22, the V-22, Stryker, the Joint Strike Fighter. I think you make a good point, but on the other hand, none of the research you are talking about will be available by the time we either win or lose completely the war on terrorism in the Middle East. So I think you have requested a very difficult thing from us. The decision to defer basic research and instead apply the funding to moving new equipment like the armored high mobility multi-purpose wheeled vehicle (HMMWV), et cetera is a very clear decision Congress has already made. But we will look at your request.

Dr. GALLOWAY. I understand it is a very difficult time.

Senator STEVENS. It is difficult.

Senator Inouye.

Senator INOUE. The military has done well in developing body armor technology, and as a result, comparatively there are very few thoracic injuries. But we have an overabundance of amputations of all limbs, plus head injuries. Are you researching anything that would cover arms, legs, heads?

Dr. GALLOWAY. Senator, I am not aware of that work, but I will look into that and find you a reply.

Senator INOUE. Thank you, sir.

Senator STEVENS. The Senator is correct. We noticed just an overwhelming change in the type of injuries that our people are coming home with. They are coming home, but they are coming home minus a lot of limbs and real serious head injuries, eye injuries. We have got to develop a better protection overall for our people. That type of basic research certainly would support.

Thank you very much, Dean.

Dr. GALLOWAY. Thank you.

Senator STEVENS. We will now turn to Master Chief Joseph Barnes, United States Navy. He appears as the National Executive Secretary for the Fleet Reserve Association. Good morning, Chief.

STATEMENT OF MASTER CHIEF JOSEPH L. BARNES, USN (RET.), NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

Mr. BARNES. Good morning, Mr. Chairman. Mr. Chairman, Senator Inouye, and other distinguished members of the subcommittee, the Fleet Reserve Association (FRA) appreciates the opportunity to present its views on the 2005 defense budget. My name is Joe Barnes. I am the National Executive Secretary for the Fleet Reserve Association and also co-chair of the Military Coalition's Personnel Committee.

Before I address several priority issues, I want to thank this distinguished subcommittee for its leadership, support, and strong commitment to important quality of life programs benefitting servicemembers, reservists, military retirees and their families.

FRA strongly recommends full funding for the defense health program and adequate appropriations to continue revitalizing the TRICARE Standard program. The association also believes TRICARE should be available for all reservists and their families on a cost-sharing basis. When finally implemented, the temporary Reserve health care program will provide coverage only through

December 2004 for reservists who are unemployed or do not have employer-sponsored health care. FRA urges appropriations to make this program permanent and that it become the basis for a broader program for all reservists.

FRA also supports appropriations necessary to implement the 3.5 percent across-the-board increase on January 1, 2005.

The association also strongly supports continued progress toward closing the military pay gap. Unfortunately, DOD's proposal for targeted pay increases for senior enlisted personnel and certain officer grades were not included in the administration's budget request. At a minimum, FRA supports funding pay increases at least comparable to the annual employment cost index.

Adequate service end strengths are important to maintaining readiness. If force size is inadequate and OPTEMPO too heavy, the performance of individual servicemembers is affected. FRA believes that there are inadequate numbers of uniformed personnel to sustain the war effort and other operational commitments. This situation also creates considerable stress on the families of service personnel. It appears that DOD is very concerned with the cost of personnel, to the extent that it is reluctant to increase service end strengths.

The military survivor benefit plan provides an annuity to surviving spouses equal to 55 percent of covered retired pay. This amount is reduced to 35 percent when the beneficiary begins receiving Social Security. FRA was instrumental in the enactment of this program in the early 1970's and strongly supports reform legislation to increase the annuity and funding the program at the intended 40 percent level rather than the current level of approximately 19 percent.

When authorized, FRA supports funding for full concurrent receipt of military retired pay and VA disability compensation, increased Reserve Montgomery G.I. Bill (MGIB) education benefits which are currently funded well below the authorized level, funding for family awareness and support and spouse employment opportunities, which are integral to the well-being and retention of the active and Reserve servicemembers, and supplemental Impact Aid funding for school districts with large numbers of military-sponsored students.

FRA strongly supports funding to maintain the commissary benefit at the current level and restates its continuing opposition to privatization.

Finally, FRA advocates retention of the full, final months retired pay by the retiree's surviving spouse and the extension of the dislocation allowance to retiring servicemembers.

If authorized, the association asks for your support for these proposals which have also been endorsed by the Military Coalition. Thank you again, Mr. Chairman, for the opportunity to present the association's recommendations for fiscal year 2005.

Senator STEVENS. Thank you very much, Chief. That is a long list. Some of us who have been around for a while understand continuing to pay into a retirement fund, but that has been tried before. It has really not been accepted by Congress so far.

Senator Inouye.

Senator INOUE. Well, Mr. Chairman, we all recognize the heavy reliance upon Reserves and Guards in this war, so I can assure you that we are looking at this very carefully.

Mr. BARNES. Thank you, Senator.

Senator STEVENS. Thank you very much, Chief.

[The statement follows:]

PREPARED STATEMENT OF MASTER CHIEF JOSEPH L. BARNES

INTRODUCTION

Mr. Chairman and other distinguished Members of the Subcommittee: The Fleet Reserve Association (FRA) is grateful for the opportunity to present its military personnel goals for fiscal year 2005. Before continuing, I want to express deep appreciation on behalf of the Association's membership for the quality of life improvements implemented over the past few years for our Nation's men and women in the Uniformed Services. What this august group has done for our active duty, reserve, and retired service members is not only superlative but unusually generous for Congress in comparison with the previous two to three decades.

In the active force, the plea is for increased funding to compensate for the arduous operational and personal tempos thrust upon the members of the uniformed services. Others prefer better housing, perhaps increased child-care programs, or any of the many programs and benefits available to them and their families. Reservists support enhanced retirement benefits, special pays, and increased MGIB proceeds. The retired community seeks funding for the Uniformed Services Survivor Benefit Plan (USSBP), full concurrent receipt of military retirement pay and VA service connected payments, and a reasonable access to health care services.

ACTIVE DUTY COMPONENT

Pay.—Always number one in most surveys completed by FRA and the active forces is pay. This distinguished Subcommittee, alerted to this fact for the past six years, has improved compensation that, in turn, enhanced the recruitment and retention of uniformed personnel in an all-volunteer environment. Adequate and targeted pay increases for middle grade and senior petty and noncommissioned officers have contributed to improved morale and readiness. With a uniformed community that is more than 50 percent married, satisfactory compensation relieves much, if not all the tension brought on by operational and personal tempos.

For fiscal year 2005, the Administration has recommended a 3.5 percent across the board basic pay increase for members of the Armed Forces. This is commensurate with the 1999 formula to provide increases of 0.5 percentage points greater than that of the previous year for the private sector. With the addition of targeted raises, the formula has reduced the pay gap with the private sector from 13.5 percent to 5.2 percent following the pay increase programmed for January 1, 2005.

FRA, however, is disappointed that the Office of Management and Budget (OMB) is opposed to targeted pay increases for certain enlisted and officer pay grades. This in the face of the Defense Department's projected recommendation to affect targeted pays along the line of those authorized for fiscal year 2004. Targeting pay hikes for fiscal year 2005 and fiscal year 2006 will aide the Department's quest to increase basic pay for career personnel to equal those in the private sector earned by workers having similar education and experience levels.

FRA urges the Subcommittee to fund the authorized pay increase for fiscal year 2005, and ensure that uniformed members of the Public Health Service (USPHS) are included in the pay increase.

RETIRED COMPONENT

Survivor Benefit Plan.—FRA has experienced a greater concern for improving the Uniformed Services Survivor Benefit Program (USSBP) than any issue on its website (www.fra.org). With an average age of 68 on the Association's membership roll, the concern is justified. Most convincing is the need to revise the language in the current Plan to reduce the "social security offset" that penalizes annuitants at a time when the need is the greatest. Then there are the many members, age 70 and older, who have been paying into the Plan for more than 30 years with the only relief more than four years into the future.

Although Congress has adopted a time for USSBP participants to halt payments of premiums (when payments of premiums equal 30 years and the military retiree is 70 years of age) the date is more than four years away. Military retirees enrolling

on the initial enrollment date (1972) will this September be paying premiums for 32 years, by 2008, thirty-six years.

FRA recommends and urges the Subcommittee to provide funding for the restoration of the value of service members participating in the Uniformed Services Survivor Benefit Plan (USSBP) by increasing the survivor annuity over a ten-year period to 55 percent, and the date 2008 to October 31, 2004 when certain participants attaining the age of 70 and having made payment to the Plan for at least 30 years are no longer required to make such payments.

Basic Allowance for Housing (BAH).—In concert with The Military Coalition, FRA supports revised housing standards that are more realistic and appropriate for each pay grade. Many enlisted personnel are unaware of the standards for their respective pay grade and assume they are entitled to a higher standard than authorized.

FRA extends appreciation to the Subcommittee for acting a few years ago to reduce out-of-pocket housing expenses for service members. Responding to the Subcommittee's leadership on this issue, the Department of Defense proposed a similar phased plan to reduce median out-of-pocket expenses to zero by fiscal year 2005. This aggressive action to better realign BAH rates with actual housing costs is having a real impact and providing immediate relief to many service members and families who are strapped in meeting rising housing and utility costs.

The Association applauds the Subcommittee's action, and is in hope that this plan is funded for fiscal year 2005. Unfortunately, housing and utility costs will become more expensive, and the pay comparability gap, while diminished over recent years—thanks to the Subcommittee's leadership—continues to widen. Members residing off base face higher housing costs, along with significant transportation costs, and relief is especially important for junior enlisted personnel who do not qualify for other supplemental assistance.

FRA urges the Subcommittee to provide the necessary appropriations to eliminate out-of-pocket housing expenses in fiscal year 2005.

Basic Allowance for Subsistence (BAS).—FRA is grateful for the establishment of a food-cost-based standard for BAS and repealing the one percent cap on BAS increases. There is more to be done to permit single career enlisted members greater individual responsibility in their personal living arrangements. In this regard, the Association believes it is inconsistent to demand significant supervisory, leadership and management responsibilities of noncommissioned and petty officers, but still dictate to them where and when they must eat their meals while at their home duty station.

FRA urges the Subcommittee to fund the necessary appropriations to repeal the statutory provision limiting BAS eligibility to 12 percent of single members residing in government quarters.

Force Size/Readiness/OPTEMPO/PERSTEMPO.—Force size, readiness, OPTEMPO, and PERSTEMPO should be addressed simultaneously. Readiness cannot be achieved at the high level demanded if force size is inadequate in numbers, OPTEMPO is too heavy and PERSTEMPO is affecting the performance of individual service members. FRA believes that all are suffering due to a shortage of uniformed members. Once again, DOD apparently is so concerned with the cost of personnel that it is reluctant to increase manpower strengths when it's obvious to FRA and others there is a need for more troops. If DOD says there is no requirement for more troops than authorized, then why did three of the military services recently issued stop-loss orders to many of their uniformed personnel? "It reflects the fact that the military is too small," says Charles Moskos, a leading military sociologist, "which nobody wants to admit."

The Department played an integral role in having Congress give birth to the All-Volunteer Force. As such, it must stay the course realizing that people who volunteer to lay down their lives and limbs will not do so at the same level of compensation offered their predecessors of the WWII-Vietnam era. Today 50 percent or more of our military personnel are married and have families. It costs money to enfold these families under the military's social umbrella. If the United States desires an all-volunteer armed force, it will have to pay the price. Paying the price will allow the Department to increase the size of its uniformed force in order to relieve the pressure of lengthy deployments, long hours on duty, and family concerns, each having its own negative effect on readiness. One service chief stated that he would spend every dollar available to "modernize" his service (how many years now?), but not one cent more for people. Such a statement seems incredible when one knows historically that final victory is in the hands of the people.

FRA recommends that the military services be afforded the opportunity to determine the size of its forces and the number of personnel necessary to perform the mission. However, when it appears that an increase is captive to the choice of more

weapons systems over manpower, Congress should appropriate adequate funds to add more uniformed numbers to the strength of the armed forces.

Impact Aid.—FRA is most appreciative for the Impact Aid authorized in previous Defense measures but must urge this Subcommittee and its full Committee to support a substantial increase in the funding for schools bearing the responsibility of educating the children of military personnel and federal employees. Current funds are not adequate to ably support the education of federally sponsored children attending civilian community elementary schools. Over the years, beginning with the Nixon Administration, funding for Impact Aid has decreased dramatically. For example, in the current fiscal year the Military Impacted Schools Association (MISA) estimates Impact Aid is funded at only 60 percent of need according to law. Our children should not be denied the best in educational opportunities. Impact Aid provides a quality education to the children of our Sailors, Marines, Coast Guardsmen, Soldiers, and Airmen.

FRA implores Congress to accept the responsibility of fully funding the military Impact Aid program. It is more important now to ensure our service members, many serving in harm's way, they have little to concern with their children's future but more to do with the job at hand.

Dislocation Allowance (DLA).—Moving households on government orders can be costly. Throughout a military career, service members endure a number of permanent changes of station (PCS). Too often each move requires additional expenses for relocating to a new area far removed from the service members' current location.

Odd as it may appear, service members preparing to retire from the Armed Forces are not eligible for dislocation allowances, yet many are subject to the same additional expenses they experienced when effecting a permanent change of station during the 20 or more years of active duty spent earning the honor to retire. In either case, moving on orders to another duty station or to retire are both reflective of a management decision. Retiring military personnel after completing 20 years of service is advantageous to the Armed Forces. It opens the ranks to much younger and healthier accessions.

FRA recommends appropriating funds for the payment of dislocation allowances to members of the Armed Forces retiring or transferring to an inactive duty status such as the Fleet Reserve or Fleet Marine Reserve, who perform a "final change of station" move of 50 or more miles.

MGIB-SR.—The Selected Reserve MGIB has failed to maintain a creditable rate of benefits with those authorized in Title 38, Chapter 30. Other than cost-of-living increases, only two improvements in benefits have been legislated since 1985. In that year MGIB rates were established at 47 percent of active duty benefits. This past October 1, the rate fell to 27 percent of the Chapter 30 benefits. While the allowance has inched up by only 7 percent since its inception, the cost of education has climbed significantly.

FRA stands four square in support of the Nation's Reservists. To provide an incentive for young citizens to enlist and remain in the Reserves, FRA recommends to Congress the pressing need to enhance the MGIB-SR rates for those who choose to participate in the program.

Concurrent Receipt.—The fiscal year 2003 National Defense Authorization Act (NDAA) authorizes a special compensation that establishes a beachhead to authorizing full concurrent receipt, a term for the payment of both military non-disability retired pay and any VA compensation for service-connected disabilities without a reduction in one or the other payment. The fiscal year 2004 NDAA expanded the beneficiary list to include those retired service members with at least a 50 percent compensatory service-connected disability. Although FRA is appreciative of the effort of Congress to address the issue, it fails to meet the resolution adopted by the Association's membership to seek full compensation for both length-in-service military retirement and VA compensation. Currently, the receipt of VA compensation causes a like reduction to a retired service member's military retired pay. This leads to the belief, and well-deserved, that retired service members, earning retired pay as a result of 20 years or more of service, are forced to pay for their own disablement.

Most disabilities are recognized after the service member retires. Some are discovered while the member is still performing active duty or as the result of a retirement physical. However, it is to the benefit of the Department of Defense to retire the member without compensation for any disability. Instead, the member is directed to the Department of Veterans' Affairs for compensatory relief for the damages incurred by the member while serving the Nation in uniform.

FRA encourages Congress to take the helm and fully fund concurrent receipt of military non-disabled retirement pay and veterans' compensation program as currently offered in S. 392 introduced by Senator Harry Reid (Nev.). Congress should remember that U.S. service members, more so than any collective group, not only

had a major hand in the creation of this Nation, but have contributed for more than 227 years to the military and economic power of the United States.

Cost of Living Adjustments (COLA).—Recent threats to curtail or halt cost of living adjustments (COLAs) have been lobbed in the direction of military retired pay and related payments such as survivor benefit annuities. Once again, Congress is urged to keep its promise that military retired pay will maintain its purchasing power based on increases in the Consumer Price Index (CPI).

One must recall that the wisdom of Congress initiated the COLA program in lieu of the “re-computation” system. Re-computation was a term used to describe adjustments to military retired pay prior to the 1970s. Military retirees received retirement pay adjustments each time active duty pay was increased. This system guaranteed the service member if he/she retired at a certain percentage of active duty pay, that pay would maintain the same percentage factor to active duty pay throughout retirement. In 1963, Congress—concerned with a heightened number of retired WWII members on the retired roll—decided to switch to the CPI method.

Conversely, COLA protection is the paramount reason military retirees make an irrevocable decision to elect significant reductions in retired pay to provide surviving spouses and children with an annuity following the retiree’s death. The most compelling reason for the decision is that the guaranteed inflation protection made the Uniformed Services Survivor Benefit Plan (USSBP) a superior alternative to life insurance policies. The sequestration of COLA funds violate that guarantee and greatly diminishes the value of the USSBP.

FRA recommends that Congress—if it reduces the fiscal year 2005 budget—not target military and federal retirees’ retirement pay. Such action is discriminating and contrary to the promise made by Congress to maintain the purchasing power of military retirement pay. Full funding for the Defense Health Budget: Once again, a top FRA priority is to work with Congress and DOD to ensure full funding of the Defense Health Budget to meet readiness needs—including Graduate Medical Education (GME) and continuing education, full funding of both direct care and purchased care sectors, providing access to the military health care system for all uniformed services beneficiaries, regardless of age, status or location. A fully funded health care benefit is critical to readiness and the retention of qualified uniformed service personnel.

FRA is concerned with reports from the Services that the current funding level falls short of what is required to meet current obligations and that additional supplemental funding will once again be required. For example, the association has encountered several instances in which local hospital commanders at Malcom Grove Medical Center, Andrew Air Force Base, Md. Dewitt Army Medical Center, Arlington, Va., Bethesda Naval Medical Center, Bethesda, Md., have terminated service for retired beneficiaries, citing budget shortfalls as the reason. Health care requirements for members returning from Iraq are also expected to strain the military delivery system in ways that are not anticipated in the budgeting process.

Similarly, implementation of the TRICARE Standard requirements in fiscal year 2003 Defense Authorization Act—particularly those requiring actions to attract more TRICARE providers will certainly require additional resources that appear not to be in the current budget request.

The FRA strongly recommends the Subcommittee continue to ensure full funding of the Defense Health Program, to include military medical readiness, needed TRICARE Standard improvements, and the DOD peacetime health care mission. It is critical that the Defense Health Budget be sufficient to secure increased numbers of providers needed to ensure access for TRICARE beneficiaries in all parts of the country.

Pharmacy Cost Shares for Retirees.—In 2003, the Office of Management and Budget (OMB) and the Defense Department considered a budget proposal that envisioned significant increases in retiree cost shares for the TRICARE pharmacy benefit, and initiating retiree copays for drugs obtained in the direct care system. While the proposal was put on hold for this fiscal year, FRA is concerned that DOD is undertaking a review that almost certainly will recommend retiree copay increases in fiscal year 2006.

Thanks to the efforts of this Subcommittee, it was less than three years ago that Congress authorized the TRICARE Senior Pharmacy Program (TSRx). DOD established \$3 and \$9 copays for all beneficiaries. Defense leaders highlighted this at the time as “delivering the health benefits military beneficiaries earned and deserve.” But the Pentagon already has changed the rules and will remove many drugs from the uniform formulary and raise the copay on such drugs to \$22.

The FRA vigorously opposes increasing retiree cost shares that were only recently established. Congress’ recent restoration of retiree pharmacy benefits helped restore active duty and retired members’ faith that their government’s health care promises

would be kept. If implemented, this proposal would undermine that trust, which in the long term, can only have adverse effects on retention and readiness.

The FRA urges the Subcommittee to continue to reject imposition of cost shares in military pharmacies and oppose increasing other pharmacy cost shares that were recently established.

Healthcare for Members of the National Guard and Reserve.—The FRA is grateful to this Subcommittee for ensuring that the Temporary Reserve Health Care Program was included in the fiscal year 2004 National Defense Authorization Act. This program will provide coverage, through December 2004, for National Guard and Reserve members who are unemployed or do not have employer-sponsored health care coverage. TRICARE officials plan to build on existing TRICARE mechanisms to expedite implementation; however, no one is certain how long this will take. Immediate implementation is required, and a permanent program must be established.

Health insurance coverage varies widely for members of the Guard and Reserve: some have coverage through private employers, others through the Federal government, and still others have no coverage. Reserve families with employer-based health insurance must, in some cases, pick up the full cost of premiums during an extended activation. Although TRICARE “kicks in” at 30 days activation, many Guard and Reserve families would prefer continuity of care through doctors and their own health insurance. Being dropped from private sector coverage as a consequence of extended activation adversely affects family morale and military readiness and discourages some from reenlisting. Many Guard and Reserve families live in locations where it is difficult or impossible to find providers who will accept new TRICARE patients. The FRA urges the authority for federal payment of civilian health care premiums (up to the TRICARE limit) for dependents of mobilized service members.

Dental readiness is another important aspect of readiness for Guard and Reserve personnel. Currently, DOD offers a dental program to Selected Reserve members and their families. During the recent mobilization, soldiers with repairable dental problems were having teeth extracted at mobilization stations in the interests of time and money instead of having the proper dental care administered earlier. Congress responded by passing legislation that allows DOD to provide medical and dental screening for Selected Reserve members who are assigned to a unit that has been alerted for mobilization in support of an operational mission, contingency operation, national emergency, or war. During the initial mobilization for Operation Iraqi Freedom, the average time from alert to mobilization was less than 14 days, not sufficient time to improve dental readiness. In some cases, units were mobilized before receiving their alert orders. This lack of notice for mobilization continues, with many reservists receiving only days of notice before mobilizing.

The TRICARE Dental Plan benefits should be expanded for Guard and Reserve service member. This would allow all National Guard and Reserve members to maintain dental readiness and alleviate the need for dental care during training or mobilization.

The FRA urges: making the Temporary Reserve Health Care Program permanent and expanding coverage to all members of the National Guard and Reserve Component and their families on a cost-sharing basis; allowing federal payment of civilian health care premiums for the families of deployed reservists who choose to keep their civilian healthcare; and expansion of the TRICARE Dental Plan for National Guard and Reserve service members in order to ensure medical readiness and provide continuity of coverage to members of the Selected Reserve.

CONCLUSION

FRA is grateful for the opportunity to present its goals for fiscal year 2005. If there are questions or a need for further information, please call Bob Washington, FRA Director of Legislative Programs, at 703-683-1400.

STATEMENT OF ARTHUR B. BAGGEROER, MASSACHUSETTS INSTITUTE OF TECHNOLOGY ON BEHALF OF THE CONSORTIUM FOR OCEANOGRAPHIC RESEARCH AND EDUCATION

Senator STEVENS. Our next witness is Arthur Baggeroer. Is that right? Is that close enough? He is from the Massachusetts Institute of Technology (MIT) and the Consortium for Oceanographic Research and Education. Good morning, sir.

Dr. BAGGEROER. Thank you, Senator. Chairman Stevens, Senator Inouye, I want to thank you for the opportunity to appear before

you this morning and for the strong support you and your committee have shown for basic research within the Navy. My name is Arthur Baggeroer, and I appear on behalf of the 76 members of the Consortium on Oceanographic Research, which does include the University of Alaska and Hawaii and is commonly called CORE.

I am Ford Professor of Engineering at MIT and one of the Secretary of the Navy (SECNAV) Chief of Naval Operations (CNO) Chairs for Ocean Science in the Departments of Ocean and Electrical Engineering at MIT.

Since its founding in 1946, the Office of Naval Research has been one of the Nation's leading supporters of high-risk, cutting-edge basic research. America's oceanographers were and continue to be active partners with the Office of Naval Research in providing today and tomorrow's sailors and marines with the tools necessary to continue to be the finest warfighters in the world. However, when we look to the coming decades, we are deeply concerned that the Navy's robust support for high-risk basic research is deteriorating.

Bold, high-risk, cutting-edge basic research has been a crucial component of the Navy's battlespace superiority for many decades. It is easy to enumerate a very long list. Much of the research conducted decades ago deployed in the fleet today was once high-risk and cutting-edge. None of the researchers could have imagined its application in Iraq or Afghanistan. It was not focused on specific applications. But without it and without the support that made it possible, our soldiers, sailors, airmen, and marines would not have had the technological edge they enjoy on the battlefield.

I am sure that you are aware of the global war on terrorism is presenting the Navy with new and challenging threats. The threats must be addressed by robust support for science and technology.

There are a number of scientific challenges I outlined in my written testimony, but I want to take a few moments to discuss the threats posed by a couple, the proliferation of quiet diesel and electric air independent propulsion submarines in littoral operations.

These vessels or submarines are being purchased by many states, the most prevalent being the Russian Kilo 4 class of acquired by China and Iran and the German 200 series. These boats are as quiet as a modern nuclear class submarine. While limited in endurance and speed, they are clearly useful near the coastal waters of a country for anti-surface warfare and ASW and present a significant threat and challenge. The input of basic oceanography, unmanned undersea vehicles and novel communications are part of the paradigm for detecting, tracking, and localizing these boats. While some of these components may emerge as incremental improvements to existing ones, the Navy now needs bold technologies to survey in near real time the ocean environment, as well as fixed acoustic systems to maintain persistent monitoring of important operational regions. Enabling these innovations for use by future officers are now part of the Office of Naval Research (ONR) charter. Reduced commitments to this basic research now just mortgages the future for combatting this threat.

I would also like to note that it is crucial for the Navy to maintain a vigorous scientific research program to enhance its mine countermeasures in littoral operations.

Finally, as operations increase in the littorals and the adjacent shelves, it is vital that the Navy support the science necessary to effectively characterize this region so the fleet can effectively operate.

While basic research has served the warfighter, its prominence in the defense S&T portfolio has declined dramatically. It is no longer enjoying the robust support it did in decades past. In the early 1980's, basic research stood at over 17 percent of S&T funding. As we discussed earlier, significant payoffs were seen. Unfortunately, now basic research stands below 12 percent of the S&T funding. It is crucial that we ensure robust support of DOD S&T so that we have the capabilities to confront the challenges and threats of the future battlefield. It is toward this goal that the basic research should be and is directed but also with this goal in mind that all funding decisions should be made.

Specifically, CORE recommends returning the basic research, or 6.1, to the end of cold war levels, 16 percent of S&T, by fiscal year 2009.

The new resources associated with these increases should be directed to two basic research accounts where the majority of the competitively awarded funds are accessible: the university research initiative, URI, and the defense research science, DRS.

Since the end of the cold war, basic research has paid its part of the peace dividend. As we enter another era of prolonged conflict, we strongly urge you to reenergize the Department's support for basic research.

Thank you again for the opportunity to bring these important issues to your attention. I welcome the opportunity for any questions.

[The statement follows:]

PREPARED STATEMENT OF ARTHUR B. BAGGEROER

Chairman Stevens, Ranking Member Inouye, and Members of the Defense Subcommittee of the Senate Appropriations Committee, I want to thank you for the opportunity to appear before you this morning and for the strong support you and your committee have shown for basic research within the Navy.

My name is Arthur B. Baggeroer and I appear of behalf of the 76 member institutions of the Consortium for Oceanographic Research and Education, commonly referred to as CORE. I am the Ford Professor of Engineering and Secretary of the Navy/Chief of Naval Operations Chair for Ocean Science in the Departments of Ocean and Electrical Engineering at the Massachusetts Institute of Technology. Some of CORE's other members include Woods Hole Oceanographic Institution, Penn State, Texas A&M, Scripps Institution of Oceanography and the Universities of Alaska, Hawaii, Southern Mississippi, New Hampshire, Texas, South Carolina, and California at San Diego. Our membership represents the nucleus of American academic oceanographic research.

Since its founding in 1946, the Office of Naval Research has been one of the nation's leading supporters of high-risk cutting edge basic research. The Office has supported the research of fifty Nobel laureates. It has participated in breakthrough discoveries in areas such as lasers, precision timekeeping, and molecular biology. Without question the past five decades have seen the ONR fulfill its mission: "To plan, foster and encourage scientific research in recognition of its paramount importance as related to the maintenance of future naval power, forced entry capability, and the preservation of national security."

America's oceanographers were and continue to be active partners with the Office of Naval Research in providing today and tomorrow's sailors and marines with the tools necessary to continue to be the finest warfighters in the world. When we look back at the past fifty years, we see a history of courageous investment and bold discoveries that paved the path to the end of the Cold War and have provided the tech-

nology base for today's fleet. However, when we look to the coming decades, we are deeply concerned that the Navy's robust support is deteriorating.

Bold, high-risk cutting edge basic research has been a crucial component of the Navy's battlespace superiority for decades. For example, basic research into packet switching laid the foundation for what we know as the Internet and is the fundamental science behind the technology underlying net-centric warfare, an increasingly important asset to the Navy and Marine Corps.

As you may know, basic research supported by the Navy led to the development of the laser. These discoveries led directly to the advent of small, easily handled lasers that allow soldiers, sailors, airmen and marines to precisely locate targets and provide coordinates for sailors and airmen to deliver munitions to targets.

All of the underlying research for these systems was high-risk and cutting edge when it was conducted decades ago and none of the researchers could have imagined its application in Iraq or Afghanistan. It was not focused on specific applications. But without it and without the support that made it possible, our soldiers, sailors, airmen and marines would not have had the technological edge they enjoy on the battlefield.

While the Cold War is thankfully an artifact of history, and many of the threats it posed to the Navy have receded, the Global War on Terrorism presents the Navy with a new and equally challenging suite of threats: threats that must be addressed by robust support for science and technology.

Of particular concern to the Navy are the challenges of littoral warfare, the threats posed by submerged mines, and the proliferation of quiet diesel submarines. Academic oceanographers are working to help the Navy meet all these challenges.

As you may be aware, sonar system performance in the littoral is extremely complex. Presently we cannot reliably predict transmission losses, a key component of the sonar equation, in these regions. The seabed dominates this problem leading to a "range curtain" attenuating acoustic energy of threat submarines and limiting the Navy's detection and tracking capability.

Better understanding of the geology and geoacoustics of the seabed are critical to the successful deployment of ships and sensors. Also complicating operations in the littoral is wave phenomena, more pronounced in the littoral, which limit sonar performance. Finally, ambient noise produced by high density fishing fleets and commerce lead to very cluttered displays of the local acoustic environment—complicating everything from ASW to the safe surfacing of a submarine. Clearly this is a complicated environment for the Navy to operate in. Addressing the uncertainties and challenges in this crucial environment will require a reinvigorated regime of academic oceanographic research.

In addition to the challenges posed by littoral combat are the threats posed to the fleet by submerged mines. Mine countermeasures and clearance is a similarly complicated problem. Currently the Navy faces a situation where cheap mines, costing less than \$1,000, can impede the operation of a battle group or access to a port. Currently, countries make mines that appear to be an "acoustic rock," i.e. they have virtually all the physical attributes of a natural rock. Nevertheless, dolphins can identify the threats but no current technology can. The basic science of what are the distinguishing acoustical features of an actual rock and "acoustic one" are vital for routine mine countermeasures and clearance and prompt execution of Naval operations.

Finally, the availability of modern diesel electric submarines is one of the greatest threats to Naval operations. These vessels are being purchased by many states, the most prevalent being the Russian Kilo 4 class acquired by China and Iran and the German 2xx classes. These boats are as quiet as a modern nuclear class submarine. While limited in endurance and speed, they are clearly useful near the coastal waters of a country. The ASW threat is a significant challenge and the input of basic oceanography, unmanned undersea vehicles (UUV's) and novel communications, are part of paradigm for detecting, tracking and localizing these boats. While some of these components may emerge as incremental improvements to existing ones, the Navy needs bold new technologies to survey in near real time in the ocean environment as well as fixed acoustic systems to maintain persistent monitoring of important operational regions. Enabling these innovations for use by future officers are part of ONR's charter. Reduced commitments to the basic research now needed just mortgages the future for combating this threat.

These are all hard basic research issues, issues that will take time to solve, but issues that are essential to the safe and effective operation of the fleet.

While basic research played a critical role in winning the Cold War, faithfully served the warfighter in Iraq and Afghanistan and unquestionably will play a critical role in the global war on terrorism, its prominence in the Defense S&T portfolio

has declined dramatically with the end of the Cold War. It no longer enjoys the robust support it did in decades past.

In the early 1980's basic research stood at over seventeen percent of S&T funding. As we discussed earlier, significant payoffs were seen. This era of robust support for basic research paid off in technologies such as UAVs (sea, air, land), thermobaric bombs, communications systems, materials used in protection vests and battlefield medicine advances.

Unfortunately, basic research now stands at below 12 percent of S&T funding. Equally important funding levels have slipped below levels required to maintain the stability and the readiness of the future defense technical workforce and innovative military discoveries. It is crucial that we ensure robust support for DOD S&T so that we have the capabilities to confront the challenges and threats of the future battlefield. It is toward this goal that basic research should be, and is, directed. It is also with this goal in mind that all funding decisions should be made.

Specifically, CORE recommends returning 6.1 (basic) research to end of Cold War levels (16 percent of S&T) by fiscal year 2009 and recommends establishment of measurements to link the research enterprise with the acquisition and requirements communities to ensure that additional resources are directed toward identified capability gaps.

The new resources associated with these increases should be directed to two basic research accounts where the majority of the competitively-awarded funds are accessible: the University Research Initiative (URI) and Defense Research Sciences (DRS). Sixteen percent is not the high water mark for basic research in the S&T total, but a practical place to start in putting these programs on the path to recovery.

Since the end of the Cold War, basic research has paid its part of the peace dividend. As we enter another era of prolonged conflict, we strongly urge you to reenergize the department's support for basic research.

In addition to our concerns about the funding levels for basic research and S&T generally is the focus of research at the Office of Naval Research. We are concerned that pressures outside of ONR may be leading the office in a direction that departs from its traditional aggressive support for high-risk basic research. We are distressed that the 6.1 account, which is supposed to be discovery oriented basic research, is increasingly becoming short-term product-driven applied research. Let me be clear, we firmly believe that applied research and advanced technology development are crucial parts of RDT&E, but it is imperative that there be robust basic research discoveries, if we expect to have the scientific underpinnings for the pioneering innovations in the 6.2 and beyond programs.

The essential contribution of basic science to the capabilities of the Navy After Next, is jeopardized by statements that the Navy's basic research program will be "integrated with more applied S&T to promote transitions of discoveries." "Integration with more applied S&T" is could send the message that program managers and scientist should not focus on long term high-risk projects.

RADM Jay Cohen, Chief of Naval Research, recently clearly outlined the importance of basic science to the warfighter. When asked how science serves the Navy he responded:

In the 1970s, a researcher proposed an effort to measure time more accurately . . . by a couple of orders of magnitude. At the time, the Navy was skeptical about investing in measuring time; after all, the Navy has been the time-keeper of the nation with the atomic clock at the Naval Observatory in Washington, D.C. Well, when you can measure time more accurately, you know position more accurately. That is the basis for precision navigation. The debate went on for weeks, and the Navy anguished over whether it should make the investment. Well, from having made the decision to invest, today we enjoy the Global Positioning System (GPS). Think about how that one idea has changed warfare. Think about the other uses of that technology, war-winning capability for the military and enhancements for commercial navigation. Think about the difference in capability from the 1970s, when the idea was first proposed, to Operation Iraqi Freedom.

Our fear is that because of the direction ONR has been given to focus on shorter term projects, a proposal like the one RADM Cohen mentioned most likely would be rejected today.

The focus on integration of discovery-oriented basic research with more application driven research is having a negative impact on the quality of naval basic research by creating a risk-averse atmosphere in both the universities and with program management and officers within the Navy. The avowed focus on integration with development, is discouraging researchers from pursuing bold and innovative ideas, lines of research that often take years to complete and whose practical appli-

cation, while profound, is often decades out; and is forcing them instead to focus on pursuing research that they know will result in products. While it will surely be high quality research, it will not be type research that will result in breakthroughs in understanding.

High-risk research that shows the promise of transformational discoveries is prone to failure before it yields a pioneering discovery. It is only by pushing the boundaries, constantly taking risks, and looking for the bold idea, not the slight innovation, that scientists will make the discoveries that will lead to the next laser, tomorrow's global positioning system, or the net-centric warfare of 2030.

Additionally, the research community and Congress need to impress upon Navy and Marine Corps leadership that while the basic research ONR supports today will not deliver combat commanders a product they can deploy in the next few years, it will afford the Lieutenants and Captains under their command profoundly more robust weapons systems when they are Admirals and Generals. It is because of an aggressive regime of basic research thirty years ago, when today's military leaders were junior officers, that they have such an effective and diverse suite of combat systems available to them to prosecute their mission. Working together, Congress and the research community must communicate to the Secretary, the CNO and the Commandant, that basic research is essential to the fleet and is a Congressional priority, and that if they do not give ONR the ability and direction to pursue an aggressive regime of high-risk cutting edge basic research now, the nation will be shortchanging our sons and daughters, the sailors and marines of tomorrow.

Again, thank you for the opportunity to bring these important issues to your attention. I welcome the opportunity to answer any questions.

Senator STEVENS. We appreciate your testimony, but you are referring to the 1980's and the strategic defense initiative (SDI) period, and after the Soviet downfall, what the public demanded was a peace dividend. That dividend was in the form of a reduction of a lot of the expenditures that were associated in being prepared to counter the activities of the Soviet Union. So I think you are requesting something we just cannot do.

Senator.

Senator INOUE. At this moment, our ground forces are benefiting from unmanned air vehicles and unmanned ground vehicles. Do we have anything close to being operational underwater?

Dr. BAGGEROER. Senator, we do have unmanned underwater vehicles and they are currently part of the research agenda as to how to use them effectively in regions where you would not want to put a very valuable asset.

In response to Senator Stevens, we certainly do understand the peace dividend. Our goal is to maintain the technological edge for the next generation, and we certainly well understand the constraints on the country while it is now fighting a war both in Iraq and on terrorism.

Senator INOUE. Thank you, sir.

Senator STEVENS. Thank you very much. I appreciate your comments, but the Joint Strike Fighter came out of the research of the 1980's, and it will not be fielded until about 2017 if we keep it on schedule. We cannot keep it on schedule and go back to your research budgets.

Dr. BAGGEROER. The cycle time on an acquisition is a frustration to us too.

Senator STEVENS. Thank you very much.

Next, Major General Robert McIntosh, Executive Director, Reserve Officers Association of the United States. Good morning, sir.

STATEMENT OF MAJOR GENERAL ROBERT A. McINTOSH, UNITED STATES AIR FORCE RESERVE (RET.), EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Mr. McINTOSH. Good morning, Senator. Mr. Chairman, Senator Inouye, the 75,000 members of the Reserve Officers Association (ROA) from all five branches of the armed forces thank you for this opportunity to speak today.

Many of America's citizen warriors are continually being asked to repair their disrupted civilian lives after mobilization and then return to military duty on a repetitive basis.

We believe that legislative changes should be targeted toward retaining and recruiting the best citizen soldiers, sailors, airmen, marines, and coast guardsmen.

Despite the work to date by the Congress and the Department of Defense, much remains to be done to ensure Reserve and National Guard recruiting and retention remain healthy in the future. We must preserve one of America's greatest resources: its skilled and dedicated citizen military.

Several important initiatives would enable our Nation's Reserve components to optimize their support of national defense and of national security. For your consideration, ROA's formal written testimony includes a detailed description of several needed changes and improvements. The following is a partial list of these initiatives.

Full health care options for the selected Reserve and their families.

Tax credit for employers.

A formal National Guard and Reserve equipment appropriation process.

Reducing the antiquated age 60 Reserve retirement eligibility criteria.

Improving Montgomery GI Bill provisions.

Repairing the one-thirtieth rule for special incentive and skill pay by making the compensation qualification-based.

Increasing reenlistment bonuses.

And repairing the unfair degradation of survivor benefits at age 62.

Many of these initiatives not only affect Reserve readiness and the individual reservists but also impact employers, spouses, and families. For example, offering TRICARE for Reserve component members acts as an incentive for employers to continue to hire reservists. Family and civilian employment considerations are having a remarkable influence on whether citizen soldiers choose to remain in the military.

Some in the Pentagon have been quoted in the media as stating that the Reserve components are becoming unaffordable. Even after factoring into the budget the cost of TRICARE eligibility for all selected reservists and their families, the cost of better incentive and retirement programs, citizen soldiers remain a highly cost effective national asset. The question should not be whether we can afford to bring pay and benefits for the Reserve and Guard to a more equitable standard, to a standard that reflects how we use our Reserve components. Rather, the proper question is can we afford not to take the necessary actions that will ensure the preser-

vation of our citizen military, a force composed of some of the most skilled and talented men and women in America.

Time permitting, I look forward to taking your questions, and thank you again for the opportunity to testify.

[The statement follows:]

PREPARED STATEMENT OF MAJOR GENERAL ROBERT A. MCINTOSH

ROA believes that Congress, the Department of Defense and most military support associations have common interests and commitments when it comes to supporting the troops who are engaged in this war, and we are certainly showing proper solidarity and avoiding partisan politics that might question certain decisions relative to the war. ROA, like our sister associations, will stay firm in our commitment to back the civilian and military leaders as they operationally execute the war on terrorism and actions in Iraq. ROA will continue to support the troops in the field in any way we can.

In recent years there have been several improvements in health care, pay system, family support, mobilization and demobilization problems. Even with recent improvements there remains a great deal yet to be done. ROA's mantra is and will continue to be as follows: the application of TRICARE for the selected Reserve, reduce retirement age eligibility; the elimination of the 1/30th rule; the updating of Montgomery GI Bill provisions, tax credit for employers; increased bonuses for reenlistments, the repair of the age 62 survivor benefit degradation, and an official acknowledgement of the National Guard and Reserve equipment account (NGREA).

Recently a debate has begun. The debate is about whether the Reserve Components are becoming too expensive and pricing themselves "out-of-the-market." From a historical perspective it is interesting to note that the argument about cost of Reserve and National Guard incentives, benefits, and readiness postures also became quite intense at the end of WW II. To quote from a 1948 ROA Headquarters Bulletin, the subject of non-disability retirement for civilian officers: "The National Guard Association and the Reserve Officers Association are working very closely together in connection with this legislation as it is essential that the proper type bill be presented for consideration by Congress." Another quote from a late 1940s ROA news letter, "We civilian soldiers, have a real task ahead of us. There are battles to be won on the home front, not only now but for many years to come. This can only be done by means of organization." That "retirement bill," as it became to be called, was the genesis of the current age 60 retirement benefit for all members of the National Guard and Reserve. At that time, just as now, there were those who said that Reserve Component retirement benefit additions would be unaffordable and would necessitate long-term costs. Also similar to today's discussion, the leadership on Capitol Hill, immediately after WW II, was keenly aware of the importance of a viable Reserve Component. Congress clearly understood the important value of the bond between America's citizen and its military that results from using citizen soldiers in most phases of military actions. More recently the Abrams' Doctrine was a force build philosophy after Vietnam—a philosophy that matured into a policy and became a fundamental planning factor in creating today's Total Force.

In 2004, we find ourselves again confronted with protecting one of America's greatest assets—the Reserve Components. It should be no surprise that recruiting and retaining an all-volunteer force require a different approach than was required for yesteryear's drafted force. Maintaining medical readiness, family medical considerations, and updating retired pay eligibility criteria are now important to our citizen warriors. Reservists fully understand their duty and are proud to be serving. However, many in the National Guard and Reserve are weighing the factors that affect remaining in the military. They want change and they deserve change. And, yes, some of these needed changes do cost money. If we wait until recruiting and retention numbers drop, then we will immediately be faced with a crisis beyond just scrambling to bring in the right numbers of people. It takes a minimum of two years to train and equip a person to the point that they can do their job without direct supervision. Experience has and should remain a core strength of the Reserve Components.

Regarding the transformation and force structure rebalancing initiatives by the Services and DOD, the Reserve Officers Association acknowledges that continuous force structure change is appropriate, and we support these efforts in concept, but at the same time, we have significant concerns. We urge careful consideration and understanding of the attributes of a properly balanced Total Force. ROA is concerned that the rush to control personnel costs and to reduce the demand for Reservists to be in early deployment units could lead to flawed force structure plan-

ning. ROA acknowledges that some changes in structure and mission assignment are appropriate, however, the overall cost effectiveness of having a robust and experienced Reserve Component force to compliment a more expensive regular force must be considered carefully before eliminating or shifting significant numbers of Reserve Component billets.

ROA fully understands that when citizen soldiers are used for an extended period there is a substantial personnel cost—a cost of war. The statement that “while mobilized a Reservist or Guardsmen costs as much as an active component member” is not in dispute. On the other hand, the citizen soldier cost over a life cycle (mobilized when needed and placed into a trained and ready to go posture when not recalled) is far less than the cost of an active component soldier. Additional cost savings are found when prior service training, developed skills, and experience are retained by having adequate numbers of Reserve billets across the spectrum of military missions.

Even after factoring into the budget the cost of TRICARE eligibility for all selected Reservists and their families and the cost of better incentive and retirement programs, citizen soldiers remain a highly cost effective national asset.

The starting point of any discussion about affordability should be that the Reserve Components provide large portions of our total military capability in many mission areas for a small fraction of the Service and DOD total budget. When the nation needs surge capability incrementally, the National Guard and Reserve cost single digit percentages and return double-digit mission accomplishment. Also, civilian skills that are needed by today’s military and are resident in citizen warriors are often not adequately considered in force structure planning. If the wrong force transformation decisions are made in a rush to reduce personnel costs, and if the balance between Reserve Component forces and the more expensive active force is inefficient, the results will be a less capable and a smaller Total Force. The high costs of personnel turnover and of retraining should also be fully considered when judging the affordability of solving compensation issues for both the Active and the Reserve Components.

There will be a residual impact on retention of stop loss personnel and the continued robust use of National Guard and Reserve personnel in the war on terrorism. We are months, if not years, away from knowing the true consequences to Reserve Component recruiting and retention. ROA believes that absent the improvements we have outlined, there will be substantial difficulty in sustaining the high caliber citizen warrior force we enjoy today—a force comprised of some of our nation’s “brightest and best.”

TRICARE for Reserve Components.—The fiscal year 2004 NDAA authorized TRICARE for Reservists to provide health coverage for unemployed Reservist or those unable to get insurance. This legislation will address previously identified mobilization and retention issues within the services.

ROA urges Congress to permanently establish the current TRICARE program for Selected Reserve and certain Individual Ready Reserve categories that are unemployed or not eligible for healthcare.

Reduce Retirement Age Eligibility for Reservists.—Currently the Reserve Components are the only Federal entity that does not receive their earned retirement annuity at the time they have completed their service. Reducing the retirement eligibility age would close the gap between completion of service and collection of annuity.

ROA urges Congress to reduce the age when a Reserve Component member is eligible for retirement pay to age 55 and make retirement below age 60 optional.

Authorize Tax Credits for Employers of Reservist.—Reservist employers often shoulder the burden of extra costs to support National Defense through the participation of their employees in the military. Support by employers of members in the Reserve Component enables the Total Force. Today’s increased OPTEMPO makes employer support more important than ever. Employer pressure is listed as one of the top reasons for Reservists to quit.

ROA urges Congress to support employer tax credits as a way to help offset costs associated with employees’ Reserve activities and reinforce employer support.

Pay Differential.—While there was once a clear and distinct line between Active and Reserve forces, as the two components merge into a continuum of forces, the argument for greater parity of benefits becomes increasingly compelling. The following areas of pay still are governed without parity between Active Duty and Reserve Components: Aviation Career Incentive Pay, Hazardous Duty Incentive Pay, Career Enlisted Flyers Incentive Pay, Special Duty Assignment Pay, Foreign Language Proficiency Pay, and Diving Special Duty Pay.

ROA urges Congress to delete the 1/30th rule for those areas of pay that require Reserve Component personnel to maintain the same qualification levels as active duty.

Raise the Survivor Benefit Plan (SBP) age 62 Benefit.—Public Law 99-145 replaced the Social Security offset system with a “two-tier” system for those who first become retirement-eligible after September 30, 1985, but under which survivors’ benefits will automatically be reduced from 55 percent to 35 percent upon survivors’ attaining age 62.

ROA urges Congress to restore the SBP age 62 benefit from 35 percent back to 55 percent.

Just as there is a need to ensure the Reserve Component force is properly funded so is there a need to equip them to the Joint Force Command specifications. Currently Reserve equipment requirements are prioritized with active duty requirements. In most instances the Reserve priorities do not make it within the realm of being funded.

Before 1997, the National Guard and Reserve Equipment Appropriation (NGREA) was a critical resource to ensure adequate funding for new equipment for the Reserve Components. The much-needed items not funded by the respective service budget were frequently purchased through this appropriation. In some cases, it was used to bring unit equipment readiness to a needed state of state for mobilization. Frequently, the funds were used to purchase commercial off-the-shelf items that units were unable to obtain through traditional sources. However, in 1997 an agreement between the administration and Congress eliminated the account with the objective of the Active Component providing the needed funds through their individual appropriations.

The Reserve and Guard are faced with mounting challenges on how to replace worn out equipment, equipment lost due to combat operations, legacy equipment that is becoming irrelevant or obsolete, and, in general, replacing that which is gone or aging through normal wear and tear. Today, the ability to use NGREA funds for cost effective acquisition is non-existent. An analysis has shown that with the implementation of the post-1997 policy, procurement for the Reserve Components has decreased. In fiscal year 2004, procurement for the Reserve Components’ percentage of the DOD procurement budget is at its second lowest in recorded history at 3.19 percent. This comes even after Congress added \$400 million for NGREA. Meanwhile, procurement for the Active Component continued to realize consistent real growth from fiscal year 1998 through fiscal year 2009 at 108.6 percent.

In the past, “cascading” equipment from the Active Component to the Reserve Component has been a reliable source of serviceable equipment. However, the changes in roles and missions that have placed a preponderance of combat support and combat service support in the Reserve Components has not left much to cascade. Also, funding levels, rising costs, lack of replacement parts for older equipment, etc. has made it difficult for the Reserve Components to maintain their aging equipment, not to mention modernizing and recapitalizing to support a viable legacy force.

The Reserve Components would benefit greatly from a National Military Resource Strategy that includes a National Guard and Reserve Equipment Appropriation.

Army

The Army Reserve’s list of unresourced equipment requirements closely mirrors the fiscal year 2004 list. However, it is important, in the light of on-going operations with equipment losses due to combat, fair wear and tear, and needed modernized equipment to meet mission requirements, that a number of these unresourced requirements are enumerated.

	Shortfall	Fiscal Year 2005 Buy
Light Medium Tactical	1,845	600
Medium Tactical Vehicles	7,161	800
Movement Tracking Systems	9,463	2,075
All Terrain Lift System (Atlas)	173	100
HMMWV (Plain)	3,833	600
HMMWV (Up Armored)	898	100
Night Vision Image System	22,797	7,000
Tactical Fire Fighting Truck	62	10

These items are just part of a long list of equipment needed by our Army Reserve units to perform their wartime mission for the Total Force. Although the sum total

of these requirements is considerable, the rebalancing of the forces between Active and Reserve Components will likely produce effects on the Total Force. And, as mentioned earlier, the lack of resources in the NGREA will make it difficult to make up and critical shortfalls that occur in the short term.

Navy

Total Naval Reserve equipment procurement has steadily declined from \$260 million in fiscal year 1997 to about \$35 million in fiscal year 2002, with NGREA and congressional add-ons virtually disappearing and equipment shrinking precipitously. Congress recognized the problem and increased NGREA funding to \$400,000 in fiscal year 2004. As a result of the Global War on Terrorism, and the ongoing support by Naval Reservists to Active Duty Commands, ROA feels that this upward trend must continue.

[Dollars in millions]

Unfunded Equipment	Cost	Quantity
C-40A Transport Aircraft	\$130.0	2
NWC and NCF Tactical Trucks	36.0	.....
NAVELSF Communications Equipment	13.0	.....
MH-60 Helicopter	66.0	2
F/A-18 AT-FLIR targeting pods	16.0	6
C-130T Avionics Modernization Program	40.0	.....
F/A-18 A + block 2 Mod, Radar upgrades	53.0	10
F/A-18 A + CATM/Captive Carry Assets	3.0	.....
Littoral Surveillance Sys/Joint Fires Network	30.0	1
F/A-18 Armament Equipment	8.0	.....
F-5 Block Upgrade	10.0	.....
E2C Navigation Upgrade	16.0	6

Marine Corps

[In millions of dollars]

	Cost
F/A-18A ECP-583 (12 USMCR aircraft)	70.0
CH-53E Helicopter FLIR	45.0
NBC and Initial Equipment Issue (Reserves)	7.3
KC-130 Upgrades	10.5
CH-53E Upgrades \$3.3 million	38.0
CH-53E Aircrew Procedure Trainer (APT) Flight Simulator	12.8
AH-1W Aircrew Procedures Trainer (APT) Flight Simulator	10.0
Supplemental Aviation Spares Package	7.0

Air Force

C-5: Fund Part A and Part B installation of C-5A Airlift Defensive Systems of \$83 million for 32 aircraft to provide a greater degree of survivability to both aircraft and aircrew and promote common operational utility between active duty and reserve forces. Restore procurement of C-5 Avionics Modernization Program (AMP) kits cut in fiscal year 2004 and those needed in fiscal year 2005 for 60 kits.

C-9A: Designate C-9 aircraft with the primary mission of aero-medical support and allow those aircraft to support VIP/SAM, OSA, Team Travel and other mission support areas during low demand times and to support increasing the C-9 fleet at Scott AFB with three C-9Cs from Andrews Air Force Base, Maryland when they retire their aircraft in fiscal year 2005.

C-17: Increase procurement of C-17 Globemaster III aircraft by at least 42 additional aircraft at a rate of 15 to 18 aircraft per year, which will ensure an adequate airlift force in the future; and program new production C-17 aircraft into the AFR.

C-40C: Increase procurement of C-40 aircraft by at least six additional aircraft to ensure an adequate special mission airlift force for the AFR by at least two C-40s per year for three years.

C-130J: Authorize and appropriate funds for the C-130J Multiyear Procurement in fiscal year 2005 and accelerate acquisition for Reserve units in Pennsylvania, Minnesota, and Mississippi.

LITENING PODS: Support \$7.8 million to procure 5 LITENING Pods toward the multiyear procurement of 30 pods for \$43.8 million.

APN-241 Radar: Support \$7 million to procure 8 APN-241 Radar upgrades.

AFR F-16 Helmet Mounted Cuing System: Support \$9 million to procure approximately 40 night vision goggles toward the multiyear procurement of 80 for \$20.6 million.

Fund F-16 Block 25/30/32 to stay viable for employment in modern combat using precision guided munitions, and operating against modern threat aircraft equipped with helmet cued weapons.

Information Technology: Support \$2.5 million toward a total requirement of \$54.7 million.

Pararescue Jumper Equipment: Support \$0.7 million toward a total requirement of \$9.1 million.

Vehicle Requirements: Support \$2 million toward a total requirement of \$10.6 million.

Pathfinder Force Protection: Support \$9 million toward a total requirement of \$55.5 million.

Motor Vehicles for Medical: Support \$2.8 million to procure 44 vehicles.

Hydrant Fueling Trucks: Support \$1.4 million to procure 9 vehicles.

Other Army Requirements

The Army Reserve faces critical funding shortfalls in several key areas. The shortfalls come in the pay and allowances accounts totaling \$348.4 million and the operations and maintenance accounts totaling \$180 million.

—Of these requirement shortfalls, the most critical is \$281 million in Inactive Duty Training (IDT), which will prohibit the Army Reserve from meeting its peacetime statutory requirement for 48 drills. Even though there is some cost avoidance due to mobilizations, it will not reach the level required to successfully conduct the critical training that soldiers need for individual and unit readiness. Based on current estimates, the Army Reserve would be forced to cease training by late spring or early summer 2005.

—In the area of professional development, the Army Reserve is funded at only slightly more than 50 percent of its \$148.6 million requirement. These funds are needed to meet the Chief of Staff of the Army's established goal of 85 percent in military specialty training and professional development. The Chief, Army Reserve, briefed the Senate Armed Services Committee that the goal would be achieved by the end of fiscal year 2005. This shortfall will cause the Army Reserve not to meet the 85 percent goal.

—Insufficient resources are available to fund the Army Reserve's portion of the DOD integrated worldwide common-user network for exchanging secure and non-secure data. The funding shortfall of just over \$33 million is crucial to meet the challenges of expanding key command and control applications and service demands, increase security requirements and increase network capability to insure needed connectivity.

—Army Reserve Base Operations (BASOPS) required funding is \$73.5 million short of its \$355.4 million requirement or 74 percent. To provide a viable program which includes such critical items as civilian pay, leases, utilities, and custodial contracts, it is imperative that BASOPS be funded at least at the 95 percent level to insure that those BASOPS items which require 100 percent funding can be met.

—Antiterrorism, Force Protections, and Installation Preparedness for the Army Reserve minimum essential funding level of \$67.6 million is under funded by 46 percent. This funding is critical to the Army Reserve meeting mandated DOD requirements and maintaining minimum Force Protection standards for Army Reserve facilities worldwide. As Active Component bases are prepared to meet increased threats, Reserve Component facilities, which are located in thousands of local communities, become a lucrative target for those that consider military capability as a criminal or terrorist target.

—Army Reserve environmental programs that are a "must fund" are unfunded by \$33.4 million or 44 percent. As a result, legally mandated requirements and the requirements of executive orders will not be met. Legal consequences could possibly restrict use on training lands at Army Reserve installations such as Forts.

—The Army Reserve Defense Health Program Accrual is funded at 98 percent of the \$680 million requirement. However, the \$7.1 million shortfall is the result of DOD actuarial studies that establish accrual rates based on "full-time" and "part time" personnel. The accrual rates for fiscal year 2005 increased considerably in both categories. Analysis indicates that the rate change will leave the Army Reserve with this critical shortfall. This is an item of considerable congressional interest, and the rate change creates a significant effect on all three military services.

—Family Programs are a critical to Reserve Component soldiers and their families. Active Component soldiers and families, for the most part, live in close communities on military installations where it is possible to maintain a bond between the soldiers, their families, and their units. Many Reserve soldiers do not even live in the same communities as their units. Keeping families informed and supported can be difficult, particularly in more rural areas. In fiscal year 2004, the Army Reserve's family programs suffered a \$3.9 million shortfall from a requirement of \$7.5 million. In fiscal year 2005 this shortfall is \$5.6 million. The Reserve Officers Association recommends full funding of the \$15.4 million requirement for Army Reserve Family Programs to provide essential services to soldiers and their families and to facilitate the Army Reserve's ability to adequately prepare soldiers for deployments and help families to become self-reliant.

Other Requirements

Reserve Personnel Appropriation: Last year the Reserve Components took cuts in their RPA requirement based on the previous year's usage. These unfunded requirements came at a time when many personnel were either demobilized or released from stop-loss hence enabling them to complete their RPA requirements. Additionally, the services are now faced with implementing the Secretary of Defense's transformation decisions resulting in conversion and upgrade requirements for school and special tours. ROA members have been contacting us to report anecdotally that their training location has run out of money for funding their requirements (discretionary (non-mission/support) activity, and especially OJT and upgrade training, is now at a standstill at most units for this fiscal year).

The unknown in determining the level of challenge to be overcome in the rest of fiscal year 2004 is the continually changing variant of demobilization. The initial planning, based on active duty MAJCOM-planned demobilizations, assumed large-scale numbers of returnees in February and March. At this point, there seems to be some slippage in that projection, which will affect Reserve participation activities between now and the end of the fiscal year.

Reconstitution: The services will also need to perform a reconstitution assessment to determine the results of the mobilization. In terms of training consideration will need to consider: Skills that must be refreshed for specialty, training needed for upgrade but delayed, ancillary training missed, Professional continuing education requirements for single-managed career fields and other certified or licensed specialties required annually, and professional military education needed to stay competitive.

To summarize, the question should not be whether we can afford to bring pay and benefits for the Reserve and Guard to a more equitable standard—to a standard that reflects how we use our Reserve Components. Rather, the proper question is can we afford not to take the necessary actions that will ensure the preservation of our citizen military—a force composed of some of the most skilled and talented men and women in America.

Senator STEVENS. I note that you recommend that certain individual ready Reserve categories that are unemployed or not eligible for health care have TRICARE permanently. Now, how do you determine who are the certain individuals and those who are not eligible for health care?

Mr. MCINTOSH. Actually what we are proposing and what we advocate is TRICARE for the entire selected Reserve as an option for anyone who is a drilling combat-ready reservist.

Senator STEVENS. Most of those people are employed by small businesses, many of whom do provide health care. The minute we did that, that would be an advantage that other portions of the economy do not have. I do not really understand why that should be the case. Why should a person that is retired and in the ready Reserve enjoy the benefits of being on active duty?

Mr. MCINTOSH. Senator, since we are mobilizing reservists repetitively, we want to retain and recruit the best Americans to be in our Reserve force. We believe the opportunity to sign up for TRICARE versus the cost of medical care in their civilian lives is an opportunity we ought to take and will pay great dividends in

the future. When a reservist, for example, returns from numerous deployments and is thinking about leaving the Guard and Reserve, if they are invested in TRICARE have children that are using that or a spouse that is using that, they will be much less likely to leave. So we are really recruiting and retaining the family as a whole picture here relative to medical care.

Senator STEVENS. Is that not a disincentive to staying on active duty? More people will go into the ready Reserve and not stay on active duty.

Mr. MCINTOSH. Actually we have not studied that completely. I believe it would not be an incentive for people to leave the active force and join the Reserve. I think people leave the active force for many, many reasons, and I would not see them leaving because they know they could retain TRICARE even after they left. But it is a fair question, Senator.

Senator STEVENS. Thank you.

Senator Inouye.

Senator INOUE. Thank you very much. I just wanted to note that many of your suggestions should be made to the authorizing committee. I am certain you have done that.

Mr. MCINTOSH. And it is, Senator, and we are aware of that. Thank you, though.

Senator STEVENS. Thank you very much, General. Appreciate your coming.

Our next witness is Tom McKibban, President of the American Association of Nurse Anesthetists. Good morning, sir.

STATEMENT OF TOM L. MCKIBBAN, CERTIFIED REGISTERED NURSE ANESTHETIST, MS, PRESIDENT, AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

Mr. MCKIBBAN. Good morning. Chairman Stevens and Senator Inouye, good morning and thank you for the opportunity to testify today. My name is Tom McKibban. I am a certified registered nurse anesthetist, better known as a CRNA, and President of the American Association of Nurse Anesthetists, known as the AANA. The AANA represents more than 30,000 CRNA's, including 497 active duty CRNA's, and 742 reservists in the military. As of May 2003, more than 360 CRNA's were deployed in the Middle East providing anesthesia care on ships, on the ground, and for U.S. special forces operations.

Today maintaining adequate numbers of active duty CRNA's is of utmost concern for the Department of Defense to meet its military medical readiness mission. For several years, the number of CRNA's serving in active duty has fallen somewhat short of the number authorized by the DOD. This is complicated by strong demand for CRNA's in both the public and private sectors. The AANA appreciates this committee's continued support for the funding, the incentive special pay (ISP) for CRNA's to address this issue.

The considerable gap between civilian and military pay was addressed in the fiscal year 2003 Defense Authorization Act with an ISP increase from \$15,000 to \$50,000. At this time we would request full funding to increase ISP to \$50,000 for all services to recruit and retain CRNA's.

To ensure military medical readiness, we must have anesthesia providers that can work independently and be deployed at a mo-

ment's notice. For this reason, the AANA is concerned about a 2003 proposed rule to include anesthesiologist assistants, known as AA's, as authorized providers under the TRICARE program. The rule is under review by the OMB. The TRICARE proposal demands two providers, an anesthesiologist and an AA, provide military personnel and dependents the same care that either an anesthesiologist or nurse anesthetist can provide alone. There is insufficient evidence of the safety and cost effectiveness of AA's to authorize these providers into the TRICARE program.

Last, the AANA is proud to announce the establishment of a joint VA/Defense Department program in nurse anesthesia education. This program cost effectively makes use of the existing U.S. Army School of Nurse Anesthesia, Fort Sam Houston, to educate CRNA's for both the VA and the U.S. armed services. This joint nurse anesthesia graduate program begins this June in San Antonio, Texas.

In conclusion, the AANA believes that the recruitment and retention of CRNA's in the services is critical to our men and women in uniform. Funding an increase in the ISP will help meet this challenge.

Also, we believe that recognizing AA's under TRICARE will not improve medical readiness of the DOD.

Last, we commend and thank this committee for your continued support for CRNA's in the military.

I will be happy to answer any questions you may have. Thank you.

[The statement follows:]

PREPARED STATEMENT OF TOM L. MCKIBBAN

The American Association of Nurse Anesthetists (AANA) is the professional association representing over 30,000 certified registered nurse anesthetists (CRNAs) in the United States, including 497 active duty CRNAs and 742 reservists in the military. The AANA appreciates the opportunity to provide testimony regarding CRNAs in the military. We would also like to thank this committee for the help it has given us in assisting the Department of Defense (DOD) and each of the services to recruit and retain CRNAs.

BACKGROUND INFORMATION ON NURSE ANESTHETISTS

Let us begin by describing the profession of nurse anesthesia, and its history and role with the military medical system.

In the administration of anesthesia, CRNAs perform the same functions as anesthesiologists and work in every setting in which anesthesia is delivered including hospital surgical suites and obstetrical delivery rooms, ambulatory surgical centers, health maintenance organizations, and the offices of dentists, podiatrists, ophthalmologists, and plastic surgeons. Today CRNAs participate in approximately 65 percent of the anesthetics given to patients each year in the United States. Nurse anesthetists are also the sole anesthesia providers in more than 65 percent of rural hospitals, assuring access to surgical, obstetrical and other healthcare services for millions of rural Americans.

CRNAs have a personal and professional commitment to patient safety, made evident through research into our practice. In our professional association, we state emphatically "our members' only business is patient safety." Safety is assured through education, high standards of professional practice, and commitment to continuing education. Having first practiced as registered nurses, CRNAs are educated to the master's degree level and meet the most stringent continuing education and recertification standards in the field. Thanks to this tradition of advanced education, the clinical practice excellence of anesthesia professionals, and the advancement in technology, we are humbled and honored to note that anesthesia is 50 times safer now than 20 years ago (National Academy of Sciences, 2000). Research further demonstrates that the care delivered by CRNAs, physician anesthesiologists, or by both

working together yields similar patient safety outcomes. In addition to studies performed by the National Academy of Sciences in 1977, Forrest in 1980, Bechtholdt in 1981, the Minnesota Department of Health in 1994, and others, Dr. Michael Pine MD MBA recently concluded once again that among CRNAs and physician anesthesiologists, “the type of anesthesia provider does not affect inpatient surgical mortality” (Pine, 2003). Thus, the practice of anesthesia is a recognized specialty in nursing and medicine. Both CRNAs and anesthesiologists administer anesthesia for all types of surgical procedures from the simplest to the most complex, either as single providers or together.

NURSE ANESTHETISTS IN THE MILITARY

Since the mid-19th Century, our profession of nurse anesthesia has been proud to provide anesthesia care for our past and present military personnel and their families. From the Civil War to the present day, nurse anesthetists have been the principal anesthesia providers in combat areas of every war in which the United States has been engaged.

Military nurse anesthetists have been honored and decorated by the United States and foreign governments for outstanding achievements, resulting from their dedication and commitment to duty and competence in managing seriously wounded casualties. In World War II, there were 17 nurse anesthetists to every one anesthesiologist. In Vietnam, the ratio of CRNAs to physician anesthesiologists was approximately 3:1. Two nurse anesthetists were killed in Vietnam and their names have been engraved on the Vietnam Memorial Wall. During the Panama strike, only CRNAs were sent with the fighting forces. Nurse anesthetists served with honor during Desert Shield and Desert Storm. Military have CRNAs provided critical anesthesia support to humanitarian missions around the globe in such places as Bosnia and Somalia. In May 2003, approximately 364 nurse anesthetists had been deployed to the Middle East for the military mission for “Operation Iraqi Freedom” and “Operation Enduring Freedom.”

Data gathered from the U.S. Armed Forces anesthesia communities’ reveal that CRNAs have often been the sole anesthesia providers at certain facilities, both at home and while forward deployed. For decades CRNAs have staffed ships, isolated U.S. bases, and forward surgical teams without physician anesthesia support. The U.S. Army Joint Special Operations Command Medical Team and all Army Forward Surgical Teams are staffed solely by CRNAs. Military CRNAs have a long proud history of providing independent support and quality anesthesia care to military men and women, their families and to people from many nations who have found themselves in harms way.

When President George W. Bush initiated “Operation Iraqi Freedom” CRNAs were immediately deployed. With the new special operations environment, new training was needed to prepare our CRNAs to ensure military medical mobilization and readiness. Major General Barbara C. Brannon, Assistant Surgeon General, Air Force Nursing Services, testified before this Senate Committee on April 28, 2004, to provide an account of CRNAs on the job overseas. She stated, “Major Kathryn Weiss, a CRNA from Hurlbert Field, deployed with the Army’s 10th Special Forces Group to Northern Iraq to provide frontline emergency medical capabilities in an imminent danger area within the range of enemy artillery. The team was recognized by the award of the Bronze Star for their meritorious achievements. Major Weiss is just one example of the tremendous capability of our CRNAs.”

In the current mission “Operation Iraqi Freedom” CRNAs will continue to be deployed both on ships and ground, as well as U.S. special operations forces. This committee must ensure that we retain and recruit CRNAs now and in the future to serve in these military overseas deployments.

CRNA RETENTION AND RECRUITING—HOW THIS COMMITTEE CAN HELP THE DEFENSE DEPARTMENT

In all of the Services, maintaining adequate numbers of active duty CRNAs is of utmost concern. For several years, the number of CRNAs serving in active duty has fallen somewhat short of the number authorized by the Department of Defense. This is further complicated by strong demand for CRNAs in both the public and private sectors.

However, it is essential to understand that while there is strong demand for CRNA services in the public and private healthcare sectors, the profession of nurse anesthesia is working effectively to meet this workforce challenge. The AANA anticipates growing demand for CRNAs. Our evidence suggests that while vacancies exist, there is not a crisis in the number of anesthesia providers. The profession of nurse anesthesia has increased its number of accredited CRNA schools, from 85 to 88 the

past two years. The number of qualified registered nurses applying for CRNA school continues to climb, with each CRNA school turning away an average of 23 qualified applicants in 2002. The growth in the number of schools, the number of applicants, and in production capacity, has yielded significant growth in the number of nurse anesthetists graduating and being certified into the profession. The Council on Certification of Nurse Anesthetists reports that in 1998, our schools produced 942 new graduates. By 2003, that number had increased to 1,474, a 56 percent increase in just five years. The growth is expected to continue. The Council on Accreditation of Nurse Anesthesia Educational Programs (COA) projects that CRNA schools will produce an estimated 1,900 graduates in 2005.

This Committee can greatly assist in the effort to attract and maintain essential numbers of nurse anesthetists in the military by their support of increasing special pays.

The Incentive Special Pay for Nurses

According to a March 1994 study requested by the Health Policy Directorate of Health Affairs and conducted by the Department of Defense, a large pay gap existed between annual civilian and military pay in 1992. This study concluded, "this earnings gap is a major reason why the military has difficulty retaining CRNAs." In order to address this pay gap, in the fiscal year 1995 Defense Authorization bill Congress authorized the implementation of an increase in the annual Incentive Special Pay (ISP) for nurse anesthetists from \$6,000 to \$15,000 for those CRNAs no longer under service obligation to pay back their anesthesia education. Those CRNAs who remain obligated receive the \$6,000 ISP.

Both the House and Senate passed the fiscal year 2003 Defense Authorization Act conference report, H. Rept. 107-772, which included an ISP increase to \$50,000. The report included an increase in ISP for nurse anesthetists from \$15,000 to \$50,000. There had been no change in funding level for the ISP since the increase was instituted in fiscal year 1995, while it is certain that civilian pay has continued to rise during this time. The AANA is requesting that this committee fund the new increase for the ISP at \$50,000 for all the branches of the armed services to retain and recruit CRNAs now and into the future.

There still continues to be high demand for CRNAs in the healthcare community leading to higher incomes, widening the gap in pay for CRNAs in the civilian sector compared to the military. The fiscal year 2003 AANA Membership survey measured income in the civilian sector by practice setting. The median income in a hospital setting is \$120,000, anesthesiologist group \$108,000, and self-employed CRNA \$140,000 (includes Owner/Partner of a CRNA Group). These median salaries include call pay, overtime pay, and bonus pay. These salaries are still higher than the median CRNA's salary of \$84,000 across all military service branches.

In civilian practice, all additional skills, experience, duties and responsibilities, and hours of work are compensated for monetarily. Additionally, training (tuition and continuing education), healthcare, retirement, recruitment and retention bonuses, and other benefits often equal or exceed those offered in the military.

Rear Admiral Nancy Lescavage, Director of the Navy Nurse Corps, and Commander of the Naval Medical Education and Training Command testified before this Senate Committee at an April 30, 2003 hearing:

"The increase of the maximum allowable compensation amount for Certified Registered Nurse Anesthetist Incentive Special Pay (CRNA ISP) and the Nurse Accession Bonus (NAB) in the fiscal year 2003 National Defense Authorization Act will further enhance our competitive edge in the nursing market."

Salaries in the civilian sector will continue to create incentives for CRNAs to separate from the military, especially at the lower grades without a competitive incentive from the military to retain CRNAs. Therefore, it is vitally important that the Incentive Special Pay (ISP) be increased to \$50,000 to ensure the retention of CRNAs in the military.

AANA thanks this Committee for its support of the annual ISP for nurse anesthetists. AANA strongly recommends the continuation and an increase in the annual funding for ISP from \$15,000 to \$50,000 for fiscal year 2005. The ISP recognizes the special skills and advanced education that CRNAs bring to the Department of Defense healthcare system.

Board Certification Pay for Nurses

Included in the fiscal year 1996 Defense Authorization bill was language authorizing the implementation of a board certification pay for certain healthcare professionals, including advanced practice nurses. AANA is highly supportive of board certification pay for all advanced practice nurses. The establishment of this type of pay

for nurses recognizes that there are levels of excellence in the profession of nursing that should be recognized, just as in the medical profession. In addition, this pay may assist in closing the earnings gap, which may help with retention of CRNAs.

While many CRNAs have received board certification pay, there are many that remain ineligible. Since certification to practice as a CRNA does not require a specific master's degree, many nurse anesthetists have chosen to diversify their education by pursuing an advanced degree in other related fields. But CRNAs with master's degrees in education, administration, or management are not necessarily eligible for board certification pay since their graduate degrees are not in a clinical specialty. To deny a bonus to these individuals is unfair, and will certainly affect their morale as they work side-by-side with their less-experienced colleagues, who will collect a bonus for which they are not eligible. In addition, in the future this bonus will act as a financial disincentive for nurse anesthetists to diversify and broaden their horizons.

AANA encourages the Defense Department and the respective services to reexamine the issue of awarding board certification pay only to CRNAs who have clinical master's degrees.

DOD/VA RESOURCE SHARING: VA-DOD NURSE ANESTHESIA SCHOOL UNIVERSITY OF TEXAS HOUSTON HEALTH SCIENCE CENTER, HOUSTON, TX

The establishment of a joint VA-Department of Defense program in nurse anesthesia education holds the promise of making significant improvements in the VA CRNA workforce. This will improve retention of VA registered nurses, while cost-effectively making use of existing U.S. government programs and the U.S. Army nurse anesthesia school. This VA nurse anesthesia graduate program begins this June at the Army's Fort Sam Houston Nurse Anesthesia program in San Antonio, Texas. This VA nurse anesthesia program creates three openings for VA registered nurses to apply to and earn a Master of Science in Nursing (MSN) in anesthesia granted through the University of Texas Houston Health Science Center. Three students are enrolled for the program start date June 2004.

The 30-month program is broken down into two phases. Phase I, 12 months, is the didactic portion of the anesthesia training at the U.S. AMEDD Center and School (U.S. Army School for Nurse Anesthesia). Phase II, 18 months, is clinical practice education, in which VA facilities and their affiliates would serve as clinical practice sites. The agency will use VA hospitals in Augusta, Georgia, and Dayton, Ohio. Similar to military CRNAs who repay their educational investment through a service obligation to the U.S. Armed Forces, graduating VA CRNAs would serve a three-year obligation to the VA health system. Through this kind of Department of Defense-DVA resource sharing, the VA will have an additional source of qualified CRNAs to meet anesthesia care staffing requirements.

We are pleased to note that both the U.S. Army Surgeon General and Dr. Michael J. Kussman, MD MS FACP (Department of Veterans' Affairs Chief Consultant, Acute Care) approved funding to start this VA nurse anesthesia school. With modest levels of additional funding, this joint VA-Defense Department nurse anesthesia education initiative can grow and thrive, and serve as a model for meeting other VA workforce needs, particularly in nursing.

DOD and VA resource sharing programs effectively maximize government resources while improving access to healthcare for Veterans.

UPDATE: INCLUSION OF AAS UNDER TRICARE

The U.S. Department of Defense has proposed authorizing anesthesiologist assistants (AAs) as providers of anesthesia care under the TRICARE health plan for military personnel and dependents, in a proposed rule published in the Federal Register April 3, 2003. (68 FR 16247, 4/3/2003). The regulation is now being reviewed at the Office of Management of Budget (OMB) as of February 9, 2004. There still has been no congressional review about adding these new providers, and no assessment of their safety record or cost-effectiveness.

The AANA has several objections to this proposal. First, there is insufficient evidence of the safety and cost-effectiveness of AAs to authorize these providers into the TRICARE program. DOD has not sufficiently demonstrated what benefit TRICARE may gain by recognizing AAs as an authorized provider. As we understand this matter, AAs (in the very limited number of states that license their practice) may administer anesthesia only under the close and immediate medical direction of anesthesiologists. The TRICARE proposed rule does not define this type of medical direction of AAs. In addition, correspondence from TRICARE says an AA would be an "extra pair of hands" for an anesthesiologist, suggesting one-to-one constant supervision in the operating room. By contrast, both experience and anesthe-

siologists themselves say “direct supervision” implies a scheme in which AAs are supervised by someone some distance away, not necessarily in the operating room.

Even so, the TRICARE proposal demands two providers, an anesthesiologist and an AA, to provide military personnel and dependents the same care that either an anesthesiologist or nurse anesthetist could provide alone. The agency’s proposal to introduce AAs into TRICARE is further undermined by AAs’ lack of diffusion within the healthcare system. Since AAs’ introduction 30 years ago, only seven states have thought it prudent to provide AAs separate licensure or certification and only two schools exist to train them. Last, the proposal has drawn the opposition of 37 retired military and Veterans organizations and the 5.5 million members of The Military Coalition, and several members of the House and Senate.

The proposed rule to introduce AAs under TRICARE is not in response to a shortage of anesthesia providers. Further Congressional review is required on the safety and cost-effectiveness of AAs before they are recognized under TRICARE.

CONCLUSION

In conclusion, the AANA believes that the recruitment and retention of CRNAs in the Services is of critical concern. The efforts detailed above will assist the Services in maintaining the military’s ability to meet its wartime and medical mobilization through the funding of an increase in ISP. Also, we believe that the inclusion of improperly supervised Anesthesiologists Assistants (AAs) in the TRICARE system would impair the quality of healthcare for our military personnel and dependents, and should not be approved. Last, we commend and thank this committee for their continued support for CRNAs in the military.

Senator STEVENS. I have two questions. One is, how often is the special pay bonus to be paid in your judgment if it is raised to \$50,000?

Mr. MCKIBBAN. I believe it is a yearly, sir.

Senator STEVENS. A yearly?

Mr. MCKIBBAN. A yearly ISP, yes.

Senator STEVENS. Is there reenlistment yearly? I do not understand. Normally that is a reenlistment bonus. Do you sign up for just 1 year?

Mr. MCKIBBAN. No. I believe this is a yearly special pay for their specialty to ensure that they continually will serve in the military, sir.

Senator STEVENS. Is that master’s degree requirement a matter of law or a matter of regulation?

Mr. MCKIBBAN. I believe it is a matter of regulation. It is law. I am sorry, sir.

Senator STEVENS. I am compelled to say what Senator Inouye said to the previous witness. I am afraid you have asked us to do two things not within the jurisdiction of this committee. We do not handle the legislation. Changes in the law should be addressed to the Armed Services Committee. I hope you will present those requests to them.

Senator Inouye.

Senator INOUE. Yes. What is the current shortage of nurse anesthetists in the armed forces?

Mr. MCKIBBAN. Number-wise? The Army and the Air Force—I do not have the exact numbers. Last week we were just notified that now the Navy is predicting a shortage in the Navy side of it too, sir.

Senator INOUE. So there is a shortage but you are not aware of the number.

Mr. MCKIBBAN. I do not have the exact number, no, sir.

Senator INOUE. Thank you, sir.

Senator STEVENS. Thank you very much, Mr. McKibban. Appreciate it.

Mr. MCKIBBAN. Thank you.

Senator STEVENS. Our next witness is Ms. Joyce Raezer, President of the National Military Family Association. Good morning, ma'am.

STATEMENT OF JOYCE WESSEL RAEZER, DIRECTOR, GOVERNMENT RELATIONS, THE NATIONAL MILITARY FAMILY ASSOCIATION

Ms. RAEZER. Thank you, Mr. Chairman. I am not the President. I am representing the President today. Our President is Candace Wheeler. I am the Director of Government Relations.

The National Military Family Association (NMFA) thanks you and Senator Inouye for the opportunity to speak about the quality of life of military families and the service members.

With other members of the Military Coalition, NMFA is grateful for your leadership last year in securing increased funding for family support programs such as the family advocacy program and for pay and allowances to help offset the extraordinary demands of military service. Military families were most grateful to Congress for extending last year's increases to imminent danger pay and family separation allowance through December 2004. We hope Congress will make these increases permanent, and even if not made permanent, that funding will be provided to keep the family separation allowance at or near the current level for all eligible service members. Family separation allowance is not combat pay. Additional expenses families incur when the service member is assigned away from home are not based on a service member's assignment location. To the family, gone is gone.

Longer and more frequent deployments are indications that our force is stretched thin. Military families are also stretched too thin.

Our message to you today, however, is simple. Funding directed toward family readiness works. Funding you have helped to provide supports additional National Guard family assistance centers, more child care, increased staffing and programming directed to families of deployed service members, and return and reunion programs. New DOD programs such as Military One Source will make even more counseling and other assistance available, especially to isolated families.

Funding directed toward family support is making a difference but it is still sporadic. Consistent levels of targeted funding are needed, along with consistent levels of command focus on family support, professional backup for the volunteers carrying the largest load of family support, and additional help for isolated Guard and Reserve families and families with special needs. Preventive mental health resources must be more accessible for families and service members over the long term.

A significant element of family readiness is quality education for military children despite the challenges posed by ever-moving students and situations where the military parent is deployed or in harm's way. Now more than ever, we ask that you ensure both DOD and civilian schools educating military children have the resources to meet the counseling, staffing, and program challenges arising from new, ongoing, and changed missions, especially when

deployments are extended. Families in Europe, for example, where some service members' Iraq tours were recently extended are concerned that funds will not be available for summer school this year. They need to know that the DOD schools can provide programs their children need.

We applaud the increased partnerships between military commanders, DOD officials, and school officials to promote quality education for military children. The successful joint venture education initiative in Hawaii and the new military student website are just two examples of how folks are working together to provide more information to parents, commanders, and educators about issues affecting military children and to further partnerships to support children.

