

VOLUME 3 RESOURCES FOR DEFENSE

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Chapter 1 -- MAJOR DECISIONS ON THE DEFENSE BUDGET

Background

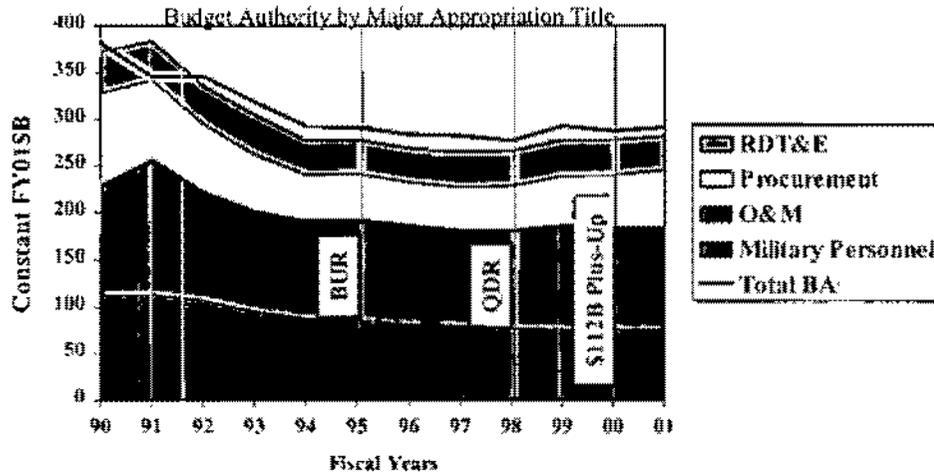
Throughout the Clinton Administration, the watchword for defense budget planning was balance. DoD leaders sought to craft the best possible program to meet America's defense requirements in the near and long term, while fully accommodating the President's fiscal and domestic plans to ensure America's future well-being. Within the Department, striking a balance among the many competing and worthwhile defense requirements was a constant challenge.

To guide its major decisions, the Department conducted a comprehensive review of strategy, forces, and programs at the start of each of President Clinton's terms. The 1993 Bottom-Up Review was a reassessment to take account of the end of the Cold War and the dissolution of the Soviet Union. The 1997 Quadrennial Defense Review was focused on changes needed to shape and prepare for an uncertain future, while protecting today's force readiness in a way that would allow sufficient investment in new technologies and systems to ensure U.S. military dominance over the longer term.

During President Clinton's first term, defense budgets declined as force levels continued to be reduced and as other adjustments were made to reflect the collapse of the Soviet Union. Then in 1998, after more than a decade of decline in defense spending, there emerged a political consensus that further cuts would not be prudent. The decline began in FY 1986, due largely to pressure to reduce the federal budget deficit as prescribed by the 1985 Gramm-Rudman-Hollings balanced-budget law. The decline accelerated in the early 1990s, primarily in response to the end of the Cold War. In FY 1998, the last year of the decline, DoD budget authority was in real terms nearly 37 percent below its level in FY 1985, the peak year for inflation-adjusted budget authority since the Korean War. (See Figure 1 for trends in Clinton Administration budgets.)

Figure 1

Trends in Clinton Administration Defense Budgets



Note: In FY 1991-2, abrupt increases in budget authority, especially O&M, were due to the incremental costs of Operation Desert Shield/Storm. Total budget authority in these years is offset by a large rise in receipts reflecting allied contributions.

The top defense budget priorities remained largely the same during the Clinton Administration. High readiness needed to carry out U.S. defense strategy was sustained so that American forces could respond to crises whenever and wherever necessary. Sufficient resources were allocated to recruit and retain the high quality personnel necessary to preserve U.S. military superiority. Strong emphasis was given to providing a good quality of life for military personnel and their families – focusing especially on compensation, housing, and medical benefits. And as the post-Cold War force drawdown was being completed, the Administration recognized the imperative to transform U.S. forces and field new and upgraded weapons that exploited advanced technologies to guarantee the combat superiority of those forces in the years ahead.

A. THE BOTTOM-UP REVIEW

The October 1993 Bottom-Up Review (BUR) was the Clinton Administration's first blueprint for its defense spending. The BUR decided that the U.S. must maintain forces sufficient to fight and win two major regional conflicts that occur nearly simultaneously. The BUR adjusted programs in four basic categories: force structure, infrastructure, modernization, and new initiatives.

Force Structure

Acknowledging that the size and composition of the U.S. military had to adjust to reflect the new dangers of a new security era, the BUR continued the downsizing begun at the end of the Cold War. It made modest additional adjustments to the Bush Administration's Base Force,

which was the initial force structure response to the end of the Cold War, while starting initiatives to deal with the new threats of the future. The BUR directed active-duty military end strength to fall to 1,525,700 by FY 1995, a decline of 30 percent from a post-Vietnam peak of 2,174,200 in FY 1987. Similarly, Reserve personnel levels were planned to be 15 percent below FY 1987 levels. These reductions translate to the force structure show in Figure 2, which also proposals of the 1997 QDR.

Figure 2

	FY 1990	<u>Planned Base Force</u>	FY 1994	BUR	QDR
Army Divisions (active/reserve/cadre)	18/10	<u>12/6/2</u>	12/8	10/5+	10/8+
Navy Aircraft Carriers (active/reserve)	16/0	<u>12/0</u>	12/0	11/1	12
Navy Carrier Air wings (active/reserve)	13/2	<u>11/2</u>	11/1	10/1	10/1
Air Force Fighter Wing Equivalents (active/reserve)	24/12	<u>15.25/11.33</u>	13.4/8.7	13/7	12+/8
Marine Corps Divisions (Active Reserve)	3/1	<u>3/1</u>	3/1	3/1	3/1

To help these smaller forces remain combat ready, significant force enhancements were planned to improve capability, flexibility, and lethality. For example, the BUR called for substantial enhancements to strategic mobility through: an immediate decision on whether to deploy the C-17 or to purchase other airlifters to replace the aging C-141 transport aircraft; establishing an Army brigade set of heavy armor afloat on ships deployed abroad, which could be sent to the Persian Gulf or Northeast Asia on short notice; and increasing the capacity of the surge sealift fleet by purchasing additional roll-on/roll-off ships. It also started several initiatives to improve the readiness of the Reserve Component, especially the Army National Guard combat brigades.

Infrastructure

In 1993, the U.S. defense infrastructure (bases, facilities, and support organizations) was too extensive for the projected force size and declining defense budgets. The BUR set out to eliminate excess infrastructure and reform defense acquisition. It estimated that almost \$19 billion in savings could be achieved through reductions in headquarters and civilian personnel; realignment and closure of military bases and facilities; consolidation of training, maintenance, and supply; and other reductions in costly overhead accounts.

Modernization

At the start of the Clinton Administration, defense leaders became worried about the consequences of current program decisions on future defense spending. They wanted to

minimize the “bow wave” effect, eliminating programs that would produce large debts to be paid in future defense budgets. For example, the Bush Administration had begun work on four different theater air modernization programs: the F-22 air superiority fighter; multi-mission, carrier-capable F/A-18 E/F aircraft; multirole, carrier capable A/F-X Advanced Strike Aircraft; and stealthy, low-cost Multirole Fighter (MRF). Given the tremendous costs of these aircraft, proceeding with all of them as planned would have meant deferring or canceling other vital weapons modernization programs over the next decade. The BUR analysis led to cancellation of the A/F-X and MRF and the creation of the Joint Advanced Strike Technology (JAST) program. JAST was the predecessor of the current Joint Strike Fighter (JSF), which will provide low-cost, highly capable replacements for almost 3,000 aircraft composing the current tactical fleet. Similarly, the BUR examined a range of national and theater missile defense program options to find the best and most cost effective approach to meeting the ballistic missile threat. By rationalizing spending on some of these programs, the BUR could make additional funds available for high priority investment programs like combat helicopters, attack submarines, and the V-22 tilt-rotor aircraft.

New Initiatives

The BUR laid out a series of new policy initiatives intended to shape the international environment in ways favorable to U.S. interests, and these required additional resources. Funding for the Cooperative Threat Reduction initiative was increased to expand upon U.S. efforts to actively assist in the destruction of weapons of mass destruction in former Soviet Union and the prevention of weapons proliferation. Funding was also added for expanded contacts and cooperation with the states of the former Soviet Union, DoD’s counterproliferation efforts, global initiatives to promote democracy, peacekeeping and peace enforcement operations, and humanitarian assistance.

Summary

The BUR was a comprehensive assessment of U.S. defense in a post-Cold War environment. Through an assessment of the primary threats to U.S. security, the BUR developed a multifaceted defense resourcing strategy that guided the development of U.S. force structure. It protected a ready-to-fight force, re-directed modernization, started changes in how DoD does business, and allowed defense dollars to be reinvested into other areas of the economy. In total, the BUR planned to save a net \$91 billion from FY 1995 through FY 1999 (\$24 billion from force structure cuts, \$19 billion in infrastructure cuts, \$21 billion in cuts to missile defense, and \$32 billion in cuts to modernization and investment – offset by \$5 billion in adds for new initiatives).

B. THE QUADRENNIAL DEFENSE REVIEW

As the Administration began its second term, the Department conducted a Quadrennial Defense Review (QDR) to review all aspects of the U.S. defense strategy and program, including force structure, infrastructure, readiness, and modernization. Developed in a fiscally constrained

environment resulting from national concerns about bringing the federal budget deficit under control, the QDR assumed defense budgets would remain flat (no real growth). Recommendations included modest cuts in personnel, particularly in support activities, and systemic improvements in infrastructure -- freeing funds for modernization and thereby ending the "procurement holiday" of the early 1990s. These prudent QDR reductions were aimed at enabling the U.S. military to meet the near-term requirements of shaping and responding at the same time that it was undergoing long-term modernization to prepare for the future.

Force Structure

The QDR affirmed the need to plan for two major theater wars, but broadened the scope of the national military strategy to put more emphasis on shaping the international environment, particularly with regards to involvement in peacekeeping operations and small-scale contingencies, and preparing for the future. Consequently, the QDR endstrength and force levels were only slightly below those planned as a result of the Department's earlier post-Cold War adjustments—the 1993 BUR and the Bush Administration's Base Force. The forces reduced were those least likely to be used in the operations envisioned by the new QDR strategy.

For example, the Army retained 10 active, combat-ready divisions, but active duty personnel were further reduced; and the Army Reserve component was restructured to convert combat units to combat support and combat service support roles. The Navy retained 12 carrier battle groups (one in a reserve/training role), but reduced the number of naval battle force ships and their accompanying personnel. The Air Force moved one active fighter wing equivalent to the reserves and pursued an aggressive outsourcing plan, resulting in a large reduction of active duty and Reserve component personnel. The Marine Corps maintained an active force of three Marine Expeditionary Forces (MEF) and one reserve MEF, but made small cuts in its active and Reserve endstrength.

In sum, the QDR called for reductions in previously planned endstrength of about 60,000 active military personnel, 55,000 in Selected Reserves, and 80,000 DoD civilians. Endstrength reductions made funds available for modernization, putting a greater emphasis on the prepare aspect of U.S. military strategy.

Infrastructure

As post-Cold War force reductions were being completed during the 1990s, it became clear that reductions in infrastructure were not keeping pace. In 1997 when the QDR was conducted, 61 percent of DoD personnel were performing infrastructure functions such as installation management, logistics support, personnel services, headquarters activities, medical care, and science and technology research. To close the gap between force structure and infrastructure reductions and to reduce the share of the defense budget devoted to infrastructure, the QDR proposed four initiatives:

- (1) Deeper decreases in civilian and military personnel associated with infrastructure;
- (2) Two additional rounds of BRAC;
- (3) Adoption of private sector successes in innovative management and business practices; and

(4) Competitively sourcing thousands of DoD jobs.

These initiatives were detailed in the November 1997 Defense Reform Initiative (DRI)

Readiness

The QDR confirmed the imperative of funding readiness as a top budget priority, but also highlighted the need to maintain high readiness while seeking efficiencies and improved operating procedures. The possibility of reducing readiness and associated resources of selected units—or “tiering” readiness—was analyzed, but it was determined that tiering would significantly increase risk at the gain of only modest savings while limiting the flexibility to execute war plans. Secretary Cohen directed the services to fully fund their readiness-related accounts, and post-QDR budgets provided strong support for training, exercises, maintenance, supplies, and other essentials needed to keep U.S. forces prepared to achieve their combat missions decisively.

The QDR also reiterated that the quality of our forces depends on the quality of life for our uniformed personnel and their families. As a result, strong funding for military pay, housing, medical services, child care, and other important personnel benefits were included in subsequent budgets. In recommending more robust funding for readiness accounts, the QDR sought to limit the migration of dollars from procurement to operating accounts to fund must-pay bills such as unforeseen or underestimated costs from depot maintenance, real property maintenance, unplanned deployments, and medical care.

Modernization

During the force drawdown of the early 1990s, the Department robustly funded training, maintenance, quality of life, and other components of near-term readiness, while procurement funding for new equipment declined. The QDR acknowledged that, without strong action, procurement accounts would not grow to meet future threats and replace aging equipment. By 1997, it had become clear that the procurement decline had to end. It was time to put money into the next generation of systems – information systems, strike systems, mobility forces, and missile defenses – that would ensure America’s dominance in 2010 and beyond.

Although it had forecast an increase in procurement funding in the late 1990s, in 1997 the Department found that it was having to postpone this increase repeatedly, in order to give highest priority to maintaining readiness. The QDR and ensuing budgets turned around this trend and reinforced the commitment to modernization. Spending for procurement ultimately did increase to \$60 billion per year by FY 2001, a target amount and date that the Clinton Administration first established in its FY 1996 budget.

Tactical Aircraft. The QDR confirmed the need for, but made major adjustments to DoD’s three major programs for modernizing U.S. tactical aircraft—the Joint Strike Fighter (JSF), F-22 Raptor, and F/A-18E/F Super Hornet. Termination of any of the three fighter programs was not considered prudent given the warfighting risks, the need for aircraft to support our force structure, and the adverse impact it would have on technology development and the defense industrial base.