Because Impact Aid is not fully funded, NMFA recommends increasing the DOD supplement to Impact Aid to \$50 million to help civilian districts better meet the additional demands placed on them and the children they are charged to educate.

NMFA also asks that you ensure the defense health system has adequate funding to make the challenges it faces. NMFA is concerned that the cost of performing additional duties under the new TRICARE contracts will be one strain too many, especially for the direct care system that is already dealing with a multitude of stressors such as maintaining readiness, mobilizing Guard and Reserve members, and implementing new benefits. Some military treatment facilities are cutting back on hours or services at exactly the time when they are supposed to be pulling in more care under the new TRICARE contracts. How can the new contracts function to the benefit of beneficiaries if they are designed to do one thing and that one thing is blocked?

The future of successful initiatives such as family-centered care is in jeopardy if the direct care system must avert central funding to other demands. Please ensure not only the defense health system is funded to fulfill its responsibilities, but also that oversight is sufficient to prevent harm to beneficiaries during a transition process to new contracts that are supposed to help them.

Mr. Chairman, the concern you and Senator Inouye have expressed today sends an important message to service members and their families. Congress understands the link between military readiness and the quality of life of the military community. Strong families ensure a strong force. Thank you for your work in keeping our families and force strong.

[The statement follows:]

PREPARED STATEMENT OF JOYCE WESSEL RAEZER

The National Military Family Association (NMFA) is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members. Its mission is to serve the families of the Seven Uniformed Services through education, information and advocacy.

Founded in 1969 as the Military Wives Association, NMFA is a non-profit 501(c)(3) primarily volunteer organization. NMFA today represents the interests of family members and the active duty, reserve components and retired personnel of the seven uniformed services: Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service and the National Oceanic and Atmospheric Administration.

NMFA Representatives in military communities worldwide provide a direct link between military families and NMFA staff in the nation's capital. Representatives

are the “eyes and ears” of NMFA, bringing shared local concerns to national attention.

NMFA receives no federal grants and has no federal contracts.

NMFA’s web site is located at <http://www.nmfa.org>.

Mr. Chairman and Distinguished Members of this Subcommittee, the National Military Family Association (NMFA) would like to thank you for the opportunity to present testimony on quality of life issues affecting servicemembers and their families. NMFA is also grateful for your leadership in the 1st Session of the 108th Congress in securing increased funding for essential quality of life programs, such as National Guard and Reserve family support and the Family Advocacy Program, as well as pay and allowances, such as the increased Family Separation Allowance, that help to offset the extraordinary demands of military service. NMFA thanks Congress for providing funds for servicemember’s R&R travel, additional child care, and schools that educate military children.

As a founding member of The Military Coalition, NMFA subscribes to the recommendations contained in the Coalition’s testimony presented for this hearing. In this statement, NMFA will expand on a few issues: Pay and allowances; health care; family support, including the unique needs of Guard and Reserve families; and education for military children.

Pay and Allowances

Servicemembers and their families appreciate the dramatic improvements in military compensation achieved over the past several years. The combination of across-the-board raises at the level of the Employment Cost Index (ECI) plus 0.5 percent and targeted raises for certain ranks have improved their financial well-being. The five-year plan, ending in fiscal year 2005, to increase Basic Allowance for Housing (BAH) has been especially beneficial for military families living in high cost of living areas.

Family Separation Allowance

Military members and their families were most grateful to Congress last year for including increases in Family Separation Allowance and Imminent Danger Pay in the fiscal year 2003 Supplemental Appropriations bill. They were relieved when these increases were authorized and funded to continue through December 2004, yet alarmed that last fall’s debate over both the amount of Family Separation Allowance and who should receive it is surfacing again. NMFA understands DOD is looking at the wide range of pays and allowances in order to determine their proper mix and use. We believe, however, that the amount of Family Separation Allowance must remain the same for all eligible servicemembers, no matter where they are deployed. Family Separation Allowance is not combat pay—it is paid in recognition of the additional costs a family endures when a servicemember is deployed. It helps pay for the additional long distance phone calls the deployed servicemember and family make; it pays for the car or home repairs the servicemember performs when at home; it pays for the tutoring a child needs when the family chemistry or algebra expert is deployed. These costs are not incurred just by the families of servicemembers in a combat zone; whether the servicemember is in Iraq, Afghanistan, on a ship in the Pacific, or on an unaccompanied tour in Korea, to the family, “gone is gone!”

NMFA must also note that, while families of deployed servicemembers face similar costs of separation no matter where the servicemember is deployed, other pay and benefits change dramatically. Servicemembers deployed to certain combat zones not only receive Imminent Danger Pay and other combat-related pays, but also are entitled to certain tax advantages. Servicemembers in other locations, such as Korea or on board ships outside combat zones, do not receive the same tax advantage. Thus, their families have similar expenses to meet with less income. To these families, last year’s increase in Family Separation Allowance was an especially welcome relief to tight family budgets.

NMFA asks this Subcommittee to ensure that funding is continued to sustain the increased level of Family Separation Allowance for all eligible servicemembers. NMFA also asks Congress to consider indexing the Family Separation Allowance to inflation so that we do not have to wait for another war for this allowance to be increased again.

Health Care

This year, NMFA is focused on health care transition issues and the costs to the defense health system imposed by these issues: the transition to the new TRICARE contracts, Guard and Reserve family members’ transition to the TRICARE benefit when the servicemember is called to active duty, and the transition that occurs dur-

ing the return and reunion process as servicemembers and their families adjust to the end of a deployment.

Transition to New TRICARE Contracts

NMFA's concerns during the transition to the new TRICARE contracts—the first contract handoff occurs on June 1—revolve around the ability of the Defense Health System to ensure beneficiaries can access care in a timely manner and the ability of the system to maintain continuity of care. NMFA is concerned that the direct care system may not be able to fulfill its new responsibilities under the new contracts while working so hard to meet readiness requirements related to deployments and force health protection, care for wounded and injured servicemembers, and care for the active duty families, retirees, and survivors enrolled in TRICARE Prime to primary care managers in their facilities. Under the new contracts, military treatment facilities (MTFs) will be responsible for appointing, which is often done by the TRICARE managed care support contractors under the current contracts. MTFs must also fill the void created by the departure of key medical personnel currently provided by the TRICARE contractors under resource sharing arrangements. These arrangements end on the day health care delivery begins under the new TRICARE contracts, as the responsibility for them shifts from the TRICARE contractor to the MTFs. NMFA is pleased that DOD has offered MTFs the opportunity of a bridge process to work with outgoing and incoming contractors to keep resource sharing providers in place until establishing their own arrangements. Unfortunately, NMFA has heard most MTFs are not taking advantage of this bridge option and are looking at other contracting options that will not preserve the continuity of care and access currently enjoyed by patients. The relationships resource sharing personnel have developed with patients in places such as Madigan Army Medical Center, where the pediatric clinic is staffed entirely by resource sharing, should not be severed abruptly at a time when this continuity of care is needed most.

NMFA is concerned that the costs of performing additional duties under the new TRICARE contracts will be one strain too many for a direct care system dealing with a multitude of stressors. NMFA is hearing that several MTFs are cutting back on pharmacy or clinic hours, eliminating contract staff, or capping TRICARE Prime enrollment even as they are forced to commit more personnel to support deployments, ensure newly-mobilized Guard and Reserve members are medically-ready to deploy, and care for wounded servicemembers returning from Iraq and Afghanistan. Cutbacks in the direct care system can result in one of two scenarios. An MTF may appeal to the “patriotism” of active duty families, survivors, retirees and their families by telling them that appointments are currently not available and asking them to wait. Or, if it chooses to ensure that TRICARE Prime access standards are met, it may be forced to send beneficiaries into the civilian purchased care networks for their care, probably at a greater cost to the government.

When each of the current twelve regions started delivery of services under TRICARE in the mid to late 1990s, significant problems for beneficiaries developed. Over the ensuing years, most of the problems have been identified and corrected. The acceptance of and satisfaction with TRICARE Prime, the HMO piece of TRICARE, has steadily increased among beneficiaries. The transition to the new contracts must not once again put TRICARE at the top of concerns at beneficiary forums. Just as servicemembers are stretched thin with repeated deployments and time away from home, families are under increased stress. Problems accessing health care or difficulty in obtaining accurate information on how to do so should not be an additional part of this equation. The promise of TRICARE was that in times of high military operations tempo the purchased care system could pick up the slack when MTFs were stretched thin because of military optempo. This promise can only be kept if the defense health program is fully funded to meet its medical readiness mission and to provide the employer-sponsored health care benefit. Further, it must incorporate enough flexibility to permit funding to be moved between the two segments as needed to ensure beneficiary access to quality care and to provide that quality care in the most cost-effective setting possible.

Guard and Reserve Health Care

NMFA is grateful to Congress for its initial efforts to enhance the continuity of care for National Guard and Reserve members and their families. Unfortunately, as discussed in the statement submitted by The Military Coalition, the temporary health care provisions enacted in the fiscal year 2004 NDAA have not yet been implemented. Information and support are improving for Guard and Reserve families who must transition into TRICARE; however, NMFA believes that going into TRICARE may not be the best option for all of these families. Guard and Reserve servicemembers who have been mobilized should have the same option as their

peers who work for the Department of Defense: DOD should pay their civilian health care premiums. The ability to stay with their civilian health care plan is especially important when a Guard or Reserve family member has a special need, a chronic condition, or is in the midst of treatment. While continuity of care for some families will be enhanced by the option to allow Guard and Reserve members to buy into TRICARE when not on active duty—if ever implemented—it can be provided for others only if they are allowed to remain with their civilian health insurance. Preserving the continuity of their health care is essential for families dealing with the stress of deployment.

Post Deployment Health for Servicemembers and Families

The Services recognize the importance of educating servicemembers and family members about how to effect a successful homecoming and reunion and have taken steps to improve the return and reunion process. Information gathered in the now-mandatory post-deployment health assessments may also help identify servicemembers who may need more specialized assistance in making the transition home. Successful return and reunion programs will require attention over the long term. Many mental health experts state that some post-deployment problems may not surface for several months after the servicemembers return. NMFA is especially concerned about the services that will be available to the families of returning Guard and Reserve members and servicemembers who leave the military following the end of their enlistment. Although they may be eligible for transitional health care benefits and the servicemember may seek care through the Veterans' Administration, what happens when the military health benefits run out and deployment-related stresses still affect the family? As part of its return and reunion plan, the military One Source contracts will help returning servicemembers and families access local community resources and to receive up to six free face-to-face mental health visits with a professional outside the chain of command. NMFA is pleased that DOD has committed to funding the counseling provided under the One Source contract and is implementing this counseling for servicemembers and families of all Services.

Post-deployment transitions could be especially problematic for servicemembers who have been injured and their families. Wounded servicemembers have wounded families and, just as it will take some time for servicemembers physical wounds to heal, it will take time for the emotional wounds to heal. These servicemembers have received excellent care through military hospitals. In many cases, their families have also received superior support services through the hospitals' family assistance personnel. The medical handoff of the servicemember to the VA is steadily improving and the VA and DOD are working well together to improve the servicemembers' continuity of care. Ensuring the handoff to the VA or community-based support services needed by the wounded families is just as important.

The new round of TRICARE contracts must provide standardized ways to access health care across all regions and emphasize providing continuity of care to beneficiaries during the transition from old to new contracts. The Defense Health System must be funded sufficiently so that the direct care system of military treatment facilities and the purchased care segment of civilian providers can work in tandem to meet the responsibilities given under the new contracts, meet readiness needs, and ensure access for all TRICARE beneficiaries. Families of Guard and Reserve members should have flexible options for their health care coverage that address both access to care and continuity of care. In addition, accurate and timely information on options for obtaining mental health services and other return and reunion support must be provided to families as well as to servicemembers.

Family Support

Since our testimony before this Subcommittee last year, NMFA is pleased to note the Services continue to refine the programs and initiatives to provide support for military families in the period leading up to deployments, during deployment, and the return and reunion period. Our message to you today is simple: funding directed toward family support works! We have visited installations that benefited from family support funding provided through the wartime appropriations. This money enabled the National Guard Bureau to open additional Family Assistance Centers in areas with large numbers of mobilized Guard and Reserve members. It enabled the Services to provide additional child care for active duty families through their military child development centers and Family Child Care providers and to work on developing arrangements with child care providers in other locations to serve Guard and Reserve families. It enabled military family centers to hire additional staff and to increase programming and outreach to families of deployed servicemembers. It improved the ability of families to communicate with deployed servicemembers and

enhanced Service efforts to ease servicemembers' return and reunion with their families.

Funding directed toward family support is making a difference, but still sporadically. Consistent levels of targeted funding are needed, along with consistent levels of command focus on the importance of family support programs. NMFA remains concerned that installations must continue to divert resources from the basic level of family programs to address the surges of mobilization and return. Resources must be available for commanders and others charged with ensuring family readiness to help alleviate the strains on families facing more frequent and longer deployments. As the mobilization and de-mobilization of Guard and Reserve members continues, support for their families remains critical.

Projected force numbers for the second rotation of troops under Operation Iraqi Freedom call for 40 percent to be Guard and Reserve members. This number does not include servicemembers called up for duty in Operation Enduring Freedom in Afghanistan and those who continue to serve in Bosnia. National Guard and Reserve families often find themselves a great distance from traditional military installation-based support facilities. They may also be far from the Guard armory or reserve center where their servicemember trains. How then does the family learn about all their active duty benefits or receive answers about how to follow the rules? Continued targeted funding for Family Assistance Centers and other support programs is essential to assist these families in their transition from the civilian to military life.

What's Needed for Family Support?

Family readiness volunteers and installation family support personnel in both active duty and reserve component communities have been stretched thin over the past 2½ years as they have had to juggle pre-deployment, ongoing deployment, and return and reunion support, often simultaneously. Unfortunately, this juggling act will likely continue for some time. Volunteers, whose fatigue is evident, are frustrated with being called on too often during longer than anticipated and repeated deployments. We now hear from volunteers and family members whose servicemembers are serving in a second long deployment to a combat zone since the war on terrorism began. Family member volunteers support the servicemembers' choice to serve; however, they are worn out and concerned they do not have the training or the backup from the family support professionals to handle the problems facing some families in their units. Military community volunteers are the front line troops in the mission to ensure family readiness. They deserve training, information, and assistance from their commands, supportive unit rear detachment personnel, professional backup to deal with family issues beyond their expertise and comfort level, and opportunities for respite before becoming overwhelmed. NMFA is pleased that the Army is establishing paid Family Readiness Group positions at many installations dealing with deployments to provide additional support to families and volunteers—more of these positions are needed.

NMFA knows that the length of a deployment in times of war is subject to change, but also understands the frustrations of family members who eagerly anticipated the return of their servicemembers on a certain date only to be informed at the last minute that the deployment will be extended. Other than the danger inherent in combat situations, the unpredictability of the length and frequency of deployments is perhaps the single most important factor frustrating families today. Because of the unpredictable nature of the military mission, family members need more help in acquiring the tools to cope with the unpredictability. A recent town meeting in Europe was held for family members of soldiers who were among the 20,000 troops recently extended for ninety more days. The commander of U.S. Army Europe heard first-hand of the disruptions caused by this extension to families who only a few weeks before had been sitting in reintegration briefings and planning how to spend the time during the servicemembers' promised block leave. Now, these families face changes in move dates and fears they will not be settled at new assignments before school starts. Activities for children—including summer school—are now needed more than ever. School principals who thought parents would be home for graduation must arrange for video teleconferences to Iraq so that parents can still participate in the event. Families who purchased plane tickets for block leave trips back to the states must now seek refunds. Rear detachment personnel, family readiness volunteers and family center staff who were also looking forward to down time must now work harder to ensure that support is available for families in their charge.

Joint Family Support: An Idea Whose Time Has Come

NMFA applauds the increase in joint coordination to improve family readiness that has occurred over the past few years. As the military becomes more "joint," it makes sense to use a joint approach to family support, providing consistent information and using scarce personnel and other resources to the best advantage. A start in improved joint family readiness support has been DOD's establishment of a common web portal with links to military Service, private organization, and other useful government sites (www.deploymentconnections.org). All active and reserve component personnel and their families can now access the "One Source" 24-hour information and referral service. One Source provides information and assistance, not just for post-deployment concerns, but also in such areas as parenting and child care, educational services, financial information and counseling, civilian legal advice, elder care, crisis support, and relocation information. The service is available via telephone, e-mail, or the web and is designed to augment existing Service support activities and to link customers to key resources, web pages and call centers. It is also available to family center staff, many of whom tell NMFA that they regard it as a useful tool to expand the assistance they can provide families. One Source is operated for the military Services by a civilian company that provides similar Employee Assistance Programs for private industry. Early statistics on use indicate that servicemembers and families are accessing One Source primarily for everyday issues and basic information about military life. Military families who use One Source, including spouses who testified before the House Military Construction Appropriations Subcommittee in February, are pleased with the support and information provided.

While NMFA believes One Source is an important tool for family support, it is not a substitute for the installation-based family support professionals or the Family Assistance Centers serving Guard and Reserve families. NMFA is concerned that in a tight budget situation, family support staffing might be cut under the assumption that the support could be provided remotely through One Source. The One Source information and referral service must be properly coordinated with other support services, to enable family support professionals to manage the many tasks that come from high optempo. The responsibility for training rear detachment personnel and volunteers and in providing the backup for complicated cases beyond the knowledge or comfort level of the volunteers should flow to the installation family center or Guard and Reserve family readiness staff. Family program staff must also facilitate communication and collaboration between the rear detachment, volunteers, and agencies such as chaplains, schools, and medical personnel.

NMFA applauds the various initiatives designed to meet the needs of servicemembers and families wherever they live and whenever they need them and requests adequate funding to ensure continuation both of the "bedrock" support programs and implementation of new initiatives. Higher stress levels caused by open-ended deployments require a higher level of community support. Family readiness responsibilities must be clearly delineated so that the burden does not fall disproportionately on volunteers.

Education for Military Children

A significant element of family readiness is an educational system that provides a quality education to military children, recognizing the needs of these ever-moving students and responding to situations where the military parent is deployed and/or in an armed conflict. Children are affected by the absence of a parent and experience even higher levels of stress when their military parent is in a war zone shown constantly on television. The military member deployed to that dangerous place cannot afford to be distracted by the worry that his or her child is not receiving a quality education. Addressing the needs of these children, their classmates, and their parents is imperative to lowering the overall family stress level and to achieving an appropriate level of family readiness. But it does not come without cost to the local school system.

NMFA is pleased to report that most schools charged with educating military children have stepped up to the challenge. They are the constant in a changing world and the place of security for military children and their families. The goal, according to one school official, "is to keep things normal for the kids." The schools' role is to "train teachers in what to look for and deal with what they find." NMFA received many positive stories from parents and schools about how the schools have helped children deal with their fears, keep in touch with deployed parents, and keep focused on learning. We have also heard stories of schools helping each other, of schools experienced in educating military children and dealing with deployment-related issues providing support for school systems with the children of activated Guard and Reserve members. In the process, many schools have increased the un-

derstanding of their teachers and other staff, as well as their entire communities, about issues facing military families.

The Department of Defense is supporting this effort in several significant ways. Late last year, DOD launched a new education website (www.militarystudent.org) to provide information on a variety of education topics to parents, students, educational personnel, and military commanders. Its information is especially valuable for schools and families dealing with the issues of deployment for the first time. NMFA is also pleased to report that other Services are following the Army's lead and hiring full-time School Liaison Officers at certain installations. The Army not only has School Liaison Officers at all locations, but has also expanded to provide these information services to the reserve components, recruiters and other remotely-assigned personnel and their families.

NMFA applauds DOD initiatives to work with states to ease transition issues for military children and to ensure that military leaders and school officials are working together to provide high quality education for all their community's children. Hawaii's education officials are working closely with the Pacific Command through the Joint Venture Education Forum (JVEF). The JVEF has helped officials target Impact Aid and DOD supplement funding where most needed, marshaled military support to improve school facilities and sponsor school programs, conducted training sessions about the military for school personnel, and established model peer mentoring programs where students can help incoming military children acclimate to their new school. We believe such coordination between the military and the state and local entities charged with educating military children will bring an increased awareness to civilian neighborhoods about the value the military brings to their communities. To the military Services, this collaboration will bring a better awareness of the burden being shouldered by local taxpayers to educate military children. To military children and their parents, this collaboration shows that quality education is a shared priority between the Department of Defense and their local schools.

NMFA is appreciative of the support shown by Congress for the schools educating military children. It has consistently supported the needs of the schools operated by the DOD Education Activity (DODEA), both in terms of basic funding and military construction. Congress has also resisted efforts by a series of administrations to cut the Impact Aid funding so vital to the civilian school districts that educate the majority of military children. NMFA is also appreciative of the approximately \$30 million Congress adds in most years to the Defense budget to supplement Impact Aid for school districts whose enrollments are more than 20 percent military children and for the additional funding to support civilian school districts who are charged with educating severely disabled military children. NMFA does not believe, however, that this amount is sufficient to help school districts meet the demands placed on them by their responsibilities to serve large numbers of military children. Additional counseling and improvements to security are just two of needs faced by many of these school districts. NMFA requests this Subcommittee to increase the DOD supplement to Impact Aid to \$50 million so that the recipient school districts have more resources at their disposal to educate the children of those who serve.

DODEA

Department of Defense schools are located in overseas locations (DODDS) and on a small number of military installations in the United States (DDESS). The commitment to the education of military children in DOD schools between Congress, DOD, military commanders, DODEA leadership and staff, and especially military parents has resulted in high test scores, nationally-recognized minority student achievement, parent involvement programs and partnership activities with the military community. This partnership has been especially important as the overseas communities supported by DODDS and many of the installations with DDESS schools have experienced high deployment rates. DOD schools have responded to the operations tempo with increased support for families and children in their communities.

While DOD schools have been immune from some of the constraints besetting civilian schools affected by state and local budget pressures, military families served by DOD schools have expressed concerns in recent years about DOD rescissions that cause cuts in maintenance, staff development, technology purchases and personnel support and also forced the elimination of some instructional days in some districts. NMFA is hearing concerns that DODDS will not be able to fund summer school this summer. Given the high deployment levels and deployment extensions affecting some communities in Europe, we know that children will need this opportunity for learning and involvement with their peers more than ever. We ask that Congress work with DOD to ensure DOD schools have the resources they need to handle their additional tasks.

NMFA also asks this Subcommittee to understand the importance military parents attach to schools that educate their children well. DOD is currently preparing a Congressionally-requested report to determine whether it could turn some DDESS districts over to neighboring civilian education agencies. While NMFA does not object to the concept of a report to determine whether school systems are providing a quality education, using tax dollars well, or are in need of additional maintenance or other support funding, we are concerned about the timing of the study and the reaction it has caused in communities already dealing with the stress of the war and deployments. Families in these communities wonder why something that works so well now seems to be threatened. NMFA attended an October 2003 community-input forum sponsored by the Director of DODEA. We were impressed not just with the strong support commanders and other community leaders gave to these schools, but also with the efforts they had made to reach out to local civilian schools to improve education for all military children.

NMFA applauds the DOD vision that the Department focus on quality education for all military children. We have stated for years that DOD needs to do more to support civilian school districts educating most of the 85 percent of military children who do not attend DOD schools. We believe, however, that shifting children from highly successful, highly-resourced DOD schools to neighboring districts may cause more harm than good to both military children and their civilian peers. Adding to the stress in military communities also harms the education of military children. NMFA does not know what DOD's final recommendations will be. We encourage Members of Congress to study those recommendations closely before making any decision that could damage the educational success the DDESS schools have achieved.

Schools serving military children, whether DOD or civilian schools, need the resources available to meet military parents' expectation that their children receive the highest quality education possible. Because Impact Aid from the Department of Education is not fully funded, NMFA recommends increasing the DOD supplement to Impact Aid to \$50 million to help districts better meet the additional demands caused by large numbers of military children, deployment-related issues, and the effects of military programs and policies such as family housing privatization. Initiatives to assist parents and to promote better communication between installations and schools should be expanded across all Services. Military children must not be placed at a disadvantage as State and Federal governments devise accountability measures.

Strong Families Ensure a Strong Force

Mr. Chairman, NMFA is grateful to this Subcommittee for ensuring funding is available for the vital quality of life components needed by today's force. As you consider the quality of life needs of servicemembers and their families this year, NMFA asks that you remember that the events of the past 2½ years have left this family force drained, yet still committed to their mission. Servicemembers look to their leaders to provide them with the tools to do the job, to enhance predictability, to ensure that their families are cared for, their spouses' career aspirations can be met, and their children are receiving a quality education. They look for signs from you that help is on the way, that their pay reflects the tasks they have been asked to do, and that their hard-earned benefits will continue to be available for themselves, their families, and their survivors, both now and into retirement.

Senator STEVENS. Well, we travel a lot and we find the results of your work, and we thank your family association very much for what you are doing in really bringing to the families knowledge of what we are trying to do and what we have been able to achieve. So we will examine your statement in greater detail and we thank you very much for the statement.

Senator Inouye.

Senator INOUE. Well, I agree with the chairman that a strong family system equals a strong military.

Ms. RAEZER. Thank you, Mr. Chairman, and thank you, Senator Inouye.

Senator STEVENS. Our next witness is retired Captain Marshall Hanson of the United States Navy Reserve, Chairman of the Association for America's Defense.

Oh, pardon me. I am reading the wrong one. We will go to Melanie K. Smith, Director of the Lymphoma Research Foundation. You are next. Sorry about that.

STATEMENT OF MELANIE K. SMITH, DIRECTOR, PUBLIC POLICY AND ADVOCACY, LYMPHOMA RESEARCH FOUNDATION

Ms. SMITH. Thank you. Mr. Chairman and Senator Inouye, it is my pleasure to appear before you today to request that you expand the congressionally directed medical research program to include research on the blood cancers. I am Melanie Smith, Director of Public Policy and Advocacy for the Lymphoma Research Foundation (LRF), a voluntary health agency that funds lymphoma research and provides education and support services to individuals with lymphoma and their families and friends. On behalf of LRF, thank you for the opportunity to testify today.

This subcommittee is to be commended for its leadership in funding special research programs at the Department of Defense with a particular emphasis on cancer research. We realize that at the time that these programs were initiated, they were a departure from the national defense programs generally funded by the subcommittee. Over time, they have become model research programs that complement the research efforts of the National Institutes of Health (NIH) and that are hailed by patient advocates because they allow meaningful consumer input in the planning of the research portfolio and their view of research proposals.

We understand that the subcommittee is carefully evaluating the congressionally directed medical research program (CDMRP) and has asked the Institute of Medicine to consider options for expanding the funding of these research ventures potentially through public-private partnerships. In light of this evaluation and the difficult Federal budget situation, it may, on first consideration, seem illogical for LRF to propose an expansion of CDMRP. However, we think that an investment in blood cancer research will complement and strengthen the existing blood cancer program at CDMRP and that the benefits of a blood cancer research program will far exceed the financial commitment to it.

We make this bold statement based on the history of cancer research and treatment. We believe that directing funds to blood cancer research will yield benefits not only for blood cancer patients but also for patients that have been diagnosed with solid tumors. Advances in the treatment of the blood cancers have generally been of direct benefit to those with solid tumors.

For example, many chemotherapy agents that are now used in the treatment of a wide range of solid tumors were originally used in the treatment of blood cancers. The strategy of combining chemotherapy with radiation therapy began in the treatment of Hodgkin's disease and is now widely used in the treatment of many solid tumors. Many recently developed therapeutic interventions like monoclonal antibodies that target and disable antigens on the cell surface are thought to be responsible for cell proliferation began in the blood cancers but are now thought to hold promise for breast, prostate, ovarian, and other forms of cancer.

Each year approximately 110,000 Americans are diagnosed with one of the blood cancers. More than 60,000 will die in 2004 and

700,000 Americans are living with these cancers. Taken as a whole, the blood-related cancers are the fifth most common cancer behind lung, breast, prostate, and colorectal cancer.

The causes of the blood cancers remain unknown. With regard to Hodgkin's lymphoma and non-Hodgkin's lymphoma, immune system impairment and exposure to environmental carcinogens, pesticides, herbicides, viruses and bacteria may play a role. The linkage between exposure to one particular herbicide, Agent Orange, and the blood cancers has been established by the Committee to Review the Health Effects in Vietnam Veterans of Exposure to Herbicides, a special committee of the Institute of Medicine (IOM). This panel was authorized by the Agent Orange Act of 1991 and has issued four reports on the health effects of Agent Orange. The committee has concluded that there is sufficient evidence of an association between exposure to herbicides and chronic lymphocytic leukemia (CLL), non-Hodgkin's lymphoma and Hodgkin's lymphoma, and there is limited or suggestive evidence of an association between herbicide exposure and multiple myeloma.

The IOM panel does not have the responsibility to make recommendations about Veterans Administration benefits, but the VA has, in fact, responded to these reports by guaranteeing the full range of VA benefits to Vietnam veterans who have the diseases that have been linked to herbicide exposure, including CLL, Hodgkin's lymphoma, and non-Hodgkin's lymphoma.

In fiscal years 2002, 2003, and 2004, the subcommittee funded a research program at the Department of Defense that supports research on one particular kind of leukemia called chronic myelogenous leukemia, or CML. This form of leukemia has been much in the news because of the development of Gleevec, a drug that has been hailed as a possible cure for the disease. We applaud the subcommittee for its commitment to a program of CML research. We would recommend that this program, which has received total funding of slightly less than \$15 million over the last 3 years, be continued and that a parallel initiative be launched that would fund all other types of blood cancer research or that the CML program be expanded to fund research on all forms of blood cancer, perhaps with a special set-aside for CML.

We believe that an investment of \$16 million in a new blood cancer research program would have the potential to enhance our understanding of the blood cancers, viral and environmental links to these diseases and contribute to the development of new treatments.

The subcommittee can strengthen the overall CDMRP cancer research efforts and contribute to development of new treatments for people with a blood cancer and those with solid tumors. We believe an investment in blood cancer research would be a wise one.

We greatly appreciate the opportunity to present this proposal to you today. Thank you.

Senator STEVENS. Thank you very much.

Questions, Senator?

Senator INOUE. No.

Senator STEVENS. Thank you very much.

Ms. SMITH. Thank you.

[The statement follows:]

PREPARED STATEMENT OF MELANIE K. SMITH

Mr. Chairman and Members of the Subcommittee, it is my pleasure to appear before you today to request that you expand the Congressionally Directed Medical Research Program to include research on the blood cancers. I am Melanie Smith, Director of Public Policy and Advocacy of the Lymphoma Research Foundation (LRF), a voluntary health agency that funds lymphoma research and provides education and support services to individuals with lymphoma and their families and friends.

This Subcommittee is to be commended for its leadership in funding several special research programs at the Department of Defense (DOD), with a particular emphasis on cancer research. We realize that, at the time these programs were initiated, they were a departure from the national defense programs generally funded by the Subcommittee. Over time, they have become model research programs that complement the research efforts of the National Institutes of Health and that are hailed by patient advocates because they allow meaningful consumer input in the planning of the research portfolio and the review of research proposals.

We understand that the Subcommittee is carefully evaluating the CDMRP and has asked the Institute of Medicine (IOM) to consider options for expanding the funding of these research ventures, potentially through public-private partnerships. In light of this evaluation and the difficult federal budget situation, it may on first consideration seem illogical for LRF to propose an expansion of CDMRP. However, we think that an investment in blood cancer research will complement and strengthen the existing blood cancer programs at CDMRP and that the benefits of a blood cancer research program will far exceed the financial commitment to it.

We make this bold statement based on the history of cancer research and treatment. We believe that directing funds to blood cancer research will yield benefits not only for blood cancer patients but also for patients that have been diagnosed with solid tumors. Advances in the treatment of the blood cancer have generally been of direct benefit to those with solid tumors. For example, many chemotherapy agents that are now used in the treatment of a wide range of solid tumors were originally used in the treatment of blood cancers. The strategy of combining chemotherapy with radiation therapy began in the treatment of Hodgkin's disease and is now wisely used in the treatment of many solid tumors. Many recently developed therapeutic interventions, like monoclonal antibodies that target and disable antigens on the cell surface that are thought to be responsible for cell proliferation, began in the blood cancers but are now thought to hold promise for breast, prostate, ovarian, and other forms of cancer. Research on the blood cancers has also contributed to knowledge about staging cancer, as the concept of cancer staging to accurately define disease severity and target appropriate therapy began in lymphoma and is now used in all cancers.

We believe that there are additional facts that justify a DOD investment in blood cancer research, including the potential links between military service and development of certain blood cancers. For example, exposure to Agent Orange has been associated with blood cancers. Possible exposures to other toxins might also be linked to development of blood cancers, and an enhanced blood cancer research program will help us understand these links.

In the remainder of my statement, I will briefly provide additional information about the blood cancers, research on the possible causes of these cancers, and the benefits of expanding the current leukemia research program to include all blood cancers.

The Blood Cancers

Each year, approximately 110,000 Americans are diagnosed with one of the blood cancers. More than 60,000 will die from these cancers in 2004, and 700,000 Americans are living with these cancers. Taken as a whole, the blood-related cancers are the 5th most common cancer, behind lung, breast, prostate, and colorectal cancer.

There have recently been some significant advances in the treatment of the blood cancers. In 2001, the targeted therapy called Gleevec was approved for treatment of chronic myelogenous leukemia, and this drug is also approved for use in gastrointestinal stromal tumor (GIST). Two new radioimmunotherapies have been approved for patients with refractory NHL, and a new proteasome inhibitor for treating multiple myeloma was approved in 2003. These treatments represent progress in the fight against the blood cancers, but there is much work still to be done.

Although there have recently been declines in the number of new cases and deaths associated with many forms of cancer, the trend is different for non-Hodgkin's lymphoma and multiple myeloma. The incidence of non-Hodgkin's lymphoma has nearly doubled since the 1970's, and the mortality rate from non-Hodgkin's lymphoma is increasing at a faster rate than other cancers. One can see that, de-

spite scientific progress, there is much to be done to improve blood cancer treatments. We are pleased by any step forward, but our goal is still a cure of the blood cancers. We acknowledge that this is a scientifically difficult goal, but it must remain our objective. A DOD program could accelerate the achievement of this goal and may also benefit survivors with other forms of cancer.

The Link Between Blood Cancers and Military Service

The causes of the blood cancers remain unknown. With regard to Hodgkin's lymphoma and non-Hodgkin's lymphoma, immune system impairment and exposure to environmental carcinogens, pesticides, herbicides, viruses, and bacteria may play a role. The linkage between exposure to one particular herbicide—Agent Orange—and the blood cancers has been established by the Committee to Review the Health Effects in Vietnam Veterans of Exposure to Herbicides, a special committee of the IOM. This panel was authorized by the Agent Orange Act of 1991 and has issued four reports on the health effects of Agent Orange. The committee has concluded that “there is sufficient evidence of an association between exposure to herbicides” and chronic lymphocytic leukemia (CLL), non-Hodgkin's lymphoma, and Hodgkin's lymphoma, and there is limited or suggestive evidence of an association between herbicide exposure and multiple myeloma.

The IOM panel does not have responsibility to make recommendations about Veterans Administration (VA) benefits, but the VA has in fact responded to these reports by guaranteeing the full range of VA benefits to Vietnam veterans who have the diseases that have been linked to herbicide exposure, including CLL, Hodgkin's lymphoma, and non-Hodgkin's lymphoma. These benefits include access to VA health care. There are now, unfortunately, a number of Vietnam veterans who are receiving VA health care for treatment of CLL, non-Hodgkin's lymphoma, and Hodgkin's lymphoma, and DOD-sponsored research on these diseases has the potential to improve the survival and the quality of life for these veterans.

Potential Risks of Blood Cancers in the Future

We all acknowledge that we live in a very complicated age, where those in the military are at risk of exposure to chemical and biological agents. The evidence suggests that immune system impairment and exposure to environmental carcinogens, pesticides, herbicides, viruses, and bacteria may play a role in the development of Hodgkin's lymphoma and non-Hodgkin's lymphoma. It is therefore possible that, if our troops were exposed to chemical or biological weapons, they might be placed at increased risk of development of non-Hodgkin's lymphoma, Hodgkin's lymphoma, or one of the other blood cancers.

We strongly recommend that we invest now in research to understand the potential links between pesticides, herbicides, viruses, bacteria, and the blood cancers. The enhanced investment now may contribute to a deeper understanding of these possible linkages and to the development of strategies to protect those who suffer such exposures. A greater commitment to the research and development of new blood cancer therapies is also critically important if we anticipate that there may be more individuals, including those in the military, who suffer from those cancers as a result of service-connected exposure.

The Current DOD Chronic Myelogenous Leukemia Program

In fiscal year 2002, fiscal year 2003, and fiscal year 2004, the Subcommittee funded a research program at DOD that supports research on one particular kind of leukemia, called chronic myelogenous leukemia, or CML. This form of leukemia has been much in the news because of the development of Gleevec, a drug that has been hailed as a possible cure for the disease. We applaud the Subcommittee for its commitment to a program of CML research. We would recommend that this program, which has received total funding of slightly less than \$15 million over the last three years, be continued and that a parallel initiative be launched that would fund all other types of blood cancer research, or that the CML program be expanded to fund research on all forms of blood cancer, perhaps with a special set-aside for CML.

We believe that an investment of \$16 million in a new Blood Cancer Research Program would have the potential to enhance our understanding of the blood cancers and their links to chemical, viral, and bacterial exposures and to contribute to the development of new treatments. There are several promising areas of therapeutic research on blood cancers, including research about ways to use the body's immune system to fight the blood cancers, research on the development of less toxic and more targeted therapies than traditional chemotherapy agents, and research that will allow physicians to diagnose the specific type and subtype of blood cancers.

The Subcommittee can, through a modest enhancement of the existing CDMRP, strengthen the overall CDMRP cancer research effort and contribute to development of new treatments for people with a blood cancer and those with solid tumors. In

an age of severe fiscal constraints, the Subcommittee is understandably reluctant to increase its commitment to the CDMRP. However, an investment in blood cancer research would be a wise one.

We appreciate the opportunity to present this proposal to you and would be pleased to answer your questions.

Senator STEVENS. Our next witness is Captain Marshall Hanson.

**STATEMENT OF CAPTAIN MARSHALL HANSON, UNITED STATES
NAVAL RESERVE (RET.), CHAIRMAN, ASSOCIATIONS FOR AMERICA'S
DEFENSE (A4AD)**

Mr. HANSON. Good morning, Mr. Chairman, Senator Inouye. The Associations for America's Defense are very grateful to testify today.

A4AD looks at national defense, equipment, force structure, funding and policy issues, not normally addressed by the military support community. We would like to thank this committee for the on-going stewardship on issues of defense. At a time of war, its pro-defense and non-partisan leadership sets the example.

Support for our deployed troops in Iraq and Afghanistan are of primary importance and warrant top priority. A4AD would like to highlight some areas of emphasis.

As a Nation we need to be supplying our troops with the initial issue equipment needed in training and later in combat. A well-equipped soldier or marine is better prepared. Our associations are pleased with improvements in personnel protection over the past year. We credit both Congress and DOD leadership with increased armor protection provided soldiers in combat. Yet, troops preparing for Iraq are being given empty vests in which to train. Every soldier, Guardsmen or marine should receive an armored vest with initial issue, allowing them to go through basic and advanced combat training in full battle attire.

Good protection goes beyond steel and Kevlar. U.S. ground forces are under attack from improvised explosive devices (IED) on a routine basis. Countermeasure technology is available and should be funded to provide protection from attacks by jamming the electronic signals that detonate IED's.

From 1984–2001, 90 percent of worldwide combat aircraft losses were attributable to shoulder fired missiles. Aircraft have proven vulnerable in Iraq. Funding should be made available for the next generation of electronic aircraft survival equipment to reduce the risk to personnel and equipment.

The Pentagon is recommending the repeal of separate budget requests for procuring Reserve equipment. A combined equipment appropriation for each service will not guarantee needed equipment for the National Guard and Reserve components. We ask this committee to continue to provide appropriations against unfunded National Guard and Reserve equipment requirements. Included in our written testimony is a list of unfunded equipment for the Reserve components and the National Guard.

Equipment is only as good as the people who use it. A4AD believes the administration and Congress must make it a high priority to maintain, if not increase, end strengths of already over-worked military forces.

The associations have additional concerns on how the Guard and Reserve are being utilized by the Pentagon and see a move away

from the traditional mission of the Guard and Reserves to an operational part-time fighting force. A congressionally mandated comprehensive review of current Guard and Reserve roles and missions, and the proposed realignment of both the Army and Navy is needed, before these forces are hollowed out.

We would like to thank you for your ongoing support of the Nation, the armed services, and the fine young men and women who defend our country. I stand by for questions, and feel free in the future to contact us if you have any additional concerns.

Senator STEVENS. Well, we do thank you for your emphasis and we are trying to really reach the same goals you have outlined. I am not sure we have the money to do it all, but we thank you very much for your suggestions.

Senator.

Senator INOUE. I agree with you, sir, and I think we have reached that 4 percent minimum when you add the supplemental in there. But we will do our best.

Mr. HANSON. Thank you.

Senator STEVENS. Thank you very much.
[The statement follows:]

PREPARED STATEMENT OF MARSHALL HANSON

INTRODUCTION

Mister Chairman and distinguished members of the Committee, The Associations for America's Defense (A4AD) are very grateful for the invitation to testify before you about our views and suggestions concerning current and future issues facing the defense appropriations.

Founded in 2002, the Association for America's Defense is a recently formed adhoc group of eleven Military and Veteran Associations that have concerns about National Security issues that are not normally addressed by The Military Coalition, and the National Military Veterans Alliance. The participants are members from each. Among the issues that are addressed are equipment, end strength, force structure, and defense policy. Collectively, we represent about 2.5 million members.

Association of Old Crows, Enlisted Association National Guard of the United States, Marine Corps Reserve Association, Military Order of World Wars, National Association for Uniformed Services, Naval Enlisted Reserve Association, Naval Reserve Association, Navy League of the United States, Reserve Officers Association, The Retired Enlisted Association, and Veterans of Foreign Wars.

Collectively, the preceding organizations have over two and a half million members who are serving our nation, or who have done so in the past. The number of supporters expands to beyond five million when you include family members and friends of the military.

A4AD, also, cooperatively works with other associations, who provide input while not including their association name to the membership roster.

CURRENT AND FUTURE ISSUES FACING DEFENSE

The Associations for America's Defense would like to thank this Committee for the on-going stewardship that it has demonstrated on issues of Defense. At a time of war, its pro-defense and non-partisan leadership sets the example.

In keeping with this, A4AD would like to submit what its membership feel are the top equipment related issues for the Armed Forces.

Initial Issue Combat and Personnel Protection

Initial Issue.—Unfunded requirements remain. It includes the following items: Small Arms, Protective Inserts (SAPI), Outer Tactical Vests (OTV), Individual Load Bearing equipment (ILBE), All Purpose Environmental Clothing System (APECS), Lightweight Helmet (LWH), Modular General Purpose Tent System, Modular Command Post System, Lightweight Maintenance Enclosures, and Ultra Light Camouflage Net System. These help in training, and later in combat.

General Property and Support equipment.—Sun, wind and dust goggles, mosquito netting, field showers, field tarps and multi-faith chaplain's kits. Upgrade from the

M16A2 service rifle to the M4 Carbine should continue as it is a lighter and better version of the M-16. Lightweight, Air-Mobile, Rapid Deployable, Hard-Wall Shelter (HELAMS) are a lightweight, self-deployable, hard-wall mobile shelter. Lessons learned from Operation Iraqi Freedom show that tents did not perform well in the hostile environment of the desert.

Personnel Protection.—Gen. Michael Hagee, the Marine Corps commandant, and Gen. Peter Schoomaker, the Army chief of staff, said that they are working together to provide the best possible protection for their personnel who will be taking over the dangerous security and stability duties in Iraq.

General Schoomaker is supplying the Interceptor body armor to about three-fourths of the U.S. troops heading to Iraq, and plans to have the interceptor body armor now over there in sufficient numbers for everybody else. All of the protective gear will be kept in the combat zone to supply all active Army, National Guard and Army Reserve personnel in Iraq and Kuwait. The Marine Corps' requirements are included in these numbers.

General Hagee said that the 25,000 Marines who went into Iraq will have about 3,000 hardened trucks and Humvees, including those provided by the Army. General Schoomaker has also shared that there are three assembly sites in Iraq and Kuwait, which is retrofitting Humvees and trucks with armor plating.

Position Statement.—The A4AD associations are pleased with improvements in personnel protection over the past year. We credit both the Congressional and DOD leadership with increased quantities in body armor, armoring kits and hardened vehicles.

A4AD would like to highlight a continued need for personnel protection. Procurement needs to be expanded to include troops that are stateside. Troops training for Iraq were given empty vests in which to train, without armored plates. Every soldier, guardsmen or marine should receive an armored vest with initial issue, permitting them to go through basic and advanced combat training in full battle attire. Hardened vehicles should be included in training because of different driving characteristics.

It has been noted that all 8,400 armor kits should have been done by April 30th. On March 11, commanders on the ground in Iraq asked the Pentagon for another 856 add-on armor Humvee kits; 236 truck kits, including FMTVs; and 800 gun-truck armor kits. But Pentagon leaders have not addressed the request; because of funding concerns.

Position Statement.—There will be no funding or requisitions for these additional armor kits after April 30th. Supplemental funding is needed for these additional requirements.

Counter-measures to Improvised Explosive Devices

Currently in Iraq, U.S. ground forces and our coalition allies are coming under attack from Improvised Explosive Devices (IED's) on a routine basis. These devices are cobbled together from unexploded ordnance or from explosives left behind after the collapse of the former regime. Many are activated while ground troops pass a particular point using radio signals generated from electronics as simple as a garage door opener or as sophisticated as a cellular telephone. Countermeasure technology is now available for installation on unarmored personnel carriers like Humvees to provide protection from attacks by jamming the electronic signals that detonate IED's.

A limited quantity of this technology has been deployed, but this is not enough. All future procurement should require the installation of similar jamming technology to provide protection to ground forces now, and in future deployments. Additional research and development should be initiated immediately to enhance and expand the personal security benefits of this type of technology against similar future threats.

Position Statement.—Immediate emphasis is needed for the procurement of sufficient quantities of countermeasures to protect every unarmored personnel carrier now deployed in the battle space.

Aircraft Survivability Equipment

Much media attention has been paid to the problem of air survivability for helicopters in Iraq and Afghanistan. In the past, Congress has examined the anti-missile defense systems that need to be retrofitted into many of our deployed helicopters.

Position Statement.—With the cancellation of the Comanche helicopter program by the Army, it has been reported that funding for this program would be re-programmed toward reviewing, upgrading and installing countermeasure protections on Army helicopters. Congress should quickly approve this request.

From 1984–2001, ninety percent of worldwide combat aircraft losses were attributable to Shoulder Fired Missiles. Also called MANPAD (Man Portable Air Defense Systems), these are most often heat-seeking missiles, employing sensors that home in on the airplane's infrared signature, likely the engine. Their ability to accurately target aircraft from as far as 3 miles and as high as 20,000 feet makes them very difficult to protect against.

Fixed wing aircraft are also flying in theatre: C-5s, C-9s, C-17s, C-40As and C-130s. Most military aircraft, including transports, are equipped with sensors that can detect incoming missiles and can drop flares to deflect the heat-seeking missiles or chaff to spoof those that are radar-guided.

Approximately 50 percent of the Air Mobility Command fleet has anti-missile defensive systems. But 100 percent of AMC's C-17s (105 aircraft), and 90 percent of the C-130s (approximately 500) are so equipped. The C-130, C-17 and C-5 fleets have flare-based countermeasures systems. Used in combat drops, the C-17's cockpit floor is sheathed with Kevlar to protect the pilots against ground fire. Only a handful of C-17s are being equipped with a new laser countermeasure system, called LAIRCM. Many C-130s have electronic warning receivers, using sensors in the nose and tail and chaff. The tanker fleets of KC-135s and KC-10s have no defensive systems.

Because of the high power settings all transport jet aircraft are vulnerable to MANPADS when in approach or after take-off climb phase of flight.

In January, an Air Force C-5 transport plane carrying 63 troops was struck by a surface-to-air missile as it left Baghdad Airport but managed to land safely. In December an Air Force C-17 cargo and troop transport plane was hit by a surface-to-air missile after takeoff from Baghdad with a crew of three and 13 passengers. Several unsuccessful attacks were made on C-103 aircraft in 2003.

Chaff and flares typically are employed to deflect heat-seeking missiles. In Baghdad, flares are often fired in a precautionary mode when landing. Confidence in these basic missile defense systems is not absolute. Pilots are flying evasively to reduce further risk. "High and fast" is one tactic reported to minimize aircraft exposure to the "bad guys".

New technologies and tactics utilized by non-traditional combatants have stretched the effectiveness of existing countermeasure systems for fixed and rotary wing aircraft in the battle space. Recent events in Iraq have demonstrated the vulnerability of our aircraft to attack from ground fire, rocket propelled grenades, and MANPADS, or shoulder-fired missiles.

Advancements in technology allow upgrade missile defense systems. Newer "aircraft survivability equipment," or ASE, can be described as integrated countermeasure dispensing systems that include detection equipment, threat adaptive computer, and deployable decoys. Another system includes a new laser countermeasure system; called LAIRCM where the computer guided intense light interferes with the missile guidance.

These systems are designed to provide the capability of automatic or pilot commanded response, and works alone or in coordination with other countermeasures defensive systems to defeat Air Interceptor (AI), Anti-Aircraft Artillery (AAA), and Surface-to-Air Missiles (SAMs).

The Army Guard is flying unarmed and unarmored twin engine aircraft, called the C-23 Sherpa and C-12 Hurons with passengers and cargo from Kuwait into Iraq. It is essentially a commercial airplane in a combat theater. The Sherpa crews are counting on installing defensive chafe and flare devices similar to those used on C-130s and designed to decoy a missile away from the target.

Position Statement.—Congress should immediately fund the installation and/or upgrade of countermeasure systems in all fixed and rotary wing aircraft in the battle space to provide the greatest degree of protection for the U.S. warfighter.

Anti-explosive foams.—Military aircraft can be as vulnerable as civilian airplanes to threats other than missiles. A tracer bullet into a fuel tank can have disastrous effects. One solution is to retrofit the aircraft fuel tanks with a foam lining that is anti-explosive. The density of the foam captures most projectiles, and fumes or fuel are protected from heat and spark. This is a low cost upgrade.

Other protective measures.—IR suppression, ECM, fuel tank fire suppression, night vision lighting (NVL), DECM/CIRCM, aircraft, and aircrew personnel armor and self-defense, and paratroop door armor.

Position Statement.—Appropriated monies should include simpler self-protective measures as well as more sophisticated. Aircraft survival is a full range package.

Maintaining the National Guard and Equipment List

In the recent authorization bill submission to Congress, the Department of Defense is requesting that National Guard and Reserve equipment accounts be merged with that of the parent service.

A single equipment appropriation for each service would not guarantee that the National Guard and Reserve Components would get any new equipment. The National Guard and Reserve Equipment Account (NGREA) is vital to ensuring that the Guard and Reserve has some funding to procure essential equipment that has not been funded by the services. Dollars intended for Guard and Reserve Equipment might be redirected to Active Duty non-funded requirements.

This action would essentially end Congressional support of Guard and Reserve equipment accounts and severely reduce its ability to ensure that National Guard and the Reserve Components receive adequate funding to perform their missions and maintain readiness. Neither the National Guard nor Reserve would have the funds to pay for equipment that has not been programmed by the parent services. This will lead to decreased readiness.

This move is reminiscent of the attempt by DOD, last year, to consolidate all pay and O&M accounts into one appropriation per service. Any action by the Pentagon to circumvent Congressional oversight should be resisted.

Position Statement.—We ask this committee to continue to provide appropriations against unfunded National Guard and Reserve Equipment Requirements. To appropriate funds to Guard and Reserve equipment would help emphasize to the Active Duty that it is exploring dead-ends by suggesting the transfer of Reserve equipment away from the Reservists.

Unfunded Equipment Requirements

This last year, this working group provided input for equipment for both Active duty, and the Reserve and Guard. With the Armed Forces engaged in the Global War on Terrorism, it is not the time for debate on equipment needs for the regular forces.

Position Statement.—Unfunded AD requirements have been submitted to Congress and should be supported at best levels.

\$6.0 billion for the Army, \$2.5 billion for the Navy, \$2.4 billion for the Air Force, and \$1.3 billion for the Marine Corps.

Reserve Component requirements are provided for the major four of the uniformed services. The services are not listed in priority order.

Top Guard and Reserve Equipment Requirements:

[In millions of dollars]

	Amount
Air Force Reserve:	
C-40's Medivac [replaces aging C-9A] (4)	261.3
Large aircraft I/R Counter Measures	42.9
B-52 Litening II Targeting Pod	7.8
A-10 Litening Targeting Pod	37.7
C-130 APN-241 Radars	38.9

Litening ER is a self-contained, multisensor laser target designating and navigation system that enables pilots to detect and identify ground targets for highly accurate delivery of both conventional and precision-guided weapons.

[In millions of dollars]

	Amount
Air Guard:	
C-17's (per aircraft)	184
C-40C Special Mission Aircraft (1)	65
Fire Vehicle Replacements (per year)	15
Patient Decontamination Assemblages	3.4
Regional Equipment Operators Training Site	12
Army Reserve:	
Light Medium Tactical Vehicles [LMTV] (600)	92
Medium Tactical Vehicles [MTV] (800)	146
Movement Tracking System [MTS] (2005)	25
Multi-band Super Hi Frequency [SHF] Terminal (38)	114
High Frequency [HF] Radio (1,255)	53

[In millions of dollars]

	Amount
All Terrain Lifting Army System [ATLAS] (100)	10
Army Guard:	
High Mobility Multi-Purpose Wheeled Vehicle (HMMWV)	
Single Channel Ground Air Radio System (SINGARS)	
Heavy Expanded-Mobility Tactical Truck (HEMTT)	
Family of Medium Tactical Vehicles (FMTV)	
Military Tactical Generator Sets	
Reserve Marine Corps:	
F/A-18 ECP-583 Upgrade (combined AD/RC)	63
CH-53E HNVS "B" Kits (Forward Looking Infrared) (combined AD/RC)	46.2
Initial Issue equipment	10
General Property and Support Equipment	3
Depot Level Maintenance Program	6.4
Naval Reserve:	
Littoral Surveillance System, LSS coastal defense (1)	19
Naval Coast Warfare Boats (28)	45
P-3C AIP Kits (2)	29
F/A-18 ECP-560 Upgrades (8)	24
C-40 A Inter-theater Transport (2)	130
C-130 Propeller Upgrade Modification Program [PUMP] and ground tools	

Reserve Commission/Comprehensive Review of the Guard and Reserve

A number of the services are reviewing and suggesting major changes to their Reserve Component. A4AD is concerned that ongoing manpower reviews are being budget driven where the bottom line dollar will undercut effective mission accomplishment. The Active Duty services are anxious to "transform" their Reserve without Congressional oversight.

Position Statement.—If our Active Duty leadership makes unfortunate choices, there is a potential of unnecessary Defense costs for Congress to remedy. A Congressional mandated comprehensive review of the current Guard and Reserve issues, roles and missions, along with realignment and integration plan of both the Army and Navy is very much needed. We believe that the best way to address these issues is through a Congressionally mandated Commission on Guard and Reserve Transformation Issues for the 21st Century.

Maintaining or Increasing End Strength

Issues.—The United States is at War. While Secretary of Defense Rumsfeld has publicly opposed increases, and claims there are no plans for reduction, within DOD there is subtle pressures are to be found encouraging personnel cuts.

A4AD has continuing concerns about the mismatch between reducing active duty and reserve force strengths and the increasing mission requirements. While retention remains at record highs, and military members seem ready and willing to make personal sacrifices on behalf of their country in the War on Terrorism, this luxury of manpower will not last. If the current Active Duty end strength was adequate, the demand for Reserve and Guard call-up would not be so urgent.

A4AD believes the Administration and Congress must make it a high priority to maintain if not increase end strengths of already overworked military forces, even though DOD seems to want to work these forces even harder.

Position Statement.—End strengths need to be closely examined by both the House and Senate as a first step in addressing this situation. We also solicit your input and support for maintaining or increasing end strength in future debates.

The 4 percent solution

Issue.—Despite increases in the Defense budget, demands will be outstripping the availability of dollars. As money begins to be reprogrammed into Research and Development, the active duty programs will be stressed by perceived shortfalls. Resulting covetous possession will distort long term planning as planners seek to preserve favorite programs, surrendering the vulnerable and obsolete as a means to maintain the "strong". Such acquisitiveness will stifle innovation, and eradicate retention.

The Armed Forces are an instrument of National Security and Defense, and are in affect an insurance policy to this Country; as demonstrated by events since 9/11/2001. Americans should be willing to invest as much into defense as we do into the personal insurance policies.

Position Statement.—A4AD urges the President of the United States and members of Congress to continue to increase defense spending to a minimum of 4 percent of Gross Domestic Product.

CONCLUSION

A core of military and veteran associations is looking beyond personnel issues to the broader issues of National Defense. As a group, we will continue to meet in the future, and hope to provide your committee with our inputs.

Thank you for your ongoing support of the Nation, the Armed Services, and the fine young men and women who defend our country. Please contact us with any questions.

Senator STEVENS. Our next witness is David Evans from Illinois Neurofibromatosis. Thank you.

STATEMENT OF DAVID EVANS ON BEHALF OF ILLINOIS NEUROFIBROMATOSIS, INC.

Mr. EVANS. Thank you, Mr. Chairman and Senator Inouye, for this opportunity to appear before you today to present this testimony to the subcommittee on the importance of continued funding for neurofibromatosis, NF, a terrible genetic disorder associated with military purposes and closely linked to common diseases widespread among the American population.

I am David Evans representing Illinois Neurofibromatosis, Inc., which is a participant in our national coalition of NF advocacy groups. I have lived with NF my entire life. Although I have not suffered any of NF's more severe symptoms, I have experienced rude comments and harassment my entire life. On July 4, 1996, I was threatened with arrest if I would not leave a water park in Crestwood, Illinois. After other patrons complained to the owner, he informed me that I looked terrible and should wear a shirt or leave. I explained NF to him and assumed the matter was settled. Later, however, he brought in the police and I was forced to leave. As a result of this experience, I have become active in Illinois NF, Inc. and have been on the board of directors since 1997.

NF is a genetic disorder involving uncontrolled growth of tumors along the nervous system which can result in terrible disfigurement, deformity, deafness, blindness, brain tumors, cancer, and death. NF can also cause abnormalities such as unsightly benign tumors across the entire body and bone deformities. In addition, one-half of the children with NF suffer from learning disabilities. It is the most common neurological disorder caused by a single gene. While not all NF patients suffered from the most severe symptoms, all NF patients and their families live with the uncertainty of not knowing whether they will be seriously affected one day because NF is a highly variable and progressive disorder.

Approximately 100,000 Americans have NF. It appears approximately in 1 every 3,500 births and strikes worldwide without regard to gender race or ethnicity. It is estimated that 50 percent of the new cases result from spontaneous mutation in an individual's genes and 50 percent are inherited. There are two types of NF: NF1, which is more common; and NF2, which primarily involves acoustic neuromas and other tumors, causing deafness and balance problems. NF research will benefit over 150 million Americans in this generation alone because NF has been directly implicated in many of the most common diseases affecting the general population.

NF research is directly linked to military purposes because NF is closely linked to cancer, brain tumors, learning disabilities, heart disease, brain tissue degeneration, nervous system degeneration, deafness, and balance. Because NF manifests in the nervous system, this subcommittee in past report language has stated that the Army supported research on NF includes important investigations into genetic mechanisms governing peripheral nerve regeneration after injury from such things as missile wounds and chemical toxins. For the same reason, this subcommittee also stated NF may be relevant to understanding Gulf War Syndrome and to gaining a better understanding of wound healing. Today NF research includes important investigations into genetic mechanisms which involve not just the nervous system but also other cancers.

Recognizing NF's importance to both the military and the general population, Congress has given the Army's NF research program strong bipartisan support. The Army program funds innovative, groundbreaking research which would not otherwise have been pursued and has produced major advances in NF research. The program has brought new researchers into the field of NF, as can be seen by the nearly 60 percent increase in applications in the past year alone. Unfortunately, despite this increase, the number of awards has remained relatively constant over the past couple of years, resulting in many highly qualified applications going unfunded.

Because of the enormous advances that have been made as a result of the Army's NF research, research in NF has truly become one of the great success stories in the current revolution of molecular genetics, leading one major researcher to conclude that more is known about NF genetically than any other disease. Accordingly, many medical researchers believe NF should serve as a model to study all diseases.

Mr. Chairman, the Army's highly successful NF research program has shown tangible results and direct military application with broad implications for the general public. Now in that critical area of clinical translation research, scientists closely involved with the Army program have stated that the number of high quality scientific applications justify a much larger program. Therefore, increased funding is now needed to take advantage of promising avenues of investigation to continue building on the success of this program and to fund translational research, thereby continuing the enormous return on the taxpayers' investment.

I am here to respectfully request an appropriation of \$25 million in the fiscal year 2005 Department of Defense appropriations bill for the Army neurofibromatosis research program. This is a \$5 million increase over the fiscal year 2004 funding level of \$20 million.

Thank you for your support of this program and I appreciate this opportunity to testify to the subcommittee.

Senator STEVENS. Would you please provide for the record the monies received for NF from any other Government source such as NIH? We would appreciate it.

Mr. EVANS. From NIH?

Senator STEVENS. Will you also provide for the record—I want it for the record, not now, thank you.

Mr. EVANS. Okay, we will provide that to you.

Senator STEVENS.—how many members of the armed services have NF.

Mr. EVANS. Although we know there are members of the armed services, we do not have a number.

Senator STEVENS. Senator Inouye.

Senator INOUE. No questions.

Senator STEVENS. Thank you very much.

Mr. EVANS. Thank you.

[The information follows:]

PREPARED STATEMENT OF DAVID EVANS

Thank you, Mr. Chairman, for the opportunity to appear before you today to present testimony to the Subcommittee on the importance of continued funding for Neurofibromatosis (NF), a terrible genetic disorder directly associated with military purposes and closely linked too many common diseases widespread among the American population.

I am David Evans, representing Illinois Neurofibromatosis, Inc., which is a participant in a national coalition of NF advocacy groups. I have lived with NF my entire life. Although I have not suffered any of NF's severe symptoms, I have experienced the social problems caused by being afflicted with NF. I have endured rude comments and harassment my entire life. On July 4, 1996 I was threatened with arrest if I would not leave a water park in Crestwood, Illinois. After other patrons complained to the owner; he informed me that I looked "terrible" and should wear a shirt or leave. I explained NF to him and assumed the matter was settled. Later however, he brought in the police and I was forced to leave. As a result of this experience I became active in Illinois NF, Inc. and have been on the board of directors since 1997.

Mr. Chairman, I am requesting increased support, in the amount of \$25 million, to continue the Army's highly successful NF Research Program (NFRP). The program's great success can be seen in the commencement of clinical trials only ten years since the discovery of the NF1 gene. Now, with NF in the expensive but critical era of clinical and translational research, scientists closely involved with the Army program have stated that the number of high-quality scientific applications justify a much larger program.

What is Neurofibromatosis (NF)?

NF is a genetic disorder involving the uncontrolled growth of tumors along the nervous system which can result in terrible disfigurement, deformity, deafness, blindness, brain tumors, cancer, and/or death. NF can also cause other abnormalities such as unsightly benign tumors across the entire body and bone deformities. In addition, approximately one-half of children with NF suffer from learning disabilities. It is the most common neurological disorder caused by a single gene. While not all NF patients suffer from the most severe symptoms, all NF patients and their families live with the uncertainty of not knowing whether they will be seriously affected one day because NF is a highly variable and progressive disease.

Approximately 100,000 Americans have NF. It appears in approximately one in every 3,500 births and strikes worldwide, without regard to gender, race or ethnicity. It is estimated that 50 percent of new cases result from a spontaneous mutation in an individual's genes and 50 percent are inherited. There are two types of NF: NF1, which is more common, and NF2, which primarily involves acoustic neuromas and other tumors, causing deafness and balance problems. NF research will benefit over 150 million Americans in this generation alone because NF has been directly implicated in many of the most common diseases affecting the general population.

NF's Connection to the Military

NF research is directly linked to military purposes because NF is closely linked to cancer, brain tumors, learning disabilities, heart disease, brain tissue degeneration, nervous system degeneration, deafness, and balance. Because NF manifests itself in the nervous system, this Subcommittee, in past Report language, has stated that Army-supported research on NF includes important investigations into genetic mechanisms governing peripheral nerve regeneration after injury from such things as missile wounds and chemical toxins. For the same reason, this subcommittee also stated that NF may be relevant to understanding Gulf War Syndrome and to gaining a better understanding of wound healing. Today, NF research now includes im-

portant investigations into genetic mechanisms which involve not just the nervous system but also other cancers.

The Army's Contribution to NF Research

Recognizing NF's importance to both the military and to the general population, Congress has given the Army's NF Research Program strong bipartisan support. After the initial three-year grants were successfully completed, Congress appropriated continued funding for the Army NF Research Program on an annual basis. From fiscal year 1996 through fiscal year 2004, this funding has amounted to \$130.3 million, in addition to the original \$8 million appropriation in fiscal year 1992. Between fiscal year 1996 and fiscal year 2003, 361 proposals were received, of which 119 awards have been granted to researchers across the country. The Army program funds innovative, groundbreaking research which would not otherwise have been pursued, and has produced major advances in NF research, such as the development of advanced animal models, preclinical therapeutic experimentation and clinical trials. The program has brought new researchers into the field of NF, as can be seen by the nearly 60 percent increase in applications in the past year alone. Unfortunately, despite this increase, the number of awards has remained relatively constant over the past couple of years resulting in many highly qualified applications going unfunded.

In order to ensure maximum efficiency, the Army collaborates closely with other federal agencies that are involved in NF research, such as NIH and the VA. Senior program staff from the National Cancer Institute (NCI) and the National Institute of Neurological Disorders and Stroke (NINDS), for example, have sat on the Army's NF Research Program's Integration Panel which sets the long-term vision and funding strategies for the program. This assures the highest scientific standard for research funding while ensuring that the Army program does not overlap with other research activities.

Because of the enormous advances that have been made as a result of the Army's NF Research Program, research in NF has truly become one of the great success stories in the current revolution in molecular genetics, leading one major researcher to conclude that more is known about NF genetically than any other disease. Accordingly, many medical researchers believe that NF should serve as a model to study all diseases.

Future Directions

The NF research community is now ready to embark on projects that translate the scientific discoveries from the lab to the clinic. This translational research holds incredible promise for NF patients, as well as for patients who suffer from many of the diseases linked to NF. This research is costly and will require an increased commitment on the federal level. Specifically, increased investment in the following areas would continue to advance NF research and are included in the Army's NF research goals:

- Clinical trials
- Development of drug and genetic therapies
- Further development and maintenance of advanced animal models
- Expansion of biochemical research on the functions of the NF gene and discovery of new targets for drug therapy
- Natural History Studies and identification of modifier genes—such studies are already underway, and they will provide a baseline for testing potential therapies and differentiating among different phenotypes of NF
- Development of NF Centers, tissue banks, and patient registries.

Fiscal Year 2005 Request

Mr. Chairman, the Army's highly successful NF Research Program has shown tangible results and direct military application with broad implications for the general population as well. The program is now poised to fund translational and clinical research, which is the most promising yet the most expensive direction that NF research has taken. The program has succeeded in its mission to bring new researchers and new approaches to research into the field. Therefore, increased funding is now needed to take advantage of promising avenues of investigation, to continue to build on the successes of this program, and to fund this translational research thereby continuing the enormous return on the taxpayers' investment.

I am here today to respectfully request an appropriation of \$25 million in your fiscal year 2005 Department of Defense Appropriations bill for the Army Neurofibromatosis Research Program. This is a \$5 million increase over the fiscal year 2004 level of \$20 million.

Mr. Chairman, in addition to providing a clear military benefit, the DOD's Neurofibromatosis Research Program also provides hope for the 100,000 Americans

like me who suffer from NF, as well as the tens of millions of Americans who suffer from NF's related diseases such as cancer, learning disabilities, heart disease, and brain tumors. Leading researchers now believe that we are on the threshold of a treatment and a cure for this terrible disease. With this Subcommittee's continued support, we will prevail.

Thank you for your support of this program and I appreciate the opportunity to present this testimony to the Subcommittee.

MAY 17, 2004.

Senator TED STEVENS,
Chairman, Senate Appropriations Subcommittee on Defense, 119 Dirksen Senate Office Building, Washington, DC 20510.

DEAR CHAIRMAN STEVENS: Thank you for the opportunity to testify before the Senate Appropriations Subcommittee on Defense regarding the Army's Neurofibromatosis Research Program (NFRP). Neurofibromatosis (NF) is a terrible genetic disorder directly associated with military purposes and closely linked to many common diseases affecting approximately 150 million Americans.

As I discussed in my testimony, Neurofibromatosis (NF) research is directly linked to military purposes because it is closely linked to cancer, brain tumors, learning disabilities, memory loss, brain tissue degeneration and regeneration, nervous system degeneration and regeneration, deafness, balance and healing after wounding. Indeed, the House Defense Appropriations Subcommittee in a prior year underscored the importance of NF research to the military by stating in Report Language that Army-supported research on NF includes important investigations into genetic mechanisms governing peripheral nerve regeneration after injury from such things as missile wounds and chemical toxins, and is important to gaining a better understanding of wound healing.

As a result of the huge success of the highly acclaimed NFRP, researchers are now engaged in translational research which will directly benefit the military, NF patients and close to 150 million Americans in the general population who suffer from NF's many related disorders.

Most importantly, the Army's NFRP does not fund the same kind or level of research as NIH. Rather the Army's NF medical research program funds much more aggressive, higher risk and innovative research from which the real breakthroughs in science come, including funding NF's first clinical trials, therapeutic experimentation, development of advanced mouse models, natural history studies as well as encouraging the development of consortia and bringing researchers from other fields into NF research. To ensure coordination and avoid duplication or overlap, the director of NF research at NINDS sits on the Army's Integration Panel for NF as have other NIH officials in the past.

The NFRP has been widely acclaimed by the NF research community, and just in the past year, it received nearly 60 percent more applications than the year before. Thanks to the NFRP, we are now at the threshold of treatments and a cure for this devastating illness and its related disorders. There is no question that the Army NF Program has accelerated the rate of progress by many years and has resulted in research advances that otherwise might never have occurred. Because of the enormous advances that have been made as a result of the Army's NF Research Program, research in NF has truly become one of the great success stories in the current revolution in molecular genetics, leading one major researcher to conclude that more is known about NF genetically than any other disease. Accordingly, many medical researchers believe that NF should serve as a model to study all diseases.

Neurofibromatosis (NF) is really two genetically distinct disorders. Both disorders affect males and females equally and people of all races and ethnic groups. Half of the people with NF do not have a family history of the disorder. Neurofibromatosis type 1 (NF-1), which is the most common, affects 1 in 4,000 births. Neurofibromatosis type 2 (NF-2) affects 1 in 40,000.

In order to ensure maximum efficiency, the Army coordinates and collaborates closely with other federal agencies that are involved in NF research, such as the National Institutes of Health (NIH) and the Department of Veterans Affairs (VA). In fiscal year 2004 approximately \$19.4 million went to complimentary NF Research at the various institutes at NIH, including NCI (\$5.6 million), NINDS (\$6.3 million), NICHD (\$0.8 million), NEI (\$0.3 million), NIDCD (\$2.0 million), NHGRI (\$3.8 million), NCRN (\$0.4 million), and NHLBI. This funding however, typically funds more traditional, less innovative and more basic orientated research than the Army Program.

Recognizing the importance of the NFRP to military and civilian populations, as well as its strong track record in advancing NF research on a limited budget, Congress has consistently funded the NFRP over the past decade, rising to a level of \$20 million in fiscal year 2004. The program enjoys bipartisan support, including strong support in the House of Representatives and the Senate.

The Army's Congressionally Mandated NF Research Program (NFRP) has furnished the figures of 124 cases of NF reported in 2003 and 731 seeking treatment among all Services active duty military and their dependents during the last 10 years. However, the number of cases of known NF in the military is really not the issue but rather, the enormous implications advances in NF research have for direct military purposes such as healing after wounding, brain tissue regeneration, memory loss, nerve tissue regeneration, balance problems, hearing loss, blindness, as well as its direct connection to cancer, brain tumors, heart disease and cognitive disorders which affect the general population as well.

Because of the characteristics of NF and the wide range of manifestations and varying degrees of severity, NF is difficult to diagnose. In addition, the symptoms are progressive over the individual's lifetime and many applicants to military service are unaware that they have NF until later in adulthood. Therefore NF is frequently missed in admitting physicals and is often not diagnosed until military service is completed. Fourteen year Army veteran Ted Yates, who is featured in the attached *Stripe* article, is a prime example of one who had his military career cut short because of NF.

Mr. Chairman, I respectfully invite your attention to all the invaluable information provided by the Army regarding the NFRP on its website: <http://cdmrp.army.mil>.

Thank you for your attention, and I hope this answers any questions you may have. If you or your staff wishes to talk further, you can speak with me at (847) 290-5025, or with my Washington representatives Ed Long and Katie Weyforth at (202)544-1880.

Sincerely,

DAVID H. EVANS.

[From *Stripe*, August 28, 1992]

VETERAN COPES WITH GENETIC DISORDER

DISEASE TAKES TWO DISTINCT FORMS; UNDETECTABLE UNTIL TUMORS BEGIN

(By Barry Reichenbaugh, *Stripe* staff writer)

For Ted Yates, it's been a source of lasting pain.

First he bore the emotional pain of watching his mother endure years of a disease people knew very little about. Then his adult life brought physical pain as he discovered he also had the same disease. It came to be known as neurofibromatosis.

Through it all he has persisted.

Yates recently spent a week at Walter Reed Army Medical Center for some routine testing and to record some comments for an educational video about the condition affecting his body.

As an Army major with a masters degree in civil engineering, his career was cut short by a loss of hearing resulting from neurofibromatosis 2.

Neurofibromatosis is a genetic condition that causes tumors to form on nerves anywhere in the body. The condition occurs in two distinct forms. NF-1 causes coffee-colored spots on the skin and both internal and external tumors which may disfigure a person's appearance: NF-2 frequently causes brain and spinal tumors which can lead to loss of hearing, sight and balance.

The disorders are sometimes inherited and sometimes the result of spontaneous mutation, according to existing information on neurofibromatosis. There is no test for either form of NF, no way to prevent the disease, and no cure. The disease is lesser-known than Muscular Dystrophy, Tay-Sachs and Huntington's Disease, but it affects more people.

"The thing's so traumatic," Yates says. "People have facial paralysis, they can't hear, their eyes don't operate properly, like me they're clumsy. They go into the bedroom and sit. And it's hidden."

Yates and two brothers inherited the disorder from their mother, who died in her sixties while undergoing an operation for the removal of tumors.

He says doctors had no idea he had NF-2 when he had his first tumor removed in 1965 at age 25. He wasn't severely affected by the disorder and continued his

Army career for another decade. Operations for tumors affecting his acoustic nerves in the late 1970s led to complete deafness and his medical retirement from the Army after 14 years of service.

His last operation was in 1984. Since then, because tumors can recur at any time, Yates has periodic Magnetic Resonance Imaging scans done around his head and spine to detect new growths.

The tumors that people who have NF commonly develop can cause constant pain. The external tumors can severely disfigure the skin and cause mental anguish on top of the physical pain.

"One thing I learned early on is that people in our society put too much emphasis on appearance," says Yates. "And once they see your face . . . they pity you. They want to kind of get away from you. Nobody has wanted to talk about NF . . . now we do."

Awareness is getting better, says Mary Ann Wilson of Neurofibromatosis, Inc., but her organization and others continue their efforts to educate medical professionals and the public. NF, Inc., is a national not-for-profit organization in Mitchellville, Md. "Through educating the public we also promote tolerance toward people who have NF, especially the ones who look different and who have the multiple tumors," says Wilson.

She says NF, Inc., is producing an educational videotape about the disorder, its symptoms and its affect on people and their families. Starting this fall the video will be shown at medical facilities and schools to physicians, social workers, genetic counselors and the public. Wilson's group is actively involved in attracting funding and support for continued research in hope of finding a cure for the disorders.

The National Institute of Health is working to find the origin of NF-2. Researchers there have traced the NF-2 genetic trail through several generations of Yates' family.

"Mr. Yates' family is a very large family, and that makes it useful for these kinds of studies," says Dr. Dilys Parry, a clinical genetics researcher with the National Institute of Health in Bethesda, Md. "To try to map a gene you need to have affected and unaffected individuals in two and preferably three or more generations. His family alone provided us enough information to map the gene.

"We know the chromosome the gene is on," says Parry. "We have some DNA markers that we know are near the gene, but we don't have the gene yet."

Parry says once researchers have the gene they can figure out what the normal gene is doing and what went wrong to cause NF-2. With that knowledge, she says, they may be able to develop therapeutic methods to prevent tumors from growing.

One tragic aspect of both NF-1 and NF-2 is that since there's no test to uncover the disorders before tumors first appear, people with NF can pass the disorder on to their children before they know they have it themselves.

"The one thing that ties all of us together," says Wilson, "whether NF-1 or NF-2, is the unpredictability of the condition. You don't know if your children have it until it manifests itself."

"Once you know you have NF you can probably go two ways—you can either accept it or reject it," says Yates. "And if you accept, it you really don't need anybody's help to cope. If you reject it you do."

Yates is one of those people who accepts the disorder but doesn't let it keep him housebound. In addition to spending his time in his woodworking shop and tending his vegetable garden and fruit trees, Yates has touched the lives of scores of young people in his home of Enterprise, Ala., through his involvement in youth soccer. Two of his YMCA teams have earned state championships.

"I really enjoy seeing kids develop," answers Yates when asked what he likes about coaching soccer. "You take 15 individuals and you can mold them into a team. You can see them get better—team-wise and individually.

"What they're learning is a little about life—they're learning that they can't do everything by themselves—it takes somebody else involved to really get a job done."

That's also how Yates sees his life with NF-2.

"You really have to fight depression all the time," he says. "It's hanging right there on your shoulder all the time. I stay busy. I push myself. If I get up and I don't feel good and I think I'm not going to do anything today—I'll say 'no, you're going to do something,' and then I'll start doing something."

He says he gets encouragement from his wife, Laraine, his family and friends, including friends made here at Walter Reed during numerous visits over the years.

The Neurosurgery Clinic staff at WRAMC sees several patients with neurofibromatosis, says Capt. James Ecklund, M.D., chief resident in neurosurgery. Yates, he says, has "a fairly complex case" of NF-2 in that he has "a lot of tumors." But despite his condition, says Ecklund, Yates copes very well with his problems.

"He's a wonderful guy," says Ecklund. "He's doing well in spite of his deafness. He's an excellent reader of lips."

Yates says he appreciates the treatment he gets every time he comes to Walter Reed.

"I've been coming here since 1983," says Yates, "and no matter who's here, they've all been good to me. I can't say enough about the staff here. The people who've been here a while know me and they treat me real good. It's just like homecoming when I come up here. They're all glad to see me and want to know how I'm doing."

NEUROFIBROMATOSIS: INHERITED, CAUSED BY GENETIC MUTATIONS

(By Barry Reichenbaugh, Stripe staff writer)

There are two genetically distinct forms of neurofibromatosis: NF-1 and NF-2.

Both forms are genetic disorders of the nervous system that can cause tumors to form on the nerves anywhere in the body, at any time, according to educational literature prepared by Neurofibromatosis, Inc., of Mitchellville, Md.

Neither form of the disease can be passed on by contact. Neurofibromatosis is either inherited, or it develops by some unexplained genetic mutation. All races and both sexes are equally affected.

NF-1 (formerly called Recklinghausen's Disease) occurs in about one in 4,000 births and is characterized by:

- Multiple cafe-au-lait colored spots on the skin;
- Tumors of varying sizes on or under the skin;
- Freckling in the underarm or groin area.

Some people with NF-1 have mild symptoms and live relatively normal lives. Others have many nerve fibrous lumps on the face and body. Changes in hormone levels during puberty or pregnancy can increase the problem. Kids with NF-1 sometimes have learning disabilities and speech problems, seizures and can be hyperactive.

NF-2, or bilateral acoustic neurofibromatosis, occurs in about one in 50,000 births and is characterized by:

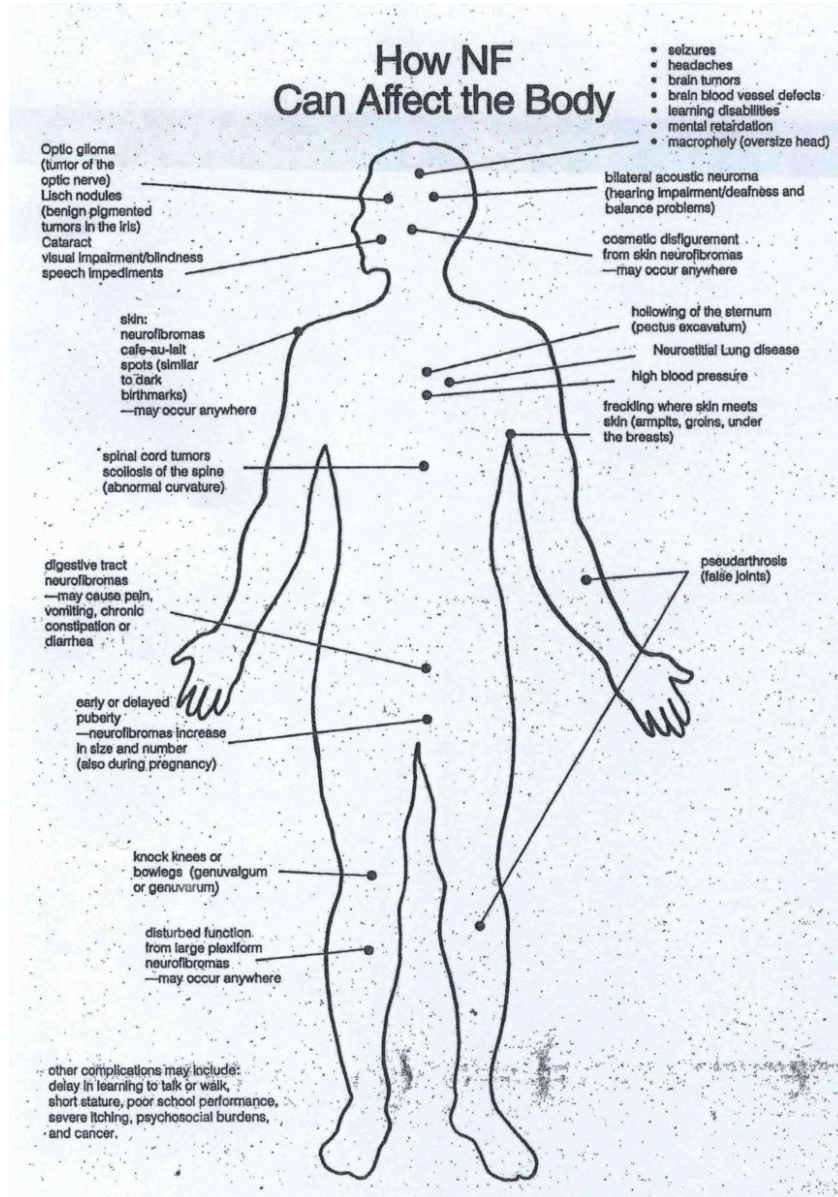
- Tumors affecting the hearing nerves, often resulting in hearing loss and balance problems;
- Tumors of the brain or spinal cord and skin;
- Unusual cataracts of the eye occurring at an early age.

Signs of NF-2 usually appear after puberty. People with NF-2 may lose their hearing or sight, experience headaches, dizziness and balance problems.

An affected person has a 50 percent chance of passing the disorder on to each offspring. Neurofibromatosis 1 and 2 may be associated with bone deformation, hearing loss, vision impairment, and seizures.

People who do not have neurofibromatosis cannot pass the disease on to their children.

For more information on neurofibromatosis, contact Mary Ann Wilson at (301) 577-8984, TDD (301) 461-5213, or write to NF, Inc., Mid-Atlantic chapter, 3401 Woodridge Court, Mitchellville, MD 20721-2817.



Senator STEVENS. Our next witness is Benjamin Butler, Legislative Director for the National Association of Uniformed Services. Good morning, sir.

STATEMENT OF BENJAMIN H. BUTLER, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

Mr. BUTLER. Mr. Chairman, Senator Inouye, the National Association for Uniformed Services is very grateful for the invitation to

testify before you about our views and suggestions concerning defense funding issues. I would like to highlight part of my written testimony pertaining to military health care.

We would like to thank the subcommittee and the full Appropriations Committee for its leadership in the past, resulting in TRICARE improvements for all military medical beneficiaries. However, we must again urge that the Senate provide full funding of the defense health program.

A recent action in the Washington, DC, area illustrates the impact that funding can have on health care. According to a document from a medical treatment facility (MTF) commander in the Washington, DC, area, "Our Nation is at war. As a result, this is an exceptional tight fiscal year for which no supplemental funding is anticipated."

Consequently, within the local military health care network, enrollment in TRICARE Prime for new enrollees is restricted to active duty and active duty family members only. New retirees and family members under age 65 may enroll only with a civilian primary care manager.

In addition, certain special services within the network are limited and beneficiaries may not have access to urology, physical therapy, and optometry, and for certain the Fort Belvoir ear, nose, and throat clinic because of its closure.

We are concerned that what is happening locally within the Washington, DC, area will be duplicated across the country and within all MTF and TRICARE networks.

And these actions go beyond just patient access. For example, it affects the entire military medical department. Doctors need to have access to patients with medical conditions to practice and develop their skills. Without patient access and skill development of doctors and teams required for delivery of high quality general and specialized procedures, there is a tremendous adverse effect on military medical readiness. Especially affected are fields like cardio surgery, urology, general surgery, ophthalmology, and internal medicine.

Our concerns are that urologists, general surgeons, and other doctors will be reduced to treating routine situations on an active duty only population within the United States, and if this happens, how can DOD interest military doctors in remaining on active duty?

Most retirees and their family members under the age of 65 joined TRICARE Prime to continue care in the military system. Forcing them out of the military care denies them the care they want and the military doctors the full range of patients they need for their training and skills.

Many in military medicine have been concerned for years about the eroding patient base. Closing TRICARE Prime to retirees and their family members on base accelerates the erosion of the referral base to military medical centers where most of the specialized training takes place.

Funding shortfalls that cause MTF commanders to cut off retirees from direct military medical care and that force them to seek care in the civilian sector has the potential of harming the military medical departments.

Mr. Chairman, the overall goal of the National Association of Uniformed Services (NAUS) is a strong national defense. We believe that comprehensive, lifelong medical care for all uniformed services beneficiaries, regardless of age, status, or location, furthers this goal. As evidenced by the recent changes in the military health care system locally, none of these goals can be achieved without adequate funding and without the people to work on, the skills that are so important to our military doctors could diminish.

Thank you, Mr. Chairman.
[The statement follows:]

PREPARED STATEMENT OF BENJAMIN H. BUTLER

INTRODUCTION

Mister Chairman and distinguished members of the Committee, The National Association for Uniformed Services (NAUS) is very grateful for the invitation to testify before you about our views and suggestions concerning the following defense funding issues:

SURVIVOR BENEFITS PROGRAM (SBP) IMPROVEMENTS

Age 62 Survivor Benefits Program Offset

The National Association for Uniformed Services primary survivor goal is the elimination of the age 62 Survivor Benefit Program annuity offset. This would increase the annuity from 35 percent to the original 55 percent. Not only were many of the earliest enrollees not provided the full explanation of the benefits and the Social Security Offset, but the Federal Government provides a substantially higher annuity with no offset for federal Civil Service survivors annuities.

Position: We urge the committee to provide funding for the annuity increase as described in S. 1916, and end the often-devastating effects of the offset.

30 Year Paid-Up Status

A secondary goal is the acceleration of the paid-up provisions by changing the effective date from October 1, 2008 to October 1, 2004, one year beyond the 30th anniversary of the program. Enrollees who have reached the age of 70 and have paid their SBP premiums for more than 30 years (360 payments) are already being penalized.

Position: We ask that you provide funding to allow those early enrollees to be allowed this relief as described in S. 2177.

Survivor Benefits Program / Dependency and Indemnity Compensation Offset

Currently, if the retired military sponsor, who enrolled in the Survivor Benefits Program, dies of a service-connected disability, the surviving spouse is eligible for both the SBP annuity and Dependency and Indemnity Compensation (DIC) from the Department of Veterans Affairs. However, the SBP annuity is offset by the full amount of the DIC annuity. Each program's purpose is different, SBP's goal is to provide for the loss of the sponsors earned retired pay, and DIC's goal is to provide the surviving spouse compensation for the loss of their spouse due to injuries caused by his/her service to the country.

Position: The National Association for Uniformed Services strongly urges funding for S. 585.

MILITARY EXCHANGES AND COMMISSARIES

Issue One.—Why would the Department of Defense want to reduce the commissary benefit at its greatest time of need? The answer is money. DOD wants to reduce the subsidy for the commissary system that provides food and other essentials to troops and families around the world, which will end up in the military community losing the benefit. Examples of this include a recent proposal studied by DOD to implement a policy of variable pricing at military commissaries that would actually reduce the savings to the military customer. While the variable pricing study requested by DOD does not seem to offer a favorable recommendation, we are concerned that additional bad ideas like this will be generated in the future that will ultimately hurt the benefit.

NAUS understands the importance of saving scarce taxpayer's dollars. Every taxpayer dollar collected must be used wisely to keep down the amount of taxes the

government collects; this is only common sense. Therefore, every government agency, department or system must be as efficient as possible. For example, the leaders of the commissary system have been and are continuing to make internal changes to improve efficiencies and reduce overhead operating costs. DOD should be setting goals, not mandating changes.

Position: The National Association for Uniformed Services strongly urges you to continue to provide the funding for the Commissary Subsidy to sustain the current services. Commissaries are a key component of the military pay and compensation package. Any action that reduces the benefit means a diminished quality of life and more out of pocket costs.

Issue Two.—The Department of Defense is planning the consolidation of the Armed Services three-exchange services into one single entity, though still retaining the “look and feel” of each store and maintaining the service culture to which the patrons are accustomed. The goal again, is to save money by elimination of redundant overheads, delivery systems, and the power of economy of scaling purchasing.

Position: NAUS does not endorse a consolidation, especially if consolidation is for consolidation’s sake. Streamlining, improving internal operations and implementation of cost saving measures must not reduce the value of the benefit. NAUS supports funding for system studies, but not an accelerated consolidation.

CURRENT AND FUTURE ISSUES FACING UNIFORMED SERVICES HEALTH CARE

The National Association for Uniformed Services would like to thank the Subcommittee and the Full Appropriations Committee for its leadership in the past for providing the landmark legislation extending the Pharmacy benefit and TRICARE system to Medicare eligible military retirees, their families and survivors, making the lifetime benefit permanent, establishing the DOD Medicare Eligible Retiree Health Care Fund, reducing the catastrophic cap and making other TRICARE improvements. However, we must again urge that the Senate provides full funding of the Defense Health Program.

A recent action in the Washington, DC area illustrates the impact that funding can have on the health care benefit. According to a document from a MTF commander in the Washington, DC area, which may duplicate similar notices issued by other MTF commanders around the country, “Our nation is at War. As a result, this is an exceptional tight fiscal year for which no supplemental funding is anticipated.”

Consequently, within the Fort Belvoir Health Care Network, which is a part of the Walter Reed Army Medical Center network, enrollment in TRICARE Prime for new enrollees is restricted to Active Duty (AD) and Active Duty Family Members (ADFM) only. New retirees and family members, under age 65, may enroll only with a civilian primary care manager. Furthermore, enrollment in TRICARE Plus (for retirees/family members over 65) is no longer available to new enrollees, or the Prime enrollees aging into Medicare.

In addition, certain special services within the network are limited and beneficiaries may not have access to Urology, Physical Therapy, and Optometry; and, for certain the Fort Belvoir Ear Nose and Throat clinic because of its closure.

We are concerned that what is happening locally within the Washington, DC area will be duplicated across the country and within all MTF and TRICARE Networks.

And, these actions go beyond just patient access. For example it affects the entire military medical department. For example, doctors need to have access to patients with medical conditions to practice and develop their skills. Without patient access and skill development of doctors and teams required for delivery of high quality general and specialized procedures—there is a tremendous adverse affect on military medical readiness. Especially affected are fields like cardiothoracic surgery, urology, general surgery, ophthalmology and internal medicine. Does the military have no further need for doctors treating Ear, Nose and Throat problems?

Other concerns are:

- How will the remnants of the military medical departments be able to take care of troops involved in the various theaters of operations that are or will be involved in fighting the War on Terror?
- Will urologist/general surgeons be reduced to treating routine situations on an active duty only population within the United States?
- If so, how can DOD interest them in remaining on active duty? Most retirees and their family members under the age of 65 join TRICARE-Prime to continue care in the military system. Forcing them out of military care denies them the care they want and doctors the full range of patients they need for their training and skills.
- What about the retired Medical Corps officers that were lured to return as civilian doctors to staff MTFs?

Many in military medicine have been concerned for years about the eroding patient base. Closing TRICARE-Prime to retirees and their family members at the base level accelerates the erosion of the referral base to military medical centers where most of the specialized training takes place.

Funding shortfalls that are more than likely a reaction to a mid-term budget review and other DOD imposed restrictions that causes MTF commanders to cut off retirees from direct military medical care and that forces them to seek care in the civilian sector has the potential of harming the military medical departments.

We are also concerned about staffing MTFs with "temporary" hire physicians. After witnessing an ever changing medical program that has no job security, what kind of physician can be found to work in such an environment? Would they be the ones at the end of their careers that are anxious to leave at the first sign of trouble or a better job? Additional questions also arise concerning the time, money, and effort was used to secure contract physicians in the first place.

Not all retirees are old. Many are retiring at the 20-year point between the ages of 37–42. Others, many who are now patients at our military medical centers are being treated for wounds received in Iraq and other places, and will be placed on the retired list while they are in their very early 20's or 30s. What reaction can we expect from these wounded troops after being told that if they stay in the military or are medically retired will be persona non grata in the direct care system at age 65?

Mr. Chairman, the overall goal of the National Association for Uniformed Services is a strong National Defense. We believe that comprehensive, lifelong medical and dental care for all Uniformed Service beneficiaries regardless of age, status or location furthers this goal. As evidenced by the recent changes in the military health care system locally none of these goals can be achieved without adequate funding, and without the people to work on, the skills that are so important to our military doctors could diminish.

FEHBP

The National Association for Uniformed Services has been a long time proponent of legislation that would provide military personnel the option of participating in the Federal Employees Health Benefit Program. Though confident that the TRICARE program and the TRICARE for Life program will be successful, because they are an outstanding value for most beneficiaries, in a few cases, the TRICARE/TRICARE for Life options may not be the best choice, or may not be available for the eligible beneficiary. For that reason, we believe the FEHBP option should be enacted. Providing the FEHBP, as an option would help stabilize the TRICARE program, provide a market based benchmark for cost comparison and be available to those for whom TRICARE/TRICARE for Life is not an adequate solution.

Position: NAUS strongly urges the committee to provide additional funding to support a full FEHBP program for military personnel as an option.

Include Physician and Nurse Specialty Pay in Retirement Computations

Results of a recent Active Duty Survey show that pay and benefits are the most important factors impacting retention. Improving specialty pay/bonuses and including specialty pay/bonuses in retired pay calculations would aid retention. Therefore, prompt action to retain these and other highly skilled medical professionals is needed.

Position: The National Association for Uniformed Services requests funding to allow the military physicians and nurses to use their specialty pay in their retirement computations. The military services continue to lose top quality medical professionals (doctors and nurses) at mid-career. A major reason is the difference between compensation levels for military physicians and nurses and those in the private sector.

Permanent ID Card for Dependents Age 65 and Over

One of the issues stressed by NAUS is the need for permanent ID cards for dependents age 65 and over. With the start of TRICARE for Life, expiration of TFL-eligible spouses' and survivors' military identification cards, and the threatened denial of health care claims, causes some of our older members and their caregivers' significant administrative and financial distress.

Formerly, many of them who lived miles from a military installation or who lived in nursing homes and assisted living facilities just did not bother to renew their ID card at the four-year expiration date. Before the enactment of TFL, they had little to lose by doing so. But now, ID card expiration cuts off their new and all-important health care coverage.

A four-year expiration date is reasonable for younger family members and survivors who have a higher incidence of divorce and remarriage, but it imposes significant hardship and injustice to the more elderly dependents and survivors.

NAUS is concerned that many elderly spouses and survivors with limited mobility find it difficult or impossible to renew their military identification cards. A number of seniors are incapacitated living in residential facilities, some cannot drive, and many more do not live within a reasonable distance of a military facility. Often the threat of loss of coverage is forcing elderly spouses and survivors to try to drive long distances to get their cards renewed. Renewal by mail can be confusing and very difficult for beneficiaries or their caregivers. The bottom line is that those who cannot handle the daunting administrative requirements to renew their ID card every four years potentially face a significant penalty.

Position: NAUS urges that the Subcommittee direct the Secretary of Defense to authorize issuance of permanent military identification cards to uniformed services family members and survivors who are age 65 and older, with appropriate guidelines for notification and surrender of the ID card in those cases where eligibility is ended by divorce or remarriage.

CONCLUSION

Mr. Chairman and distinguished members of the Sub-Committee, we want to thank you for your leadership and for holding these hearings this year. You have made it clear that the military continues to be a high priority and you have our continuing support.

Senator STEVENS. Well, I certainly wish we had the funding. We might be able to meet some of these requests today. But I do think you have got a point.

Do you know the cost of using the Federal Employees Health Benefits Program (FEHBP) in lieu of the TRICARE option?

Mr. BUTLER. We have that information available. I will provide it for the record, Mr. Chairman.

Senator STEVENS. I would like to see that.

Also, have you requested the military ID cards before? I think that is a very valid idea. They should have them anyway to have access to military facilities if they want to seek medical care at such a facility when they are traveling. Have you asked for that before?

Mr. BUTLER. Asked for military identification (ID) cards?

Senator STEVENS. Yes, for uniformed service family members and survivors who are 65 and older. Have you asked for that before?

Mr. BUTLER. Yes, we have. We have presented that in testimony before with the over 65 that have a hard time getting their ID cards renewed. We believe when they turn 65, that it should be indefinite at that time.

Senator STEVENS. We would support that. I am not sure we can do it or whether it should go to the Armed Services Committee, but it is a good suggestion.

Senator.

Senator INOUE. No questions.

Senator STEVENS. Thank you very much. Enjoyed your testimony.

Our next witness is Harry Armen, President-elect, American Society of Mechanical Engineers.

STATEMENT OF HARRY ARMEN, PRESIDENT-ELECT, AMERICAN SOCIETY OF MECHANICAL ENGINEERS

Mr. ARMEN. Good morning. My name is Harry Armen. I am President of the American Society of Mechanical Engineers, a

120,000 member engineering society founded in 1880. I have 39 years of experience in the defense aerospace industry.

We appreciate the opportunity to appear before your subcommittee to present our views on the importance of science, engineering, and technology programs sponsored by the DOD, programs that are critically important to fundamental scientific advances and to the next generation of highly skilled scientists and engineers. I want to specifically thank this subcommittee and you, Mr. Chairman, and you, Senator Inouye, for the ongoing support that you have shown for the DOD science and technology programs.

The stated goal of the administration and Congress is to maintain defense S&T funding at 3 percent of the defense budget. This would require \$12.1 billion for fiscal year 2005. We urge you to support this level of funding to enhance both the security and the economic vitality of the Nation.

While we appreciate your continued support for the overall program, we remain very concerned about the growing level of investments in near-term applied R&D at the expense of long-term investments in basic research. We urge you to reverse the declining percentage of funding that supports basic research within the S&T portfolio.

In the early 1980's basic research was 20 percent of that portfolio. That level has declined to less than 12 percent. We strongly urge this subcommittee to support basic research that will lead to the next generation of advances in defense technology and ultimately to fielded systems. Here is why.

Reductions in the basic research budget will have adverse consequences on the development of the science and engineering workforce. DOD basic research and graduate education programs are tightly linked. The failure to invest now to sustain these programs will reduce the number and quality of students who become engineers and scientists in the future. I cannot impress upon you enough that this is an urgent situation, one that keeps me and should keep the members of the subcommittee awake at night. We are simply not attracting the best and brightest of our young students to enter the field of defense R&D.

Furthermore, unlike in the past, engineering students from abroad are not planning to remain in the United States after graduation, but are instead planning to return to their home countries to explore opportunities there. While the commercial industry is able to utilize talent from abroad, the defense industry cannot.

A recent RAND study concluded that two-thirds of all Federal R&D funding that went to institutes of higher learning in 2002 was provided by the Department of Health and Human Services. Most of that went to life sciences. In sharp contrast, the DOD provided 7 percent. Our students followed the dollars.

We have an opportunity now to reverse the situation by attracting the best and the brightest young minds to consider a career in defense R&D. I urge the members of the subcommittee to continue your support to strengthen DOD science, engineering, and technology programs. It will require your continued commitment and attention to defense R&D to ensure that our best engineering and scientific minds are once again willing to apply their talents to meeting the future defense needs of this Nation.

I thank you for the opportunity to offer our views.
[The statement follows:]

PREPARED STATEMENT OF HARRY ARMEN

The ASME DOD Task Force of the Inter-Council Committee on Federal Research and Development (ICCFRD) is pleased to provide this testimony on the Research, Development, Test and Evaluation (RDT&E) and the Science, Engineering and Technology (SET) programs within the fiscal year 2005 budget request for the Department of Defense. We appreciate the opportunity to provide input on these areas that are critical to the national security and economic vitality of the United States.

Introduction

ASME is a nonprofit, worldwide engineering Society serving a membership of 120,000. It conducts one of the world's largest technical publishing operations, holds more than 30 technical conferences and 200 professional development courses each year, and sets many industrial and manufacturing standards. The work of the Society is performed by its member-elected Board of Governors through five Councils, 44 Boards, and hundreds of Committees operating in 13 regions throughout the world.

ASME's DOD Task Force (herein referred to as "the task force") is comprised of university and industry members who contribute their engineering and policy expertise to review the DOD budget and legislative requests. The Task Force believes it is uniquely qualified to evaluate budget and policy issues in the area of DOD's science, engineering and technology development programs. This analysis is provided as a public service and we are proud to contribute to a better public policy-making process.

DOD Research, Development, Test and Evaluation Accounts

The Administration requested \$68.9 billion for the Research, Development, Test and Evaluation (RDT&E) portion of the fiscal year 2005 DOD budget. These resources are used mostly for developing, demonstrating, and testing weapon systems, such as fighter aircraft and warships. This amount represents growth from last year's appropriated amount of about 6 percent, and is historically the highest funding level for overall engineering activities, even when adjusted for inflation. Therefore, even with new requirements generated from the transformational military, missile defense, and the war on terrorism, this funding level appears to be sufficient to develop, demonstrate, and bring military systems to the production phase that will be required in the near future. Hence, the Task Force supports the overall funding request for RDT&E.

DOD Science, Engineering and Technology Accounts

A relatively small fraction of the total RDT&E budget is allocated for the core Science, Engineering and Technology (SET) programs. Specifically, the Administration's proposed SET request is \$10.55 billion, 15 percent of the RDT&E total, and 15 percent lower than the fiscal year 2004 appropriated level of \$12.5 billion. The Task Force is very concerned with the proposed significant reductions in the SET accounts, particularly in the areas of basic research and in programs that fund advanced science, mathematics, and engineering education.

There are three (3) components to the SET budget: basic research (6.1), applied research (6.2), and advanced technology development (6.3). The Administration's request in all three of these areas is less than present funding levels.

The request for basic research (6.1) is \$1.3 billion, 5 percent lower than the fiscal year 2004 appropriated amount of \$1.4 billion. Basic research is less than 12 percent of the SET budget, and less than 2 percent of the RDT&E total, and yet the programs supported by this account are critically important to fundamental scientific advances and to the next generation of highly skilled scientists and engineers. Almost all of the current high-technology weapon systems, from laser-guided, precision weapons, to the global positioning satellite (GPS) system, have their origin in fundamental discoveries generated by these defense-oriented, basic research programs. Proper investments in basic research are needed now, so that the fundamental scientific results will be available to create innovative solutions to future defense needs of this country. Over the last 40 years, more than half of all mechanical and electrical engineering graduate students have been funded under these DOD basic research programs. Many of the technical leaders in corporations and government laboratories which are developing current weapon systems, such as the F-22 and the Joint Strike Fighter, were educated by fellowships and/or research programs funded by DOD basic research programs. Failure to invest sufficient re-

sources in basic, defense-oriented research could reduce innovation and weaken the future S&E workforce.

The request for applied research (6.2) is \$3.9 billion, 14 percent below the fiscal year 2004 funding level of \$4.4 billion. The programs supported by this account are generally intended to take basic scientific knowledge, perhaps phenomena discovered under the basic research programs, and apply them to important defense needs. These programs may involve laboratory proof-of-concept and are generally conducted at universities and government laboratories. Some devices created in these defense technology programs have dual use, such as GPS, and the commercial market far exceeds the defense market. Many small companies that fuel job growth in many states obtained their start in defense programs, but later broaden their market. However, without initial support many of these companies would not exist. Failure to properly invest in applied research would prevent many ideas for devices from being tested in the laboratory, and would stunt the creation and growth of small entrepreneurial companies.

The request for advanced technology development (6.3) is \$5.3 billion, 17 percent lower than the present funding level of \$6.3 billion. These resources support programs that develop technology to the point that they are ready to be used in weapon systems. Generally without real system-level demonstrations, which are funded by these accounts, companies are reluctant to incorporate new devices into system development programs.

The Congress in general, and this subcommittee specifically, has acted in recent years to increase funding in the DOD SET accounts, and we thank you for your support. The oft-stated goal of both the Administration and Congress is to maintain defense SET funding at 3 percent of the overall defense budget. This would require \$12.1 billion for the SET accounts for fiscal year 2005, which is an increase of approximately \$1.6 billion above the Administration's request. We recommend you support this level of funding to maintain stable funding in the SET portion of the DOD budget. This level of funding will enhance the long-term security and economic vitality of our country.

We further recommend that the Administration and Congress undertake a five-year program to reverse the declining percentage of funding within the SET portfolio that supports basic research. This is precisely the type of work that yielded discoveries used today in weapons systems, platforms and protective gear successfully fielded to save lives. In the early 1980s, basic research accounted for nearly 20 percent of SET funding. This level has declined to less than 12 percent of the SET budget and less than 2 percent of the overall RDT&E budget. We encourage the Committee to reverse this downward trend in investments in the basic ideas that are going to lead to tomorrow's advances in defense technology.

Science and Engineering (S&E) Workforce

The DOD supports 37 percent of all federal research in the computer sciences and 44 percent of all engineering research, as well as significant shares of research in mathematics and oceanography. DOD's impact is even greater in several engineering sub-disciplines such as electrical engineering and mechanical engineering. DOD funds research in these disciplines for their contributions to national defense, but this research is also a key source for major innovations in the civilian economy. Through their research, engineers and scientists are helping to prepare the U.S. military to be ready for the new threats it faces in the 21st century, including nuclear, chemical, biological, and other asymmetric threats such as terrorism and cyber attacks.

A December 2003 National Science Board report titled "The Science and Engineering Workforce: Realizing America's Potential" stated, ". . . demographics data indicate that participation of U.S. students in science and engineering will decline if historical trends continue in S&E degree attainment by our college-age population. At the same time, retirements of scientists and engineers currently in the workforce will accelerate over the coming years."

Reductions in the SET budgets have potential adverse consequences on the development of the S&E workforce. DOD basic research and graduate education programs are tightly linked by design. The failure to invest now to sustain these programs will reduce the number and quality of engineers and scientists in the future. Many of the highly trained and competent people that emerge from these research programs contribute directly to the design and development of defense systems. Still others, who receive advanced technical educations as a result of these programs, but who do not work directly in the defense industry, make contributions to national security by enhancing America's economy.

There is also a growing and alarming trend in many industries to outsource engineering and other highly-skilled service activities to foreign workers. In the past

outsourcing was largely driven by cost considerations and was limited to low-cost, low-skilled workers. However, there is an emerging trend to outsource highly skilled engineering workforce products such as software and systems design and integration. It is not clear that a U.S. based defense contractor, relying heavily on engineers and scientists in other countries, represents a domestic capability. Domestic content legislation for defense procurement makes little or no sense if the engineers that design the systems ultimately reside outside the United States.

The Task Force believes that protectionist measures will not be able to serve the long-term policy objective of having the capability to design, develop, and manufacture defense systems within the United States. In order to assure this capability, sufficient manpower, particularly those with the critical skills needed for creating advanced defense systems, needs to be available in sufficient numbers in the United States. Therefore, prudent investments in programs that create a robust, domestic supply of engineers and scientist with masters and doctoral level educations is in the national interest.

As the Administration and Congress respond to and prepare for terrorism, increasing funding for DOD's SET Programs is vital. These programs protect the stability of the Nation's defense base, strive to maintain technological superiority in our future weapons systems, and educate new generations of scientists, engineers, mathematicians, and skilled technicians who maintain our position as the world's technological leader.

Conclusion

In Summary, the Task Force supports the overall RDT&E request of \$68.9 billion, but urges the subcommittee to increase the science, engineering and technology (SET) component accounts by \$1.6 billion to \$12.1 billion. The proposed 15 percent reduction in science, engineering and technology funding would stifle innovation needed for future defense systems and have a detrimental impact on the production of scientists and engineers, with advanced technical degrees, required to develop military systems in the years to come. In addition, we recommend that the Administration and Congress undertake a five-year program to reverse the declining percentage of funding within the SET portfolio that supports basic research.

Senator STEVENS. Well, thank you very much. Your organization did visit us, and we had some conversations about mechanical engineering dropping behind in terms of investment for R&D.

Are you into nanotechnology at all in terms of your applications in the military field?

Mr. ARMEN. We are starting to, yes, sir. Yes, we are with new material systems and new coatings. Yes.

Senator STEVENS. Senator Inouye.

Senator INOUE. No questions.

Senator STEVENS. You have a point and I think we should look closely at that because it is true that the foreign students we are assisting in their education are not staying with us, but they are not basically in your field either. So I think we should do our best to attract more people into this type of research for the military.

Mr. ARMEN. Thank you very much, Mr. Chairman.

Senator STEVENS. Thank you.

Our next witness is Seth Allan Bengé of the National Military Veterans Alliance. Good morning, sir.

STATEMENT OF SETH ALLAN BENGÉ, LEGISLATIVE DIRECTOR, RESERVE ENLISTED ASSOCIATION ON BEHALF OF THE NATIONAL MILITARY VETERANS ALLIANCE

Mr. BENGÉ. Good morning, Mr. Chairman. Mr. Chairman, Senator Inouye, as Legislative Director for the Reserve Enlisted Association, it is an honor for me to testify on behalf of the National Military and Veterans Alliance. The alliance is an umbrella group made up of 29 military retiree veterans and survivor associations with almost 5 million members.

Our concerns are many, but our time is brief, so I will discuss a few issues that deal directly with our Nation's Reserve forces. There are some subjects that we believe will need to be addressed and will require funding from this committee.

During testimony before this committee, the Reserve chiefs have recognized the Montgomery GI Bill for selected Reserves as an important recruiting and retention tool, but the GI bill for reservists has not kept pace with the ever-rising costs of education. In 1985, when this education assistance was first legislated, it was 47 percent of the active duty benefit. Today that percentage is down to only 27 percent. Eventually this lagging will have a dampening effect on its usefulness. It is important that we begin to correct this problem by starting to incrementally raise the monthly rates. The alliance requests appropriations funding to raise the monthly payment of the title 10 Montgomery GI Bill and lock that rate at 50 percent of the chapter 30 benefit.

Another effective tool to keep quality men and women in our Reserve forces are bonuses. Here also the Reserve program has fallen behind. The law creates a limit on the amount that can be paid out to members of the Reserves. Currently this cap is set at \$5,000 per reservist. This amount, in some cases, simply is not enough. These bonuses are used to keep men and women in mission-critical military occupational specialties that are experiencing falling numbers or are difficult to fill. The operational tempo, financial stress, and civilian competition for these jobs makes bonuses a necessary program for the Department of Defense to fill essential programs.

Another point for consideration is that Guard and Reserve members are not eligible for Reserve bonuses while mobilized, but neither are they eligible for active duty bonuses. This catch-22 means that reservists are denied the opportunity to receive bonuses tax-free like their active duty brother. This would help offset losses in pay. The alliance would like to see the Reserve chiefs receive the funds and the authority to award bonuses above the \$5,000 limit and we support extending the bonus authority to Reserve component members who have 14 to 20 years in service.

The National Military Veterans Alliance thanks you for having this hearing and listening to our concerns. Our written testimony deals with many additional areas. We hope that you will consider these points when finalizing your appropriation bills this year. Again, thank you, Mr. Chairman. Thank you for your attention.

[The statement follows:]

PREPARED STATEMENT OF SETH ALLAN BENGE

INTRODUCTION

Mister Chairman and distinguished members of the Committee, the National Military and Veterans Alliance (NMVA) is very grateful for the invitation to testify before you about our views and suggestions concerning defense-funding issues.

The Alliance was founded in 1996 as an umbrella organization to be utilized by the various military and veteran associations as a means to work together towards their common goals. The Alliance's organizations are: American Logistics Association; American Military Retirees Association; American Military Society; American Retirees Association; American WWII Orphans Network; AMVETS; Association of Old Crows; Catholic War Veterans; Class Act Group; Gold Star Wives of America; Korean War Veterans Foundation; Legion of Valor (Washington Capital Region); Military Order of the Purple Heart; Military Order of the World Wars; National Assn for Uniformed Services; National Gulf War Resource Center; Naval Enlisted

Reserve Association; Naval Reserve Association; Paralyzed Veterans of America; Reserve Enlisted Association; Reserve Officers Association; Society of Military Widows; The Retired Enlisted Association; TREA Senior Citizen League; Tragedy Assistance Program for Survivors; Uniformed Services Disabled Retirees; Veterans of Foreign Wars; Vietnam Veterans of America; and Women in Search of Equity.

The preceding organizations have almost five million members who are serving our nation, or who have done so in the past and their families.

The overall goal of the National Military and Veteran's Alliance is a strong National Defense. In light of this overall objective, we would request that the committee examine the following proposals.

The National Military and Veterans Alliance must once again thank this Committee for the great strides that have been made over the last few years to improve the benefits of the Reserve components and their families. The improvements in health care, pay system, family support, mobilization and demobilization problems have been historic. It has been a very successful few years. But there are still many serious problems to be addressed:

MGIB-SR ENHANCEMENTS

The current Montgomery G.I. Bill dates back to President Franklin Roosevelt signing the "Servicemen's Readjustment Act of 1944". The G.I. Bill seeks to fulfill six purposes for the reserve forces: (1) to provide educational assistance program to assist in the readjustment of members of the Armed Forces to civilian life; (2) to extend the benefits of a higher education to qualifying men and women who might not otherwise be able to afford such an education; (3) to provide for vocational readjustment and to restore lost educational opportunities to those service men and women; (4) to promote and assist the All-Volunteer Force program and the Total Force Concept of the Armed Forces and to aid in the recruitment and retention of highly qualified personnel for both the active and reserve components of the Armed Forces; (5) to give special emphasis to providing educational assistance benefits to aid in the retention of personnel in the Armed Forces; and (6) to enhance our Nation's competitiveness through the development of a more highly educated and productive work force.

Approximately 7.8 percent of the enlisted Reservists have a Bachelors degree or higher. This makes the Montgomery G.I. Bill for Selective Reserves (MGIB-SR) an important recruiting and retention tool. With massive troop rotations the Reserve forces can expect to have retention shortfalls, unless the government provides incentives such as those that would counter the negative effects of having placed a college education in abeyance. Education is not only a quality of life issue or a recruiting/retention issue it is also a readiness issue. Education a Reservist receives while either in a university or a trade school enhances their careers and usefulness to the military. The ever-growing complexity of weapons systems and support equipment requires a force with far higher education and aptitude than in previous years.

The problem with the current MGIB-SR is that the Selected Reserve MGIB has failed to maintain a creditable rate of benefits with those authorized in Title 38, Chapter 30. Other than cost-of-living increases, only two improvements in benefits have been legislated since 1985. In that year MGIB rates were established at 47 percent of active duty benefits. This past October 1, the rate fell to 27 percent of the Chapter 30 benefits. While the allowance has inched up by only 7 percent since its inception, the cost of education has climbed significantly.

Position: The NMVA requests appropriations funding to raise the MGIB-SR and lock the rate at 50 percent of the active duty benefit.

BONUSES

Guard and Reserve component members may be eligible for one of three bonuses, Prior Enlistment Bonus, Reenlistment Bonus and Reserve Affiliation Bonuses for Prior Service Personnel. These bonuses are used to keep men and woman in mission critical military occupational specialties (MOS) that are experiencing falling numbers or are difficult to fill. During their testimony before this committee the reserve chiefs addressed the positive impact that bonuses have upon retention. This point cannot be understated. The operation tempo, financial stress and civilian competition for these jobs makes bonuses a necessary tool for the Department of Defense to fill essential positions. Though the current bonus program is useful there are three changes that we have identified that need to be made to increase its effectiveness.

The primary requirement for eligibility and payment of a bonus upon reenlistment is that the member must have completed less than 14 years of total military service and not be paid more than one six-year bonus or two three-year bonuses under this

section. This 14-year total military service restriction and the limitation on the number of bonuses paid, effectively limits the opportunities for career reservists to obtain bonuses past 20 years of service and may be a disincentive for continuing service in the Reserve component beyond 20 years. Increasing the eligibility for reenlistment bonuses to 20 years of total military service and increasing the number of bonuses that can be paid under this section could expand the available force pool, as mid-level enlisted reserve members could take advantage of the new bonus criteria. Using a 20 year service cutoff instead of a 14 year period would encourage selected experienced mid-level subject matter experts to reenlist to established high year of tenure or mandatory separation dates; should members accept this incentive and reenlist, it could boost each service's retention effort in critical skill areas. As each Service uses members of the selected reserve in different capacities, each Service Secretary may use this new authority as required as a force management tool.

The law also creates a limit on the amount that can be paid out to reservists. Currently this cap is at \$5,000 per reservists. This amount in some cases simply isn't enough. Active duty personnel can receive multiple bonuses in amounts upwards of \$20,000. The inequity between these two amounts is increased even further when taken into consideration that Guard and Reserve members are not eligible for reserve bonuses while mobilized, but neither are they eligible for active duty bonuses. This "catch 22" means that two members of the Armed Forces, one active one reserve, could be working side-by-side in Iraq in a mission critical area. The active duty personnel can reenlist and receive a tax-free bonus while the reservist would receive no bonus at all. This is a glaring wrong that needs to be corrected.

Position: The Alliance would like to see the Reserve Chiefs receive the funds and the authority to go above the \$5,000 limit, an increase in eligibility from 14 to 20 years and the ability for reservists to receive bonuses while on active duty orders.

TRICARE FOR RESERVE COMPONENTS

A 2002 General Accounting Office (GAO) report indicated that possibly 20 percent of the Guard and Reserves do not have adequate health insurance. This means up to 150,000 enlisted Reservists and their families could be without health insurance. This has a potentially devastating effect on the lives of our Reservists. Lack of continuity of care during mobilization creates a disincentive for reenlistment. In addition, all military members are expected to maintain the same health and physical fitness as Active Duty yet they are required to fund their own medical coverage. Beyond the quality of life issues lays another grave concern. That is the readiness of our Reserve Components. With such a large portion of the reserves without healthcare and physicals that are only required once every five years the number of Guard and Reserve that are unfit for deployment at any given time is uncertain. At this moment the government is paying and training servicemen and women that when called into action could not go.

The fiscal year 2004 National Defense Authorization Act authorized a one-year program to extend premium-based TRICARE coverage to Selected Reserve members (and certain members of the Individual Ready Reserve (IRR) subject to presidential recall) that are not eligible for employer-sponsored health coverage. When it finally takes effect, the temporary TRICARE program will provide health care to many of our Guard and Reserves. The Department of Defense has announced that this program will begin but has not set a start date. When it is finally implemented DOD has only \$400 billion to draw on to pay for the start-up and to then cover eligible reservists and their families.

Position: The Alliance urges the Congress to provide the money to make this current temporary program permanent and to extend it to allow all Selected Reserve members and certain IRR members access to premium-based TRICARE coverage when they are not on Active Duty. In addition, these members should have the option of having the government pay some share of any employer-provided health coverage during periods of recall to active service.

BAH VS. BAH II

Under the current pay system there are two Basic Allowances for Housing (BAH) rates, one for active duty and one for reservists that are mobilized for 139 days or less. When reservists reach the 140-day line they start to receive full BAH, reservists that are called for training and other assignments that last less than this artificial barrier lose money. The assumptions that were made when this system was placed into effect in 1983 are no longer valid. Reservists often travel away from home for assignments. Since some of these are short assignments it is not practical for reservists to uproot their families, consequently at times reservists are keeping two residences.

In the Department of Defense Report to Congress "Reserve Personnel Compensation Program Review" the department stated that to completely eliminate the 140-day threshold, it would cost \$162 million annually. This report acknowledges that as a matter of equity the 140-day threshold should be eliminated. The department's suggestion to reduce the threshold for payment of BAH, rather than BAH II, to no more than 30 days is a cost saving option, but it does not address the fact that any time based standard for receiving the allowance is artificial in nature and saves money at a cost to the individual servicemen and woman.

Position: The NMVA requests that the funds and language be included that would eliminate this artificial and unreasonable difference in the BAH that reservists are paid.

REDUCE RETIREMENT AGE ELIGIBILITY FOR RESERVISTS

Over the last two decades, more has been asked of Guardsmen and Reservists than ever before. The nature of the contract has changed; Reserve Component members would like to see recognition of the added burden they carry. Providing an option that reduces the retired with pay age from 60 to 55 years carries importance in retention, recruitment, and personnel readiness. Some are hesitant to endorse this because they envision money would be taken out of other entitlements, benefits, and Guard and Reserve Equipment budgets. The National Military and Veteran's Alliance recommends that Reserve retirement with pay be allowed prior to age 60, but be treated like Social Security retirement offset, at lower payments when taken at an earlier age. If a Reservist elects to take retired pay at age 55, it would be taken at an actuarially reduced rate, keeping the net costs at zero.

Most of the cost projected by DOD is for TRICARE healthcare, which begins when retirement pay commences. Again following the Social Security example, Medicare is not linked to Social Security payments.

Position: The National Military and Veterans Alliance suggests that TRICARE for Reservists be decoupled from pay, and eligibility remain at age 60 years with Social Security as a model, Reservists understand the nature of offsetting payments. The only remaining expense in this proposal would be the administrative startup costs and adjustments to retirement accrual contributed to the DOD retirement accounts.

CONCLUSION

Mr. Chairman and distinguished members of the Subcommittee the Alliance again wishes to emphasize that we are grateful for and delighted with the large steps forward that the Congress has affected the last few years. We are also very appreciative of recent changes that impact our "citizen soldiers" in the Guard and Reserve. But there is still work to be done to improve health care programs for all qualified beneficiaries, and benefits and mission funding for our Guardsmen and Reservists. We understand that all of these issues don't fall under the direct purview of your subcommittee. However, we are aware of the continuing concern all of the subcommittee's members have shown for the health and welfare of our service personnel and their families. Therefore, we hope that this subcommittee can further advance these suggestions in this committee or in other positions that the members hold. We are very grateful for the opportunity to speak on these issues of crucial concern to our members. Thank you.

Senator STEVENS. Thank you very much.

Senator INOUE.

Senator INOUE. How would you justify making TRICARE permanent for reservists?

Mr. BERGE. Sir, earlier it was pointed out that it would be the same as for active duty, and that would be true, but for reservists, the physical standards are also the same for active duty. So I would justify it not only as a retention tool, as a benefit, but also as a readiness issue to ensure that our reservists are physically ready to be mobilized.

Senator INOUE. Thank you.

Senator STEVENS. To follow on that, how long would you do that? You can stay in the Reserve until you are 60, can you not?

Mr. BERGE. Yes, sir. I would have to look at the numbers to see what would be affordable. Ideally you would want it indefinitely.

Right now gray area retirees are not eligible for TRICARE. They are not eligible until 65.

Senator STEVENS. We can attest to the fact that as you get older, you need more medical care.

Mr. BENGE. Yes, sir.

Senator STEVENS. But as you get older, you are not going to be called up. So I think we would like to understand this. How long do you think this should go on? Just think about it and give us a statement, will you?

Mr. BENGE. Yes, sir.

Senator STEVENS. Thank you very much.

Our next witness is Martin B. Foil, a member of the Board of Directors of the National Brain Injury Research, Treatment, & Training Foundation. Good morning, sir.

STATEMENT OF MARTIN B. FOIL, JR., MEMBER, BOARD OF DIRECTORS, NATIONAL BRAIN INJURY RESEARCH, TREATMENT, & TRAINING FOUNDATION (NBIRT)

Mr. FOIL. Good morning. Mr. Chairman, Senator Inouye, it is good to be back. It is always a pleasure to come and testify on behalf of the defense and veterans head injury program (DVHIP) which provides state-of-the-art medical care and rehab to active duty military personnel.

As of March 31, DVHIP has treated over 350 troops injured in the global war on terrorism. Traumatic brain injury (TBI) is a leading combat concern in modern warfare. Previously accounting for up to 25 percent of combat casualties, today we think the incidence rate is between 40 and 70 percent.

It is higher for several reasons in hostilities. One, the use of more effective body armor and improved trauma care has saved more lives. The higher incidence of blast injuries, increasing numbers of gunshot wounds to the face, and the medical personnel are more aware of the significance of TBI and are more likely to identify it.

Chairman Stevens, as you so eloquently stated on the Senate floor last Wednesday, our combat medics regularly perform miracles by providing lifesaving care during the critical golden hour. The combat medics are performing miracles, but so are the doctors and rehab specialist in the DVHIP.

As the front-page article in the Washington Post reported last week, what most soldiers sustaining brain injury tell their doctors is they want to go back to their unit. Sergeant Colin Rich was shot in the head in Afghanistan in December 2002. He is one, who with the care of DVHIP, was able to do just that. Within 1 year, he returned to active duty, including a stint in Iraq. He spoke at the Brain Injury Awareness Day on Capitol Hill last October, along with Warrant Officer John Sims who sustained a closed head injury during the battle of Baghdad. His Blackhawk helicopter was shot down, but while he managed to get his men out before the crash, he went down with the helicopter. In the days after Sims' injury, he was not expected to live, and yet today he is getting his life back little by little, having worked today with the Judge Advocate General (JAG) Corps as part of the cognitive rehab program at the Virginia NeuroCare (VANC), a core component of DVHIP.

While these are heroic stories, as you know, not everyone can return to life as before. DVHIP staff are aware of the danger of premature return to duty and how critical it is to identify brain injuries when many other injuries like amputations are so much more obvious.

That is why DVHIP this year is asking for \$7 million to continue treating and screening injured soldiers strategically placing specialized clinicians in medical treatment facilities throughout the Nation in order to provide the continuity of care from battlefield to rehab back to active duty. This funding is needed to continue training combat medics and surgeons, general medical officers, and reservists in the best practices of traumatic brain injury care. So I respectfully request your support of the \$7 million in the DOD appropriations bill under health affairs for operation and maintenance for fiscal year 2005.

Thank you, Mr. Chairman and Mr. Inouye. I would be happy to answer any questions.

[The statement follows:]

PREPARED STATEMENT OF MARTIN B. FOIL, JR.

My name is Martin B. Foil, Jr. and I am the father of Philip Foil, a young man with a severe brain injury. I serve as a volunteer on the Board of Directors of the National Brain Injury Research, Treatment and Training Foundation (NBIRTT)¹ and Virginia NeuroCare in Charlottesville, Virginia (VANC).² Professionally, I am the Chief Executive Officer and Chairman of Tuscarora Yarns in Mt. Pleasant, North Carolina.³

On behalf of the thousands of military personnel that receive brain injury treatment and services annually, I respectfully request that \$7 million be added to the Department of Defense (DOD) Health Affairs budget for fiscal year 2005 under Operation and Maintenance for the Defense and Veterans Head Injury Program (DVHIP).

Traumatic brain injury is a leading combat concern in modern warfare. Previously accounting for up to 25 percent of combat casualties, today the incidence of TBI may be as high as 40–70 percent of casualties.

The incidence of traumatic brain injury (TBI) is believed to be greater now than in previous hostilities for a number of reasons: (1) The use of effective body armor has saved more lives; (2) medical personnel are more aware of the significance of mild closed TBIs and concussions and are therefore more likely to identify them; and (3) the incidence of blast injuries in Iraq and Afghanistan is high.

As a result, the current incidence of TBI sustained in theater is expected to be higher than in previous conflicts. Major General Kevin C. Kiley, Commanding General of the Walter Reed Army Medical Center (WRAMC) and the North Atlantic Regional Medical Command said at the October 2003 Congressional Brain Injury Task Force Awareness Fair on Capitol Hill that as many as 40–70 percent of casualties have the possibility of including TBI.⁴ The incidence of TBI was recently discussed at a two day conference held by the DVHIP along with the Joint Readiness Clinical Advisory Board on March 23–24, 2004, and evidence was presented that 61 percent of at-risk soldiers seen at WRAMC were assessed to have TBIs. While this does not reflect the entire population of wounded in action, the high percentage suggests that brain injury acquired in theater is an increasing problem that needs to be addressed.

¹ NBIRTT is a non-profit national foundation dedicated to the support of clinical research, treatment and training.

² VANC provides brain injury rehabilitation to military retirees, veterans and civilians through an innovative and cost effective day treatment program.

³ I receive no compensation from this program. Rather, I have raised and contributed millions of dollars to support brain injury research, treatment, training and services.

⁴ Schlesinger, Robert, "Brain Injuries Take Toll on U.S. Soldiers," The Boston Globe, October 16, 2003.

The Defense and Veterans Head Injury Program (DVHIP)

Established in 1992, the DVHIP is a component of the military health care system that integrates clinical care and clinical follow-up, with applied research, treatment and training. The program was created after the first Gulf War to address the need for an overall systemic program for providing brain injury specific care and rehabilitation within DOD and DVA. The DVHIP seeks to ensure that all military personnel and veterans with brain injury receive brain injury-specific evaluation, treatment and follow-up. Clinical care and research is currently undertaken at seven DOD and DVA sites and one civilian treatment site.⁵ In addition to providing treatment, rehabilitation and case management at each of the 8 primary DVHIP centers, the DVHIP includes a regional network of additional secondary veterans' hospitals capable of providing TBI rehabilitation, and linked to the primary lead centers for training, referrals and consultation. This is coordinated by a dedicated central DVA TBI coordinator and includes an active TBI case manager training program.

As of March 31, 2004⁶ more than 350 combat casualties from the Global War on Terrorism have been served by DVHIP.

Congressional support over the years has helped create the existing DVHIP infrastructure that has been critical in evaluating and caring for active duty personnel who are being injured in Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF). Thorough evaluation, referral for appropriate clinical supports, prompt discharge to home or military unit, and focus on returning service members to active duty have been the primary goals of the clinical care provided to these war fighters. Additional service members have been identified who were cared for and promptly discharged back to their units. DVHIP is working with the appropriate military institutions to ensure that these individuals will be actively followed to ensure they receive specialized clinical care and follow-up as needed.

WRAMC and Bethesda Naval Hospital (for Marines) have been the main destinations of injured personnel sent from Iraq and Afghanistan via Landstuhl Regional Medical Center in Germany. According to data from the Office of the Surgeon General, approximately 70 percent of those wounded in action are sent to the general surgery or orthopedic surgery services at the receiving medical center because of the most severe injuries of the individual. Because the most common cause of wounded in action is currently blast injury, DVHIP is working with the Command at WRAMC to screen all of the incoming wounded who have been injured in blast, falls or motor vehicle accident. An estimated 61 percent of those screened at WRAMC were identified as having sustained a traumatic brain injury.

Examples of Military Personnel Injured, Treated and Returning to Work

The following are examples of injured active duty military personnel who recently received care provided by the DVHIP:

First Sgt. Colin Robert Rich, A Company, 1st Battalion 504th Parachute Infantry Regiment, was shot in the head on December 28, 2002 while serving in Afghanistan. Rich received initial acute care at a hospital in Germany within 15 hours of being shot and arrived at WRAMC on January 4, 2002 where he was cared for by DVHIP staff before being discharged home on January 16, 2002. Rich continues to receive follow up care from DVHIP and spoke before Members of Congress at the October, 2003 Congressional Brain Injury Task Force Awareness Fair. Rich returned to limited active duty in December of 2003.

Warrant Officer John Sims, U.S. Air pilot and member of the Maryland Guard was piloting a Black Hawk helicopter in Iraq when his helicopter went down, and he suffered brain injuries. His wife was initially told he probably would not survive. After being admitted to WRAMC, he was cared for at the Richmond VA hospital before being transferred to Virginia Neurocare, DVHIP's civilian community reentry treatment site. Although he has made remarkable recovery, his ability to pilot a plane again is in doubt. Simms also spoke before Members of Congress at the October 2003 Congressional Brain Injury Task Force Awareness Fair.

PFC Alan Lewis was driving a Humvee in Baghdad on July 16, 2003 in Iraq when an explosive device tore off his legs. Lewis was identified as a potential TBI patient

⁵ Walter Reed Army Medical Center, Washington, DC; James A. Haley Veterans Hospital, Tampa, FL; Naval Medical Center San Diego, San Diego, CA; Minneapolis Veterans Affairs Medical Center, Minneapolis, MN; Veterans Affairs Palo Alto Health Care System, Palo Alto, CA; Virginia Neurocare, Inc., Charlottesville, VA; Hunter McGuire Veterans Affairs Medical Center, Richmond, VA; Wilford Hall Medical Center, Lackland Air Force Base, TX.

⁶ The attached article on the complexity of treating brain-injured soldiers in Iraq, which appeared on the front page of The Washington Post on Tuesday, April 27, 2004 notes that "in April, 900 soldiers and Marines have been wounded in Iraq." The official number of troops treated by DVHIP has only been calculated as of March 31, 2004.

through DVHIP screening and was found to have sustained a mild TBI. DVHIP clinical staff helped him cope with memory problems and other neurobehavioral difficulties from his head injury throughout the rehabilitation process. He has been an articulate spokesperson for the dedication and resolve of our fighting force and the potential for recovery after a serious injury.

These are just a few examples of what DVHIP does for hundreds of military personnel each year; from being ready to care for injured troops in the acute care setting to neuro-rehabilitation involving the entire patient to full community integration.

Improving Medical Care, Training and Diagnostics

Along with the Joint Readiness Clinical Advisory Board (JRCAB) at Fort Detrick, DVHIP co-sponsored a first-of-its-kind conference entitled "Neurotrauma in Theater: Lessons Learned from Iraq and Afghanistan." The conference brought together neurosurgeons, neurologists, physician assistants, medic, nurses and general medical officers who served in Iraq and Afghanistan. Expert opinion from every branch of the armed forces was shared and debated. In addition to helping address immediate needs and guide future research for the safety of the Active Duty, the conference informed a specialty neurotrauma panel with recommendations going to the Office of the Surgeon General.

A recurring theme throughout the neurotrauma conference was the need for training for management of closed head injury. Education of corpsmen and other military medical providers on concussion care continues to be one of the primary objectives at the DVHIP at Camp Pendleton. Standardized educational programs are being developed this year by the DVHIP educational core in order to reach a greater number of medical providers. DVHIP plans to make these educational materials available on its website to enhance this outreach and provide information to providers in austere locations where travel for on-site training would not be possible.

In anticipation of large numbers of troops returning home in July, the DVHIP screening process has been developed into a manual in order to assist physicians at military sites without a DVHIP component. A DVHIP Web-based patient assessment was also developed for physicians at distant sites who would like to incorporate this in their clinical practice.

Another way that DVHIP is assisting military and VA providers in treating individuals with TBI is by disseminating thousands of copies of "Heads Up: Brain Injury in Your Practice Tool Kit," a new physician tool kit to improve clinical diagnosis and management of mild TBI. The kit was developed by the Centers for Disease Control and Prevention in collaboration with DVHIP. This past year DVHIP also teamed up with the Veterans Health Administration to produce an independent TBI study program as part of the Veterans Health Initiative. This program offers any military or VA physician Continuing Medical Education credits for its completion. An online version ensures that clinicians serving in theater can receive up-to-date training in TBI care.

Additional DVHIP Accomplishments and Ongoing Research Initiatives

Provided successful rehabilitation and return to work and community re-entry for active duty military personnel and veterans.

Established an archive of military neurotrauma cases and statistics from military physicians who were deployed to Afghanistan, Kuwait, and Iraq. These data are still being reviewed and compiled into a single archive that will be available for military use.

Developed The War on Terrorism Brain Injury Registry to identify individuals with brain injury and examine clinically relevant issues in the management of brain injury sustained in theatre. These records will provide the basis for future efforts to follow these individuals to understand better the longer term implications of these injuries.

Submitted a proposal to determine if an enhanced program of telephonic nursing will improve the outcome of Active Duty with mild brain injury. Establishing effectiveness of telephonic nursing will be critical to treating individuals who are at distance from other care providers, thus serving soldiers and saving taxpayer money.

Ongoing studies are being conducted with Army paratroopers and cadets and U.S. Marines at Fort Bragg, West Point, and Camp Pendleton. These studies are investigating brief evaluation instruments for use on the battlefield to determine which injured service members require immediate treatment and which can return to duty. The goal of these studies is to preserve our nation's fighting strength while conserving medical resources for those injured and requiring treatment.

Completed enrolling patients in a research protocol on functional rehabilitation versus cognitive rehabilitation for severe brain injury.

A randomized controlled study of sertraline for post concussive syndrome is being carried out in all DVHIP military and VA sites. This study targets the symptoms of irritability, depression and anxiety which many soldiers report after TBI.

Published a study on the recovery pattern from concussion from the West Point boxing study in Neurosurgery (Bleiberg, et al, May, 2004), an epidemiologic study on TBI in Fort Bragg paratroopers (Ivins et al, Journal of Trauma, October 2003), and an invited editorial on the effects of concussion (Warden, Neurology, May 11, 2004).

Developed a free standing website www.dvbic.org to provide information for clinical providers, patients and family members.

Added TBI specific questions to WRAMC's Post-Deployment Questionnaire which is administered to all soldiers who were recently deployed and sent to WRAMC.

Additional funding is needed in fiscal year 2005 to address the following needs:

Continue to provide clinical care of active duty personnel and veterans:

- Expand clinical capacity to meet the need to care for an increasing number of injured military personnel and veterans.
- Increase use of DVHIP resources by medical assets at other military and veteran sites with large troop/vet concentrations, e.g., by web-based initiatives, medical staff presentations by DVHIP personnel, etc.
- Implement TBI outpatient clinics at DVHIP lead centers. As the needs of the returning veterans after blast injury are expected to be largely outpatient, the DVHIP will be prepared to meet those needs.
- Ensure all necessary care has been received by military personnel and veterans who have sustained brain injuries by using the DVHIP Registry to identify individuals in need of additional treatment and support.

Continue military and veteran specific education and training:

- Develop an algorithm for return to duty management to be used by first responders in the military. These management guidelines will be based on new data analysis from existing concussion studies at West Point, Fort Bragg, and Camp Pendleton.
- Report to the U.S. Army the findings from the War on Terrorism Brain Injury Registry regarding incidence of closed head injury and the impact of early wound closure in penetrating brain injury.
- Disseminate evidence-based guidelines on pharmacological management of neurobehavioral consequences of brain injury.
- Expand the content and services of the DVHIP website. Future website applications will include enhanced educational materials and the capability to make referrals and gain access to care.

Military and Veteran Relevant Clinical Research:

- Determine the incidence of brain injury from the most commonly occurring blast injuries.
- Initiate a VA multi-center trial to provide the first evidence on the effectiveness of cognitive rehabilitation and stimulant medication early in recovery from severe brain injury.
- Conduct the study of enhanced protection from parachute injury by field-testing approved novel helmet configurations at Fort Bragg.
- Implement the feasibility study of biomarkers in mild brain injury and injury recovery in collaboration with Ron Hayes, Ph.D. at the Evelyn F. and William L. McKnight Brain Institute at the University of Florida.
- Extend outcomes research through the evaluation of long-term work and duty status in DVHIP rehabilitation trial participants.

DVHIP Support for Families after Brain Injury

Every military commander and soldier knows the importance of taking care of their families so that they may focus on performing their critical duties. This is especially important in times of conflict, as demonstrated during Operation Iraqi Freedom. When soldiers sustain brain injuries in conflict, taking care of families is even more important. This is because the impact of brain injury on the family is particularly traumatic, in that not only life and death are at stake, but there are also significant disruptions to family systems for months or years thereafter as the rehabilitation and recovery process ensues. DVHIP family support groups provide a great deal of assistance, education, and information to families. For example, the family support program at the Tampa VA also holds bi-annual reunions in which former patients and families come from around the country.

Conclusion

There is no greater time than today to support injured personnel sustaining brain injuries. There is nothing more patriotic than caring for the men and women who

serve our country and protect our interests. Our men and women in uniform are sustaining brain injuries and need brain injury specific care and state of the art treatment and rehabilitation. The incidence of TBI is higher in theater than it has ever been in history, and the numbers of injured personnel present a challenge to the military medical system. DVHIP continues to be an important part of the military health care system and needs additional funding to continue its work.

Please support \$7 million for the DVHIP in the fiscal year 2005 Defense Appropriations bill in the DOD Health Affairs budget under Operation and Maintenance to continue this important program.

[From the Washington Post, April 27, 2004]

THE LASTING WOUNDS OF WAR

ROADSIDE BOMBS HAVE DEVASTATED TROOPS AND DOCTORS WHO TREAT THEM

(By Karl Vick)

BAGHDAD—The soldiers were lifted into the helicopters under a moonless sky, their bandaged heads grossly swollen by trauma, their forms silhouetted by the glow from the row of medical monitors laid out across their bodies, from ankle to neck.

An orange screen atop the feet registered blood pressure and heart rate. The blue screen at the knees announced the level of postoperative pressure on the brain. On the stomach, a small gray readout recorded the level of medicine pumping into the body. And the slender plastic box atop the chest signaled that a respirator still breathed for the lungs under it. At the door to the busiest hospital in Iraq, a wiry doctor bent over the worst-looking case, an Army gunner with coarse stitches holding his scalp together and a bolt protruding from the top of his head. Lt. Col. Jeff Poffenbarger checked a number on the blue screen, announced it dangerously high and quickly pushed a clear liquid through a syringe into the gunner's bloodstream. The number fell like a rock.

"We're just preparing for something a brain-injured person should not do two days out, which is travel to Germany," the neurologist said. He smiled grimly and started toward the UH-60 Black Hawk thwump-thwumping out on the helipad, waiting to spirit out of Iraq one more of the hundreds of Americans wounded here this month.

While attention remains riveted on the rising count of Americans killed in action—more than 100 so far in April—doctors at the main combat support hospital in Iraq are reeling from a stream of young soldiers with wounds so devastating that they probably would have been fatal in any previous war.

More and more in Iraq, combat surgeons say, the wounds involve severe damage to the head and eyes—injuries that leave soldiers brain damaged or blind, or both, and the doctors who see them first struggling against despair.

For months the gravest wounds have been caused by roadside bombs—improvised explosives that negate the protection of Kevlar helmets by blowing shrapnel and dirt upward into the face. In addition, firefights with guerrillas have surged recently, causing a sharp rise in gunshot wounds to the only vital area not protected by body armor.

The neurosurgeons at the 31st Combat Support Hospital measure the damage in the number of skulls they remove to get to the injured brain inside, a procedure known as a craniotomy. "We've done more in eight weeks than the previous neurosurgery team did in eight months," Poffenbarger said. "So there's been a change in the intensity level of the war."

Numbers tell part of the story. So far in April, more than 900 soldiers and Marines have been wounded in Iraq, more than twice the number wounded in October, the previous high. With the tally still climbing, this month's injuries account for about a quarter of the 3,864 U.S. servicemen and women listed as wounded in action since the March 2003 invasion.

About half the wounded troops have suffered injuries light enough that they were able to return to duty after treatment, according to the Pentagon.

The others arrive on stretchers at the hospitals operated by the 31st CSH. "These injuries," said Lt. Col. Stephen M. Smith, executive officer of the Baghdad facility, "are horrific."

By design, the Baghdad hospital sees the worst. Unlike its sister hospital on a sprawling air base located in Balad, north of the capital, the staff of 300 in Baghdad includes the only ophthalmology and neurology surgical teams in Iraq, so if a victim has damage to the head, the medevac sets out for the facility here, located in the heavily fortified coalition headquarters known as the Green Zone.

Once there, doctors scramble. A patient might remain in the combat hospital for only six hours. The goal is lightning-swift, expert treatment, followed as quickly as possible by transfer to the military hospital in Landstuhl, Germany.

While waiting for what one senior officer wearily calls “the flippin’ helicopters,” the Baghdad medical staff studies photos of wounds they used to see once or twice in a military campaign but now treat every day. And they struggle with the implications of a system that can move a wounded soldier from a booby-trapped roadside to an operating room in less than an hour.

“We’re saving more people than should be saved, probably,” Lt. Col. Robert Carroll said. “We’re saving severely injured people. Legs. Eyes. Part of the brain.”

Carroll, an eye surgeon from Waynesville, Mo., sat at his desk during a rare slow night last Wednesday and called up a digital photo on his laptop computer. The image was of a brain opened for surgery earlier that day, the skull neatly lifted away, most of the organ healthy and pink. But a thumb-sized section behind the ear was gray. “See all that dark stuff? That’s dead brain,” he said. “That ain’t gonna regenerate. And that’s not uncommon. That’s really not uncommon. We do craniotomies on average, lately, of one a day.”

“We can save you,” the surgeon said. “You might not be what you were.”

Accurate statistics are not yet available on recovery from this new round of battle-field brain injuries, an obstacle that frustrates combat surgeons. But judging by medical literature and surgeons’ experience with their own patients, “three or four months from now 50 to 60 percent will be functional and doing things,” said Maj. Richard Gullick. “Functional,” he said, means “up and around, but with pretty significant disabilities,” including paralysis.

The remaining 40 percent to 50 percent of patients include those whom the surgeons send to Europe, and on to the United States, with no prospect of regaining consciousness. The practice, subject to review after gathering feedback from families, assumes that loved ones will find value in holding the soldier’s hand before confronting the decision to remove life support.

“I’m actually glad I’m here and not at home, tending to all the social issues with all these broken soldiers,” Carroll said.

But the toll on the combat medical staff is itself acute, and unrelenting.

In a comprehensive Army survey of troop morale across Iraq, taken in September, the unit with the lowest spirits was the one that ran the combat hospitals until the 31st arrived in late January. The three months since then have been substantially more intense. “We’ve all reached our saturation for drama trauma,” said Maj. Greg Kidwell, head nurse in the emergency room.

On April 4, the hospital received 36 wounded in four hours. A U.S. patrol in Baghdad’s Sadr City slum was ambushed at dusk, and the battle for the Shiite Muslim neighborhood lasted most of the night. The event qualified as a “mass casualty,” defined as more casualties than can be accommodated by the 10 trauma beds in the emergency room.

“I’d never really seen a ‘mass cal’ before April 4,” said Lt. Col. John Xenos, an orthopedic surgeon from Fairfax. “And it just kept coming and coming. I think that week we had three or four mass cal’s.”

The ambush heralded a wave of attacks by a Shiite militia across southern Iraq. The next morning, another front erupted when Marines cordoned off Fallujah, a restive, largely Sunni city west of Baghdad. The engagements there led to record casualties.

“Intellectually, you tell yourself you’re prepared,” said Gullick, from San Antonio. “You do the reading. You study the slides. But being here . . .” His voice trailed off. “It’s just the sheer volume.”

In part, the surge in casualties reflects more frequent firefights after a year in which roadside bombings made up the bulk of attacks on U.S. forces. At the same time, insurgents began planting improvised explosive devices (IEDs) in what one officer called “ridiculous numbers.”

The improvised bombs are extraordinarily destructive. Typically fashioned from artillery shells, they may be packed with such debris as broken glass, nails, sometimes even gravel. They’re detonated by remote control as a Humvee or truck passes by, and they explode upward. To protect against the blasts, the U.S. military has wrapped many of its vehicles in armor. When Xenos, the orthopedist, treats limbs shredded by an IED blast, it is usually “an elbow stuck out of a window, or an arm.”

Troops wear armor as well, providing protection that Gullick called “orders of magnitude from what we’ve had before. But it just shifts the injury pattern from a lot of abdominal injuries to extremity and head and face wounds.”

The Army gunner whom Poffenbarger was preparing for the flight to Germany had his skull pierced by four 155 mm shells, rigged to detonate one after another in what soldiers call a “daisy chain.” The shrapnel took a fortunate route through

his brain, however, and “when all is said and done, he should be independent. . . . He’ll have speech, cognition, vision.”

On a nearby stretcher, Staff Sgt. Rene Fernandez struggled to see from eyes bruised nearly shut. “We were clearing the area and an IED went off,” he said, describing an incident outside the western city of Ramadi where his unit was patrolling on foot.

The Houston native counted himself lucky, escaping with a concussion and the temporary damage to his open, friendly face. Waiting for his own hop to the hospital plane headed north, he said what most soldiers tell surgeons: What he most wanted was to return to his unit.

Senator STEVENS. Tell us a little bit about this foundation of yours, will you please, Mr. Foil? I noticed you are located in Charlottesville.

Mr. FOIL. Yes. Are you talking about Virginia NeuroCare or the NBIRTT?

Senator STEVENS. NBIRTT.

Mr. FOIL. It is a program that Dr. Zitney and I and several other interested people set up a number of years ago really to work with people in brain injury around the country, focused primarily on two issues. One is a better quality of life and a search for a cure. So we look at both ends of the spectrum: one over here taking care of the person who has had traumatic brain injury and helping them to a quality of life that we all aspire to; and over here, in research looking for a way to cure the problem.

Senator STEVENS. Where are you located?

Mr. FOIL. I live in Concord, North Carolina, sir.

Senator STEVENS. Where is this foundation located?

Mr. FOIL. Well, to be honest with you, where we hang up our hat.

Senator STEVENS. Where you are.

Mr. FOIL. Yes, sir.

Senator STEVENS. What about this VANC which you tell us is in Charlottesville. What is your relationship to that?

Mr. FOIL. That is Virginia NeuroCare. That is a facility run primarily for people with brain injury in Charlottesville and that is run by Dr. Zitney. I have nothing to do with that.

Senator STEVENS. Do you do anything with military people?

Mr. FOIL. Oh, absolutely. These people we referred to here in the book, both of those were at Virginia NeuroCare. The one who was shot in the head has been returned to active duty. He is now in North Carolina. And the helicopter pilot is still there working with the JAG Corps to rehabilitate himself fully to go back to active duty.

I do not know how many we have got there, but there is a number. He has got about 10 or 15 patients from the military. We have a lot more opportunities to take people than we have got the ability to handle them.

Senator STEVENS. Well, that is what Senator Inouye and I worry about. The demand is up.

Mr. FOIL. The demand is very high and the facilities are very low. I myself, Senator, am building a facility in North Carolina where we hope to take soldiers as soon as it is completed, and we hope to have it open by the summer of next year.

Senator STEVENS. Is there a national group behind you?

Mr. FOIL. We are trying to take it national, but we do not have the money to do it yet. It is all not-for-profit. We do not ask the

Government for money. This is just on our own. I put \$5 million of my own money in this.

Senator STEVENS. Well, thank you very much. We are very concerned about the area you are in.

Mr. FOIL. You have every right to be concerned.

Senator STEVENS. The two of us would like to meet with some of your people soon to see what we might do to help you expand the availability of this care throughout our country.

Mr. FOIL. We appreciate that. We would like to do that. We have been asked to put a place in Norfolk, Virginia. I think there are opportunities all over this country to do that and we are successful, Senator.

Senator STEVENS. Well, there is no question about it. Forty to seventy percent casualties you indicate.

Mr. FOIL. Yes, sir, and I think it is closer to 70 percent than it is to 40 percent.

Senator STEVENS. But that is a national thing, and with due respect, people from Alaska cannot quite make it down your way.

Mr. FOIL. We would be happy to put one in Alaska, Senator.

Senator STEVENS. We want to see what we can do to get—

Mr. FOIL. We would love to have one in Hawaii as well.

Senator STEVENS. So why do you not come meet with Senator Inouye and me and let us see what we can do to help you.

Mr. FOIL. Yes, sir. I will be glad to set that up and we will be back in touch with you. Thank you for your attention.

Senator STEVENS. Thank you very much. I appreciate your presence.

Senator Inouye.

Senator INOUE. No questions.

Senator STEVENS. The next witness is James Bramson, Executive Director of the American Dental Association. Good morning, Doctor.

**STATEMENT OF JAMES B. BRAMSON, D.D.S., EXECUTIVE DIRECTOR,
AMERICAN DENTAL ASSOCIATION**

Dr. BRAMSON. Good morning, Mr. Chairman and Senator Inouye. I am Dr. Jim Bramson, the Executive Director of the American Dental Association (ADA). Thank you for the opportunity to testify today about dental programs that directly relate to the dental readiness of our servicemen and women.

During World War II, more than 20 percent of the 2 million selectees did not meet dental requirements. In fact, this was the number one reason for rejection. Dental disease today continues to have an impact on military personnel. A 2002 DOD report stated that 34 percent of military personnel on active duty required dental care prior to deployment. Army Chief of Staff General Peter Schoomaker testifying last year stated that there were “real problems in dental readiness,” and he discussed the rotation of troops and the activation of Army Guard and Reserve personnel. Having enough dentists to treat active duty personnel is vital to keeping soldiers healthy and ready.

An abscessed tooth clearly is one of mankind’s most painful experiences, but for military personnel in a combat zone or on a fighter

plane or in a submarine, an oral infection can only compromise their ability to complete their missions.

Since the late 1990's, the dental corps has had trouble recruiting and retaining dental officers. One reason is the large pay differential between uniform and civilian dentists. A second reason is graduation student loan debt, which now averages nearly \$110,000 per student. From exit interviews with dentists, we know they would say they would stay in the military if offered loan repayment. One Air Force captain said, if you evaluate my salary, subtract my sizeable student loan payments, I end up taking home the equivalent of what a staff sergeant of 8 years makes. And the result is that the military is operating at about 12 percent below dental manpower levels.

To address this situation, the ADA recommends an additional \$6 million per year for 3 years to allow 66 targeted health professions scholarship program (HPSP) dental scholarships per year per service. This funding would be to attract new recruits and it could also be used for loan repayment.

Military dental research has had a well-established history with both the Army and the Navy. Their mission is to reduce the incidence and impact of dental disease on deployed troops. This research is unique and because of the global war on terrorism, it is on the cutting edge.

The Army focuses on improving materials to protect the troops not only from oral disease but also from injury or hostile fire. Almost one-half of the injuries reported in Iraq and Afghanistan are head, neck, and eye trauma. Army dental researchers are developing a lighter, thinner bullet-proof face shield to replace the current head gear that is hot and heavy.

In Bosnia, the Army found that over 15 percent of the deployed troops had dental emergencies and that 75 percent of those emergencies were plaque-related oral disease such as gum infections. The Army researchers are working on an easy and cost effective way to help with an anti-plaque chewing gum which could be included in every meal, ready-to-eat (MRE) or mess kit.

Navy dental research is focused on the immediate delivery of dental care in the field. Those researchers have continued to make progress on the development of a rapid, noninvasive salivary diagnostic instrument for the detection of diseases and biological agents.

I have here with me today a hand-held prototype of this device. So for those of you in the room who suffered through the painful anthrax swab tests 3 years ago, you waited up to 2 weeks to get your results. This device which analyzes the antibodies in saliva will make those experiences obsolete. You put saliva in this little receptacle here, add the reagent, and wait about 90 seconds for the results.

Now, these are just a few of the examples of the dental research projects being conducted at the Great Lakes facility. All of these have a direct relationship to combat medicine. All are targeted to improve the oral health of deployed personnel, and they can lead to enormous cost savings.

The ADA strongly recommends that these research activities be funded at \$6 million.

Thank you again for the opportunity to testify today. Our written statement has additional details, and I would be glad to answer any questions.

Senator STEVENS. Well, thank you very much. We have noted those comments. Most of your requests really affect the Military Construction Subcommittee, not this subcommittee. We will call those to their attention. I do not know if you plan to appear before them or not.

But we clearly share your feeling that these efforts to reconstruct the damage done to faces, to jaws, et cetera—there must be really improvement in the facilities. So we will have to talk to your association after talking to the Military Construction Subcommittee.

Dr. BRAMSON. We will be happy to talk to you, Senator.

Senator STEVENS. We will do that. We promise we will get back to you.

Senator Inouye.

Senator INOUE. I will join the chairman on that.

Senator STEVENS. Thank you very much. Appreciate it.

[The statement follows:]

PREPARED STATEMENT OF JAMES B. BRAMSON, D.D.S.

Good morning, Mr. Chairman and members of the subcommittee. I am Dr. James Bramson, Executive Director of the American Dental Association (ADA), which represents over 149,000 dentists nationwide. As of September 30, 2003, there were 3,126 dentists in the military services. Thank you for the opportunity to testify to discuss appropriations for Department of Defense dental and oral-health related programs. My primary purpose today is to bring to your attention programs that directly relate to the dental readiness of our men and women in uniform and the efforts being made to achieve and maintain their dental health.

The Public Health Service's first study of the military draft in World War II determined that more than 20 percent of the two million selectees did not meet Selective Service dental requirements. At the time of Pearl Harbor, "dental defects" led all physical reasons for rejection of recruits. Dental disease today continues to have an impact on military deployment in the Global War On Terrorism. General Peter J. Schoemaker, Army Chief of Staff, testified before the Senate Armed Services Committee on November 19, 2003 and stated ". . . quite frankly we [have] real problems in dental readiness . . ." as he discussed the rotation of troops and the activation of Army Guard and Reserve personnel. The DOD's 2002 Survey of Health Related Behaviors Among Military Personnel reported that 34 percent of military personnel on active duty required dental care prior to deployment. What isn't said in the report is whether the dental care was completed prior to deployment and whether the treatment was of a temporary nature.

An abscessed tooth may be one on mankind's most painful experiences. While most Americans have been fortunate enough to have never experienced a toothache, those who have know that there is little else that one can think about when it happens. Imagine that toothache in a combat zone, or while flying a fighter, or in a submarine. The ADA is concerned that too many soldiers, sailors, airmen and marines are being deployed at risk for these problems—not only because of the unnecessary pain they may have to endure but also the impact of that pain on their ability to complete their mission.

FUNDING FOR DENTAL READINESS

Since the late 1990s, the dental corps have had difficulty in recruiting and retaining dental officers. One reason is the pay differential between uniform and civilian dentists. The Center for Naval Analysis Health Professions Retention-Accession Study I stated that: ". . . the uniformed-civilian pay gap in 2000 dollars was substantial, averaging \$69,000 per year for general dentists and \$113,000 per year for specialists . . ." A second reason is student loan debt. Many junior officers carry more than \$100,000 (the national average is \$116,000) in loans. Without loan repayment, dentists have a hard time making monthly payments on an O3's pay. The result is that all the dental corps are operating below their authorized manpower levels. The Department of Defense reported that all three services are below strength

by almost 12 percent (September 2003). This figure masks the fact that over the past few years unfilled dental officer authorizations are often transferred to other medical officer corps.

This comes at a time when dental care needed by the troops has not substantially decreased. In fact, with the activation of Guard and Reserve personnel, the demand has increased. As a result of these demands there has been a substantial increase in payments, in the millions of dollars, to private practice dentists paid through the Military Medical Support Office at Great Lakes Naval Training Center (primarily for active duty personnel) and the Federal Strategic Health Alliance Program known as Feds-HEAL (for activated Guard and Reservists). In fiscal year 2000, the military purchased \$13 million of dental care for active duty personnel. That account is projected to reach \$49 million in fiscal year 2004. While some of this additional expense is a result of the activation of Guard and Reserve personnel, a significant portion of these expenses is a direct result of the reduction of dental officers required to maintain the dental readiness of the active duty members. The ADA is aware that the issue of recruiting and retention special pays and bonuses has been studied within the Department of Defense, but currently nothing is being developed in response to these previous reports.

The ADA believes it is time to address dental officer authorizations before the damage to the military dental corps reaches a crisis level. We, therefore, recommend additional targeted funding for Health Professions Scholarship Program (HPSP) dental scholarships to attract new dentist recruits. This additional funding could also be used for loan repayment to retain current military dentist as allowed by law.

MILITARY DENTAL RESEARCH

The Army first began formal dental research with the establishment of the Army Dental School in 1922, which was a precursor to the establishment of the U.S. Army Institute of Dental Research in 1962. The Navy Dental Research Facility at Great Lakes was established in 1947, which subsequently became the Naval Dental Research Institute in 1967 (now known as the Naval Institute for Dental and Biomedical Research). In 1997, both activities were co-located at Great Lakes as a result of the Base Realignment and Closure activities of 1991. These research programs share common federal funding and a common goal to reduce the incidence and impact of dental diseases on deployed troops. This is unique research that is not duplicated by the National Institutes of Health or in the civilian community.

The Army focuses on improving materials to protect the troops, not only from the effects of oral disease but also from injury or hostile fire. Almost half of the injuries reported in Iraq and Afghanistan are head, neck and eye trauma. Army researchers are developing a lighter, thinner anti-ballistic face shield to replace the current headgear that weighs almost 8 pounds and is hot to wear. This is analogous to the development of the lighter and more effective body armor currently being used by our ground troops in Afghanistan and Iraq.

Plaque-related oral disease, including trench mouth, account for as much as 75 percent of the daily dental sick call rate in deployed troops. Even soldiers who ship out in good oral health can become vulnerable to these severe gum diseases if stationed in combat areas where access to good oral hygiene is difficult. An easy and cost effective way to address these conditions is the development of an anti-plaque chewing gum, which could be included in every meals ready to eat (MRE) or mess kit.

For troops stationed in desert combat zones, dehydration is a serious problem. Often the soldier is not aware that there is a problem until he or she is debilitated, obviously not a good thing in a hostile environment. The Army researchers have been working on developing a sensor to monitor hydration rates that could be bonded to a soldier's tooth. Health care personnel at a remote site could monitor the sensor and alert the deployed forces to administer fluids before the situation becomes critical.

Navy research focuses more on the immediate delivery of dental care. For instance, keeping the war fighter in the field is a high priority. Navy researchers are developing dental materials that are more compact and portable, that can be used by non-dental personnel to manage a wide variety of urgent dental problems. Last year in Iraq, a Marine line commander in the field had to have a temporary filling replaced 3 or 4 times. This required a trip to a field dental clinic and the services of a dentist, taking this commander away from his troops. A new dental material being developed by the Navy will allow a corpsman to replace these temporary fillings on the spot and without the need for the commander to spend time away from his troops and the mission. A lesson learned from this situation is that the currently available dental materials are not strong enough for the field environment, espe-

cially the desert climate. More research is needed to perfect this far-forward field dental dressing, but once perfected, it can be used by other agencies like NASA or the Indian Health Service, which also operate in remote areas.

Naval researchers have continued to make progress on the development of rapid, hand-held, non-invasive salivary tests for the detection of military relevant diseases, such as tuberculosis and dengue fever, as well as for biological warfare agents. A prototype model of such a hand-held unit developed by the Navy researchers at Great Lakes is being tested. This unit will be able to test for numerous chemical and biological agents and provide troops in the field a positive or negative determination within a matter of minutes. The implications for Homeland Security are quite obvious.

Last, but not least, the Iraqi war environment has identified an additional research area: the effects of sand on dental equipment. The unique composition of the sand in Iraq has caused dental equipment to break down and fail in the field. Because the sand in Iraq is stickier and more like talcum powder than grittier American sand, the Iraqi sand tends to cling to instruments and equipment. Navy researchers are analyzing the effects of the Iraqi sand on the portable dental equipment with the goal of developing new mobile delivery systems that can be used in the desert environment. This research has obvious implications for medical equipment or any equipment that is easily fouled by the desert sands.

These are just a few of the dental research projects being conducted at the Great Lakes facility. All have a direct relationship to combat medicine, are targeted to improve the oral health of deployed personnel and can lead to enormous cost savings for forces in the field. Furthermore, while the Army and the Navy do not duplicate the research done by the National Institute of Dental and Craniofacial Research, many of their findings will have implications within the civilian community or other Federal Agencies. The ADA strongly recommends that the funding for the Army and Navy dental research activities at Great Lakes be funded at \$6 million to expedite this research for the deployed forces.

OTHER MILITARY DENTAL APPROPRIATIONS ISSUES

There are two other matters that the ADA would like to bring to the Committee's attention and are related to issues discussed during the Committee's April 28th hearing with the Surgeon Generals. First, we are concerned about the dental care for our returning troops through the Veteran's Administration. Following Desert Storm deactivated Reserve and Guard personnel were authorized a dental benefit upon separation. Fortunately, both the length of the Gulf War and the need for activating Reserves and Guard were limited. Approximately \$17 million was spent to provide this dental care. Once again, the Veteran's Administration is anticipating that a significant number of returning Reservists and Guard personnel will require and be authorized dental care upon their release from active duty in the Global War on Terrorism. And since the Reserve and Guard activations are projected to remain significant for the foreseeable future, then the demand for dental care following deactivation will also continue. While the exact amount of money required for this care is not yet known, the ADA believes that it will easily exceed the \$17 million required following Desert Storm and for a sustained basis.

The second issue relates to a military construction project for the dental clinic at Lackland Air Force Base. Some of the soldiers who have suffered head and neck injuries in Iraq are being treated at Lackland for facial reconstruction. Oral surgeons there are using the highly sophisticated computer programs to make 3-D images to recreate shattered jaws.

The proposed construction will consolidate all dental activities on Lackland AFB and Kelly AFB to the Dunn Dental Clinic. There are currently two separate dental treatment activities at Lackland: MacKown Dental Clinic and Dunn Dental Clinic. The MacKown Clinic is 44 years old and has long outlived its usefulness. It predates the current Joint Commission on Accreditation of Healthcare Organizations (JACHO), Occupational Safety and Health Administration (OSHA) and infection control standards. The MacKown Clinic also houses three of the Air Force's dental specialty training programs that have outgrown that facility significantly over the last twenty years. The clinic at Kelly Air Force Base will be closed as a result of highway construction. The patients currently seen at Kelly will now be seen at the Dunn Clinic and there is insufficient capacity to absorb these patients.