Total procurement of the JSF -- an aircraft to be employed by the Air Force, Navy, and Marine Corps in different variants -- was reduced from 2,978 to 2,852 aircraft in recognition of revised inventory projections for existing aircraft. Because of affordability concerns and because of the F-22's superiority to the F-15C/D, which it will replace in the air superiority role, projected F-22 production was reduced from 438 to 339 aircraft, and the ramp-up in production was slowed. The F/A-18E/F program, the Navy's follow-on to the F/A-18C/D, was set at a level of at least 548 aircraft, with a mandate that procurement of the naval JSF variant begin as soon as possible.

Bombers. As a result of the QDR, the Department decided not to propose procurement of additional B-2 bombers because the cost of that would have required immediate large reductions in forces, while providing no significant long-term improvements in warfighting capabilities.

Ship Modernization. The QDR reaffirmed the procurement of the CVN-77 to bring the nation's carrier fleet to a force structure of 12 active carriers. Submarine procurement was set at a long-term rate of 1.5 to 2 per year to reduce attack submarine force levels to 50.

Ground Forces Modernization. The fielding of the Army's first digitized corps—units that will use modern communications capabilities and computers to enable commanders, planners, and shooters to rapidly acquire and share information—was accelerated one to two years from a planned date of 2006. The RAH-66 Comanche helicopter and Crusader self-propelled howitzer programs were reviewed and validated as on track for production in the next several years. The Marine Corps V-22 Osprey tilt-rotor aircraft was accelerated in production but trimmed in total planned quantities.

Missile Defense. The QDR maintained high priority for National Missile Defense (NMD) and supported a development program in which a decision could be made on deployment of the system as early as FY 2000 if the threat warranted, with an Initial Operational Capability three years later. To meet these objectives, the QDR added \$2 billion to NMD development. The QDR also reviewed all theater ballistic missile defense programs, restructuring the Theater High Altitude Areas Defense program because of technical problems. The Department's approaches for the high priority Patriot Advanced Capability-3, Navy Area Defense lower tier systems, Navy Theater-Wide upper tier system, and the Airborne Laser were validated and maintained.

Summary

The QDR reallocated resources and priorities to achieve the best balance of capabilities for the shape, respond, prepare strategy. It trimmed current forces, primarily in the "tail" (support structure) and modestly in the "tooth" (combat power), while still preserving funding for the next generation of systems that will ensure future domination of the battlespace.

C. \$112 BILLION PLUS-UP

The QDR and DRI had both looked to infrastructure efficiencies to shore up readiness accounts and grow investment accounts. However, by late 1998 it was clear that many of the efficiencies were not materializing as quickly as had been anticipated and that not enough funds were being freed up to fulfill long-term modernization needs. At the same time, the strong economy and the demands on the force had made recruiting and retaining quality individuals for the armed forces increasingly difficult. Not only would aggressive pursuit of QDR/DRI efficiencies be necessary, but additional resources would also be needed to support the defense strategy.

To meet these challenges, President Clinton's FY 2000 defense budget proposed the first sustained increase in defense spending in 15 years, making available additional resources totaling \$112 billion for FY 2000 through FY 2005. The \$112 billion in budget authority consisted of a topline increase of \$84 billion and \$28 billion in savings from lower inflation, lower fuel prices, rescissions and other adjustments, savings that DoD was allowed to retain. The increase reflected President Clinton's proposal in his State of the Union address to allocate to defense spending a portion of the projected federal budget surplus once a resolution on Social Security was achieved. The plus-up addressed everything from readiness and modernization to improving compensation for service members.

Quality of Life Improvements

To address mounting warnings about retention and recruiting, almost one third of the additional defense resources (\$35 billion) went to quality of life initiatives, including the largest increase in military compensation since 1981. Military base pay was increased 4.4 percent in FY 2000 (later adjusted to 4.8 percent by Congress), and money was added for pay increases through FY 2005. The military retirement system was changed so that service members retiring after 20 years would receive 50 percent of their base pay (reversing a 1986 decision to limit retirement benefits to 40 percent). Military pay tables were revised to increase the raises associated with promotions. Finally, money was added for initiatives to improve recruiting and retention, including targeted bonuses for service members possessing critical military skills. See separate section on Pay Table Reform and Retirement REDUX.

Readiness

For FY 2000 and beyond, unbudgeted costs for contingency operations and other near-term requirements were threatening to erode readiness levels. More than 40 percent of the \$112 billion increase (\$49 billion) was spent on readiness accounts to meet the services' most pressing readiness requirements. The additional funds supported the traditionally high pace of operations, flying time, repair parts, and other readiness enhancers; readiness-related maintenance and improvements at DoD facilities; and readiness-related modernization in areas such as better maintainability. Funds were also added for reserve training, operations, and better integration of active and reserve components.

Modernization

Acknowledging that America's preeminence depends on investments in new technologies, \$28 billion of the \$112 billion plus-up was funneled into DoD's modernization program. The additional resources enabled DoD to meet the QDR goal of increasing procurement funding to \$60 billion by FY 2001 and to make important augmentations to modernization plans, including:

- An added \$6 billion for national missile defense deployment;
- An additional 8 next-generation Navy ships;
- Additional F-16, C-17, T-45, and V-22 aircraft;
- More funding for the Army's training ammunition requirements and \$2 billion in critical combat service support equipment; and,
- An added \$1 billion for critical Marine Corps procurement needs.

D. PAY TABLE REFORM AND RETIREMENT REDUX

In his FY 2000 budget request, responding to emerging concerns about recruiting and retention, President Clinton proposed the largest increase in military compensation in a generation. He requested the highest pay boost since FY 1982, improvements in military retirement pay, and changes in pay tables to enlarge raises associated with promotions. Congress approved and increased this benefits package, primarily by increasing military pay by 4.8 percent instead of the requested 4.4 percent.

In the FY 2000 budget, proposed budget authority for FY 2000-2005 reflected the President's decision to make available to DoD \$112 billion in additional resources. From that total, DoD allocated \$35 billion to Military Personnel accounts, virtually all of it for the proposed higher pay and retirement benefits.

By law, military pay is to be increased each year by a percentage calculated by subtracting 0.5 percentage points from the Employment Cost Index (ECI), a Labor Department measure of private-sector salaries nationwide. In his FY 2000 budget, the President proposed that the FY 2000 raise (4.4 percent) be 0.1 percentage points above the ECI (4.3 percent). For FY 2001-2005, the President's budget funded annual military raises that would equal the projected ECI for those years, instead of being 0.5 percentage points below it, as prescribed by law.

Chapter 2 -- Paying for Contingency Operations

A. OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

During the late 1990s, the Clinton Administration and Congress cooperated to establish better procedures to fund what have come to be called contingency operations. These are Department of Defense (DoD) operational deployments that are inherently unpredictable in their duration (and therefore their cost) and that are not part of ongoing force deployments that are funded through normal budget procedures. Because contingency operations are a response to immediate world events that affect U.S. interests, they usually cannot be funded through the normal budget process. Examples of 1990s DoD contingency operations include peacekeeping, humanitarian relief, enforcement of the no-fly zone over Iraq, and the air campaign to stop Serbian aggression in Kosovo.

Unbudgeted contingency operations became more frequent in the post-Cold War era, and the timely funding of them became critical to force readiness. Until new appropriations are requested by the President and approved by Congress, DoD has to finance unbudgeted new operations by applying previously appropriated funding that is immediately available. These available resources are found primarily in accounts that fund training, maintenance, and other key readiness determinants. Thus the preservation of high force readiness depends on the expeditious replacement of this reapplied funding through supplemental appropriations bills or other means. Without timely congressional approval of the President's funding request, the Department must cancel training, maintenance, or other expenditures scheduled for late in the fiscal year.

In 1995, to help prevent unbudgeted contingencies from degrading readiness, the Clinton Administration requested new authority to fund unbudgeted operations in anticipation of later supplemental appropriations – authority much like a checking account service allowing overdrafts in anticipation of future deposits. Congress did not grant this new authority. By tradition and precedence, Congress does not appropriate funds in advance for use should an unexpected operation arise, and so it rejected the use of an unrestricted pool of funds as a funding option for contingency operations.

In 1996, Administration and congressional officials cooperatively created a special appropriation for contingency operations as part of the FY 1997 DoD Appropriations Act. This appropriation, the Overseas Contingency Operations Transfer Fund (OCOTF), provided the Department with needed new flexibility to finance approved contingency operations with reduced risk to force readiness. While the Department still must get congressional approval for supplemental or regular budget funding for contingency operations, the OCOTF gave DoD leaders a mechanism to allocate funds precisely and expeditiously to meet validated requirements. It also preserved the oversight of the Congress through its control of appropriations.

As amended by subsequent appropriation acts, the OCOTF is a permanent appropriation that can be used only to finance approved contingency operations. Appropriations into the COTF an come from either a supplemental appropriations bill or from normal annual appropriations – depending on what the President proposes and what the Congress approves.

The OCOTF enables the Department and the Congress to overcome serious difficulties in the appropriation process. Most notably, the Department is able to transfer the funds in the OCOTF to whichever DoD organization or appropriations title requires funding. This flexibility is critical because the scope, duration, and funding requirements of contingency operations are difficult to predict. It also enables the Department and Congress to overcome one of the classic shortcomings of the annual federal budget cycle: When a portion of approved contingency operations spending is not needed at the end of a fiscal year, it can be carried over to fund the next year's requirements.

Since its establishment, the OCOTF has become increasingly critical to the prudent and efficient financing of contingency operations. Its use has meant that overseas operations in support of U.S. interests could be conducted without sacrificing the readiness of our forces and their ability to react to other challenges. The OCOTF was extremely useful in financing the air campaign against Serbia and the follow-on peacekeeping operation in Kosovo. The rapid pace of developments in Kosovo made traditional financing methods impossible without damaging readiness. With the OCOTF, the Congress was able to appropriate funds quickly, on the knowledge that procedures were in place to protect its oversight. The Department was given the flexibility to reallocate funds from the Air Force to the Army with the rapid conclusion of the air war and the need to quickly deploy peacekeeping troops into Kosovo.

The OCOTF has alleviated one of the most difficult problems that the Department has faced in the post-Cold War environment. While any major contingency operation will continue to stress DoD resources and personnel, the OCOTF immensely helps America's armed forces excel in missions assigned them while minimizing the strain on the overall U.S. defense posture.

B. FUNDING FOR U.S. CONTINGENCY OPERATIONS – FY 1997-2001

The summary below illustrates use of the OCOTF and the complexity of funding the incremental costs of contingency operations. To simplify, this summary includes little detail about what portion of a given congressional appropriation went into the OCOTF and what portion went into other appropriations titles. Before FY 2001, virtually all funding for the incremental costs for military pay and allowances associated with contingency operations was appropriated to the various Military Personnel appropriations titles, not into the OCOTF. But in its FY 2001 appropriations, Congress funded incremental Military Personnel costs through the OCOTF – giving the Department additional needed flexibility.

FY 1997-1998

In its FY 1997 DoD bill, Congress appropriated \$1.3 billion for the OCOTF to cover most of the contingency costs known at the time of bill enactment. Then in November 1996 the President announced that the United States would extend Bosnia operations from June 1997 to June 1998. To cover the costs of extending the Bosnia peace sustainment force (SFOR) through the rest of FY 1997, along with additional requirements for Southwest Asia, DoD proposed a \$2.0 billion supplemental appropriation, which reapplied certain funds appropriated for other programs. Congress fully supported the requirement and provided \$1.8 billion in additional appropriated funds to fully address the revised requirements.

The additional FY 1998 requirements for maintaining the Bosnia Deterrence Force (DFOR) through June 1998 (\$1.5 billion for Bosnia) were included in the President's FY 1998 budget request. Congress supported this requirement, along with \$.7 billion for operations in Southwest Asia.

After the President's decision to continue Bosnia operations beyond June 1998, additional funds were required for the last quarter of FY 1998. The FY 1998 supplemental requested \$.5 billion related to the extension of Bosnia operations through September 1998. In addition, the supplemental was expanded to include new FY 1998 Southwest Asia requirements related to the additional U.S. force deployments in response to Iraqi intransigence related to the UN weapons inspections (\$1.4 billion). Congress approved \$1.8 billion in supplemental appropriations to fully fund these revised additional FY 1998 requirements.

FY 1999

The President's original FY 1999 budget request addressed only the requirements to sustain operations in Southwest Asia (\$849.7 million). With the remaining balance of \$342.5 million in the OCOTF, the additional \$542.2 appropriated by the Congress fully supported the SWA requirements. To fund the extension of Bosnia operations through FY 1999, Congress passed a \$1.9 billion FY 1999 supplemental appropriation.

In Spring 1999, the United States and its NATO allies conducted their successful air campaign to halt Serbian aggression in Kosovo. NATO also began refugee relief operations, and in support DoD provided food, supplies, and transportation. To fund these operations, along with the cost of unanticipated operations in Southwest Asia, the President requested a nonoffset emergency supplemental of \$5.5 billion. The supplemental request included four categories:

<u>Category</u>	<u>(\$ in Millions)</u>
Military Operations in/around Kosovo	3,300.9
Kosovar Refugee Relief	335.0
Munitions and Readiness/Munitions Contingency Reserve	1,547.9
Desert Thunder/Fox and Expanded SWA Military Operations	274.3
Total FY 1999 Requirements	5,458.1

Congress appropriated \$5.0 billion to fund DoD's supplemental requirements as revised -- with \$3.6 billion for Kosovo, \$1.1 billion for readiness/munitions, and \$.3 billion for Southwest Asia.

FY 2000-2001

The President's FY 2000 Budget requested \$2.9 billion for ongoing contingency operations in Bosnia and Southwest Asia. With the \$.5 billion carried forward in the OCOTF from FY 1999, the congressional appropriation of \$2.1 billion provided sufficient funding to fully support the Department's revised requirements. To pay for added continuing requirements in Kosovo and for DoD support of East Timor operations, a supplemental request for \$2.05 billion was submitted to Congress, which fully funded it.

The President's FY 2001 Budget requested \$4.1 billion to support continuing operations in Bosnia, Kosovo, and Southwest Asia. The Congress appropriated a total of \$3.9 billion, which -- when combined with OCOTF carry-over from FY 2000 -- should be sufficient to fully meet the contingency operations requirements for FY 2001.

Chapter 3 – Base Closures and Consolidations

A. Implementing BRAC and Shifting Priority to Community Assistance

Between 1988 and 1995, the federal government selected 97 major military bases for closure and disposal. Through 1993, the traditional federal property disposal methods focused on maximizing proceeds from the sale of real and personal property with little regard for enhancing the prospects for economic recovery in the community. Recognizing that the old way of doing business was not designed to dispose of major military installations in a way that would revitalize base closure communities, President Clinton announced a major new program on July 2, 1993 to speed the economic recovery of communities where military bases are slated to close (Attachment A).

In announcing the program, the President outlined the following five parts of his community reinvestment program:

1. Jobs-centered property disposal that puts local economic redevelopment first;
2. Fast-track environmental cleanup that removes needless delays while protecting human health and the environment;
3. Transition coordinators at major bases slated for closure;
4. Easy access to transition and redevelopment help for workers and communities; and,
5. Larger economic development planning grants to base closure communities.

With the jobs-centered property disposal program in particular, President Clinton recognized that existing Federal law required the Department of Defense to charge for a property's estimated fair market value when closed bases will be used for job-creating economic development, yet it could transfer bases for free for a variety of "public" uses, including recreation, aviation, education and health. As a result of this announcement, the Administration sought to change the law to enable the Department of Defense to transfer property for free or at a discount for economic development purposes and job creation.

Based largely on legislation sponsored by then-Senator David Pryor (AR), the provisions of Title XXIX of Public Law 103-160 provided the legal authority to carry out the President's plan by, among other things, authorizing conveyances of real and personal property for economic development and job creation. This property transfer mechanism became known as the "Economic Development Conveyance."

As a result of the President's initiative, the following achievements were realized through early 1999:

- 35 transfers of property under the EDC program;
- Over \$1 Billion (Department of Labor: \$210 million; Economic Development Administration: \$334 million; Office of Economic Adjustment: \$231 million; and, Federal Aviation Administration: \$271 million) in transition assistance was awarded;
- Base clean-up occurred faster and with better coordination;

- Over 49,000 new civilian jobs were created on former base property, or 36% of the total civilian jobs lost as a result of the closure and realignment actions; and,
- By providing considerable financial and civilian support, assisted communities were able to reduce the time it takes to complete their local reuse plans from 57 months to 21 months.

While the EDC program was recognized to have achieved some successes, it was also recognized that more should be done to capitalize on the original intent to quickly dispose of property for job creation. On April 21, 1999, (see Attachment B) the President announced an initiative to transfer property for job creation purposes at no cost and thereby eliminate the need to conduct costly and lengthy appraisals, and engage in protracted negotiations regarding the value of base property. A process that many communities felt had become cumbersome, time consuming, and bureaucratic was revised as a result of initiative. In September, Congress passed Title XXVII of Public Law 106-65 authorizing the conveyance of property at no cost for purposes of job creation and also authorizing the modification of existing EDC agreements where, as a result of changed economic circumstances, the Secretary determines a change is necessary.

Since enactment of this no-cost authority, an additional 19 property transfers have been approved, resulting in the creation of a projected 136,000 additional jobs. Furthermore, six prior EDC agreements have been modified to terms consistent with the no-cost authority through October 2000.

B. Defense Financing and Accounting Services Consolidations

In January 1991, the Secretary of Defense established the Defense Finance and Accounting Service (DFAS) as a major step in revolutionizing financial management in the Department of Defense (DoD). The new agency, comprising a headquarters staff and six major finance centers, employed a staff of 12,000 civilian and military personnel. It assumed responsibility for the finance and accounting functions that were performed by the Military Departments and Defense Agencies. In 1993, DFAS expanded to encompass installation-level finance and accounting activities. This expansion increased the DFAS rolls to more than 30,000 employees.

DFAS now provides the finance and accounting support for appropriated, non-appropriated, revolving, and trust funds. These businesses affect a large population base of customers through the payment of military and civilian employees, military retirees and annuitants, and the collection and disbursement of DoD funds for contract, vendor, security assistance, transportation, and travel payments, and out-of-service and contract debt. Each month, DFAS processes 9.8 million paychecks; 2 million invoices; 550,000 savings bonds; 730,000 travel vouchers; and 200,000 transportation bills of lading. Average monthly disbursements by DFAS total \$28 billion.

Once it was established, DFAS began to reduce the number of its locations by consolidating operations and practicing modern, standardized, highly efficient financial management. Before DFAS was created, DoD had operated 270 finance and accounting systems at over 300 locations. Approximately 46,000 employees performed finance and accounting functions, using 70,000 pages of policies and procedures in 360 separate publications. The policies and procedures differed drastically among the Military Components. Many of the Department's finance and accounting systems did not comply with the accounting goals and objectives of the Federal Managers' Financial Integrity Act or the Chief Financial Officer's Act and were repeatedly the targets of congressional and General Accounting Office criticism. The existing systems simply could not keep pace with the increasing demands of our customers.

In June 1993, DFAS conducted a site selection analysis based on four criteria:

- Cost to the government;
- Maintenance of customer support;
- Use of defense assets made redundant by the end of the Cold War; and,
- A good labor supply.

A DFAS Consolidation Task Force evaluated sites based on these criteria. In May 1994, the Deputy Secretary of Defense announced the 25 locations selected as sites for the consolidation of the over 300 DFAS finance and accounting offices.

In 1994 the Under Secretary of Defense (Comptroller) added a 26th location in Hawaii for consolidation of the Pacific Theatre financial operations. Similar consolidations occurred in Japan and Europe in 1997 and 1999, respectively.

DFAS completed site consolidations in 1998, two years ahead of schedule, resulting in recurring annual savings of \$120 million. DFAS has trimmed its workforce from the more than 30,000 personnel to fewer than 19,000, a 35 percent reduction in workforce. Today, DFAS has the following locations: Arlington, VA; Cleveland, OH; Charleston, SC; Honolulu, HI; Norfolk, VA; Oakland, CA; Pensacola, FL; San Diego, CA; Yokota, Japan; Columbus, OH; Denver, CO; Dayton, OH; Limestone, ME; Omaha, NE; San Antonio, TX; San Bernardino, CA; Indianapolis, IN; Kaiserslautern, Germany; Lawton, OK; Lexington, KY; Orlando, FL; St Louis, MO; Rock Island, IL; Rome, NY; Seaside, CA; and Kansas City, MO.

Over the past nine years, DFAS has also been involved in the final step of revolutionizing DoD's financial management by process improvements and standardization of the finance and accounting systems. Finance systems process payments to DoD's military and civilian personnel, retirees, annuitants, vendors, and contractors. Accounting systems record, accumulate, and report financial activity. In 1991, approximately 324 systems existed. DFAS reduced this number to 76 in 2000. The goal is by FY 2005 for DFAS to be operating 32 or fewer finance systems.

CHAPTER 4: CIVILIAN PERSONNEL

A. CIVILIAN DOWNSIZING

Over the past 11 years, the Department has been extremely successful in reducing the number of civilian positions efficiently, humanely, and without mission disruption. The Department has achieved an overall reduction of 423,000 positions, 293,000 of those during the Clinton-Gore administration, with fewer than 9 percent of these separations being layoffs.

Voluntary Separation Incentive Payments (or buyouts, originated by DoD) and early retirement authority have prevented the need for many of the layoffs. Substantial numbers of employees were reabsorbed through the Department's award-winning Priority Placement Program, while the Defense Outplacement Referral System helped workers facing dislocation find employment outside DoD.

However, this downsizing, together with the aging of the DoD workforce and constrained hiring has created significant skills imbalances. To mitigate these threats and to accommodate reduction of another 70,000 positions by the end of Fiscal Year 2005, the Department is revising its overall employment strategy to focus on workforce shaping. These civilian personnel issues are of on-going interest to the Congress and were presented by the Deputy Assistant Secretary of Defense (Civilian Personnel Policy) to a joint hearing of the Military Readiness and Civil Service Subcommittees on March 9, 2000.

B. CIVILIAN PERSONNEL MANUAL

DoD Directive 1400.25, "DoD Civilian Personnel Manual System," authorized the development of a Civilian Personnel Manual (CPM) to serve as the central document for implementing policy and establishing DoD-wide procedures for civilian personnel management. Publication of the CPM supports the effort to standardize and streamline DoD operations.

The CPM consists of 18 chapters and contains a total of 68 subchapters. At the end of CY 1999, 32 of the subchapters had been published. The remainder are in development or coordination. When the CPM is completed in 2001, DoD civilian personnel regulations will have been reduced by 77 percent.

C. DEFENSE LEADERSHIP AND MANAGEMENT PROGRAM

The Defense Leadership and Management Program (DLAMP) is a systematic program of "joint" civilian leader training, education and development within and across the Department of Defense. It provides the framework for developing civilians with a DoD-wide capability for approximately 3,000 key leadership positions.

- DLAMP implements the recommendations of the Commission on Roles and Missions

(CORM), May 24, 1995.

- On October 28, 1996, a memorandum was issued by the Deputy Secretary of Defense to the Under Secretary of Defense (Comptroller) and Assistant Secretary of Defense (Force Management Policy) approving implementation and funding for the program.
- Program Budget Decision 081C increased Component and CPMS funding in FY 1997 to establish DLAMP.
- DoD Directive 1430.16, dated April 11, 1997, established DLAMP.

Team-taught graduate courses began on February 23, 1998, at a temporary facility in Sturbridge, Massachusetts.

- Funds were transferred from the Defense Finance and Accounting Service to the Defense Human Resources Activity to better align the funds for the Sturbridge facility to operational requirements.
- Funds were further adjusted beginning in FY 2000 for the lease and support services contract at the Southbridge training facility.

Details on the DLAMP elements, management, positions, participants, special features and program status are found in a November 2000 information paper.

On October 31, 2000, the inaugural DLAMP graduating class was honored in a Pentagon ceremony hosted by the Under Secretary of Defense for Personnel and Readiness in the Hall of Heroes.

- President Clinton sent a letter of congratulations to the graduates.
- Public Affairs issued a press release on the first DLAMP graduates.

D. DEFENSE PARTNERSHIP COUNCIL

The Defense Partnership Council (DPC) was established in 1994 with a charter to implement the President's mandate to improve labor-management relations in the Department of Defense (DoD) through partnership. The DPC has advanced this mandate by including its labor partners in discussions on issues that are key to the future of DoD and its civilian workforce.

A prime illustration of the DPC's efforts is an examination of initiatives in labor relations training and labor-management partnership affecting the Department's civilian workforce. A Partnership Evaluation Working Group, consisting of a cross-section of DoD and labor organizations represented on the council, began work on this study in November 1998. To gather the necessary data, the DPC surveyed a stratified random sample of 20 percent of the Department's appropriated fund bargaining units.

This unprecedented study resulted in a report (published in December 1999) that identifies principles and practices that improve partnership and strengthens labor relations in the Department.

E. WELFARE TO WORK

In the fall of 1996, President Clinton signed the welfare reform bill. Central to this legislation is the requirement for welfare recipients to find gainful employment. To that end, the President urged private employers and directed Federal agencies to make special efforts to help welfare recipients enter the work world successfully.

The Department of Defense has taken an active role in this effort. Through collaboration with the Defense Components, CPP prepared a plan to recruit welfare recipients to fill entry-level positions across the country.

The Secretary of Defense set the tone for DoD's efforts by sending memoranda to the civilian leaders and military commanders asking them to support the program and to solicit the voluntary participation of defense contractors.

The Deputy Assistant Secretary of Defense (Civilian Personnel Policy) published a welfare-to-work handbook in April 1997. The handbook identified the number of positions to be included in the effort; described the approach to recruitment, hiring, and support; and provided necessary operational documents. Made available both in hard copy and on the Internet, it has served as a model for other agencies' efforts.

Within two years from the date the President initiated the welfare-to-work program, the Department of Defense had far exceed its four-year commitment to hire 1,600 workers.

F. DEPLOYMENT OF CIVILIANS

During Desert Shield and Desert Storm, less than 3 percent of the Defense Department's deployed forces were civilians. However, in the aftermath of those Gulf conflicts, there was an awareness of the increasing importance of civilian employees and civilian contractors in contingency operations. There was a corresponding realization that the policies and programs in place for military personnel did not adequately address the deployment of civilians.

The Deputy Assistant Secretary of Defense (Civilian Personnel Policy) and the Civilian Personnel Management Service developed directives and instructions to specifically address this need. They include:

DoD Directive 1404.10, "Emergency-Essential DoD U.S. Citizen Civilian Employees;

DoD Directive 1400.31, "DoD Civilian Work Force Contingency and Emergency Planning and Execution;" and,

DoD Instruction 1400.32, "DoD Civilian Work Force Contingency and Emergency Planning Guidelines and Procedures."

The guidelines have proven useful during operations in Somalia, Haiti and now in the Balkans. As expected, the reliance on civilians has increased. Civilians now comprise as much as 14 percent of the deployed forces worldwide.

G. CIVILIAN PERSONNEL REGIONALIZATION AND SYSTEMS MODERNIZATION

The civilian personnel community had long recognized the need to restructure operations to improve its productivity and customer service and to reduce costs. Official encouragement of these efforts was evident in Defense Management Report Decision (DMRD) 974, signed on December 15, 1992. This document recommended the consolidation of a number of civilian personnel functions from across the department into a single agency.

The Clinton-Gore Administration then had responsibility to create what became known as the Civilian Personnel Management Service. Along with this effort came the plan to identify those personnel activities that required face-to-face interaction and those that did not. The former were to be reengineered and automated, and then to be pulled into regional service centers. Authorization for this step appeared in Program Decision Memorandum (PDM) 910, issued November 10, 1993.