The planned addition to the existing Dunn Dental Clinic building will provide an additional 90 dental treatment rooms on two floors that meet current ambulatory surgery codes. The proposed facility will also provide space for a dental laboratory to meet regional dental workload demands, support the dental resident training, and dental research currently part of the MacKown facility. The new addition will

also provide necessary classroom space and suitable audio-visual, teleconference, and distance learning capabilities. The ADA requests that the Committee appropriate \$1.5 million for the design phase of this construction project.

The ADA thanks the Committee for allowing us to present these issues related to the dental and oral health of our great American service men and women.

Senator STEVENS. Our next witness is Captain Robert Hurd, Congressional Liaison for the United States Naval Sea Cadet Corps. Good morning.

STATEMENTS OF:

CAPTAIN ROBERT C. HURD, UNITED STATES NAVY (RET.), CONGRESSIONAL LIAISON, UNITED STATES NAVAL SEA CADET CORPS

PETTY OFFICER 1ST CLASS KYLE DALY, UNITED STATES NAVAL SEA CADET CORPS

Mr. HURD. Good morning, Mr. Chairman, Senator Inouye. I would like to thank the committee for the tremendous support of our program and our 10,000 cadets, one of whom, Petty Officer 1st Class Daly will make our statement this morning.

Senator STEVENS. Fine. Nice to have you here, sir.

Mr. DALY. Mr. Chairman, Senator Inouye, good morning. I am United States Naval Sea Cadet Corps Petty Officer 1st Class Kyle Daly, leading petty officer of the Hospital Corpsman, Master Chief, U.S. Navy (HMCM) William Marsh Battalion as well as a sophomore at a Catholic high school in Hyattsville, Maryland. It is an honor and a privilege to speak to you today on behalf of the Naval Sea Cadet Corps.

There are now over 10,000 young men and women, ages 11 to 17, across the United States and its territories proudly wearing the same uniform I wear before you today. They are supported by over 2,500 adult volunteer Naval Sea Cadet Corps officers, instructors, and midshipmen.

The United States Naval Sea Cadet Corps is a congressionally chartered youth development and education program supported by the Navy League and sponsored by the Navy and Coast Guard. The program's main goals are the development of young men and women, promoting interest and skill in the areas of seamanship and aviation, while instilling a strong sense of patriotism, integrity, self-reliance, honor, courage, and commitment, along with other qualities which I believe will mold strong moral character and self-discipline in a drug-and gang-free environment.

After completing recruit training, sea cadets may choose from an almost infinitely wide variety of 2-week training courses in their following summers, including training aboard Navy and Coast Guard vessels. We drill one weekend per month and complete Navy correspondence courses for advancement, this being the basis for accelerated promotion if a cadet should choose to enlist in the Navy or Coast Guard.

Four hundred eighty-two former sea cadets now attend the U.S. Naval Academy. Between 400 and 600 enlist in the armed services annually, pre-screened, highly motivated and well-prepared. Prior sea cadet experience has been proven to be an excellent indicator of a potentially career success rate both in and out of the military. Whether or not a cadet chooses a service career, we all carry forth

the values of citizenship, leadership, and moral courage that I believe will benefit ourselves and our country.

The major difference between this and other federally chartered military youth programs is that the sea cadets are responsible for their own expenses, including uniforms, travel, insurance, and training costs, which can amount to \$400 to \$500 a year. The corps, however, is particularly sensitive to its policy that no young man or woman is denied access to this program due to their socioeconomic status. Some units are financed in part by local sponsors.

This support, while greatly appreciated, is not enough to sustain all cadets. All federally appointed funds over the past 4 years have been used to help offset cadets' out-of-pocket training costs, as well as to conduct background checks for the adult volunteers. However, for a variety of reasons, including inflation, an all-time high cadet enrollment, base closures and reduced base access due to terrorist alerts, reduced the float training due to the situation in Iraq. The current amount of funding support can no longer sustain the program.

The Sea Cadet Corps considers it a matter of urgency that we respectfully request your consideration and support through the authorization of appropriations in the full amount of \$2 million for the 2005 fiscal year.

I regret that this time precludes our sharing the many stories that Captain Hurd has shared with members of your staffs this year, pointing out the many acts of courage, community service, and successful youth development of my fellow sea cadets, as well as those who are so gallantly serving our armed forces in Iraq, Afghanistan, and around the world. These stories and many more like them are unfortunately the youth stories that you do not always read about in the press.

I thank you for this opportunity to speak today. I, as does the entire Sea Cadet Corps, appreciate your past and continued support of this fine program. It would be my pleasure to answer any questions you might have at this point.

Senator STEVENS. Well, thank you very much. Captain Hurd, you brought a fine representative of your organization.

Mr. HURD. Yes, sir.

Senator STEVENS. You remind me of the first time I testified before Congress. I read the third sentence and said, "period."

I had memorized it so well. You know, one of those things.

But we do appreciate what you said. We appreciate who you represent and congratulate you for your ambition to be part of the Navy.

Mr. DALY. Thank you very much, sir.

Senator STEVENS. Captain, thank you. We do not need anything more than what you produced. We will assist you in every way we can.

Mr. DALY. Thank you very much, sir.

Senator STEVENS. Senator Inouye.

Senator INOUE. No. Just congratulations.

[The statement follows:]

PREPARED STATEMENT OF CAPTAIN ROBERT C. HURD

Request

Funded since fiscal year 2001, continued Congressional appropriation in the Navy Recruiting Budget (O&M Navy—Title II, Budget Activity 3) of the un-funded budget requirement is essential for continuation of the present level of Naval Sea Cadet training as well as to allow expansion into more communities. Unlike other federally chartered military youth groups, the Sea Cadets pay for almost all their own program costs, including uniforms, training costs, insurance and transportation to/from training. Funding to offset Cadet out-of-pocket training costs at a level commensurate with that received by other federally chartered military related youth programs, is needed to increase access by America's youth regardless of economic or social background and to develop the fine citizens our country needs and deserves.

Background

At the request of the Department of the Navy, the Navy League of the United States established the Naval Sea Cadet Corps in 1958 to "create a favorable image of the Navy on the part of American youth." On September 10, 1962, the U.S. Congress federally chartered the Naval Sea Cadet Corps under Public Law 87-655 as a non-profit civilian youth training organization for young people, ages 13 through 17. A National Board of Directors, whose Chairman serves as the National Vice President of the Navy League for Youth Programs, establishes NSCC policy and management guidance for operation and administration. A Vice-Chairman of the Board serves also as the Corps' National President. A full-time Executive Director and small staff in Arlington, VA administer NSCC's day-to-day operations. These professionals work with volunteer field representatives, unit commanding officers, and local sponsors. They also collaborate with Navy League councils and other civic, or patriotic organizations, and with local school systems.

NSCC Objectives

Develop an interest and skill in seamanship and seagoing subjects.

Develop an appreciation for our Navy's history, customs, traditions, and its significant role in national defense.

Develop positive qualities of patriotism, courage, self-reliance, confidence, pride in our nation and other attributes, which contribute to development of strong moral character, good citizenship traits and a drug-free, gang-free lifestyle.

Present the advantages and prestige of a military career.

Under the Cadet Corps' umbrella is the Navy League Cadet Corps (NLCC); a youth program for children ages 11 through 13. While it is not part of the federal charter provided by Congress, the Navy League of the United States sponsors NLCC.

NLCC was established ". . . to give young people mental, moral, and physical training through the medium of naval and other instruction, with the objective of developing principles of patriotism and good citizenship, instilling in them a sense of duty, discipline, self-respect, self-confidence, and a respect for others."

Benefits

Naval Sea Cadets experience a unique opportunity for personal growth, development of self-esteem and self-confidence. Their participation in a variety of activities within a safe, alcohol-free, drug-free, and gang-free environment provides a positive alternative to other less favorable temptations. The Cadet Corps introduces young people to nautical skills, to maritime services and to a military life style. The program provides the young Cadet the opportunity to experience self-reliance early on, while introducing this Cadet to military life without any obligation to join a branch of the armed forces. The young Cadet realizes the commitment required and routinely excels within the Navy and Coast Guard environments.

Naval Sea Cadets receive first-hand knowledge of what life in the Navy or Coast Guard is like. This realization ensures the likelihood of success in military service. For example, limited travel abroad and in Canada may be available, as well as the opportunity to board Navy and Coast Guard ships, craft and aircraft. These young people may also participate in shore activities ranging from training as a student at a Navy hospital to learning the fundamentals of aviation maintenance at a Naval Air Station.

The opportunity to compete for college scholarships is particularly significant. Since 1975, 166 Cadets have received financial assistance in continuing their education in a chosen career field at college.

Activities

Naval Sea Cadets pursue a variety of activities including practical, hands-on and classroom training, as well as field trips, orientation visits to military installations, and cruises on Navy and Coast Guard ships and small craft. They also participate in a variety of community and civic events.

The majority of Sea Cadet training and activities occurs year round at a local training or "drill" site. Often, this may be a military installation or base, a reserve center, a local school, civic hall, or sponsor-provided building. During the summer, activities move from the local training site and involve recruit training (boot camp), "advanced" training of choice, and a variety of other training opportunities (depending on the Cadet's previous experience and desires).

Senior Leadership

Volunteer Naval Sea Cadet Corps Officers and Instructors furnish senior leadership for the program. They willingly contribute their time and efforts to serve America's youth. The Sea Cadet Corps programs succeed because of their dedicated, active participation and commitment to the principles upon which the Corps was founded. Cadet Corps officers are appointed from the civilian sector or from active, reserve or retired military status. All are required to take orientation, intermediate and advanced Officer Professional Development courses to increase their management and youth leadership skills. Appointment as an officer in the Sea Cadet Corps does not, in itself, confer any official military rank. However, a Navy style uniform, bearing USNSCC insignia, is authorized and worn. Cadet Corps officers receive no pay or allowances. Yet, they do deserve some benefits such as limited use of military facilities and space available air travel in conjunction with carrying out their training duty orders.

Drug-Free and Gang-Free Environment

One of the most important benefits of the Sea Cadet Program is that it provides participating youth a peer structure and environment that places maximum emphasis on a drug and gang free environment. Supporting this effort is a close liaison with the U.S. Department of Justice Drug Enforcement Administration (DEA). The DEA offers the services of all DEA Demand Reduction Coordinators to provide individual unit training, as well as their being an integral part of our boot camp training programs.

Training

Local Training

Local training, held at the unit's drill site, includes a variety of activities supervised by qualified Sea Cadet Corps Officers and instructors, as well as Navy, Coast Guard, Marine and other service member instructors.

Cadets receive classroom and hands on practical instruction in basic military requirements, military drill, water and small boat safety, core personal values, social amenities, drug/alcohol abuse, cultural relations, naval history, naval customs and traditions, and nautical skills. Training may be held onboard ships, small boats or aircraft, depending upon platform availability, as well as onboard military bases and stations. In their training, cadets also learn about and are exposed to a wide variety of civilian and military career opportunities through field trips and educational tours.

Special presentations by military and civilian officials augment the local training, as does attendance at special briefings and events throughout the local area. Cadets are also encouraged, and scheduled, to participate in civic activities and events to include parades, social work, and community projects, all part of the "whole person" training concept.

For all Naval Sea Cadets the training during the first several months is at their local training site, and focuses on general orientation to, and familiarization with, the entire Naval Sea Cadet program. It also prepares them for their first major away from home training event, the two weeks recruit training which all Sea Cadets must successfully complete.

The Navy League Cadet Corps training program teaches younger cadets the virtues of personal neatness, loyalty, obedience, courtesy, dependability and a sense of responsibility for shipmates. In accordance with a Navy orientated syllabus, this education prepares them for the higher level of training they will receive as Naval Sea Cadets.

Summer Training

After enrolling, all sea cadets must first attend a two week recruit training taught at the Navy's Recruit Training Command, at other Naval Bases or stations, and at

regional recruit training sites using other military host resources. Instructed by Navy or NSCC Recruit Division Commanders, cadets train to a condensed version of the basic course that Navy enlistees receive. The curriculum is provided by the Navy, and taught at all training sites. In 2003 there were 22 Recruit training classes at 19 locations, including 3 classes conducted over the winter holiday school break. These 20 plus nationwide regional sites are required to accommodate the increased demand for quotas and also to keep cadet and adult travel costs to a minimum. Over 2,600 Naval Sea Cadets attended recruit training in 2003, supported by another 240 adult volunteers.

Once Sea Cadets have successfully completed recruit training, they may choose from a wide variety of advanced training opportunities including basic/advanced airman, ceremonial guard, seamanship, sailing, amphibious operations, leadership, firefighting and emergency services, submarine orientation, seal and mine warfare operations, Navy diving, and training in occupational specialties including health care, legal, music, master-at-arms and police science, and construction.

The Naval Sea Cadet Corps is proud of the quality and diversity of training opportunities offered to its Cadet Corps. For 2003 approximately 8,000 "training opportunities" were formally advertised for both cadets and adults. Another 900 "opportunities" presented themselves through the dedication, resourcefulness and initiative of the adult volunteer officers who independently arranged training for cadets onboard local bases and stations. This locally arranged training represents some of the best that the NSCC has to offer and includes the consistently outstanding training offered by the U.S. Coast Guard. The total cadet and adult opportunity for 2003 stood at about 9,000 quotas, including all recruit training. Approximately 8,000 NSCC members, with about 7,000 being cadets, stepped forward and requested orders to take advantage of these training opportunities. Cadets faced a myriad of challenging and rewarding training experiences designed to instill leadership and develop self-reliance. It also enabled them to become familiar with the full spectrum of Navy and Coast Guard career fields.

This ever-increasing participation once again reflects the popularity of the NSCC and the positive results of federal funding for 2001 through 2003. The NSCC continues to experience increased recruit and advanced training attendance of well over 2,000 cadets per year over those years in which federal funding was not available. The events of 9/11 and the resulting global war against terrorism did preclude berthing availability at many bases and stations; however, the NSCC continued to grow as other military hosts offered their resources in support of the NSCC. While recruit training acquaints cadets with Navy life and Navy style discipline, advanced training focuses on military and general career fields and opportunities, and also affords the cadets many entertaining, drug free, disciplined yet fun activities over the entire year. One result of this training is that approximately 10 percent of the Midshipman Brigade at the U.S Naval Academy report having been prior Naval Sea Cadets, most citing summer training as a key factor in their decision to attend the USNA.

Training highlights for 2003

The 2003 training focus was on providing every cadet the opportunity to perform either recruit or advanced training during the year. To that end, emphasis was placed on maintaining all new training opportunities developed over the last several years since federal funding was approved for the NSCC. This proved to be a significant challenge with reduced available berthing at DOD bases as a result of recalled reservists and deployment of forces in the war on terrorism. Regardless, we were successful in most of our plans. Included among these were classes in sailing and legal (JAG) training, expanded SEAL orientation opportunity, SCUBA classes, more seamanship training onboard the NSCC training vessels on the Great Lakes, and additional honor guard training opportunities. Other highlights included:

- Expanded recruit training opportunity by increasing recruit training evolutions from 15 in 2002 to 22 in 2003.
- Kept cadet training cost to \$30 for 1 week and \$60 for 2 weeks plus transportation; only a \$5 and \$10 increase over 2002, all during a period of escalating costs and increasing enrollment while the grant was maintained at \$1 million.
- Expanded use of Army and State National Guard facilities to accommodate demand for quotas for recruit training.
- Maintained expanded recruit training and advanced training opportunity higher than any prior year.
- Improved adult professional development and education through much needed updates of the NSCC Officer Professional Development courses.
- Added first class ever with Navy Explosive Ordnance Disposal/Mobile Diving Salvage Units in Norfolk, Virginia.

- Nearly doubled the number of MAA classes and doubled the number of cadets taking this training.
- Maintained expanded YP training on the Great Lakes.
- Maintained placement of cadets onboard USCG Barque Eagle for two, three week underway orientation cruises.
- Maintained placement of cadets aboard USCG stations, cutters, and tenders for what many consider among the best of the training opportunities offered in the NSCC.
- Continued the popular, merit based, International Exchange program although reduced for Asian countries due to the SARS concern.
- Graduated over 290 cadets from the NSCC Petty Officer Leadership Academies, (POLA).
- Maintained placement of Cadets onboard USN ships under local orders as operating schedules and opportunity permitted.
- As has been the case in all prior years, once again enjoyed particularly outstanding support from members of the United States Naval Reserve, whose help and leadership remains essential for summer training.

International Exchange Program (IEP)

The NSCC continued in 2003, for the second year, its' redesigned and highly competitive, merit based, and very low cost to the cadet, International Exchange Program. Cadets were placed in Australia, United Kingdom, Sweden, Netherlands, and Bermuda to train with fellow cadets in these host nations. The NSCC and Canada did maintain their traditional exchanges in Nova Scotia and British Columbia, and the NSCC hosted visiting cadets in Norfolk and at Fort Lewis, WA for two weeks of U.S. Navy style training.

Navy League Cadet Training

In 2003, almost 1,350 Navy League Cadets and escorts attended Navy League Orientation Training at 17 sites nationwide. The diversity in location and ample quotas allowed for attendance by each and every League Cadet who wished to attend. Approximately 250 League cadets and their escorts attended advanced Navy League training where cadets learn about small boats and small boat safety using the U.S. Coast Guard's safe boating curriculum. Other advanced Navy League training sites emphasize leadership training. Both serve the program well in preparing League cadets for further training in the Naval Sea Cadet Corps, and particularly for their first "boot camp." The continuing strong numbers of participants for both Orientation and Advanced training, support not just the popularity of the NSCC program but also the positive impact the federal training grant has had in helping cadets afford the training and helping them take advantage of the increased opportunities available to them.

Training Grants

Through local sponsor support and the federal grant, almost every Cadet who desired to attend summer training had the opportunity. This milestone is a direct result of the strong NLUS council and sponsor support for NSCC/NLCC cadets to participate in the Corps' summer training.

Scholarships

The Naval Sea Cadet Corps Scholarship program was established to provide financial assistance to deserving Cadets who wished to further their education at the college level. Established in 1975, the scholarship program consists of a family of funds: the NSCC Scholarship Fund; the Navy League Stockholm Scholarship; the San Diego Gas & Electric Fund; grants from the Lewis A. Kingsley Foundation; and the NSCC "named scholarship" program, designed to recognize an individual, corporation, organization or foundation.

Since the inception of the scholarship program, 176 scholarships have been awarded to 166 Cadets (includes some renewals) totaling over \$192,900.

Service Accessions

The Naval Sea Cadet Corps was formed at the request of the Department of the Navy as a means to "enhance the Navy image in the minds of American youth." To accomplish this, ongoing training illustrates to Naval Sea Cadets the advantages and benefits of careers in the armed services, and in particular, the sea services.

While there is no service obligation associated with the Naval Sea Cadet Corps program, many Sea Cadets choose to enlist or enroll in Officer training programs in all the Services.

Annually, the NSCC conducts a survey to determine the approximate number of Cadets making this career decision. This survey is conducted during the annual in-

spections of the units. The reported Cadet accessions to the services are only those that are known to the unit at that time. There are many accessions that occur in the 2–3 year timeframe after Cadets leave their units, which go unreported. For example, for the year 2000, with about 80 percent of the units reporting, the survey indicates that 564 known Cadets entered the armed forces during the reporting year ending December 31, 2002. Of these, 30 ex-Sea Cadets were reported to have received appointments to the U.S. Naval Academy. Further liaison with the USNA indicates that in fact, there are currently 482 Midshipmen with Sea Cadet backgrounds—almost 10 percent of the entire Brigade. Navy accession recruiting costs have averaged over \$11,000 per person, officer or enlisted, which applied to the number of Sea Cadet accessions represents a significant financial benefit to the Navy. Equally important is the expectation that once a more accurate measurement methodology can be found, is, that since Sea Cadets enter the Armed Forces as disciplined, well trained and motivated individuals, their retention, graduation and first term enlistment completion rates are perhaps the highest among any other entry group. USNA officials are currently studying graduation rates for past years for ex-Sea Cadets as a group as compared to the entire Brigade. Their preliminary opinion is that these percents will be among the highest. It is further expected that this factor will be an excellent indicator of the following, not only for the USNA, but for all officer and enlisted programs the Sea Cadets may enter:

- Extremely high motivation of ex-Cadets to enter the Service.
- Excellent background provided by the U.S. Naval Sea Cadet experience in preparing and motivating Cadets to enter the Service.
- Prior U.S. Naval Sea Cadet Corps experience is an excellent pre-screening opportunity for young men and women to evaluate their interest in pursuing a military career. This factor could potentially save considerable taxpayer dollars expended on individuals who apply for, then resign after entering the Academy if they decide at some point they do not have the interest or motivation.
- U.S. Naval Sea Cadet experience prior to entering the Service is an excellent indicator of a potentially high success rate.

Data similar to the above has been requested from the United States Coast Guard Academy and the United States Merchant Marine Academy.

Whether or not they choose a service career, all Sea Cadets carry forth learned values of good citizenship, leadership and moral courage that will benefit themselves and our country.

Program Finances

Sea Cadets pay for all expenses, including travel to/from training, uniforms, insurance and training costs. Out-of-pocket costs can reach \$500 each year. Assistance is made available so that no young person is denied access to the program, regardless of social or economic background.

Federally funded at the \$1,000,000 level in fiscal years 2001, 2002, and 2003, and at \$1,500,000 in fiscal year 2004 (of the \$2,000,000 requested), these funds were used to offset individual Cadet's individual costs for summer training, conduct of background checks for adult volunteers and for reducing future enrollment costs for Cadets. In addition to the federal funds received, NSC receives under \$1,000,000 per year from other sources, which includes around \$250,000 in enrollment fees from Cadets and adult volunteers themselves. For a variety of reasons, at a minimum, this current level of funding is necessary to sustain this program and the full \$2,000,000 would allow for program expansion:

- All-time high in number of enrolled Sea Cadets (and growing) and general inflation.
- Some bases denying planned access to Sea Cadets for training due to increased terrorism threat level alerts and the associated tightening of security measures—requiring Cadets to utilize alternative, and often more costly training alternatives.
- Reduced availability of afloat training opportunities due to the Navy's high level of operations related to the Iraq war.
- Reduced training site opportunities due to base closures.
- Non-availability of open bay berthing opportunities for Cadets due to their elimination as a result of enlisted habitability upgrades to individual/double berthing spaces.
- Lack of available "Space Available" transportation for group movements and lack of on-base transportation, as the Navy no longer "owns" busses now controlled by the GSA.

Because of these factors, Cadet out-of-pocket costs have skyrocketed to the point where the requested \$2,000,000 alone would be barely sufficient to handle cost increases.

It is therefore considered a matter of urgency that the full amount of the requested \$2,000,000 be authorized and appropriated for fiscal year 2005.

Senator STEVENS. Our next witness is Heather French Henry, Miss America 2000, for the National Prostate Cancer Coalition.

Being a prostate cancer survivor, I am pleased to see you, but I do not think you have any risk.

STATEMENT OF HEATHER FRENCH HENRY, MISS AMERICA 2000 ON BEHALF OF THE NATIONAL PROSTATE CANCER COALITION

Ms. HENRY. No, I do not. Thank goodness.

Mr. Chairman and Senator Inouye, I would like to thank you for the opportunity to come and speak before you today. Of course, I am Heather French Henry, former Miss America 2000. But before I was Miss America, I was the daughter of a disabled Vietnam veteran, and for years, even before my Miss America career, had the privilege of working with veterans all across the country and especially those who had prostate cancer as a direct result from Agent Orange.

Now, I never thought, after working with all those veterans, that I would have prostate cancer within my family. Fortunately, my father has not been diagnosed with prostate cancer as a veteran, but my husband, former Lieutenant Governor of Kentucky and an orthopedic surgeon, is a prostate cancer survivor.

You can imagine. I was 8 months pregnant, about 1½ weeks away from delivering our second child, when he sat me down to tell me that he had been diagnosed with prostate cancer. The “cancer” word, the big “C” word we call it, in any family, when it is brought up, is scary let alone to an 8-month pregnant woman.

Now, fortunately, Stephen and I had some knowledge of prostate cancer just because he was a physician. However, it is ironic that as a physician, he was not aware of his extensive family history of prostate cancer because prostate cancer just is not widely discussed. It is not like breast cancer which has become even a table topic at dinner discussion, but prostate cancer, of course, is not widely discussed among men, let alone other family members within their family or their friends.

Steve and I had a difficult task. How do you deal with your husband having prostate cancer who is a public figure? How do you deal with that in media? Because, of course, as you know, media speculation is not good on any front when it comes to a public career. Steve and I decided that we would be very open. Now, we were having to deal with this personally, as well as publicly while he was still in office. We decided to be very open with his prostate cancer, and the press conference that we held took us 2½ hours to explain to members of the media just what prostate cancer was and how it could be treated and the various forms of treatment and the alternatives that Stephen had. We wanted to destroy any myth whatsoever about speculation about his life, his career, any of his future, but it took us 2½ hours to do that.

Now, why did it take us 2½ hours? Gentlemen, I do not need to tell you that awareness of any issue is much needed, but without the funding for research—with that funding comes along the awareness. What we are asking today is that you help those out

there by increasing the funding to \$100 million to the DOD prostate cancer research program.

I am sitting before you today as a wife of a prostate cancer survivor, but also as a public servant who has had to deal with this publicly. We choose to do that just to provide hope for men out there and their families that we were going to be advocates. Stephen and I have started the Kentucky Prostate Cancer Coalition within Kentucky. The grassroots support just is not there for prostate cancer, and most of that has to do because of the lack of funding for prostate cancer research.

Now, fortunately, Stephen came through his surgery that he had at Johns Hopkins University Hospital successfully, and I did not breathe a sigh of relief until his first prostate specific antigen (PSA) test which came out with excellent results. But even then, his doctor who did his surgery could not clearly identify the future of prostate cancer. A gentleman who does this surgery probably 1,700 times during 1 year says to me we cannot tell you what the future of prostate cancer is because there is not enough research and funding out there because this disease is constantly changing.

That is my fear, is that we are not going to be able to provide hope for all of the men out there and their families about the future of prostate cancer, and the younger generations that, of course, it is hitting. My husband who was 49 when he was diagnosed speculates to have had it when he was 47. Other friends of ours are getting it at 39 and in their 40's. So we are just asking for funding to be able to project into the future.

As you know, prostate cancer is the most commonly diagnosed cancer within men, accounting for 230,000 cases, 30,000 deaths in 2004. Like Stephen, many of those will be diagnosed in their 40's and 50's. But that is why Stephen and I are here today with the National Prostate Cancer Coalition (NPCC).

To properly fight the war on prostate cancer for families like mine, your committee must restore \$100 million to the Department of Defense prostate cancer research program administered by the congressionally directed medical research program. Of course, in 2001, it was \$100 million, but it had been bumped down to \$85 million. So we are really just asking to restore that final step needed, of course, to conduct human clinical trials research. That is so important because without that extra \$15 million, how do we advance into the research and technology of this?

My husband chose a radical surgery and it is one of several forms of treatment, which of course was successful. But with all current primary treatments for the disease, there are side effects, but without the \$100 million, the program is unable to test new treatments and thus get new products to patients that may not impair the quality of their lives.

Thanks to your leadership, the congressionally directed medical research program has become the gold standard for administering cancer research. The program cannot fight the war against prostate cancer on its own, and last year the committee requested that the Defense Department, in consultation with the Institute of Medicine, evaluate ways for the program to collaborate with the private sector, which of course is so needed. Both the NPCC and I and my husband agree. Through public and private partnerships prostate

cancer research can work collectively and strategically to produce new preventatives, diagnostics, and treatments to improve the quality of their life for prostate cancer patients like my husband.

Prior to your directive, NPCC began discussing methods of public-private partnerships when it convened, along with the DOD prostate cancer research program and the National Cancer Institute, the Prostate Cancer Research Funders Conference in 2000.

The Prostate Cancer Research Funders Conference brings together representatives of all Government agencies that fund prostate cancer research, along with their counterparts in the private sector, which I cannot even tell you how important that is. Other participants include the Veterans Health Administration, the Centers for Disease Control and Prevention, and the Food and Drug Administration, Canadian and British Government agencies, and private foundations and organizations and representatives from the industry. Members of the conference have come together to focus on shared objectives and address commonly recognized barriers within the research. Through this collaborative approach, we can create a unified front to finally beat prostate cancer once and for all.

Again, on behalf of my entire family, NPCC, and all of those prostate cancer patients, I want to thank you for allowing me to be here today and for your leadership already. Most importantly in the future, I want to be able to tell my two little girls that a disease that their daddy had is no longer a killer of men. So we are not only asking you to provide this research money for men everywhere, but also for their wives, their sons, and of course, their daughters. So thank you for letting me be here today. I want to encourage you to restore that research funding for a much needed disease.

Senator STEVENS. Thank you very much.
Questions, Senator?

Senator INOUE. I think we should note that Senator Stevens is the father of the defense prostate cancer research program.

Senator STEVENS. Thank you very much.

Ms. HENRY. Thank you. Appreciate it.

[The statement follows:]

PREPARED STATEMENT OF HEATHER FRENCH HENRY

Mr. Chairman and distinguished members of the committee, thank you for the opportunity to share my thoughts. My name is Heather French Henry, and I was crowned Miss America in 2000. I am here today on our behalf of my husband, my children and families all over America who have been touched by prostate cancer.

I was pregnant with our second child when I found out that my husband, Stephen, then the Lieutenant Governor of Kentucky, had prostate cancer. In fact, I was two weeks away from my delivery date when he sat me down to tell me about his diagnosis. As a young married couple, the thought of prostate cancer or any form of cancer, was not even in our wildest imagination. After all, Stephen was the picture of health for a forty-nine year old man. He was active. He played basketball. He could even out run me on his worst day!

Ironically, my husband is a physician. One might think that doctors should be on top of their health status! However, one peculiar night, I discovered Steve in pain, sitting on the steps holding his hand to his chest. Usually not one prone to dramatics, I was immediately concerned. Stephen went to the hospital and began a long stream of physicals over a period of two weeks. One physical after another showed my husband in good health until the day he received the results of a prostate-specific antigen (PSA) test. Only because of a simple unrelated chest pain did my husband take the initiative to get tested and find out about his PSA level. Had he not

gone to the doctor at all, his diagnosis may still be unknown. Prostate cancer is a silent killer, and men must be encouraged to be vigilant in detecting it.

Following the results of his PSA test, we began to wonder if Stephen's family had a history of the disease. After a call to his mother, we found out that his father had prostate cancer later in his life. If a man has one close relative with prostate cancer, his risk of the disease doubles; with two relatives, the risk increases fivefold. Therefore, it should have been no surprise that Stephen's chances of developing the disease were significant—but it was.

Once I found out about my husband's prostate cancer I couldn't help but think, as an eight-month pregnant woman of 28, "my husband has CANCER!" I felt terrified which was magnified a thousand times by my pregnant condition. The hardest part was that we had to be silent about his condition because of the media. If prostate cancer was something that was widely understood and recognized, such as breast cancer, I don't feel that we would have had to be so cautious. However, because of the great misunderstanding and lack of knowledge the media and the public have about the disease, we had to strategize about how to deal with this situation, not only personally but publicly.

I certainly was in no condition to deal with all of this, but prostate cancer doesn't wait for the "right" time. It added so much stress to my already aching mind and body that I feared it might affect my delivery. Fortunately, it didn't, and we are once again a happy family.

Two days before he had surgery, Stephen held a press conference for all of the Kentucky media. It was the longest press conference in which I had ever participated. It became evident there was a lack of knowledge that even the press had about the seriousness of prostate cancer. We spent almost two hours describing prostate cancer, how it affected us as a family and how it could be treated. So much had to be explained and we wanted everyone on the same page. The last thing we wanted was for the press to speculate about Steve's cancer, his job, or even his life. We held the press conference to create awareness, educate and add hope to those families out there that may be struggling with prostate cancer. The next day we left for Johns Hopkins Medical Center in Baltimore.

Stephen decided after educating himself and seeking the advice of friends and colleagues that he would choose the most aggressive route of surgery. Getting mixed views about timelines for surgery and knowing time was no friend to any cancer, Stephen wanted to act quickly. Three weeks after our daughter was born Stephen underwent surgery. Coupled with the fact that I had just given birth and really needed to have the baby with me, this was an extremely hard time for our family.

I am usually a very strong woman emotionally and spiritually but not the day of Stephen's surgery. When we arrived at the hospital I was immediately told I could not take my infant daughter into the surgical wing. So there I was stuck in the lobby of one of the largest hospitals in the country with a newborn baby, a husband with cancer, and I was mentally lost. All I could do was sit and cry silently in the lobby while people walked by adding nods of compassion. I had no idea how the surgery would go. Reinforcing the lack of public discussion on the disease, no one could give us a clear story about the most affective treatments. What if the surgery didn't work? What if the cancer had spread? What if I was going to lose the love of my life and be left alone with two children? What if my children had to grow up not knowing what a wonderful man their father was?

No one knows when his or her time on earth is going to end, and I was not ready for Steve's name to be called. I eventually called a friend to fly up to Baltimore to pick up my daughter after Stephen's surgery was over. But my despair continued.

Even though the doctor seemed hopeful, my heart felt bleak. All that kept ringing through my head was the doctor describing about how prostate cancer evolves and changes with time and that he could make no predictions because more research needed be done to become more familiar with the nature of prostate cancer. It was nothing short of a nightmare for me. Ironically, between the two of us, Stephen handled it much more gracefully than I did. Four days after a successful surgery, we returned to Kentucky.

I will never forget my husband's reaction to me asking if he would like a wheel chair for the walk through the airport. His pride was clearly hurt. Surgery was one thing, but the aftermath post operation is quite another. Stephen was to keep his catheter in for a few weeks, and that made the flight home quite memorable. The look on his face when I asked to tie his shoes was a clear indication that he did not want people to know or feel sorry for him. This outraged me. It concerned me that the masses didn't know more about prostate cancer and that my husband, or any man, could not feel comfortable dealing with his condition. It was one thing to talk about having prostate cancer but quite another to show people up front a post-operative face. It was not an easy flight, nor were the next weeks at home trying

to make my husband rest. Unfortunately, his demeanor at that time reflects the overall attitude of many men and society: a reluctance to openly address prostate cancer and the need to be screened.

Life didn't really seem to show a ray of hope to me until his first post-operative PSA test. His results were excellent! I finally breathed a sigh of relief. Steve was fortunate. He had caught his prostate cancer early, but others we know have not been so lucky.

Prostate cancer is the most commonly diagnosed cancer in men, accounting for 33 percent of all cancer cases in men. Like Stephen, approximately 230,000 men will learn they have prostate cancer in 2004. Many of those diagnosed will be in their 40s and 50s. Roughly 30,000 will die from the disease. As we have seen, those with a family history of prostate cancer are more susceptible to the disease. Also, veterans and others exposed to defoliants and African American men remain at higher risk. Currently, there is no cure for advanced or metastasized prostate cancer.

I feel that because my husband is a doctor he was able to make wise decisions about his cancer. However, not everyone who currently has or will be diagnosed with prostate cancer is a doctor or will even have access to a doctor.

The reason I am here today sharing my personal story with you is to encourage you to make an appropriate investment in prostate cancer research to help find a cure. We hear slogans everyday about "races for the cure" but the eradication of prostate cancer will never see its day unless it is talked about and taken seriously with proper funding for research. That's why, my husband and I have partnered with the National Prostate Cancer Coalition (NPCC). We know that an investment in research leads to better prevention, detection and treatment—and that greater understanding and awareness of the disease leads to hope—hope that the millions of men who will be diagnosed with prostate cancer have the chance at a long healthy life with their families.

Among men, prostate cancer is rarely discussed, and when it is, it's done "behind closed doors." My own husband was not even fully aware of his family history. Prostate cancer is not something to be ashamed of; it is a disease that needs to be recognized. Just as breast cancer has become a common dinner table topic, so should prostate cancer.

I have worked for many years with Vietnam veterans who have prostate cancer as a result of Agent Orange exposure but I never thought I would encounter it in my family. Having long been a champion of veterans' issues, including the work done through my own foundation, I have seen the burden this disease places on those who have protected our freedom. The Department of Veterans Affairs (VA) estimates that there are roughly 23.5 million male veterans living in the United States. That means approximately 3.9 million veterans will be diagnosed with prostate cancer. The Veterans Health Administration currently estimates that nearly 5,800 patients in its system are diagnosed with prostate cancer each year. This nation must do all it can to keep these men from harm's way, after they have done the same for all Americans. What I am asking from you today is to take care of the men who served in uniform, past present and future.

The Department of Defense (DOD) estimates that the direct health care costs of prostate cancer on the military are expected to be over \$42 million in fiscal year 2004. Nearly 85 percent of the current 1,465,000 serving in America's military are men. That means that about 200,000 servicemen will be diagnosed with prostate cancer—without additional consideration of service related environmental factors that may increase risk of the disease. The DOD refers to itself as America's largest company; it must protect its employees from a killer that will affect 14 percent of its workforce.

Whether in battle or peacetime, the lives of men all over this country depend on your decisions. You have the unique opportunity to provide a brighter future for millions of men and families through prostate cancer research. With proper funding we can find a way to end the pain and suffering caused by prostate cancer.

To properly fight the war on prostate cancer for families like mine, your committee must appropriate \$100 million for the DOD Congressionally Directed Medical Research Program's (CDMRP) Prostate Cancer Research Program (PCRP). As stated in its fiscal year 1997 business plan, PCRP needs at least \$100 million to conduct human clinical trial research. My husband chose to have a radical prostatectomy, one of several forms of treatment available for prostate cancer. Yet, as with all current primary treatments for the disease, there are many side effects. Without \$100 million, the program is unable to test new treatments and thus get new products to patients that may not impair the quality of their lives. Without such investment, the pipeline remains closed, meaning that valuable prostate cancer research remains stuck in laboratories instead of at work in clinics.

Thanks to your leadership, CDMRP has become the gold standard for administering cancer research. Prostate cancer advocates and scientists throughout this nation have long applauded the program and its peer and consumer driven approach to research. PCRP is a unique program within the government's prostate cancer research portfolio because it makes use of public/private partnerships, awards competitive grants for new ideas, does not duplicate the work of other funders, integrates scientists and survivors and uses a unique perspective to solve problems. Its mission and its results are clear. Each year, the program issues an annual report detailing what it has done with taxpayer dollars to fight prostate cancer. PCRP's transparency allows people like us and others affected by prostate cancer to clearly see what our government is doing to fight the disease.

The PCRP structure is based on a model developed by the National Academy of Sciences' Institute of Medicine. Its mission and its philosophy for awarding research grants reflect that of DOD's Defense Advanced Research Projects Agency (DARPA). The DARPA model, performance through competition and innovation, was praised in President Bush's fiscal year 2005 budget. This DARPA-esque approach to cancer research allows PCRP to identify novel research with large potential payoffs and to focus on innovative methods that do not receive funding elsewhere.

One of the strongest aspects of the program is PCRP's Integration Panel. The panel is composed of those who know prostate cancer research and the issues facing it: scientists, researchers, and prostate cancer survivors, just like Stephen. This peer and consumer driven model allows the program to select grants based on merit and their translational benefit while incorporating the views of those who need research the most, prostate cancer patients. No other publicly funded cancer research entity effectively brings together all those with a stake in curing prostate cancer.

This committee requested last year that DOD, in consultation with the Institute of Medicine, evaluate collaborations with the private sector (Senate Report 108-87). Both NPCC and I agree. Through public-private partnerships, prostate cancer researchers can work collectively and strategically to produce new preventives, diagnostics and treatments to improve the quality of life for prostate cancer patients like Stephen. Prior to your directive, NPCC began discussing methods for public-private partnerships when it convened, along with the National Cancer Institute and DOD, the Prostate Cancer Research Funders Conference in 2000.

The Prostate Cancer Research Funders Conference brings together representatives of all the government agencies that fund prostate cancer research along with their counterparts in the private sector. Participants include NIH/NCI, DOD, the Veterans Health Administration, the Centers for Disease Control and Prevention, the Food and Drug Administration, Canadian and British government agencies, private foundations/organizations and representatives from industry. Members of the Conference have come together to focus on shared objectives and address commonly recognized barriers in research.

As a co-convenor of the conference, PCRP plays an important role in shaping its priorities. Currently, federal agencies participate voluntarily, but they can opt in or out based on the tenure of executive leadership. For the conference to be successful, federal agencies engaged in prostate cancer research should, in our opinion, be required to participate, and we ask for your leadership to make that happen. Moreover, Congress must also offer sufficient incentives for the private sector to participate. Incentives that do not compromise the autonomy or integrity of PCRP's peer review structure. I firmly believe that a collaborative, multifaceted approach to prostate cancer research can bring about better results in a more timely fashion.

Mr. Chairman, we have done remarkable work and are making progress. Public-private collaboration and new scientific discoveries are moving us toward a better understanding of how prostate cancer kills, but, for our work to be worthwhile, it must be translated into tangible goals and results for patients. The War on Cancer must be funded appropriately so researchers can get new drugs to the patients who need them. For this to happen PCRP needs \$100 million to fund human clinical trials research.

On behalf of my entire family, prostate cancer patients everywhere, and NPCC I thank you for your time. Thanks to your leadership, I will one day be able to tell my children that a disease their daddy has is no longer a killer of men.

Senator STEVENS. Our next witness is Daniel Puzon, Director of Legislation, Naval Reserve Association.

STATEMENT OF CAPTAIN IKE PUZON, UNITED STATES NAVAL RESERVE (RET.), DIRECTOR OF LEGISLATION, NAVAL RESERVE ASSOCIATION

Mr. PUZON. Mr. Chairman, Senator Inouye, thank you for this opportunity. On behalf of my 22,000 members and 86,000 naval reservists, we thank you.

We are obviously in a climate of increased utilization and sacrifice by our Guard and Reserve, as you have heard today. We are aware of those sacrifices. Our three main equity issues on personnel are, as others have said, selective Reserve Montgomery GI bill improvement, TRICARE for our selected reservists, and some type of parity or improvements on retirement. Our most pressing concern is equipment, end strength, and force structure.

The fact that we have recalled 360,000 Guard and Reserve members is a true testament of their surge ability and their need in our service and also to their readiness and also to the requirement to have a healthy Reserve component in all our services. They have proved that they are cost effective and they add "just in time" might when our Nation calls.

The performance and efforts of today's military is without question. We foresee that the reliance on the Guard and Reserve will continue this way for some time in execution of our national security strategy and evolving homeland security strategy. Reserve components again are providing for our Nation and they have proven they are affordable.

The Guard and Reserve is oftentimes the first bill payer in any attempt to balance the budget. The recent use of F-18's and HCS-4 helicopters, coastal warfare, and multiple other Guard and Reserve units, but most notably in the Navy Reserve units have been targeted for decommissioning. Again, we embrace change in the Naval Reserve Association but we do not embrace the elimination. These people that have served are coming back from Operation Iraqi Freedom and finding out their unit is going to be decommissioned. We think that is a travesty for our Nation and for the naval reservists.

As you know, the Navy is involved from the top down in relooking at what billets are needed and not needed. What is not being looked at is how those people that are being reassigned will be trained. It is going to be hard to be trained if you are in middle America and you need to go to Norfolk or San Diego. That has not been addressed and is not being addressed and is not being funded.

When our Nation called on these service members in the Naval Reserve, they responded. Now, they are finding out these units they used to belong to are on the block to be cut. We think this needs to be looked at.

As you know, reservists and Guardsmen are willing to make large sacrifices and sacrifices in employment unexpectedly. Reservists have shown this time and time again. They will volunteer when asked. They will do anything you ask them to do.

The way the Reserve is used in successful military operations is essential to what America is doing. What we are asking is are these initiatives, the road we are going down, are they the right ones for our national military strategy and our homeland security strategy. Is it the right direction? Is it sound defense? We are

learning lessons, and we hope that the Secretary of Defense and the service departments learn those lessons.

Finally, we would like to urge Congress to continue to resource the National Guard and Reserve equipment accounts. That is the only way Guard and Reserve will keep maintaining front line equipment or any equipment in some cases.

We also think you should address the idea of maintaining the force level for the Naval Reserve because if you do not, it will be gone. We are a slippery slope, down to 40,000 reservists in the Naval Reserve. That is again another travesty.

Finally, we encourage you to consider a commission for the Guard and Reserve for the 21st century. There are way too many issues out there that address this country that the Guard and Reserve can do and will do, and this is the only way to get to it is through a congressionally mandated commission.

Thank you for your time.

Senator STEVENS. Well, thank you very much. You make some great points. We have labored long and hard to ensure that the total force was there, and it has been there. Guard and Reserve is part of the total force. You have a very interesting suggestion for a commission for the 21st century. Unfortunately, I think that is an Armed Services Committee problem, but we will work with them. I think it is a good suggestion. Thank you very much.

Mr. PUZON. Yes, sir.

Senator STEVENS. Senator Inouye.

Senator INOUE. Thank you.

Senator STEVENS. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF DANIEL I. PUZON

Chairman Stevens, Senator Inouye and distinguished members of the subcommittee, on behalf of our 22,000 members, and in advocacy for the 86,000 active Naval Reservists we are grateful for the opportunity to submit testimony, and for your efforts in this hearing.

Today, a climate of continued utilization and sacrifice for our Guardsmen and Reservists has encircled our nation. We are all more aware of sacrifices of our armed forces in Iraq including our Guardsmen and Reservists. Our Guard and Reserve personnel are serving 365 days a year and have suffered in these casualties. These are the times that bring the issue of parity between the active component personnel and reserve component personnel to the forefront and into question.

The three main equity personnel issues important to the Naval Reserve Association members is: (1) Selective Reserve MGIB improvements, (2) TRICARE for Selected Reservists, and (3) some type of parity on early retirement.

Our most important issue is end strength and force structure.

We do not have to remind the Congress why you needed to provide for these Guard and Reserve forces, but it is noted that it is a good thing you did, or where would we be today—by calling on them to go and serve in every major conflict that we have experienced in recent memory. As of today—350,000 Guard and Reserve members recalled since September 11, 2001, is a true testimony of their surge-ability and readiness, and of the requirement to have a healthy reserve component in all our services. These are the forces that add “just in time” combat might when our Nation calls. Judged by this metric of combat might, they are cost-effective and efficient resources.

The performance and efforts of today’s military is without question in the forefront of our national and international news. Without question our armed forces is at the height of military prominence and involvement in our national security strategy. We foresee that this reliance will remain this way, as long as we are in this protracted war on terrorism, and executing both the National Security Strategy and evolving Homeland Security Strategy. Truly our Reserve Components are providing for the defense of our nation and proven that they are affordable!

Yet, while these affordable Guard and Reserve forces are fighting the war in Iraq and being used throughout the world in peace keeping missions, there are some who believe that they add little value; that resources authorized and appropriated by Congress could be used better somewhere else. The Guard and Reserve is often time the first payer in any attempt to balance the budget. In the Navy, dedicated Naval Reserve equipment that has been used in this recent war (F-18's, HH-60's, Coastal Warfare small boats) is being eliminated and Reserve units have been targeted for decommissioning. VFA-203 is scheduled for decommissioning in June 2004, however, their sister squadron (VFA-201) recently deployed, fought in OIF, and broke all active component wartime records. Because they are the Naval Reserve they are being decommissioned. The fact that the equipment and personnel would be needed in a larger conflict (Korea, China), or could be utilized in Homeland Security is of little matter. Some of this is being mislabel as transformational, and some of it is being engineered to occur as an outcome under BRAC. For these and other reasons Congress must remain engaged in maintaining our Reserve and Guard Components.

We respectfully call on Congress to review and question current Transformation and rebalancing efforts because of the aforementioned and the following;

- Guard and Reserve service members are responding without question, or hesitation.
- Guard and Reserve service members' families are responding without question.
- Guard and Reserve service members' employers are responding without question.
- Guard and Reserve hardware units that you have appropriated have responded and are responding without question.
- Guard and Reserve hardware units have performed at and above standards and actually above any active component standard.
- Naval Reserve members and their families as a whole, view transformation and active reserve integration acceptable, but understand that this means they will no longer have real units, with Required Operating Capabilities, and Programmed Operating Capabilities justifications. How Reservists will be trained is a detail that hasn't been answered under current plans.
- Successful transformation of a reserve component is rarely completed, solely with DOD or service input. Outside assistance is necessary to achieve the right mix and right balance.
- Current situations and emerging threats, clearly shows that we need a healthy Naval Reserve force with equipment and with units.

Rarely has there been this massive effort of organizational—equipment, personnel, cultural, and resource—transformation at the same time our country is engaged in a global war on terrorism, homeland security defense, and several protracted wars overseas.

As you know, the Navy is occupied from the top down and ground up in transformation of the Navy and Fleet response—developing expeditionary forces, redoing training matrices, procuring new technologies that will transform Naval war fighting efforts, and now at the same time, implementing massive change of including the Naval Reserve service, in active training matrices.

This is all being done, when our nation called upon the service members of the Naval Reserve—they responded, and now they are finding out their units are going to no longer exist—because we need supposedly more efficient, more effective, capabilities based surging forces. These Naval Reserve Forces cost 50 percent less than any active duty members or unit. They maintain their readiness—directed and reported by active components, at an overall higher sustained rate over time than their active counterpart. The Naval Reserve force knows it must change, and some instances understands better business practices much better than any active member. However, they are now—under the microscope of change, with more to loose than any active force member.

Reservists are willing to sacrifice family and employment to serve their country, unexpectedly. Reservists have shown us time and time again that they'll volunteer when asked, despite the impact of their personal and professional life. This service beyond self is not appreciated by many on the Active side or in DOD. Yet, they are being used again and again.

Rather than confront budget appropriators, the Active Components have been content to fill their force shortfalls with Reserve manpower, and this has been arguably good for the country, according to the Department of the Navy.

If there is a raw nerve among Reservists, it is caused by how individuals are being utilized, and how often that individual is being called up. Pride and professionalism is a large factor in the profile of a Reservist as it is with any individual member of the Armed Services. They want to be used how they have been trained, and they want to be used and complement the Active Forces. Recall and proper use

of reservists needs constant monitoring and attention. We agree that transformation of legacy personnel manpower program is overdue. But, Congressional involvement in force structure transformation is mandatory, along with outside independent involvement to ensure our country does have this affordable and cost efficient capability.

In today's American way of war, the way a Reservist is used and recalled is vital to successful military operations, and essential to gaining the will of America. This has proven its worth over and over, and is relevant.

The question we are asking is: "Are the DOD legislative initiatives, rebalancing efforts of the Department of Navy—taking us in the right direction for a sound Military and a strong National Defense?" We hope that DOD is learning lessons from the past to avoid repeating old mistakes in the future, and the Naval Reserve Association stands ready to assist in turning lessons learned into improved policy.

Leaving nothing to chance however, we strongly urge Congress to legislate:

- Resources for maintaining a strong Naval Reserve Force through the NGREA per the attached priority list for the Naval Reserve Force;
- Appropriations language that maintains end strength and restores unit structure for the Naval Reserve at fiscal year 2003–04 levels; and
- Establish a Commission on the Transformation of Guard and Reserve of the 21st Century. The transformation of our military is dynamic and includes the extended utilization of the Guard and Reserve Forces. We feel it is time for Congress to take a thorough look at these issues with a commission in order to address the many problems that we are experiencing with our Guard and Reserve Forces. A Congressional commission is warranted to review these issues properly.

Mr. Chairman and distinguished members of the committee, thank you for this opportunity. Details of specific issues of concern by our Association follow; we hope you can help address them.

EQUIPMENT OWNERSHIP

Issue: An internal study by the Navy has suggested that Naval Reserve equipment should be returned to the Navy. At first glance, the recommendation of transferring Reserve Component hardware back to the Active component appears not to be a personnel issue. However, nothing could be more of a personnel readiness issue and is ill advised. Besides being attempted several times before, this issue needs to be addressed if the current National Security Strategy is to succeed.

Position: The overwhelming majority of Reserve and Guard members join the RC to have hands-on experience on equipment. The training and personnel readiness of Guard and Reserve members depends on constant hands-on equipment exposure. History shows, this can only be accomplished through Reserve and Guard equipment, since the training cycles of Active Components are rarely if ever—synchronized with the training or exercise times of Guard and Reserve units. Additionally, historical records show that Guard and Reserve units with hardware maintain equipment at or higher than average material and often better training readiness. Current and future war fighting requirements will need these highly qualified units when the Combatant Commanders require fully ready units.

Reserve and Guard units have proven their readiness. The personnel readiness, retention, and training of Reserve and Guard members will depend on them having Reserve equipment that they can utilize, maintain, train on, and deploy with when called upon. Depending on hardware from the Active Component, has never been successful for many functional reasons. The NRA recommends strengthening the Reserve and Guard equipment in order to maintain—highly qualified trained Reserve and Guard personnel.

Our suggested priority for fiscal year 2005 NGREA:

(Dollars in millions)

Pri	Equipment	Cost	No.	Remarks
1	Littoral Surveillance System (LSS)	\$19	1	Procure additional LSS.
2	Naval Coastal Warfare Boats	45	28	Procure 28 boats.
3	P-3C AIP Kits	29	2	Achieve commonality.
4	F/A-18 Mod, ECP 560	24	8	Upgrade F/A-18A PGM capability.
5	MH-60S Aircraft	84	4	Replacement for HH-60H Aircraft.
6	F-5 Radar Upgrade	7	6	Upgrade to APG-66 radar.
7	C-40A Transport Aircraft	1,140	2	Replace aging C-9 with C-40A.
8	F/A-18 Advanced Targeting FLIR	168	12	FLIR's for all Reserve F/A-18 Aircraft.
9	P-3C BMUP Kits	467	4	Achieve commonality.

[Dollars in millions]

Pri	Equipment	Cost	No.	Remarks
10	FLIR kits (AAS-51Q) for SH-60B	56	4	Procure 4 FLIR (AAS-51-Q) for SH-60B

PERSONNEL

Selective Reserve MGIB improvements

Issue: Currently SelRes MGIB benefits are at 19 percent of active duty entitlements.

Position: This shows clearly the priority of SelRes service members. This benefit should be higher and closer to the 48 percent mandated benefit. We must consider upgrading this benefit for those members that are responding to our nations call.

Temporary Recall of Reserve Officers (Three Years or Less)

Issue: To properly match the Reserve officer's exclusion from the active duty list as provided for by 10 U.S.C. 641(1)(D) with a corresponding exclusion from the authorized grade strengths for active duty list officers in 10 U.S.C. 523. Without this amendment, the active component would have to compensate within their control grades for temporary recalled Reserve officers who are considered, selected and promoted by RASL promotion selection boards. This compensation causes instability in promotion planning and a reduction in "career" ADL officer eligibility and promotion for each year a Reserve officer remains on "temporary" active duty. Therefore, Naval Reservists are temporarily recalled to active duty and placed on the ADL for promotional purposes. End result—failure of selection due to removal from RASL peer group.

Position: Strongly support grade strength relief for the small percentage of Reserve officers who would possibly be promoted while serving on temporary active duty. Granting relief is a Win-Win situation. By removing the instability in promotion planning for the active component, Reserve officers can be issued recall orders specifying 10 USC 641(1)(D) allowing them to remain on the RASL for promotion purposes.

Healthcare

Issue: Healthcare readiness is the number one problem in mobilizing Reservists. The governments own studies shows that between 20–25 percent of Guardsmen and Reservists are uninsured.

Position: We applaud the efforts of the TRICARE Management Activity. TMA has a strong sense of which the customer is. They emphasize communications, and are proactive at working with the military associations. Congress took decisive action in establishing the temporary Healthcare program for Guard and Reserve Forces during the fiscal year 2004 NDAA. NRA would like to see a continued effort at implementing the established TRICARE Health plan for uninsured drilling Reservists, and establishing this program as a permanent program.

Early Reserve Retirement

Issue: A one sided debate is being held through the press on whether changes should be allowed to Guard and Reserve to lower the retirement payment age. The Defense Department study on this issue was non conclusive.

Position: Over the last two decades and recently more has been asked of Guardsmen and Reservists than ever before. The nature of the contract has changed; Reserve Component members need to see recognition of the added burden they carry. Providing an option that reduces the retired with pay age to age 55 carries importance in retention, recruitment, and personnel readiness.

The Naval Reserve Association suggests a cost neutral approach to this issue that would not be that "expensive."

The Naval Reserve Association recommends for discussion/debate that Reserve Retirement with pay prior to age 60 be treated like taking Social Security retirement early—if you elected to take it at say age 55, you take it at an actuarially reduced rate.

Most of the cost projected by DOD is for TRICARE healthcare, which begins when retirement pay commences. Again, if one takes Social Security before reaching age 65 they are not eligible for Medicare. NRA suggests that TRICARE for Reservists be decoupled from pay, and eligibility remains at age 60 years.

At a minimum, the committee should consider the various initiatives and the cost neutral approach during the debate.

FORCE STRUCTURE

Roles and Missions

Issue: Pentagon study has highlighted that the Guard and Reserve structure, today, is an inherited Cold War relic. As a result, the Guard and the Reserve organization has become the focus of "transformation." While it won't be denied that there could be a need for change, transformation for transformation sake could be disadvantageous. Visionaries need to learn lessons from the past, assimilate the technology of the future, and by blending each, implement changes that improve war fighting.

Position: Navy has yet to deliver a Vision of use of and equipping of the Naval Reserve Force. A Commission on the Transformation of the Guard and Reserve for the 21st Century is warranted.

The Reserve Component as a Worker Pool

Issue: The view of the Reserve Component that has been suggested within the Pentagon is to consider the Reserve as of a labor pool, where Reservist could be brought onto Active Duty at the needs of a Service and returned, when the requirement is no longer needed. It has also been suggested that an Active Duty member should be able to rotate off active duty for a period, spending that tenure as a Reservist, returning to active duty when family, or education matters are corrected.

Position: The Guard and Reserve should not be viewed as a temporary-hiring agency. Too often the Active Component views the recall of a Reservist as a means to fill a gap in existing active duty manning. Voluntary recall to meet these requirements is one thing, involuntary recall is another.

The two top reasons why a Reservist quits the Guard or Reserve is pressure from family, or employer. The number one complaint from employers is not the activation, but the unpredictability of when a Reservist is recalled, and when they will be returned.

100 Percent Mission Ownership

Issue: Department of Defense is looking at changing the reserve and active component mix. "There's no question but that there are a number of things that the United States is asking its forces to do," Rumsfeld said. "And when one looks at what those things are, we find that some of the things that are necessary, in the course of executing those orders, are things that are found only in the Reserves."

Position: America is best defended through a partnership between the government, the military and the people. The Naval Reserve Association supports the continued recognition of the Abrams Doctrine, which holds that with a volunteer force, we should never go to war without the involvement of the Guard and Reserve, because they bring the national will of the people to the fight. While a review of mission tasking is encouraged, the Active Component should not be tasked with every mission, and for those it shares, no more heavily than their Reserve counterparts. Historically, a number of the high percentage missions gravitated to the Reserve components because the Active Forces treated them as collateral duties. The Reserve has an expertise in some mission areas that are unequaled because Reservists can dedicate the time to developing skills and mission capability, and sharing civilian equivalencies, where such specialization could be a career buster on Active Duty.

Augmentees

Issue: As a means to transform, a number of the services are embracing the concept that command and unit structure within the Reserve Component is unnecessary. Reservists could be mustered as individual mobilization augmentees and be called up because often they are recalled by skills and not units.

Position: An augmentee structure within the Naval Reserve was attempted in the 1950's/1960's, and again in the 1980's. In one word: Failure! Reservists of that period could not pass the readiness test. The image of the Selected Reservists, sitting in a Reserve Center reading a newspaper originates from the augmentee era. Some semblance of structure is needed on a military hierarchy. Early on, Naval Reservists created their own defense universities to fill the training void caused by mission vacuum.

Business Initiative

Issue: Many within the Pentagon feel that business models are the panacea to perceived problems with in military structure.

Position: Reservists have the unique perspective of holding two careers; many with one foot in business and one foot in the military. The Naval Reserve Association suggests caution rather than rush into business solutions. Attempted many

times in the past, business models have failed in the military even with commands that proactively support.

Among the problems faced are:

- Implementing models that are incompletely understood by director or recipient.
- Feedback failure: “Don’t tell me why not; just go do it!”
- The solution is often more expensive than the problem.
- Overburdened middle management attempting to implement.
- Cultural differences.
- While textbook solutions, these models frequently fail in business, too.

Closure of Naval Reserve Activities

Issue: Discussion has emerged, suggesting that a large number of Naval Reserve Centers and Naval Air Reserve Activities be closed, and that Naval Reservists could commute to Fleet Concentration Areas to directly support gaining commands and mobilization sites.

Position: The Naval Reserve Association is opposed to this plan for the following reasons.

A. The Naval Reserve is the one Reserve component that has Reserve Activities in every state. To close many of these would be cutting the single military tie to the civilian community.

B. The demographics of the Naval Reserve is that most of the commissioned officers live on the coasts, while most of the enlisted live in the hinterland, middle America. The Naval Reservists who are paid the least would have to travel the farthest.

C. The active duty concept of a Naval Reserve is a junior force, a structure based upon enlisted (E1–E3s) and officers (O1–O2’s) billets that can’t be filled because the individuals haven’t left the fleet yet. When the Coast Guard “transformed” its Reserve force, it was a forced a restructuring that RIFFed many senior officer and enlisted leadership from the USCGR ranks, and caused a number of years of administrative problems.

D. If training at fleet concentration centers was correctly implemented, the Navy should bear the expense and burden of transportation and housing while on site. Additionally, at locations such as Naval Station Norfolk, the overlap of Active Duty and Reserve training has shown an increased burden on Bachelor Quarters and messing facilities. Frequently, Reservists must be billeted out on the economy. With these extra costs, training would prove more expensive.

E. Such a plan would devastate the Naval Reserves; retention would plummet, training and readiness would suffer.

SUMMARY

NGREA and Commission on Guard and Reserve Forces for the 21st Century are the most important issues. Congress must maintain parity for equipment, because the active component will not. If our country is going to use the Guard and Reserve in the manner we are currently doing, Congress must provide the resources, the active component is not. Finally, a congressionally mandated Commission to study these vital National Security issues is needed to provide guidance to the balancing and transformation that is occurring.

The Four “P’s” can identify the issues that are important to Reservists: Pay, Promotion, Points, and Pride.

Pay needs to be competitive. As Reservists have dual careers, they have other sources of income. If pay is too low, or expenses too high, a Reservist knows that time may be better invested elsewhere.

Promotions need to be fairly regular, and attainable. Promotions have to be through an established system and be predictable.

Points reflect a Reservist’s ambitions to earn Retirement. They are as creditable a reinforcement as pay; and must be easily tracked.

Pride is a combination of professionalism, parity and awards: doing the job well with requisite equipment, and being recognized for ones efforts. While people may not remember exactly what you did, or what you said, they will always remember how you made them feel.

If change is too rapid anxiety is generated amid the ranks. As the Reserve Component is the true volunteer force, Reservists are apt to vote with their feet. Reservists are a durable affordable resource only if they are treated right. Navy plans do not provide for these key points and do not treat the reservist correctly. Current conditions about the world highlights the ongoing need for the Reserve Component as key players in meeting National Security Strategy; we can’t afford to squander that resource.

Senator STEVENS. Next is Dr. Jerome Odom, Provost of the University of South Carolina.

STATEMENT OF DR. JEROME ODOM, PROVOST, UNIVERSITY OF SOUTH CAROLINA ON BEHALF OF THE COALITION OF EPSCoR STATES

Dr. ODOM. Thank you, Mr. Chairman, Senator Inouye. I appreciate the opportunity to submit the testimony regarding the Defense Department's basic scientific research program and the Defense Experimental Program to Stimulate Competitive Research, which is better known as DEPSCoR.

I am the Executive Vice President for Academic Affairs and Provost at the University of South Carolina, and I want to speak today in support of both the Defense Department's science and engineering research program and an important component of that research, the DEPSCoR program. This statement is submitted on behalf of the Coalition of EPSCoR States and the 21 States and Puerto Rico that participate in EPSCoR. EPSCoR stands for Experimental Program to Stimulate Competitive Research, and Mr. Chairman, Alaska is an EPSCoR State, and Senator Inouye, Hawaii is an EPSCoR State as well.

The coalition wishes to be associated with the statement of the Coalition for National Security Research in support of additional funding for defense research and development. The coalition strongly urges the administration and Congress to provide a robust and stable fiscal year 2005 investment for science and technology programs in the Department of Defense. This subcommittee has long demonstrated its strong support for the Department's science and technology research which have produced the innovations and technological breakthroughs that have contributed to ensuring that our fighting men and women have the best available systems and weapons to support them in executing their national defense missions. The bench science that this subcommittee has wisely supported in our Nation's universities has produced significant benefits for the people in the field and on the front lines.

The Coalition of EPSCoR States strongly supports the Department's budget request for basic research. The DEPSCoR program is a small but significant part of this larger program. The coalition recommends that Congress appropriate \$25 million to the Defense Department's budget for the DEPSCoR program.

EPSCoR itself is a research and development program that was initiated by the National Science Foundation and is now supported by most Federal agencies that fund research. Through a merit review process, EPSCoR is improving our Nation's science and technology capability by funding research activities of talented researchers at universities and nonprofit organizations in States that historically have not received significant Federal research and development funding. EPSCoR is a catalyst for change and is widely viewed as a model Federal-State partnership.

The DEPSCoR program helps build national infrastructure for research and education by funding research activities in science and engineering fields important to national defense. The DEPSCoR program also contributes to the States' goals of developing and enhancing their research capabilities while simultaneously supporting the research goals of the Department of De-

fense. Research proposals are only funded if they provide the Defense Department with research in areas important to national defense. The DEPSCoR States have established an impressive record of research that has directly contributed to our Nation's security interests.

I would like very much to be able to give you some examples. They are in the written testimony and all of the DEPSCoR States have made major contributions to defense research.

The DEPSCoR program improves the abilities of institutions of higher education to develop, plan, and execute science and engineering research that is competitive under DOD's peer review system and provides technological products that serve the needs of the Department of Defense. In order to ensure that the broadest number of States is providing unique and high-value research to the Department, the DEPSCoR States propose to augment the current program within the parameters of the Department's legislative authority.

Currently awards are provided to mission-oriented individual investigators from universities and other institutions of higher education. The program, as it is currently implemented, has not taken into account the significant benefits that can be derived from individual investigators pooling their efforts to provide clusters of research that meet the ever-increasing challenges and needs of the Department and the services.

I would just like to say to close we would request \$10 million for the investigator grants and \$15 million for these clusters for a total of \$25 million for DEPSCoR. I sincerely thank you for your consideration of that request.

Senator STEVENS. Well, we are very familiar with your program and we thank you very much for what you are doing.

Dr. ODOM. Thank you.

Senator STEVENS. Do you have any questions?

Senator INOUE. No, Mr. Chairman.

Senator STEVENS. We are familiar with it in our own States. Thank you very much.

Dr. ODOM. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF DR. JEROME ODOM

Mr. Chairman and members of the Subcommittee, I thank you for the opportunity to submit this testimony regarding the Defense Department's basic scientific research program and the Defense Experimental Program to Stimulate Competitive Research (DEPSCoR).

My name is Jerome Odom. I am the Provost of the University of South Carolina. I am here today to speak in support of both the Defense Department's science and engineering research program and an important component of that research, the Defense Department's Experimental Program to Stimulate Competitive Research (EPSCoR). This statement is submitted on behalf the Coalition of EPSCoR States and the twenty-one states and Puerto Rico that participate in EPSCoR.¹

The Coalition wishes to be associated with the statement of the Coalition for National Security Research in support of additional funding for Defense research and development. The Coalition strongly urges the Administration and Congress to provide a robust and stable fiscal year 2005 investment for the Science and Technology programs of the Department of Defense (DOD). This Subcommittee has long dem-

¹Alabama, Alaska, Arkansas, Delaware, Hawaii, Idaho, Kansas, Kentucky, Maine, Montana, Nebraska, Nevada, North Dakota, Oklahoma, South Carolina, South Dakota, Vermont, West Virginia, Wyoming, Puerto Rico, and Virgin Islands.

onstrated its strong support for the Department's science and technology research, which have produced the innovations, and technological breakthroughs that have contributed to ensuring that our fighting men and women have the best available systems and weapons to support them in executing their national defense missions. The bench science the Subcommittee has wisely supported in our Nation's universities and laboratories has produced significant benefits for the people in the field and on the front lines. The Coalition of EPSCoR States strongly urges you to maintain a stable investment in the Department's science and technology (S&T) efforts.

The Coalition of EPSCoR States strongly supports the Department's budget request for basic research. The Defense EPSCoR program is a small, but significant, part of this larger program. The Coalition recommends that Congress appropriate \$25 million to the Defense Department's budget for the Defense Experimental Program to Stimulate Competitive Research (Program Element PE 61114D).

EPSCoR is a research and development program that was initiated by the National Science Foundation. Through a merit review process, EPSCoR is improving our Nation's science and technology capability by funding research activities of talented researchers at universities and non-profit organizations in states that historically have not received significant Federal research and development funding. EPSCoR helps researchers, institutions, and states improve the quality of their research capabilities in order to compete more effectively for non-EPSCoR research funds. EPSCoR is a catalyst for change and is widely viewed as a "model" federal-state partnership. EPSCoR seeks to advance and support the goals of the program through investments in four major areas: research infrastructure improvement; research cluster development and investigator-initiated research; education, career development and workforce training; and outreach and technology transfer.

The Defense Experimental Program to Stimulate Experimental Research (DEPSCoR) was initially authorized by Section 257 of the fiscal year 1995 National Defense Authorization Act (Public Law 103-337). The Defense Department's EPSCoR program helps build national infrastructure for research and education by funding research activities in science and engineering fields important to national defense. DEPSCoR's objectives are to:

- Enhance the capabilities of institutions of higher education in eligible States to develop, plan, and execute science and engineering research that is competitive under the peer-review systems used for awarding Federal research assistance; and

- Increase the probability of long-term growth in the competitively awarded financial assistance that universities in eligible States receive from the Federal Government for science and engineering research.

The Defense EPSCoR program contributes to the states' goals of developing and enhancing their research capabilities, while simultaneously supporting the research goals of the Department of Defense. DEPSCoR grants are based on recommendations from the EPSCoR state committees and the Department's own evaluation and ranking. Research proposals are only funded if they provide the Defense Department with research in areas important to national defense. The DEPSCoR states have established an impressive record to research that has directly contributed to our Nation's security interests. If you will allow me, I would like to highlight some of DEPSCoR's success.

In my state of South Carolina, researchers from Clemson University have produced communications protocols to enhance the effectiveness of radio networks on the battlefield. Researchers are focused on the development of protocols for mitigating the limitations of radio devices of widely disparate capabilities that will be required in future tactical communication networks used by the Army. The new technique will yield a significant improvement in performance and allow for more robust radio system operation for the Army. The University of South Carolina has completed a study to help the Navy revolutionize data processing methods for battlefield operations through the use of sophisticated mathematical techniques. Funded by the Navy, the research project, carried out at the internationally recognized Industrial Mathematics Institute of the University of South Carolina, develops state of the art compression methods that can be used in a variety of military scenarios including: automated target recognition, mission planning, post battlefield assessment, intelligence and counter intelligence.

University of Alabama researchers have conducted important work to reducing gearbox noise in Army helicopters. By reducing the noise levels, the crew will be more alert and able to communicate more effectively while in such a vehicle, thus improving safe operation of the rotorcraft. Additionally, reducing structural vibrations can decrease fatigue damage in the rotorcraft.

Montana State University has received funding from the Air Force to conduct research into protecting pilots and sensors from attack from laser weaponry. This

project is of particular interest for protecting pilots using Night Vision Goggles (NVG), for laser range finders and target designators.

University of Nevada at Reno investigators are exploring novel military applications for non-lethal weaponry for use by the Air Force. This research could be used for ultimately developing "stunning/immobilizing" weapons that do not rely on chemicals and that do not cause human injury. University of Nevada researchers are working on a project to mitigate the noise in the drive systems of ships and submarines. The mitigation of noise and the accompanying vibration will significantly improve stealth performance of naval vessels.

North Dakota State University obtained funding to develop mechanisms that allow the Navy's unmanned airborne vehicles (UAVs) to carry out mission tasks with little external supervision and control. The development of this technology will lead to individual or teams of UAVs efficiently carrying out search, surveillance, reconnaissance, and delivery of weapons missions in the presence of enemy threat and without risk to the lives of military personnel. University of North Dakota researchers received Army funding to develop weather models for improving the availability of weather information worldwide. Improvements in satellite technology research will lead to a better forecasting tool that can be utilized by Army personnel to help maximize their advantage in a battlefield or homeland defense environment. North Dakota State University obtained funding from the Navy to conduct a project to lengthen the life of ship structures. This research will lead to significant savings in military spending on marine fuel, maintenance and replacement of ships.

University of Vermont researchers conducted a study to decompose chemical warfare agents such as mustard gas in a safe and environmentally sustainable system. This method is similar to one used in industry to remove toxic compounds from the smokestacks of coal-burning plants. This process can decompose nearly 100 percent of half mustard from a gas sample. The chemical by-products of this process are environmentally friendly and non-toxic. Similar technologies can be used to decompose sarin, soman, and VX stimulants.

The Defense Experimental Program to Stimulate Competitive Research (DEPSCoR) has been established within DOD to build national competitiveness for academic research and education by providing funding in science and engineering fields of vital importance to DOD's mission. The program improves the abilities of institutions of higher education to develop, plan and execute science and engineering research that is competitive under DOD's peer-review system and provides technological products that serves the needs of the Department of Defense and the Uniformed Services. In order to ensure that the broadest number of states is providing unique and high value research to the Department, the DEPSCoR states propose to augment the current program within the parameters of the Department's legislative authority.

Currently, awards are provided to mission-oriented individual investigators from universities and other institutions of higher education. The individual investigators conduct extremely important research that has practical military applications. The program as it is currently implemented has not taken into account the significant benefits that can be derived from individual investigators pooling their efforts to provide "clusters" of research that meet the ever increasing challenges and needs of the Department and the Services. The current program could also benefit from an approach that maximizes the number of the 21 DEPSCoR states that receive funding for important defense-related projects thus ensuring that these states remain engaged in cutting edge research that enhances national defense.

Working in close consultation with the appropriate officials at the Department of Defense, DEPSCoR states propose restructuring the program into two components. The first component would retain the current program whereby the 21 eligible states (and individual investigators) are invited, through their NSF EPSCoR Committee, to compete for research awards in areas identified by the Department and the Services. The second and new component would award funding to mission-oriented "centers". These centers of defense excellence would be mission oriented interdisciplinary areas to build defense research capacity. Under this model, a single university or institution of higher learning would be awarded a DEPSCoR grant and would manage the various investigators charged with providing interdisciplinary defense research. In order to ensure the broadest possible participation of DEPSCoR states, only four individual awards and two center awards could be active for each state over a three-year period at any one time.

To achieve important defense research objectives of both components of the program, the DEPSCoR states need the program to be funded at \$25 million for fiscal year 2005 with approximately \$10 million obligated to the individual investigator awards and \$15 million for the mission-oriented centers initiative. This twin approach to funding important research will significantly enhance the Department's

ability to tap into the best ideas that the DEPSCoR states have to offer in support of the Nation's security needs. We are currently in discussions with the managers at the Office of Defense Research regarding the proposed restructuring of the composition of DEPSCoR.

The Defense Department's Experimental Program to Stimulate Competitive Research is a wise and worthwhile investment of scarce public resources. It will continue to contribute significantly to efforts to build scientific and engineering research efforts in support of national defense needs.

Finally, the Coalition of EPSCoR States believes a \$25 million Defense EPSCoR program with the modifications suggested will ensure that Federal dollars are being used in a cost-effective way and that the EPSCoR states are contributing to the Nation's Defense efforts. Thank you for your consideration of this request.

Senator STEVENS. Our last witness is Ms. Fran Visco, President of the National Breast Cancer Coalition. Good morning.

**STATEMENT OF FRAN VISCO, J.D., PRESIDENT, NATIONAL BREAST
CANCER COALITION**

Ms. VISCO. Good morning, Mr. Chairman. Good morning, Senator Inouye. I am a 17-year breast cancer survivor and I am privileged to lead the National Breast Cancer Coalition, a coalition of more than 600 member organizations from across the country and 70,000 individuals.

We have submitted written testimony that gives you some of the successes of the Department of Defense breast cancer research program, so I am not going to go into that detail. I am here to thank you for your ongoing support of this program and to once again assure you that these dollars are being incredibly well spent. We are here to ask for level funding to continue the program.

As you know, the overhead for this program is exceedingly low. It is incredibly flexible and able to respond to changes in science on an annual basis. It is a program that is transparent and accountable to the public. The information of what this program funds and how it works is freely available. The website for the program lists everything that the program has funded. Every other year, there is a meeting called the Era of Hope, which is one of the few times where the Government actually reports to the taxpayer exactly where every dollar goes.

The collaboration among the scientific community, the consumer community, and the United States Army has set a model for further collaborations. General Martinez Lopez has told us that so much of what we come up with in the DOD breast cancer research program and the collaborations he has used as a model for other biomedical research programs and other programs at Fort Detrick. The collaborations that have sprung up between world renowned scientists and the United States Army are unprecedented as a result of this program.

Most importantly, it truly has the trust and the faith and the support of the American public. This program is a model, a model that has been copied by other countries, by other biomedical research funding programs, by foundations, by so many others to support innovative breast cancer and other research.

This program complements the existing traditional funding streams. This program rewards innovation. It looks at new ideas and concepts that ultimately become traditional research proposals that are funded by the National Cancer Institute and the National Institutes of Health. It identifies individuals with great vision and

promise early in their career and gives them the funding to allow them to create new technologies and new approaches to eradicating breast cancer. There is no other program like the DOD breast cancer program.

Again, we are so grateful for your continued support. Thank you very much.

Senator STEVENS. Thank you very much. We appreciate your coming to see us and for your visit to our offices.

Senator Inouye.

Senator INOUE. I would like to note, Mr. Chairman, that this is another congressional initiative program that you began.

Ms. VISCO. Yes.

Senator INOUE. Thank you very much, sir.

Ms. VISCO. And we are very grateful to him for that. Thank you. [The statement follows:]

PREPARED STATEMENT OF FRAN VISCO, J.D.

Thank you, Mr. Chairman and members of the Appropriations Subcommittee on Defense, for your exceptional leadership in the effort to increase and improve breast cancer research. You and your Committee have shown great determination and leadership in searching for the answers by funding the Department of Defense (DOD) Peer-Reviewed Breast Cancer Research Program (BCRP) at a level that has brought us closer to eradicating this disease.

I am Fran Visco, a breast cancer survivor, a wife and mother, a lawyer, and President of the National Breast Cancer Coalition (NBCC). On behalf of NBCC, and the more than 3 million women living with breast cancer, I would like to thank you for the opportunity to testify today.

The DOD BCRP's 12 years of progress in the fight against breast cancer has been made possible by this Committee's investment in breast cancer research. To continue this unprecedented progress, we ask that you support a \$150 million appropriation for fiscal year 2005. The program was reduced from \$175 million to \$150 million three years ago as part of an across-the-board cut in congressionally directed health programs. However, there continues to be excellent science that goes unfunded, which is why we believe that the BCRP should be appropriated level funding of \$150 million for fiscal year 2005.

As you know, the National Breast Cancer Coalition is a grassroots advocacy organization made up of more than 600 organizations and tens of thousands of individuals and has been working since 1991 toward the eradication of breast cancer through advocacy and action. NBCC supports increased funding for breast cancer research, increased access to quality health care for all women, and increased influence of breast cancer activists at every table where decisions regarding breast cancer are made.

OVERVIEW OF THE DOD BREAST CANCER RESEARCH PROGRAM

In the past 12 years, the DOD Peer-Reviewed Breast Cancer Research Program has established itself as model medical research program, respected throughout the cancer and broader medical community for its innovative and accountable approach. The groundbreaking research performed through the program has the potential to benefit not just breast cancer, but all cancers, as well as other diseases. Biomedical research is being transformed by the BCRP's success.

This program is both innovative and incredibly streamlined. It continues to be overseen by a group of distinguished scientists and activists, as recommended by the Institute of Medicine (IOM). Because there is no bureaucracy, the program is able to respond quickly to what is currently happening in the scientific community. It is able to fill gaps with little red tape. It is responsive, not just to the scientific community, but also to the public.

Since its inception, this program has matured from an isolated research program to a broad-reaching influential voice forging new and innovative directions for breast cancer research and science. The flexibility of the program has allowed the Army to administer this groundbreaking research effort with unparalleled efficiency and effectiveness.

In addition, an inherent part of this program has been the inclusion of consumer advocates at every level, which has created an unprecedented working relationship

between advocates and scientists, and ultimately has led to new avenues of research in breast cancer. Since 1992, more than 600 breast cancer survivors have served on the BCRP review panels. Their vital role in the success of the BCRP has led to consumer inclusion in other biomedical research programs at DOD. This program now serves as an international model.

It is important to note that the DOD Integration Panel that designs this program has a plan of how best to spend the funds appropriated. This plan is based on the state of the science—both what scientists know now and the gaps in our knowledge—as well as the needs of the public. This plan coincides with our philosophy that we do not want to restrict scientific freedom, creativity or innovation. While we carefully allocate these resources, we do not want to predetermine the specific research areas to be addressed.

UNIQUE FUNDING OPPORTUNITIES

Developments in the past few years have begun to offer breast cancer researchers fascinating insights into the biology of breast cancer and have brought into sharp focus the areas of research that hold promise and will build on the knowledge and investment we have made. The Innovative Developmental and Exploratory Awards (IDEA) grants of the DOD program have been critical in the effort to respond to new discoveries and to encourage and support innovative, risk-taking research. The IDEA grants have been instrumental in the development of promising breast cancer research. These grants have allowed scientists to explore beyond the realm of traditional research and have unleashed incredible new ideas and concepts. IDEA grants are uniquely designed to dramatically advance our knowledge in areas that offer the greatest potential.

IDEA grants are precisely the type of grants that rarely receive funding through more traditional programs such as the National Institutes of Health, and academic research programs. Therefore, they complement, and do not duplicate, other federal funding programs. This is true of other DOD award mechanisms as well.

For example, the Innovator awards are structured to invest in world renowned, outstanding individuals, rather than projects, from any field of study by providing funding and freedom to pursue highly creative, potentially breakthrough research that could ultimately accelerate the eradication of breast cancer. The Era of Hope Scholar is intended to support the formation of the next generation of leaders in breast cancer research, by identifying the best and brightest independent scientists early in their careers and give them the necessary resources to pursue a highly innovative vision towards ending breast cancer.

Also, Historically Black Colleges and Minority Universities/Minority Institutions Partnership Awards are intended to provide assistance at an institutional level. The major goal of this award is to support collaboration between multiple investigators at an applicant Minority Institution and a collaborating institution with an established program in breast cancer research, for the purpose of creating an environment that would foster breast cancer research, and in which Minority Institute faculty would receive training toward establishing successful breast cancer research careers.

These are just a few examples of innovative approaches at the DOD BCRP that are filling gaps in breast cancer research. It is vital that these grants are able to continue to support the growing interest in breast cancer research—\$150 million for peer-reviewed research will help sustain the program's momentum.