Major financing for the effort to regionalize service delivery and to modernize the personnel data system appeared in Program Budget Decision (PBD) 711, signed December 5, 1994. Numerous supplementary documents increased the funding for this joint effort over time.

As of the end of Fiscal Year 2000, all 22 regional service centers were operating. Also, the Office of the Deputy Assistant Secretary of Defense for Civilian Personnel Policy had eliminated all 10 of the non-interoperable human resource data systems, transferring all records to a common legacy system. The Modern Civilian Personnel Data System (DCPDS) received Milestone III approval in FY 2000 and was deployed for operational testing to three regional centers. Deployment is scheduled for completion in FY 2001. Estimated savings for the combined effort will be over \$220 million a year.

CHAPTER 5 – READINESS AND TRAINING CHALLENGES

A. SENIOR READINESS OVERSIGHT COUNCIL

Overview

The concept for a Department of Defense (DoD) Senior Readiness Oversight Council (SROC) was approved by then Deputy Secretary of Defense William J. Perry in January 1994. Deputy Secretary Perry formed the SROC to provide top-level coordination and oversight of DoD readiness activities, to help formulate recommendations on readiness policy matters for the Secretary of Defense and, to aid in crafting DoD positions on readiness to the Congress, the public and other audiences. The original membership of the Council included the Deputy Secretary of Defense, as its Chair; the Vice Chairman of the Joint Chiefs, as Co-Chair; the four Under Secretaries of Defense; the Under Secretaries of the Military Departments; the Service Chiefs and other leaders within the Office of the Secretary of Defense (OSD) having readiness responsibilities. The Deputy Under Secretary for Readiness was designated as both a member and Executive Secretary for the SROC.

The first SROC convened on April 20th, 1994 with then Deputy Secretary of Defense John Deutch as its Chair. As reported in the published minutes to that first meeting, the SROC established three readiness priorities - to increase the use of analytic tools estimating future readiness, to improve training readiness through the use of simulations and, to develop the Joint Readiness System. For its first six months, the SROC continued to focus on long-range readiness issues. However, this focus changed in the Fall of 1994 when the readiness of several units fell due to funding shortfalls attributed to unplanned contingency operations. As the focus shifted to substantive readiness issues, and as public debate on readiness emerged, the SROC changed its strategic direction, focusing more on current and near-term readiness challenges, and less on longer range readiness issues.

Today's mandate for the SROC is formally established in Department of Defense Directive 5149.2, the Senior Readiness Oversight Council. While the core membership of the SROC has remained essentially unchanged, the SROC now includes Associate members whom attend council meetings on a case-by-case basis. The objectives of the SROC have also remained unchanged since 1994. The SROC continues to provide top-level oversight of DoD readiness activities, to formulate policy recommendations for the Secretary of Defense, and to coordinate DoD positions on readiness for outside audiences. However, the SROC has assumed a more dynamic and proactive role in providing for senior level oversight of programs that impact the strategic readiness and capabilities of the warfighting commanders-in-chief (CINCs), the agencies that support these CINCs, and of the Services. To this extent, the SROC has evolved into an essential component of the DoD Readiness Reporting System, with the SROC's findings

and conclusions now reported to the Congress through the Department's monthly and quarterly readiness reports.

Agenda

The SROC monthly agenda is set by its members and has covered a broad spectrum of Service and joint readiness issues since 1994. By design, the agenda has focused on issues in three different but overlapping categories. The three categories are readiness issues of the Services, joint readiness and capability issues as reported by the combatant and supporting CINCs through the Joint Monthly Readiness Review process, and other (topical) issues which have warranted senior level review and direction, and which impact multiple Services and CINCs. The Council has attempted to maintain a balanced agenda, retaining visibility over Service, joint and cross-cutting readiness issues.

Service Readiness Issues. The SROC has assessed Service readiness on a recurring basis, at three to four SROC sessions annually, since 1994. While these sessions have normally included broad assessments of the Service's personnel, equipment and training readiness, they have also provided opportunities for focused review of specific high-impact Service readiness issues, most of which have related directly to the Services' capability to fully train, maintain, equip and man its forces. The SROC has routinely conducted follow-up reviews of these issues at subsequent council meetings. The following illustrate just a few of the Service readiness issues which have been discussed at the SROC:

- **Readiness of Deployed and Non-deployed Naval Forces.** In September 1999, the Navy provided an assessment of the impact of the loss of the Vieques training ranges on the readiness of its carrier forces and air wings, particularly as the forces "ramp-up" for their cyclic deployment rotations. Both near and long-term impacts were discussed and alternative training strategies were reviewed. Later in May 2000, the Navy updated the SROC on the readiness of its forces during their interval between their rotational deployments (the Navy's non-deployed forces), as well as some specific resource challenges it has faced in maintaining the training readiness of these forces.

- **Readiness of Marine Corps Tactical Aviation.** In concert with the Navy's presentation to the SROC in September 1999, the Marine Corps presented its assessment of readiness challenges facing its fleet of AV-8B Harriers, generally resulting fleet-wide engine problems. The Marine Corps presented its recovery strategy for the Harrier, and returned to the SROC in May 2000 to provide a progress report. At the May update, the SROC reviewed the status of the Marine Corps' F/A-18 modernization programs, and procurement profile for transitioning to a single strike aircraft, the Joint Strike Fighter, beginning in FY07.

- **Army AH-64 Apache Readiness.** During August 1999 the SROC discussed readiness issues relating to the Army's fleet of Apache aircraft, and lessons learned from the Apache deployments with Task Force Hawk, to Albania, in support of Operation Allied Force. The SROC examined a broad spectrum of Apache readiness issues, such as the pilot retention, spare parts and other maintenance challenges, modernization programs and pilot training. In March 2000, the SROC reviewed the readiness of the Army's Apache units and its progress in

recovering its fleet of AH-64s, following fleet-wide aircraft groundings due to defective and suspect components.

- **Air Force Aircraft Engine Readiness.** In August 1999, the SROC examined Air Force aircraft mission capable rates, and the impact of spare engine shortfalls on the near-term readiness of specific aircraft fleets. The SROC discussed Air Force wartime inventory requirements and levels, how technical surprises have degraded engine availability in previous years, and the Air Force's strategic plan and forecast to improve readiness by increasing funding for spare engines. In March 2000 the SROC revisited the issue, and was apprised of the Air Force's progress in rebuilding its inventory of war reserve spares.

Joint Readiness. In addition to its focus on Service readiness issues, joint readiness issues have dominated much of the SROC agenda. Through the SROC, the most critical *joint* readiness issues and concerns of the CINCs have been elevated to the Department's senior leadership. Through its oversight of the Joint Monthly Readiness Review (JMRR) process, the Council has reviewed hundreds of joint warfighting and support issues since 1994. While the issues themselves are classified, they encompass a full spectrum of joint capabilities in areas such as joint mobility; logistics and sustainment; intelligence, surveillance and reconnaissance; command, control, communications and computers (C4); infrastructure; joint planning and training; and special operations. Through the SROC, many issues have been resolved or mitigated through changes in policy direction or priorities, or through the reapportionment of funding in the budget process. Issues not resolved or mitigated are kept in review by the Joint Staff and later reassessed by the Council.

Topical Readiness Issues. Nearly one-half of the SROC sessions convened since 1996 have addressed readiness issues of cross-cutting interest or impact to the Services and the CINCs. Generally, these topic-oriented agendas have been set in order to address changing or emerging priorities of the Department, in support of readiness program decisions yet to be made, or for the simple purpose of apprising the Council of the status of readiness programs. In some instances, the Council has set an agenda targeting an unanticipated readiness problem requiring decision or action by senior leadership. Some of the many readiness issues which have been highlighted by the SROC since 1996 are briefly stated below, beginning with the most recent.

- **Encroachment of military training ranges and areas.** In June 2000 the SROC addressed the threat posed by training range encroachment on the Services' ability to conduct realistic air/land/sea training, and the impact of encroachment on force readiness. The SROC directed the development of a Departmental strategy to address encroachment. This strategy was reviewed at the November 2000 SROC.

- **Counterproliferation and chemical-biological defense (CBD) preparedness.** In November 1999, the SROC discussed the chemical-biological threat to our forces, and the status of CBD training, procurement and modernization programs. The Council directed the formation of a study team to develop standards for reporting the CBD readiness of units.

- **Impact of Operation Allied Force on Service readiness.** In June 1999, the SROC reviewed the impact of Operation Allied Force on near-term readiness of the Services and the CINCs, and upon their capability to sustain current operations and conduct a major theater war. The review considered the readiness of forces deployed to OAF and of the forces that were not deployed to OAF, but which provided augmentation to the deployed forces. The SROC reviewed programs for the post-OAF recovery of units, to include parts inventory levels, aircrew training, the status of low-density/ high demand assets, and personnel retention.

- **Readiness of military training centers.** In May 1999, the SROC reviewed the readiness of the Service's major training centers in the United States. The Council discussed the Services' resource concerns and challenges, the status of opposition and aggressor forces, modernization programs, spare parts shortages, the condition of range equipment and instrumentation, land and airspace constraints, and opportunities for joint interoperability training at the centers.

- **Spare parts and training munitions.** In March 1999 the SROC reviewed the adequacy of the Services' spare parts and munitions inventory levels to meet training requirements, and the potential impact of parts and munitions shortages on force readiness. Factors reviewed by the SROC included the impact of aging weapon systems, operations tempo, parts inventory reductions, production shortfalls, and funding constraints. The Council also discussed logistic and business initiatives to improve procurement, stockage and distribution of parts and munitions.

- **Intelligence, surveillance and reconnaissance systems.** In December 1998, the SROC reviewed CINC requirements for airborne reconnaissance assets, intelligence personnel and compatible intelligence systems, and the capability of the Department to resource the requirements. The SROC emphasized the need for an analysis of total requirements and capabilities, with a goal of maximizing the efficient and effective use of these assets, and reviewed programmatic solutions.

- **Y2K compliance and preparedness.** In September 1998, the SROC reviewed the status of DoD and Service programs to achieve Y2K compliance for all weapon, C3I and supporting systems, and discussed contingency plans in the event of unanticipated Y2K problems.

- **Contingency and readiness funding.** The SROC reviewed readiness funding on multiple occasions in 1996 and 1998. In March 1996, the Council evaluated the impact on readiness of unfunded contingency costs for operations in Bosnia and Haiti, as well as Operations Provide Comfort, Southern Watch and Vigilant Sentinel. In April 1998, the Services identified potential readiness problems which might arise with disapproval of the Emergency Supplemental, and their strategies for maintaining current readiness levels if the Supplemental was delayed or disapproved. In November 1998, the Council reviewed Service strategies to enhance near-term readiness, with the provision of additional funds for aviation spares and

OPTEMPO, and how the Services intended to manage execution of the 1999 Supplemental for readiness.

- **Aviation readiness.** In March 1998, the SROC discussed aviation readiness issues of the Services. Some issues discussed by the Council included trends in aircraft mission capable rates, backlogs in depot level maintenance, shortages of spare engines and parts, and retention of pilots and maintenance personnel.

- **Anthrax vaccination.** In October 1997, the SROC reviewed the Department's proposed Anthrax Vaccination Implementation Plan. In June 1998 the SROC approved the Services' proposals for tracking the vaccination of individual military personnel, and discussed the formulation of an information strategy on the Anthrax vaccination program, oriented to the civilian health care community.

- **Exercise participation.** In April 1997, the SROC examined U.S. forces' participation in joint exercises and its impact, when combined with normal engagement activities and contingency operations, upon force readiness and the quality of life of service members. The SROC discussed alternate strategies with which to accomplish training missions while minimizing excessive use of units in exercises that are not deemed essential to maintaining readiness.

- **Personnel manning.** The SROC reviewed the status of Service recruiting and retention programs during April 1997, and in January and May 1998. On each occasion, the SROC discussed the Services' top manning challenges and their funded programs to improve recruiting and retention rates. The SROC specifically examined pilot attrition, to include attrition indicators, causative factors (e.g., increased airline hiring) and initiatives to improve pilot retention.

- **Management of personnel tempo.** In November 1997, the SROC reviewed the Services' early proposals for assessing, managing and reporting individual and unit deployment tempo, to comply with the National Defense Authorization Act for 2000 (NDAA 2000). In February 2000, the SROC convened to review progress in establishing uniform standards and policies relating to the deployment of units and individual personnel away from their assigned duty stations, as well as for establishing uniform reporting systems for tracking deployments..

- **Global Military Force Policy.** In March 1997, the SROC reviewed the Department's formal policy, and its methodology for managing, the allocation of low density/high demand units and assets, in meeting the routine peacetime requirements of the CINCs for exercises, for conducting normal engagement activities and in support of operational taskings. The SROC reviewed the status of programs to increase LD/HD capabilities in support of the CINCs, as well as management efficient to make the best possible use of existing resources.

- **Anti-Terrorism.** The SROC reviewed the Department's Anti-Terrorism/Force Protection (AT/FP) policy and threat assessment process, during March 1997. The Services

discussed how they implement the Department's policy, their costs to protect forces deployed overseas, and their projection of the manpower required to maintain a heightened force protection posture at their installations.

- **Readiness reporting.** The SROC twice addressed Service readiness reporting. In March 1996, the SROC discussed the responsiveness of the Status of Resources and Training System (SORTS) as an assessment tool and identified areas of needed improvement, including assessments at the operational and strategic levels, in support of crisis and deliberate planning decisions, and for joint forces. In November 1997, the SROC reviewed readiness reporting requirements contained in the 1998 Defense Authorization Act, and the Department's requirement to develop guidelines and metrics for monitoring tempo.

Administration of the SROC.

The Executive Secretary for the SROC is the Deputy Under Secretary of Defense for Readiness. All available records and copies of material that have been presented before the SROC are maintained in the office of the Director, Readiness Programming and Assessment (RP&A). With very few exceptions, this material is classified SECRET and is controlled accordingly.

B. MANAGING OPERATIONS TEMPO FOR HIGH DEMAND/LOW DENSITY UNITS

The Senate Committee on Appropriations, in its Senate Report 105-200, asked the Secretary of Defense to report upon how low density/high demand (LD/HD) assets are managed within the Department. The Committee specifically asked how the force structure of LD/HD units could be modified to provide for their more effective and efficient employment; what savings might be accrued from existing end strength levels; and how other assets might substitute for the employment of LD/HD systems. The Committee also inquired into the possibility of expanding or converting reserve component force structure to augment LD/HD units.

To manage the demand for LD/HD assets, the Department formulated its classified Global Military Force Policy (GMFP). The GMFP was authored by the Joint Staff in 1996 and has been updated since. It establishes guidelines for the prioritization and allocation of LD/HD assets during peacetime, identifies what assets are to be managed under the policy, and sets objective operations tempo (OPTEMPO) measures to be used in support of allocation decisions. According to the policy, the Services and USSOCOM determine the metrics for measuring the tempo of their respective LD/HD assets, monitor availability of the assets, manage asset rotation cycles, and assess the long-term impact of surge operations. Through the policy, the Secretary of Defense and the Chairman of the Joint Chiefs of Staff manage the allocation of LD/HD assets to regional military commanders, to safeguard the long-term health of these assets. The Services and US Special Operations Command (USSOCOM) manage force structure of the LD/HD assets, to operate within available funding.

While the GMFP is classified, and handled accordingly, the Department submitted an unclassified report, the "Report to Congress on the Global Military Force Policy", to the Committee in January 1999. In that report, the Department presented background information on GMFP and LD/HD management, described the measures that each Service and the USSOCOM have undertaken to modify the force structure of LD/HD units, and addressed cost savings from force structure changes. Notably, though most of the LD/HD assets managed under the policy have unique characteristics that preclude their simple substitution by other assets, depending upon requirements, some substitution is possible.

To date, the missions assigned to LD/HD assets have been met with the use of existing force structure. However, a few assets have been tasked at or above preferred GMFP tempo levels. The Services routinely monitor the OPTEMPO and force structure of these assets. For the most part, LD/HD assets are managed within GMFP guidelines, protecting readiness and quality of life. Given that levels of operational deployment remain at current levels, the Secretary of Defense, with the GMFP as his management tool, can continue to manage LD/HD assets within tempo limits.

In general, the Department has pursued a balanced force posture that precludes any significant force structure trade-off between those units that are high demand for peacetime shaping missions, such as the LD/HD units, and those units that would be needed to respond to a major war. This force structure, as proposed in the 1997 Quadrennial Defense Review, is capable of meeting today's challenges with acceptable strategic risk while remaining fiscally responsible.

C. CHALLENGES OF RECRUITING IN A FULL-EMPLOYMENT ECONOMY

RECRUITING A HIGH-PERFORMING MILITARY FORCE

Sustained and effective recruiting is essential to maintaining a high-performing military force with the right distribution of skills and experience. Each Service must enlist and appoint enough people each year to sustain the force and ensure seasoned and capable leaders for the future. DoD annually must recruit about 200,000 youth for the active duty armed forces, along with approximately 150,000 for the Selected Reserve.

Recruits with a high school diploma are especially valued. Years of empirical research show that those with a high school diploma are more likely to complete their initial three years of service. About 80 percent of recruits who receive a high school diploma will complete their first three years; yet only about 50 percent of those who failed to complete high school will do that. Those holding an alternative credential, such as a General Equivalency Diploma (GED) certificate, fall between those extremes. Over the past five years, about 95 percent of all active duty recruits held a high school diploma, compared to the 75 percent of American youth ages 18 to 23.

Aptitude is also important. All recruits take a written enlistment test, called the ASVAB (Armed Services Vocational Aptitude Battery). One component of that test is the Armed Forces Qualification Test, or AFQT, which measures math and verbal skills. Those who score at or above the 50th percentile on the AFQT are in Categories I-III A. DoD values these higher-aptitude recruits because their training and job performance are superior to those in the lower (below the 50th percentile) categories. There is a strong correlation between AFQT scores and on-the-job performance, as measured by hands-on performance tests (speed and accuracy of performing job-related tasks) across the range of occupations. Over 70 percent of recent recruits scored above the 50th percentile of the nationally representative samples of 18-23 year olds.

Higher levels of recruit quality serve to reduce attrition while increasing individual performance. In 1993, the Department established benchmarks to sustain recruit quality. The chart below illustrates the recent success against those standards (90 percent high school diploma graduates; 60 percent top-half aptitude).

Propensity for Military Service

In FY 1994, all Services faced a growing challenge -- American youth were becoming less interested in joining the military. Surveys showed that 25 percent of 16 to 21 year-old men expressed propensity to join at least one active duty Service. This was a 2 percent decline from the 1992 level, and a 7 percent decline from the historic high of 32 percent in 1989 and 1990.

Results from the 1995 Youth Attitude Tracking Study (YATS) show propensity was slightly higher than in 1994; 28 percent of 16-21 year-old men expressed positive propensity for at least one active duty Service, up from 26 percent in 1994.

Results from the 1996 YATS showed enlistment propensity for both young men and women basically unchanged from 1995. One notable exception was that the interest of women in the Navy was significantly higher than the previous year. FY 1995 was the bottom of the drawdown for recruiting. In FY 1996, recruiting objectives went back up without corresponding levels of resources. Between FYs 1995 and 1997, recruiting missions were expected to rise 20 percent while resources, including money for advertising, remained relatively flat, except in the Army where there was a drop in the expenditure-per-recruit. In the years prior to FY 1996, enlistment propensity declined as the Services experienced serious cuts in recruiting resources. In 1994, 1995, and 1996, recruitment advertising was increased, and the 1995 and 1996 YATS results indicated that the decline in propensity may have stabilized.

Results from the 1997 YATS show that, overall, the propensity of young men for military service had not changed significantly since 1994. In 1997, 26 percent of 16-21 year-old men expressed interest in at least one active duty Service, about the same as in 1996 (27 percent) and 1995 (28 percent). The propensity of 16-21 year-old women, however, declined significantly, from 14 percent in 1996 to 12 percent in 1997. In the previous 5-year period, as career opportunities in the Services opened to women and more women enlisted, women's propensity increased gradually, from 12 percent in 1992 to 14 percent in 1996. The 1997 drop returned women's propensity to 1992 levels.

Results from the 1998 YATS survey show that, overall, the propensity of youth for military service had not changed significantly in three years. In 1998, 26 percent of 16 to 21 year-old men expressed interest in at least one active duty Service, unchanged from 1997 and nearly identical to 1996 (27 percent). Young women's propensity was up one percentage point from 1997 and the long-term trend appeared to be constant. In 1998, 13 percent of 16 to 21 year-old women expressed interest in military service, the same as in 1995.

Results from the 1999 YATS survey showed that, overall, the propensity of youth for military service was higher than in previous years. In 1999, 29 percent of 16-21 year-old men expressed interest in at least one active-duty Service; only 26 percent had expressed such interest the previous few years. Young women's propensity also increased slightly. In 1999, 15 percent of 16-21 year-old women expressed interest in military service compared to 12 and 13 percent in 1997 and 1998, respectively.

During the first half of the 1990s, enlistment propensity declined as the Services experienced serious cuts in recruiting resources. During the 1995-1998 period, recruitment advertising almost doubled as compared with 1994 expenditures, and YATS results for those years suggested that the earlier decline in propensity may have stabilized, even in the face of a robust economy. The 1999 results showed an increase in youth interest in military service, further reinforcing the importance of advertising in raising youth awareness about military opportunities. Thus, the Department continued to believe that investment in recruiting and advertising resources was required to assure that the pool of young men and women interested in the military would be available to meet Service personnel requirements.

The FY 1994 Recruiting Environment

Recruiting for the Active Component

The Department continued to focus on quality recruiting in FY 1994. The Deputy Secretary of Defense formed a standing panel which included the Secretaries of the military departments and the Chairman of the Joint Chiefs of Staff that met quarterly and reviewed the status of recruiting. This panel dealt quickly and effectively with any emerging problems.

In addition to creating this panel, DoD focused on three major recruiting initiatives.

- First, the Services identified a need to put more recruiters on the street. This plan to field hundreds more recruiters was only possible because Congress rescinded a requirement for an annual 10 percent reduction in the number of recruiters.
- Second, the Department spent more on recruiting advertising. In FY 1994, the Services spent about \$125 million annually to advertise job opportunities. In FY 1995, Congress appropriated an additional \$89 million for Service advertising.
- Third, the Department and the Services planned to invest more advertising funds in ads aimed at young women. Specifically, they launched a comprehensive magazine advertising effort targeting high quality women in the spring of 1995. This focus on women was clearly appropriate as the Services opened more military assignments to women.

Also critical to the success in recruiting efforts were the recruiters themselves. To better understand the recruiters' environment, a DoD Recruiter Survey was fielded. Results were not released until early in 1995. This report was designed to give a better idea of how recruiters were coping with the most difficult recruiting period since the very inception of the All-Volunteer Force, and the survey has continued to be fielded every other year since FY 1994.

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Recruiting for the Selected Reserve

The position of the Army Reserve and Army National Guard was that downsizing, reduced budgets, and inactivating local units all serve to give the public the impression the reserves were no longer hiring, or the reserves were not a viable employment opportunity. Increased advertising budgets and more recruiters were needed to achieve outyear missions especially as they anticipated downsizing abating and accession missions increasing.

The FY 1995 Recruiting Environment

Recruiting for the Active Component

The Deputy Secretary of Defense continued to host the Senior Panel on Recruiting that he had established in April 1994 to provide oversight at the highest levels of the Department. The standing panel was chaired by the Deputy Secretary of Defense and included the Secretaries of

the military departments and the Chairman of the Joint Chiefs of Staff; this group continued to meet regularly to review the status of recruiting. This panel dealt quickly and effectively with any emerging problems.

DoD focused on three major recruiting initiatives in FY 1995.

- First, in response to the declining propensity for 16-21 year-old males, especially for Blacks (however, the propensity for Blacks remained higher than the propensity for Whites) an extra \$89 million was added for advertising in FY 1995. Congress increased recruiting resources (including advertising) for FY 1996 by \$31 million. DoD initiated focus group research to look at youth and adult influencer attitudes toward the military and to try to better understand why propensity was declining.
- Second, for the next several years, accession requirements appeared to rise faster than programmed resources. DoD encouraged the Services to reprogram to ensure adequate resources were available to meet recruit quantity and quality goals.
- Third, since surveys indicated higher recruiter stress and dissatisfaction, lower morale, and quality of life concerns, the Department directed the Services to review recruiting policies and practices with a goal of reducing pressures on recruiters. A joint-Service study focused on numerous recruiter quality of life issues, some of which are listed in Table 1. Results and recommendations were briefed to the OSD staff, which prepared a consolidated plan of action.

Table 1	
Recruiting Challenges and Responses	
Issue	Current Efforts
Health Care	In August 1994, the Department addressed the issue of TRICARE Prime for members and their dependents in areas outside the normal areas of coverage. Other initiatives tentatively under review included waiving CHAMPUS deductibles and co-payments, providing a Health Care Management Program, and giving recruiters a medical debit card to guarantee payment to health care providers.
Housing	Many recruiters -- particularly those stationed in higher cost areas -- were inadequately reimbursed for housing costs; therefore, the Department evaluated the feasibility of establishing a leased-family housing program that would help those recruiters.
Child Care	The Department reviewed the possibility to expand and use child care spaces in other government programs. This included negotiating with the General Services Administration to obtain spaces for military members at 102 government-owned and leased locations nationwide.
Pay	DoD evaluated how to implement the authority to increase Special Duty Assignment Pay (SDAP) for recruiters from \$275 to \$375 per month.

Table 2	
Quality and Numbers of Enlisted Accessions -- Active(Numbers in Thousands)	
FY 1995 Quality Indices	Accessions^a (in thousands)

Component/Service	Percent High School Diploma Graduates	Percent Above Average Aptitude AFQT I-III A	FY 1995 Objectives	FY 1995 Actual	FY 1996 Planned^b	FY 1997 Planned^b
Army	96	69	62.9	62.9	68.0	90.7
Navy	95	66	48.6	48.6	57.0	57.2
Marine Corps	96	66	33.2	33.2	33.8	36.2
Air Force	99	84	30.9	31.0	30.7	30.3
TOTAL	96	71	174.8	175.8	189.5	214.4

^a Includes prior service accessions.

^b Based on Service Recruiting Production Reports and DoD FY 1997 Budget Estimates.

Table 3						
Quality and Numbers of Enlisted Accessions – Selected Reserve (Numbers in Thousands)						
FY 1995 Quality Indices			Accessions ^a (in thousands)			
Component /Service	Percent High School Diploma Graduates	Percent Above Average Aptitude AFQT I-III A	FY 1995 Objectives	FY 1995 Actual	FY 1996 Planned ^b	FY 1997 Planned ^b
Army National Guard	82	54	60.6	56.7	68.6	64.1
Army Reserve	95	75	47.7	48.1	50.7	47.7
Naval Reserve	N/A ^c	N/A ^c	13.6	13.7	17.2	16.8
Marine Corps Reserve	98	77	9.6	9.9	10.2	10.5
Air National Guard	94	76	8.4	8.4	8.7	8.4
Air Force Reserve	94	78	8.8	8.5	6.9	8.7
TOTAL	90	67	148.7	145.2	162.3	154.2

^a Includes prior service accessions.
^b Based on Service Recruiting Production Reports and DoD FY 1997 Budget Estimates.
^c Naval Reserve accessed only prior service recruits in FY 1995

Challenges in the FY 1996 Recruiting Environment

Recruiting for the Active Component

Table 4 shows the results for active component recruiting in FY 1996. Table 6 shows recruiting initiatives.