The DOD BCRP also focuses on moving research from the bench to the bedside. A major feature of the awards offered by the BCRP is that they are designed to fill niches that are not offered by other agencies. The BCRP considers translational research to be the application of well-founded laboratory or other pre-clinical insight into a clinical trial. To enhance this critical area of research, several research opportunities have been offered. Clinical Translational Research Awards have been awarded for investigator-initiated projects that involve a clinical trial within the lifetime of the award. The BCRP expanded its emphasis on translational research by offering five different types of awards that support work at the critical juncture between laboratory research and bedside applications.

The Centers of Excellence mechanism bring together consortia of the world's most highly qualified individuals and institutions to address a major overarching question in breast cancer research that could make a major contribution towards the eradication of breast cancer. These Centers put to work the expertise of basic, epidemiology and clinical researchers; as well as consumer advocates to focus on a major question in breast cancer research. Many of these centers are working on questions that will translate into direct clinical applications.

SCIENTIFIC ACHIEVEMENTS

The BCRP research portfolio is comprised of many different types of projects, including support for innovative ideas, infrastructure building to facilitate clinical trials, and training breast cancer researchers.

One of the most promising outcomes of research funded by the BCRP was the development of Herceptin, a drug that prolongs the lives of women with a particularly aggressive type of advanced breast cancer. This drug could not have been developed without first researching and understanding the gene known as HER-2/neu, which is involved in the progression of some breast cancers. Researchers found that over-expression of HER-2/neu in breast cancer cells results in very aggressive biologic behavior. Most importantly, the same researchers demonstrated that an antibody directed against HER-2/neu could slow the growth of the cancer cells that over-expressed the gene. This research, which led to the development of the drug Herceptin, was made possible in part by a DOD BCRP-funded infrastructure grant. Other researchers funded by the BCRP are currently working to identify similar kinds of genes that are involved in the initiation and progression of cancer. They hope to develop new drugs like Herceptin that can fight the growth of breast cancer cells.

Several studies funded by the BCRP will examine the role of estrogen and estrogen signaling in breast cancer. For example, one study examined the effects of the two main pathways that produce estrogen. Estrogen is often processed by one of two pathways; one yields biologically active substances while the other does not. It has been suggested that women who process estrogen via the biologically active pathway may be at higher risk of developing breast cancer. It is anticipated that work from this funding effort will yield insights into the effects of estrogen processing on breast cancer risk in women with and without family histories of breast cancer.

One DOD IDEA award success has supported the development of new technology that may be used to identify changes in DNA. This technology uses a dye to label DNA adducts, compounds that are important because they may play a role in initiating breast cancer. Early results from this technique are promising and may eventually result in a new marker/method to screen breast cancer specimens.

Investigators funded by the DOD have developed a novel imaging technique that combines two-dimensional and three-dimensional digital mammographic images for analysis of breast calcifications. Compared to conventional film screen mammography, this technique has greater resolution. Ultimately, this technique may help reduce the number of unnecessary breast biopsies.

Despite the enormous successes and advancements in breast cancer research made through funding from the DOD BCRP, we still do not know what causes breast cancer, how to prevent it, or how to cure it. It is critical that innovative research through this unique program continues so that we can move forward toward eradicating this disease.

FEDERAL MONEY WELL SPENT

The DOD BCRP is as efficient as it is innovative. In fact, 90 percent of funds go directly to research grants. The flexibility of the program allows the Army to administer it in such a way as to maximize its limited resources. The program is able to quickly respond to current scientific advances, and is able to fill gaps by focusing on research that is traditionally underfunded. It is responsive to the scientific community and to the public. This is evidenced by the inclusion of consumer advocates at both the peer and programmatic review levels. The consumer perspective helps the scientists understand how the research will affect the community, and allows for funding decisions based on the concerns and needs of patients and the medical community.

Since 1992, the BCRP has been responsible for managing nearly \$1.68 billion in appropriations, from which 3,671 awards for fiscal year 1992–2002 were distributed. Approximately 400 awards will be granted for fiscal year 2003. The areas of focus of the DOD BCRP span a broad spectrum and include basic, clinical, behavioral, environmental sciences, and alternative therapy studies, to name a few. The BCRP benefits women and their families by maximizing resources; the program offers awards that fill existing gaps in breast cancer research. Scientific achievements that are the direct result of the DOD BCRP are undoubtedly moving us closer to eradicating breast cancer.

From the program's inception through fiscal year 2002, the BCRP has funded research at 3,459 institutions in all 50 states and the District of Columbia. I would like to submit a chart for the record that demonstrates how the funding has been distributed through fiscal year 2002.

The outcomes of the BCRP-funded research can be gauged, in part, by the number of publications, abstracts/presentations, and patents/licensures reported by awardees. To date, there have been more than 6,200 publications in scientific journals, more than 4,200 abstracts and 140 patents/licensure applications.

The federal government can truly be proud of its investment in the DOD BCRP.

POSITIVE FEEDBACK ON THE DOD BCRP

The National Breast Cancer Coalition has been the driving force behind this program for many years. The success of the DOD Peer-Reviewed Breast Cancer Research Program has been illustrated by two unique assessments of the program. The IOM, which originally recommended the structure for the program, independently re-examined the program in a report published in 1997. Their findings overwhelmingly encouraged the continuation of the program and offered guidance for program implementation improvements.

The 1997 IOM review of the DOD Peer-Review Breast Cancer Research Program commended the program and stated that, "the program fills a unique niche among public and private funding sources for cancer research. It is not duplicative of other programs and is a promising vehicle for forging new ideas and scientific breakthroughs in the nation's fight against breast cancer." The IOM report recommended continuing the program and established a solid direction for the next phase of the program. It is imperative that Congress recognizes the independent evaluations of the DOD Breast Cancer Research Program, as well as reiterates its own commitment to the program by appropriating the funding needed to ensure its success. The IOM report has laid the groundwork for effective and efficient implementation of the next phase of this vital research program. Now all it needs is the appropriate funding.

The DOD Peer-Reviewed Breast Cancer Research Program not only provides a funding mechanism for high-risk, high-return research, but also reports the results of this research to the American people at a biennial public meeting called the Era of Hope. The 1997 meeting was the first time a federally funded program reported back to the public in detail not only on the funds used, but also on the research undertaken, the knowledge gained from that research and future directions to be pursued. The transparency of the BCRP allows scientists, consumers and the American public to see the exceptional progress made in breast cancer research.

At the 2002 Era of Hope meeting, all BCRP award recipients from fiscal years 1998-2000 were invited to report their research findings, and many awardees from previous years were asked to present advancements in their research. Scientists reported important advances in the study of cancer development at the molecular and cellular level. Researchers presented the results of research that elucidates several genes and proteins responsible for the spread of breast cancer to other parts of the body, and, more importantly, reveals possible ways to stop this growth. The meeting, which marked the 10th anniversary of the program, also featured grant recipients who are working towards more effective and less toxic treatments for breast cancer that target the unique characteristics of cancer cells and have a limited effect on normal cells. The next meeting will be held in June 2005.

The DOD Peer-Reviewed Breast Cancer Research Program has attracted scientists with new ideas and has continued to facilitate new thinking in breast cancer research and research in general. Research that has been funded through the DOD BCRP is available to the public. Individuals can go to the Department of Defense website and look at the abstracts for each proposal at <http://cdmnp.army.mil/bcrp/>.

COMMITMENT OF THE NATIONAL BREAST CANCER COALITION

The National Breast Cancer Coalition is strongly committed to the DOD program in every aspect, as we truly believe it is one of our best chances for finding cures and preventions for breast cancer. The Coalition and its members are dedicated to working with you to ensure the continuation of funding for this program at a level that allows this research to forge ahead.

In May 1997, our members presented a petition with more than 2.6 million signatures to congressional leaders on the steps of the Capitol. The petition called on the President and the U.S. Congress to spend \$2.6 billion on breast cancer research between 1997 and the year 2000. Funding for the DOD Peer-Reviewed Breast Cancer Research Program was an essential component of reaching the \$2.6 billion goal that so many women and families worked for.

Once again, NBCC is bringing its message to Congress. Just last week, many of the women and family members who supported the campaign to gather the 2.6 million signatures came to NBCCF's Annual Advocacy Training Conference here in

Washington, D.C. More than 600 breast cancer activists from across the country joined us in continuing to mobilize our efforts to end breast cancer. The overwhelming interest in, and dedication to eradicate this disease continues to be evident as people not only are signing petitions, but are willing to come to Washington, D.C. from across the country to deliver their message about their commitment.

Since the very beginning of this program in 1992, Congress has stood in support of this important investment in the fight against breast cancer. In the years since, Mr. Chairman, you and this entire Committee have been leaders in the effort to continue this innovative investment in breast cancer research.

NBCC asks you, the Defense Appropriations Subcommittee, to recognize the importance of what you have initiated. You have set in motion an innovative and highly efficient approach to fighting the breast cancer epidemic. What you must do now is support this effort by continuing to fund research that will help us win this very real and devastating war against a cruel enemy.

Thank you again for the opportunity to submit testimony and for giving hope to the 3 million women in the United States living with breast cancer.

ADDITIONAL SUBMITTED STATEMENTS

[CLERK'S NOTE.—Subsequent to the hearing, the subcommittee has received statements from Dennis Duggan of The American Legion, MSGT (Ret.) Morgan D. Brown, Manager, Legislative Affairs, Air Force Sergeants Association, and the American Museum of Natural History which will be inserted in the record at this point.]

PREPARED STATEMENT OF THE AMERICAN LEGION

Chairman Stevens and distinguished Members of the Subcommittee: The American Legion is grateful for the opportunity to present its views regarding defense appropriations for fiscal year 2005. The American Legion values your leadership in assessing and appropriating adequate funding for quality-of-life, readiness and modernization of the Nation's armed forces to include the active, Reserve and National Guard forces and their families, as well as quality of life for military retirees and their dependents. We realize that many of the personnel decisions come from your colleagues on the Armed Service Committee; however, your Subcommittee continues to play a significant role in the Nation's defense.

Since September 2001, the United States has been involved in two wars—the war against terrorism in Operations Iraqi Freedom and Enduring Freedom. American fighting men and women are proving that they are the best-trained, best-equipped and best-led military in the world. As Secretary of Defense Donald Rumsfeld has noted, the war in Iraq is part of a long, dangerous global war on terrorism. The war on terrorism is being waged on two fronts: overseas against armed terrorists and the other here protecting and securing the Homeland. Indeed, most of what we, as Americans, hold dear are made possible by the peace and stability, which the armed forces provide.

The American Legion continues to adhere to the principle that this Nation's armed forces must be well-manned and equipped, not just to pursue war, but to preserve and protect peace. The American Legion strongly believes that past military downsizing was budget-driven rather than threat focused. Once Army divisions, Navy warships, and Air Force fighter wings are eliminated or retired from the force structure, they cannot be rapidly reconstituted regardless of the threat or emergency circumstances. Although active duty recruiting has achieved its goals, the Army's stop-loss policies have obscured retention of the active and reserve components. Military morale undoubtedly has also been adversely affected by the extension of tours in Iraq.

The Administration's budget request for fiscal year 2005 totals \$2.4 trillion and authorizes \$402 billion for defense or about 19 percent of the budget. The fiscal year 2005 defense budget represents a seven percent increase in defense spending over the current funding level. It also represents 3.6 percent of the Gross Domestic Product, more than the 3.5 percent in the fiscal year 2004 budget. Active duty military manpower end strength is 1.388 million, only slightly changed from fiscal year 2003. Selected Reserve strength is 863,300 or reduced by about 25 percent from its strength levels during the Gulf War of 13 years ago.

Mr. Chairman, this budget must advance ongoing efforts to fight the global war on terrorism, sustain and improve military quality-of-life and continue to transform the military. A decade of overuse of the military and its under-funding will necessitate sustained investments. The American Legion believes that this budget must

also address: increases in the military end strengths of the Services; accelerate ship production; provide increased funding for the concurrent receipt of military retirement pay and VA disability compensation for disabled military retirees; and improve survivors benefit plan (SBP) for the retired military survivors.

If we are to win the war on terror and prepare for the wars of tomorrow, we must take care of the Department's greatest assets—the men and women in uniform. They are doing us proud in Iraq, Afghanistan and around the world.

In order to attract and retain the necessary force over the long haul, the active duty force, Reserves and National Guard will continue to look for talent in an open market place and to compete with the private sector for the best young people this nation has to offer. If we are to attract them to military service in the active and reserve components, we need to count on their patriotism and willingness to sacrifice, to be sure, but we must also provide them the proper incentives. They love their country, but they also love their families—and many have children to support, raise, and educate. We have always asked the men and women in uniform to voluntarily risk their lives to defend us; we should not ask them to forgo adequate pay and allowances and subject their families to repeated unaccompanied deployments and sub-standard housing as well.

With the eventual lifting of the stop-loss policy, there may be a personnel exodus of active duty and reserve components from the Army. Retention and recruiting budgets may need to be substantially increased if we are to keep, and recruit, quality service members.

The President's 2005 defense budget requests \$104.8 billion for military pay and allowances, including a 3.5 percent across-the-board pay raise. It also includes \$4.2 billion to improve military housing, putting the Department on track to eliminate most substandard housing by 2007—several years sooner than previously planned. The fiscal year 2004 budget lowered out-of-pocket housing costs for those living off-base from 7.5 percent to 3.5 percent in 2004 so as to hopefully eliminate all out-of-pocket costs for the men and women in uniform by 2005. The American Legion encourages the Subcommittee to continue the policy of no out-of-pocket housing costs in future years.

Together, these investments in people are critical, because smart weapons are worthless to us unless they are in the hands of smart, well-trained soldiers, sailors, airmen, Marines and Coast Guard personnel.

American Legion National Commanders have visited American troops in Europe, the Balkans and South Korea, as well as a number of installations throughout the United States, including Walter Reed Army Medical Center and Bethesda National Navy Center. During these visits, they were able to see first hand the urgent, immediate need to address real quality-of-life challenges faced by service members and their families. Commanders' have spoken with families on Womens' and Infants' Compensation (WIC), where quality-of-life issues for service members, coupled with combat tours and other heightened operational tempos, play a key role in recurring recruitment and retention efforts and should come as no surprise. The operational tempo and lengthy deployments, other than combat tours, must be reduced or curtailed. Military missions were on the rise before September 11, and deployment levels remain high and the only way, it appears, to reduce repetitive overseas tours and the overuse of the Reserves is to increase military end strengths for the services. Military pay must be on par with the competitive civilian sector. Activated Reservists must receive the same equipment, the same pay and timely health care as active duty personnel. If other benefits, like health care improvements, commissaries, adequate quarters, quality childcare, and Impact Aid for education or DOD education are reduced, they will only serve to further undermine efforts to recruit and retain the brightest and best this Nation has to offer.

The budget deficit is about \$374 billion, the largest in U.S. history, and it is heading higher perhaps to \$500 billion. National defense spending must not be a casualty of deficit reductions.

INCREASING END STRENGTHS AND BALANCING THE ACTIVE/RESERVE FORCE STRUCTURE

The personnel system and force structure currently in use by the United States Armed Forces was created 30 years ago, in the aftermath of the Vietnam War. By the mid-1980's, the All Volunteer Force (AVF) became the most professional, highly qualified military the United States had ever fielded. With 18 Army divisions and 2.1 million on active duty, we were geared for the Cold War and that preparedness carried over into the Persian Gulf War. Whenever Reservists were called-up for the Persian Gulf War or peacekeeping, in the Balkans or Sinai, they were never kept on duty for more than six months. In fact, many Reservists volunteered to go. This system began to breakdown after September 11, 2001 with an overstretched Army

which only had ten divisions which included a mix of infantry, armor, cavalry, air assault, airborne, mechanized and composite capabilities. The Quadrennial Defense Review, released one month after the September 11 attacks, did not alter the mix of active duty and Reserve units. Nor did the plans for the invasion of Iraq. The Defense Department admitted that rebalancing the way Reserve forces were used was to be a top priority. DOD also said that it had seen no evidence to support calls to increase the size of the active Army from its current level of 480,000. The Reserves still account for 97 percent of the military's civil affairs units, 70 percent of its engineering units, 66 percent of its military police and 50 percent of its combat forces. Moreover, the size of the active duty Army has shrunk to 34 percent of the total U.S. military and is currently proportionally smaller than at any time in its history. This split in the active and Reserve forces have led to four major problems, which has been exacerbated by the inability of the United States to get troop contributions from other nations.

First, the Army is severely overstretched and is actively engaged with hostile forces in two countries. It has nearly 370,000 soldiers deployed in 120 countries around the globe. Of its 33 combat brigades, 24 (or 73 percent) are engaged overseas. This leaves the United States potentially vulnerable in places like the Korean Peninsula, and it means that many combat units are sent on back-to-back deployments or have had their overseas tours extended unexpectedly.

Secondly, the failure to increase active forces and reorganize the military's personnel and force structures resulted in National Guard and Reserve units being mobilized without reasonable notice nor equipping. A Maryland National Guard MP battalion, for example, has been mobilized three times in the last two years.

The third problem created by these mobilizations is that many of the Reservists have been called up without proper notice and kept on duty too long and happen to be police officers, firefighters and paramedics in their civilian lives. When these personnel are called for military service and kept active for long periods, besides jeopardizing their employment, it can reduce the ability of their communities to deal with terrorism.

The fourth problem with the current system is that it has led to a decline in the overall readiness of the Army. In fiscal year 2003, the Army had to cancel 49 of its scheduled 182 training exercises. The first four divisions returning from Iraq in the first five months of this year will not be combat-ready again for at least six months since their equipment has worn down, troops have worn down and war-fighting skills have atrophied while they were doing police work. Through its stop-loss measures, the Army has prevented 24,000 active duty troops and some 16,000 reservists from leaving its ranks. The Army Reserve missed its reenlistment goals for fiscal year 2003.

Former Assistant Secretary of Defense Lawrence Korb recommends three major steps to correct these imbalances: First, the balance of active and Reserves must take place even during a war. Forces needed for occupation duty, such as military police, civil affairs and engineers should be permanently transferred to active duty. Secondly, the size of the Army should be quickly increased by at least two more divisions or 40,000 spaces. Third, given the threat to the American homeland, DOD cannot allow homeland security personnel to join the National Guard and Reserves.

The American Legion supports these recommendations, in particular, by permanently increasing the end strengths of the United States Army by two additional divisions or by at least 40,000 personnel. The Army simply does not have enough division-size units to adequately accommodate rotation of units in Iraq in a timely manner and without units becoming non-combat ready when they return home.

Apparently, DOD has resisted making these changes because of the expenses they would incur. But given the size of the overall defense budget—\$420 billion—the money could be found if Congress and DOD reordered its priorities.

By 2007, the Army expects to have created a modern Army by moving to brigade-based organizations, rather than division-based. The Army's current 33 brigades will expand to as many as 48 brigade units of action, which will include five Stryker brigades. The National Guard would have the same common design as the Army. To accomplish these planned changes, the Army will temporarily add 30,000 spaces to help form the new organizations. However, The American Legion understands that about 7,000 service members of the 30,000 would be holdovers from the stop-loss policy. DOD also anticipates continuing to call Guardsmen and Reservists to active duty, which indicates a continuing unit and manpower shortage.

QUALITY-OF-LIFE

The major national security concern continues to be the enhancement of the quality-of-life issues for active duty service members, Reservists, National Guardsmen,

military retirees, and their families. During the last congressional session, President Bush and Congress made marked improvements in an array of quality-of-life issues for military personnel and their military families. These efforts are visual enhancements that must be sustained for active duty personnel, Guardsmen and Reservists.

In previous defense budgets, the President and Congress addressed improvements to the TRICARE system to meet the health care needs of military beneficiaries; enhanced Montgomery GI Bill educational benefits; and elimination of the disabled veterans' tax for severely disabled military retirees. For these actions, The American Legion applauds your strong leadership, dedication, and commitment. However, major issues still remain unresolved: the issue of concurrent receipt of full military retirement pay and VA disability compensation without the current dollar-for-dollar offset for all disabled retirees needs to be resolved, as well as the need to improve survivors' benefits by eliminating the 20 percent offset at age 62.

The American Legion will continue to convey that simple, equitable justice is one reason to authorize and fund concurrent receipt. Military retirees are the only Federal employees who continue to have their retired pay offset with VA disability compensation. Also, proponents claim that the unique nature of military service, given their sacrifices and hardships, should merit these retirees receiving both military retired pay and VA disability compensation. For the past decade, many veterans' programs have been pared to the bone in the name of balancing the budget. Now, military retirees must pay premiums to TRICARE for full health care coverage for themselves and their immediate family members. The American Legion feels it is time that retirees receive compensation for these fiscal sacrifices. Likewise, military survivors have their survivors' benefits reduced from 55 percent to 35 percent when they become social security eligible.

Often, VA service-connected disability compensation is awarded for disabilities that cannot be equated with disabilities incurred in civilian life. Military service rendered in defense, and on behalf, of the Nation, deserves special consideration when determining policy toward such matters as benefits offsets. The American Legion believes it is a moral and ethical responsibility to award disability compensation to the needs of disabled veterans, given the sacrifices and hardships they incurred during honorable military service to the Nation. We are also aware that many of the disabled retirees receive retirement pay that is beneath established poverty levels and by definition in Title 38 are "indigent" veterans.

Mr. Chairman, The American Legion and the armed forces owe you and this Subcommittee a debt of gratitude for your strong support of military quality-of-life issues. Nevertheless, your assistance is needed now more than ever. Positive congressional action is needed in this budget to overcome old and new threats to retaining the finest military in the world. Service members and their families continue to endure physical risks to their well-being and livelihood, substandard living conditions, and forfeiture of personal freedoms that most Americans would find unacceptable. Worldwide deployments have increased significantly and the Nation is at war: a smaller armed force has operated under a higher operational tempo with longer work hours, greater dangers, and increased family separations. The very fact that over 300,000 Guardsmen and Reservists have been mobilized since September 11, 2001 is first-hand evidence that the United States Army has needed at least two more active divisions for nearly a decade.

Throughout the draw down years, military members have been called upon to set the example for the nation by accepting personal financial sacrifices. Their pay raises have been capped for years, and their health care system has been overhauled to cut costs, leaving military families with lessened access to proper health care. The American Legion congratulates the Congress for their quality-of-life enhancements contained in past National Defense Authorization Acts. The system however, is in dire need of continued improvement.

Now is the time to look to the force recruiting and retention needs. Positive congressional action is needed to overcome past years of negative career messages and to address the following quality-of-life features:

—*Closing the Military Pay Gap With the Private Sector.*—The previous Chairman of the Joint Chiefs of Staff stated that the area of greatest need for additional defense spending is "taking care of our most important resource, the uniformed members of the armed forces." To meet this need, he enjoined Members of Congress to "close the substantial gap between what we pay our men and women in uniform and what their civilian counterparts with similar skills, training and education are earning." But 11 years of pay caps in previous years took its toll and military pay continues to lag behind the private sector at about 5.4 percent. With U.S. troops battling terrorism in Iraq and Afghanistan, The American Legion supports at least a 3.5 percent military pay raise. The American Legion believes the gap should be erased within three years or less.

- Basic Allowance for Housing (BAH)*.—For those who must live off base, the payment of BAH is intended to help with their out-of-pocket housing expenses. Secretary of Defense Rumsfeld set a goal of entirely eliminating average out-of-pocket housing expenses. This committee has taken strong steps in recent times to provide funding to move toward lowering such expenses by 2005. Please continue to work to keep the gap closed between BAH and the members' average housing costs during future years.
- Commissaries*.—Several years ago, DOD had considered closing some 37 commissary stores worldwide and reducing operating hours in order to resolve a \$48 million shortfall in the Defense Commissary Agency. Such an effort to reduce or dismantle the integrity of the military commissary system would be seen as a serious breach of faith with a benefit system that serves as a mainstay for the active and reserve components, military retirees, 100 percent service-connected disabled veterans, and others. The American Legion urges the Congress to preserve full federal subsidizing of the military commissary system and to retain this vital non-pay compensation benefit. The American Legion recommends the system not be privatized or consolidated; and that DECA manpower levels not be further reduced. The American Legion would oppose any attempts by DOD to impose "variable pricing" in commissaries.
- DOD Domestic Dependents Elementary and Secondary Schools (DDESS)*.—The American Legion is concerned about the possible transfer of DDESS, which is the target of an ongoing study in DOD. The American Legion urges the retention and full funding of the DDESS as they have provided a source of high quality education for children attending schools on military installations.

RESERVE COMPONENTS

The advent of smaller active duty forces reinforces the need to retain combat-ready National Guard and Reserve forces that are completely integrated into the Total Force. The readiness of National Guard and Reserve combat units to deploy in the war on terrorism will also have a cost in terms of human lives unless Congress is completely willing to pay the price for their readiness. With only ten active Army divisions in its inventory, America needs to retain the eight National Guard divisions, in heightened readiness postures, as its life insurance policy.

Reliance on National Guard and Reserve forces has risen 13-fold over the pre-Gulf War era. This trend continues even though both reserve and active forces have been cut back 30 percent and about 25 percent, respectively, from their Cold War highs. In addition, since the terrorist attacks on the American homeland on September 11, 2001, more than 300,000 Guard and Reserve troops have been activated to support homeland defense and overseas operations in the war on terror. Soon, 40 percent of the forces in Iraq will consist of activated reservists.

National Guard and Reserve service today involves a challenging balancing act between civilian employment, family responsibilities, and military service. Increasingly, National Guard and Reserve families encounter stressful situations involving healthcare, economic obligations, and employer uncertainty. Much was accomplished last year for the Guard and Reserves. Benefit issues of particular concern in this area include:

- Review and upgrade the Reserve compensation and retirement system without creating disproportional incentives that could undermine active force retention; change the retirement age from 60 to 55 for Guardsmen and Reservists;
- Continue to restore the tax deductibility of non-reimbursable expenses directly related to Guard and Reserve training;
- Reduce the operations tempo; increase Army force levels; allocate adequate recruiting and retention resources;
- Streamline the Reserve duty status system without compromising the value of the compensation package;
- Improve Reserve Montgomery GI Bill (MGIB) benefits proportional to the active duty program;
- Allow Reservists activated for 12 months or longer to enroll in the active duty MGIB;
- Allow the Guard and Reserve to accrue for retirement purposes all points earned annually;
- Make TRICARE permanently available to all drilling Guardsmen and Reservists and their families;
- Give tax credits for employers who choose to make up the difference between military pay and Reservists salary when they are activated;
- Growing concerns are that the Reserve Components, especially the National Guard, are being overused in contingency and peacekeeping operations, as these

service members have regular civilian jobs and families as well. The National Guard also has state missions in their home states. The American Legion understands that retention rates and, therefore, strength levels are falling in those states, which have deployed or scheduled to deploy Guardsmen overseas. Governors of these states continue to express concern that state missions will not be accomplished. The National Guard from 44 states has had a presence in 35 foreign countries.

The American Legion is also supportive of all proposed quality-of-life initiatives that serve to improve living and working conditions of members of the Reserve components and their families.

OTHER MILITARY RETIREE ISSUES

The American Legion believes strongly that quality-of-life issues for retired military members and families also are important to sustaining military readiness over the long term. If the Government allows retired members' quality-of-life to erode over time, or if the retirement promises that convinced them to serve are not kept, the retention rate in the current force will undoubtedly be affected. The old adage that "you enlist a recruit, but you reenlist a family" is truer today than ever as more career-oriented service members are married or have dependents.

Accordingly, The American Legion believes Congress and the Administration must place high priority on ensuring that these long-standing commitments are honored:

—*VA Compensation Offset to Military Retired Pay (Retired Pay Restoration).*—

Under current law, a military retiree with compensable, VA disabilities cannot receive full military retirement pay and VA disability compensation. The military retiree's retirement pay is offset (dollar-for-dollar) by the amount of VA disability compensation awarded. The American Legion supports restoration of retired pay (concurrent receipt) for all disabled military retirees. We would like to thank the Subcommittee for authorizing concurrent receipt for disabled retirees rated 50 percent and higher and for including Temporary Early Retirement Authority (TERA) retirees as well as disabled retired Reservists who are receiving retired pay for longevity. The American Legion is also grateful for the Enhanced Combat-Related Special Compensation (CRSC), which was enacted in the fiscal year 2003 National Defense Authorization Act. Mr. Chairman, we have a long way to go in extending concurrent receipt to those disabled retirees for longevity rated 50 percent and less; and including TERA retirees in CRSC eligibility; and by extending concurrent receipt to those disabled retirees who were medically retired before reaching 20 years of service. The American Legion has visited Walter Reed Army Medical Center on numerous occasions to talk with wounded and injured young soldiers, many with amputated limbs suffered as a result of combat action in Iraq and Afghanistan. They too are prohibited from receiving both military retirement pay for their physical disability and VA disability compensation. This puts an additional financial strain on these severely disabled soldiers and their families. The American Legion is extending its Family Support Network to these soldiers and their families when they are medically retired from the service. The purposes of these two compensation elements are fundamentally different. A veteran's disability compensation is paid to a veteran who is disabled by injury or disease incurred or aggravated during active duty military service. Monetary benefits are related to the residual effects of the injury or disease or for the physical or mental pain and suffering and subsequently reduced employment and earnings potential. Action should be taken this year to provide full compensation for those military retirees who served both more than and fewer than 20 years in uniform and incurred service-connected disabilities. Disabled military retirees are the only retirees who pay for their own disability compensation from their retirement pay; and they cannot receive both military disability retirement pay and VA disability compensation. It is time to completely cease this inequitable practice. What better time to authorize and fund concurrent receipt for all disabled retirees than during this period of War.

—*Social Security Offset to the Survivors' Benefits Plan (SBP).*—The American Legion supports amending Public Law 99-145 to eliminate the provision that calls for the automatic offset at age 62 of the military SBP with Social Security benefits for military survivors. Military retirees pay into both SBP and Social Security, and their survivors pay income taxes on both. The American Legion believes that military survivors should be entitled to receipt of full Social Security benefits, which they have earned in their own right. It is also strongly recommended that any SBP premium increases be assessed on the effective date of, or subsequent to, increases in cost of living adjustments and certainly not

before the increase in SBP as has been done previously. In order to see some increases in SBP benefits, The American Legion would support an improvement of survivor benefits from 35 percent to 55 percent over a ten-year period. The American Legion also supports initiatives to make the military survivors' benefits plan more attractive. Currently, about 75 percent of officers and 55 percent of enlisted personnel are enrolled in the plan.

—*Reducing the Retired Reservist age from 60 to 55.*—The American Legion believes that retirement pay should be paid sooner as members of the Guard and Reserve are now being used to replace active duty forces in Afghanistan and Iraq and are projected to become 40 percent of total forces in those theaters. Similarly, these retirees and their dependents should be eligible for TRICARE health care and other military privileges when they turn 55.

—*Military Retired Pay COLAs.*—Service members, current and future, need the leadership of this Subcommittee to ensure Congress remains sensitive to long-standing contracts made with generations of career military personnel. A major difficulty is the tendency of some to portray all so-called "entitlement" programs, including military retirement, as a gratuitous gift from the taxpayer. In truth, military retired pay is earned deferred compensation for accepting the unique demands and sacrifices of decades of military service. The military retirement system is among the most important military career incentives. The American Legion urgently recommends that the Subcommittee oppose any changes to the military retirement system, whether prospective or retroactive that would undermine readiness or violate contracts made with military retirees.

—*The SBP Veterans Dependency and Indemnity Compensation (DIC) Offset for Survivors.*—Under current law, the surviving spouse of a retired military member who dies from a service connected condition and the retiree was also enrolled in SBP, the surviving spouse's SBP benefits are offset by the amount of DIC (currently \$948 per month). A pro-rated share of SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. The American Legion believes that SBP and DIC payments, like military retirement pay and disability compensation, are paid for different reasons. SBP is elected and purchased by the retiree based on his/her military career and is intended to provide a portion of retired pay to the survivor. DIC payments represent special compensation to a survivor whose sponsor's death was caused directly by his or her uniformed service. In principle, this is a government payment for indemnity or damages for causing the premature loss of life of the member, to the extent a price can be set on human life. These payments should be additive to any military or federal civilian SBP annuity purchased by the retiree. There are approximately 27,000 military widows/widowers affected by the offset under current law. Congress should repeal this unfair law that penalizes these military survivors.

CONCLUSIONS

Thirty years ago America opted for an all-volunteer force to provide for the national security. Inherent in that commitment was a willingness to invest the needed resources to bring into existence a competent, professional, and well-equipped military. The fiscal year 2005 defense budget, while recognizing the War on Terrorism and Homeland Security, represents another good step in the right direction.

What more needs to be done? The American Legion recommends, as a minimum, that the following steps be implemented:

—Continued improvements in military pay, equitable increases in Basic Allowances for Housing and Subsistence, military health care, improved educational benefits under the Montgomery G.I. Bill, improved access to quality child care, impact aid and other quality-of-life issues. The concurrent receipt of military retirement pay and VA disability compensation for all disabled retirees needs to be authorized and funded. The Survivors' Benefit Plan needs to be increased from 35 to 55 percent for Social Security-eligible military survivors.

—Defense spending, as a percentage of Gross Domestic Product, needs to be maintained at least 3.5 percent annually which this budget does achieve.

—The end strengths of the active armed forces need to be increased to at least 1.6 million for the Services and the Army needs to be increased by two more divisions.

—The Quadrennial Defense Review strategy needs to call for enhanced military capabilities to include force structures, increased end strengths and improved readiness, which are more adequately resourced.

- Force modernization needs to be realistically funded and not further delayed or America is likely to unnecessarily risk many lives in the years ahead;
 - The National Guard and Reserves must be realistically manned, structured, equipped and trained, fully deployable, and maintained at high readiness levels in order to accomplish their indispensable roles and missions. Their compensation, health care, benefits and employment rights need to be continually improved.
 - Although the fiscal year 2004 Supplemental Appropriations increased funding to purchase body armor and armored HMMVV's, we are very disappointed by numerous news accounts of individuals buying their own body armor and recommend increased funding.
- Mr. Chairman, this concludes The American Legion statement.

PREPARED STATEMENT OF THE AIR FORCE SERGEANTS ASSOCIATION

Mr. Chairman and distinguished committee members, on behalf of the 135,000 members of the Air Force Sergeants Association, thank you for this opportunity to offer the views of our members on the military quality-of-life programs that affect those serving (and who have served) our nation. AFSA represents active duty, Guard, Reserve, retired, and veteran enlisted Air Force members and their families. Your continuing effort toward improving the quality of their lives has made a real difference, and our members are grateful. Listed below are several specific goals for which we hope this committee will appropriate funds for fiscal year 2005 on behalf of current and past enlisted members and their families. As always, we are prepared to present more details and to discuss these issues with your staffs. This presentation includes many items reflecting the communication we receive from our members, and it offers an insight into perceived inequities within the military compensation program.

MILITARY PAY AND COMPENSATION

Enlisted military members receive lower pay and lower allowances for food and housing. To put it simply, enlisted members are paid the least in basic pay, and are expected to spend less for their food and to house their families. Of course, this simply means they will have to spend more "out of pocket" to protect their families. Obviously, enlisted members want no less than commissioned officers for their families to live in good neighborhoods and to attend good schools. So, enlisted members are forced to make this happen by spending more of their basic pay—because their allowances are inadequate. We urge this committee to support more equitable compensation/allowance levels for enlisted members, with emphasis on targeted increases for senior NCOs to more fairly compensate them for their responsibilities and the military jobs they do for their nation. Some specific areas that we hope the committee will examine:

- Provide Hazardous Duty Incentive Pay (HDIP) for military firefighters. DOD and all services have reached agreement on this and are ready to support and fund it. The committee can easily verify this through military legislative liaison contacts and through service leadership. AFSA believes this pay is long overdue for these military servicemembers who serve under incredible risk—even during peacetime. If any military occupational specialty should receive HDIP, military firefighters should receive it. It would cost \$9.4 million per year to provide this funding for all services. It is strongly endorsed by this association and by the associations in the Military Coalition. We urge the committee to make this happen—this year.
- Reform military pay to more equitably reflect enlisted responsibilities in relation to the overall Air Force mission. Further targeting is warranted.
- Make the recent increases in Family Separation Allowance (\$250), and Imminent Danger Pay (\$225) permanent. These levels are reasonable and more reflective of the financial burdens of those serving and those left at home.
- Provide Assignment Incentive Pay to those stationed in Korea. Military and government leaders often speak of the imminent danger posed by the North Koreans and how the troops stationed there are at the "tip of the spear," forming the front lines of our defenses. These brave men and women should receive some type of special pay or tax advantage. Perhaps the answer is to mandate an amount of the Assignment Incentive Pay signed into law during the 107th Congress.
- Establish a standard, minimum reenlistment bonus at the time of reenlistment for all enlisted members regardless of component, time-in-service, or AFSC. We often hear from our members that it is demotivating that subordinates often re-

ceive bonuses, while those who lead them do not. In fact, such bonuses are generally not offered after the 15th year of service. While we realize that such bonuses are nothing more than force manipulation tools, it would be proper to provide some level of bonus each time a military member commits to put his/her life on the line for an additional extended period of military service.

EDUCATIONAL BENEFITS

While a number of issues must be addressed in relation to the Montgomery G.I. Bill, we realize they do not specifically fall under the jurisdiction of this committee. However, it is imperative that those (from that era) who did not enroll in the old Veterans Educational Assistance Plan get an opportunity to enroll in the Montgomery G.I. Bill. Many are now retiring after devoting a career of military service, yet they have no transitional education benefit. Additionally, military members give more than enough to this nation that they should not have to pay \$1,200 into the Montgomery G.I. Bill in order to use it. Members ought to be able to transfer their G.I. Bill benefits to their family members—perhaps as a career incentive (e.g., after serving 12 or 14 years). The 10-year benefit limitation after separation needs to be repealed; it is unfair to enlisted members and serves no purpose other than to discourage use of this important benefit. We ask that you provide the funding necessary to enact these changes to the MGIB. In addition, we ask this committee to:

- Eliminate any service Tuition Assistance caps. As military members increase their education levels, they are able to progressively increase their contribution to the mission. As has often been said, every dollar this nation spends on education returns many fold in the contribution the more-educated citizen (military member) makes to society and the U.S. economy.
- Ensure full funding of the Impact Aid Program. This committee is forced to address the Impact Aid issue each year. It has had to do so regardless of the Administration in power. In order to protect the families (especially the children) of military members, we ask you to continue your great work in providing Impact Aid funding.
- Enhance the Selected Reserve Montgomery G.I. Bill (SR-MGIB) benefit. AFSA asks this committee to provide the funding necessary to increase the value of the SR-MGIB to ensure it measures up to 47 percent of the value of the active duty MGIB. This was the congressional intent when the SR-MGIB began. At the present time, the SR-MGIB is only worth 29 percent of the MGIB. We ask you to support increasing the value of the SR-MGIB and establishing an automatic indexing with the active duty program. Additionally, we ask you to provide the necessary funding which would allow Guardsmen and Reservists to use the SR-MGIB beyond the current 14-year duration of the program. They should be able to use the program during their time of service and for a reasonable period after they have completed their military obligation.
- Provide military members and their families in-state tuition rates at federally supported state universities. Military members are moved to stations around the world at the pleasure of the government. Yet, they are treated as visitors wherever they go. Fairness would dictate that, for the purposes of the cost of higher education, they be treated as residents so that they can have in-state rates at federally supported colleges and universities in the state where they are assigned. We would ask this committee to exert the necessary influence to require federally supported institutions to consider military members assigned in their state as “residents,” for the purposes of tuition levels.

AIR NATIONAL GUARD AND AIR FORCE RESERVE

The role of the Guard and Reserve (G&R) has increased dramatically. Our military establishment simply could not execute the War on Terrorism nor this nation's worldwide military operations without the direct participation of G&R members. We learned much after 9/11 as mobilization took place and as G&R members were increasingly deployed. The following initiatives have been called for by AFSA members. Many of these are equity issues. AFSA believes that each of the items is the right thing to do.

- Reduce the earliest G&R retirement age from 60 to 55. It is simply wrong that these patriots are the only federal retirees that have to wait until age 60 to fully enjoy retirement benefits. While we realize that DOD considers this a budgetary burden, it is the right thing to do. Additionally, it would allow for greater movement from rank-to-rank since most G&R promotions are by vacancy. While there are many bills on the table (many inspired by budgetary considerations rather than doing the right thing), we urge this committee to fully

support S. 1035, sponsored by Senator Jon Corzine. That bill would provide full retirement benefits as early as age 55.

- Provide full (not fractioned) payment of flying, hazardous duty, and other special pays; i.e., eliminate “1/30” rules. These “fractioned” allowances are wrong. They denigrate the service and the risk faced by members of the Guard and Reserve. We ask the committee to fund these important “risk-based” allowances on the same basis for G&R members as they are paid for active duty members.
- Provide BAH “Type 1” to all G&R members TDY or activate, including those activated or TDY for less than 139 days. Unlike an active duty member, G&R members typically have civilian employment and always return to their residence upon completion of military duty. Their house payment does not go away. Providing full BAH to deployed G&R members would allow them to adequately protect their investment in their homes and the financial wellbeing of their families, if applicable.
- Provide G&R First Sergeants and Command Chief Master Sergeants with full, special duty assignment pay on the same basis it is paid to active duty members. Like active duty members, the extraordinary duties and expenses of these two groups of leaders does not take place only during duty hours. G&R First Sergeants and Command Chiefs have duties throughout the month (whether they are “officially” on duty or not). For that reason, equity would call for this special pay to be paid on the same basis as it is for active duty enlisted leaders.

RETIREMENT BENEFITS

AFSA applauds this committee for its support of the partial resolution to the Concurrent Receipt issue included in Section 641 of the fiscal year 2004 NDAA and the expansion of Combat-Related Special Compensation under Section 642. Despite the specter of a veto threat throughout the year and intense political wrangling, in the end the right thing was done. The principle has now been established in law. Congress has recognized that retirees who are disabled by their military service should be allowed to collect the full retirement pay they earned through long-term honorable service to the nation. They also ought to receive just compensation for maladies caused by military service—injuries that will have an impact on their employability and their quality of life during their remaining days on Earth. Now, AFSA urges that the effort shift toward restoring military retired pay for those with disabilities of 40 percent and lower. We ask the committee to help establish a timetable to address this important issue for those with VA disability ratings of 40 percent and lower.

MORALE, WELFARE AND RECREATION PROGRAMS

These programs form an essential part of military life. They build a sense of community, enhance morale, promote fitness, provide support to family members left behind when the military member is deployed, and financially support military families. It is extremely important that this committee support full funding of Child Development Centers. These facilities are not a luxury, they are absolutely necessary for the completion of this nation’s military mission.

HOUSING AND SHIPMENT PROGRAMS

The process of shipping military personal property has historically been a nightmare for military service members. They have had to accept that their personal goods will be lost, stolen, or damaged. In fact, that is a normal part of nearly every military move. One reason that military household goods have been treated so shoddily is that carriers are selected based on “low bid”—not high quality and/or customer satisfaction. Also, the claims process to recover the financial loss caused by loss or damage is so cumbersome that many people don’t bother to file a claim. Those who do file a claim soon learn that they will be reimbursed only a fraction of the cost of the actual loss or damage. We recommend this committee appropriate funds to specifically address the following housing and shipment-related issues.

- Provide a household goods weight allowance for military spouses to accommodate professional books, papers, and/or equipment needed to support employment of military spouses. Because the majority of military spouses now work (especially in enlisted families), it is appropriate that they be afforded a weight allowance to accommodate their professional documents, books, and supplies. This would be in keeping with DOD’s recent focus on “family readiness.” This allowance would also support such things as supplies for family in-home day care, etc.
- Authorize reimbursement for alternate POV storage. If advantageous to the government, reimburse transportation expenses for members to take their POVs

to a location other than a commercial storage facility when PCSing (e.g., to leave the vehicle with a relative). Currently, when a member is sent overseas to a location where the government will not ship a POV, the government must pay to store the vehicle and reimburse the member for mileage accumulated while taking the POV to a commercial storage facility. Sometimes it would cost the government less to reimburse a member for driving his/her vehicle to store it at no cost at a relative's or friend's home. On top of that, the government would not have to pay the storage fees! Of course, those who got reimbursed for taking their vehicle to other than a commercial storage facility would waive the government storage benefit. In many cases this approach would save the government money, as well as passing the common sense test.

- Provide all military members being reassigned to CONUS or OCONUS locations the option of government-funded shipment or storage of a second privately owned vehicle. Current demographics, family employment realities, and average number of family vehicles justify making this change. This would be seen as a positive step forward, particularly for enlisted military members. For them, a privately owned vehicle is a major investment in their overall financial well-being. Leaving a vehicle behind is usually not an option since few enlisted members can afford to store one. As such, a PCS move can have a significantly onerous financial impact on an enlisted family. Especially if they are forced to sell their vehicle. Additionally, because both spouses have to work to support the family, we are forcing the family to purchase a second vehicle at the PCS location—often at overseas locations where the vehicles are significantly overpriced.

SURVIVOR BENEFITS

AFSA appreciates this committee's attention to the needs of those left behind when a current or past military member passes away. The spouses of military members also serve their nation, facing the rigors of that lifestyle, and always being aware that their military spouse has agreed to the ultimate sacrifice. It is important that we correct some inequities that military survivors face.

Eliminate the age 62 Survivor Benefit Plan annuity reduction. We urge you to take action to eliminate the unfair Survivor Benefit Plan (SBP) "Widows Tax." A widow's SBP annuity is reduced by 36 percent when she reaches age 62. Before age 62, she receives 55 percent of the deceased military retiree's base retirement pay; at age 62, it drops to 35 percent of the base retirement pay. This is a financially devastating blow to many survivors, many of whom are on fixed incomes. On top of that it is just plain wrong!

When Congress passed SBP in 1972, the intent was for the retiree to pay 60 percent of program costs, with a 40 percent government subsidy. However, due to miscalculations and annuitant changes, the government subsidy now is just 19 percent. The retiree is paying 81 percent of SBP costs! In 1989 when the subsidy had dropped to just 28 percent, Congress reduced premiums to readjust the government's fair share. With the government subsidy only 19 percent, a major readjustment is needed immediately. One can only imagine the requests that would come from DOD if the situation were reversed. One very fair way to rectify the situation would be to raise the modest survivor annuities. Many military members were misled to believe that the survivor's annuity would be 55 percent for life. Many are shocked when they find that the annuity will drop to 35 percent at age 62. Additionally, there is no such reduction in the federal civilian SBP which is much more highly subsidized. It is wrong that the most senior military survivors are not protected in a similar manner.

- Accelerate the fully-paid-up status for SBP and RSFPP participants who have reached age 70 and have paid into the program 30 years. When Congress passed the paid-up provision five years ago, it set the effective date at 2008. While that change will be welcomed by those who reach age 70 around that time, many more will not so benefit. In fact, many current SBP enrollees will have to have paid more than 35 years at the time that their program is considered paid up. AFSA urges this committee to support changing the paid-up effective date to the date of enactment of the Fiscal Year 2005 National Defense Authorization Act.
- Allow Dependency and Indemnity Compensation (DIC) widows to remarry after age 55 without losing their entitlement. Last year Congress took a great step forward by allowing such widows to remarry after age 57 without losing their benefit. We ask the committee support making that "age 55" to make DIC consistent with all other federal programs.

HEALTH CARE

Military health care and readiness are inseparable, and military members and their families must know that no matter where they are stationed or where the families live, their health care needs will be taken care of.

- Improve the dependant and retiree dental plans. We often hear that the dependent dental insurance plan is a very, poor one. Additionally, retirees complain that the retiree dental plan is overpriced, provides inadequate coverage, and is not worth the investment. This is important because military retirees were led to believe they would have free/low cost, comprehensive, lifetime military dental care. We urge this committee to appropriate additional funding to improve the quality and adequacy of these two essential dental plans.
- Increase provider reimbursement rates to ensure quality providers in the TRICARE system. Perhaps the greatest challenge this committee faces toward keeping the military health care system viable is retaining health care providers in the TRICARE networks. This challenge goes hand-in-hand with that which is faced by Medicare. If we do not allow doctors to charge a fair price for services performed, they will not want to participate in our program. If they do not participate, the program will fail. We have had many members say that they know of doctors that will not treat them because the doctor does not respect nor accept TRICARE. Further questioning usually indicates that the doctors do not welcome TRICARE patients because they have to accept significantly less reimbursement for their services. That begs the question—why should they? We urge this committee to consider increasing the CHAMPUS Maximum Allowable Charge to higher levels to ensure quality providers stay in the system.
- Provide Guard and Reserve members and their families with a comprehensive TRICARE benefit. This is critical to ensure the deployability of the member, and it is important that his/her family is protected when the military member is away from home serving his/her nation. We owe these patriots a comprehensive program.

Mr. Chairman, thank you for this opportunity to present some of the challenges faced by enlisted military members. As you know, they ask little in return for serving their nation. The items they ask us to bring to you, such as those above, would provide equity in some cases and program improvement in others. On behalf of the members of the Air Force Sergeants Association, we ask you to include consideration of these items in your deliberations as you formulate your mark-up for the Defense portion of the fiscal year 2005 Appropriations Act. We would be happy to provide more information or to answer any questions you might have on these important matters.

PREPARED STATEMENT OF THE AMERICAN MUSEUM OF NATURAL HISTORY

About the American Museum of Natural History

The American Museum of Natural History [AMNH] is one of the nation's pre-eminent institutions for scientific research and public education. Since its founding in 1869, the Museum has pursued its mission to "discover, interpret, and disseminate—through scientific research and education—knowledge about human cultures, the natural world, and the universe." With nearly four million annual visitors—approximately half of them children—its audience is one of the largest and most diverse of any museum in the country. Museum scientists conduct groundbreaking research in fields ranging from all branches of zoology, comparative genomics, and bioinformatics to earth, space, and environmental sciences and biodiversity conservation. Their work forms the basis for all the Museum's activities that seek to explain complex issues and help people to understand the events and processes that created and continue to shape the earth, life and civilization on this planet, and the universe beyond.

More than 200 Museum scientists, led by 46 curators, conduct cutting-edge research programs as well as fieldwork and training. Scientists in five divisions (Anthropology; Earth, Planetary, and Space Sciences; Invertebrate Zoology; Paleontology; and Vertebrate Zoology) are using leading technologies to sequence DNA and create new computational tools to retrace the evolutionary tree, document changes in the environment, make new discoveries in the fossil record, and describe human culture in all its variety. The Museum also conducts undergraduate, graduate, and postdoctoral training programs in conjunction with a host of distinguished universities.

The Museum's collections of more than 32 million specimens and artifacts are a major resource for Museum scientists as well as for more than 250 national and international visiting scientists each year. Including endangered and extinct species as well as many of the only known "type specimens," or examples of species by which all other finds are compared, the collections provide an irreplaceable record of life on earth and the critical baseline resources for 21st century research in life, earth, environmental, and other sciences. The Museum has also recently expanded its collections to include biological tissues and isolated DNA maintained in a super-cold tissue facility. Preserving genetic material and gene products from rare and endangered organisms that may become extinct before science fully exploits their potential, this frozen tissue collection is an invaluable research resource in many fields, including genetics, comparative genomics, and biodefense.

The Museum interprets the work of its scientists, addresses current scientific and cultural issues, and promotes public understanding of science through its renowned permanent and temporary exhibits as well as its comprehensive education programs. These programs attract more than 400,000 students and teachers and more than 5,000 teachers for professional development opportunities. The Museum also takes its resources beyond its walls through the National Center for Science Literacy, Education, and Technology, launched in 1997 in partnership with NASA.

Advancing Department of Defense Science Goals

The Department of Defense (DOD) safeguards the nation's security and is committed to the research, tools, and technology that will ensure the capabilities needed to counter 21st century security threats most effectively and efficiently. With its highest priority winning the global war on terrorism, DOD supports research development to prepare for and respond to the full range of terrorist threats, including bioterrorism. The American Museum, in turn, is home to preeminent programs in molecular biology, comparative genomics, and computation that closely tie to DOD's research goals for advancing the nation's security and defense capabilities, including biodefense and protection of troops in the field.

Genomic science is critical to the nation's defense interests. Moreover, studying genomic data in a natural history context makes it possible to more fully understand the impacts of new discoveries in genomics and molecular biology. Genomes of the simplest organisms provide a window into the fundamental mechanics of life, and understanding their natural properties and their evolution (for example, the evolution of pathogenicity in bacteria) can help to solve challenges in biodefense and bring biology and biotechnology to bear in defense applications.

The American Museum's distinguished molecular research programs are deeply engaged in genome research aligned with DOD's various research thrusts, and, as discussed below, its unique expertise in evolutionary analysis is particularly relevant in these areas. In the Museum's molecular laboratories, in operation now for eleven years, more than 40 researchers in molecular systematics, conservation genetics, and developmental biology conduct genetic research on a variety of study organisms, utilizing state of the art sequencers and other advanced technologies. The labs also nourish the Museum's distinguished training programs that serve up to 80 undergraduates, doctoral, and postdoctoral trainees annually.

Advanced computation is also critically important in understanding and responding to threats of bioterrorism. The Museum is a leader in developing vital computational tools, as parallel computing is an essential enabling technology for phylogenetic (evolutionary) analysis and intensive, efficient sampling of a wide array of study organisms. Museum scientists have constructed an in-house 900-CPU computing facility that is the fastest parallel computing cluster in an evolutionary biology laboratory and one of the fastest installed in a non-defense environment. Their pioneering efforts in cluster computing, algorithm development, and evolutionary theory have been widely recognized and commended for their broad applicability for biology as a whole. The bioinformatics tools Museum scientists are creating will not only help to generate evolutionary scenarios, but also will inform and make more efficient large genome sequencing efforts. Many of the parallel algorithms and implementations (especially cluster-based) will be applicable in other informatics contexts such as annotation and assembly, breakpoint analysis, and non-genomic areas of evolutionary biology and other disciplines.

Institute of Comparative Genomics

Building on its strengths in molecular biology, genomics science, and computation, in 2001 the Museum launched the Institute for Comparative Genomics. The importance of the comparative approach cannot be overstated, as investigating genomics with a natural history perspective enlarges our understanding of the evolutionary relationships among organisms including threat agents and pathogenicity, and ulti-

mately, of humans, medicine, and life itself. Equipped with DNA sequencers in its molecular labs, vast biological collections, researchers with expertise in the methods of comparative biology, the computing cluster, and the new frozen tissue collection, the Institute is positioned to be one of the world's premier research facilities for mapping the genome across a comprehensive spectrum of life forms.

The Institute is establishing a distinguished research record in areas of core concern to DOD. Museum scientists are leading major new international research projects in assembling the "tree of life," and have obtained a patent for an innovative approach to analyzing microarray data, which can be used to support more accurate diagnosis of pathogens or physiological states that would reduce or interfere with human performance. Current projects also include: tracing the evolution of pathogenicity and transfer of disease-causing genes over time and between species with NIH and DOE support; building a comprehensive database of all known finished and incomplete genomes of microbial species; developing computational and phylogenetic techniques to analyze chromosomal sequence data; developing effective methods of culturing difficult to culture species as well as new methods for obtaining embryos for antibody staining; and conducting whole genome analysis of disease causing microorganisms to understand the evolutionary changes that take place in a genome to make it more or less virulent. The methodologies, approaches, and algorithms developed in all these projects can be extended and applied fruitfully to a variety of questions involving pathogens that pose a threat to military and civilian populations, including pathogen identification and inactivation and host-pathogen interactions.

Federal Partnership

So as to contribute the unique capacities of its Institute of Comparative Genomics, the Museum proposes a federal partnership with DOD to advance common goals in areas including the Biological Sciences program in DARPA's Defense Research Sciences, committed to protecting our military forces and the public from bio-warfare attacks; and the Army Research Office's Life Sciences emphasis in Molecular Genetics and Genomics (Research; Development, Test, and Evaluation, Army account; Medical Advanced Technology subaccount). The following are examples of programs we propose to undertake in key areas where the research and training work of Museum scientists supports DOD's fundamental missions:

- Field identification of vectors of pathogenicity.*—Involving DNA barcoding of insect vectors and their pathogens, this project promises a major innovation in field technology for identifying and fighting insect borne diseases. The initiative will lead to the development of a handheld device that rapidly and accurately identifies insect vectors of infectious diseases. Adaptable to any number of biological identification problems, the specific focus is on insect vectors of malaria, West Nile, and trypanosomiasis. The project entails developing: a reference collection of insect vectors, a DNA barcoding method to type vectors and their pathogens, and the field-based barcoding tool (most likely using microarray technologies) for identifying insect vectors and pathogens.
- Utilizing bacterial genomics to understand the evolution of pathogenesis.*—This project uses the HACEK group of bacterial pathogens as a model system to understand the role of horizontal gene transfer (HGT) in the evolution of pathogenesis and may provide important clues relevant to new efforts in pathogen origin and deactivation.
- Novel computational approaches to understanding pathogenicity.*—Biology presents a number of problems of extreme computation complexity known as NP-hard problems. One such problem is the determination of evolutionary trees, the basis for the understanding of the origination and loss of biological features, including the origin and loss of pathogenicity. The Museum proposes to apply a new approach that uses statistical physics analogues, such as the quantum mechanical process of particle decay, to model NP-hard problems in evolutionary tree construction. Through this approach, we hope to aid in the design of novel algorithmic approaches to long-standing biological problems, generating new insight into processes such as the evolution of pathogenicity.

The Museum seeks \$5 million for its Institute for Comparative Genomics to partner with DOD to advance these shared research goals for combating bioterrorism and to contribute its singular capacities to research critical to the nation's defense. The Museum intends to support the initiatives with funds from nonfederal as well as federal sources and proposes to use the requested \$5 million to advance research and training programs in microbial genomics research and computation.

SUBCOMMITTEE RECESS

Senator STEVENS. Thank you very much. Appreciate your being here and the testimony of all the witnesses this morning.

We are going to reconvene our subcommittee next Wednesday, May 12, when we will hear from the Secretary of Defense and the Chairman of the Joint Chiefs of Staff. The subcommittee is in recess until that time.

[Whereupon, at 11:40 a.m., Wednesday, May 5, the subcommittee was recessed, to reconvene at 9 a.m., Wednesday, May 12.]

**DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR FISCAL YEAR 2005**

WEDNESDAY, MAY 12, 2004

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

The subcommittee met at 9:03 a.m., in room SH-216, Hart Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Cochran, Specter, Domenici, Bond, McConnell, Shelby, Gregg, Hutchison, Burns, Inouye, Hollings, Byrd, Leahy, Harkin, Dorgan, Durbin, Reid, and Feinstein.

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY

STATEMENTS OF:

HON. DONALD H. RUMSFELD, SECRETARY

GENERAL RICHARD B. MYERS, CHAIRMAN, JOINT CHIEF OF STAFF

**DR. DAVID S. CHU, UNDER SECRETARY OF DEFENSE (PERSONNEL
AND READINESS)**

ACCOMPANIED BY LAWRENCE LANZILLOTTA, COMPTROLLER

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Good morning, Secretary Rumsfeld, General Myers. We welcome you back before our subcommittee at this important time for our Nation and for the Department of Defense. We also welcome the acting Comptroller, Larry Lanzillotta.

The focus of our hearing today is the fiscal year 2005 Defense budget. This is our normally scheduled hearing, where we ask the Secretary of Defense and the Chairman of the Joint Chiefs of Staff to testify at the end of our hearing cycle and provide their important perspectives on the budget and answer questions that have come up in connection with the other subcommittee hearings.

Last week, we learned a fiscal year 2005 request totaling \$25 billion is forthcoming. We plan to hold a separate hearing on that request when more details are available. If it comes to this committee, I urge members to defer their questions concerning that request until we have it.

Sadly, we also have learned a lot over the past week about the abuse of Iraqi inmates at the Abu Ghraib prison. These actions were absolutely appalling and an embarrassment to our great country, as you have said, Mr. Secretary. Congress must, and we shall, investigate the matter thoroughly. It is our view, however,

that the primary jurisdiction of this issue lies with the Senate Armed Services Committee and the Senate Intelligence Committee, not the Appropriations Committee. This committee needs to focus attention on funding required to train and equip our men and women in uniform throughout the world.

Our military remains engaged in critical missions in Iraq, Afghanistan, and other areas around the world. It's imperative for us to exercise our due diligence in reviewing the \$401.7 billion in Defense spending requests that's already before us. We're committed to ensuring the Defense Department is properly resourced to win our global war on terrorism. Failure in this endeavor is not an option for us, as you have stated, Mr. Secretary.

Mr. Secretary and General Myers, we look forward to this hearing today about your priorities in the current budget request, as well as any other operational update you may wish to provide. I understand you may have a time problem, Mr. Secretary. Please keep us informed on that.

We will make—your full statements are already a part of our record.

Each Member, without objection, will be limited to 5 minutes in the opening round of questions. Time permitting, we will proceed with a second round of questioning.

Before you begin your opening statements, I'll ask my colleague, my co-chairman from Hawaii, if he has comments.

STATEMENT OF SENATOR DANIEL K. INOUE

Senator INOUE. Mr. Chairman, I thank you very much. And good morning, Mr. Secretary and General Myers. And I join my Chairman and welcome you to our Subcommittee.

During our hearings this year, we received testimony from the military departments, the Guard and Reserves, Missile Defense Agency, and the Surgeons General. As we have examined the testimony of these officials, it is very clear that most are very supportive of your budget request. In our review, we learned that, at the same time as our forces are fighting overseas, your Department is engaged in many major and somewhat controversial changes. The Navy and Marines are looking at swapping crews overseas to save money and time for deploying ships, a policy which could impact how many ships we need. The Army is adding forces by reconstructing brigades, but there's no agreement to permanently provide the end strength to achieve this. The Air Force is preparing to introduce the F-22 to its force structure, which dramatically increases combat capability. And there are some who still question whether the system is required. All the services are examining their forces overseas to alter the global footprint while we prepare for base closures domestically. And we are now aware that a budget amendment will be forthcoming to help pay for the rising cost of war in Iraq when for months we thought we could defer any increase until next year.

So, Mr. Secretary and General Myers, we know these are very challenging and critical times for the Defense Department. The challenges have been heightened by the events coming to light in recent weeks, and I'm sure I don't have to tell you that it has been

very difficult for all Americans to witness scenes of torture and human-rights abuses.

Mr. Chairman, I know that many are likely to want to discuss this today, but we should remember that our primary jurisdiction is the budget of the Defense Department, not investigating criminal acts. It is, nonetheless, very important that the Congress and the administration continue to investigate these incidents, and I'm certain they will.

Mr. Secretary, General Myers, I know you recognize the gravity of this matter and the serious impact it is having on our Nation's prestige and influence. I, for one, am very concerned about the long-term effect it will have on our military recruiting and retention. It is equally important that we realize we're all in it together. I'm one of the few on this committee that voted against going to war in Iraq. But now that we are engaged in this policy, we must simply find a way to see it through to a successful and swift conclusion.

And I thank you, Mr. Chairman.

Senator STEVENS. Without objection, we're going to postpone opening statements of other members and go right to the Secretary's statement. As I said, it's printed in the record.

Mr. Secretary, we're happy to have you here with us today.

Secretary RUMSFELD. Thank you, Mr. Chairman, Senator Inouye, members of the committee. I'd like to make a brief statement, and I certainly thank you for this opportunity to meet on the President's proposed budget.

First, I want to commend the men and women in uniform and the civilians in the Department of Defense who support them. It's important, in times like this, that we publicly indicate that we value their service, we value their sacrifice. They are doing a superb job for this country.

ACCOMPLISHMENTS SINCE 2001

When this administration took office 3 years ago, the President charged us to try to prepare the Department to meet the new threats that our Nation will face in the 21st century. To meet that charge, we fashioned a new defense strategy, a new force-sizing construct. We've issued a new unified command plan, instituted more realistic budgeting so that the Department now looks to emergency supplementals for the unknown cost of fighting wars and not simply to sustain readiness. We transformed the way the Department prepares its war plans, and adopted a new lessons-learned approach during Operation Iraqi Freedom. And we have undertaken a comprehensive review of our global force structure.

The scope and scale of what has been accomplished is substantial. Our challenge is to build on these activities even as we fight the global war on terror. One effect of the global war on terror has been a significant increase in the operational tempo and an increased demand on the force. To manage the demand, we must first be clear about the problems so that we can work together to fashion appropriate solutions. We hope the increased demand on the force we're experiencing today will prove to be a spike driven by the deployment of some 138,000 troops in Iraq.

MANAGING DEMAND ON THE FORCE

For the moment, the increased demand is real, and we have taken a number of immediate actions. We're working to increase international military participation in Iraq, and have had good success. More recently, we've lost two or three countries from that coalition, which was unfortunate. We've accelerated the training of Iraqi security forces, and we now have something like 206,000 strong, heading toward 265,000. And our forces are working to hunt down those who threaten Iraq's stability and Iraq's transition to self reliance.

Another way to deal with the increased demand on the force is to add more people, and we've already done so, a fact that seems not to be fully recognized. Using the emergency powers granted by Congress, we have already increased the active duty force levels by something in the neighborhood of 30,000 to 35,000 above the pre-emergency authorized end strength. We've done this over the past 2 years. If the war on terror demands it, we will not hesitate to increase force levels still more using the same emergency authority. But it should give us pause that even a temporary increase in our force levels was and remains necessary.

Think about it. At this moment, we have a pool of about 2.6 million men and women in the Active, Reserve, and Guard, including the Individual Ready Reserve, yet the deployment of 135,000 out of a pool of 2.6 million has required that we temporarily increase the size of the force by some 35,000. That suggests that the real problem is not the size of the force, per se, but rather the way the force has been organized over the years and the mix of capabilities at our disposal. And it suggests that our challenge is considerably more complex than simply adding more troops.

General Pete Schoomaker, the Army Chief of Staff, compares the problem to a barrel of water on which the spigot is placed near the top of the barrel, and you open the spigot and very little comes out because all you can access is the top of the barrel. The answer, at least from the taxpayer's standpoint, it seems to me, is not to get a bigger barrel or more barrels; it's to move the spigot down on the barrel so we can access all of, in this case, the 2.6 million men and women that we should have access to, and take full advantage of their skills and their talents and the fact that every one of them is a volunteer.

We have too few Active and Guard and Reserve forces with the skill sets that are in high demand, and we have too many Guard and Reserve with skills that are in too little demand. Therefore, we urgently need to re-balance the skill sets within the Reserve components, and also between the Active and the Reserve components, so that we have enough of the right kinds of forces available to accomplish the missions. And we need to focus on transforming the forces for the future, making sure we continue to increase the capability of the force and, thus, our ability to do more with those forces. The services are working to do just that.

In looking at our global force posture, some observers have focused on the number of things—troops, tanks, ships—that we might add or remove to one portion of the world or another. I would submit that that may very well not be the best measure for

today. For example, the Army has put forward a plan that, by using its emergency powers, we will increase force levels by roughly 6 percent. But because of the way they will do it, General Schoomaker estimates that the Army will add, not 6 percent, but up to 30 percent more combat power—that is to say, go from 33 brigades up to 43 brigades, with a possibility of going to 48 brigades. Instead of adding more divisions, the Army is focusing on creating a 21st century modular army made up of self-contained, more self-sustaining brigades that are available to work for any division commander. As a result, 75 percent of the Army's brigade structure should always be ready in the event of a crisis. The Army's plan will increase the number of active brigades significantly. But because we will be using emergency powers, we will have the flexibility to reduce the number of active troops if the security situation permits.

SUPPORTING THE GLOBAL WAR ON TERRORISM

Before highlighting the 2005 budget request, let me talk briefly about the funding for the global war on terror. As the year has unfolded, not surprisingly the security situation and the requirements in Iraq have changed. As a result, General Abizaid has requested additional combat capability for the period ahead, and the President has approved that request. We regret having to extend those individuals necessary to provide that capability. They had anticipated serving in Iraq, or in theater, for up to 365 days, and this extension will extend their time in Iraq by up to 90 days. We have recently identified, and are now preparing to deploy, other forces to replace them.

Because our Nation is at war, we need to provide combat forces with the resources they need to complete their missions. While we do not yet know the exact cost of operations in 2005, we do need to plan for contingencies so that there's no disruption in the resources for the troops. The cost of supporting these operations increases the chance that certain accounts, such as Army operations and maintenance, particularly, will experience funding shortfalls beyond February or March 2005.

As Senator Inouye mentioned, the President has, therefore, asked Congress for a \$25 billion contingency reserve fund that can be used for operations in Afghanistan and Iraq until we can get a clearer picture of what will be necessary for a fiscal year 2005 supplemental. This fund would be used primarily for operation and maintenance requirements, such as personnel support costs, combat operations, supplies, force protection, and transportation.

I want to emphasize that this \$25 billion proposed reserve fund would not be all that would be needed in 2005. We are anticipating submitting a full 2005 supplemental appropriation request early next year, when we can better estimate the exact cost.

HIGHLIGHTS OF FISCAL YEAR 2005 BUDGET REQUEST

Returning now to the 2005 budget request, we have requested additional funds to strengthen intelligence, including increases in human intelligence, persistent surveillance, as well as technical analysis and information-sharing. We have also strong funding for transformation and other acquisition needs. The President's budget

requests funds for pay and quality-of-life improvements for the troops. These funds properly focus on the men serving—men and women serving in the Armed Forces. In recent years, Congress has, from time to time, added entitlement-like changes beyond recommendations such as these that have been, for the most part, concentrated on those who have already served. We certainly applaud the desire to honor that service. But I should point out that the effects of these decisions, cumulatively, are important. They're increasing substantially the permanent cost of running the Department of Defense (DOD). By fiscal year 2009, they, cumulatively, will add over \$20 billion a year to the Defense budget, with only modest effect on recruiting and retaining the current active force.

I recognize there are legitimate questions and legitimate differences about the best way to compensate the forces. For this reason, I'm appointing an Advisory Committee on Military Compensation to conduct a comprehensive review of military compensation and benefits, with a view towards simplifying and improving them. Before making further changes, I hope that you will allow us to first develop a comprehensive and integrated set of compensation proposals, which we would submit to you next year.

SPECIAL LEGISLATION

One of the most important ways in which Congress can support the global war on terror is to support three special authorities that we have requested. First is \$500 million to train and equip military and security forces in Iraq, Afghanistan, and friendly nearby regional nations to enhance their capability to combat terrorism and to support U.S. operations in Iraq and Afghanistan. It is a great deal cheaper for the taxpayer if we are able to train and equip forces in Iraq and Afghanistan than it is to maintain U.S. forces in those countries.

Second, the Commander's Emergency Response Program, \$300 million, to enable military leaders in Iraq and Afghanistan—U.S. military leaders—to respond to urgent humanitarian relief and reconstruction needs. This has been a remarkably successful program, with quick turnaround projects averaging in the neighborhood of \$5,000 to \$10,000 each. Commanders not only help people in their operations area, but they also gain support in defeating terrorists and building themselves a better future.

And third is increased drawdown authority—we're requesting \$200 million under the Afghan Freedom Support Act—to provide additional help for the Afghan National Army. The President's 2005 budget does not request specific authorization for these three authorities. Therefore, the Department would need to reprogram funding to use them. This underscores the importance of Congress increasing the Department's general transfer authority to \$4 billion, which would represent slightly under 1 percent of total DOD funding. Higher general transfer authority would give us a needed ability to shift funds from less pressing needs to fund must-pay bills and emerging requirements as the circumstances on the ground change over time. As we've seen in the last three years, such requirements have been a constant feature of our military programs.

PREPARED STATEMENT

Mr. Chairman, the President has asked Congress \$401.7 billion for fiscal year 2005. That is a very, very large amount of money, the taxpayers' hard-earned money. Such investments will likely be required for some years, because our Nation is engaged in a struggle that could very likely go on for a number of years. Our objective is to ensure that the Armed Forces remain the best-trained, the best-equipped fighting force in the world, and that we treat volunteers who make up that force with the respect equal to their sacrifice and their dedication.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you very much, Mr. Secretary.
[The statement follows:]

PREPARED STATEMENT OF DONALD H. RUMSFELD

INTRODUCTION

Mr. Chairman, members of the Committee, I am pleased to be here to discuss the progress in the global war on terrorism, our transformation efforts, and to discuss the President's 2005 budget request for the Department of Defense.

First, I want to commend the courageous men and women in uniform and the Department civilians who support them. They are remarkable—and what they have accomplished since our country was attacked 30 months ago is impressive. In 2½ years, they have helped to: Overthrow two terrorist regimes, rescued two nations, and liberated some 50 million people; capture or kill 46 of the 55 most wanted in Iraq—including Iraq's deposed dictator, Saddam Hussein; hunt down thousands of terrorists and regime remnants in Iraq and Afghanistan; capture or kill close to two-thirds of known senior al-Qaeda operatives; disrupt terrorist cells on most continents; and likely prevent a number of planned terrorist attacks.

Our forces are steadfast and determined. We value their service and sacrifice, and the sacrifice of their families.

With your support, we have the finest Armed Forces on the face of the Earth.

We have a challenge: to support the troops and to make sure they have what they will need to defend the nation in the years ahead.

We are working to do that in a number of ways: By giving them the tools they need to win the global war on terror; by transforming for the 21st century, so they will have the training and tools they need to prevail in the next wars our nation may have to fight—wars which could be notably different from today's challenges; and by working to ensure that we manage the force properly—so we can continue to attract and retain the best and brightest, and sustain the quality of the all-volunteer force.

Each represents a significant challenge in its own right. Yet we must accomplish all of these critical tasks at once.

When this Administration took office three years ago, the President charged us with a mission—to challenge the status quo, and prepare the Department of Defense to meet the new threats our nation will face as the 21st century unfolds.

We have done a good deal to meet that charge. Consider just some of what has been accomplished:

- We have fashioned a new defense strategy and a new force sizing construct.
- We have moved from a “threat-based” to a “capabilities-based” approach to defense planning, focusing not only on who might threaten us, or where, or when—but more on how we might be threatened, and what portfolio of capabilities we will need to deter and defend against those new threats.
- We have fashioned a new Unified Command Plan, with a new Northern Command, that became fully operational last September, to better defend the homeland; the Joint Forces Command focused on transformation; and a new Strategic Command responsible for early warning of, and defense against, missile attack and the conduct of long-range attacks.
- We have transformed the Special Operations Command, expanding its capabilities and its missions, so that it cannot only support missions directed by the regional combatant commanders, but also plan and execute its own missions in the global war on terror, supported by other combatant commands.

- We have taken critical steps to attract and retain talent in our Armed Forces—including targeted pay raises and quality of life improvements for the troops and their families.
- We have instituted realistic budgeting, so the Department now looks to emergency supplementals for the unknown costs of fighting wars, not to sustain readiness.
- We have reorganized the Department to better focus our space activities.
- Congress has established a new Under Secretary of Defense for Intelligence and an Assistant Secretary of Defense for Homeland Defense.
- We have completed the Nuclear Posture Review, and adopted a new approach to deterrence that will enhance our security, while permitting historic deep reductions in offensive nuclear weapons.
- We have pursued a new approach to developing military capabilities. Instead of developing a picture of the perfect system, and then building the system to meet that vision of perfection—however long it takes or costs—the new approach is to start with the basics, roll out early models faster, and then add capabilities to the basic system as they become available.
- We have reorganized and revitalized the missile defense research, development and testing program—and are on track to begin deployment of our nation’s first rudimentary ballistic missile defenses later this year.
- We have established new strategic relationships, that would have been unimaginable just a decade ago, with nations in Central Asia, the Caucasus, and other critical areas of the world.
- We transformed the way the Department prepares its war plans—reducing the time it takes to develop those plans, increasing the frequency with which they are updated, and structuring our plans to be flexible and adaptable to changes in the security environment.
- We adopted a new “Lessons Learned” approach during Operation Iraqi Freedom, embedding a team with U.S. Central Command that not only studied lessons for future military campaigns, but provided real-time feedback that had an immediate impact on our success in Iraq.
- We made a number of key program decisions that are already having a favorable impact on the capability of the force. Among others:
 - We are converting 4 Trident nuclear SSBN subs into conventional SSGN subs capable of delivering special forces and cruise missiles into denied areas.
 - The Army has deployed its first Stryker brigade to Iraq, is completing conversion of the second, and is replacing the Crusader with a new family of precision artillery that is being developed for the Future Combat System.
 - We have revitalized the B–1 bomber fleet by reducing its size and using the savings to modernize the remaining aircraft with precision weapons and other critical upgrades.
- We have also undertaken a comprehensive review of our global force posture, so we can transform U.S. global capabilities from a structure driven by where the wars of the 20th century ended, to one that positions us to deal with the new threats of the 21st century security environment.
- We have established a new Joint National Training Capability, that will help us push joint operational concepts throughout the Department, so our forces train and prepare for war the way they will fight it—jointly.
- We have worked with our Allies to bring NATO into the 21st century—standing up a new NATO Response Force that can deploy in days and weeks instead of months or years, and transforming the NATO Command Structure—including the creation of a new NATO command to drive Alliance transformation.
- With the help of Congress last year, we are establishing a new National Security Personnel System that should help us better manage our 746,000 civilian employees, and we are using the new authorities granted us last year to preserve military training ranges while keeping our commitment to responsible stewardship of the environment.

The scope and scale of what has been accomplished is remarkable. It will have an impact on the capability of our Armed Forces for many years to come.

We will need your continued support as we go into the critical year ahead.

Our challenge is to build on these successes, and continue the transformation efforts that are now underway. In 2004, our objectives are to:

- Successfully prosecute the global war on terror;
- Further strengthen our combined and joint war fighting capabilities;
- Continue transforming the joint force, making it lighter, more agile and more easily deployable, and instilling a culture that rewards innovation and intelligent risk-taking;

- Strengthen our intelligence capabilities, and refocus our intelligence efforts to support the new defense strategy and our contingency plans;
 - Reverse the existing WMD capabilities of unfriendly states and non-state actors, and stop the global spread of WMD;
 - Improve our management of the force;
 - Refocus our overseas presence, further strengthen key alliances, and improve our security cooperation with nations that are likely partners in future contingencies;
 - Continue improving and refining DOD's role in homeland security and homeland defense; and
 - Further streamline DOD processes, continuing financial management reform and shortening acquisition cycle times.
- So, we have an ambitious agenda. But none of these tasks can be put off. Our task is to prepare now for the tomorrow's challenges, even as we fight today's war on terror.

MANAGING THE FORCE

One effect of the global war on terror has been a significant increase in operational tempo, which has resulted in an increased demand on the force. Managing the demand on the force is one of our top priorities. But to do so, we must be clear about the problem—so we can work together to fashion the appropriate solutions.

We hope the increased demand on the force we are experiencing today will prove to be a “spike,” driven by the deployment of nearly 135,000 troops in Iraq. We hope and anticipate that that spike will be temporary. We do not expect to have 135,000 troops permanently deployed in any one campaign.

But for the moment, the increased demand is real—and we are taking a number of immediate actions. Among other things:

- We are working to increase international military participation in Iraq.
- Japan began deploying its Self-Defense Forces to Iraq in January—the first time Japanese forces have been deployed outside their country since the end of World War II.
- As more international forces deploy, we have accelerated the training of Iraqi security forces—now some 200,000 strong—to hasten the day when the Iraqis themselves will be able to take responsibility for the security and stability of their country, and all foreign forces can leave.
- And as we increase Iraq's capability to defend itself, our forces are dealing aggressively with the threat—hunting down those who threaten Iraq's stability and transition to self-reliance.

Another way to deal with the increased demand on the force is to add more people. We have already done so. Using the emergency powers granted by Congress, we have increased force levels by more than 35,000 above the pre-emergency authorized end strength.

- The Army is up roughly 11,400 above authorized end strength;
- The Navy is up roughly 3,600;
- The Marine Corps is up some 600, and
- The Air Force is up about 19,800.

If the war on terror demands it, we will not hesitate to increase force levels still more using the emergency authorities. And because of the emergency powers, we have the flexibility to increase or reduce force levels in the period ahead, as the security situation permits, and as the transformation efficiencies bear fruit.

But it should give us pause that even a temporary increase in our force levels was, and remains, necessary. Think about it: At this moment we have a force of 2.6 million people, both active and reserve: 1.4 million active forces; 869,000 in the Selected Reserve—that is the guard and reserve forces in units; and an additional 286,000 in the Individual Ready Reserves.

Yet, despite these large numbers, the deployment of 135,000 troops in Iraq has required that we temporarily increase the size of the force by some 35,000.

That should tell us a good deal about how our forces are organized.

It suggests that the real problem is not the size of the force, per se, but rather the way the force has been organized over the years, and the mix of capabilities at our disposal. And it suggests that our challenge is considerably more complex than simply adding more troops.

General Pete Schoomaker, the Army Chief of Staff, compares the problem to a barrel of water, on which the spigot is placed too high up. When you turn it on, it only draws water off the top, while the water at the bottom can't be accessed. The answer to that problem is not a bigger barrel; rather, the answer is to move the spigot down, so that more of the water is accessible and can be used.

In other words, our challenge today is not simply one of increasing the size of the force. Rather, we must better manage the force we have—to make sure we have enough people in the right skill sets and so that we take full advantage of the skills and talents of everyone who steps forward and volunteers to serve.

We have too few Guard and Reserve forces with certain skill sets that are high demand—and too many Guard and Reserve with skills that are in little demand.

Therefore, we urgently need to rebalance the skill sets within the reserve component, and between the active and reserve components, so we have enough of the right kinds of forces available to accomplish our missions.

And we need to do a far better job of managing the force. That requires that we focus not just on the number of troops available today—though that is of course important—but on transforming the forces for the future, making sure we continue to increase the capability of the force, and thus our ability to do more with fewer forces.

And the Services are working to do just that.

MASS VS. CAPABILITY

One thing we have learned in the global war on terror is that, in the 21st century, what is critical to success in military conflict is not necessarily mass as much as it is capability.

In Operation Iraqi Freedom, Coalition forces defeated a larger adversary. They did it not by bringing more troops to the fight, which we were ready to do, but by overmatching the enemy with superior speed, power, precision and agility.

To win the wars of the 21st century, the task is to make certain our forces are arranged in a way to ensure we can defeat any adversary—and conduct all of the operations necessary to achieve our strategic objectives.

In looking at our global force posture review, some observers have focused on the number of troops, tanks, or ships that we might add or remove in a given part of the world. I would submit that that may well not be the best measure.

If you have 10 of something—say ships, for the sake of argument—and you reduce the number by two, you end up with fewer of them. But if you replace the remaining ships with ships that have double the capability of those removed, then obviously you have not reduced capability even though the numbers have been reduced.

The same is true as we look at the overall size of the force. What is critical is the capability of the Armed Forces to project power quickly, precisely, and effectively anywhere in the world.

For example, today the Navy is reducing force levels. Yet because of the way they are arranging themselves, they will have more combat power available than they did when they had more people.

In Operation Iraqi Freedom, the Navy surged more than half the fleet to the Persian Gulf region for the fight. With the end of major combat operations, instead of keeping two or three carrier strike groups forward deployed, as has been traditional Navy practice, they quickly redeployed all their carrier strike groups to home base. By doing so, they are resetting their force in a way that will allow them to surge over 50 percent more combat power on short notice to deal with future contingencies.

The result? Today, six aircraft carrier strike groups are available to respond immediately to any crisis that might confront us. That capability, coupled with the application of new technologies, gives the Navy growing combat power and greater flexibility to deal with global crises—all while the Navy is moderately reducing the size of its active force.

The Army, by contrast, has put forward a plan that, by using emergency powers, will increase the size of its active force by roughly 6 percent or up to 30,000 troops above authorized end strength. But because of the way they will do it, General Schoemaker estimates the Army will be adding not 6 percent, but up to 30 percent more combat power.

This is possible because, instead of adding more divisions, the Army is moving away from the Napoleonic division structure designed in the 19th century, focusing on creating a 21st century “Modular Army” made up of self-contained, more self-sustaining brigades that are available to work for any division commander.

So, for example, in the event of a crisis, the 4th Infantry Division commander could gather two of his own brigades, and combine them with available brigades from, say, the 1st Armored Division and the National Guard, and deploy them together. The result of this approach is jointness within the service, as well as between the services. And that jointness—combined with other measures—means that 75 percent of the Army’s brigade structure should always be ready in the event of a crisis.

The Army's plan would increase the number of active brigades significantly over the next four years. But because we will be using emergency powers, we will have the flexibility to reduce the number of troops if the security situation permits—so the Army would not be faced with the substantial cost of supporting a larger force as the security situation and the efficiencies permit.

Yet even if the security situation, and progress in transformation, were to permit the Army eventually to draw down the force, the new way they are arranging their forces will ensure the United States still has more ground combat power—more capability.

So we have two different approaches:

—In one case, the Navy is reducing force levels while increasing capability;

—In the other, the Army is increasing troop levels—but doing so in a way that will significantly increase its capability;

—And in both cases, the increase in capability of each service will be significant.

The point is: our focus needs to be on more than just numbers of troops. It should be on finding ways to better manage the forces we have, and by increasing the speed, agility, modularity, capability, and usability of those forces.

DOD INITIATIVES

Today, using authorities and flexibility Congress has provided, DOD has several dozen initiatives underway to improve management of the force, and increase its capability.

Among other things:

—We are investing in new information age technologies, precision weapons, unmanned air and sea vehicles, and other less manpower-intensive platforms and technologies.

—We are working to increase the jointness of our forces, creating power that exceeds the sum of individual services.

—We are using new flexibility under the fiscal year 2004 National Defense Authorization Act to take civilian tasks currently done by uniformed personnel and convert them into civilian jobs—freeing military personnel for military tasks.

—This year, we will begin to move 10,000 military personnel out of civilian tasks and return them to the operational force—effectively increasing force levels by an additional 10,000 service members in 2004. An additional 10,000 conversions are planned for 2005.

—We have begun consultations with allies and friends about ways to transform our global force posture to further increase capability.

We are already working to rebalance the active and reserve components. We are taking skills that are now found almost exclusively in reserve components and moving them into the active force, so that we are not completely reliant on the Guard and Reserve for those needed skills. And in both the active and reserve components, we are moving forces out of low demand specialties, such as heavy artillery, and into high-demand capabilities such as military police, civil affairs, and special operations forces.

Already, in 2003, the services have rebalanced some 10,000 positions within and between the active and reserve components. For example, the Army is already transforming 18 Reserve field artillery batteries into military police. We intend to expand those efforts this year, with the Services rebalancing an additional 20,000 positions in 2004, and 20,000 more in 2005—for a total of 50,000 rebalanced positions by the end of next year.

We are also working to establish a new approach to military force management called “Continuum of Service.” The idea is to create a bridge between the Active and Reserve Components—allowing both active and reserve forces greater flexibility to move back and forth between full-time and part-time status, and facilitating different levels of participation along that continuum.

Under this approach, a Reservist who normally trains 38 days a year could volunteer to move to full time service for a period of time—or some increased level of service between full-time and his normal reserve commitment, offering options for expanded service that do not require abandoning civilian life. Similarly, an active service member could request transfer into the Reserve component for a period of time, or some status in between, without jeopardizing his or her career and opportunity for promotion. And it would give military retirees with needed skills an opportunity to return to the service on a flexible basis—and create opportunities for others with specialized skills to serve, so we can take advantage of their experience when the country needs it.

For example, Coalition forces in Iraq need skilled linguists—so under the Continuum of Service approach we have recruited 200 Iraqi-Americans into a special

Individual Ready Reserve program, and are deploying the first program graduates to Iraq.

The "Continuum of Service" would allow the Armed Forces to better take advantage of the high-tech skills many Reservists have developed by virtue of their private sector experience—while at the same time creating opportunities for those in the Active force to acquire those kinds of skills and experiences. It encourages volunteerism, and improves our capability to manage the military workforce in a flexible manner, with options that currently exist only in the private sector.

We have also been working to fix the mobilization process. We have worked hard over the past year to add more refined planning tools to the process, and make it more respectful of the troops, their families, and their employers. Among other things:

- We have tried to provide earlier notifications, giving troops as much notice as possible before they are mobilized, so they can prepare and arrange their lives before being called up;

- We have worked to ensure that when they are called up, it is for something important and needed—and not to replace someone in task that could wait until a contingency is over;

- We have tried to limit tours, and give the troops some certainty about the maximum length of their mobilization and when they can expect to resume civilian life. We are doing better, but in my opinion, the process is still not good enough.

And we are working each day to make the process better, and more respectful of the brave men and women who make up the Guard and Reserve.

As you can see, we have a number of initiatives underway that we are confident will improve the management and treatment of the Guard and Reserve forces.

The men and women who make up the Guard and Reserve are all volunteers. They signed up because they love their country, and want to serve when the country needs them.

A number of you on this Committee have served in the Guard and Reserve, as have I. Each of us knew when we signed up, it was not to serve one weekend a month and two weeks active duty. We signed up so that if war were visited upon our country, we would be ready to leave our work and family, and become part of the active duty force.

Well, on September 11th, war was visited on our country. Our nation was attacked—more than 3,000 innocent men, women, and children were killed in an instant. And at this moment, in caves and underground bunkers half-a-world away, dangerous adversaries are planning new attacks—attacks they hope will be even more deadly than the one on September 11th.

We are a nation at war. If we were not to call up the Guard and Reserves today, then why would we want to have them at all? Why were we asking them to sacrifice time with their families every month to train? And why are the taxpayers paying for postservice benefits, including healthcare and retirement pay, that add up to between \$250,000 and \$500,000 per reservist?

Availability for service is the purpose of the Guard and Reserve. It is what they signed up for. And I know that a large number of them have stepped forward and volunteered to be mobilized for service in Iraq.

Our challenge—our responsibility—is to do everything we can to see that they are treated respectfully, managed effectively, and that they have the tools they need to win today's war, and to deter future wars.

We are working to do just that—to better manage the force, and to transform the force to make it more capable for the 21st century.

Today, with authority granted by Congress, DOD has the flexibility to adjust troop levels as the security situation requires.

- We have authority to increase or decrease, as need arises.

- We are using that authority; and

- We are working on a number of new initiatives that will allow us to better manage and transform the force.

However, we believe that a statutory end strength increase would take away the current flexibility to manage the force:

- First, if the current increased demand turns out to be a spike and if we are successful in the transformation and rebalancing initiatives underway, the Department would face the substantial cost of supporting a larger force when it may no longer be needed—pay and benefits, such as lifetime healthcare, for each service member added, not to mention the additional costs in equipment, facilities, and force protection.

- Second, if Congress permanently increases the statutory end strength, instead of using the already available emergency powers, we would have to take the cost out of our top line. That would require cuts in other parts of the defense

budget—crowding out investments in the very programs that will allow us to manage the force and make it more capable.

None of us has a crystal ball to see into the future. You have given us the authority to adjust the size of the force, and the flexibility to deal with unknowns. We have been using that authority over the past two plus years, even as we work to implement comprehensive measures to better manage the force. I urge Congress to not lock us into a force size and structure that may or may not be appropriate in the period ahead.

Instead, help us to support the Armed Services with the transformational initiatives they now have underway; help us rebalance the active and reserve force, and give the troops more options to contribute along an expanded continuum of service; help us add capability, and transform the force for the future.

2005 BUDGET

The President's 2005 budget requests the funds to do that.

Before highlighting the 2005 request, let me talk briefly about funding the Global War on Terrorism.

As the year has unfolded, the security situation and requirements in Iraq have evolved. General Abizaid has requested additional combat capability for the period ahead, and I have approved his request.

We regret having to extend those individuals necessary to provide that capability; they had anticipated being in country or in theater for up to 365 days and this will extend their time there. We are currently identifying and preparing to deploy other forces to replace them.

We have been using emergency powers granted by Congress to increase the overall number of U.S. military forces above statutory end strength and will continue to use those authorities to adjust force levels as necessary.

Because our nation is at war, we must provide our warfighters all the resources they need to conduct operations and complete their missions. While we do not yet know the exact costs for operations in 2005, we need to plan for contingencies so there is no disruption in resources for our troops. The costs of supporting these operations increase the chance that certain accounts, such as Army operations and maintenance, will experience funding shortfalls beyond February or March of 2005.

The President has therefore asked Congress for a \$25 billion contingency reserve fund that can be used for operations in Afghanistan and Iraq until we can get a clearer picture on what will be necessary for the fiscal year 2005 supplemental. This reserve fund would be used primarily for operation and maintenance requirements such as personnel support costs, combat operations, supplies, force protection, and transportation. Specifics include:

- Fuel for helicopters, tanks, and other vehicles.
- Transportation costs for movement of personnel and equipment in and out of the theater of operations.
- Equipment maintenance (such as lubricants, repair parts) and logistics supplies.
- Clothing and individual equipment.
- Operation and maintenance of troop billeting, base camps, dining facilities, airfields, and other logistics activities.
- Communications, such as leased telecommunications lines.

This \$25 billion reserve fund will not be all that is needed for 2005. We are anticipating submitting a full fiscal year 2005 supplemental appropriation request early next year when we can better estimate exact costs.

Returning now to the 2005 request, the President's first defense budgets were designed while our defense strategy review was still taking place. It was last year's budget—the 2004 request—that was the first to fully reflect the new defense strategies and policies.

One of the key budget reforms we implemented last year is the establishment of a 2-year budgeting process in the Department of Defense—so that the hundreds of people who invest time and energy to rebuild major programs every year can be freed up and not be required to do so on an annual basis, and can focus more effectively on implementation.

The 2005 budget before you is, in a real sense, a request for the second installment of funding for the priorities set out in the President's 2004 request.

We did not rebuild every program. We made changes to just 5 percent of the Department's planned 2005 budget, and then only on high-interest and must-fix issues—and then only when the costs incurred to mitigate risks could be matched by savings elsewhere in the budget.

The President's 2005 budget requests continued investments to support the six transformational goals we identified in our 2001 defense review:

- First, we must be able to defend the U.S. homeland and bases of operation overseas;
- Second, we must be able to project and sustain forces in distant theaters;
- Third, we must be able to deny enemies sanctuary;
- Fourth, we must improve our space capabilities and maintain unhindered access to space;
- Fifth, we must harness our advantages in information technology to link up different kinds of U.S. forces, so they can fight jointly; and
- Sixth, we must be able to protect U.S. information networks from attack—and to disable the information networks of our adversaries.

In all, in 2005, we have requested \$29 billion for investments in transforming military capabilities that will support each of these critical objectives.

A critical priority in the President's 2005 budget is the \$10.3 billion for missile defense, including: \$9.2 billion for the Missile Defense Agency—an increase of \$1.5 billion above the President's 2004 request; and \$1 billion for Patriot Advanced Capability-3, the Medium Extended Air Defense System, and other short and medium range capabilities.

The budget also includes \$239 million in funding for accelerated development of Cruise Missile Defense, with the goal of fielding an initial capability in 2008.

The 2005 budget request includes critical funds for Army Transformation, including: \$3.2 billion to support continued development of the Future Combat Systems—an increase of \$1.5 billion over the 2004 budget; and \$1.0 billion to fund continued deployment of the new Stryker Brigade Combat Teams, such as the one now serving in Iraq.

We have also requested additional funds to strengthen intelligence, including increases for DOD human intelligence (HUMINT) capabilities, persistent surveillance, as well as technical analysis and information sharing to help us better “connect the dots.”

To enhance our communications and intelligence activities, we are requesting:

- \$408 million to continue development of the Space Based Radar (SBR) which will bring potent and transformational capabilities to joint warfighting—the ability to monitor both fixed and mobile targets, deep behind enemy lines and over denied areas, in any kind of weather. SBR is the only system that can provide such capability.
- \$775 million for the Transformational Communications Satellite (TSAT) which will provide the joint warfighter with unprecedented communication capability. To give you an idea of the speed and situational awareness the TSAT will provide, consider: transmitting a Global Hawk image over a current Milstar II, as we do today, takes over 12 minutes—with TSAT it will take less than a second.
- \$600 million for the Joint Tactical Radio System, to provide wireless internet capability to enable information exchange among joint warfighters.

The budget also requests \$700 million for Joint Unmanned Combat Air Systems (J-UCAS)—a program that consolidates all the various unmanned combat air vehicle programs, and focuses on developing a common operating system.

The budget requests \$14.1 billion for major tactical aircraft programs, including: \$4.6 billion for the restructured Joint Strike Fighter (JSF) program; \$4.7 billion to continue acquisition of the F/A-22; \$3.1 billion to continue procurement of the F/A-18E/F; and \$1.7 billion to support development and procurement of 11 V-22 aircraft.

The budget requests funds for Navy fleet transformation, including \$1 billion to continue funding the new CVN-21 aircraft carrier, and \$1.6 billion to continue development of a family of 21st century surface combatants including the DDX destroyer, the littoral combat ship, and the CG(X) cruiser.

We have requested \$11.1 billion to support procurement of 9 ships in 2005. Fiscal 2005 begins a period of transition and transformation for shipbuilding as the last DDG 51 destroyers are built, and the first DD(X) destroyer and Littoral Combat Ship are procured. This increased commitment is further shown in the average shipbuilding rate for fiscal 2005–2009 of 9.6 ships per year. This will sustain the current force level and significantly add to Navy capabilities.

In all, the President has requested \$75 billion for procurement in 2005 and \$69 billion for Research, Development, Testing and Evaluation—funds that are vital to our transformation efforts.

Another area critical to transformation is joint training. Last year, Congress approved funding to establish a new Joint National Training Capability (JNTC), an important initiative that will fundamentally change the way our Armed Forces train for 21st century combat.

We saw the power of joint war fighting in Operation Iraqi Freedom. Our challenge is to bring that kind of joint war fighting experience to the rest of the forces,

through both live and virtual joint training and exercises. Thanks to the funds authorized in the 2004 budget, the JNTC's initial operating capability is scheduled to come online in October of this year. We have requested \$191 million to continue and expand the JNTC in 2005.

With your help, we have put a stop to the past practice of raiding investment accounts to pay for the immediate operation and maintenance needs. The 2005 request continues that practice. We have requested full funding for the military's readiness accounts, providing \$140.6 billion for Operation and Maintenance (O&M) including \$43 billion for training and operations. These funds are critical to transformation—because they allow us to pay today's urgent bills without robbing the future to do so.

We have also requested funds to support pay and quality of life improvements for the troops—including a 3.5 percent military base pay raise. We have requested funds in the 2005 budget that will also help the Department keep its commitment to eliminate 90 percent of inadequate military family housing units by 2007, with complete elimination projected for 2009. And we have requested funds to complete the elimination of out-of-pocket housing costs for military personnel living in private housing. Before 2001, the average service member had to absorb over 18 percent of these costs. By the end of fiscal year 2005, it will be zero. These investments are important to the troops, and also to their families, who also serve—and deserve to live in decent and affordable housing.

These improvements properly focus on the serving men and women of the armed forces. The recommendations are based on what is believed necessary to attract, retain, and motivate the fine young Americans who make up our All-Volunteer Force.

But in recent years, Congress has often added entitlement-like changes beyond recommendations such as these, concentrated on those who have already served. I applaud the desire to honor this service, but at the same time I must point out the fiscal effects of these decisions. They are increasing substantially the permanent costs of running the Department of Defense. By fiscal year 2009, they cumulatively add over \$20 billion a year to the defense budget, with only modest effect on recruiting and retaining the present generation of personnel. Put another way, against a fixed topline for Defense, these decisions will affect the Department's future ability to compensate properly those then serving, and to procure the new systems and capabilities that are so essential to our continued effectiveness.

I recognize there are legitimate questions, and legitimate differences of opinion, about the best way to compensate our forces. For this reason, I am appointing an Advisory Committee on Military Compensation, to conduct a comprehensive review of military compensation and benefits, with a view toward simplifying and improving them. Today, we have too many pay categories that serve overlapping purposes, or do not provide incentives where they are most needed. Before making further major changes, I urge you to allow the Department to first develop a comprehensive and integrated set of compensation proposals, which we will submit to you next year.

We are also making progress in getting our facilities replacement and recapitalization rate in proper alignment. When we arrived in 2001, the Department was replacing its buildings at a totally unacceptable average of once every 192 years. Today, we have moved the rate down for the third straight year, though it is still too high—to an average of 107 years. The 2005 budget requests \$4.3 billion for facilities recapitalization, keeping us on track toward reaching our target rate of 67 years by 2008. And we have funded 95 percent of facilities maintenance requirements—up from 93 percent in fiscal year 2004.

The budget also supports our continuing efforts to transform the way DOD does business. With the passage of the National Defense Authorization Act last year, we now have the needed authority to establish a new National Security Personnel System, so we can better manage DOD's civilian personnel. Initial implementation will begin next year.

Yet, while progress has been made, the Defense Department still remains bogged down by bureaucratic processes of the industrial age, not the information age. We are working to change that. To help us do so, we have requested funds for a Business Management Modernization Program that will help us overhaul DOD management processes and the information technology systems that support them.

One of the most important ways in which Congress can support the global war on terrorism is to support three special authorities we have requested:

- (1) \$500 million to train and equip military and security forces in Iraq, Afghanistan, and friendly nearby regional nations to enhance their capability to combat terrorism and support U.S. operations in Iraq and Afghanistan. It is critical that this authority include security forces because the terrorism threat in Iraq

is inside its borders. Security forces—not the New Iraqi Army—play the primary role in confronting this threat.

—(2) The Commanders Emergency Response Program (\$300 million) to enable military leaders in Iraq and Afghanistan to respond to urgent humanitarian relief and reconstruction needs. This has been a remarkably successful program. With quick turnaround projects averaging about \$7,000 each, commanders not only help people in their operations area, but also gain their support in defeating terrorists and building themselves a better future.

—(3) Increased drawdown authority (\$200 million) under the Afghanistan Freedom Support Act, to provide additional help for the Afghan National Army. During this pivotal year, this authority is critical for advancing democracy and stability in Afghanistan.

The President's fiscal year 2005 budget does not request specific appropriations for these three authorities, and therefore the Department would need to reprogram funding to use them. This underscores the importance of Congress increasing the Department's General Transfer Authority (GTA) to \$4 billion—which would still represent just one percent of total DOD funding. Higher General Transfer Authority also would give us a greater ability to shift funds from less pressing needs to fund must-pay bills and emerging requirements. As we have seen in the past three years, such requirements have become a constant feature of our military programs.

In an age when terrorists move information at the speed of an email, money at the speed of a wire transfer, and people at the speed of a commercial jetliner, it is critical that we have the ability to shift funds between priorities.

We also need your continuing support for two initiatives that are critical to 21st century transformation: the Global Posture Review, and the Base Realignment and Closure (BRAC) Commission round scheduled for 2005.

We need BRAC to rationalize our infrastructure with the new defense strategy, and to eliminate unneeded bases and facilities that are costing the taxpayers billions of dollars to support.

And we need the global posture review to reposition our forces around the world—so they are stationed not simply where the wars of the 20th century ended, but are arranged in a way that will allow them to deter, and as necessary, defeat potential adversaries that might threaten our security in the 21st century.

These two efforts are inextricably linked.

It is critical that we move forward with both BRAC and the Global Posture Review—so we can rationalize our foreign and domestic force posture. We appreciate Congress' decision to authorize a BRAC round in 2005—and will continue to consult with you as we proceed with the global posture review.

CONCLUSION

Mr. Chairman, the President has asked Congress for a total of \$401.7 billion for fiscal year 2005—an increase over last year's budget. Let there be no doubt: it is a large amount of the taxpayer's hard-earned money. Such investments will likely be required for some years—because our nation is engaged in a struggle that could well go on for a number of years to come.

Our objective is to ensure that our Armed Forces remain the best trained, best equipped fighting force in the world—and that we treat the volunteers who make up the force with respect commensurate with their service, their sacrifice, and their dedication.

Their task is not easy: they must fight and win a global war on terror that is different from any our nation as fought before. And they must do it, while at the same time preparing to fight the wars of 2010 and beyond—wars which may be as different from today's conflict, as the global war on terror is from the conflicts of the 20th century.

So much is at stake.

Opportunity and prosperity are not possible without the security and stability that our Armed Forces provide.

The United States can afford whatever is necessary to provide for the security of our people and stability in the world. We can continue to live as free people because of the industriousness and ingenuity of the American people have provided the resources to build the most powerful and capable Armed Forces in human history—and because we have been blessed with the finest young men and women in uniform—volunteers all—that the world has known.

They are courageous, they are selfless, and they are determined. They stand between this nation and our adversaries, those who wish to visit still further violence on our cities, our homes and our places of work. The men and women of the Armed Forces are hunting the enemies of freedom down—capturing or killing them in the

far corners of the world, so they will not kill still more innocent men, women, and children here at home.

We are grateful to them and proud of them. We stand ready to work with you to ensure they are treated with the dignity they deserve, and the respect they earn every day.

Thank you, Mr. Chairman. I'd be pleased to respond to questions.

STATEMENT OF GENERAL RICHARD B. MYERS

Senator STEVENS. Do you have a statement, General Myers?

General MYERS. Mr. Chairman, I do have a short statement.

Senator STEVENS. Would you pull that mic a little closer to you, please?

General MYERS. Mr. Chairman, I do have a short statement.

Thank you, Mr. Chairman, Senator Inouye, Senator Byrd, members of the committee. Once again I thank you for your unwavering support of our Armed Forces, and, more specifically, our men and women in uniform as they fight this all-important war on terrorism.

Recently, the world's attention has been focused, understandably, on the horrendous incidents of detainee abuse at Abu Ghraib prison. Let me, once more, restate that these acts are absolutely unacceptable, and I assure you that commanders at every level are taking prompt and decisive action to ensure that the accused receive due process and that the guilty are punished.

One of the United States (U.S.) military's greatest strengths comes from the fact that we hold our servicemen and women accountable for their actions. I am confident in our military justice system, and I'm confident that our commanders are doing the right things to prevent further compromise of military standards and American values.

I can also assure you today we are as firm as ever in our resolve to help create a free, prosperous, and democratic Iraq. We are dealing deliberately and aggressively with the anti-coalition forces in Fallujah, as well as Sadr's band of thugs, to ensure they do not derail the progress that we're making.

The truth is, the majority of the Iraqi people want democracy in Iraq to succeed, and they're positive about what the future holds, thanks, in large part, to the efforts of our servicemen and women. And I know our servicemen and women are all suffering unfairly with a collective sense of shame over what happened at Abu Ghraib.

I would like to quote a letter from a soldier in the 1st Armor Division. He said that every time he eats in the dining hall, he sees the prison abuse story on TV, and he says, quote, "Everyone is so angry. It's as if those soldiers hurt us more than the enemies here in Iraq have. My battalion has caught car bombers, weapons smugglers, and those laying mines to kill us. And, every time, we treated them with respect."

This is the type of soldier who accurately, in my view, represents the values of our military and our Nation. The credibility of our troops will be restored day by day as they interact with the Iraqi people, and I'm confident that our servicemen and women will continue to prove worthy of the trust and respect of our Nation and of the world. They are so tremendously dedicated. They understand their mission very well. And they understand what a huge dif-

ference they are making. They've seen the enemy unload weapons from ambulances, use mosques as operating bases, deliberately put children in the line of fire as human shields, and attack innocent civilians indiscriminately by firing mortars and grenades at marketplaces, yet our servicemen and women are going to extraordinary lengths to conduct the most humane operation they possibly can. That means at times that we accept greater risk in order to avoid civilian casualties.

I see the same kind of professionalism and compassion in Afghanistan, as well. There are now 13 provincial reconstruction teams working on security and civil affairs for the Afghan people.

We are making great progress in the war on terrorism with the help of more than 90 other nations. Despite Spain and three other countries' decisions to depart Iraq, the coalition remains very strong.

Recent events in Fallujah, Najaf, and other parts of central Iraq have resulted in the decision to extend some 20,000 U.S. troops beyond their expected rotation date. We are now working to backfill these troops. It's not 100 percent clear what the security environment will be after 30 June and beyond, but we will continue to support General Abizaid with the number of forces that he needs.

What is clear is that we have not finished our task of reviewing all our options for making better use of our authorized forces. As Secretary Rumsfeld said, we're looking at the stress on our forces from every possible angle. A cold war approach to simply counting divisions or ships or fighter wings will not help us refine our capabilities to meet the national security environment of the future. All solutions need to be flexible and, most importantly, transformational.

As the Secretary said, General Schoomaker's review of how the Army structures their combat units, and Admiral Clark's new approach to carrier strike group deployments, are two very visible examples of this transformation.

We don't have time today to list all the significant transformational issues we're working on, but these initiatives span from Guard and Reserve mobilization, to our planning processes, to deployable command and control systems. And with your support, we will continue to transform our warfighting capability.

Despite the significant stresses on our Armed Forces today, readiness remains good. We are keeping a close eye on recruiting and retention, and we can say that so far it's going very, very well. We have the trained personnel and resources to accomplish the military objectives outlined in the Department's strategic planning guidance.

I support the President's request for a \$25 billion contingency reserve fund to support ongoing operations in the war on terrorism. This money is vital to ensuring our troops continue to be trained and resourced for the missions they are assigned, and to avoid any decrease in readiness or capability while they're deployed.

PREPARED STATEMENT

We still have a long way to go in this war, beyond the transfer of sovereignty in Iraq and elections in Afghanistan, but our troops are making a huge difference every day, and they know it. We are

truly blessed with amazing men and women to do this very, very important work. I thank all of you for your continued strong support of our men and women in the Armed Forces.

[The statement follows:]

PREPARED STATEMENT OF GENERAL RICHARD B. MYERS

I am privileged to report to Congress on the state of the United States Armed Forces.

As they were a year ago, our Nation's Soldiers, Sailors, Airmen, Marines and Coastguardsmen are currently operating within our borders and around the globe with dedication, courage and professionalism, alongside our Coalition partners, to accomplish a variety of very demanding missions. Global terrorism remains a serious threat, and the stakes in the Global War on Terrorism remain high.

Over the past year, I have told you that with the patience, will, and commitment of our Nation we would win the War on Terrorism. The support we have received from the Congress has been superb. From Congressional visits to deployed personnel, to support for transformational warfighting programs, to funding for security and stability operations, to improved pay and benefits for our troops, your support for our servicemen and women has enabled us to make significant progress in the War on Terrorism.

In spite of the difficulties in Fallujah and the radical Sadr militants, we are making progress in Iraq. Saddam Hussein no longer terrorizes the Iraqi people or his neighbors; he is in custody awaiting justice. The Iraqi people are on their way to establishing a prosperous and peaceful future. It won't come easy. Freedom never does, and events over the last month have been challenging. The list of important accomplishments in every sector—education, medical care, business, agriculture, energy, and government, to name a few—is long and growing. We have made substantial progress in Afghanistan as well. The Constitutional Loya Jirga is an encouraging example of democracy in action. In both countries, as in the Horn of Africa and other areas, United States and Coalition personnel work together to capture or kill terrorists, while at the same time improving infrastructure and economic conditions so that peace and freedom can take hold.

Despite the operational demands on our forces, we remain ready to support the President's National Security Strategy and Secretary of Defense's draft National Defense Strategy to assure our allies, while we dissuade, deter and defeat any adversary. The draft National Military Strategy (NMS), developed in consultation with the Service Chiefs and Combatant Commanders describes the ways we will conduct military operations to protect the United States against external attack and aggression, and how we will prevent conflict and surprise attack and prevail against adversaries. The strategy requires that we possess the forces to defend the U.S. homeland and deter forward in four critical regions. If required, we will swiftly defeat the efforts of two adversaries in an overlapping timeframe, while having the ability to "win decisively" in one theater. In addition, because we live in a world marked by uncertainty, our forces must also be prepared to conduct a limited number of lesser contingencies while maintaining sufficient force generation capabilities as a hedge against future challenges.

We appreciate your continued support giving our dedicated personnel the warfighting systems and quality of life they deserve. Our challenge for the coming year and beyond is to stay the course in the War on Terrorism as we continue to transform our Armed Forces to conduct future joint operations. We cannot afford to let our recent successes cause us to lose focus or lull us into satisfaction with our current capabilities. The war is not over, and there is still dangerous work to do. To meet this challenge, we continue to focus on three priorities: winning the War on Terrorism, enhancing joint warfighting, and transforming for the future.

WAR ON TERRORISM

Thirty-two months after the terrorist attacks on September 11, defeating global terrorism remains our military's number one priority. We will continue to fight this war on many different fronts, because terrorism comes in many different forms. The stakes remain high, but our resolve remains firm.

The more experience we gain in this fight, the more we recognize that success is dependent on a well-integrated military, interagency and coalition effort. This means the coordinated commitment of the military, diplomatic, informational, economic, financial, law enforcement, and intelligence resources of our Nation—all instruments of our national power. On the international level, Coalition military and interagency cooperation has been remarkable. In Iraq, Coalition forces from over 30

nations are working hard to bring peace and stability to a country brutalized for 3 decades. In Afghanistan, 41 nations are working to secure a democratic government and defeat al Qaida and remnants of the Taliban regime, with NATO assuming an increasing role in stability and reconstruction efforts.

We have made significant strides coordinating U.S. Government efforts within the interagency and with our Coalition partners. One of the ways we have been successful at coordinating interagency efforts is through venues such as the Strategy Working Group, the Senior Leadership Review Board and the Regional Combating Terrorism Strategies. Continued success in this war will depend largely on our ability to organize for a sustained effort and coordinate seamlessly among all government agencies. An even more demanding task is coordinating the efforts of our Coalition partners, now numbering more than 90 nations. Coalition contributions have been significant, ranging from combat forces, to intelligence, logistics and medical units. They have complemented our existing capabilities and eased the requirement for current U.S. forces in Iraq and Afghanistan. Coordinating the efforts of our Coalition partners is critical to combating the remaining terrorist threat.

The al Qaida network, though damaged, remains resilient, adaptable and capable of planning and executing more terrorist acts, such as the attacks in Saudi Arabia, Turkey and most recently in Spain. Al Qaida continues to receive support and recruit operatives from sympathizers around the world. Al Qaida will increasingly focus on Iraq as today's jihad. As the network consolidates its efforts in Iraq, the threats of attacks will grow. In fact, four al Qaida audiotapes released in 2003 prominently mentioned Iraq, demonstrating Usama Bin Ladin's emphasis on staging attacks there. Ansar al-Islam also remains a formidable threat in Iraq, despite damage inflicted by Coalition forces during OIF. Its key leadership remains at large and continues to plot attacks against US and Coalition interests.

The ceasefire with anti-Coalition militants in and around Fallujah is fragile. The Coalition is responding to attacks by militants who frequently fire upon Coalition forces and hide among the populace, and who fire from mosques and hospitals. The combatants in this area apparently are a combination of former regime elements, Islamic extremists, terrorists, foreigners, and other disenchanting Sunnis who oppose Coalition efforts to reconstruct Iraq. Delegations of Iraqi leaders continue efforts to mediate surrender and the turn-in of weapons.

In the South, Muqtada al-Sadr's armed backers largely have been forced by Coalition military pressure to coalesce within the city of An Najaf. They continue to engage Coalition forces with mortars and small arms, likely from inside or nearby shrines sacred to Shia. Al Sadr continues to intimidate the citizens of An Najaf, the majority of whom want to see this situation resolved and the shrines protected. Sadr has convinced some impressionable Shia youth to fight to legitimize his influence in Iraq. However, senior Shia intervention may push Sadr to concede to a political settlement.

Other terrorist groups also pose significant threats to U.S. interests, and we believe that some of these terrorist groups have developed contingency plans for terrorist attacks against U.S. interests abroad. The Revolutionary Armed Forces of Colombia continue to conduct terrorist attacks throughout Colombia. They currently hold three U.S. hostages captured in early 2003, and directly threaten efforts to bring peace, stability and an end to the drug trade in Colombia. Jemaah Islamiyah in Southeast Asia is another terrorist group that shares al Qaida's goals and methods, adding to the transnational terrorist threat. The intelligence that led to recent heightened alert levels during the holidays in December show that the threat of a major terrorist attack against the U.S. homeland remains very real.

Disturbingly, terrorist groups continue to show interest in developing and using Chemical, Biological, Radiological and Nuclear (CBRN) weapons in terrorist attacks. Terrorists have attempted to acquire military-grade materials, and interest in CBRN weapons and materials by several groups is well documented.

The Coalition's efforts in the War on Terrorism (WOT) represent the significant first step in curtailing WMD proliferation. Our strategy for combating WMD calls for the Combatant Commanders to detect, deter, deny, counter, and if necessary, interdict WMD and its means of delivery. Combating WMD relies on a continuum of interrelated activities, employing both defensive and offensive measures, and confronting the threat through mutually reinforcing approaches of nonproliferation, counterproliferation, and consequence management. This multi-tiered and integrated effort will greatly reduce the threat of WMD falling into the hands of terrorists. Following the liberation of Iraq and the collapse of Saddam Hussein's brutal regime, the countries of Iran, and most recently, Libya have been more forthcoming about their illegal WMD programs to the international community. This should also help to apply international pressure on North Korea and its nuclear declarations.

To counter the potential threat of the proliferation of WMD, the President's Proliferation Security Initiative (PSI) is the most far-reaching attempt to expand our efforts to impede and interdict the flow of weapons of mass destruction, their means of delivery, and related materials, between state and non-state actors of proliferation concern. It is part of a larger effort to counter proliferation of weapons of mass destruction and missile-related technology by interdicting shipments of these materials by air, land, and sea. To date, there are 14 partner nations actively participating in PSI operations and exercises. Our goal is to expand PSI participation in order to be postured to respond quickly to assist in the interdiction of the proliferation trade. United Nations Security Council Resolution 1540, adopted by a vote of 15-0 on April 28, 2004, underscores the international importance of this issue and enhances the legal basis for PSI and related efforts to combat proliferation of WMD, related materials, and their delivery systems.

OIF AND OEF OPERATIONS

U.S. Central Command (CENTCOM) is still center-stage in the WOT, and doing a magnificent job under difficult circumstances. The Iraqi Governing Council unanimously approved its Transitional Administrative Law (TAL) on March 8, providing the framework for elections and transition to a permanent constitution and an elected, democratic government in 2005. On June 30, a fully sovereign Iraqi interim government will take office in Iraq. Iraqis recognized the need for a security partnership with the Multinational Force (MNF), under unified MNF command, in the TAL. The TAL provides that "consistent with Iraq's status as a sovereign state—the Iraqi Armed Forces will be a principle partner in the MNF operating in Iraq under unified command" and that this arrangement will last "until the ratification of a permanent constitution and the election of a new government." Furthermore, United Nations Security Council Resolution 1511 acknowledges the responsibility and authority of the MNF for the security of Iraq.

Since the end of major combat operations, we have made steady progress towards meeting our objectives. Essential services are being restored, and a political transformation is already underway in Iraq. We continue to train and equip Iraqi security forces. It is important for the Iraqis to see Iraqi faces on their security forces, with the Coalition forces remaining in the background. Although a few countries are withdrawing their troops from Iraq, our Coalition remains strong, with over 30 other countries directly supporting stability and security in Iraq.

Today, Coalition forces continue to rout out remnants of the former regime attempting a desperate last stand. Using intelligence provided by Iraqi citizens, we are conducting thousands of raids and patrols per week alongside Iraqi security forces. We have seized massive amounts of ammunition, and captured or killed 46 of the 55 most wanted former Iraqi leaders, as well as thousands of other Saddam loyalists, terrorists and criminals. We have captured or killed all of the top 5, most notably Saddam Hussein and his sons, Uday and Qusay.

The Iraq Survey Group is continuing its examination of Saddam's WMD programs by interviewing Iraqi citizens, examining physical evidence, and analyzing records of the old regime. We know that this process will take time and patience, and must be able to stand up to world scrutiny.

Our Soldiers, Sailors, Airmen, Marines and Coastguardsmen in Iraq are now supporting over 203,000 Iraqi security forces. The Iraqi police continue to expand their training pipelines in Jordan and Iraq, producing hundreds of trained officers each month. We are well on track to meet our goal of 31,000 trained Iraqi police by August 2004, and a fully trained force of 75,000 by June 2005. The Facilities Protective Service has fewer training requirements and has already reached its goal of 50,000 members. They have taken over security from Coalition Forces at most fixed site locations, such as power lines and parts of the oil infrastructure—key targets for sabotage. Our goal for the Border Enforcement Force is to have 20,400 members by May 2005. They will relieve Coalition forces guarding checkpoints along Iraq's border. U.S. military forces continue to vet former members of the Iraqi military and other security services for employment in the new Iraqi security services, but Iraqis are formally in charge of de-Ba'athification efforts and have established guidelines for that process. The Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan 2004 that Congress approved last year was instrumental in enabling our planned accelerated development of these security forces, and we are grateful for that support.

The New Iraqi Army continues to train additional battalions. Iraq's Army needs more than just military skills. They must have a deep-rooted sense of professionalism, focused on protecting all Iraqis while operating firmly under civilian control. The new army will reflect Iraq's religious, regional, and ethnic mix, will be apo-

litical, and indoctrinated in their role of defense and security. We will spend the time and resources necessary to ensure the Iraqi Army is a well-trained and highly capable force.

The linchpin of our security efforts during this transition period is the Iraqi Civil Defense Corps (ICDC), currently planned to be a fully trained force of 40,000 by September 2004. The ICDC is a light military force, created to deal with the current stability issues in Iraq. As we have done from the beginning, we continue to reassess the security environment in Iraq. These security assessments could change force goals for the various components of Iraqi security forces. ICDC units' performance in recent counter-insurgency operations was mixed. In almost every case, the units that performed effectively had completed the prescribed training programs, were fully equipped, had a history of close integration with Coalition forces, served under effective chains of command, and had developed a high level of unit cohesion from having worked together for some time. The units that failed to perform well generally lacked several of these characteristics.

CJTF-7, the Coalition Police Advisory Training Team and the Coalition Military Advisory Training Teams, are all re-evaluating the security force training programs in light of the mixed performance over the last three weeks, and have identified a number of key enablers that should produce a cadre of trained and capable forces. These include acceleration of academy training programs, increasing the number of coalition advisors embedded into units, increasing the involvement of Iraqi security forces in Coalition operations and introducing former Iraqi officers as liaison officers to coalition units.

Equipment shortages remain one of the greatest obstacles to establishing capable security forces, but our recent efforts to energize the equipment procurement process are beginning to pay off. We should see the acceleration of equipment deliveries beginning in May. Because of losses associated with operations in early April, we will have to establish additional contracts for equipment above those already in place to get the Iraqi Security Forces up to the 100 percent equipped mark. If the additional contracts are awarded this month, we expect most of the forces can cross the 50 percent required equipment threshold in July, and 100 percent by September.

Fiscal year 2004 supplemental funds provided commanders with one of the most successful tools in winning the hearts and minds of the Iraqi and Afghan people, the Commander's Emergency Response Program (CERP). These funds provide commanders and the resourceful young troops they lead with the means to respond to urgent humanitarian and stabilization and reconstruction needs such as water and sanitation projects, irrigation and small-scale agriculture assistance, school house repairs and civic cleanup projects. This program is an invaluable tool for establishing relationships with the Iraqi and Afghan people, assisting in economic development, and creating a safer environment.

The United Nations and the international community are also playing vital roles in the political and economic transformation of Iraq. Over 70 countries and international organizations including the United States, pledged \$33 billion at the Madrid Donors Conference. U.N. Security Council Resolution 1511 called upon Iraqis, initially through the Iraqi Governing Council, to determine the course and speed of their political reformation. In response, the Iraqi Governing Council has submitted its plan and timetable for selecting a transitional National Assembly and interim government, drafting a constitution and holding elections. It is an ambitious schedule, but one that they can accomplish with our help.

In addition to security and political progress, we continue to help Iraq rebuild the infrastructure required for economic progress and a stable democracy. The Coalition Provisional Authority (CPA) and Gulf Region Division-Restore Iraqi Electricity (GRD-RIE) are managing a comprehensive maintenance and upgrade program designed to improve power generation, transmission, efficiency and capacity to meet the future needs of the Iraqi people. Through the coordinated efforts of the Army Corps of Engineers and the Iraqi Ministry of Electricity, we met the initial October 2003 goal of 4,400 MW of peak power generation. The next goal is 6,000 MW of power by June 1, 2004. In order to meet this goal the CPA developed the Power Increase Plan to offset recent system failures from severe weather and continuing sabotage and looting. This plan increases electrical power generation through an increase of generator rehabilitation and maintenance projects, the increase of new power generators to the national power grid, increasing electrical power imports from other nations, and improving system-wide power transmission and distribution. Other progress continues throughout Iraq in potable drinking water projects, supplying hospitals with medical supplies, providing school supplies for Iraqi school children and rebuilding classrooms. Living conditions are improving everyday in Iraq, as many of you have seen for yourselves on recent trips to Iraq.

In Afghanistan, our military strategy combines both combat and stability operations. U.S. and Coalition forces are conducting combat operations to rid Afghanistan of al Qaida and Taliban remnants, and stability operations to assist in building Afghan security institutions, governing bodies, and economic prosperity. In January, the interim Afghan government held their first Constitutional Loya Jirga, approving a new constitution for Afghanistan. In September, Afghanistan will hold its first presidential and parliamentary elections in over three decades. This is extraordinary progress, by any measure.

Security and stability operations are being conducted by 13 Provincial Reconstruction Teams (PRTs) operating throughout Afghanistan, with at least 5 more PRTs planned for this year. Coalition and NATO PRT representatives are making great strides improving the quality of life for the Afghan people by building schools, clinics, wells, roads and other community infrastructure projects. Reopening the Kabul-to-Kandahar road was a major success. Our efforts have increased security and stability in Afghanistan.

In August 2003, NATO assumed responsibility for the International Security Assistance Force (ISAF) in Afghanistan. In October 2003 the United Nations Security Council passed a resolution extending ISAF's mission in Afghanistan for one year, and authorizing ISAF to operate outside Kabul and its environs. In February 2004, a Canadian officer assumed command of the NATO ISAF headquarters from the German commander. NATO's role in Afghanistan is expanding. Germany now leads the NATO PRT at Konduz. NATO is planning future ISAF expansion across northern and western Afghanistan.

The Afghan National Army (ANA), now numbering over 8,000 trained personnel, is at the forefront of efforts to improve security and stability and establish a strong national identity among the Afghan people. To date the ANA has performed well, fighting side-by-side with United States and Coalition forces during recent successful combat operations to capture or kill Taliban, Hezb-I-Islami-Gulbiddin, and al Qaida elements. In January 2004 training capacity was increased to graduate 10,800 ANA trained personnel per year. Most of the funding provided in the Afghanistan portion of the fiscal year 2004 Emergency Supplemental has strengthened ANA efforts, including the acceleration of training and improved retention and recruitment.

Congress has demonstrated its commitment to the future of Afghanistan, but there is still much more the international community could and should contribute to the reconstruction of Afghanistan. The Berlin Donor's Conference was a significant success with \$4.5 billion pledged for this fiscal year and \$8.2 billion for the next 3 years. The Afghan government, with the help of the U.S. government, is seeking more donations for several infrastructure projects such as a new Ministry of Defense headquarters, a hospital in Kabul, and a military academy, as well as donations of certain equipment, weapons and ammunition.

In neighboring Pakistan, working closely with President Musharraf, we have been able to increase coordination among United States, Coalition, Afghan and Pakistani forces along the Pakistan-Afghanistan border. The Pakistani government has taken some initiatives to increase their military presence on the border, such as manned outposts, regular patrols and security barriers. From time to time they have aggressively confronted Taliban and al Qaida supporters in the areas of the Pakistan Federally Administered Tribal Areas and suffered casualties in the process. The Tripartite Commission consisting of United States, Afghan and Pakistan representatives concluded its seventh session in mid-April. Among the many accomplishments of the Tripartite Commission has been the establishment of a sub-committee to investigate means to prevent cross-border conflict. United States/Pakistani military cooperation continues to improve, and we are helping Pakistan identify equipment requirements for their counter-terrorism efforts.

Operations in the Horn of Africa remain an essential part of the WOT. The Joint Task Force Horn of Africa at Camp Lemonier, Djibouti is conducting counter-terrorist and civil affairs operations in Eastern Africa. Although these operations have impacted al Qaida's influence in the region, a continued military presence is essential to stop the movement of transnational terrorists and demonstrating to the region our resolve to wage the WOT in Africa.

In support of OEF—Philippines, U.S. Pacific Command (PACOM) used congressionally approved funds this past year to continue counter-terrorism training for the Armed Forces of the Philippines. A small contingent of U.S. military personnel remains in the southern Philippines managing these efforts and other humanitarian assistance projects.

OTHER OVERSEAS OPERATIONS

U.S. European Command (EUCOM), in accordance with SECDEF guidance, has developed a concept for the reduction of U.S. forces supporting U.S. Stability Forces in Bosnia-Herzegovina. USEUCOM is closely monitoring the stability of the Province of Kosovo, given recent violence, to determine required U.S. force levels to support the U.S. Kosovo Force. Any force reductions will be done in concert with the North Atlantic Council's Periodic Mission Review recommendation for the Balkans.

When EUCOM concludes the Georgia Train and Equip Program in May 2004, they will meet their objective of improving Georgia's ability to confront transnational terrorism operating within Georgia. Training is being provided for two staffs, four battalions and one mechanized/armor company team. To build on this success and momentum, EUCOM is reviewing a possible follow-on Georgia Capabilities Enhancement Program to sustain and improve the Georgian military's newly acquired capabilities, and demonstrate a continued U.S. commitment to the Georgian Armed Forces' development.

Maritime Interdiction Operations took on a new global focus last year, beyond the historical CENTCOM and EUCOM missions, when the President approved Expanded Maritime Interception Operations to interdict terrorists and their resources globally. Expanded Maritime Interception Operations are now significant mission areas for every deployed battle group, especially along maritime transit lanes and choke points. Results from these maritime operations, such as in the Mediterranean Sea, have produced lower insurance premiums in the shipping industry, considerably less illegal immigration in countries such as Spain, Italy, and Greece, and a reduction in crime at sea. Maritime Interdiction Operations are a truly international effort. German and Spanish led multi-national naval forces patrol the CENTCOM area of responsibility, and this past year Coalition naval forces have been responsible for boarding over thirty ships within EUCOM's area of responsibility.

U.S. Southern Command (SOUTHCOM) continues to support counter-narcotics trafficking and counter-terrorism efforts in the Caribbean and Central and South America. They are assisting the Colombian military in its fight against designated terrorist organizations by providing military advice, training, and equipment with an emphasis on the pursuit of narco-terrorist leadership, counter-narcotics tactics, and security for major infrastructure such as the Cano Limon pipeline. SOUTHCOM supported the formation of the Colombian Army Special Operations Command and is continuing its efforts to train the Commando Battalion, and a Ranger-type unit. Training was successfully completed for the first Colombian Commando Battalion, and training has begun for the second battalion. The Colombian military has been very successful over the past year in their fight against narco-terrorism. The Tri-Border Area between Argentina, Brazil and Paraguay is another focal point for drug and arms trafficking, money laundering, document fraud and Islamic terrorist-supported activities in South America. U.S.-sponsored multilateral exercises are promoting security, improving effective border control, and denying terrorist groups such as Hizballah, Hamas and other Middle Eastern terrorist safe havens, restricting their ability to operate.

SOUTHCOM is also providing nearly 2,000 military personnel to manage detainee operations at Guantanamo Bay, Cuba. We operate in close coordination with several U.S. agencies. We are constantly reviewing the status of each detainee, and to date have transferred 128 of the detainees who were determined to be of no intelligence or law enforcement value, or no threat to the United States or its interests, back to their countries of origin for release. 18 detainees have been transferred back to their country of origin, under an agreement for continued detention by that country. More await similar agreements to allow for transfer or continued detention. A number of detainees have been assessed as high intelligence and or law enforcement value, or pose a significant threat to U.S. interests. These detainees will remain for further exploitation. Other cases are being considered for referral to the Military Commission, although no one has been referred to date. Information gleaned from detainees, many of whom continue to make threats against Americans, has already helped prevent further terrorist attacks against the United States and our allies. Furthermore, continued detention of those who pose a threat to U.S. interests prevents those enemy combatants from returning to the battlefield.

SOUTHCOM is also conducting security and stability operations in Haiti following the departure of President Aristide, with a Multinational Interim Force (MIF) of nearly 4,000 personnel. The presence of the MIF has improved the security and humanitarian situation in Haiti. The MIF is composed of approximately 2,000 U.S. military personnel with the remainder from Canada, Chile and France. Under U.N. Security Council Resolution 1542, adopted unanimously on April 30, SOUTHCOM and the Multinational Force will transition the current Haiti operation

to a new United Nations Stabilization Mission in Haiti on or about June 1, 2004. The United Nations has authorized a force of 6,700 troops and 1,600 police.

In accordance with the Unified Command Plan 2002 Change 2, on January 1, 2004 U.S. Strategic Command (STRATCOM) reported significant progress in all of their new mission areas: global strike; missile defense; DOD information operations; and command, control, communications, computers, intelligence, surveillance and reconnaissance missions. Further, they are on schedule to achieve full operational capability in each of the newly assigned mission areas this year. SECDEF has already approved the Information Operations Roadmap, which has 57 wide-ranging recommendations that aid Combatant Commanders in planning and executing fully integrated information operations.

As we become more reliant upon information to conduct operations, the defense of our network is paramount. This requires properly trained people, common operating standards, and a well-stocked arsenal of Information Assurance tools. We are working diligently to centralize network operations and defense, and to formalize information sharing policy, guidance and procedures. These steps, along with our cryptographic modernization plan, will safeguard our vital information.

We are formalizing the role of U.S. Special Operations Command (SOCOM) in the War on Terrorism. In the near future, we will be recommending a change to the Unified Command Plan assigning SOCOM specific responsibility to coordinate DOD actions against terrorist networks. In March, SOCOM's trans-regional psychological operations program was approved to unify existing programs, streamline approval authorities and synchronize psychological operations across regional boundaries in support of the War on Terrorism. These changes will provide SOCOM and all of DOD improved focus in our global effort to combat terrorism.

CURRENT HOMELAND DEFENSE OPERATIONS

Last year, U.S. Northern Command (NORTHCOM) reached full operational capability in their mission to deter, prevent and defeat threats and aggression aimed at the United States and its territories. Upon SECDEF approval, NORTHCOM can now deploy Quick Response Forces (company-sized units) and Rapid Response Forces (battalion-sized forces) to support time-sensitive missions such as defense of critical infrastructures or consequence management in support of the Department of Homeland Security (DHS). To improve interagency collaboration, DOD has been working with DHS to develop and implement the National Response Plan, a national-level, all-hazards plan that will integrate the current family of Federal Domestic Emergency Response Plans into a single plan.

The Joint Staff has developed a CONPLAN for consequence management operations, and NORTHCOM and PACOM have developed supporting plans. NORTHCOM's Joint Task Force Civil Support maintains strong interagency relationships to integrate command and control of DOD forces with federal agencies to manage the mitigation of Chemical, Biological, Radiological and Nuclear and High-Yield Explosive (CBRNE) incidents. This past summer, DOD, Nevada National Guard and Reserve units, FEMA, 27 other Federal agencies, and Nevada State and local agencies participated in a consequence management exercise in Nevada called DETERMINED PROMISE 2003. I was thoroughly impressed by the coordination and cooperation among active and reserve component forces, and Federal, State and local authorities. We are conducting similar exercises across the country.

In regards to anti-terrorism and force protection measures, the Joint Staff is working to ensure that Combatant Commanders at home and abroad have the resources to mitigate threats and respond to emergent requirements through the Combating Terrorism Readiness Initiatives Fund. My staff is involved in developing and updating anti-terrorism standards and policies to reflect current worldwide operations and lessons learned so that we can address any vulnerabilities. We coordinate with various agencies in the areas of training, planning, operations and intelligence sharing, all essential for developing sound anti-terrorism policies.

In an effort to improve the security of U.S. military installations and personnel around the world, the Joint Staff has created the Antiterrorism Enterprise Portal, an evolving web-based portal that aggregates the resources and programs required to support the DOD Antiterrorism Program. This portal is fast becoming DOD's one-stop location for antiterrorism/force protection information.

A program that complements this portal capability is the Joint Protection Enterprise Network (JPEN). Operated by NORTHCOM, this network provides the means to share unclassified force protection information rapidly between military installations in the Continental United States, increasing their situational awareness and security significantly. Although currently operating only on military installations,

JPEN has the potential to be expanded to share terrorist information with Federal, State and local agencies as well.

The WOT requires collecting relevant data and turning it into knowledge that will enable us to detect and preempt the plans of an elusive, skilled enemy dispersed across the globe. Although many obstacles remain, we are making significant progress in the area of information sharing. The Joint Intelligence Task Force for Combating Terrorism (JITF-CT) at DIA is a prime example of effective intelligence cooperation in the WOT. In the area of counterterrorism, we are making significant progress toward transparency and full information sharing. JITF-CT has experts from 12 intelligence and law enforcement organizations, and JITF-CT personnel are embedded in 15 other organizations, including some forward deployed personnel.

READINESS FOR FUTURE OPERATIONS

Our Nation's number one military asset remains the brave men and women serving in our Armed Forces. This past year, they demonstrated to the world their dedication, perseverance and compassion as they liberated the Iraqi people and worked to bring peace and prosperity to the region. The Administration, Congress and DOD have made raising our military's standard of living a top priority. The 2004 budget provided an average military pay raise of 4.15 percent and targeted increases of up to 6.5 percent for some enlisted personnel. The 2005 budget's proposed reduction of out-of-pocket housing expenses from 3.5 percent to 0 is a sound investment, as are future pay increases based on the Employment Cost Index plus .5 percent.

DOD has a focus group that continues to look at programs to enhance the combat effectiveness and morale of service and family members associated with OIF and OEF. Areas where we have made significant progress are Rest and Recuperation Leave, danger area benefits to include incentive options for extended tours of duty in Iraq and Afghanistan, exchanges, childcare and communications initiatives.

All Services generally met or exceeded active duty and reserve component recruiting and retention goals in both fiscal years 2002 and 2003 and are currently on target to meet fiscal year 2004 goals. However, recruiting and retention of both active and reserve personnel will continue to require attention and continued investment as we face the challenges of an improving economy and the high operations tempo associated with the war. I view all of the Quality of Life issues as inseparable from overall combat readiness, and we greatly appreciate Congressional support for all of these initiatives.

The overall readiness of our armed forces—whether forward deployed, operating in support of contingency operations, or employed in homeland defense—remains good. Our forces are the world's best trained and, possess the requisite personnel, equipment, and resources necessary to accomplish the military objectives outlined in the Strategic Planning Guidance. Challenges do exist, especially with regard to ground forces in Iraq. By mid-May, we will have completed the movement of personnel and equipment to Iraq that rivals any such military deployment in history. Coincident with this deployment of forces is a corresponding redeployment back to home bases of our service personnel after one year of service in Iraq. Some 20,000 personnel, mostly members of two Brigades of the 1st Armored Division, the 2nd Light Cavalry Regiment and associated Combat Support and Combat Service Support units, have been retained in theater past 365 days because of the present security situation in central Iraq. We will continue to examine force levels and size our combat forces appropriately as the security situation dictates in both Iraq and Afghanistan.

We continue to rely heavily on our Reserve and Guard personnel, who are playing critical roles in Homeland Defense, and serving with distinction around the world in the War on Terrorism. Some missions like the ones in Bosnia-Herzegovina and Kosovo are almost exclusively made up of Reserve and Guard units, and they are doing a magnificent job. We are well aware of the strains on members, their families, and their employers, and continuously seek better ways to support them.

There are several initiatives underway, collectively by DOD, the Services, Combatant Commands, and the Joint Staff to reform the mobilization process and to relieve the stress on the force. USJFCOM, in conjunction with the Services, is leading the mobilization reform effort by evaluating policy changes and identifying other solutions to streamline the mobilization/demobilization process, and preliminary recommendations are expected in early 2004. Two Operational Availability sub-studies were conducted last year and identified the Active Component/Reserve Component Mix and Low Density/High Demand assets as two areas of immediate concern to relieve stress on the Reserve Component forces. As an example, the Army has already begun converting some Reserve Component artillery forces into Military Police forces to meet one of the expected high demand roles of the foreseeable future. This,

and other ongoing rebalancing efforts will ensure that active and reserve forces continue to complement each other. The Services are actively engaged in reviewing how much of a given capability they need for this new security environment, and which capabilities belong in each component. Other key DOD areas of concern are reducing the need for involuntary mobilization of the Reserve Component early on in rapid response operations, establishing a more rigorous process for reviewing joint force requirements, and ensuring efficient use of mobilized Reserve Component personnel. A comprehensive Rebalancing the Force Report by ASD (RA) will summarize these efforts, while a study by ASD (HD) will define Reserve Component requirements for Homeland Defense.

U.S. Armed Forces are capable of achieving all assigned objectives in the draft National Military Strategy. However, current stresses on the force remain considerable. The increased demands of the War on Terrorism, sustaining post-conflict operations in Iraq and Afghanistan, and other global commitments are unlikely to change significantly in the near-term. Moreover, while committed globally, our Armed Forces must continue to defend the homeland, reconstitute forces returning from contingency operations, transform to meet future challenges, strengthen joint and combined warfighting capabilities, and maintain readiness. Today, given these commitments and requirements, we are carefully managing the risk in executing an additional major combat operation.

When units return home from combat operations, they must undergo a reconstitution process, which generally means a drop in their readiness. However, this does not necessarily indicate that a unit is either unavailable for or incapable of executing part or all of their assigned wartime missions. We have initiated new measures in the current readiness reporting system to identify Service and combatant command requirements, determine the scope of required reset actions, and develop appropriate solutions to mitigate shortfalls and manage risk. Our workload remains high, but we remain prepared to accomplish those missions assigned to us.

Army units returning from OIF I/OEF require focused maintenance efforts to return them to pre-hostility readiness levels, while continuing to meet Combatant Commanders' maintenance requirements. The Army's goal is to return OIF I/OEF active duty units to pre-deployment readiness within 6 months and reserves within 1 year after return to home station. However, some critical aviation systems may require additional time in order to complete depot level repairs. Funding was programmed from the 2004 Supplemental for these organizational and depot level maintenance requirements. Army Materiel Command is the lead agency for developing a plan to repair major equipment items from OIF I/OEF. The Army has developed repair estimates for all OIF I units. The workload consists of approximately 1,000 aviation systems, 124,400 communications & electronics systems, 5,700 combat/tracked vehicles, 45,700 wheeled vehicles, 1,400 missile systems, 6 Patriot battalions, and 232,200 various other systems are included in this repair plan. As OIF II and beyond maintenance requirements are further defined, DOD will refine estimates and update costs.

Combatant Commanders and the Services identified preferred munitions as one of their risk areas of concern via periodic readiness reporting. Supplemental funding, as well as augmented annual budget requests, has allowed us to meet our requirement for Joint Direct Attack Munitions and laser-guided bomb kit production. In the near term, we are focused on improving how we determine our munitions requirements. Over the long-term, we plan to field improved guided munitions systems that build on our already superb precision-delivery capabilities.

Our military training areas are facing competition from population growth, environmental laws, and civilian demands for land, sea, and airspace. The Services are proud of their success in protecting the environment, endangered species and cultural resources. We are grateful to Congress for their assistance in the fiscal year 2004 Defense Authorization Act, which precluded designating certain DOD lands as critical habitat, and preserved valuable Navy training while ensuring protection of marine mammal species. Having the world's most sophisticated weapons systems and simulators cannot substitute for our most important military training activities, air, land and sea maneuver and live-fire training. Some installations, ranges, and training areas are losing critical military value because encroachment is impairing their capability to provide useful readiness and operational support. We will continue to seek Congressional support that balances environmental concerns and readiness.

Our Nuclear Readiness continues to evolve. In December 2001, the Nuclear Posture Review established a New Triad composed of Offensive Strike capabilities (both nuclear and non-nuclear), Defenses (active and passive) and Responsive Infrastructure in order to respond to a wide range of contingencies. DOD is in the midst of a Strategic Capabilities Assessment to assess the progress in fielding the New Triad

and determine the number and types of forces to meet the Moscow Treaty commitment of reductions of 1,700 to 2,200 operationally deployed strategic nuclear warheads by 2012.

We continue our efforts to ensure we can operate effectively in a CBRN environment, since our potential adversaries, both nation states and terrorists, seek to acquire and develop weapons of mass destruction, including biological warfare agents. Vaccinations represent an important countermeasure against biological threats and provide our military personnel with the best available protective measures. To date, approximately 695,000 military personnel have been vaccinated against anthrax and more than 520,000 military personnel have received smallpox vaccinations. The anthrax and smallpox vaccination programs are very successful, and it is imperative to develop effective countermeasures against other biological threats to protect our warfighters.

While our warfighting team has always included contractors, their involvement is increasing. The Joint Staff is leading a joint group to develop overarching DOD policy and procedures for management of contractor personnel during contingency operations.

We must also reexamine our ability to get to the fight. The Mobility Requirements Study 2005, completed in 2000, is the current baseline mobility requirements document. DOD is actively engaged in conducting a new full-scale mobility study that reflects our current defense strategy and incorporates lessons learned from OEF and OIF to further clarify strategic lift requirements. The goal is to complete a new Mobility Capabilities Study by March 2005, in time to influence preparation of POM-08 and the Quadrennial Defense Review.

Sustaining our overseas presence, responding to complex emergencies, prosecuting the global war on terrorism, and conducting operations far from our shores are only possible if our ships and aircraft are able to make unencumbered use of the sea and air lines of communication. Our naval and air forces must be able to take advantage of the customary, established navigational rights that the Law of the Sea Convention codifies. We strongly support U.S. accession to the Convention.

Although C-17 production is not planned to terminate until fiscal year 2008, portions of C-17 production lines will begin to close in fiscal year 2006. The Air Force and DOD are studying the benefits and risks (including financial and war fighting) of continuing or terminating the C-17 production lines, and plan to complete this assessment in time to inform the fiscal year 2006 POM.

The significant age of our KC-135 fleet and the importance of air-refueling capabilities dictate modernization of our aerial-refueling fleet. Based on the results of ongoing investigations and studies, the Air Force will recommend a cost-effective strategy for acquiring a suitable replacement for the KC-135 fleet to meet joint warfighting requirements to support our National Security Strategy.

The F-35 Joint Strike Fighter (JSF) will be a giant leap over existing attack/fighter capabilities. JSF is in the third year of an 11-year development program, and we have seen some design challenges. The current design challenge for all three variants is weight, which impacts performance requirements, particularly for the Short Takeoff and Vertical Landing variant. Design teams are working diligently to solve this issue, and we have moved the first planned production procurement to the right one year, and added extra money to the development. The weight issue is within normal parameters of design fluctuation, and this issue will be worked out through the development and design process.

Protection of our troops remains a top priority. Interceptor Body Armor (IBA) was in the initial fielding phase at the start of OIF. The DOD has been aggressively managing this critical item, and accelerated fielding and production rates when CENTCOM identified the need due to the threat situation. IBA consists of an Outer Tactical Vest (OTV) and a set of Small Arms Protective Inserts (SAPI). Currently, there is enough IBA (with SAPI) in theater to meet the CENTCOM military and civilian requirements, for their entire area of operations, including Iraq, Kuwait, Afghanistan and the Horn of Africa. We will continue to work diligently to provide the best protective equipment for our servicemen and women and DOD civilians.

The Up Armored version of the High Mobility Multi-Purpose Wheeled Vehicle (HMMVV) has proven to be effective at protecting our soldiers against mines, improvised explosive devices (IED) and direct fire weapons. Currently there is a shortfall in Iraq and worldwide. To fill this shortfall, in the near term, the Joint Staff, the Services and the Combatant Commanders are conducting an aggressive campaign to redistribute worldwide inventories of UP Armored HMMVVs to Iraq. In the longer-term, Congress' Emergency Supplemental and reprogramming have provided funding to accelerate production of Up Armored HMMVVs to meet CENTCOM requirements by October 2004.

OIF reaffirmed how critical the deployment and distribution process is to joint warfare. The Joint Staff is working with DOD and the Service logistics experts to develop an integrated end-to-end deployment and distribution process that is responsive to rapid projection of forces, the delivery and handoff of joint forces, and worldwide sustainment in support of the Joint Forces Commander.

During the fiscal year 2004 budget cycle, Congress voiced concern over the Department's overseas basing plans. Since then, our global posture strategy has matured. We are now in the process of detailed consultation with our allies and members of Congress. The overseas portion of the fiscal year 2005 Military Construction budget submission includes projects at enduring locations. These projects reflect our Combatant Commanders' most pressing base and infrastructure needs. I urge Congress to support our Combatant Commanders and fund the overseas MILCON projects submitted in the fiscal year 2005 budget request. These projects contribute directly to our readiness and the quality of life our personnel deserve.

JOINT WARFIGHTING

Protecting the United States, preventing future conflicts, and prevailing against adversaries require our military to sustain and extend its qualitative advantage against a very diverse set of threats and adversary capabilities. Maintaining our qualitative advantage begins with improving education programs across the Services. We must also adapt and transform organizations and functions to eliminate gaps and seams within and between combatant commands, agencies at all levels of government, and potential coalition partners. Information sharing is at the forefront of this effort.

Recent operations in Afghanistan, Iraq, the Philippines, and Africa have demonstrated the impact timely sharing of intelligence has on planning and executing military operations. Since this is a global war requiring an international effort, we must also improve coalition command and control capabilities, and consolidate the numerous networks that exist today. These disparate networks hinder our ability to plan in a collaborative environment and exercise timely and effective command and control with our multinational partners.

We must also review policies and implement technology that safeguard our vital sensitive information while ensuring critical operational information is shared with all those who fight beside us. JFCOM has been tasked to take the lead in identifying specific multinational information sharing requirements and recommending policy changes. Our goal is to establish a multinational family of systems with common standards as part of the Global Information Grid enterprise services. I view this as a top priority and ask for Congressional support—information sharing with our allies is critical to winning the War on Terrorism.

During OIF, our military forces benefited from unprecedented situational awareness through a common operational picture. In particular, one new system, Blue Force Tracker, was critical to the success of our forces as they sped towards Baghdad. Some of the 3rd Infantry Division, V Corps, and I MEF vehicles were equipped with transponders that automatically reported their positions as they maneuvered across the battlefield—greatly improving situational awareness for our battlefield commanders, and reducing the potential for blue-on-blue engagements. Despite significant improvements in joint combat identification, challenges remain to reduce incidents of friendly fire, and maximize the synergy of combined arms to provide all front-line tactical units with friendly and threat information during decisive engagements. To address these challenges, JFCOM has the lead in the comprehensive effort to improve Joint Battle Management Command and Control, which includes the integration of Common Operational and Tactical Pictures, Combat Identification, and Situational Awareness across the force.

We are taking command and control lessons learned from OIF like the capability to track Blue Forces, and running them through the Joint Capabilities Integration and Development System process to help shape future systems requirements. The objective is to ensure all of the critical considerations of Doctrine, Organization, Training, Material, Leadership and Education, Personnel, and Facilities (DOTMLPF) are employed in an approach that synchronizes material and non-material solutions.

We are also improving our military war planning process. The Joint Staff has developed an Adaptive Planning process—whose key concepts are agility and speed—to reduce the time to develop and update war plans, while adding flexibility and adaptability to respond to the rapid changes in the global strategic security environment. The goal is to provide the President and SECDEF the best options possible. We have also been developing a collaborative campaign-planning tool for crisis action planning and execution. These tools should allow commanders the ability to as-

sess multiple courses of action, rapidly compressing plan development time while increasing plan flexibility.

Our warfighting effectiveness is also enhanced by our Joint Exercise Program, which provides Combatant Commanders with the means to train battle staffs and forces in joint and combined operations, evaluate their war plans, and execute security cooperation plans with our allies and Coalition partners. In order to improve joint training opportunities, JFCOM is developing a Joint National Training Capability (JNTC), which will achieve Initial Operational Capability in October 2004. JNTC will combine live and virtual play at multiple locations. The goal is to provide realistic joint combat training against an adaptive and credible opposing force, with common ground truths, and high quality exercise feedback.

Strategic airlift is available to exercises only on an as-available basis, since it is prioritized for operational needs first. Providing the personnel and assets to accomplish meaningful joint training during this period of high OPTEMPO has also been challenging. To balance these competing requirements, the Combatant Commanders are reviewing their fiscal year 2004 exercise programs with a view to canceling, downsizing or postponing exercises. We must continue to balance operational and exercise requirements against OP/PERSTEMPO and available lift.

Prior to combat operations in Iraq, we established a process for adapting OIF lessons learned for future operations as rapidly as possible. JFCOM has the lead role in turning identified operational level lessons learned into required capabilities through the Joint Capabilities Integration and Development System. After completing the OIF Strategic and Operational Lessons Learned reports, we are following up with a specific report to the Congressional Defense Committees, the Select Committee on Intelligence of the Senate, and the Permanent Select Committee on Intelligence of the House of Representatives. OIF Strategic Lessons Learned require additional commitment at the national-strategic level, including an improved deployment process, redistributing specialties between the Active and Reserve Components, Reserve Component readiness and mobilization, and improving the planning and transition to post conflict operations.

Planning and transition to post conflict stability operations require significant adjustments in how we plan, train, organize, and equip our forces. We can expect future adversaries to attempt to offset U.S. military strengths through asymmetric means, to include terrorist insurgency, as combat operations transition to post conflict operations. The lessons learned process continues during stability operations in Afghanistan and Iraq.

CONSIDERATIONS AND RECOMMENDATIONS FOR GOLDWATER-NICHOLS ACT

For the past 18 years, joint operations have been improving under the provisions of the Goldwater-Nichols Act. The act strengthened civilian control of the military and facilitated better military advice to the President, SECDEF, NSC and Congress. Today, the Armed Forces are involved in a worldwide fight against terrorism, well beyond anything envisioned by the framers of Goldwater-Nichols. Now, it is time to consider new ideas for improving the effectiveness and efficiency of the military instrument of power in today's new security environment.

The WOT and other recent military operations have demonstrated the need for improved interagency cooperation, integration and execution of National Security Council decisions. We also need to improve how we coordinate the efforts of international, regional and non-governmental organizations. I fully support initiatives to formalize a mechanism that creates effective lines of authority and provides adequate resources to execute interagency operations. For example, designating the Chairman of the Joint Chiefs of Staff as the principal military advisor to the Homeland Security Council would improve homeland defense and prosecution of the WOT beyond our borders.

As new defense reform initiatives are considered, the Chairman must retain a dedicated Joint Staff, with expertise across the full range of military issues, to assist in formulating quality, independent military advice to the President, the National Security Council, and the Secretary of Defense.

Joint Officer Management codified in the 1986 Goldwater-Nichols legislation was based on the threats and force structure evident late in the Cold War. We are developing a strategic plan to shape joint officer management based on the type and quantity of officers needed to perform current and future joint missions, and the education, training, and experience joint officers require. This strategic approach will ensure future joint officers meet the needs of joint commanders.

We are already taking some initiatives to improve our Joint Professional Military Education system, with the goal of educating and training the right person for the right task at the right time. Historically, we waited until officers became majors and

lieutenant colonels before we provided them with joint education. We are finding that the War on Terrorism requires noncommissioned officers and junior officers from all Services to work in the joint environment more often than they have before. We are developing courses tailored to the needs of our younger troops that expose them to joint warfighting far earlier in their careers. To improve joint officer management and education, and prepare officers for joint duty earlier in their professional careers, I request consideration to allow the Service War Colleges to teach Joint Professional Military Education (JPME) Phase Two and the authority to determine the appropriate length of the Joint Forces Staff College's JPME Phase II course. We also have pilot programs providing joint education to Senior Noncommissioned Officers and our Reserve and Guard component members. Additionally, we are reviewing our joint general and flag officer training programs to ensure our senior officers are prepared to command joint task forces and work effectively with interagency and coalition partners.

Today, the Chairman remains well positioned to assist in providing strategic direction to the Armed Forces, assess impacts on the long-term readiness of the force, and evaluate current and potential levels of risk associated with global military activities. Already, we are in the process of transforming our internal processes to make them more responsive in the current dynamic environment. In a similar vein, I request we also reevaluate and streamline our current reporting requirements to Congress, many of which seem of questionable utility. I propose the formulation of a working group composed of members from the HASC, SASC, HAC, SAC, OSD, OMB and Joint Staff to identify the best means and frequency of communications to meet Congressional oversight needs.

TRANSFORMATION OF THE U.S. ARMED FORCES

We cannot focus solely on the threats we face today and assume there are not other, perhaps even more challenging threats on the horizon. Maintaining our unchallenged military superiority requires investment to ensure the current readiness of deployed forces while continuing to transform military capabilities for the future. Our adversaries will learn new lessons, adapt their capabilities, and seek to exploit perceived vulnerabilities. Therefore our military must transform, and must remain ready, even while we are engaged in war.

Before the events of September 11th, transforming the force was viewed as DOD's greatest near-term challenge. Since then, we have had to fight battles in the mountains of Afghanistan, in the cities of Iraq, and around the world for the security of America. Putting transformation on the back burner and focusing solely on the fight at hand is simply not an option. We are fighting a war unlike any we have fought before—it demands new ways of thinking about military force, new processes to improve strategic agility, and new technologies to take the fight to the enemy. DOD continues to invest heavily in transformation, both intellectually and materially.

The draft National Military Strategy adopts an “in-stride” approach to transformation that balances transformation, modernization and recapitalization to maximize our military advantages against future challengers. In addition to describing how the Joint Force will achieve military objectives in the near term, the strategy identifies force employment concepts, attributes and capabilities that provide the foundation for the force of the future. The goal is full spectrum dominance—the ability to control any situation or defeat any adversary across the range of military operations. We must ensure our military forces possess the capabilities to rapidly conduct globally dispersed, simultaneous operations; foreclose adversary options; and if required, generate the desired effects necessary to decisively defeat adversaries.

We recently published the Joint Operations Concepts document that describes a suite of concepts of how the joint commander will fight in 2015 and beyond. Joint Operations Concepts provide a framework for developing capabilities and defining concepts to achieve full spectrum dominance. Using this document as a foundation, the Joint Staff completed development of five joint functional concepts to define how joint warfighting will be conducted across the range of military operations. These functions include force application, protection, command and control, battlespace awareness, and logistics. Meanwhile, the Combatant Commands have been working on four high-level operating concepts that include strategic deterrence, stability operations, homeland defense, and major combat operations.

Collectively, functional and operating concepts define how we want to fight in the future, and will help us transform from the threat-based force of the Cold War to a capabilities-based force postured to respond to a wide variety of threats, some of which we cannot confidently predict today. To aid the Joint Requirements Oversight Council in determining warfighting needs with a capabilities-based approach, we are developing joint integrating concepts. These concepts are far more focused than

functional and operating concepts, and define specific tasks to be conducted. They are designed to bridge the gap between how we want to fight and the capabilities we need. Examples include urban operations, global strike operations, and forcible entry operations. The functional, operating and integrating concepts will continue to evolve over time. The first round of this very important concept work should be done within the year.

For each functional concept area we have established a Functional Capability Board to integrate the views of the Combatant Commands, Services, Defense Agencies, Joint Staff, and OSD. These boards comprise functional experts from across DOD who will provide the best advice possible for our planning, programming, and acquisition processes. Functional Capability Boards also support a new process called the Joint Capabilities Integration and Development System, which replaces the previous Cold War-era Requirements Generation System. The new system recognizes that less expensive programs can have a significant impact on joint operations. Virtually all programs are reviewed through the JROC process for potential joint impact before they get a green light, ensuring all Service future systems are born joint.

Based on the recommendations of the Joint Defense Capabilities Study—the Aldridge Study—we established the Strategic Planning Council chaired by SECDEF, and composed of the Service Secretaries, the Joint Chiefs, Principal Under Secretaries and the Combatant Commanders. The first meeting was held January 28, 2004. To capture and disseminate this top-down strategic direction, we will produce a new Strategic Planning Guidance document as the mechanism to provide subordinates with this strategic guidance. The first Strategic Planning Guidance document was completed in March 2004.

We are also developing an Enhanced Planning Process that integrates DOD-wide lessons learned, experimentation, concept development, study results, capability gap analysis, and technology development into a collaborative capabilities planning function. The goal is to offer distinct and viable alternatives to senior leadership rather than a consensus driven, single point solution, and implement their decisions into the Joint Programming Guidance document, the first of which will be issued in May 2004.

These three transformational process initiatives—Functional Capability Boards, Joint Capabilities Integration and Development System, and the Enhanced Planning Process—work together improving our planning and programming agility for future joint capabilities. JFCOM is working with the Functional Capability Boards to incorporate lessons learned from OEF and OIF into a list of materiel and non-materiel recommendations to the Joint Requirements Oversight Council to turn lessons learned into identified capabilities needs as quickly as possible.

JFCOM is also coordinating with the Services, Combatant Commands, other U.S. agencies, and coalition partners to ensure experimentation efforts support the warfighter. One of JFCOM's key experimentation initiatives is the Standing Joint Force Headquarters, which will provide Combatant Commanders a rapidly deployable command and control team, along with supporting information systems and reachback capabilities, that will enable us to respond to regional conflicts with smaller and more effective joint operational headquarters. JFCOM is establishing the prototype Standing Joint Force Headquarters this year, and in fiscal year 2005 we will field the communications portion known as the Deployable Joint Command and Control System to CENTCOM and PACOM. EUCOM and SOUTHCOM receive follow on systems in fiscal year 2006 and fiscal year 2007. The Deployable Joint Command and Control System will use state-of-the-art information technology to enhance Joint Force command and control.

Communications systems are a prime target for transformational ideas. The Joint Tactical Radio System is a software programmable radio that will provide seamless, real-time, voice, data and video networked communications for joint forces. It will be scalable allowing additional capacity (bandwidth and channels) to be added, backwards-compatible to communicate with legacy systems, able to communicate with multiple networks, and able to accommodate airborne, maritime and land based systems. It provides the tactical warfighter with net-centric capabilities and connectivity to the Global Information Grid, and is essential to meeting our 21st century joint communications warfighting requirements.

Transformation also means developing multiple, persistent surveillance capabilities that will let us “watch” situations and targets by looking, smelling, feeling, and hearing with a variety of long-dwell sensors from space, air, ground, sea and underwater and integrating these capabilities into a “system of systems.” The exploitation of Measurement and Signature Intelligence (MASINT), holds great promise. MASINT collects information from many diverse sources to detect, characterize and track a target or activity by its distinctive properties, or “signatures” that are very

difficult to conceal or suppress. Last year, DIA created its Directorate for MASINT and Technical Collection to develop new forms of technical collection and integrate MASINT into collection strategies and operations.

Another example of the transformational technologies we have just fielded is the Army's Stryker Brigade, which is centered on a new, fast, and quiet vehicle that can deliver 11 troops to the fight. This effort is far more than simply fielding a new vehicle; it is also a new way to organize a brigade, and link that brigade to a networked command and control system that shares intelligence, surveillance, and reconnaissance information. Our Stryker Brigade Combat Teams (BCTs) are organized and trained to take advantage of this new technology. The first Stryker BCT is already proving its worth in Iraq.

To reduce our vulnerability to weapons of mass destruction, we have made progress on providing missile defenses for our homeland, our deployed forces, and our friends and allies. In the coming year, we plan to deploy six ground-based interceptors in Alaska and four in California to provide an initial capability to defend the United States from ballistic missile attack. The PATRIOT missile defense system and the emerging AEGIS-based SM-3 system will provide short and medium range missile defenses, as well as critical surveillance and tracking essential to our Ballistic Missile Defense System. Coupled with an upgraded launch detection capability provided by the Space Based Infrared (SBIRS) Family of Systems, our ballistic missile defenses will continue to improve significantly over the next few years.

The Global Positioning System (GPS) offers an excellent example of a system that transformed modern warfare. GPS delivers worldwide positioning, navigation and timing data that provide U.S. and allied forces an all-weather, precision engagement capability. Over the last decade, the success of combat operations was largely due to GPS-aided precision-guided munitions. We must continue to modernize GPS, improve capabilities, protect U.S. and allied access to reliable military positioning, navigation and timing information, and deny this information to our adversaries, while minimizing impacts to peaceful civil users. We are engaged with NATO and the European Union to resolve our concerns with the proposed Galileo system, a civil satellite system that puts at risk our programmed military enhancements to GPS. A U.S. interagency team has made significant headway with some tough technical issues over the past year, but continued negotiations are essential to address the remaining technical, and more importantly, the political issues. Once these issues are resolved, we can confidently move forward with our vision of space superiority to support future joint and coalition operations.

As recent military operations have demonstrated, space is a critical dimension of the battlespace. Lessons learned from OEF and OIF highlight our increasing reliance on space communication assets and our demand for bandwidth. Our challenge is meeting future warfighter requirements in the face of an aging satellite constellation. Despite a planned 10-fold increase in capability through Advanced EHF and Wideband Gapfiller Systems, projected capacity may not meet the growing demand. This shortfall will potentially impact our ability to maintain a technological advantage over our adversaries. Work on Transformational Satellite Communications continues, which is designed to improve communications for mobile systems, particularly those that provide intelligence, surveillance, and reconnaissance. Our unmanned aerial vehicles and the Army's Future Combat System place heavy demands on bandwidth, particularly when real-time video feeds are required. The frequency spectrum is critical not only to joint warfighting, but to all federal, state and local agencies to ensure national security and public safety. Military and civilian technology is rapidly moving to a wireless medium. As pressures from commercial sources to free up more federal spectrum mount, we must ensure our long-term spectrum accessibility for our military forces.

These are just a few examples our ongoing transformation efforts. We are working hard to integrate old systems with new, in innovative ways. Interoperating between our own legacy and transformational systems is a challenge for us, but it is an even greater challenge to our coalition partners, who must participate in key decisions on how transformation will enhance combined operations in the future.

Over the past year, NATO has achieved great success in progressing toward a transformed military organization. The Alliance has developed, approved, and begun implementing a new, more streamlined command structure, which will make it viable in the 21st century global security environment. The catalyst for modernization will be the new Allied Command Transformation, which will maintain a close partnership with JFCOM. Also, on the forefront of transformation, NATO has created the NATO Response Force, a key enabler of NATO's new operational concept. This expeditionary force is designed to be a multinational, deployable, and lethal force intended for employment either within or outside of the European AOR. It will be NATO's first responders, able to react quickly to a crisis anywhere in the world. In

a display of NATO's new focus, on August 11, 2003, NATO assumed command of ISAF in Afghanistan, the first out of area mission in the history of the Alliance. To be an effective joint force in the future, we must ensure that our allies keep pace with our transformation efforts.

CONCLUSION

Responding to today's dynamic threat environment requires our Armed Forces to be innovative, agile, and flexible. With Congress' strong support, our military has made significant progress combating terrorism, improving our joint warfighting capabilities, and transforming our military into a 21st Century fighting force. We appreciate your efforts to help us be responsive to a changing world, and make that world a safer and better place.