Recruiting for the Selected Reserve

With the increased reliance on the Reserve Components, continued Manning by Quality prior service and non-prior service recruits remained a priority. About this time, the Department had experienced considerable success in recruiting for the reserve forces. Since 1991, the number of new recruits into the Reserve Components with high school diplomas increased by 10 percent, and new recruits in the upper half of the Armed Forces Qualification Test categories grew by 10 percent. There were, however, current and future dynamics that would make it increasingly difficult to maintain robust reserve force strength levels. The perceptions caused by downsizing, reduced budgets, and inactivating local units all continued to give the public the impression the Reserves were no longer hiring, or that the Reserves were not a viable employment opportunity.

Additionally, the approaching completion of the drawdown of the active forces meant fewer service members entering the prior service pool for Selected Reserve membership, thus increasing the need for non-prior service recruiting. To meet this challenge, increased advertising budgets and more recruiters were needed to achieve outyear missions, especially after the Reserve Component downsizing abated and accession missions increased.

The Assistant Secretary of Defense for Reserve Affairs convened a Reserve Component Recruiting and Retention Task Force to analyze the current state of supporting programs and to explore new and innovative ways to meet the mission. Prime among the topics this task force explored was the utilization of the Selected Reserve Incentive Program, a series of bonuses for enlistment and reenlistment. The task force also focused on intensifying retention efforts to reduce unprogrammed losses in the Selected Reserve that occurred prior to reenlistment windows.

Table 4

**Quality and Numbers of Enlisted Accessions – Active
(Numbers in Thousands)**

FY 1996 Quality Indices			Accessions ^a (in thousands)			
Component/ Service	Percent High School Diploma Graduates	Percent Above Average Aptitude AFQT I-III A	FY 1996 Objectives	FY 1996 Actual	FY 1997 Planned ^b	FY 1998 Planned ^b
Army	95	67	73.4	73.4	89.7	84.0
Navy	95	66	48.2	48.2	56.7	53.8
Marine Corps	96	65	33.5	33.5	35.3	36.4
Air Force	99	83	30.9	30.9	30.2	30.4
TOTAL	96	69	186.0	186	211.9	204.6

^a Includes prior service accessions. Only Army and Navy recruit to a prior service mission.
^b Based on Service Recruiting Production Reports and DoD FY 1998 Budget Estimate Submission.

Table 5

**Quality and Numbers of Enlisted Accessions -- Selected Reserve
(Numbers in Thousands)**

Component/ Service	FY 1996 Quality Indices Non-Prior Service		Total Accessions Non-Prior and Prior Service (in thousands)			
	Percent High School Diploma Graduates	Percent Above Average Aptitude AFQT I-III A	FY 1996 Objective ^a	FY 1996 Actual ^a	FY 1997 Planned ^b	FY 1998 Planned ^b
Army National Guard	82	56	61.8	60.4	59.3	62.3
Army Reserve	95	74	50.2	46.2	47.9	44.2
Naval Reserve	100	82	16.8	16.8	18.0	16.9
Marine Corps Reserve	98	78	10.4	10.7	11.2	10.8
Air National Guard	93	73	11.0	10.0	10.0	9.6
Air Force Reserve	94	77	6.1	6.5	9.9	8.6
TOTAL	90	66	156.3	150.6	156.3	152.4

^a Based on Service Component Recruiting Production Reports.
^b FY 1998 Budget Estimate Submission.

Table 6

Recruiting Challenges and Responses

Health Care	In August 1994, the Department addressed the issue of TRICARE Prime for members and their families in areas outside normal areas of coverage. In May 1996, a demonstration site was established to test the concept. The test results were evaluated to determine the feasibility to expand TRICARE Prime to cover all individuals outside normal areas of coverage.
Housing	Many recruiters and other individuals assigned to local communities – particularly those stationed in high cost areas – were inadequately reimbursed for housing cost; therefore, the Department introduced legislation to reform the military housing allowance that helped adequately reimburse recruiters and others in high cost areas.
Child Care	The Department reviewed the possibility to expand and use child care space in other government programs. This included negotiating with the General Services Administration to obtain space for military members at about 100 government-owned or leased locations nationwide.
Pay	In April 1996, Special Duty Assignment Pay for recruiters was increased from \$275 to \$375 per month.

Challenges in the FY 1997 Recruiting Environment

The active component recruiting results are in Table 7. Table 8 shows the reserve recruiting results.

Quality and Numbers of Enlisted Accessions – Active						
Component/ Service	FY 1997 Quality Indices		Accessions ^a (in thousands)			
	Percent High School Diploma Graduates	Percent Above Average Aptitude AFQT I-III A	FY 1997 Objective ^a	FY 1997 Actual ^a	FY 1998 Planned ^b	FY 1999 Planned ^b
Army	90	68	82.0	82.1	75.0	77.8
Navy	95	66	50.1	50.1	55.6	47.6
Marine Corps	96	65	34.5	34.5	33.8	34.7
Air Force	99	79	30.3	30.3	30.0	31.2
TOTAL	94	69	196.9	197.0	194.7	191.3

^a Includes prior service accessions. Only Army and Navy recruit to a prior service mission.
^b Based on Service Recruiting Production Reports and DoD FY 1999 Budget Estimates.

Quality and Numbers of Enlisted Accessions – Selected Reserve						
Component/ Service	FY 1997 Quality Indices Non-Prior Service		Total Accessions Non-Prior and Prior Service			
	Percent High School Diploma Graduates	Percent Above Average Aptitude AFQT I-III A	FY 1997 Objective ^a	FY 1997 Actual ^a	FY 1998 Planned ^b	FY 1999 Planned ^b
Army National Guard	83	55	59,262	63,495	56,638	56,911
Army Reserve	94	67	47,935	47,147	47,900	50,450
Naval Reserve	N/A ^c	N/A ^c	16,650	16,801	18,264	18,624
Marine Corps Reserve	97	76	10,578	10,744	10,700	10,600
Air National Guard	96	76	9,996	9,956	8,666	10,325
Air Force Reserve	95	76	9,618	7,254	10,570	8,729
TOTAL	89	63	154,034	155,397	153,098	155,639

^a Based on Service Component Recruiting Production Reports.
^b Based on Service Component Recruiting Production Reports and DoD FY 1999 Budget Estimates.
^c The Naval Reserve only enlisted prior service recruits in FY 1997.

Challenges in the FY 1998 Recruiting Environment

Recruiting continued to be challenging in FY 1998 because of a robust economy, the lowest unemployment since the advent of the All-Volunteer Force, increased interest among potential recruits in attending college, and fewer veterans to serve as role models. In FY 1998, the Services recruited 179,212 first-term enlistees and 6,919 individuals with previous military service. This represents 97 percent of a Department-wide goal of 192,332. The Army reached 99 percent of its objective, missing its goal by 776, while the Navy achieved 88 percent of its mission, realizing a shortfall of 6,892 recruits. The Air Force and Marine Corps met their numeric recruiting goals. All Services achieved excellent recruit quality, as shown in Table 9.

As Table 10 shows, FY 1998 was a mixed recruiting year for the Selected Reserve, with three of six components meeting their accession goals. In general, the Selected Reserve exceeded Department recruit quality benchmarks, with only the Army National Guard falling short. Overall, the reserve components achieved a recruit quality mix similar to that of the active force, recruiting 89 percent high school diploma graduates, with roughly 64 percent of those recruits scoring above the 50th percentile of a nationally representative sample of 18 to 23 year olds. Sixty percent of reserve component enlisted accession had previous periods of military service.

The Department had several initiatives underway to address the challenges of recruiting. First, the Department established a Joint-Service Attrition Roundtable, chaired by the Deputy Assistant Secretary of Defense (Military Personnel Policy) and comprised of Service personnel chiefs and recruiting commanders. Recognizing that each service member who separates prior to the end of his or her enlistment must be replaced, the Roundtable focused on formulation of policies designed to reduce first-term attrition. Second, the Department raised the upper limits for enlistment incentives to the statutory maximum: all Service four year or greater enlistment bonuses from \$8,000 to \$12,000, and Army three-year enlistment bonuses from \$4,000 to \$8,000; educational benefits (college funds) from \$30,000 to \$50,000 when combined with the Montgomery GI Bill; and education loan repayment from \$55,000 to \$65,000. Finally, the Department sponsored research to determine the optimal allocation of advertising dollars between television, radio, and newspapers at the local vs. national level, the development of a plan to test privatization of recruiting, and an analysis of college-bound youth with emphasis on how best to recruit in this lucrative market. The Department planned to continue to monitor the recruiting climate and was committed to maintaining the appropriate levels of recruitment and advertising resources necessary to ensure an adequate flow of young men and women into the armed forces.

Quality and Numbers of Enlisted Accessions – Active							
FY 1998 Indices				Accessions ^a (in thousands)			
Category (OSD Standard) Service	Percent High School Diploma Grads (90)	Percent Above Average Cat I-III A (60)	Percent Cat IV (4)	Total FY 1998 Objectives (000s)	Total FY 1998 Actual (000s)	Final FY 1998 Percent Mission Acheived	FY 1999 Mission (projected ^b) (000s)

Army	90	68	2.0	72.6	71.8	99	74.5
Navy	95	64	0	55.3	48.4	88	53.2
Marine Corps	96	64	0.6	34.3	34.3	101	34.6
Air Force	99	78	0.2	30.2	31.7	105	34.1
Total	94	68	0.9	192.3	186.2	97	196.4

^a Includes prior service accessions. Only Army and Navy recruit to a prior service mission.

^b Based on Service recruiting production reports and DoD FY 1999 budget estimates (includes prior service accessions).

Table 10

Enlisted Accessions - Reserve

Accessions^a (in 000s)

Category (OSD Standard) Service	Total FY 1998 Objectives (000s)	Total FY 1998 Actual (000s)	Final FY 1998 Percent Mission Acheived	FY 1999 Mission (projected ^b) (000s)
Army National Guard	56.6	55.4	98.0	56.3
Army Reserve	47.9	44.2	92.0	52.1
Naval Reserve	15.0	15.5	103.0	15.0
Marine Corps Reserve	9.6	9.7	101.0	9.5
Air National Guard	8.0	8.7	109.0	8.0
Air Force Reserve	9.1	7.5	82.0	10.2
Total	146.3	141.1	96.0	151.1

^a Includes prior service accessions.

^b Based on Service recruiting production reports and DoD FY 1999 budget estimates (includes prior service accessions).

Challenges in the FY 1999 Recruiting Environment

Recruiting was especially challenging in FY 1999 because of a robust economy, increased interest among potential recruits in attending college, and fewer veterans to serve as role models. During 1999, the Army fell short of its recruiting mission by about 6,300 and the Air Force was short slightly more than 1,700 new recruits. The Navy and Marine Corps achieved requirements in FY 1999. All Services achieved excellent recruit quality, as shown in Table 11.

As Table 12 shows, FY 1999 was a mixed recruiting year for the Selected Reserve. For FY 1999, the Army National Guard achieved 100 percent of their recruiting goal, and the Marine Corps Reserve achieved 101 percent of its goal. The Army Reserve missed its objective by 10,300 recruits; the Naval Reserve missed its goal by 4,700 recruits; the Air National Guard achieved 99 percent of their goal; and the Air Force Reserve failed to achieve their recruiting goal by about 2,000 recruits.

The Department initiated a range of initiatives to address the challenges of recruiting, including authorizing the Services to increase both enlistment bonuses and Service college funds to the statutory maximums, increasing the number of production recruiters, and reprogramming funds to increase recruitment advertising. Because it is costly to replace a recruit who leaves early, the Department also focused on reducing first-term attrition. A joint-Service working group reviewed a series of options to stem such early losses. The Department also initiated a two-year recruiting reengineering effort, which would test and evaluate a series of recruiting initiatives to identify and create new market opportunities; improve recruiter efficiency and effectiveness by

exploiting recent advances in technology; and reduce attrition. Finally, recognizing that recruiting in the coming millennium might require new and innovative programs, the Secretary sponsored a comprehensive review of the Department's recruitment advertising programs. The results of this review were far ranging and will help the Department better communicate its message to America's youth.

Table 11

Quality and Numbers of Enlisted Accessions – Active

FY 1999 Indices			Accessions ^a (in thousands)				
Category (OSD Standard) Service	Percent High School Diploma Grads (90)	Percent Above Average Cat I–III A (60)	Percent Cat IV (4)	Total FY 1999 Objectives (000s)	Total FY 1999 Actual (000s)	Final FY 1999 Percent Mission Accomplishment	FY 2000 Mission (projected ^b) (000s)
Army	90%	63%	2%	74.5	68.2	92%	76.5
Navy	90%	65%	0%	52.5	52.6	100%	59.2
Marine Corps	96%	64%	1.0%	33.7	33.7	100%	34.6
Air Force	99%	76%	0.2%	33.8	32.1	95%	33.4
Total	93%	66%	0.9%	194.5	186.6	96%	203.7

^a Includes prior service accessions. Only Army and Navy recruit to a prior service mission.

^b Based on Service recruiting production reports and DoD FY 2000 budget estimates (includes prior service accessions).

Table 12

Enlisted Accessions - Reserve

Accessions ^a (in 000s)				
Category (OSD Standard) Service	Total FY 1999 Objectives (000s)	Total FY 1999 Actual (000s)	Final FY 1999 Percent Mission Accomplishment	FY 2000 Mission (projected ^b) (000s)
Army National Guard	57.0	57.0	100	54.0
Army Reserve	52.0	41.8	80	48.5
Naval Reserve	20.5	15.7	77	18.4
Marine Corps Reserve	11.2	9.6	101	10.1
Air National Guard	8.5	8.4	99	10.1
Air Force Reserve ^c	9.5	7.5	67	10.5
Total	158.7	140.0	88	151.6

^a Includes prior service accessions.

^b Based on Service recruiting production reports and DoD FY 2000 budget estimates (includes prior service accessions).

^c The Air Force Reserve goal includes officer and enlisted data.

Preparing for the New Millenium

In response to a FY 1999 assessment of the effectiveness of the Department's advertising program, OSD launched the first comprehensive market research program in more than two decades. To oversee these efforts and ensure development, an execution of appropriate communications strategies, the Department pursued the hiring of a Chief Marketing Officer. This individual who will be hired on contract will broaden OSD's focus beyond in-year recruiting to building broad-based awareness of military service. He or she will oversee OSD's efforts and synchronize them with the Services.