Senator STEVENS. Well, thank you very much.

You're right, some of us up here were part of what they called "The Greatest Generation." We now know that we have been replaced. This is the finest bunch of men and women I've ever seen in uniform.

Ladies and gentlemen, I want you to know, because of a change in the Secretary's schedule, we moved this hearing up to 9 o'clock. I do apologize. Some of you may not have gotten that word until late. But we have started off, Senator Inouye and I, with a couple of minutes. I will have a couple of questions, then Senator Inouye, then we'll recognize Senator Byrd, then we're going to go down on each side by the seniority on the committee. That's, I think, the fairest, under the circumstances because of the change in the time.

FISCAL YEAR 2004 FISCAL STATUS

So let me ask just one question. Mr. Secretary, I am concerned about the statements that I have heard of—including, I think, some of yours, General Myers—that you may be some \$4 to \$6 billion short in the fiscal year 2004 operating accounts. Now, if that is the case, you can move money, you can reprogram it back and forth to meet those shortfalls, I hope, in order to prevent us from having a supplemental for 2004. Can you give us an update on your 2004 fiscal status? Do you think that that kind of money will take you into the 2005 fiscal year, so that we can concentrate on the 2005 bill, Mr. Secretary? Maybe Larry could answer that.

SHORTFALL

Secretary RUMSFELD. I'm not familiar with the statement that General Myers may have made. Do you want to respond?

Mr. LANZILLOTTA. Yes, Senator. Mr. Chairman, we're in the process of finishing up our 2004 mid-year review, looking to do exactly what you asked us to do: to move money in between the accounts, because we are trying to move the money to where the bills are right now. Right now, we're in the process. We haven't quite finished it, but there's no indication of a requirement for a 2004 supplemental.

What is a problem, or what will be a stress, is general transfer authority. We have \$2.1 billion worth of general transfer authority, and we have approximately \$500 million left. We need to do our annual omnibus reprogramming just to do exactly as you mentioned, move the money to the accounts. That will be as stress-point for us. Is it a problem yet? We haven't finished. I don't know. I can't give you a number at this time.

Senator STEVENS. Any comment, General Myers?

General MYERS. Senator Stevens, the comment I made was that there is a—in 2004, there's approximately a \$4 billion shortfall, which I think is going to be close to what the shortfall will be. But then I'll defer to the mid-year review and acting Secretary Lanzillotta on how we might cover those bills. I didn't make any comment on that. I didn't say we wouldn't be able to cover them. But I would say that it will take some authorities that we're going to have to get to reprogram some of this money, and that there is likely to be some impact on some parts of our Armed Forces. We just have to hope it's not in the readiness areas and the training areas, the ones we worry about. So that review is ongoing, and it remains to be seen whether we can cover all of that.

Secretary RUMSFELD. From the meetings I've been in, my impression is that the people who have accounts that are being overspent are the ones that express the concern, and those that have accounts that are being underspent are relatively quiet. And so until the process is completed that the Comptroller's Office and the Program Analysis and Evaluation (PA&E) office are engaged in, I think it's awfully hard to know precisely whether or not there will be a shortfall and even to know precisely how much money we will need to reprogram.

Senator STEVENS. We would be pleased to work with the Armed Services Committee to see if we need additional ad hoc transfer authority before the end of this fiscal year. Perhaps we can work that out on an ad hoc single-year basis to get it done without trying to handle a supplemental when we're going to be looking at the reserve account anyway. But I think the reserve account may come too late. We'll have to see.

Senator Inouye, Co-chairman?

Senator INOUE. I wish to yield to Senator Hollings. He has an emergency.

Senator STEVENS. Senator Hollings, you're recognized for 5 minutes.

Senator HOLLINGS. I thank the chairman, and I thank Senator Inouye. I've got a friend who passed. I'm going to try to catch a plane to his funeral—General Harry Cordes, General Myers, who used to command the Strategic Air Command (SAC).

Unfortunately, Mr. Secretary, you've already, in your opening statement, responded to my question. And my question was how in the world we're ever going to get the troops out unless we get more troops in. And you seem Shinseki-shy. You go into all kind of rope-a-dope here about you've got to re-balance the skills, we've got to transform the forces for the future, we've got to not get a bigger barrel, but move the spigot, and all that kind of nonsense.

I'll never forget when I visited General Westmoreland in Vietnam in 1966, and in a country of 16 million he had 535,000 troops in there, and he spent until 2 o'clock in the morning that first night in Saigon saying how he needed 35,000 more. Now, in a country of 25 million, you're trying to secure it with 135,000. And don't put me off with "about 200,000." They're not strong. You've got 200,000, but, as General Abizaid told Chairman Stevens and myself when we were over there just 1 month ago, that they needed far, far more training. So what happens is that we all want to try

to get the United Nations (U.N.) and get the North Atlantic Treaty Organization (NATO). Chairman Stevens and I listened to President Chirac, and he says, "We've got to have Western solidarity, we've got to have solidarity in Iraq," and he says, "When the United Nations passes a resolution, you'll find French troops side by side with you in Iraq," just like we have in Afghanistan, where they are working NATO troops now. Now, he cautioned, he said, about NATO, that the Arab countries weren't part of it, but, "With a U.N. resolution cover," he says, "you can get there." My understanding is you all haven't even asked for the NATO troops, on the one hand, and you go into this long explanation about moving the spigot instead of having a bigger barrel and everything.

You don't have security. In fact, we've bogged down. We're building and destroying. We're trying to win the hearts and minds as we're killing them and torturing them. And at least General Westmoreland didn't have to ask the Viet Cong general to take the town, like we have for Fallujah. We have asked the enemy general to take the town.

We're in a mess there. And we keep hearing from the Pentagon, "Sure, the troops are superb." But the question is, Are we superb back here in Washington?

Secretary RUMSFELD. Senator, you've covered a lot of ground there, and I'd like to try to take a few of the pieces.

IRAQ TROOP LEVELS

With respect to the number of troops, U.S. troops—there are also coalition troops and, as you point out, there are Iraqi forces—the number of U.S. troops that we have in that country is the exact number that General Abizaid requested. Is it possible he's wrong? Sure, it's possible anyone could be wrong. But he talks to his field commanders, the division commanders, every week or two, and asks that question. And every time I ask him, I say, "Look, whatever you need, you will get." General Myers' advice is that the number he has requested is a number that's appropriate.

Now, all I can say is that the division commanders are telling General Abizaid that's the right number. General Abizaid is telling General Myers it's the right number. General Myers is telling Rumsfeld and President Bush it's the right number. You could be right—

Senator HOLLINGS. Well, isn't it the case that—

Secretary RUMSFELD [continuing]. But they all don't think so.

Senator HOLLINGS [continuing]. They're scared to death—

Secretary RUMSFELD. No, they're not. These—

Senator HOLLINGS [continuing]. That they're going to get disciplined—

Secretary RUMSFELD. Does he look scared to death?

Senator HOLLINGS [continuing]. If they ask for more.

Secretary RUMSFELD. No, sir.

Senator HOLLINGS. They're gone if they ask for more.

IRAQ

Secretary RUMSFELD. Absolutely not. And you know that.

General MYERS. In fact, Senator Hollings, let me just say it's not just General Myers; it's the entire Joint Chiefs of Staff. This is

something we review regularly. We were just on the video teleconference with General Abizaid the other day, with the Joint Chiefs, General Abizaid, talking about this very issue and looking at, you know, the pluses and minuses of more versus less. And it's still the wisdom of General Abizaid and his forces that more capability is not—there is no way to militarily lose in Iraq. There's also no way to militarily win in Iraq. This process has to be internationalized. The United Nations has to play the governance role. That's how we're, in my view, eventually going to win.

General Abizaid thinks that handing more of this over to Iraqis, not doing the work for them, is what's key, and that's why yes, is there training that needs to be done for Iraqi forces? Absolutely. Are we slow in getting that going? You bet. Until the Department of Defense got the mission, and General Abizaid got the mission, for training the police and the rest of the security forces, we were way behind. We're moving that up very quickly right now. And their performance, while uneven, is to be expected when the going gets tough, because they just—some of them haven't been trained properly or equipped properly. We're trying to fix that as fast as we can. But that's certainly got to be part of the solution.

But—

Secretary RUMSFELD. I should add that—

General MYERS [continuing]. We don't put anything on General Abizaid's request going to the Secretary, I can tell you that. And if we have a separate view, as the Joint Chiefs, we would offer that, as well.

Secretary RUMSFELD. The idea that the four members of the Joint Chiefs of Staff, four-star generals, and the division commanders, General Abizaid and General Myers and General Pace, are afraid to tell the truth is just plain wrong and unfortunate to even suggest, in my view.

UNITED NATIONS AND NATO

Next, with respect to the United Nations and NATO, we went to the United Nations and got a resolution. The Department of State has been working with the United Nations to try to get another resolution. We want it, the coalition countries in there want it, and, you're exactly right, when we get it we have a crack at getting some additional countries, beyond the 33 countries that are currently there.

Next, you asked that we—said we've not even asked NATO. We asked NATO the first month of the war—went over to Brussels and requested NATO assistance. NATO is assisting in the sense that they have helped with the force generation for the Polish division that's currently deployed there. I think, out of the 26 NATO countries, something like 17 have forces either in Iraq or Afghanistan, or both. NATO has the same problem—you might humor us about the spigot—the problem is that NATO has a worse spigot problem. They've got about 2.4 million people in uniform, and they can—they have trouble sustaining 50,000. We're sustaining—if you take Iraq, Afghanistan, and the entire U.S. Central Command (CENTCOM) area of responsibility—about 250,000 to 275,000 forces on a base of 2.6 million. They've got about 2.4 or 2.5 or 2.6 million, and they're having trouble sustaining 50,000. So the idea

that the United Nations is some sort of a solution to all this problem, or the idea that NATO is the solution to all these problems, I think, misunderstands the force capabilities of those countries.

Once you get a U.N. resolution, however, you do reach beyond the NATO countries, and that's a big opportunity.

Senator HOLLINGS. Thank you very much.

Senator STEVENS. Please give the SAC General's family our condolences. We remember him, too.

Senator Byrd.

Senator BYRD. Secretary Rumsfeld, can you tell the committee how the \$25 billion request will be structured, what appropriation accounts will be receiving increases.

Senator STEVENS. Senator, we do not have that request.

Senator BYRD. I understand that. But do you have any idea how the \$25 billion request will be structured, what appropriation accounts will be receiving increases in your amendment, and what specific activities and programs will be funded? Does the Defense Department intend to seek additional legislative authorities with this request? Do you intend to request additional flexibility in the use of allocation of these funds?

Mr. Secretary?

STRUCTURING THE \$25 BILLION RESERVE

Secretary RUMSFELD. Yes, sir. As I mentioned earlier, the decisions as to how it ought to be structured and what it ought to be called is a matter that's being discussed between the White House, the Office of Management and Budget, and the Congress. They're trying to work out something that makes sense from your schedule and the flow of your legislation in both houses.

The funds would be spent for operational costs and force-protection costs. And I do not believe, at the moment, that anyone anticipates that there would be additional authorities. But it would be for personnel support costs, for combat operations, supplies, force protection, transportation, those types of things.

Senator BYRD. What assurances do we have that these funds will be limited to operations in Iraq and Afghanistan only, and not be diverted into some kind of dual-use activities that could be used to prepare for another war?

Secretary RUMSFELD. The request will specify what they're for. And, as always, the Department will see that the authority that is provided by the Congress is adhered to. And they're currently working out reporting procedures with the Congress that will be, I believe, explicit at that point where the request comes forward.

Senator BYRD. Well, I'm sure that Congress would want to be sure that there's some limitations on these monies and that this will not be a slush fund. I'm also confident that it will not be limited to \$25 billion. It'll probably be twice that amount, or three times that amount, before it's over. I would anticipate that.

STOP-LOSS POLICY

Mr. Secretary, America's military forces are stretched thin throughout the world. Simply put, we have more military commitments than we have the personnel to cover them without taking extreme steps. The Army, for example, is dependent on the stop-

loss policy to retain soldiers and meet its commitments in Iraq and elsewhere. How long has the stop-loss policy been in effect?

Secretary RUMSFELD. It's my understanding that stop-loss has been a policy that's been in effect for years and years and years, and it's been used by all of the services over time, and it has a good military purpose. Possibly General Myers will want to comment on it. But at that point where a unit—everyone in the military, in the Guard, in the Reserve, is a volunteer. Each one volunteered knowing that they were going to go on active duty or they were going to go in the Guard and Reserve and, as needed, they would be called. When a unit is deployed—it has trained together, it's worked together, it's ready to go, and suddenly it has to go—there are always some people in that unit who are due to get out or due to be transferred at any given moment. And so what the stop-loss does is, it assists with unit cohesion. And if people are due to be deployed, and they look at the unit, and they make a judgement at some cutoff point and say, "Anyone who was scheduled to get out, can't." And, therefore, that's the stop-loss.

Senator BYRD. So how many troops are currently affected by the stop-loss order?

Secretary RUMSFELD. I can check with Dr. Chu, behind me, and I'll bet you he knows. About 20,000, he tells me, throughout the entire force.

Senator BYRD. And when would you expect to lift the stop-loss order?

General MYERS. Let me—as the Secretary said, Senator Byrd, this is essentially the way we do business when we deploy units, and it's not just stop-loss, it's also stop-moving, as the Secretary said, if they were moving to another post, camp, or station, or to school. And as units continue to deploy, stop-loss and stop-move will be used in that way.

I would also say that if individuals are stop-loss'd that were planning on getting out of the service, if they—there is a process they can go through where they can appeal and say, "Listen, I had something set up that I've just got to do," and I think, for the most part, very few are turned down. Is that right, Dr. Chu?

Dr. CHU. That's correct.

General MYERS. I mean, there's a—the percentage is very, very high of those appealing on stop-loss if they have something they just have to do. Their case is looked at, and their—

Senator BYRD. General Myers—

Secretary RUMSFELD. It also varies—excuse me—it varies from service to service. For example, at the present time, the Air Force is not using stop-loss; whereas, the Army and the Navy are.

Senator BYRD. Mr. Secretary, do you have any concern that once you lift the stop-loss order, you will see a mass exodus of experienced troops? And do you have any plan to cope with such a contingency?

Senator STEVENS. That would be the Senator's last question, unfortunately, Senator Byrd.

Senator BYRD. All right.

Secretary RUMSFELD. Senator Byrd, I always worry about things, and that's a fair question. At the moment, the way the stop-loss works is, it's unlikely that it would lead to a mass exodus, because

it's sequential, and it doesn't affect large numbers at a specific time point. It may affect, in the total at the present, 20,000 people. But so far the recruiting and retention in all of the services is, for all practical purposes, meeting their targets. So we're not, at the moment, seeing any adverse effect from the stop-loss, nor do people in the service, as I understand it, think of it as unusual, because it's been a policy that's been used for some time.

Senator STEVENS. Thank you very much.

Senator Cochran, you're recognized for 5 minutes.

Senator COCHRAN. Mr. Chairman, thank you.

Mr. Secretary, you pointed out, in your opening statement, your interest in restructuring National Guard forces to try to get the most out of the forces that we have who are available to our country in this time of need in Iraq and Afghanistan and elsewhere. I applaud that, and I want to assure you that we'll be happy to work with you to guarantee that the funds are there to help you achieve this goal.

I happened to notice, in my briefing papers here, that, in our State of Mississippi, National Guard and Air National Guard units have been deployed. We have more than 3,000 troops from our State that have been deployed since Operation Iraqi Freedom began. This weekend, we're welcoming home a combat engineer battalion, and that battalion, over 200 soldiers in the group, were sent in right after the Tikrit Airport was taken over. They built a perimeter around that airport, they built structures for the defense of our forces throughout northern Iraq. They haven't taken a single casualty. They're coming home safe and sound. Thirty-two bronze star medals are being awarded, have been awarded, to the troops in that group. And it makes me very proud of those troops in particular, but others from throughout our State and across the country who have responded to the call, carried out their missions with a tremendous amount of professional skill and courage. And we owe them a great deal. And I know that an effort is going to be made to ensure that they are treated fairly. We have some that have just gotten back from Bosnia, for example, who are now being put on a list for possible deployment to Iraq. We have others who have been to Guantanamo Bay.

So the National Guard and Reserve forces are really being stretched, and I worry a little bit about whether or not we have the incentives and the pay and benefits that are necessary to guarantee that we can retain and continue to recruit members of the Guard and Reserve in the future. There's a TRICARE program, as an example, a health benefit program that Congress has authorized, but it's not yet been implemented for National Guard forces. I bring that to your attention because it may be one example of what we can do to help make sure we're treating those forces fairly.

What is your response to that general problem that we may face and what the Department of Defense is doing to address it?

STRESS ON THE GUARD AND RESERVE

Secretary RUMSFELD. The problem you have mentioned is real. You have units, and we look at their deployments—it may be Bosnia, it may be Guantanamo, it may be Afghanistan or Iraq—and then there are individuals that change in units. And so someone

may be coming back, and go to another unit, and end up being deployed at some point. The planning tools in the Army are imperfect, and they are being refined and improved. And we're doing today, I believe, a vastly better job than we did a year ago in having visibility into the circumstance of individuals, as well as units.

When I sign a deployment order, I look at each unit and the number of individuals, and how long since they've been deployed. You're right, the Guard and Reserve has stepped up and done a magnificent job. You're right, also, that the Guard and Reserve have been stressed. But the fact is, it isn't probably quite right to say the Guard and Reserve have been stressed. Significant portions have. And other portions have not, at all, been used. And that goes to the point you made at the outset, that we've got to find a way to re-balance these skill sets, both within the Guard and Reserve, and also with the Active force.

MOBILITY REQUIREMENT STUDY

Senator COCHRAN. General Myers, one of the units in our State, an Air National Guard unit, has been the first Guard unit to have a C-17 fleet assigned for operation in Jackson, Mississippi, and we're very proud of that honor, and the forces there are working hard to do the training and maintain the facilities that are necessary to carry out their responsibilities. I noticed that a recent Congressional Research Service report concluded that there is a need for strategic lift capacity greater than that which we had earlier expected. Currently, there's a procurement strategy for C-17s of a total of 180 by 2007, and the Air Force is indicating now they may have a requirement for more than 200. I wonder if the aging of the C-17 fleet and the C-5 fleet, are causing you concerns. Do you believe the budget requests that are before the committee are sufficient to deal with the needs that we have for strategic airlift?

General MYERS. Senator Cochran, I believe that the request that you have right now is sufficient for fiscal year 2005. What we need to do, and what we are doing, is looking at our—what we call our mobility requirements study. We do these, as you know, periodically. It looks, not only at airlift, but other modes of transportation. I think, coming out of that and getting ready for the 2006 budget, you will probably see the answer to the question on, Do we need more C-17s beyond what are currently programmed? And I don't want to prejudice the outcome of that. But the concerns you raise are serious concerns, and we need to look at it.

By the way, the C-17 is performing magnificently. You can remember it was, at one time, a maligned program, almost cut. And it has been—it's kind of my primary mode of transportation when I go back and forth to the Middle East, and I've come to know it very well.

Let me just make a comment on the Reserve component. I would like to echo what the Secretary says. You know, we're one Armed Forces. We're the total force. When I go to visit troops, you can't tell who the reservists are, who the Guard's people are, or who the Active duty are. Everybody's in there together, everybody is performing, in my view, magnificently.

We've got to worry as much about Reserve component recruiting and retention as we do the Active piece, because we're a total force.

We could not be doing this without the Reserve component, and they've really answered up.

On medical, there are a couple of things that—I know we need help in medical—that don't break the bank. One is making sure they get TRICARE benefits prior—earlier than they do now when they are mobilized. They need that. They also need it longer on the other end, when they are demobilized. And they need transportability. Right now, if they have a private insurance company, they can go to TRICARE. But TRICARE may require they change providers. And when you have serious medical problems in a family, that's not the thing to do for a year or two, to change providers. We could mandate the same thing we mandate for Medicare; if you take TRICARE, you know, everybody's got to take it. And so there are some—I think, some relatively inexpensive, and things we could do today, to help our Reserve component mightily.

The other thing we ought to do, for sure, is make sure that our Reserve component folks get annual physicals so we know what kind of medical shape they're in, because we've discovered a lot of problems. I mean, this sounds farfetched, but one person was mobilized, needed a liver transplant. Okay? So we ought to keep up with this on a yearly basis so we know what the health of our force is.

Senator STEVENS. Thank you very much, Senator.

Senator Leahy is recognized for 5 minutes.

Senator LEAHY. Thank you, Mr. Chairman.

Mr. Secretary, yesterday in Iraq an American citizen was brutally murdered by al Qaeda. Not long before that we saw the dismembered corpses of brutally murdered Americans left hanging from a bridge by jubilant Iraqis. Each of these brave Americans were there to rebuild that country, and these despicable acts illustrate, once again, the depravity, the determination of the enemy we face.

I think we all agree on that, on this committee and on the other side. The question is how to stop it. Now, you have said you're sorry, and the President said he's sorry, everybody's said they're sorry about the Iraqi prison scandal. It's actually the first time in this long, protracted and rather strange policy I've heard any administration official express regret about any mistake.

So let me tell you a few things I'm sorry about. I'm sorry that someone in the administration "gave currency to a fraud," to quote George Will, by putting, in the President's State of the Union speech, that Iraq was trying to buy uranium in Africa.

I'm sorry that this administration repeatedly, insistently, and unrelentingly justified preemptive war by insisting that Saddam Hussein not only had weapons of mass destruction, but he was hell bent on using them against us and our allies.

And I'm sorry about administration officials, led by the Vice President, repeatedly trying to link Saddam Hussein to 9/11, when there never was any link. None. They were doing it to build support for the war.

And I'm sorry that truth-tellers in the administration, like General Shinseki and Lawrence Lindsey, were hounded out of their job because they had the temerity to suggest realistic numbers both for our troop level and for what this war is going to cost.

I'm sorry there's no real plan, despite a year-long \$5 billion effort by the State Department, to stop the looting that greeted our soldiers upon Saddam's fall, that set back reconstruction efforts by months or years, left the gates open to ammunition, weapons, and other things that are used against our brave soldiers today.

I'm sorry that the President taunted Iraqi resistance fighters to "bring it on" while our troops were still in harm's way.

I'm sorry that some of our closest allies and friends, like Mexico and Canada, even the countries that you dismissingly called "Old Europe," were alienated because they disagreed with our strategy of preemptive war, countries whose diplomatic and military help we need desperately today.

And I'm sorry that those that tried to find the truth about allegations of prison abuse in Iraq and in Afghanistan and in Guantanamo were ignored or brushed off for more than 1 year, until all of a sudden the press published the lurid photographs, and then we look at it and we have made apologies through the whole administration.

Now, last October 13, in your memo entitled "Global War on Terrorism," you asked—I'm quoting what you said—"Are we capturing, killing, or dissuading more terrorists every day than the madrasses and radical clerics are recruiting, training, and deploying against us?" Al Qaeda wasn't in Iraq when we started this war. They are there now.

How do you answer the question you posed last October? Your question was, again, "Are we capturing, killing, or dissuading more terrorists every day than the madrasses and radical clerics are recruiting, training, and deploying against us?" How would you answer that today?

Secretary RUMSFELD. Well, first I'd like to, Senator, answer a few of the other comments you made.

Senator LEAHY. Well, could we answer that one first?

Senator STEVENS. Well, he has the full right to answer your question.

Senator LEAHY. I know, but could we answer the question, the specific question I asked? That's the only question I asked. Answer that, and then say all you want to say.

Secretary RUMSFELD. I think it's fair that I be allowed to answer your statement.

Senator LEAHY. Well, I asked a question. You don't want to answer my question?

Secretary RUMSFELD. I'd be happy to answer your question.

Senator LEAHY. Please do.

Secretary RUMSFELD. I will.

IRAQ TROOP LEVELS

Let me start this way. The statement that General Shinseki was hounded out of office is false. He served his entire term. Everyone who knows anything about the military knows that fact.

Second, he had a different view, which is fair for anybody, as to how many forces would be appropriate. To my knowledge, he did not express it—well, I won't even say that. Forget that. That was a private meeting. But the fact of the matter is, every general there—on the ground, in the country, and on the Joint Chiefs cur-

rently—believed that we have the right number. If he disagrees, that’s fair. He’s a fine, honorable man, and he can have a difference of opinion. But the fact is that the number there is what the military believes is appropriate.

General Myers I’d like to comment on the caches that you say were left unattended.

INVESTIGATING REPORTED ABUSES

And I think your statement that allegations of abuse were “brushed off” is unfair and inaccurate. There have been a lot of fine people—

Senator LEAHY. I’ll show you the correspondence that I sent to your office asking about these abuses about 1 month ago that were never answered.

Secretary RUMSFELD. If there was a letter that wasn’t answered, I apologize. But the fact of the matter is that we get repeated reports from people, of problems, and they are checked, and they are worked on, and corrections are made, and most of the investigation reports indicate—

Senator LEAHY. Apparently not in Iraq—

Secretary RUMSFELD [continuing]. That—

Senator LEAHY [continuing]. Or Afghanistan, according to the front page of papers this morning.

Secretary RUMSFELD. The fact of the matter is that in Iraq there have been improvements made, and successive investigations have seen that improvements were made, and they were not brushed off. But I think saying that the military chain of command was “brushing off” legitimate comments about procedures being used with the detainees is just simply not consistent. We’re trying to find out precisely what happened, and we’re going to end up with six investigations going on, and we’ll know the extent to which things were or were not brushed off.

Last, I don’t know the answer to your question. I wish I did. I posed it because it may be a question that’s not answerable except over time. But I do worry about it, which is why I wrote the memo and why I sent it to General Myers. I think that the world is facing a very dangerous threat in international terrorism. They are capable—and, in fact, already have killed tens of thousands of people in various ways in different countries over time—3,000 in this country alone, and attacks in Saudi Arabia, attacks in Turkey, attacks in Indonesia. And we know these madrasa schools—not all madrasses are bad, but a small fraction of them do, in fact, get funded for the specific purpose of training people to go out and kill innocent men, women, and children and to do the kinds of things you’ve cited in your opening statement. It is inhuman. It is against any law of war. And it’s a dangerous thing. And I don’t know of any way that one can calculate that. Our folks are doing the best job they can.

MARK BERG

General MYERS. Senator Leahy, let me just—let me talk a little bit about the gruesome murder of Mark Berg. The best we know—and I don’t know that we know this for sure—but it looks like the perpetrator, the lead perpetrator, might have been this fellow,

Zarqawi, who, while not al Qaeda, has been al Qaeda-affiliated for a long, long time. Well before the war in Iraq, he was in Iraq from time to time. If that's true, then this is not Iraqis killing Americans, this is a—in fact, he is, I think, a Jordanian citizen. But he's an extremist, most of all. And the Zarqawi letter tells us all we need to know about him. He will do anything to stop the progress in Iraq. He's the one that suggested, "We're losing to the coalition. We have to do something dramatic, and maybe we need to start a civil war between Sunni and Shia." So this act, if it is, in fact, Zarqawi, as some allege, this is a further validation of what his tactics are. I just make that point on the Mark Berg thing.

Senator LEAHY. I appreciate that. Mr. Chairman, we'll be able to submit other questions—

Senator STEVENS. Yes, on appropriations. This is not about Iraq abuse.

Senator LEAHY. We haven't even been given the request yet, and we're having to—

Senator STEVENS. We have the request for—

Senator LEAHY. For \$25 billion?

Senator STEVENS [continuing]. Four hundred and one billion dollars. That's what we're talking about this morning. We haven't received the reserve request, that's true, but that's—you know, I have no cork to put in Senators' mouths or witnesses' mouths, but my hope—

Senator LEAHY. Appreciate that.

Senator STEVENS [continuing]. Is to pursue the information we've gotten so far, on which we still need a lot of information about the \$401 billion.

Senator Domenici is recognized for 5 minutes.

Senator DOMENICI. Mr. Chairman, I will follow your admonition. But I wish I had a few moments to tell this committee what I'm sorry about. I'm sorry about 9/11, when 3,000 Americans were killed by terrorists. I'm sorry that Saddam Hussein took over this country and killed thousands of people and established one of the worst regimes ever. And there's another long list of what we're sorry about, and they're completely different than what Senator Leahy's sorry about.

Now, having said that, we are only 42 days away from turning over this country to the Iraqi leadership, whatever that is. Mr. Secretary and General, I am very worried about how prepared the Iraqis are to take over this responsibility, and, secondly, what we have done to prepare ourselves and them to work together to make this work.

I can envision that this situation will not work, and that we won't have an organizational structure that will do anything other than have Americans fighting and us supplying those fighters with more and more money. Can you describe, as best you can, where we are, what we're going to do, and how confident you are that this turnover is going to be meaningful, in terms of maintaining the peace and moving ahead with America's commitment.

TRANSFER OF AUTHORITY IN IRAQ

Secretary RUMSFELD. Thank you, Senator.

It's a tough question. If you think back to Afghanistan, we didn't know how that was going to work. We went in, the Taliban was removed, the al Qaeda were put on the run, and what was left were a series of warlords with militias, and no government structure. And, lo and behold, out of the blue came something called a loya jirga, and out came agreements that a fellow named Karzai should be selected as interim president. And there he is. And it's been wobbly, and he's worked his way along, and he's made arrangements with other people, and, lo and behold, it's survived. No one in the world could have predicted how that would go. And now they're scheduled to have elections later this year, they're scheduled to endorse their constitution, and it might very well work. I've got confidence that it will work.

Senator DOMENICI. Mr. Secretary—

Secretary RUMSFELD. But it was an Afghan solution.

Senator DOMENICI [continuing]. I have been fair, I think, in my question, and I have been fair with you all, all the time, but I don't want to hear about Afghanistan. It is completely different—

Secretary RUMSFELD. It is.

Senator DOMENICI [continuing]. In my opinion. It has nothing whatsoever to do with Iraq that has people like al Sadr around, gathering up people, that we have cities that we are abandoning to a bunch of thugs, and yet, at the same time, we're saying we're going to form a new government and turn over power to them. I believe that you have to be better prepared for this transition than I have heard. And it may be you can't tell us, but the transition is not something that's going to work unless you have planned it, and the military has planned it, and you're working with Iraqis. And, frankly, I think you ought to tell us.

Secretary RUMSFELD. Well, I'll do my best. The United Nations representative, Brahimi, is—been working with us, with the Coalition Provisional Authority, and with the Iraqi people, the Iraqi Governing Council, and hundreds of others, Iraqis. And he has come up with a formula, which is now being tested in the marketplace there. People are describing it, talking about it, analyzing it, recommending changes. And it may not be exactly what he proposed, but it'll be something like that. My guess is, there'll be a conclave, something like a loya jirga, where governors and city councils and people like that will come together, and they'll end up working out something that is generally acceptable to the bulk of the people—not permanently, but between June 30, when sovereignty is accepted by the Iraqi government, whatever it looks like. The current theory is, there'll be a president, a couple of vice presidents, there'll be ministries, and they will assume that responsibility for a period, and the period would be ended after they have fashioned a constitution, voted on a constitution by the Iraqi people, and then elected other people to succeed that interim group.

Will it happen right on time? I think so. I hope so. Will it be perfect? No. Will it be like Afghanistan? No. You're right. It'll be an Iraqi solution, just like Afghanistan was an Afghanistan solution. Is it possible it won't work? Yes. And is it possible they'll stumble and wobble? Everybody stumbles and wobbles.

RECONSTRUCTING IRAQ INFRASTRUCTURE

Senator DOMENICI. Mr. Secretary, let me just, for instance, raise one question. It would appear to me that for this to work, somebody has to have a plan for serious long-term improvement of the infrastructure of that country. That's not going to fall on our shoulders. Somebody has to put it together. Somebody has to make sure that the monies coming into that country are used to leverage long-term loans of a lot of money, or there's no chance that the Iraqis are going to buy this based on upon "things will work out years from now." They've got to work out from the very beginning. And I wonder who's working on that kind of infrastructure assurance, or are we just expecting it to happen?

Senator STEVENS. That's the Senator's last question. I'm sorry.

Senator DOMENICI. I thank you.

Secretary RUMSFELD. The conviction on the part of the United States and the coalition countries has been that you need to make progress on Iraqis taking over governance of their own country, simultaneously make progress on security, and simultaneously make progress on essential services, the infrastructure, that one can't go ahead of the other. You're not going to get infrastructure to proceed if, in fact, security isn't sufficient to protect it. You're not going to get the governance to go forward if there isn't some progress on infrastructure and essential services. So that understanding is there.

My personal view is that the critical ones are governance and security, and that the infrastructure will be something that will probably lag behind somewhat, and they're going to have to pay for their improvements in their infrastructure. The Congress has voted some money, the international community's given some money. They've got oil revenues. They are going to have to do that. It's going to take them time. There isn't any reason that country can't be as prosperous as its neighboring countries—Kuwait and—but that isn't going to come from us; that's going to come from them. And these are intelligent people, they're industrious people, they've got resources, they've got water, they've got oil revenues, and they're going to have to do that themselves.

What our task is, is to pass governance to them, have them accept it. Will they be good at it at first? No. They're not going to be good at it. They've been living under a dictatorship. They don't know how—they're not going to be instantaneously successful in negotiating, compromising, putting their fate in a piece of paper called the constitution that'll protect the rights of each religious group in there. But they'll get it eventually, just like the Afghans are getting it, it seems to me.

SECURITY FORCES IN IRAQ

With respect to security, it's our job to see, as General Myers said, that we continue to invest in recruiting and training and deploying and developing a chain of command so that the Iraqis are able to take over security for themselves. People can be quite dismissive of the 206,000 Iraqi security forces. But 300 have been killed. They've not been killed because they're sitting in their barracks with their fingers in their ear; they've been killed because they've been out doing the job of helping to provide security in that

country. And, by golly, we can help train 'em, we can help equip 'em, and we can give them more responsibility, and they're going to have to take it over, because the United States has no intention in staying there. We're not going to make a career out of that.

Senator DOMENICI. Thank you very much.

General MYERS. Let me just—

Senator STEVENS. Senator Myers, did you wish to comment?

General MYERS. Yeah, just a—I've got a short comment, Mr. Chairman, thank you.

Senator STEVENS. General Myers. You're not a Senator yet.

General MYERS. Thank you. On the security front, first of all we're going to have 20,000 additional troops in there for some time to come, as I mentioned in my opening statement. We delayed some, and we're going to replace them. So we're going to have in the neighborhood of 135,000 to 136,000 troops there for the foreseeable future to deal with the security issues we think we need to deal with, and that's been General Abizaid's request.

Second, we're going to stand up a brand new headquarters that'll deal, at the strategic level, with our chief of mission, with other chiefs of missions, and, most importantly—most importantly—with Iraqis. We want to go from a coalition in that country to a partnership with Iraq, and this means developing the ministry of interior, the ministry of defense, and have Iraqis part of that whole chain. And we see it as a mentoring program for a while, but eventually, as the Secretary says, you've got to take the hand off the bicycle seat and see how far they get, and if they fall over and bruise themselves and get cut up, then you wipe 'em off, you dry, you put a Band-aid on the knee, and off they go again.

We think an awful lot about how we're going to do that on the security front, and the equip and training of the Iraqi forces I won't go into again. But there's been a lot of thought given to that structure that we're going to. We're going to try to stand up that headquarters as quickly as we can, matter of fact. We've been working that for a couple of months now.

Senator DOMENICI. Thank you, Mr. Chairman.

Senator STEVENS. Thank you.

Senator Harkin, you're recognized for 5 minutes.

Senator HARKIN. Thank you, Mr. Chairman.

Senator STEVENS. Let me inquire anybody wish a station-break? Okay.

You're recognized for 5 minutes.

Senator HARKIN. Thank you, Mr. Chairman.

CONTROL OF PRIVATE MILITARY CONTRACTORS

Mr. Secretary, on May 7, an Associated Press (AP) story came out, that said a year before the Iraq invasion, the then Army Secretary warned his Pentagon bosses that there was inadequate control of private military contractors. Retired Army Chief Thomas White said that, "The recent events show the Pentagon has a long way to go to fix the problems he identified in March 2002. In a sign of continued problems with the tracking of contracts, Pentagon officials, on Thursday, acknowledged they have yet to identify which army entity manages the multimillion dollar contract for interrogators like the one accused in the Iraq prisoner abuse probe. I'm still

reading from the AP release—“Defense Secretary Donald H. Rumsfeld also acknowledged his Department hasn’t completed rules to govern the 20,000 or so private security guards watching over U.S. officials, installations, and private workers in Iraq.” Now, that’s just 20,000 private security guards. How many more, we don’t know. This article goes on and says, “No single Pentagon office tracks how many people—Americans, Iraqis, or others—are on the Department’s payroll in Iraq.”

I just find this disturbing that we don’t know how many people are on the payroll, or who they are. This says to me, we might have a bunch of Rambos over there running around, and no one’s got control over them.

In a March 2002 memo, White complained to three Pentagon Under Secretaries that, quote, “Credible information on contract labor does not exist internal to the Army Department.” The Army could not get rid of, quote, “unnecessary, costly, or unsuitable contracted work,” closed quotes, without full details of all the contracts, White wrote.

Secretary RUMSFELD. Is this referring to Iraq or Afghanistan, or what? Or just generally?

Senator HARKIN. The article is on Iraq. This is just basically on Iraq.

Senator STEVENS. Senator, did you—

Senator HARKIN. But then—

Senator STEVENS [continuing]. What source are you quoting?

Senator HARKIN. I’ve quoted from this AP article. It’s an AP article that came out on May 7. That’s all I’m quoting.

So my question, again has to do with appropriations. How much money is going to private contractors? We can’t seem to get an answer to that. In Iraq. How many people are we talking about under these private contractors? Who screens them? Who approves their contracts? I guess my bottom line is, Who’s responsible? Who’s responsible for all these people?

Secretary RUMSFELD. The Coalition Provisional Authority in Iraq, headed up by Ambassador Bremer, tracks these people. We track DOD people that are there, but they’ve reported to Congress. The Army, the United States Army, is the executive agent for contracting for the Coalition Provisional Authority (CPA). And the CPA’s—the Coalition Provisional Authority’s Program Management Office works for the United States Army.

Senator HARKIN. So the Army’s in charge.

Secretary RUMSFELD. The Army is the—

Senator HARKIN. Contracting—

Secretary RUMSFELD [continuing]. Program Management Office and executive agent. I would not say that the Army would be the one making the decisions as to what contracts ought to be let for what purposes. That would be the Coalition Provisional Authority. But then they delegate to an existing institution, the United States Army, to manage the contracting of it. In some cases, it’s been the Corps of Engineers; in some cases, it’s been the Agency for International Development (AID); in some cases—the way our Government is organized is that those responsibilities flow down different roads, and that’s the way the executive branch of the Federal Government’s organized, that’s the way the Congress is organized. And

there is not a single person, I wouldn't think. Because if—AID reports up in the Department of State area. Just a second here.

Senator HARKIN. Could we know, Mr. Secretary, what's under your jurisdiction? I mean, what is under—in terms of private contractors and the jobs that are being done over there—

Secretary RUMSFELD. You bet. We can give you—

Senator HARKIN [continuing]. I'd like to—

Secretary RUMSFELD [continuing]. A complete report of it.

Senator HARKIN. Huh?

Secretary RUMSFELD. We could give you a complete report of who handles what types of contracts. Corps of Engineers handles a whole series of contracts. And military intelligence, when they hire contractors, for example—I think you mentioned this—for the purpose of interrogation or for the purpose of linguists to do translation, that would be through military intelligence. It depends on what it is that's needed at any given time.

Senator HARKIN. Well, again, I'm just quoting from the article, because I don't—

Secretary RUMSFELD. I haven't seen the article, so—

Senator HARKIN. It says—

Secretary RUMSFELD [continuing]. I apologize.

Senator HARKIN [continuing]. No single Pentagon office tracks how many people are on the Department's payroll in Iraq, the Department of Defense payroll. How many civilians are on your payroll over there? And I would be greatly—

Secretary RUMSFELD. We could certainly give you—

Senator HARKIN [continuing]. Disturbed if this article is true.

Secretary RUMSFELD. The reference—it wasn't a quote, but it was a comment about—allegedly indicating something I had said. I've never heard of that, what you've said the article said I said. But we'd be happy to tell you how many there are, and who they are hired by, and for what purposes.

Senator STEVENS. Senator—

Senator HARKIN. If you could provide for this committee how much—

Senator STEVENS [continuing]. Mr. Lanzillotta wished to answer that question, I think.

REPORTING ON CONTRACTS

Mr. LANZILLOTTA. Senator, I may be able to help a bit. We submit a quarterly report—it's called a 2708 report—that has a lot of that information in there. As far as contracts go, for the funding and the number of people, we track that on a weekly basis. I get that information through CPA. It comes in an obligation report of how much has been apportioned, how much has been committed, how much has been obligated. And I see all the funding documents that go through—on every contract, with the number of people—that go through there, and I personally sign off on those.

Senator HARKIN. So you can provide to this committee how much money goes through the Department of Defense to private contractors, one. You could provide how many civilian people are working under those contracts in Iraq at this time, and you can provide also, to this committee, the chain of command who is responsible for overseeing those contractors. You can provide all that?

Mr. LANZILLOTTA. I can—let me clarify your last—

Senator HARKIN. Well, I'm just—

Mr. LANZILLOTTA [continuing]. The chain of command—

Senator HARKIN [continuing]. Citing, again, from this article; I don't know if it's true—no single Pentagon office, according to this writer, tracks how many people—Americans, Iraqis, or other civilians—are on the Department's payroll in Iraq.

Mr. LANZILLOTTA. If you're asking who let the contract—

Senator HARKIN. Who tracks how many people there are there?

Mr. LANZILLOTTA. I can give you, and we'll provide for the record, the obligation data, as of this hearing date, the number of people that we have in the various categories, working. And I will provide which office did the contract.

[The information follows:]

According to the CENTCOM Combatant Commander, on or about May 12, 2004 there were approximately 12,900 U.S. contract employees hired under DOD sponsored prime contracts in the CENTCOM Area of Responsibility. Approximately 7,050 of these contractors are deployed in Iraq. Please note that due to the nature of the contract—DOD contracts for a service to be performed—it is up to the contractor to provide the appropriate number of people to perform the work. Therefore, the numbers that are provided above are estimates of the number of people that process through military entry points. This number changes daily.

Secretary RUMSFELD. Let me put it this way also.

Senator HARKIN. Fine.

Secretary RUMSFELD. We can provide that data. You keep going back to the point, which is a fair point, Is there a single office? And the answer is, no. For one, the way the Congress is organized and the way the statutes that the Congress has passed has organized the Department of Defense, we've got Department of Army, Department of Navy—they do things there, Air Force does things there. Each of the services do—the Marines do, and other elements. So the only place that information gets aggregated, the way the Congress has organized the Department under Goldwater-Nichols, is through the Comptroller's shop, where they take all of the things that happen in the Department and try to pull them up, I think is the answer to your question.

Senator HARKIN. So there's no coordination?

Secretary RUMSFELD. Of course there's coordination. You didn't ask that. You asked, Is there a single office? The coordination takes place in the Comptroller's shop.

Mr. LANZILLOTTA. We coordinate—when a contract comes through, we coordinate with all affected offices, to include the general counsel, to ensure that there are no objections and it is a legitimate contract.

CONTRACTORS

Senator HARKIN. Mr. Chairman, I know my time is up, but my point is that we don't know how many civilian people are contracted. We don't know how much they're being paid. And it just seems that there's no real handle on all these civilians over there. I just don't know. We can't seem to get a handle on it.

Senator STEVENS. Senator, I think that—we had a suggestion from Mr. Lanzillotta they'll provide us with some information. I think the problem is that I don't think it's all in one place at any one time.

General Myers, did you wish to comment?

General MYERS. Well, I have numbers, but I think I'll defer to—

Mr. LANZILLOTTA. Well, I can—

General MYERS [continuing]. Mr. Lanzillotta. But I have the number of U.S. contractors, the number of—you remember it was in the 1990s when we started downsizing. We cut our military by one-third, roughly. And the cry then was, from many people, and from people in the business sector, How about outsourcing a lot of your work? So we did that, and you remember that. We saved money, because we don't need a lot of folks to do dining halls if we only need to do that during crisis. And so that's the situation we are in now. We are contracting out a lot because of previous decisions we made, encouraged, I think, for the right reasons at the time. And one of the things I've asked one of our staff entities to do is, let's take a look at contracting out and see if those decisions we've made in the last 10, 15 years are still right for this security environment, because of the contractor issues we're finding on the battlefield.

But I've got the numbers. I can give you down to the number of host nation—Iraqi laborers. There's 17,834 that are—

Senator STEVENS. General, if we may—Mr. Lanzillotta's going to provide—

Mr. LANZILLOTTA. Yeah, I have it—

Senator STEVENS [continuing]. That for the record.

General MYERS. We'll provide it for the record, but I'm just saying—

Senator STEVENS. We'll review that and then have comments later—

General MYERS [continuing]. That I've got some pretty good detail here.

Senator STEVENS [continuing]. If that's agreeable with the Senator.

Senator HARKIN. That would be fine.

Senator STEVENS. Thank you.

[The information follows:]

The Department of Defense (DOD) policy is to rely on the most effective mix of the Total Force, cost and other factors considered, including active, reserve, DOD civilian, host country and contract resources to fulfill peacetime and wartime missions. One of the reasons contracts are attractive is their flexibility and agility in meeting government requirements. The government is also relieved of the cost of maintaining permanent force structure while maintaining contract oversight after contract award.

Generally, there are two types of DOD contractors currently operating in OIF; those supporting DOD military efforts and those supporting the Coalition Provisional Authority (CPA) efforts. There is no single office responsible for contractor visibility. Instead, each individual government organization with a requirement that can be satisfied by contract is responsible for providing a contract statement of work/objectives; funding; appropriate contract clauses, terms and conditions; legal review at various stages of the acquisition process; and contract oversight after award. This process provides flexibility and an adequate level of review while also meeting government requirements.

The U.S. citizen contractor personnel for DOD are accounted for in basically the same manner as military personnel. The military Services account for U.S. citizen contractor personnel and report aggregate contractor personnel numbers monthly to the Joint Staff and Office of the Secretary of Defense using the Joint Staff Personnel Status Report (JPERSTAT). Per the JPERSTAT, there are 14,371 DOD U.S. citizen contractor personnel (as of May 25, 2004) operating in the Central Command area

of responsibility. Approximately 7,386 of these contractor personnel are operating in Iraq. The JPERSTAT only captures U.S. citizen contractor personnel that process through DOD entry points or are assigned to military units in theater. The JPERSTAT does not capture all contractor personnel in the theater. It does not capture contractor personnel hired under non-DOD federal government contracts (e.g., CPA, Central Intelligence Agency, State Department, United States Agency of International Development). It also does not capture foreign national contractor personnel or contractor personnel hired under sub-contracts since it is the responsibility of each prime contractor to determine the level and nature of manning required to meet contract requirements (e.g., the prime contractor may choose to outsource a portion of the effort through various tiers of subcontracting relationships with other U.S. civilians, third country nationals (TCN), or host country (HC) personnel).

Although the JPERSTAT does not provide visibility of foreign national or sub-contractor personnel, the Army's Logistics Civil Augmentation Program (LOGCAP) contract, which is one of the largest contracts in theater, does offer some visibility on the magnitude of DOD contractor personnel outside of the JPERSTAT process. The LOGCAP contract currently has approximately 1,166 TCN, 2,039 HC, and 20,462 sub-contractor personnel (includes a combination of TCN, HC and U.S. personnel).

Contractors in support of the CPA provide reconstruction and other support in Iraq and protection of CPA facilities and personnel. Contractors under CPA contracts have no specific reporting requirement to account for contractor personnel thereby providing greater flexibility as they organize as necessary to perform the contract. However, through the process for obtaining weapons permits, CPA reports that approximately 60 private security companies consisting of about 20,000 personnel are currently providing security in Iraq.

There are also private enterprise personnel operating outside of the DOD and CPA contract efforts pursuing commerce opportunities. As the theater evolves from a contingency operation through stability operations to normal Iraqi commerce, the role of private enterprise personnel will increase. Like other mature countries, the accountability and visibility of these private enterprise U.S. citizen contractor personnel in the future will reside with the U.S. Department of State working in coordination with the appropriate Iraqi ministry through the visa process.

Senator STEVENS. I'll now recognize Senator Bond.

Senator BOND. Thank you very much, Mr. Chairman.

First, I commend the Secretary and the chairman for your great work. I think these have been very difficult times. The leadership that you are providing is absolutely essential to support our troops and the private contractors who are engaged in a very important mission, and we are grateful for that.

I will have a lengthy statement for the record that somebody may wish to read, but I will feel better for having submitted it, because I have some strong views that I will include in it.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CHRISTOPHER S. BOND

Secretary Rumsfeld, General Meyers, Mr. Lanzillotta, thank you for appearing before the committee this morning. We meet under challenging circumstances by any measure. Military operations in Iraq and Afghanistan coupled with the nation's ongoing global war on terror demand our constant attention and focus.

The Abu Ghraib prison investigation that has demanded much attention recently has only added to the workload unfortunately. I have read Major General Antonia Taguba's report and concur with statements made by Major General Taguba; that the abuses at Abu Ghraib represented a total breakdown in supervision, training, discipline and leadership and were exacerbated by a shortage of trained personnel. The abuses at Abu Ghraib that have been documented so vividly are not reflective of the United States military that American's have come to revere and respect.

As was viciously portrayed by yesterday's Al Qaeda video showing the beheading of an American civilian and non-combatant, Nick Berg; our enemy is the terrorist who targets innocent civilians and the terror organizations and regimes who support terror as a legitimate political tool. The beheading of Nick Berg is another wake-up call for all of us. I am getting this sense, particularly in the wake of the Berg killing, that we should be careful to manage the prison issue, and not overdo it. Berg's murder demonstrated the stark contrast between the wrongdoings at Abu

Ghraib and the evil evident in the beheading of a non-combatant civilian. We are once again reminded of the true nature of the enemy and why we are fighting them. Unfortunately I fear the continued political rhetoric here at home will have a detrimental impact on troop moral. We need to focus our energies on the war on terror, which we cannot afford to lose.

Recently, I received the United States Department of State's annual report, Patterns of Global Terrorism for 2003. The report reveals that the year 2003 saw the lowest annual level of terrorist attacks since 1969 which indicates that much progress has been made in combating terrorism. Almost 70 percent of the senior al-Qaeda leadership, and more than 3,400 operatives or associates, have been detained or killed in over 100 countries. The global war on terror is not over, nor will it be anytime soon. That is why we must focus our energies on winning this battle. As was stated so clearly by a DefenseNews article, Repercussions of Failure, April 19, 2004,

"A successful campaign by insurgents to drive coalition forces from Iraq would constitute a shattering blow to the U.S.-led global war on terrorism and jeopardize governments that have cast their lot with Washington, according to U.S. officials and Arab analysts. 'The price of failure in Iraq would be catastrophic,' one senior U.S. State Department official said. 'Anything that defeats the expression of U.S. and allied power against terrorism will create the impression of weakness that terrorists worldwide will exploit.'"

The Administration has indicated that it will forward a \$25 billion supplemental request for the incremental costs associated with ongoing operations in Iraq and Afghanistan. I understand the defense appropriations subcommittee will hold a separate hearing on the supplemental. I look forward to reviewing the administration's request, and will work with Chairman Stevens and Senator Inouye in providing whatever funds and resources are necessary to support our warfighters and the global war on terror.

The reliance on our National Guard and Reserve forces to prosecute the war on terror is increasing. I understand Secretary Rumsfeld is working with Lieutenant General Blum, Chief of the National Guard Bureau and the Reserve Chiefs, to improve the predictability of mobilizations for our nation's Reservists while re-balancing the active duty-reserve force mix so as to improve the overall capabilities of our military. As a co-chair of the Senate National Guard Caucus, along with my colleague Senator Patrick Leahy, I am committed to working with the Department of Defense to improve the capabilities of the National Guard and its ability to support the nation's military strategy. Were it not for congressional increases in accounts such as the National Guard and Reserve Equipment Account I am certain that the gap in capabilities between the active component and the Reserve component would widen.

Additionally I am concerned about the rising cost of modern weapons systems as exemplified by aviation programs. Unconstrained cost growth in the F/A-22 has limited the number of platforms available to fully equip our aviation units under the current congressionally mandated cost caps. The troubling cost growth in the F-35 so early in the program threatens to duplicate the lesson of the F/A-22. The Army's decision to cancel the Comanche light attack helicopter program further illustrates what awaits a program that is unable to control costs. We should not be held captive to rising and unconstrained development costs. This is why I support a competitive industrial base through the continued production of a limited number of F-15 aircraft so that the warfighter, and the taxpayer, will have an alternative should the desires of the U.S. Air Force not be met because of limited resources.

The need to transform the force while executing the global war on terror is not an enviable task. It has been acknowledged that the Department of Defense has an inordinate tail to tooth logistical load. Unless we reverse this, our ability to field an efficient fighting force will suffer. If segments of the bureaucracy within the Department of Defense are not responsive to the needs of the warfighter then they should be replaced, disbanded or its functions transferred to the civilian sector. In my effort to improve military mail operations and Voting Assistance Programs I have come to understand how a sluggish and unresponsive bureaucracy can impact negatively support to our forces. That is why I recently wrote to Secretary Rumsfeld to ascertain why the recommendations of the Military Postal Service Task Force to out-source some, or all, of MPS functions were not carried out.

Secretary Rumsfeld, General Meyers, our forces rely on your leadership for their welfare and on the Congress for the resources necessary to sustain a vibrant and effective fighting force. This is a partnership that must flourish if our forces are to have the optimum tools necessary to carry out their mission. We have the best fight-

ing force in the world. Our military forces deserve leaders and policy makers who will put their welfare ahead of political or personal gain.

REBALANCING ACTIVE AND RESERVES FORCES

Senator BOND. Senator Cochran has already asked about the OPTEMPO and increasing reliance on the Guard. As co-chairman of the Guard Caucus, I'm very proud of the what the National Guard is doing in answering the call to duty.

And I'd like to ask your comments on, How is the review on re-balancing the forces, adjusting the mission and the force structure—how is that progressing? And what is necessary from this committee and this Congress to support our troops—not just Guard and Reserve, but all of our troops—in seeing that they can win a war which, once again, yesterday, we were horribly reminded is a war against the forces that would destroy civilization, that depend upon and act with pure evil intent?

Secretary RUMSFELD. Senator, I would characterize broadly the process of re-balancing the Guard and Reserve and the Active components with the Reserve components as progressing quite well. In fact, I've been quite impressed with the speed that the—particularly the Department of the Army has demonstrated in addressing it. And, of course, the Army is the biggest place that this needs to be done. And they've been addressing it with a good deal of, I thought, excellent work, and the process is underway. They're doing that, simultaneously with the task of increasing their combat capability from 33 brigades to 43 brigades, and moving to a more modular approach, and all of that takes time.

We've overused military police. We have overused certain civil affairs Reserves and Guard because of the way the total force was structured. That's being shifted, and it'll take, I'm going to guess—oh, goodness, it'll probably take 2, 3 years, 4 years, to get it done. David Chu, is that about right?

Dr. CHU. Yes, sir.

Secretary RUMSFELD. But we've got a good start on it.

Senator BOND. One of the things that pundits are raising is the problems that they see coming down the line with recruitment and retention. I've heard, anecdotally, some very good news on those subjects. What do you see, from the Department level, about recruiting and retention?

Secretary RUMSFELD. Well, I look out there, and it's foggy, it's blurred. I'm worried. On the other hand, the data we get is very positive. We are clearly retaining and recruiting the skill sets we need in the Armed forces. And that is enormously encouraging. I have no idea how fast that could drop off. And we have to constantly try to refine our ability to look out there and to take steps in advance.

For example, when we had to extend some Guard and Reserve people beyond the 365 days in Iraq to another 90 days because of the situation on the ground, we didn't want to do it. But General Abizaid said he needed an additional 20,000 forces. We said, "Fair enough. What's the best way to do it?" And that was the best way to do it. But we immediately stepped in and provided some compensation for those individuals, who served various portions of 3 months.

MAIL SERVICE

Senator BOND. Mr. Secretary, I appreciate that. I know you wouldn't be satisfied if I didn't raise one issue that I brought to your attention before. It has to go to morale. It is the question of military mail delivery. We've discussed this on many occasions. I know you have many other issues of great importance, like protecting lives, feeding our troops and providing munitions. But I understand this is a very real concern to the men and women over there. And having some personal interest in that, as well, to which I confess, I wonder if you had looked at outsourcing some of the mail-clerk functions in working with the U.S. Postal Service to assure the mail delivery is improved.

Secretary RUMSFELD. I have not looked at that. I know that the subject of mail delivery is, as you point out, an enormously important one, and that the services and the Central Command have all been working on it. I know they've even particularly looked at it from the standpoint of the difficulties they had with respect to all the elections that are taking place this year. And coming over in the car, David Chu briefed me that they have been working the—Department of Defense has been working with the Postal Service to try to find ways to improve that, and believe they've made progress.

General MYERS. The reports I've seen, Senator Bond—and I've seen—I get reports from time to time—shows that it's getting better. I don't think it's where it needs to be yet, and we have to continue to find ways to—but, you know, when I was commander of U.S. forces in Japan, a fairly mature theater, in the mid-1990s, we still had problems over there because of just handling procedures, where all the mail would go into Narita, and then it had to be brought to Yokota, and then it had to be—and so it was—we were constantly working that problem. It's obviously a worse situation in Iraq, and we've got to find ways to work around that. And it's critical to morale. We understand that.

Secretary RUMSFELD. They also have tried to find locations where they could put phones and computers for e-mail access, which is a part of the problem, and that's been working well.

Senator BOND. Thank you.

Senator STEVENS. You should revive the V-mail. We used to get V-mail. It would all go to one place, and then be sent by telegram, and then they'd package it up on the other end. Isn't that right, Dan?

Our next—

Senator LEAHY. It's called the Internet now, Ted.

Senator STEVENS. Senator Durbin.

No, it—e-mail is something different, because they would take your letter that your mother wrote you, and they'd put it into a telegram and send it over, and they kept the mother's letter. It was a different thing.

Senator DURBIN.

By the way, you're not that old, anyway.

We're going by seniority, then, Senator Feinstein, you're first, if you'd wish to yield to her, Senator Durbin.

Senator Feinstein.

Senator FEINSTEIN. That's very generous. Thank you.

Thank you very much, Mr. Chairman.

I have just one quick question on Abu Ghraib for General Myers, if I might, because I think it needs to be cleared up. General Taguba testified yesterday, and let me just quote, "Failure in leadership from the brigade commander on down, lack of discipline, no training whatsoever, and no supervision were the root of the problem." My question to you is, What have you done to remedy this problem? If you could specifically speak to each of those—lack of discipline, no training, no supervision.

General MYERS. On the discipline issue, quite frankly, what was done was to replace the unit and put a unit in there that was a better unit. And I hate to get into more specifics, because it then starts to prejudice any action you may want to take against any of the—

Senator FEINSTEIN. I'm not asking you for that. I'm asking you for the remedy.

General MYERS. The remedy was another—the immediate remedy was another unit, to put another unit in charge. This was, as the Taguba report—now everybody has read it—this was a unit that had issues with just adhering to the Army's standards. Their uniform—they didn't have standardized uniforms, they were allowed to carry guns in their civilian clothes when they were off duty, they had things written on their cap, they didn't particularly want to salute. This was a unit that had those exact—so the first thing you do is, you replace the leadership of the unit. They have done that.

Now, the Army Reserve and the Active Army, there are other investigations and looks going on. General Helmly, the Chief of the Army Reserve, is looking at other Reserve units to work the training issues and the discipline issues to make sure everybody's compliant with Army standards. So that process is underway. We have not seen that review. We should get a midcourse report on that here fairly shortly, and we'll be happy to share that, because that's part of it. And that will deal with both the training and the discipline part.

And then the last part you said was—you had—

Senator FEINSTEIN. Supervision.

ABUSE

General MYERS. Supervision, right. And there are a couple of things going on in that regard. I think the General Helmly Report will help. There's also the General Fay look at the role that military intelligence played in this whole business, and in detainee affairs. General Fay is looking at that. He's been in Iraq. He's now in Germany. Part of the issue is that the folks that he wants to talk to are now scattered. They're no longer in Iraq. They're either in Germany or they're back in the United States, or perhaps other places. So it'll take him some time to go through that. We'll be getting an interim report from him, as well. I'm sure the Secretary will make that available if required. But that's what we're doing to remedy those problems.

Senator FEINSTEIN. And do you personally look at autopsy reports of detainees who die in custody?

General MYERS. No, I do not. What I look at is—I am—I look at the allegations of abuse, and I look at what is being done to investigate and correct the situation. I do do that.

Senator FEINSTEIN. Just a suggestion, it might be a good idea.

General MYERS. Well, I do—I see—I mean, I see the reports. I wouldn't call them autopsy reports. I see the allegations of abuse. Usually in there is a description of the abuse. I wouldn't call them autopsy reports, but I see the words that talk about the type of abuse and the effect it had on the individual.

Senator FEINSTEIN. Right. I'd like to ask you—because we've talked about this privately—I'd like to ask you a question about the heroin—or the opium poppy production in Afghanistan. And you've been very kind, you've reported back to me, and I appreciate that. But I want to indicate my very deep concern about the fact that tens or even hundreds of millions of dollars have flowed from illegal heroin trade directly into the hands of terrorist organizations, like al Qaeda. And today Afghanistan is producing more poppy than ever. About 75 percent of all of the heroin sold in the world is being produced today in Afghanistan, \$2.3 billion. It's my understanding that an early harvest has produced as much as a 50 to 100 percent increase in production from the 2003 estimates.

Now, here's my question. Are we protecting warlords in Afghanistan who are growing poppy or producing heroin? Are we holding back on eradicating crops for political reasons? So what is the reason for the absence of military force to eradicate the opium poppy in Afghanistan?

General MYERS. Senator Feinstein, as we've discussed, and I think you're focused on a very important issue—and I traveled to Afghanistan—and now it's about 3 weeks ago, I guess. When I talked to our Ambassador there, Ambassador Khalilzad, and our military personnel, and the Ambassador's staff, they described this issue as one of the big strategic issues for the future of Afghanistan. As you know, the United Kingdom has the lead, and—overall, for the international community, to deal with this. The State Department has the U.S. Government lead for this. I think what needs to be done is, we need to hear from the Ambassador what kind of plan he would put in place to deal with this effectively, and then we have to resource it. It's going to require additional resources to what we have in Afghanistan today. And I'm not talking now just with military resources, but my understanding is we're going to need a lot more of the type of resources that deal with drug issues, Drug Enforcement Administration (DEA) and others. And I think we'll be hearing from the Ambassador on that, if they haven't already, because we had a long talk about that when I was there, based partly on our conversations, because that was—it is a critical issue.

On the issue of warlords, I don't know that you can say one way or the other. You'd have to guess, though, that probably a lot of the warlords, or some of the people they support, are involved in this. And that's why it's going to take more resources to work this issue and come up with policies to work this issue. That's a guess on my part. I have not—I'd have to go back and research the intelligence. I'm sure there are some that have to be involved. That's a way of life for some of them, and you just have to assume it is.

Senator FEINSTEIN. Thank you.
Mr. Secretary, could I ask you a quick question? Last—
Senator STEVENS. This will be the Senator's last question.

ROBUST NUCLEAR EARTH PENETRATOR

Senator FEINSTEIN. Is my time—last question, I'll be fast. Last year, I asked you, at this hearing, about the robust nuclear earth penetrator, and you told me it was just a study. Since that time, it's changed rather dramatically. The Congressional Research Service (CRS) reports that the administration's budget calls for spending \$485 million over the next 5 years just on the robust nuclear earth penetrator. And the report says, and I quote, "The study is examining feasibility and cost, yet the 2005 request seems to cast serious doubt on assertions that the robust nuclear earth penetrator is only a study," end quote.

In light of this, are you still going to say to us that this is just a study, or is the administration intent on the development of a nuclear earth penetrator?

Secretary RUMSFELD. A decision to go forward with a earth penetrator has not been made. A decision to determine whether it's possible to have one that could help solve some potential problems has been made. So that work is going forward, and the money has been requested of Congress.

I don't—what I can do is—I don't believe the studies have produced the kind of information that would enable one to say, at this stage, that the development should go forward. But, clearly, with the amount of underground activity that exists in the world—and it's pervasive in country after country, that people have tunneled underground—North Korea is a perfect example, certainly Iran is, we have found this in country after country. And the question is, If that is a problem, what might be done about it? Your first choice would be to find some obviously conventional way to do it. They've looked and looked and looked, and this additional way is, at least in my view, worth studying. And at that point where it migrates over into a program, clearly the Congress would know and would have to make a decision on it.

Senator FEINSTEIN. Would you permit me just one quick comment? Since we got into this, I've done my own study and talked with physicists, and what they tell me is, there is no known casing that can get a device deep enough—which would have to be between 800 and 1,000 feet—to prevent huge nuclear fallout. I'll just leave you with that.

Secretary RUMSFELD. Maybe we ought to hire them.

Senator FEINSTEIN. Sidney Drell, physicist, Stanford University.

Secretary RUMSFELD. Right, I know who he is. Right.

General MYERS. Mr. Chairman, Senator Feinstein, if I may, just one more comment. There is a lot more that Central Command—I talked about the general problem—there's a lot more that Central Command is doing, in terms of funding and in instructions to the troops in Afghanistan that I'd like to provide you for the record, if I may.

Senator FEINSTEIN. I would appreciate that.

[The information follows:]

[Deleted].

Senator STEVENS. Thank you very much, General. I'm going to go out of order and recognize Senator Hutchison. I understand she has a problem.

Senator Hutchison, you're recognized for 5 minutes.

Senator HUTCHISON. Oh, thank you, Mr. Chairman.

Mr. Chairman, I want to add a story to the one that General Myers told at the beginning of this hearing, and it is one about which I know personally.

Senator STEVENS. Pull your mic up, please, Senator. Just pull it toward you.

Senator HUTCHISON. Okay.

Senator STEVENS. They're all live.

Senator HUTCHISON. I want to—

Senator STEVENS. All these mics are live.

Senator HUTCHISON. Okay. I want to add to your story, General Myers. I went to college with a friend who was a great football star at the University of Texas. He had one son. We all thought he would follow his father's footsteps to the University of Texas. But he only had one dream. The son wanted to go to the U.S. Naval Academy. And because he was so qualified, I was proud to give him my appointment.

That young man, a marine, participated in the march to Baghdad, came home. He is now back in Iraq, somewhere around the Fallujah area, doing his job, and wrote me a note saying, "Thank you, Senator, for giving me the opportunity to do this." So I do hope that we can put those and the stories of Pat Tillman out there when we are going through this very hard and difficult time.

The second thing I want to point out, that has been stated in the media and by others, there continue to be questions about whether al Qaeda and the war on terrorism are really connected to Iraq. Well, I think we found out yesterday—and something you added to today, General Myer—that an al Qaeda-connected animal perpetrated a heinous crime on videotape in Baghdad, because the body was found there, unfortunately. Similar atrocity in Pakistan to a journalist named Danny Pearl, videotaped. That reporter was reporting on al Qaeda at the time.

So I think if anyone is going to question whether the war in Iraq or Afghanistan, either one, are connected to the war on terrorism and all these loosely affiliated organizations, that they're answering that question for us as we speak.

I wanted to ask a question, and Senator Feinstein made several of these points, but there was one other, and that is regarding the prisons. One of the other reasons, or allegations made, was that there weren't enough guards to guard the number of people who were in those prisons. You, Secretary Rumsfeld and General Myers, and others in this administration, started looking at this situation apparently the very day you heard, which I think you should be commended for doing. So you have had the investigations, which started in January. Have you determined that there are enough guards now? Has that situation changed in any way? Or if that's not appropriate to answer whether it's changed, do you feel that you have the funding or the facilities and the number of guards needed to meet our standards in the treatment of prisoners in Iraq, Afghanistan, Guantanamo Bay, or anywhere else that we may be

needing to hire—to watch, guard, and interrogate, properly, prisoners?

TROOPS IN ABU GHRAIB

General MYERS. To go back to the beginning, we were in a closed hearing yesterday in front of the House Appropriations Committee, Subcommittee on Defense, and General Taguba was with us, and the question was asked, Did the—you know, how many troops did we have in Abu Ghraib, at that time, providing security in detainee operations? And he said, “Well, they didn’t have enough at the time, but the brigade could have reallocated some of their forces to that situation, which was not done.”

From what I know today—and I’ll probably have to get you an answer for the record—but from what I know today, that situation has been corrected. We have made a lot of corrections over time, over the last couple of months, to ensure that the folks that are responsible for detention operations have the people they need to do the job. But I’ll double-check, and I’ll give you an answer for the record on that.

[The information follows:]

As of May 28, the number of MP guards vice detainees in Abu Ghraib prison was 450 to 4,561 or approximately a 1:10 guard to detainee ration.

As of June 22, the number of MP guards remains the same with 450 guards, but the number of detainees is now 2,262 or approximately a 1:5 guard to detainee ratio.

MANAGING DETAINEES IN IRAQ

Senator HUTCHISON. And do you have the facilities that you need at this time for the number of prisoners we have—

General MYERS. I think—

Senator HUTCHISON [continuing]. And the number of guards?

General MYERS [continuing]. I think, for the most part, we do. Now, we have—I think—yes, ma’am, we do. We have—right now. But, you know, these are—this is a continuing issue, where we get reports from the International Committee of the Red Cross, of our own commanders looking at the situation, so it’s a matter of continuing improvement, which is appropriate, and would have to change over time. But the situation that was described in the Taguba report that he saw in the January/February timeframe, those have been corrected.

Secretary RUMSFELD. May I just add that over the period of time in Iraq, some 43,600 people have been captured and detained for some period of time. Of those, 31,800 have been released. And the remainder currently detained is about 11,800. That is not a fixed population. It’s constantly changing. There isn’t a week that goes by that our forces don’t scoop up, you know, 4, 5, 6, 8, 10 a day and move them into one of the detention centers. And, simultaneously, there’s a process, as you can imagine—if we’ve already released 31,800 out of 43,000—our goal is to get as many out of there as fast as we can, as soon as we believe that’s the appropriate thing to do. There’s no one in the United States Government who wants to be a jailer and hold people that we don’t need to hold.

So there’s constantly a group coming in, and constantly a group going out. And currently the population is about 11,000.

Senator HUTCHISON. Thank you.

Thank you, Mr. Chairman, for—

Senator STEVENS. Thank you very much.

Senator Dorgan is recognized for 5 minutes.

Senator DORGAN. Mr. Chairman, thank you very much.

I regret I was not here at the first part of this hearing. But I welcome the Secretary and General.

FISCAL YEAR 2005 RESERVE FUND

Let me ask a question, if I might, about the \$25 billion. And I understand that you've been asked some questions about that. There was a piece in the newspaper today, here on the Hill, that said that the Senate majority leader's senior staff was saying that there's a school of thought that Congress should double the administration's request to amend its 2005 budget request by \$25 billion, and so talking about increasing it from \$25 to \$50 billion. I understand the request has not even yet been made. So what I'm trying to understand a bit here is, the \$25 billion that has been discussed that I think the chairman will ultimately hold a hearing on, is that money that relates to this current fiscal year, or is that a reserve fund for the next fiscal year?

Secretary RUMSFELD. The answer, sir, is that the White House, the Office of Management and Budget, the leadership in Congress in the House and Senate, and in the Appropriations Committees are currently debating that. What they're doing is, they're, at the moment, calling it a reserve, and the number is—that the President proposed was \$25 billion. And that was a judgement that that would be appropriate to move us until such time as a full 2005 supplemental could be passed by Congress sometime next year, after Congress gets back, reorganizes, and acts on it, probably sometime in the April period.

You want to say—I can't read your writing, I'm sorry.

Mr. LANZILLOTTA. Yes, Senator. It was based on what we thought to alleviate the risk, or reduce the risk, in cash-flowing the service operation and maintenance (O&M) accounts for that period of time that the Secretary talked about.

Senator DORGAN. For what period of time, now?

Mr. LANZILLOTTA. Well, from the period of time from October 1 until the Congress could act on a supplemental request. So we looked at our spend rates, decided that this reserve account would help us reduce our risk of cash-flowing those accounts, to have the services avoid reducing training or other type activities.

Senator DORGAN. If I might ask, the \$60 billion that we previously appropriated was expected to last until a request would come in next January, so that would have been money that would have been available through this fiscal year, into the next fiscal year, is that correct?

Mr. LANZILLOTTA. No, Senator. The money—the \$65 billion that was appropriated, that was for fiscal year 2004. That money was never intended to last past October 1.

Senator DORGAN. So money for the costs of the prosecution of the war in Iraq, and also activities in Afghanistan, would have come from the regular Pentagon budget from October 1 until some subsequent date, when the Congress would pass another emergency supplemental, is that the case?

Mr. LANZILLOTTA. What the intent was—that we would cash flow the accounts and put a supplement request in to cover those costs.

Secretary RUMSFELD. The way I think of it is this, that we were, in effect, asked by the Congress not to try to guess what the war would cost and put it in the regular budget, which, of course, the regular budget for 2005 was prepared last year, and then submitted to the President in December, and then to the Congress in February, and now we're into May, and it's for the period starting October 1 for a whole 'nother year. So there's no way to look into that future well, or precisely. And so the judgement was made not to budget for it, but to come in with a supplemental.

From a management standpoint, it is very tough on the Department of Defense. When the world changes, as it has, we have the higher level of forces there, it's a more difficult situation, and, therefore, the amount of cash flowing that would have to take, taking money out of money account, sticking it into another account, has grown. And we looked at it, and the President did not want to go up and ask for a \$25 billion reserve, but I went to him, as I have to, and told him the truth, and the truth is, we need the money if we want to reduce the amount of cash flow, robbing Peter to pay Paul and then trying to correct it at the end.

BUDGETING FOR CONTINUING OPERATIONS

Senator DORGAN. Well, I would expect everyone on this committee would feel that we don't want to withhold \$1 that is necessary for the safety of the troops that we've put in harm's way. Whatever is necessary to protect them and provide for them, that which we think is important for them, we want to provide. But you indicated that you felt that the Congress had asked that you not include these funds in the regular appropriations request. I mean, my own feeling is, it's been a bit frustrating, because we get the budget, and the budget for the Department of Defense has zero in its request for Iraq and Afghanistan. We know that there are ramped-up, continued operations that—

Secretary RUMSFELD. Right.

Senator DORGAN [continuing]. Will be there for some long while. And I understand there is a need, and will be a need, for emergency supplementals, but I would—I think it would make more sense, at least in the regular budget process, as well, to recognize we're at a different level here, and these routine and—not routine; I shouldn't say—the continuing operations in Iraq and Afghanistan ought to be at least accounted for, in some measure, in the regular budget process.

Secretary RUMSFELD. It's a fair comment. And I felt that way, as well, 2 years ago, and tried to do it. And we were in Afghanistan at that time, and it was clear that it was going to cost some money, so we proposed \$10 billion, and the Congress rejected it all, 100 percent of it, and said—now, here's the tension, the dilemma. The earlier you ask for the supplemental, the less you know, and the less precise you can be. And, properly, Senators that have the responsibility for managing the taxpayers' money look at it and say, "Well, it's not very precise." And that's true. And the later you wait for a supplemental, the greater knowledge you have, the more precise it is, but the longer you've passed the time when you have to

begin doing this cash flowing and taking money out of here and putting it in there. So the cycle is so long—the budget cycle—when we have to prepare this last year, get it to the President, get it up here, for a year that doesn't start until October 1, it's just a difficult problem.

Senator DORGAN. Well——

Secretary RUMSFELD. I could do it either way, myself.

Senator DORGAN. Yeah, at least speaking for myself, I would prefer that we try to recognize we're ramping up to a different level and it's going to be continuing for some while, and see at least a part of that, to the best extent we can estimate it, in the regular process.

Just one final question. Do I have time for an additional question, Mr. Chairman?

Senator STEVENS. No, you don't. Sorry.

Senator DORGAN. Okay, thank you.

Senator STEVENS. Our next Senator is Senator Specter, by seniority.

Senator SPECTER. Thank you, Mr. Chairman.

ASSASSINATION OF NICHOLAS BERG

Mr. Secretary, Mr. Nicholas Berg, who was the victim of a brutal assassination, as we all know, was a Pennsylvanian. And in talking to his lawyer yesterday, I tried to get some of the particulars about what happened to him when he was held in detention—reportedly initially by Iraqis, and then later by U.S. military—and a lawsuit was filed in the Federal court in Philadelphia; and shortly thereafter, Mr. Nicholas Berg was released. I would appreciate it if you would give your personal attention to assist in answering some of the questions which the family is now posing as to exactly what happened to him during the detention period, why he was detained, and the circumstances of his release. The case was never litigated, but it was filed.

Secretary RUMSFELD. Senator, we will be happy to ask someone in the Department of the Army probably, and, if not, the General Counsel's Office, to focus in on this and be in touch with you.

[The information follows:]

Due to the fact that a number of different entities, including the Iraqi police, had contact with Mr. Berg during his detention in Mosul, it is not possible to provide a definitive account of his detention and release. Nonetheless, the following is a summary of the facts as we now understand them.

On March 25, the Iraqi police in Mosul detained Mr. Berg for "suspicious activity" and for his personal safety. He was taken to a police office and placed in a spare break room typically used for eating and resting, rather than a jail cell. He was placed in this room because it was private and cleaner than the cells and because he had expressed concern about being in a cell with Arab inmates and guards due to the fact that he was Jewish. This break room is located in the same building as the Iraqi police office, which is connected to the Digala Police Station. Coalition forces, who were present in the Iraqi police office to provide assistance to the police, provided Mr. Berg with a cot, blanket, and food. The FBI interviewed him later that day and took his fingerprints. The FBI interviewed him again on March 26.

On March 28, Mr. Berg was moved to a cell in Digala Police Station, one that the Iraqi police had cleared specifically for him, because it was no longer practical to keep him in the spare break room. After he was moved to Digala, the Coalition forces' involvement with Mr. Berg was minimal, although they did interpret directives to Mr. Berg.

On April 1, an officer of the Coalition Provisional Authority (CPA) informed the U.S. Consular Officer in Baghdad that Mr. Berg was being detained by the U.S.

military. We note that this information, which the U.S. Consular Officer provided to Mr. Berg's family at that time, appears now to have been incorrect; it is our understanding that Mr. Berg was, in fact, being detained by the Iraqi police. The U.S. Consular Officer in Baghdad also notified Mr. Berg's parents that all questions about Mr. Berg should be directed to the FBI.

On April 3, the FBI interviewed Mr. Berg for a third time. In addition, the Iraqi police obtained his possessions from his hotel room at his request, paid his hotel bill with his money, and stored his possessions at the police station.

By April 4, the Iraqi police were prepared to release Mr. Berg, and the FBI had finished interviewing him. FBI, U.S. military, and CPA personnel were concerned, however, for his safety in Iraq if he were to be released and remain there. On April 6, a CPA officer in Mosul, along with a Public Administration Officer of the 416th Civil Affairs Battalion posted with CPA-Mosul, met with Mr. Berg and did the following:

- offered to provide him with financial assistance (which he refused);
- asked him to sign a Privacy Act Waiver so that the CPA could respond to his parents and his Member of Congress (he refused);
- counseled him to leave Iraq for his own safety and offered him transportation assistance (he said he would go to Baghdad in a few days because he wanted to spend more time in Mosul, and the assistance we offered would have taken him out of Mosul on the next MILAIR [military] flight and then to Jordan in the next few days);
- asked him to check in with the U.S. Consular Officer in Baghdad (he agreed);
- watched him inventory his possessions, taking account of his concern that some money was missing; and
- had him sign a paper confirming that he received the above information.

At that point, Mr. Berg was released from Iraqi police custody. Mr. Berg indicated that he would not be leaving Iraq right away because the road to Amman had been closed indefinitely.

At some point between April 8 and April 10, the U.S. Consular Officer spoke by telephone with Mr. Berg and offered to assist him in obtaining a seat on a chartered Royal Jordanian Airlines flight from Iraq to Jordan. We understand that he declined that offer and stated that he would be traveling to Kuwait with a convoy of journalists. The U.S. Consular Officer reminded him of the security risks of traveling in Iraq and asked him to call his mother upon arrival in Kuwait. We believe that this was the last contact the U.S. Consular Officer had with Mr. Berg.

Senator SPECTER. I would appreciate it. And there's one other request which the family has made. Mr. Berg's body is being returned to Dover, and the family would like to meet the body on arrival, and they have made a request to be with their deceased son. But they are not permitted to come onto the base, as I am told, unless there is a waiver. And I would appreciate it if you'd take a look at that and see if we couldn't accommodate their request.

General MYERS. You bet.

Secretary RUMSFELD. Be happy to.

ASSISTANCE TO IRAQ: GRANT OR LOAN?

Senator SPECTER. Mr. Secretary, on the issue of the funding in Iraq, when the \$87 billion was requested some time ago an issue arose as to whether some \$10 billion ought to be in the form of a loan to Iraq, on the consideration that Iraq has enormous oil reserves and enormous potential resources. And it is obviously a difficult matter to draw the line on what would be appropriate for Iraq to pay for—rebuilding the country, for example, or rebuilding their infrastructure. Where we have costs of the military operation, that is something different. But I think it would be very useful to this committee and the Congress if we had an idea, with some particularization, as to what money is being spent, and for what purpose, so that we could try to make a judgment as to what would be appropriate to have paid for by Iraqi resources which are obtained at some later date, sort of on the analogy of a trustee in

bankruptcy. We're a trustee, and there are international aspects of it with the United Nations and the World Bank and the International Monetary Fund. So it would not be something that we would make a judgment on, but at least if we knew what the accounts were, we would then be in a position to try to make some determination as to where we would like to see some of the money in a loan form.

The President was very insistent on having it in the form of a grant, and he met with a number of us, and ultimately we made a decision—I did, personally—to honor what the President wanted to do, to try to get it done faster in a critical period, trying to get other countries to make loans. But as the matter progresses and evolves, I think it is something we ought to revisit.

Can you see any of those expenditures at this moment which you think ought to be paid for by Iraq, as opposed to the American taxpayers? We're getting a lot of comment as we—the taxpayers are concerned, as we face a very tight domestic budget—as to why those expenses are not being borne by Iraqi resources.

Secretary RUMSFELD. Senator, I recall the debate, and it was a perfectly appropriate thing to debate and discuss and weigh. The President concluded that “an amount” ought to be a grant, as opposed to a loan. There were complications, as you'll recall, with debt forgiveness and other debts and reparation requests from Kuwait for the 1991 war, and the like. And he felt that it would be appropriate to take a single amount, make it a grant, and use that to help jumpstart Iraq on a path towards democracy and recovery.

No one believes that any additional money should go from United States to Iraq for that purpose. For security, yes, for the other things that we're doing, to be sure—governance, assistance, and so forth. The United States also went out and tin-cupped the world and raised additional funds to try to assist the Iraqi people, and other countries have been giving money, as well as assistance, humanitarian assistance, to Iraq.

The situation, I'm told—why don't you do it, Larry? Just chime in.

USE OF IRAQI ASSETS

Mr. LANZILLOTTA. If I may, Senator, on Iraqi money, we have an account that's called the Developmental Fund for Iraq. It was \$18.2 billion that's been in that account so far, basically from oil revenues. And we've taken out \$8 billion, so far, to pay for Iraqi needs. And so that leaves a balance of \$10 billion that will be continued to be used to pay for those type of expenses.