As the Department enters the new millinium, it is working to upgrade the marketing information we provide in support of the Services' immediate production needs. Given the growing propensity of high school graduates to try college first, the Services must become as adept at recruiting in the college environment in this decade as they became in high schools in the 1980s. In addition to continued centralized buys of high school student lists, we are identifying reliable sources of directory information on college students, especially the college drop-out/stop-out population. To enhance Service access to current research on trends in youth attitudes and behaviors, we have subscribed to the services of several private-sector market research firms who specialize in the market segment that is of recruit-eligible age.

To help us identify and anticipate long-term trends, we established a National Academy of Sciences Committee on the Youth Population and Military Recruiting. This group, composed of social scientists, business experts, and private-sector policy analysts with expertise in marketing, communications, youth attitudes, personnel management, and military recruiting, is examining long-term social, cultural, and demographic trends as they are likely to affect youth receptivity to future recruiting strategies. The Committee's earliest recommendations have included suggestions on how to improve the usefulness of our main market research tool, the Youth Attitude Tracking Study. As a result of these recommendations, echoed by Eskew-Murphy, we have elected to shift to a quarterly polling process beginning this fall. While there are likely to be some discontinuities between the data trends we have been tracking for 25 years and those we will begin to generate this year, we believe that the advantages of a more continuous flow of information on the population we are actively recruiting, and the opportunity to do more sophisticated but rapid analysis, make the transition worthwhile. We will reevaluate how best to collect youth attitude data at the end of the year.

Our evaluation of recent recruiting challenges suggests that, among other issues, some potential recruits have made up their minds against military service by the time recruiters approach them. We have expanded our market research to include those individuals who influence the decisions young people make – parents, teachers, counselors, coaches – and pre-prospects. Armed with these results, we hope to design communications strategies that will increase youth consideration of military service as a possible alternative. Our initial effort is an advertising campaign aimed at parents of recruitment-aged children that will be launched in FY 2001. We expect to raise the interest of parents in learning more about military opportunities. We have established a web-site specifically designed to appeal to adults as the primary initial reference source for parents. We

intend to augment this advertising campaign with other communications strategies that will put the importance of military service, and the opportunities available, in front of adult influencers.

In response to the Eskew-Murphy recommendation that we improve our level of marketing expertise, we have hired a firm that applies quantitative and qualitative techniques to develop and assess communications strategies. This firm is working in partnership with the OSD advertising agency to design our influencer advertising message for best effect. They will conduct assessments of how effectively the OSD influencer ads and selected Service recruiting ads achieve stated communication goals against their target population. These results will enable OSD, the Services, and their agencies to modify advertising, if necessary, to reach our respective audiences.

Additionally, we have initiated a comprehensive advertising tracking study. We have hired one of the country's most renowned firms specializing in this research. They will track all OSD and Service advertising, broad-scale promotional activities, and current events that might affect attitudes towards the military. The results will be quantifiable measures of the effect of marketing activities on the attitudes of target audiences towards military service. This should enable OSD and each of the Services to prioritize expenditures on the basis of more immediate measures of effectiveness.

In summary, we have begun the most comprehensive market research agenda since the initial years of the All-Volunteer Force. It encompasses a more complete view of the target audience – influencers, recruit prospects, and pre-prospects – and it provides for more complete quantitative and qualitative end-to-end assessments as we proceed from concepts to execution to results. Our efforts will better underpin both the Services' near-term production needs and OSD's responsibilities for developing broad-based awareness of military service.

D. RETENTION AND REENLISTMENT

1994

MILITARY PERSONNEL

Readiness is the Department's top priority. In fact, DoD is restructuring U.S. armed forces in order to maintain readiness. Cutting force structure is central to the Department's plan to maintain both readiness and balance in defense posture. In planning for the future, the Department faced various tradeoffs between appropriate force size and adequate resource levels to ensure forces will remain ready.

By the late 1980s, signals were clear that DoD was going to downsize. By conducting the Bottom-Up Review and taking a tough, comprehensive look at force structure, the Department determined that by 1999 the active duty force requirement would be 1.4 million -- a significant drop from nearly 2.2 million on active duty in the late 1980s. Today, with an active force of between 1.6 and 1.7 million, the drawdown is about 75 percent complete.

Despite the difficulty of this transition, two important objectives have been achieved. First, readiness has been maintained; and second, people are treated fairly. Indeed, one of the keys to maintaining readiness is putting people first. Massive reductions-in-forces (RIFs) have been avoided, and transition programs for departing members continue to be offered.

The Department plans to continue the force and personnel drawdown as initiated in previous years. The Army will reduce from 24 divisions during FY 1992 to 20 divisions by FY 1995 (12 active and 8 Reserve component). The Navy's Battle Force ships will decrease in number from 467 in FY 1992 to 373 in FY 1995. Included in the totals is a reduction of one aircraft carrier, bringing the total to 11 active and one Reserve aircraft carriers. The Marine Corps will maintain its three active and one Reserve divisions. By the end of FY 1995, the Air Force will have reduced to about 21 fighter wing equivalents (13 active and 8 Reserve component) from 29 fighter wing equivalents in FY 1992. Other U.S. attack/fighter air forces will include 10 active and one Reserve Navy carrier wings and three active and one Reserve Marine Corps wings. Strategic bombers will be decreased from 209 in FY 1992 to 141 by the end of FY 1995. The Air Force will also reduce the number of intercontinental ballistic missiles from 930 in FY 1992 to 585 by the end of FY 1995.

The President's budget request for active military, Selected Reserve, and civilian manpower for FY 1995 also continues to make significant progress toward the stated goals for the size of the military. At the onset of FY 1994, active duty military strength was at 1,705,103; by the end of FY 1995, active strength will decrease to 1,523,251. Selected Reserve will be reduced to 964,997 and civilian employees to 866,927. Many of the civilian reductions were initiated due to the Department's involvement in reductions and streamlining as directed in the National Performance Review in which DoD has taken a majority of the mandated Full-Time Equivalents (FTE) reductions. The civilian end strength represents a reduction of 4 percent from FY 1994 levels and is a direct result of accelerated civilian reductions during this past year. The accelerated

reductions moved FY 1999 goals forward to FY 1997. These figures could be altered by a report requested by the armed services committees in the FY 1995 Authorization Conference Report. This report should identify a number of active duty positions in the Services, defense agencies, and field activities for conversion to civilian positions, freeing military members for combat positions.

DoD recruits high quality people, provides them the rigorous and realistic training that enable the Services to maintain readiness, and finally, rewards their service by treating them fairly. These three objectives are not subject to change. Even in this time of profound change in America's national security concerns, the Secretary of Defense recognizes that these commitments are the foundation of a successful, ready-to-fight force.

TREATING PEOPLE FAIRLY

The national security of the United States relies on well-trained, equipped, and ready combat forces. In order to execute their responsibilities, the men and women of the Services must function as a unified team, united by a special bond of trust, mutual respect, loyalty, and shared sacrifice. These interrelationships distinguish the military from other large organizations and form the context within which the Department's equal opportunity policies and programs are understood.

Discrimination and sexual harassment jeopardize organizational readiness by weakening interpersonal bonds, eroding unit cohesion, and threatening good order and discipline. DoD supports readiness by comprehensively addressing human relations issues and by expeditiously investigating and resolving discrimination complaints. DoD strives to ensure it is an organization where every individual is free to contribute to his or her fullest potential in an atmosphere of respect and dignity.

The Department has carefully monitored the effects of the downsizing on minorities and is pleased to report that minority representation did not experience change as a consequence of the defense build-down. Section 533 of Public Law 103-337 requires the Department to report on readiness factors by race and gender. This report is at Appendix G. The appendix also discusses the Department's review of the Services' discrimination complaint procedures and suggested improvements to ensure the fair and prompt resolution of identified transgressions.

Good quality of life, including adequate compensation, is an important component of medium-term readiness. Toward that end, the President announced a \$25 billion increase in defense spending over the next six years. These funds will substantially improve DoD's quality of life posture. Initially the funds will be targeted on three broad areas: compensation adjustments, housing and barracks improvements, and better community services.

Pay/Compensation Issues

Senior leadership has pointed to three vital components of support for personnel: adequate and fair compensation, a steady and dependable level of medical benefits, and a stable retirement

system. In order to attract, motivate, and retain quality people, the Department must provide a standard of living for its members that can compete with the private sector into the 21st century. If it does not, the Services cannot continue to recruit and retain high quality people in the all-volunteer force.

Over the past decade, military pay raises have not kept pace with the private sector, as measured by the Employment Cost Index -- this continues as a matter of concern. To help safeguard the effectiveness of recruiting and retention programs, the Department announced a package of benefits designed to improve quality of life and to sustain recruiting and retention. Three important components of that package relate to compensation. First, the Department will implement a cost of living allowance in areas of the continental United States where local costs exceed 109 percent of national average living costs. Second, the Department is moving to reduce the excessive absorption of housing costs now being experienced by those in uniform. Third, DoD intends to budget for the full pay raises allowed by law for the armed forces, consistent with the readiness initiatives announced by the President on December 1, 1994.

The Department has dealt aggressively with an unpopular rule in the pay system -- the practice of stopping the subsistence allowance (BAS) for those on field duty. As a result, the Department is applying three sequential fixes:

- The Joint Travel Regulation now has been modified to show temporary duty (TDY) as the preferred deployment option for missions such as peacekeeping. Haiti became the first major deployment where troops benefited from the new regulation.
- The President signed an Executive Order on October 28, 1994 -- which stipulates that field duty means a training exercise, not a deployment in the traditional sense. This change immediately helped the troops that had deployed to Kuwait.
- The Department kicked off a review of the subsistence allowance, to perhaps redefine its composition, and possibly to propose major reforms.

Together, these changes will improve the compensation program for members of the armed forces and their families, and these investments constitute a sound means of preserving near- and medium-term readiness.

Promotions

Promotions and compensation go hand in hand. There are indications that servicemembers are concerned about promotion rates falling during this restructuring period. It is a common misconception that promotions have been frozen because of the drawdown, but that is simply not the case. Last year, the Services promoted over 125,000 soldiers, sailors, airmen, and marines into the top five enlisted grades (E5-E9) -- a promotion, on average, for each enlisted member of once every five years.

Generally, promotions have remained steady during the drawdown. There has been only a slight increase in the average promotion time for some grades and skills. Promotion opportunity has

also held steady; generally remaining within 5 percent of the levels the Department saw before the drawdown began. For the future, the Department expects promotion points will improve and promotion opportunity will remain steady.

Retention

During the past seven years, active military strength has dropped by more than 500,000. While some additional strength reductions are planned, the Department remains committed to achieving them on a voluntary basis to the greatest possible extent. To date, more than 95 percent of the drawdown has been accomplished through normal attrition, reduced accessions, and voluntary separation incentive programs -- the Voluntary Separation Incentive (VSI), the Special Separation Benefit (SSB), and the Temporary Early Retirement Authority (TERA). The success of these voluntary programs has enabled DoD to maintain reasonable promotion flows, to largely avoid involuntary separations, and to demonstrate a continuing commitment to treat people fairly -- both those who stay and those who leave. A more detailed discussion of retention is found in the appendices to this report.

Separation and Transition

DoD is making sure that those leaving are treated fairly for the sacrifices made while serving their country. The Department remains steadfast in its commitment to offer those leaving military service a wide range of transition services and benefits. A private research firm found that the DoD transition program is much more comprehensive in terms of the types of services provided than many private sector programs.

Since the beginning of the all-volunteer force, DoD policy has recognized that a positive quality of life in the nation's armed forces is a vital element of defense capability. Its commitment to treat people right has helped attract the best people to serve in the nation's defense. Transition support and services are a vital part of treating members right, even as they prepare to leave military service and embark upon new careers. This common sense approach to military separation is essential for the well being of all military members. For more information on transition support to servicemembers, see the chapter on Quality of Life.

CONCLUSION

DoD continued to treat all of its active duty, reserve, and retired servicemembers fairly. Service in the armed forces will continue to be a great career choice. When the downsizing is complete the Department will still have 1,400,000 people on active duty and over 900,000 in the Selected Reserves. The Services will continue to recruit over 200,000 people each year for active duty forces -- as well as over 150,000 for the Selected Reserves -- to maintain the proper mix of junior, mid-career, and senior servicemembers.

Finally, DoD's overarching goals are to maintain a high state of readiness and to treat people fairly. That means servicemembers of all grades will continue to receive exceptional training and educational opportunities, challenging worldwide assignments, and the best equipment. Advancement opportunities are excellent, particularly when compared to private sector career

options. The bottom line is that with good duty performance, career-oriented servicemembers can expect to see steady advancement, professional training and education, and challenging leadership opportunities.

1995

MILITARY PERSONNEL

The Department has been extremely successful in accomplishing its two overarching drawdown goals: to maintain a high state of readiness and to treat people fairly. Principal features of the drawdown strategy include synchronization of personnel reductions and unit inactivations to maintain readiness, strategic evaluation of workforce needs, caring for individuals, and the pacing of reductions to access the numbers of new recruits required to maintain the needed mix of experience, grade, and skills.

Military reductions continued as planned in FY 1995. These included an Air Force reduction of 26,000, an Army reduction of almost 33,000, and a Navy reduction of more than 34,000. Consequently, at the end of FY 1995, the Air Force had completed 91 percent of its drawdown, the Army 95 percent, and the Navy 79 percent. The Marine Corps achieved its drawdown strength objective at the end of FY 1994.

The success with which these significant reductions have been made can be attributed to the Department's strategy to maintain a close linkage between force structure and personnel management programs. For example, a rapid achievement of the force structure outlined in the Defense Bottom-Up Review required significant congressional cooperation and support for temporary separation incentive programs, approved early retirement authorizations, transitional assistance, and relief from statutory constraints. These programs have allowed orderly downsizing with due consideration of the human dynamics involved in such a massive undertaking. Minimizing involuntary separations remains central to the Department's plans; the vast majority of the reductions have been accomplished through voluntary measures, a tremendous accomplishment in the context of an all-volunteer force. This has resulted in a right-sized force providing challenging career opportunities and one that is cost-efficient and sustainable.