Secretary RUMSFELD. But Iraqi oil revenues are paying for a part of what's being spent today. Frozen assets that were found around the world from the Saddam Hussein regime have been retrieved, in some measure, and they are being used. Assets that were discovered in the country, caches of money—there were hundreds of thousands of dollars with Saddam Hussein when he was pulled out of the hole—in that neighborhood, I should say. So all of that is going toward this problem.

Senator SPECTER. Mr. Chairman, if I may, I want to submit, for the record, questions on the Comanche helicopter, the base closing

issues, as they affect Pennsylvania, the V-22, future combat systems, Bradleys, and the M1A1 tank.

Senator STEVENS. We welcome those questions. We do not welcome questions—

Senator SPECTER. I thank you, Mr. Secretary—

Senator STEVENS [continuing]. Concerning other than—

Senator SPECTER [continuing]. And I thank you—

Senator STEVENS [continuing]. Appropriations.

Senator SPECTER [continuing]. Mr. Chairman.

Senator STEVENS. Senator Durbin, you're recognized for 5 minutes.

Senator DURBIN. Thank you, Mr. Chairman.

Thank you, Mr. Chairman, and thank you, Mr. Secretary and General.

It is unfortunate that a million acts of kindness and goodwill and bravery by our troops have been overshadowed by the shameful acts at the prison in Iraq.

I'd like to read to you an excerpt from an e-mail. This comes from a career officer in Iraq, and it was received yesterday. He wrote, "I think that any soldier over here with any moral clarity is appalled and ashamed by what has occurred. Personally, I'm also ashamed of those that attempt to mitigate what's happened by saying, 'It's not as bad as what others have done.' If we're not better than that, then I simply want no part in what we're doing. Take away the Weapons of Mass Destruction (WMD), the links to al Qaeda, and the singular reason for being here was the prospect of disposing of a ruthless dictator and bringing democracy to Iraq. And now we are all left to simply wonder: At what cost? It seems to become clearer every day that this is simply the beginning of the end to any chance we may have had to achieve anything of substance. June 30 looms, and most of us can see no achievable goal in sight. Two-thirds of the Iraqis simply want us to leave as of yesterday, and every battlefield success appears to be nothing more than a Pyrrhic victory. Nobody wants to compare this to Vietnam, but it's starting to feel that way on the ground. Everybody just wants to finish their year, get the hell out, and forget they were ever here. Finally, I would just simply say that the issue here really is moral clarity. As soldiers in the Army, it just seems a little implausible to a lot of us that 7 to 12 people simply perpetrated unthinkable and unconscionable acts over a period of several months without knowledge of their superiors. These people will likely be punished, and rightfully so. But the question is, Did they let us down, or did the Army and their leaders let them down? Because everyone knows that the entire chain of command, to the very top, holds some level of responsibility for what has occurred."

Mr. Secretary, I voted against this war believing that we needed a broader coalition and better preparation. The decision was made to move forward and move quickly without the United Nations' support, without giving time for inspection, without, I'm afraid, the necessary calculation of the real cost of this war. We are now being asked to consider a supplemental at a later time here. We have appropriated some \$90 billion for the execution of this war. And I am told—at least you've testified, or General Myers has testified—that force protection will be one of the highest priorities.

But as we look back to the last 14 months, on the issue of force protection, there are some very, very unsettling facts. Nine months after our invasion, in December of last year, nearly 1 year after the forces were deployed to the region, more than one-third of our forces still lacked interceptor body armor. A friend of mine with a son in a military police (MP) unit, he and his wife went out and bought the appropriate armor to send to their son to protect him. When we lost a Chinook helicopter last year from the Illinois/Iowa Guard Unit, I came to learn that the helicopters were deployed in Iraq without necessary defensive equipment. And now we learn that perhaps 3 or 4 months from now, when they're supposed to be returning home, they will finally be equipped as they should be.

And I suppose the worst part of it was the armoring of Humvees. It's been estimated that one-fourth of the American lives lost were lost because of lack of armor for these Humvees, and we still are uncertain as to whether an adequate number will be protected in the near future.

My question is this. Having appropriated all of this money, and myself having voted for every penny of it, how can we explain that we didn't meet the most basic requirement when it came to body armor, helicopter equipment, and armored Humvees to protect our troops?

DETAINEE ABUSE IN IRAQ

Secretary RUMSFELD. Let me comment, first, Senator, on the statement you made, and then General Myers will discuss the force protection issues, because they're very important.

With respect to what took place at Abu Ghraib, we will get to the bottom of it. There are six or seven investigations taking place, criminal prosecutions taking place, and people will be punished at every level, I can assure you. I know there's a—the Uniform Code of Military Justice works, and it's operating, and I am confident that the facts will become known, and people who did things that were illegal will be dealt with, and those that—in the administrative chain that did things that were seen to be inappropriate will also be dealt with in non-criminal administrative ways.

Second, the e-mail you read is—I guess it's disturbing, but it's not surprising, that an individual feels that way.

Senator DURBIN. A career officer.

Secretary RUMSFELD. I understand. An individual. Doesn't matter to me whether he's an officer or an enlisted person, but he feels that way. And I can understand that. And we all go through strong emotions when something like this occurs. We see it, and we're shocked, and we're stunned, and we're disgusted, and we know, in our hearts, we're better than that, and yet that is what's being seen in the world as representing our country. I know it doesn't represent our country. That isn't America. We've got—we're a lot better than that. And it's been true over many decades, and it'll be true over decades ahead. And the conclusion that that young person came to, that we're at the beginning of the end, I submit, will prove to be wrong. And, the good Lord willing, I'll be right, and his understandable concern and comment and emotional reaction, I hope and pray, will be wrong.

Senator DURBIN. Will you address the force protection issues?

General MYERS. You bet. I want to start with interceptor body armor. The small arms protective insert (SAPI) plates were relatively new technology. The Army had decided, earlier in this century, in 2001/2002, to provide only to dismounted infantry. As we got into 2002, it was clear that was not sufficient, so they started to ramp up the production from 1600 sets per month to now 25,000 sets per month. Currently, everybody in theater—military, civilian, contractors, anybody who needs that kind of vest with the SAPI plates—has been provided that.

Senator DURBIN. General, excuse me.

General MYERS. Yeah.

Senator DURBIN. Fourteen months after the invasions?

Senator STEVENS. The Senator's time for asking questions is expired, but we permit General Myers—

HUMVEES

General MYERS. Well, I'm just saying that it was new technology, so it took time to ramp it up. I mean, we just—we couldn't—as much as we wanted to wish it true and have it ready immediately, that just wasn't technically or from a manufacturing standpoint feasible. What we're looking at now—

Senator DURBIN. But you weren't prepared, General.

General MYERS. What we're looking—

Senator STEVENS. General—

General MYERS [continuing]. What we're looking at now is, the SAPI plates are good, and you know they fit front and back. We're looking for other protection now, on the sides and the armpits, because there is technology there, and we're starting to produce that, to provide those vests, as well.

Up-armored Humvees, that requirement was set by Central Command and by the field commanders. It has consistently gone up. We've tried to meet that with lots of different things and ways. Currently, they need 4,454 up-armored Humvees. They're currently on hand, 3,134. We're producing—we're ramping up to—production rate up to 300—in fact, I think we're, this month, at 220 to 225 per month. We've gathered all the up-armored Humvees from all the services around the world, pushing them into theater, only saving a few back here for the nuclear security mission, and I mean just a handful. And we also have some bolt-on armor that we've made for that, those Humvees and the trucks, as well.

So we've tried to stay up with the demand as the requirements come in from the field, and I think we're doing a reasonably good job. I would like to have done all of that, certainly, if we could have; if it had been physically possible to do it all faster, we would have. I will say this, that the support we got from the Congress on the funding has not been an issue. The funding has been there when we've needed it.

Senator STEVENS. I apologize to the Senator. We still have several Senators to go on the first round.

Senator McConnell is next. You're recognized for 5 minutes.

General MYERS. If I could just follow up that, you also asked about helos. The information you provided on the helicopters does not correlate with the information I've been given on those helicopters—to include, you know, the helicopter that was shot down

where we lost so many people. My information was that it did have countermeasures onboard, and that nobody—

Senator DURBIN. That one helicopter was properly equipped, but the Army acknowledged that there is a new level ALE-47 that was needed. Only five of the 13 helicopters in the unit are currently equipped with it. It is said that they will receive the equipment in 4 months, which is the time when they're supposed to be leaving the country.

ACTIVE AND RESERVE

General MYERS. It was—but it's true of Active duty and Reserve helicopters, because there was a move at that time, and I'll just make sure. I'll check my records, the facts here. But, as I recall, that the Army was in the middle of upgrading all that Active and Reserve, and that's what they were in the middle of, so there are some units that have the newer technology, or some that have the older technology.

Senator STEVENS. Okay, Senator.

Senator McConnell is recognized for 5 minutes.

Senator McCONNELL. Thank you, Mr. Chairman.

After the prisoner abuse revelations over the last few weeks, it's easy to lose perspective, and I'd like to begin by congratulating you, Mr. Secretary and General Myers and your entire operation, for the liberation of 50 million people over the last 2½ years and for extraordinary success in the war on terrorism.

It is no accident that we have not been successfully attacked again here at home since 9/11. The reason for that is clearly that we've been on offense, at the President's direction. And you and the people that you command have done an extraordinary job, and it's important to remember that when things do go wrong, as they do occasionally in any complicated, difficult task.

PAYING WAR COSTS

Now, we're going to have, Mr. Secretary, the Defense authorization bill on the floor next week, and one of the things I fear is that an awful lot of amendments are going to be offered to try to take money away from arguably very important tasks that you need to carry out, and direct them to Iraq.

For example, we expect numerous amendments to cut important programs such as missile defense in that bill. Over the last decade, proliferators such as Iran and North Korea have made dramatic and unexpected progress in their nuclear programs. If we do not improve our ability to defend America and our troops against ballistic missiles, and deter rogue regimes from using them against us, by modernizing our weapons systems to hold their deeply-buried nuclear or command and control facilities at risk, we're likely to face a far greater danger than that which reared its head on September 11. So I have a couple of questions in that regard.

Would it be appropriate to reduce funding for important programs in your fiscal year 2005 bill in order to pay for operations and maintenance costs that the Department plans to fund in an upcoming request for a contingency reserve fund?

Secretary RUMSFELD. We've made a judgment, Senator, that the cash flowing for a long period is a bad management practice, and

that to the extent the amount is large it becomes a very bad management practice.

In terms of the separate—therefore, we came up—despite the fact the President didn't want to—when I went in and told him I believed we needed \$25 billion, he has made that proposal as a reserve to reduce the damage, reduce the difficulties, the management difficulties, that otherwise would have occurred.

The second question, as to whether we should simply take money from one important account and put it in another and change our priorities, my strong recommendation is that the Congress not do that. The idea that we were asked not to fund for the war in the budget, we allocated the budget, we're now at a point where we believe that the priorities that have been established in that budget are sound, they enable our country to address the global war on terror, to see that the Armed Forces of the United States are the most capable and most deployable and best equipped on the face of the Earth, and I don't think we ought to try to fund the war out of the priorities that help rearrange our military for the 21st century.

Senator MCCONNELL. When I was in Iraq in October, I was meeting, it won't surprise you to know, with General Petraeus in 101st, since they're headquartered in my home State. And he indicated that the reconstruction funds, which you and, I think, Senator Specter were talking about earlier, were extremely important to the success. And one of the things I fear next week is that we may have amendments transferring money out of the reconstruction fund, which we fought very hard to make sure was a grant and not a loan, to help pay for the military side of this. Do you share my view that the reconstruction is extremely important in allowing us to ultimately exit the country?

Secretary RUMSFELD. I do.

TRAINING IRAQI SECURITY FORCES

Senator MCCONNELL. And, also, I'm curious—I know you've sent General Petraeus back to be in charge of the upgrading of the Iraqi military. I want to commend you for that decision. I don't think you could have picked a better person to do it. But I would like to kind of get a report on how that's going and this whole challenge of getting the Iraqi military up to speed, which we all know is the best way to ensure our exit at some time in the future.

Secretary RUMSFELD. Indeed. From the beginning, we've focused on strengthening the Iraqi security forces. They, for all practical purpose, had dissipated and didn't exist. The police that were there were not the kind of police we have in our country; they're the kind of people that went and arrested people at night and threw them into prison. The military was a mixture of some, I don't know, how many thousand generals, mostly Sunni generals, and the large mass of Shia conscripts, that just dissipated into the villages and towns of the country. So we had to start pretty much from scratch.

We're up to about 206,000. You see reports in the press that, in some cases, they didn't do a great job. They, some of them, didn't engage the enemy in certain circumstances. Well, my goodness, if a group of people had been trained for a few weeks, and they're poorly equipped, and they're going up against people with AK-47s

and rocket-propelled grenades, they're smart not to. And they're doing pretty darn well. And General Petraeus is the right person to go in there and work this problem.

And we're going to go from 206,000 to 265,000, we're going to continue to improve their equipment, we're going to continue to improve their training and their chain of command, and that is, as you say, who we have to pass off security responsibility for that country too. We've got to make that work, and then we've got to pass it off, and we don't have to stay and do that job for the Iraqis. The Iraqis have to do that job.

General MYERS. If I may, Senator? Let me just—

Senator MCCONNELL. Yeah. General?

General MYERS [continuing]. Just add something. When I was in Iraq 3 weeks ago, approximately, I looked at the line items of the types of equipment needed by Iraqi security forces. I think it's the first time that we've had specifically the types of equipment needed, on contract, starting to deliver—this month, matter of fact—to make up for that equipment problem that we talked about, that, for a variety of reasons, to include challenged contracts and, in fact, people just not writing down the requirement, that is fixed, and we should see these Iraqi security forces, from the police to the new Iraqi army now, begin to receive the type of equipment that will allow the things that the Secretary said needs to happen, happen.

And, if I may, let me go back to your previous question, where you talked about using other accounts to pay for the operations and maintenance. As you know better than anybody, one of our traditions—and all of us—I'd put all of us in this group—is that we raid procurement accounts when we're short on operations and maintenance, and readiness, and so forth. We have had procurement holidays. We do not need to do that. We have a chance to transform our military, and the thought of raiding particularly the procurement accounts to make up for maybe shortfalls in other places, I would think, would be a very, very bad idea for the future of our Armed Forces.

Senator MCCONNELL. One final question, if I have time, Mr. Chairman.

Senator STEVENS. You don't have the time, Senator. I'm sorry.

Senator MCCONNELL. Okay, I don't have time. Thank you.

Senator STEVENS. Senator Shelby.

Senator SHELBY. Thank you.

First of all, Mr. Secretary, I want to thank you, as others have, for your service, and also General Myers, for your leadership. And I want you to continue doing that, and I believe you will. I have confidence in you.

I've got a couple of questions, and I'd like to get into dealing with the budget.

I believe, first of all, Mr. Secretary, that the Army is underfunded, given the overwhelming role that they're playing in Iraq and Afghanistan. The issue that causes me some concern here today is reset. The Army is struggling to sustain and maintain its equipment. The 2005 budget, according to the Army's own documents, only includes 72 percent of the regular depot maintenance funding requirement. The 2005 shortfall is compounded by the se-

vere toll that Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) are taking on the Army's equipment.

Mr. Secretary, first to you, and then to General Myers, Do you support the Army's reset plan, and do you believe it's properly resourced?

RESTRUCTURING THE ARMY

Secretary RUMSFELD. We're told by the Army that they believe it is properly resourced. What it will require is that, over the supplementals this year and next year and possibly 1 year into the future, the funds need to be made available to allow the Army to have a higher level of forces so that they can rearrange it and pull division capabilities down into the brigades, so that they can multiply the number of brigades from 33 to 43, and that they can develop this greater modularity. And it's, I think, a very innovative approach, it's exactly the right thing to do. That, coupled with balancing the active force with the Guard and Reserve, I think, will make us have a vastly improved Army.

EQUIPMENT

General MYERS. There is no doubt the Army is using their equipment up at a very, very fast rate, whether it's tracks on Bradleys or helicopter blades or parts. This is a very serious issue for the Army.

Senator SHELBY. Tanks, too.

General MYERS. Tanks, the whole thing. I mean, it's every piece of gear they have, they are using up at a much faster rate than anticipated. In my view, this should be dealt with in the supplemental as we look at a—

Senator SHELBY. Okay.

General MYERS [continuing]. A possible 2005 supplemental. We just need to make sure that this kind of money is in there to make them well. And, otherwise, we're going to have a problem out there in the not-too-distant future if we don't make them well.

Senator SHELBY. Reset's important, isn't it?

General MYERS. Reset is extremely important.

Senator SHELBY. Thank you.

PERFORMANCE OF STRYKER VEHICLES

Mr. Secretary, would you comment on the Stryker vehicle performance in Iraq? Have you spoken with the troops about the Stryker performance during your visits? And what are they reporting? We've been hearing a lot of good things, but I'd like to hear your comments, and then General Myers.

Secretary RUMSFELD. I've heard a lot more good than not good.

Senator SHELBY. Yeah.

Secretary RUMSFELD. There are those not in those Stryker units that raise questions.

Senator SHELBY. Sure.

Secretary RUMSFELD. But—and it's early.

Senator SHELBY. Well, we've always—

Secretary RUMSFELD. This is the first deployment.

Senator SHELBY. Sure.

Secretary RUMSFELD. It's the first deployment. But my sense is, net, that they're valuable, they provide mobility, they provide—nothing provides the kind of armored protection that—even a tank, they—you've seen pictures of tanks smoldering, with their turrets off. I mean, there's no way to prevent something from being badly damaged. But as a midrange leading edge of what may very well evolve as the future combat systems, I think this Stryker is doing well.

Senator SHELBY. They've got a lot of fire power, too, haven't they?

General MYERS. They've got fire power, and they have good battlespace awareness when they get there because they can be connected to all sorts of other information sources, which is powerful.

One thing, when I was—again, when I was in Iraq not too long ago, a couple of weeks ago, one of the things that I heard that I had not thought of, even though I've been around Stryker and I've driven a Stryker and spent some time at Fort Lewis looking them over, is that it's quiet. And quiet's important, because they can arrive on the scene without a lot of notice, and sometimes take adversaries by surprise. And they said that happened on more than one occasion. So I think the report card on the Stryker, so far, is A-plus.

Senator SHELBY. Mr. Chairman, thank you.

Senator STEVENS. Thank you very much.

Senator Burns, you're recognized for 5 minutes.

Senator BURNS. Thank you, Mr. Chairman. And I want to thank the Secretary and the Chairman of the Joint Chiefs for this appearance today.

I want to bring up a couple of things. Back in 1993 and 1994, it was obvious to me that, with the new plans of the military, the force structure, and how it would appear, the military complex was in for change. And knowing that, we've seen more of our responsibilities moved into the Reserve and the National Guard sectors. And I looked at the infrastructure in my State of Montana, and we began rebuilding the infrastructure there to train and to prepare our people for an enemy and a mission that was quite different than anything they had ever faced before. We were operating out of old World War II structures, as you well know, using outdated material to train for an enemy that had passed.

And I would suggest to my colleagues that we attend to our facilities and infrastructure, and also how we train our citizen soldiers, marines, sailors, and airmen for an enemy that is consistent with what we are seeing now, and the needs that they're going to have to have in distance learning and electronics and everything that we can gather to prepare our people for a possible call up.

The Army has begun converting some Reserve component artillery forces to military police, for instance. This has been done to meet the high demand for MPs, which I think we can expect to increase in the future.

CONVERSION OF FORCES

Can you give me an idea as to the number to be converted to this type of duty? And do you have adequate resources to continue this

process and provide necessary training and equipment that will meet this need, considering we might be working with personnel who lack this type of training experience.

Secretary RUMSFELD. It's an important question, and it's one that has to be reviewed continuously as circumstances change. But, at the moment, we believe that, with the budget and the additional requests that have been made, and with the restructuring that's taking place, that, at least for the foreseeable future, we're on the right track.

Senator BURNS. Well, we have started our rebuilding in Montana, and now we have the ability to retrain a four of five State area. They're bringing them into Helena, Montana. Fort Harrison now, for training on these new missions. General Myers, we have something else to offer in Montana right now, in terms of training and research and that's airspace. And we're running out of airspace in which to train our pilots and even some of our ground forces. And I would like to visit with you on that someday, about our capabilities up there. We've got two Air Force Bases now that are doing little, but could offer a lot more, as far as our training's concerned.

And my next question is, the weapons caches that you've discovered in Iraq, are we finding them, are we securing them, and are we destroying their holdings?

WEAPONS CACHES

General MYERS. Senator Burns, all the information I get says yes to those questions on weapons caches. We continue to find them. We find—we're up over 8,700 now, and tens are found every week, so we keep adding to that number. The last number I saw, none are unsecured. Some of the sites are secured 24 hours a day, 7 days a week, continuously, when they have the sorts of things that are being used by the bomb-makers for the improvised explosive devices, or if they have the man-portable surface-to-air missiles, or if they have mortars and grenades and those sorts of—and small arms. Others, which have—can be secured by bulldozing dirt up against bunkers that have 1,000-pound bombs in them that have not been pilfered are maybe not 24 and 7, but secured with locks, with berms, with patrols.

I'm not satisfied. We know—I mean, this is a country that we estimate has 660 shore tons of weapons in it. We've destroyed under 130 shore tons. We've got 6,000 people, to include contractors and Armed Forces personnel, on this all the time, trying to do away with these arms caches. I'm not sure that—I mean, I can't sit here and say that we know of every one. But as we find them, we try to deal with them. And it's a personal thing of mine to—because I get asked this question a lot. Again, from what I'm told, we deal with them just like I described. I think we need to be very curious about that and continue to probe.

Senator BURNS. Well, I'm concerned about that, because we know that's the base of making these—

General MYERS. You bet.

Senator BURNS [continuing]. Individual weapons—

General MYERS. You bet.

Senator BURNS [continuing]. Used in roadside—

General MYERS. The soldiers know that, you bet.

Senator BURNS. And the quicker we eliminate that supply, I think, the safer we will be in our—

General MYERS. It's going to be—yes, sir—it'll be a long-term job, but we've got to be at it with as much capability as we need to put against it.

Senator BURNS. Mr. Chairman, I have more questions, but I will submit them in private, and thank you very much.

Senator STEVENS. Thank you very much.

We'll now—Senator Inouye has not asked questions in the first round, so, Senator Inouye, do you have any questions?

Senator INOUE. Yes.

AIR FORCE TANKER LEASE

Mr. Secretary, we were advised that last week the Defense Science Board was supposed to release a report on the Air Force tanker lease deal. Has that been released?

Secretary RUMSFELD. I have been briefed, and I'm sure we can brief you. Whether they have formally released it, I just don't know.

Senator INOUE. Can you provide us with—

Secretary RUMSFELD. In fact, here it is, they're briefing staff directors here on your committee today.

Senator INOUE. Thank you very much.

RECRUITING AND RETENTION

Second, has the events of the past 2 weeks had any impact upon recruiting and retention of Active, Reserve, and National Guard?

Secretary RUMSFELD. Senator, I'm afraid that the systems we use to track recruiting and retention may not be sophisticated enough to give us good data that fast. Last month's worth that I heard about, we were doing fine in both recruiting and retention. What it'll be when the next data comes out remains to be seen.

QUANTITY OF MILITARY INVESTIGATIONS

Senator INOUE. Last week on talk shows and at the hearing, I believe three witnesses, including you, Mr. Secretary, mentioned 18,000 military crimes being processed. And I believe you indicated that about 3,000 resulted in court-martial. Can you provide us—not at this moment, but—the nature and the severity of these crimes, where they occurred and in what services? We've tried to get some information, but no one seems to know 18,000. So—

Secretary RUMSFELD. Of course, this kind of information is not centralized in the Department. Each service manages itself. The data I have is, as you suggested, that there were something in—it's 17,000-plus criminal investigations opened. There were about 72,000 non-judicial punishments that took place. In terms of Article 32, we don't have the information from the Army—it's not tracked—but the other services have about 400. In terms of total court-martials, as you said, it's about 3,000. And in terms of general court-martials, it's about 1,100. And that was all 2003 data. So you can imagine the scope of that all across the services. There's always—with the number of people we have, there's always going to be these types of things that occur, I'm afraid.

Senator INOUE. Of that number, about how many occurred in Iraq?

Secretary RUMSFELD. Oh, I have—am not able to provide that answer.

Senator INOUE. Can you provide us with those?

Secretary RUMSFELD. We certainly will. Yes, sir.
[The information follows:]

SERVICES INVESTIGATIONS DATA

	Criminal Investigations Opened Worldwide Fiscal Year 2003	Criminal Investigations Opened Fiscal Year 2003 Iraq	Criminal Investigations Opened Fiscal Year 2003 Afghanistan	Total Investigations Opened in Iraq Since March 2003	Total Investigations Opened in Afghanistan Since September 2001
Army	¹ 10,915	969	216	1,362	² 59
Navy	³ 4,260	35	.....	56	1
Air Force	⁴ 2,531	.....	.....	16	.....

¹ CID ROI only.
² Estimate.
³ NCIS only.
⁴ OSI only.

SERVICES JUSTICE DATA FISCAL YEAR 2003

	General Courts-martial	Total Courts-martial (GCM and SPCM)	Article 32s Held	Nonjudicial Punishment	Criminal Investigations Opened
Army	688	1,329	(¹)	43,084	² 10,915
Navy	183	835	173	19,770	³ 4,260
Air Force	351	935	248	9,164	⁴ 2,531

¹ Unknown. Information is not tracked.
² CID ROI only.
³ NIS only.
⁴ OSI only.

Senator INOUE. Following up Senator Domenici's question, in 7 weeks, when we have this transition, when do you consider would be the time when we may be able to consider a Status of Forces Agreement? When can we count upon the new government to take over the water and sewer responsibilities?

Secretary RUMSFELD. The which responsibilities?

Senator INOUE. Water and sewer.

Secretary RUMSFELD. Ah.

STATUS OF FORCES AGREEMENT

Senator INOUE. And I'd like to know when you think would be appropriate for them to take over the prison system.

Secretary RUMSFELD. First on the Status of Forces and our arrangement with the current government, the lawyers for the United States have concluded that the U.N. resolution that exists already provides appropriate protection for U.S. forces—coalition forces, I should say—between the time—certainly now, and the time, going forward, between June 30, when the sovereignty responsibilities are assumed by the Iraqis, and the next government takes over. There are people who debate that and discuss it, but my guess is that the Iraqis are going to have to decide whether or not they want the interim government or the permanent government to make those arrangements. The permanent government, of course, would only result after elections some time next year, in

2005. We, needless to say, have to have confidence that our forces are—have the right kinds of protections in that country. And I believe that the current conviction is that we do and we will, and that those detailed discussions were probably not appropriate for the Iraqi Governing Council to engage in, nor would they necessarily have been viewed as sufficient or final for the other governments, so that that task is going to be left for the government to come, which is after June 30, or after the final Iraqi government is elected next year.

RESPONSIBILITY FOR PRISONS IN IRAQ

General MYERS. On the prison system, the——

Secretary RUMSFELD. Oh, yes, I'm sorry.

General MYERS [continuing]. Iraqis are currently responsible for those picked up on criminal charges, so, at Abu Ghraib, the Iraqis maintain the criminals in their part of that prison. The U.S. forces have what we call our security detainees, folks that are picked up that either have shot at the Coalition or are involved in other operations that we think are security related. So the Iraqis are in charge of their operation. I would think, as times goes on, and as we become more of a partnership, you can see this—more and more, this burden probably shifting to the Iraqis, but it'll be over time.

Senator INOUE. So this prison, Abu Ghraib, was jointly operated?

General MYERS. Yes. Yes, sir. That's the information I have.

Senator STEVENS. We now approach the second round, and I am told that the Secretary needs to be through with us, or we'd be through with him, at noon. So what I propose to do is to ask two questions I want to ask, primarily for the record, and then we will recognize the balance of the five of you over the 25 minutes that's left.

Mr. Secretary, I've got to say that I—and General—I had to—I didn't have to, but I did apologize to Senator Feinstein because last year she raised a question of those munition dumps, and I sort of downplayed it, because I said that that had been taken care of. We later found, as we went over there, that not only—they're still being found, which is an interesting comment. In April, I was told there were—munitions that we recovered were—is that on tons? In shore tons, 154,000-plus recovered, 124,000 destroyed. They found 8,756 caches, cleared 8,684. The remaining were either secured or partially secured. I'm really concerned about the partially secured.

So what I would like to ask you, for the record, if you could update that chart that was given us on April 1 and to assure Senator Feinstein we will pursue making sure that you have adequate money to deal with those munitions, because one of the contractors told me that when they wanted equipment just to protect their convoy, they just went to one of those dumps and picked them up—handheld weapons, et cetera. So if they can pick' em up, anyone can pick' em up.

[The information follows:]

WEAPONS CACHE UPDATE

Purpose

To provide information on Weapon Caches in Iraq.

Bottom Line

Since September 11, 2003, (current as of June 18, 2004).
 Short Tons destroyed—195,141.
 Short Tons on-hand at depots—149,861.
 Caches found—9,693.
 Caches cleared—9,631.
 Caches remaining—62.
 Caches secured (24-hour presence)—21 of 62.
 Caches partially secured (Periodic patrols, reconnaissance, surveillance)—41 of 62.
 Caches unsecured (No security)—0.

Background

There are over 6,000 soldiers and contractors dedicated to securing, transporting, guarding, and destroying captured enemy munitions.

The captured enemy ammunitions are evaluated to determine the best disposal methods or reutilization potential.

The most dangerous munitions, such as rocket-propelled grenades, mortar and artillery rounds (for IED making materials) and surface-to-air missiles, are transported to six depots for safe, secure storage and eventual destruction. There is one depot per divisional sector.

Partially secured sites contain ammunition that would be extremely difficult to remove quickly, such as aircraft ordnance and large caliber ammunition or missiles.

Senator STEVENS. Second, I would like to ask a question about—for the record—concerning the F-22. According to the current plans, current—the procurement funding will increase by 50 percent from fiscal year 2005 to 2009. That's required for full-rate production of the F-22, and the continued development of the Joint Strike Fighter fielding a future combat system. We have additional commitments in Defense to space surveillance and access. I worry about whether we can afford these programs. Could you give us a projection out to that same number, 2009, for all of the systems that are going to be competing with the money here starting in 2006? We know what the competition is in 2005—this is just for the record, now.

[The information follows:]

There will be several procurement requirements competing for valuable resources within the Air Force as we approach 2009. The larger programs include the Joint Strike Fighter, C-17, C-130J, KC-135 Tanker Replacement, and Airborne Laser. All of these programs, as well as the F/A-22, are currently covered within the Air Force topline. In addition, funding is provided for modification upgrades to the C-5, E-3, F-16, Predator and Global Hawk aircraft.

IRAQ

Senator STEVENS. And, based on that, I will call on Senator Byrd for the second round for 5 minutes.

Senator BYRD. Thank you, Mr. Chairman.

General Myers, earlier you stated that there is no way that we can militarily win or lose in Iraq. Does that mean that there's no military solution possible?

General MYERS. Senator Byrd, what I was saying is the same thing the Secretary has said, that we need to win on the security front, which has a strong military component; but not just U.S. military. Iraqis have to be part of that, the international community has to be part of that. We have to win on the political or governance front. That has to go hand in hand. And we have to win

on the economic front. And the sub-tick under that would be the infrastructure. So, I mean, we could flood the country with U.S. Armed Forces and have a soldier next to every house and every Iraqi, but we wouldn't achieve our end objective, which is a free and democratic Iraq. So these other pieces have to go with it.

Senator BYRD. Well, do we have an exit strategy?

General MYERS. Senator Byrd, I believe we do, and it's bound up in the things the Secretary has already talked about. We've got the United Nations, and they're working the governance piece, and that first piece, we should see here on June 30. That is only a temporary piece until we get to elections, in December or January—January 2005. And then there's a further piece after that for the constitution. Then there's further elections and a government. We've got our security piece pretty well figured out. If we get—we're working hard on a United Nations Security Council resolution, and if that is successful, I think more of the international community will be willing to be part of this.

I was just in NATO. I can tell you, at least among most of my NATO military colleagues, that they feel there is a role for NATO in Iraq. Whether there's political will in NATO, we won't know yet, but we do have the Istanbul summit coming up, and I'm sure that'll be one of the issues that's discussed. As the Secretary said, there is already big NATO involvement, just not a NATO mission. The NATO involvement is supporting the Polish-led division with forces and equipment.

Senator BYRD. When do you think we can see the end of the tunnel and our troops can come home?

General MYERS. I think the next time we'll have a pretty good picture will be in—and this is something I've talked to General Abizaid about—is sometime this fall, maybe even early winter, but after Iraqis are in charge, after June 30, see what traction the political process gets, see if, in fact, it has the effect of, for those that are opposed to progress in Iraq, saying, "Okay, it looks like we might as well join the team." And I think we can make that judgment this fall, and look at the way forward. I think that's the next place where we'll have a pretty good lens into what the way forward is.

Senator BYRD. This fall?

SOVEREIGNTY

General MYERS. This fall. I think through elections—I mean, we've provided testimony before—General Abizaid's, I think, provided testimony on this subject—that certainly through the transfer of sovereignty here on June 30, it's going to get—it's going to get worse before it gets better, and we're seeing that. After June 30, it remains to be seen.

Senator BYRD. Mr. Secretary, you said that the, quote, "Congress," close quote, asked you not to request the Iraq supplemental in the President's February budget. I don't know who, quote, "the Congress" is.

Senator STEVENS. Senator, I can confess.

Senator BYRD. I beg your pardon?

Senator STEVENS. I will confess. I made that request because of the delay that's caused by the loss of 2, almost 3, weeks for conven-

tions, and I said we did not have time to do 13 bills and a supplemental before September 30 of this year.

Senator BYRD. Well, when the Senate passed the fiscal year 2004 appropriations bill last summer, we approved an amendment—I believe it was my amendment—with over 80 votes expressing the sense of the Senate that you should budget for the war—that you should budget for the war in Iraq in the President’s request for the annual budget. Let me read the exact language. Section 8139, “It is the sense of the Senate that, one, any request for funds for a fiscal year for an ongoing overseas military operation, including operations in Afghanistan and Iraq, should be included in the annual budget of the President for such fiscal year as submitted to Congress under section 1105(a) of title 31, United States Code; and, two, any funds provided for such fiscal year for such a military operation should be provided in appropriations acts for such fiscal year through appropriations to specific accounts set forth in such acts.”

So we’ve asked that that be done, and I hope it will be done. That was my amendment. Do I have time for any further—

Senator STEVENS. I’m sorry, Senator, your time’s expired.

Senator BYRD. I thank the chairman. I thank the Secretary.

Senator STEVENS. Senator Domenici is recognized for 5 minutes.

Senator DOMENICI. What was the time?

Senator STEVENS. Five—well, 4 minutes.

Senator DOMENICI. All right.

First, let me say, Mr. Secretary and General Myers, in my first round of questions, typically I got excited and I didn’t tell you both that I congratulate you. I do.

IRAQI DEBT AND OIL FOR FOOD PROGRAM

Mr. Secretary, there’s been a series of questions, not as much as I would have hoped, about how we’re going to reconstruct the country, and whether we had a plan, and I want to thank you both for at least telling the American people that you have the plan. And in particular, General Myers, I think what you described, in terms of the merging, the command structure, of the Iraqi military with ours is tremendous. I hope you proceed with dispatch.

General MYERS. Yes, sir, we will.

Senator DOMENICI. I have also determined that there is not very much Iraqi oil money that is currently available for the payment of infrastructure. The reason is that Iraq owes a huge amount of money to countries that they borrowed from, led by Russia, France, and others. Now, Mr. Secretary, we have asked Jim Baker to go around and see what can be done to minimize the payment of those so we can get on with reconstruction. Is that not correct?

Secretary RUMSFELD. It is correct.

Senator DOMENICI. Now, second, we know that France and Russia, two of the biggest creditors, have cheated immensely with hundreds of millions, if not billions, of dollars in the Oil for Food Program. Now, frankly, it disturbs me that we’re working on making sure that their debt is paid, when, as a matter of fact, they’ve taken money from the Oil for Food Program and allocated it to themselves in what might be a giant fraud. Now, I ask you, who is responsible for seeing that something’s done about that? Is that

Jim Baker's job, or is that the Secretary of State's job, or is that your job? Because I think we ought not to be recognizing those debts if, in fact, we have reason to believe that that program was pilfered the way we understand it. Mr. Secretary and General, either one of you.

Secretary RUMSFELD. Senator, there are several investigations—at least two that I know of—of the Oil for Food Program, and a lot of charges have been made. The investigations are not complete.

With respect to the responsibility for dealing with Iraqi debt, the President asked former Secretary of State Baker, as you pointed out, to address that, and those are matters that are being handled by the Department of State—the United States Department of State, by the United States Department of Treasury, not by the Department of Defense.

Senator DOMENICI. I thank you.

I have four or five questions that are more parochial and don't fit this meeting, but I will submit them.

And, General, there's one—and that is on the border of the United States, we have a very serious problem of the infiltration of potential terrorists. Those borders have been guarded by Reserve and National Guard people, and I am concerned that—in our desire to solve Iraq, that we don't minimize the protection of our borders by our military to prevent terrorists. Can you just either address it now or address it later?

General MYERS. I'll say a couple of things. One is that the stand-up of Northern Command was exactly the right thing to do, because they, along with Department of Homeland Security, worry very much about that. So I think it's good that we have a military command that worries about that, as well, and works with our neighbors to the north and to the south to help stem that flow.

I am not aware, right now, of military augmentees that other than on—occasionally we have reconnaissance forces that help, but not like we did right after 9/11, where we had military people, generally from the National Guard, augmenting some of our border organizations.

Senator STEVENS. General, I've got to—if I'm going to let you go, I've got to—

Senator DOMENICI. Thank you.

Senator STEVENS [continuing]. Stop you right there.

General MYERS. Stop it.

Senator STEVENS. Senator Leahy, you're recognized for 4 minutes.

Senator LEAHY. Thank you, Mr. Chairman.

I was going to raise a question on the ammo dumps, but—following up Senator Feinstein—but I appreciate what you said, and I'll wait to see what we hear from that.

I was glad to hear the comment made about the value of TRICARE for the National Guard. When I and several other Senators on both sides of the aisle were trying to push through TRICARE last year, we received a letter from the Secretary saying the President would veto a bill that might have TRICARE in it. So I'm glad that you have come around to our side, and I compliment you on that.

So that Secretary Rumsfeld does not have to spend a great deal of time checking his databanks, I want to make sure you understand what I was saying earlier about the letters I have written to you. I was not saying I didn't get an answer. I meant a letter came back. The answer was questionable. For example, one on June 25 of last year regarding treatment of the Baghram Air Base; and, after what's been reported there, Abu Ghraib, and Guantánamo, I suspected the answer was incomplete. I will give you compliments, however. The Central Intelligence Agency (CIA), when we asked them such questions, they never responded. And, of course, as he usually does, Attorney General Ashcroft didn't respond to my letters, or letters from Republican Senators, or others. I was going to bring up, and I will submit it for the record, some of the specific funding questions.

PRISONER ABUSES IN IRAQ

But just because of some of the things said here today about the concern that the prison abuses in Iraq are just the work of a few bad apples, I look at this report that we have had—

Secretary RUMSFELD. Who were you quoting that said "they're just the work of a few bad apples"? Certainly not me.

Senator LEAHY. No, I'm not quoting you. I said for those who have said this—suggested this at the hearing today. But if I might get on with my point—

Secretary RUMSFELD. I didn't hear anyone say that.

Senator LEAHY. Fine. Your recollection will be yours; mine's mine.

If I might, let me go back—to those who have suggested it's only a few people involved that were, sort of, out of the chain of command, I have a copy of a March 2004 report by Human Rights Watch—has corroborated such things as interrogation techniques employed by U.S. personnel—sleep deprivation, prisoners stripped naked and kept in freezing cells, humiliating taunts by women, hoods placed over detainees' heads during interrogations, forced standing/kneeling for hours, and so on. Incidentally, Mr. Secretary, the reason I even raise this, and to refute some who have suggested that it's only a few, is that this report, of course, is about Afghanistan, not about Iraq. But it appears to be exactly the same techniques used in Afghanistan as were used in Iraq. Now, I don't think they're getting techniques over the Internet. There is obviously some systematic training.

And so I would suggest, especially about the report by Major General Ryder, that we find out whether there is a coordination between all of these so that nobody will have the assumption that it may be just a few bad apples. Because I know that the vast majority of our American men and women follow orders, do it very professionally, and make every single Member of the United States Senate proud, as they do you and General Myers.

Secretary RUMSFELD. Senator Leahy, first on the ammunition dumps, we are discovering more every day. The country is filled with them. Any number we give you—and we'll give you weekly reports if you want—changes because of the number that are found and the numbers we deal with.

Second, I know I don't know the extent of the abuse problem. We've got, I believe, six investigations underway. I am absolutely certain that there are more revelations to come. The question as to whether or not there is something systemic, as I believe you said is obvious, is not obvious to me. I'm anxious to learn whether that's true. And the investigations that are taking place, we hope and pray, will tell us whether there is that.

TAGUBA REPORT

I do not recall, General Myers, anything in the Taguba report that said that there is obviously systematic training to do those things. Indeed, I am reasonably confident there isn't anything in General Taguba's report that suggests that there was training to do those things. Is that your—

General MYERS. I think that's—

Secretary RUMSFELD [continuing]. Recollection?

General MYERS [continuing]. That's my recollection.

Secretary RUMSFELD. But the—

Senator LEAHY. I think I was talking about General Ryder's report, but that's okay.

Secretary RUMSFELD. I see.

Senator STEVENS. Senator, could we move on to the other two Senators—

Senator LEAHY. Sure.

Senator STEVENS [continuing]. So we can—we have—matter of fact, we have three Senators. Do we?

Senator LEAHY. Thank you, Mr. Chairman.

Incidentally, Mr. Chairman, you have run this hearing very, very fairly, as you always do, and I appreciate that.

Senator STEVENS. I'm trying.

Senator Durbin, you're recognized for 4 minutes.

Senator DURBIN. I'd like to ask two questions, if I can briefly. And the first follows up on this whole question of the interrogation techniques. We have, I understand, one soldier who has been captured—is it—a soldier, last name Maupin, if I'm not mistaken—

General MYERS. Right, Maupin.

Senator DURBIN [continuing]. And we're uncertain of his whereabouts.

General MYERS. That's correct.

FOLLOWING THE GENEVA CONVENTIONS

Senator DURBIN. And we certainly hope he is safe. I'd like to ask, Mr. Secretary, wouldn't it help if there was clarity from you and from this administration that we would abide by the Geneva Conventions when it comes to civilian and military detainees, unequivocally? Wouldn't that help to put to rest concerns about our interrogation techniques in Guantanamo, at Baghram, in Iraq? And wouldn't it also serve to protect any Americans who become prisoners?

As I look at the interrogation rules of engagement, which have been issued, there are, frankly, many of those which are violative of the Geneva Convention standard, and these are rules which have been issued by our Government. Wouldn't it be good for us, at this moment in time, to clearly and unequivocally state that we

will follow the Geneva Convention with civilian and military detainees?

Secretary RUMSFELD. Senator, that is a question that's being discussed widely in the press and editorial comment in newspapers, and certainly that's a fair thing. Regrettably, the discussion and the dialog and the editorials tend to be, in many instances, inaccurate.

There is no ambiguity about whether or not the Geneva Conventions apply in Iraq. There never has been any ambiguity. From the outset, Iraq is a country, the United States is a country. The Geneva Conventions apply to parties, nations. They don't apply to terrorist networks. They do apply to nations. Iraq's a nation, the United States is a nation. The Geneva Conventions applied. They have applied every single day, from the outset.

Now, where the confusion comes in—and it's understandable to some extent—is this. And I'm very glad you raised it, because it's something that's concerned me, and I have been disappointed to see the lack of research that's taken place on this subject. The Geneva Conventions apply to conflicts between states, parties to the conventions. In the case of Afghanistan, it is a state; and, therefore, the Geneva Convention applied to Afghanistan as a state. It did not apply to the al Qaeda that was using that state.

And a judgment was made by the President of the United States, very simply, that to protect the Geneva Conventions and to protect U.S. Armed Forces, it would be wrong to state that the Taliban were—merited the benefits of the Geneva Conventions; the reason being, that the Geneva Conventions apply to people, and they get prisoner of war (POW) status only if they satisfy certain criteria: Do they operate in the chain of command? Do they wear uniforms? Do they carry arms openly? Do they comply with the laws of war?

Terrorists don't comply with the laws of war. They go around killing innocent men, women, and children.

Senator DURBIN. Mr. Secretary, I—

Secretary RUMSFELD. Just a minute. Just a minute, Senator.

Senator DURBIN. I want to have—

Secretary RUMSFELD. I'll stay late.

Senator DURBIN [continuing]. A chance to follow up.

Secretary RUMSFELD. I'll stay. Listen, I'd like a chance to follow up.

The situation is that the President not only said it should not apply—the Geneva Conventions—under the law, to the Taliban or the al Qaeda, although it does to Afghanistan, and it always has to Iraq; but he said, notwithstanding that fact, they would be treated as though those conventions applied.

Now, that's not a decision we made. That's a decision the President made. In my view, the conventions are there to protect people who obey the laws of war. To have—to do what you're suggesting, simply regardless of what the convention says, apply the conventions to anybody—terrorist, Taliban, you name it—doesn't strengthen the Geneva Conventions, it weakens them.

DOD INSTRUCTIONS CONSISTENT WITH GENEVA CONVENTIONS

Senator DURBIN. Let me go specifically to Iraq, and let me talk about the detainees that were held at Abu Ghraib and other pris-

ons. And let me tell you, your interrogation rules of engagement, the ones that are published, go far beyond the Geneva Convention. The things that we allow, with CJ's approval here—stress positions, sleep management, dietary manipulation—all of these things go far beyond a standard which says, "There will be no physical or mental torture, nor any other form of coercion or that the people involved will be exposed to unpleasant or disadvantageous treatment of any kind." That's the Geneva Convention. These rules of engagement for interrogation issued by your Department are inconsistent with those. And I'm not talking about the terrorists, al Qaeda or the Taliban. We're talking about Iraq.

Secretary RUMSFELD. General Myers, correct me if I'm wrong, but my recollection is that any instructions that have been issued, or anything that's been authorized by the Department, was checked by the lawyers in your shop, in the Department, in the Office of the Secretary of Defense, and deemed to be consistent with the Geneva Conventions.

General MYERS. Absolutely. And you could read any one of those—stress positions—you could read any of those—stress positions for an excessive amount of time, or that would hurt somebody, is not approved. I don't know if you—I don't have that with me; I had it for the last hearing—I think, at the bottom, it says, "In all cases, they will be treated humanely." I don't know if it's on that chart. Is it at the bottom? What's it say at the bottom?

Senator STEVENS. Well, gentlemen, this is a very interesting conversation—

General MYERS. We'll be happy to come brief you on this, but that is not illegal according to the Geneva Convention or the ways they were applied. Every time we have an interrogation, we have an interrogation plan. Those are appropriate, and that's what we're told by legal authorities and by anybody that believes in humane treatment.

Senator DURBIN. I will just conclude by saying I don't believe what you have issued is consistent with the Geneva Convention. And I think, now more than ever, in light of what happened in that prison, in light of the fact that an American serviceman is being held, we should be clear and unequivocal—

Senator STEVENS. Senator, we've got to terminate this sometime. I'm late for appointments myself.

Now, we have two other members who have 4 minutes each. One of them is Senator Dorgan, for 4 minutes.

Senator DORGAN. Mr. Chairman, thank you very much.

CAPTURING OSAMA BIN LADEN

It seems to me that one of the major goals with respect to our security here in this country is the apprehension of Osama bin Laden. I'd like to ask you about that briefly. It has been 2½ years since Osama bin Laden perpetrated the attack against our country. He communicates to us and to the world through videotapes sent to al Jazeera and other outlets. It seems to me, I'm sure in your mind and in the mind of all Americans, that it is urgent that we find Osama bin Laden and apprehend him. I'd like to know what is happening on that front. What can you say publicly about it? What is new? What should we understand about any progress that

might or might not be being made with respect to finding Osama bin Laden?

Secretary RUMSFELD. The Department of Justice, the Federal Bureau of Investigation (FBI), Department of State, working with other countries, the Department of Defense, with military intelligence, spends an enormous amount of time attempting to develop information, frequently from detainees, that can lead to information that conceivably might produce actionable intelligence to capture him. We have not been successful. It's the kind of thing where people ask me, "Well, are you close?" There is no "close" in this business. Either you have him or you don't. And they are well financed, they're clever, they go to school on us and watch what we do. And, thus far, we have been successful in capturing a large number of the top al Qaeda, we've been successful in capturing a large number of Taliban, we have been successful in capturing a number—many of the top 55 in Iraq, including Saddam Hussein, and attacking his sons, but we haven't got Osama bin Laden.

Senator DORGAN. But, Mr. Secretary, you know, I understand you and General Myers and others, all of us, have our hands full with Iraq. We pray that that gets resolved. But would you agree that another significant goal must be the apprehension of Osama bin Laden? My expectation is if there is a terrorist event, God forbid, in this country in the future, it—

Secretary RUMSFELD. I think that's a good—

Senator DORGAN [continuing]. Will be directed by—

Secretary RUMSFELD [continuing]. Reasonable—

Senator DORGAN [continuing]. Osama bin Laden.

Secretary RUMSFELD. That's a reasonable expectation. We see threats to that effect consistently, for this country and for other countries. And they're not just by Osama bin Laden. I mean, as General Myers pointed out, Zawahiri is—he hasn't sworn allegiance to Osama bin Laden, but he's running his own network—but he's the next best thing. He's as close to Osama bin Laden as you can get without having decided that he wants to give up his own independence and swear allegiance to him.

General MYERS. Zarqawi.

Secretary RUMSFELD. I mean Zarqawi. And—

General MYERS. We have—this is something that we review all the time, and let me just assure you that we have a great deal of capability and resources put to this problem, and we're trying to do it the best we can. I mean, we are—there is no lack of resources. Nobody's asking for anything we don't have. We're trying to, in a very difficult part of the world, where the terrain is not only tough, but the people's allegiances to any government are essentially non-existent, that it's a very tough place to operate. And there are other considerations, as well, we can go into in a classified session. But we certainly are putting a lot of resources to this issue.

Senator DORGAN. So you're saying, "We're on the hunt, on the move, we have resources directed." I know that, at one point, substantial resources were directed to that goal. Is that not—

General MYERS. I would say we have substantial resources directed to that goal. I would say it's correct.

Senator DORGAN. There were others who predicted that—within this year, for example—we were getting close enough to expect that within this year, that Osama bin Laden would be apprehended.

Secretary RUMSFELD. I think predictions like that are difficult. It's like predicting what a war's going to cost, or how long it's going to last, or how many people are going to be killed. Anyone who does that ends up being embarrassed.

Senator DORGAN. All right. I'd just, finally, say, whatever resources you need to do that job, I think this committee is very interested in making those resources available if the resources aren't, at this point, sufficient.

General MYERS. You bet, sir.

Secretary RUMSFELD. Thank you.

Senator STEVENS. Yes, Senator Feinstein.

Senator FEINSTEIN. Thanks very much.

DETAINEES AND GENEVA CONVENTIONS

If I may, Mr. Secretary, I just want to venture an opinion on the Geneva Convention. I think we always have to apply the Geneva Convention, because, with our Nation, regardless of whether it is state or non-state, we have a certain moral imperative that we cannot escape, and that's everything that a just nation believes in, and there's no escape from it. And so my very strong view is that this nation should always observe the protocols of the Geneva Conventions.

Now, a question, if I might.

Secretary RUMSFELD. May I comment on that?

Senator FEINSTEIN. Surely.

Secretary RUMSFELD. That sounds so plausible and so reasonable, and I'm told, by people who study these things, that there's a danger to doing that. And the danger is that the Geneva Conventions were put in place to try to protect innocent civilians. And to the extent people behave in a way that's inconsistent with the conventions, that is to say they attack innocent civilians, they operate—they don't wear uniforms, they don't carry arms openly, they carry them in concealed basis, they mix themselves among civilian populations, putting civilian populations at risk, as we see happening in Iraq today, putting people in front of them, children and the like—to the extent you say, "That's okay. Let's give everybody the benefits of Geneva Convention," then the worry was, when the convention was developed—and I'm not expert on this, but I'm told this—the worry was that it would lead people to put more innocent people in jeopardy.

Do you want comment on that?

General MYERS. Well, I think that's exactly right. And I think the next point is, then, having said that, that the Geneva Convention—that we will apply it in all cases, and we have, faithfully, and, I think, to include our interrogation techniques.

Senator FEINSTEIN. Let me make my point. A large number of detainees are innocent. They're in the wrong place at the wrong time.

Secretary RUMSFELD. Sure.

Senator FEINSTEIN. You just acknowledged, earlier, that 31,000 detainees were released, presumably because they were innocent.

And, you know, and you also said, General, a very profound thing this morning. You said, "There is no way we can lose this war militarily, and there is no way we can win it militarily," which I think makes the exact point of why this nation's adherence to the Geneva Conventions, protocols—the fourth, the fifth, and others—are so very important.

Now, let me just ask one other question. You also said that your hope would be that, within a few months after the transition, we would be able to withdraw. And we talked about planning ahead—

Secretary RUMSFELD. I didn't say that.

Senator FEINSTEIN. The General, I think—

General MYERS. No, I said that we would—that the next time we'd have a lens on what the requirement would be. We'd have to see how the political track—that was what I hoped to—

Secretary RUMSFELD. Absolutely not. That would be a terrible—

General MYERS. Right.

Secretary RUMSFELD [continuing]. Misunderstanding.

Senator FEINSTEIN. All right—

Secretary RUMSFELD. There's no one I know who believes that.

Senator FEINSTEIN. So you're saying the next time to view that would be within—

General MYERS. Senator, because now—between now and June 30, we know it's going to get worse. We've said that for months. And then we're going to have to see afterwards how the Iraqi citizens behave once they have a government. And so sometime this fall, I think, General Abizaid will feel comfortable to say, "Okay, here's the track we're on now."

Senator FEINSTEIN. Could I ask for your assessment, both of your assessment, if I might, on another subject? What is your assessment of the probability of civil war following a transition, largely Sunni/Shi'ite?

PROBABILITY OF CIVIL WAR IN IRAQ

Secretary RUMSFELD. It's been a problem we've worried about from day one. It's a problem we worried about on entering the country, that it could happen. It hasn't happened. We do know that terrorists and foreign people and former regime elements and some other elements in the country have consciously developed a plan to try to incite that and to attack various elements and lead people to believe it was another element in the country, in the hope that that could create anarchy and chaos and cause the Coalition to leave. So it's a risk. It's a risk.

The goal would be for us to stay there as long as we have to, to have the Iraqi security forces sufficiently developed that they would be able to deal with the overwhelming majority of the kinds of problems that could occur—normal law enforcement and the like.

Our role, one would think, would diminish as the government stands up next year—this year and next year, in some way, as soon as it's possible, but to, for a good period of time, be available to be of assistance in the event it's necessary. And the last thing in the world anyone wants to see is a civil war in that country.

Senator STEVENS. Thank you very much.

Senator FEINSTEIN. I thank you both very much.

Thank you, Mr. Chairman.

Senator STEVENS. Mr. Secretary, I think—I'm not sure about history, but I know you've served this Department of Defense as Secretary before, and I certainly congratulate you for the way you're handling these terrible days right now. And, General Myers, we have worked with a number of chairmen of the Joint Chiefs of Staff, and you're the finest, and I really believe we are very fortunate to have you where you are. We appreciate your testimony today.

Secretary RUMSFELD. Could I make one last comment?

Senator STEVENS. Yes, sir.

CLOSING COMMENTS

Secretary RUMSFELD. Mr. Chairman and members, these events—these abuses, have been a body blow for the country. I've heard a lot of comments today, and one citation that it's the beginning of the end, and that kind of a feeling. I must say, I don't believe that. I think that these abuses that took place are terrible, they're inhumane, and they're inexcusable, and they'll be punished, but they don't represent America. They certainly don't represent Americans or the American military.

Iraq has made enormous progress, and it's getting ignored. The schools are open, the hospitals are open, the oil is pumping, they've got a new currency, the ministries have been formed, there are governing councils for the provinces, there are city councils for the cities, 80 to 90 percent of the people in that country are being governed by local councils over them. And all we hear about are the problems. And there are problems.

And I've got to tell you, there are going to be more revelations of abuse that'll come out in the days and weeks ahead, because we've got six investigations looking into all of this. And they will not come out because of the media being so wonderful and investigating everything; they'll come out because the United States military investigations will let them out, and they'll announce them, and that's a good thing, and that tells a whale of a lot about our country.

I've kind of stopped reading the press, frankly. I'm sure you can understand why. I've been reading a book about the Civil War and Ulysses Grant, and I think about the—and I'm not going to compare the two, don't get me wrong, and don't somebody rush off and say, "He doesn't get the difference between Iraq and the Civil War"—the fact of the matter is that casualties were high, the same kinds of concerns that were expressed here were expressed then. They weren't in e-mails, they weren't in digital cameras; they were in diaries and letters. They were by families, they were by soldiers, politicians. And they were all across the spectrum. They were despairing, they were hopeful, they were concerned, they were combative. And, in the end, they were losing 1,000, 1,500, 2,000 casualties in a 3-day war. The carnage was horrendous. And it was worth it.

And I understand concern. By golly, I've got it. But I look at Afghanistan, 25 million people liberated, women voting, able to go to

a doctor. And I look at Iraq, and I—all I can say is, I hope it comes out well. And I believe it will. And we're going to keep at it.

Thank you.

Senator STEVENS. Well, thank you very much, and we appreciate your comments. And, God willing, we hope you're right. We certainly pray you're right, as a matter of fact.

This hearing concludes our planned hearings on the fiscal year 2005 Defense budget. I have stated that the subcommittee will schedule a hearing on the forthcoming request when more details are available. We will have to do that before we mark-up.

ADDITIONAL COMMITTEE QUESTIONS

We thank you all for what you've done for us. We do have a series of questions that have been submitted for the record, as you heard. We appreciate if you'd submit those. We're in no rush. We actually won't close this record until sometime the end of the month.

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

QUESTIONS SUBMITTED TO HON. DONALD H. RUMSFELD

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

PROCUREMENT BOW WAVE

Question. The Department projects that military personnel costs will grow from \$104.8 to \$120.4 billion during the same period absent an increase in end strength. That may be optimistic given that basic pay increased 29 percent from fiscal year 2000 to 2004. None of the projected costs described above capture funding for ongoing operations in Iraq and Afghanistan.

According to current plans, procurement funding will increase by fifty percent from fiscal year 2005 to 2009. This level of funding is required if the nation is to fund full rate production of the F-22, continued development of the Joint Strike Fighter, fielding of the Future Combat System, our commitment to space surveillance and access, and meet minimum levels of investment in the shipbuilding industrial base. I worry that we can afford all of these programs while fighting a war in Iraq and manning the force. Do you consider this level of investment to be sustainable?

Answer. Yes, I believe the defense investment projected in the President's budget for fiscal year 2005–09 is sustainable. Total defense funding for these years includes only moderate real growth—about 2.5 percent per year. Admittedly, we do not know the future costs of possible military operations in Iraq and Afghanistan, or for other contingency operations. But we would not want to allow those possible costs keep us from prudent investments in the future—especially investments to develop and field new capabilities most suited to 21st century threats, most notably terrorism.

CAPTURED ENEMY AMMUNITION IN IRAQ

Question. The Committee provided an additional \$165 million in the fiscal year 2004 supplemental for the disposal effort. In total, the Defense Department has awarded \$285 million in fiscal year 2004 contracts for the demilitarization of captured enemy ammunition in Iraq.

On my recent trip to Iraq, I was shocked to learn about the number and size of munitions dumps in the country. I am especially concerned about the sites that are partially secured. Could you please give us an update on efforts to secure these sites and dispose of captured enemy ammunition?

Answer. There are an estimated 600,000 short tons (ST) of munitions from the Saddam era in Iraq. We have over 6,000 soldiers and contractors dedicated to securing, transporting, guarding, and destroying captured enemy munitions. As of June 18, we have located 9,693 weapons caches. Of those, 9,631 weapons caches have been cleared and 195,141 ST of munitions have been destroyed. There are an additional 149,861 ST on hand being evaluated to determine the best disposal methods

or their reutilization potential. There are 62 weapons caches remaining to be cleared, of those 21 are classified as secured and the remaining 41 are classified as partially secured. Secured caches have 24 hour coverage by armed guards. Partially secured sites contain ammunition that is extremely difficult to remove quickly, such as aircraft ordnance and large caliber ammunition or missiles and are monitored by periodic patrols, reconnaissance and surveillance.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

RDT&E BUDGET

Question. I believe superior technologies can be applied to better protect our forces.

To what extent does this budget fund high-energy laser solutions to problems such as artillery and rocket attack?

Answer. As part of the on-going evaluation of high energy laser technology for a range of potential missions, the Department of Defense supports efforts to establish the technical feasibility and demonstrate the military effectiveness of high energy laser systems in tactical applications. Specific to the threat posed by artillery and rocket attack, these efforts include both focused programs and more general tactical high energy laser technology investigations that are also relevant to this threat.

The Army continues to support field testing and evaluation of the ground-based Tactical High Energy Laser (THEL), which is a deuterium fluoride chemical laser-based high energy laser system jointly developed and funded with Israel. The THEL system is located at the High Energy Laser Systems Test Facility at White Sands Missile Range, NM, and continues to be useful in assessing potential benefits of high-energy laser systems on the tactical battlefield. Most recently, the laser successfully detected, acquired, tracked, engaged and destroyed 155 mm artillery rounds fired from a howitzer.

On May 29, 2001, Israel requested the Department of Defense to support the development of a complete Mobile Tactical High Energy Laser (MTHEL) prototype by fiscal year 2007. The Army has committed \$340.4 million in fiscal year 2004–09 to support the combined MTHEL prototype development and testing effort. Israel is expected to match the United States' research and development investment for the laser. The program objective is to design, develop, fabricate, and test a working prototype weapon system by fiscal year 2007 based on demonstrated high energy deuterium fluoride (DF) chemical laser technology. MTHEL will be the first mobile, integrated Directed Energy Weapon (DEW) system capable of acquiring, tracking, engaging and destroying rocket, artillery, and mortar (RAM) projectiles, unmanned aerial vehicles (UAVs), cruise missiles, and theater ballistic missiles. No fielded capability currently exists to counter the RAM threat. This prototype, as the HEL pathfinder system, will enable the Army to develop an operational understanding of the tactics, techniques and procedures (TTPs) necessary to effectively employ this new weapon class. Results of the prototype testing in fiscal year 2008 and fiscal year 2009 will be used to develop the pathway for future HEL weapon systems' evolution into the Army's emerging Enhanced Area Air Defense System (EAADS).

Army, Air Force, and HEL Joint Technology Office S&T funding supports the development and demonstration of enabling technologies to provide options for improved performance, better efficiency, lighter weight, lower costs, and improved operational suitability for future tactical HEL systems. A significant initiative (\$39.4 million in fiscal year 2004–05) is the on-going Joint High Power Solid-State Laser Program (jointly funded by the HEL Joint Technology Office, the Air Force, and the Army), which has a goal to demonstrate laser power scaling to 25 kW for three different technical approaches within the next year and longer-term scaling to the 100 kW level. Development and demonstration efforts are also addressing critical technologies for tactical beam control, HEL optical components, and tactical target effects and vulnerability assessment.

Question. What resources does this budget provide for new technologies to help detect improvised explosive devices that have killed and maimed too many of our troops?

Answer. Most of our efforts to date in developing technologies to detect improvised explosive devices (IEDs) have resulted from internal reprogramming actions and requests for supplemental funding. To date we have invested about \$10 million in technologies intended for IED detection, with most of the efforts targeted to detecting changes in the ground where IEDs are buried or in detecting concealed weapons such as suicide bombers or vehicle-borne explosives. Specific project details are classified and have been presented in closed forums. Organizationally, the Force Protec-

tion Working Group and the Combating Terrorism Technology Task Force are working directly with representatives from the Central Command and Special Operations Command to examine technology alternatives to address immediate operational needs to support the Global War on Terrorism.

Within the Military Services, the Army's Rapid Equipment Force (REF) and Army IED Task Force are helping focus Army investments in detecting IEDs. Specifically, the IED Task Force focuses on counter IED Tactics, Techniques, and Procedures, and compiles and disseminates "Blue" counter-IED TTPs and corresponding "Red" TTPs through their cell at the Center For Army Lessons Learned. This TF maintains an extensive classified website of TTPs and has recently produced an IED training module. In addition, the Army continues to investigate improved methods for Airborne IED/Mine Detection, with funding to improve change detection software, cueing algorithms, and identification of sensors that provide high resolution imagery at typical aircraft (manned and unmanned) altitudes.

In deploying the IMEF to Iraq, the Navy and Marine Corps are currently re-programming funds to deal with detection and defeat of IEDs. In addition, the Navy is initiating a network-centric effort to provide forces the means to detect, classify, and locate IEDs and other tactical threats; and an initiative to exploit the properties of the terahertz band for detection of IEDs. The goal is to achieve sufficient precision, low false-alarm rate, and stand-off distance to permit deployment of tactically useful countermeasures to IEDs and related threats.

The Counter Bomb/Counter Bomber (CB²) Advanced Concept Technology Demonstration (ACTD) program will develop and assesses technologies that can be deployed in a layered system of countermeasures that assess, detect, identify, and mitigate the terrorist threat from an IED. The threat operations of interest for this ACTD include human-carried, vehicle-delivered, and leave-behind explosives.

Question. Finally, the urban environment of Iraq exposes our personnel to the danger of snipers. Do you agree that new anti-sniper systems that take advantage of high-energy laser and other cutting-edge technologies should be a high priority?

Answer. There are a number of counter-sniper technologies being assessed within the Department, including acoustic, infrared (IR), and laser capabilities. Experience indicates the effectiveness of these systems is driven by terrain and environmental conditions, with fielding options based on operational scenarios. For example:

- The Naval Research Laboratory VIPER system detects the unique IR signature of a muzzle blast and permits the precision location of the source of gunfire. The gun may be fired on or off axis with respect to the sensor. Gun firings within closed structures having windows and in partially obscured environments can also be detected. Detection and location is limited to line of sight. A directed video sensor permits zooming in on the firing location.
- The Overwatch Advanced Concept Technology Demonstration will demonstrate an operational sensor and targeting system's capability to detect, classify and accurately locate direct fire weapons in real-time and transmit that information to a command and control element in support of ground forces operating in urban and complex terrain. The sensor targeting system will provide a capability to ground forces to improve target acquisition, detect multiple types of weapons firing, locate snipers in real time, and decrease counterfire reaction time.
- The Air Force Research Laboratory's Battlefield Optical Surveillance System, or BOSS, is a grouping of lasers, optics, sensors and communications equipment mounted on a High Mobility Multi-purpose Wheeled Vehicle. While initially envisioned as a mobile counter sniper platform, BOSS has evolved into a working concept of a covert surveillance/detection system with the ability to visibly—or invisibly—designate a battlefield threat. BOSS utilizes forward looking infrared, an IR camera illuminator to light up an area of interest, a visible laser to designate a threatening individual, and a microwave relay to transmit data to a command post.
- The Joint Non-Lethal Weapons Directorate is developing a new concept that uses pulsed electromagnetic energy in the optical spectrum to distract, deter and dissuade an adversary from extended range. The object of the Pulsed Energy Projectile (PEP) program is to develop and demonstrate the technology necessary to produce a crew served, counter personnel non-lethal directed energy weapon providing controllable bio-effects to deter, disable, and distract individuals. The device directs an invisible induced plasma pulse at a target that will create a flash-bang near the intended target.

STATUS OF FORCES AGREEMENT

Question. Questions remain about the role of U.S. military forces that will still be in Iraq after the transfer of sovereignty.

Can you describe status of forces agreement that will dictate how our troops will be able to operate in Iraq after June 30th?

Answer. During the period of the Iraqi Interim Government (June 30, 2004 until the election of a Transitional National Assembly no later than January 31, 2005), U.S. forces will operate under current authorities, i.e., U.N. Security Council Resolution 1511 and Coalition Provisional Authority Order 17. After the election of the Assembly, we expect to negotiate the role and status of United States and other multinational forces with the Iraqi Transitional Government that will be formed by the Assembly.

In addition to these authorities, the new Interim Government has already stated its understanding that multinational forces must remain in Iraq until Iraqi security forces can assume their full responsibilities.

Question. Does the agreement provide adequate protections for our service personnel should disputes arise over the propriety of their actions?

Answer. The current authorities, under which United States and other multinational forces will operate until early 2005, provide adequate protection. We will require the same level of protection in the agreement we will negotiate with the Iraqi Transitional Government.

CHEMICAL DEMILITARIZATION

Question. I believe the Department must increase the top-line funding for chemical demilitarization in order to keep its commitment to the citizens who reside near America's chemical weapons stockpiles. Neither my constituents nor I will tolerate continued mismanagement and under funding of the efforts to get rid of these chemical stockpiles.

Please explain why the Department of Defense cut funding for chemical demilitarization despite the Department's directive, signed by Under Secretary of Defense for Acquisition, Logistics and Technology Pete Aldridge, for acceleration of demilitarization of chemical weapons. Is the Aldridge directive in effect, and where does the Department stand on maintaining its schedule for destruction of chemical stockpiles?

Answer. The Department realigned funds in its fiscal year 2005 request to help ensure we meet the Chemical Weapons Convention extended 45 percent destruction deadline of December 2007. When the previous Under Secretary of Defense for Acquisition, Technology and Logistics, USD (AT&L), directed the Program Manager for Assembled Chemical Weapons Alternatives (PM ACWA) to accelerate the destruction of the Pueblo, Colorado, chemical weapons stockpile, this was based on PM ACWA pursuing four recommended acceleration options: (1) an accelerated contract award; (2) an expedited permitting approach; (3) enhanced reconfiguration of the assembled chemical munitions; and (4) offsite treatment of secondary wastes. The first two acceleration options were fully implemented and have reduced time and generated a cost avoidance during this phase of the project. However, Colorado state regulators indicated they require a separate permit for enhanced reconfiguration, therefore eliminating the acceleration benefits of option (3). Additionally, the Colorado Citizens Advisory Committee, in its capacity as the voice for the Pueblo community, for the most part rejected option (4). PM ACWA is therefore no longer pursuing these two acceleration options. Regardless, the USD (AT&L) direction remains in effect. Other acceleration options are always welcome for consideration; however any option which requires additional resources, such as major design changes, must also be validated by the Department. The Department will continue to make every effort to comply with the Chemical Weapons Convention destruction deadline requirements.

Question. The Department's cuts to the ACWA program have the potential to slow demilitarization at certain sites by roughly a year. How can the Department claim to support accelerate clean up while at the same time cannibalizing the ACWA budget to pay for mismanagement and cost overruns at incineration sites?

Answer. The Department realigned funds in its fiscal year 2005 request to help ensure we meet the Chemical Weapons Convention extended 45 percent destruction deadline of December 2007. Meanwhile, the full effects of this internal realignment on the Pueblo Chemical Agent-Destruction Pilot Plant (PCAPP) project have yet to be quantified. While design and construction of the process building may be delayed, efforts are underway to begin construction of the support buildings. Additionally, a recent analysis has found there are viable design concept options less costly than

the current design concept that can complete destruction of the Pueblo chemical weapons stockpile by the same time.

Question. Please explain why the Department cut the budget for chemical demilitarization between the fiscal year 2005 estimate and the submission of the fiscal year 2005 budget to Congress.

Answer. The Department did not cut the fiscal year 2005 budget. The Chemical Demilitarization Program fiscal year 2005 estimate was \$1,456,876,000, and the overall fiscal year 2005 submission was \$1,453,876,000. Due to the concerns of the House and Senate Authorization Committees that all funds for the Chemical Demilitarization Program should be appropriated in a Defense-wide account, the Department realigned the Military Construction request to a separate DOD-wide account. Accordingly, \$81.9 million was submitted in the Chem Demil Construction, Defense account. Also, \$3 million was decremented in the fiscal year 2005 submission due to non-pay inflation adjustments. Therefore, the difference between the two submissions was \$3 million.

Question. Please explain why the department transferred \$147 million in funding from the ACWA program to fund cost overruns at the Office of Elimination of Chemical Weapons' incineration sites?

Answer. While preparing the fiscal year 2005 President's Budget, the Department moved \$147 million of unexecutable funds from the ACWA Program research and development budget activity to cover shortfalls in other areas of the Chemical Demilitarization Program to help ensure we meet the Chemical Weapons Convention extended 45 percent destruction deadline of December 2007. This was not a punitive action and not intended or expected to slow down our demilitarization actions at Pueblo. Sufficient funds will be available in fiscal year 2005 to proceed with the Pueblo effort, to include \$45 million for Military Construction projects.

Question. One of the great successes of the ACWA program has been the robust involvement of the local community. ACWA's efforts to reach out to local leaders and citizens have invested them in the project at BGAD and help to build an unprecedented amount of trust in the Chemical Demilitarization program. Why, then, am I hearing talk of cutting funding to the citizen involvement programs underway at stockpile communities such as the Chemical Destruction Community Advisory Board in Kentucky?

Answer. The Department has no intention of cutting funding to the Citizens Advisory Commissions (CACs) in any of the eight states possessing chemical weapons stockpiles. The Department is required to provide this funding under section 172(g) of Public law 102-484, and fully intends to continue to comply.

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

Question. It is more important now than ever that Iraqis see other Iraqis in military positions and other areas of law enforcement. Would you provide this subcommittee with an update on progress in training the Iraqi Police Force, the Iraqi Civil Defense Corps and the Iraqi Army? Are you finding that you have adequate facilities, equipment and resources to precede with this training and then transition them into operational forces?

Answer. The Multi-National Security Transition Command-Iraq (MNSTC-I), commanded by LTG Dave Petraeus, in coordination with the Iraqi MOI and MOD, is responsible for manning, training, equipping, mentoring and certifying the Iraqi Security Forces. Training, equipping and mentoring programs are being aggressively implemented to develop internal and external Iraqi security force capability.

As of July 25, 2004, the Iraq Security Forces (ISF) is gradually and steadily developing increased capability to assume internal security responsibility. Forces under the Minister of Interior include the Iraqi Police Service (IPS) and the Department of Border Enforcement (DBE). Thirty percent of the 89,000 man IPS have completed either an 8 week basic course for new recruits, at the Jordan International Police Training Center or the Baghdad Police Service Academy, or the three week Transition Integration Program (TIP) for veteran officers, accomplished in provincial training facilities. Advanced training being accomplished at the IPS Adnon Training Facility in Baghdad includes Leadership and Criminal Investigation as well as specialty courses for the Emergency Response Unit and Counter-Terrorism Unit. Equipment, including weapons, body armor, communications and vehicles is being delivered at a steady pace.

The Department of Border Enforcement is manned at 85 percent of the desired end state. Equipment and training similar to the IPS programs is being provided to the Iraqi Border Patrol (IBP) of the DBE. Infrastructure improvements to border

forts are also progressing with contracts let to rebuild Class A and B entry and denial points along the Syrian, Saudi and Iranian borders.

Under the current plan, 100 percent of the training required to man the MOI forces will be completed by June 2005. Equipment deliveries should be completed by April 2005.

Under the Ministry of Defense (MOD), the Iraqi Civil Defense Force has been renamed as the Iraqi National Guard (ING). There are 45 ING Battalions operational, with 40 manned at over 75 percent of personnel requirements. As with the MOI forces, ING equipment is flowing steadily. All 45 Battalions will be fully operational by December 2005.

Five of 27 Brigades of the Iraqi Army (IA) are operational or in training, including the 1st Brigade of the Iraqi Intervention Force (IIF) currently operating in Baghdad. The IIF was created to conduct internal security tasking after the events of April and May 2004 in Fallujah and the Center South. Equipment is delivered to the IA battalions as they complete training. Under the current schedule, 27 Battalions of the IA will be operational by February 2005.

The Iraqi Coastal Defense Force (ICDF) has recruited 71 percent of the required manning and is equipped with 5 patrol boats and 10 Rigid Hull Inflatable Boats (RHIBs). They are currently conducting supervised daytime operations. They are on track for full operational capability by October 2005.

The Iraqi Air Force will consist of a reconnaissance squadron, a C-130 transport squadron and a UH-1 Huey helicopter squadron. Training is underway or completed for 23 percent of the pilots and mechanics. Two Seeker reconnaissance aircraft have been purchased and will be operational by September 2004.

MNSTC-I is aggressively ensuring that Iraqis take responsibility for developing the capability of their own forces. MNSTC-I, in coordination with the Chief of Mission, provides mentoring to the staffs of the Iraqi Joint Headquarters (JHQ), the MOD and the MOI to develop command and control capability and implement Iraqi policy for employment of the ISF. As C² capability grows, combined with the ongoing ISF training and equipping programs, the Interim Iraqi Government (IIG) will be able to assume control of security responsibilities at the local, then provincial, then national level supported in the background by the Coalition. Finally, NATO has agreed to provide additional training resources to the IIG. MNFI is coordinating with NATO to determine the breadth and scope of that assistance.

Question. Last year, the Air Force proposed a \$21 billion lease of 100 Boeing 767's, which would be converted to KC-767 tankers. The Air Force and conference reached a compromise last year, included in the Fiscal Year 2004 Defense Authorization Act, allowing the Air Force to lease 20 tankers from Boeing and buy 80 under a traditional procurement program. However, negotiations for a final contract were put on hold at the end of 2003, pending the outcome of the DOD Inspector General investigation. Exactly where are we now in respect to the KC-767 tanker issue and what is the plan moving forward?

Answer. In response to the tasking of the Deputy Secretary of Defense, and associated with the hold on the proposed 767 Tanker Lease/Buy, the results of three studies have been provided to the Department. The studies are: The Aerial Refueling Defense Science Board (DSB) Task Force Study; the Analysis of Lessons Learned from the United States Air Force Tanker Lease Program (TLP)-Industrial College of the Armed Forces/National Defense University (ICAF/NDU); and the DOD Inspector General Audit Report, "Acquisition of the Boeing KC-767A Tanker Aircraft." All three studies recommended that the Department readdress how it implements and controls innovative acquisition processes, including leasing. In light of this, the Acting USD(AT&L) directed the President, DAU chair a working group to formulate recommendations based on the results of these three studies that will result in changes to the DOD 5000 Series, Federal Acquisition Regulation (FAR)/Defense Federal Acquisition Regulation (DFAR), and other acquisition related documents. Recommendations are due to USD(AT&L) not later than September 1, 2004. In addition, an Analysis of Alternatives for Tanker Recapitalization and the ongoing Mobility Capabilities Study have been accelerated. The overall goal of these efforts is to more fully understand the tanker requirements and options for meeting those requirements, before recapitalizing the tanker fleet.

Question. This year, eight active duty, eight Air Force Reserve, and 18 Air National Guard units provided 1,300 tanker sorties offloading more than 32 million pounds of fuel for missions related to Operation Noble Eagle (ONE). Last year, the Air Force brought personnel and materiel into Iraq and Afghanistan via 7,410 sorties. Over 4,100 passengers and 487 tons of cargo were moved by airmen operating at various Tanker Airlift Control elements in and around Afghanistan. Are you finding that you're tactical and strategic airlift capabilities adequate? Are tactical and strategic airlift funded adequately in the fiscal year 2005 budget?

Answer. Tactical airlift capabilities as a whole are adequate to prosecute the national defense strategy. Moderate areas of concern still exist such as aircraft survivability in current and future dynamic environments. However, fleet capability is currently adequate.

Strategic airlift capabilities present a different picture. The Air Force can provide enough capability to meet the limited requirements mentioned in your question, but lacks the capacity to fully prosecute the national defense strategy. Given fiscal realities, the fiscal year 2005 budget adequately addresses the capability shortfall and a roadmap is in place to improve. Finally, the Mobility Capabilities Study (MCS) due for release in fiscal year 2005 will update the airlift requirements.

Question. Can you give me an idea of when the Strategic Capabilities Assessment (SCA) will be completed?

Answer. The term "Strategic Capabilities Assessment" refers to a planned, periodic review of progress in implementing the findings of the December 2001 Nuclear Posture Review. The first of the planned reviews was completed earlier this spring. The draft results are still being reviewed by senior DOD officials.

QUESTIONS SUBMITTED TO GENERAL RICHARD B. MYERS

QUESTION SUBMITTED BY SENATOR TED STEVENS

CAPTURED ENEMY AMMUNITION IN IRAQ

Question. Over 770,000 short tons of enemy ammunition have been discovered in Iraq. Continued finds could increase the total number to over 1 million short tons.

The captured ammunition is stored at 72 sites throughout the country. Of these sites, there are 23 secured sites and 49 partially secured sites. A secured site is defined as having a 24/7 Coalition presence. Partially secured is defined as periodic patrolling/surveillance and either fenced or bermed.

It has been reported and confirmed that weapons, ammunition and explosives at many partially secured ammo dumps are easily available to enemy combatants that has the means to load and transport them.

The Army Corps of Engineers is responsible for processing and demilitarizing captured ammunition in Iraq. Security is their top priority. They plan to have all ammo secured by the end of September. The Corps of Engineers is safely disposing of approximately 600 tons per day. Under the best case scenario, it will take three years to complete the disposal process.

The Committee provided an additional \$165 million in the fiscal year 2004 supplemental for the disposal effort. In total, the Defense Department has awarded \$285 million in fiscal year 2004 contracts for the demilitarization of captured enemy ammunition in Iraq.

Soldiers and Marines are uncovering new weapons caches on almost a daily basis. How are you securing and disposing of these recently captured munitions?

Answer. Since January 1, 2004, we have found 2,281 weapons caches. Those weapons caches are evaluated based on the type and quantity of munitions. The most dangerous munitions, such as rocket-propelled grenades, mortar and artillery rounds (used for making improvised explosive devices) and surface to air missiles are transported to six depots for safe secure storage and eventual destruction. There is one depot per divisional sector. Munitions that are deemed unsafe or potentially booby trapped are destroyed at the site of discovery.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

HOMELAND SECURITY

Question. Since the attacks of September 11, 2001, the National Guard and Reserves have played an integral role in securing the homeland. This has been particularly important to border states like New Mexico where terrorist infiltration is a constant concern.

General Myers, do you expect that the National Guard will maintain significant border protection responsibilities?

Answer. No. Our National Guard troops were only used in the aftermath of the 9/11 attacks as a stopgap measure. There is no long-term plan to engage them in border security operations. Border security is not the primary responsibility of the military.

Question. What new roles and missions (such as UAV operations) will they be assuming to enhance border protection?

Answer. The National Guard will not be engaged in border protection operations.

CONCLUSION OF HEARINGS

Senator STEVENS. We appreciate your concern. And, again, we generally thank you. I mean, you've taken a lot of time with us today. Did you know that every member of this subcommittee was here and asked questions of you? And that's probably a record for this subcommittee on these wrap-up hearings that we have.

Yes, as Senator Inouye says, it's the first time they all came for the wrap-up.

Thank you very much.

General MYERS. Thank you, Chairman. Thank you, Senator Inouye.

Secretary RUMSFELD. Thank you very much.

[Whereupon, at 12:20 p.m., Wednesday, May 12, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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