Civilian downsizing has also been successful. Since FY 1989, the Department has reduced the civilian workforce by approximately 24 percent or 269,000 civilians; more than 53,000 of these reductions occurred in FY 1995. The Department continues to pursue a civilian drawdown strategy that calls for cumulative reductions in the civilian workforce between FY 1989-2001 of approximately 35 percent. Minimizing involuntary separations by promoting voluntary incentives is also a key feature of the civilian drawdown strategy. Consequently, fewer than 10 percent of civilian reductions in the past two years were through involuntary separations, which are so costly in morale, productivity, time, and money. To achieve this result, the Department used a variety of tools provided by Congress, including hiring freezes, the Priority Placement Program, separation incentives, out-placement assistance, and collaborative ventures with the Department of Labor and the Office of Personnel Management.

TREATING PEOPLE FAIRLY

Supporting Service Members

Good quality of life, including adequate compensation, is an important component of medium-term readiness. Toward that end, the President announced a \$25 billion increase in defense spending, about half of that was designated for quality of life improvements. Those funds are targeted at three areas: compensation, married and bachelor housing, and family and community support.

Pay/Compensation Issues

In order to attract, motivate, and retain quality people, the armed forces must provide a standard of living for its members that can compete with the private sector into the 21st century. If it does not, the Services cannot continue to recruit and retain high quality people in this nation's all-volunteer force. President Clinton has committed to support the full military pay raises authorized by law through the end of the decade -- an unprecedented commitment. The Department of Defense has implemented a cost of living allowance in areas of the continental United States where local costs (excluding housing, which is a separate allowance) exceed national average living costs by 9 percent or more. This program is now helping 30,000 military families that are assigned to high-cost areas. The Department is also moving to reduce the excessive absorption of housing costs now being experienced by those in uniform.

The Department continues to aggressively work initiatives to improve the military compensation system through a unified legislative and budgeting process. As a result, the Department submitted the following legislative initiatives, through the Office of Management and Budget; these were enacted as part of the FY 1996 National Defense Authorization Act:

- Basic Allowance for Quarters for E-6 without Dependents on Sea Duty will extend entitlement to quarters allowances for single petty officers assigned on sea duty. This allows these members to establish and maintain permanent residences ashore.
- Tender Sea Pay will establish continuous entitlement to Sea Pay for crew members assigned to ships designated as tenders. Currently, tender crew members only qualify while their ship is away from port.
- Family Separation Allowance-II for Geographic Bachelors will authorize family separation allowance during deployments for members who become geographic bachelors during permanent relocations.
- Servicemen's Group Life Insurance coverage will rise from \$100,000 to \$200,000 automatically. Coverage could still be declined or reduced if member does not want maximum.
- Dislocation Allowance for Base Realignment and Closure Moves will provide Dislocation Allowance to members who must relocate in a Base Realignment and Closure (BRAC) move. Current law requires service members to change jobs and have a

government-funded move before receiving this allowance. This change will account for costs incurred due to local BRAC-required moves.

These improvements directly and measurably assist members of the armed forces and their families. Moreover, these investments constitute a sound means of preserving high levels of personnel readiness.

Promotions

The Services have worked hard to provide reasonably consistent promotion opportunities in order to meet requirements, ensure a balanced personnel force structure, and provide a meaningful opportunity for all service members. There is a common misconception that promotions have been frozen because of the drawdown, but that is simply not the case. Promotions have remained generally steady during the drawdown. Last year, the Services promoted over 110,000 soldiers, sailors, airmen, and marines into the top five enlisted grades (E5-E9). There has been only a slight increase in the average promotion time for some grades and skills. Officer promotion opportunity also has held steady, generally remaining within 5 percent of the levels before the drawdown began. For the future, the Department expects promotion points will improve and promotion opportunity will remain steady.

Force Stability

As the Services complete their downsizing, the focus shifts to the task of stabilizing the force. Any drawdown of the size that has been achieved, even one carefully and successfully managed, will cause turbulence -- it is an inevitable by-product of change. Therefore, DoD is now taking steps to return a sense of stability to the armed forces.

One of the most important elements of this effort is Secretary Perry's Quality of Life Initiative (see Quality of Life chapter for a complete discussion of this initiative). Less quantifiable factors also contribute to a stable environment for service members. These include visible and challenging career opportunities, healthy military communities, the satisfaction of reasonable expectations for the future, and the availability of a military career for those who perform well. Compensation, housing, and family support, the central points of the initiative, are keys to creating the sense of stability.

Finally, personnel tempo (PERSTEMPO), the amount of time service members spend away from their home base, is an important component of force stability. PERSTEMPO has increased somewhat since the end of the Cold War, particularly for the Army and Air Force, as DoD has reduced forces stationed overseas. The Navy and Marine Corps, though more accustomed to routine deployments, have also seen some increase in PERSTEMPO. If this rate were to become too high, it could have a negative effect on the stability of the force. But, while there are certain specific units and military specialties which have been used repeatedly, DoD believes the current PERSTEMPO of the force as a whole is sustainable. PERSTEMPO has been historically high for the Services and has increased since the end of the Cold War. Despite the increase in PERSTEMPO, overall morale, retention, and readiness remain high. This is due, in part, to the fact that service members have always derived a sense of purpose and satisfaction from the

opportunity to perform the functions for which they joined the military. However, there are some indications that high PERSTEMPO in certain units has a negative impact on the quality of life of members. For the small number of units subjected to a high deployment rate, DoD is now taking steps to alleviate that strain, including increased use of the Reserve Component. (See Readiness chapter for a full discussion of PERSTEMPO initiatives.)

Separation and Transition

While the number of separations in the remainder of the 1990s is expected to be somewhat lower than in the prior decade, substantial numbers will continue to leave the military each year for a variety of reasons. Throughout the 1990s, the military services will separate between 250,000 and 300,000 active duty personnel annually. Even after the drawdown, separations will average 250,000 per year.

Military personnel have certain advantages in the job marketplace; they are, on average, better trained, educated, and disciplined than their civilian counterparts. However, they also have three distinct disadvantages in seeking and securing civilian employment:

- Most have never competed in the civilian labor force for a job and even those that have, have not done so for at least three or four years and many for as many as 20 to 30 years.
- Most military members live the majority of their daily lives in a largely separate society and have not established the civilian networks key to successful job hunts.
- Many military members are currently assigned great distances from job markets they want to enter, and a substantial portion are either afloat or overseas.

On a per capita basis, unemployment costs to DoD have been significantly reduced as a result of efforts to provide job assistance and pre-separation counseling through the established Transition Program. Since the beginning of the all-volunteer force, DoD policy has recognized that a positive quality of life in the nation's armed forces is a vital element of defense capability. Its commitment to treat people right has helped attract the best people to serve in the nation's defense. Transition support and services are a vital part of treating members right, even as they prepare to leave military service and embark upon new careers. This common sense approach to military separation is essential for the well being of all military members. For more information on transition support to service members, see the chapter on Quality of Life.

IMPROVING FORCE MANAGEMENT

Future Officer Management

The Defense Officer Personnel Management Act (DOPMA) is the cornerstone of the Department's officer management system, and has served the Department, Services, and individual officers well for the past 15 years. Further, DOPMA, along with other special programs provided by Congress, gave the Department the flexibility to manage the drawdown of

the officer force in a humane way, treating officers right, while maintaining readiness. Nonetheless, given the evolving force structure, changing roles and missions, and the substantially smaller size of the officer corps, the Department is reevaluating DOPMA and other elements of officer personnel management to ensure their viability into the 21st century. This is a long-term effort that will look at all elements of the officer life cycle from accession, through training, utilization, and promotion, to separation or retirement.

Improving Compensation

The law requires the President to conduct a complete review of the principles and concepts of the compensation systems for members of the uniformed services every four years. President Clinton signed a charter for the Eighth Quadrennial Review of Military Compensation (QRMC) in January 1995. Previous QRMCs focused on the existing system and how to improve its effectiveness; the Eighth QRMC is focusing on how to employ the military human resource management system strategically. The charter requires the Eighth QRMC to look well into the future and to develop a military compensation system that will attract, retain, and motivate the diverse work force of the 21st century. The Review is:

- Conducting a comprehensive review of current compensation and human resource management theory/practice.
- Evaluating the evolving characteristics of the military and the environment impacting it; setting forth a framework for military compensation in the 21st century.
- Identifying new and emerging approaches to compensation and assessing their implications for the military.
- Designing components of a future compensation system; suggesting how the human resource management system can be employed strategically to accomplish organizational objectives; proposing implementation strategy.
- Establishing DoD as a leader in attracting, retaining, and motivating the diverse work force of the 21st century.

The Eighth QRMC is expected to complete its work in June 1996.

1996

MILITARY PERSONNEL

The Department has been extremely successful in accomplishing its two overarching drawdown goals -- to maintain a high state of readiness and to treat people fairly. Readiness has been maintained; a balanced force is in place; and DoD has accessed the numbers of new recruits required to maintain the needed mix of experience, grade, and skills.

The carefully executed and highly successful post-Cold War drawdown of U.S. forces is near its conclusion. The success with which significant reductions in military personnel were made can be attributed to the Department's strategy to maintain a close linkage between force structure and personnel management programs. For example, a rapid achievement of the force structure outlined in the Bottom-Up Review required significant congressional cooperation and support for temporary separation incentive programs, early retirement authorizations, transitional assistance, and relief from statutory constraints. These programs have allowed orderly downsizing with due consideration of the human dynamics involved in such a massive undertaking. Minimizing involuntary separations was central to the Department's plans, and the vast majority of the reductions have been accomplished through voluntary measures, a tremendous accomplishment in the context of an all-volunteer force. The result is a right-sized force providing challenging career opportunities and one that is sustainable well into the next century.

TREATING PEOPLE FAIRLY

Pay and Allowances

In order to attract, motivate, and retain quality people, the armed forces must provide a standard of living for its members that can compete with the private sector. If it does not, the Services cannot continue to recruit and retain high quality people in this nation's all-volunteer force. The Administration requested and Congress approved a 3.0 percent pay raise for FY 1997, and the Administration has pledged support for maximum pay raises authorized by law for military personnel through the end of the decade.

Additionally, the Department of Defense implemented a number of new compensation initiatives this year, the most significant being Variable Housing Allowance rate protection. Now, no service member's housing allowance can go down if his or her housing costs do not go down. Programs were also implemented to provide Basic Allowance for Quarters (BAQ) to single E-6s on sea duty, continuous sea pay for crew members assigned to tenders, family separation allowance for geographic bachelors, Dislocation Allowance for members relocating due to Base Realignment and Closure (BRAC), and automatic Service Member's Group Life Insurance (SGLI) coverage of \$200,000. The Department is also committed to lower out-of-pocket housing costs now being experienced by those in uniform. The FY 1997 4.6 percent BAQ increase further reduce members' out-of-pocket costs.

The Department pursues its military compensation initiatives through a unified legislative and budgeting process. The following departmental legislative initiatives that were enacted as part of the FY 1997 National Defense Authorization Act.

- Basic Allowance for Quarters for E-5 without Dependents on Sea Duty authorizes quarters allowances for single petty officers assigned to sea duty. This allows these members to establish and maintain permanent residences ashore.
- Round-trip travel for picking-up a privately-owned vehicle is allowed for members when they must transport their privately-owned vehicles to and from a port when moving between the United States and overseas.
- Privately-owned vehicle storage will permit members to store their vehicles, at government expense, when a permanent change of station to a location overseas precludes entry of their vehicle or requirement of substantial modification.
- Variable Housing Allowance Floor for High Housing Cost Areas that will ensure all members receive at least a minimum adequate level of allowance for housing costs. Locality floors would be determined by independent Housing and Urban Development Fair Market Rent data and the member will receive the higher of the normal (member survey) VHA or this new VHA locality floor.
- Dislocation Allowance Increase from two months basic allowance for quarters to two-and-one-half months. This will better compensate members for a variety of nonreimbursable costs incurred in connection with the move of dependents during a permanent change of station.

These improvements directly and measurably assist members of the armed forces and their families. Moreover, these investments constitute a sound means of preserving high levels of personnel readiness.

Promotions

The Services have worked hard to provide reasonably consistent promotion opportunities in order to meet requirements, ensure a balanced personnel force structure, and provide a meaningful opportunity for all service members. There is a common misconception that promotions have been frozen because of the drawdown, but that is simply not the case. Promotions have remained generally steady during the drawdown. Last year, the Services promoted 110,554 soldiers, sailors, airmen, and marines into the top five enlisted pay grades (E-5 to E-9). Overall, average time in service at promotion has accelerated by about six months since 1995. Officer promotion opportunity also has held steady, generally remaining within 5 percent of the levels before the drawdown began. For the future, the Department expects some acceleration of the career-timing of promotions, with the overall promotion-selection rate remaining steady.

Force Stability

As the Services complete their downsizing, the focus shifts to the task of stabilizing the force. Any drawdown of the size that has been achieved, even one carefully and successfully managed, will cause turbulence. It is an inevitable by-product of change. Therefore, DoD is now taking steps to return a sense of stability to the armed forces.

Compensation, housing, and family support, the central points of the initiative, are keys to creating the sense of stability. Less quantifiable factors also contribute to a stable environment for service members. These include visible and challenging career opportunities, healthy military communities, reasonable expectations for the future, and the availability of a military career for those who perform well.

Finally, personnel tempo (PERSTEMPO), the amount of time service members spend away from their home base, is an important component of force stability. PERSTEMPO has increased somewhat as DoD has reduced forces stationed overseas since the end of the Cold War; this is particularly true for the Army and Air Force. The Navy and Marine Corps, though more accustomed to routine deployments, have also seen some increase in PERSTEMPO. If this rate were to become too high, it could have a negative effect on the stability of the force. While there are certain specific units and military specialties that have been used repeatedly, DoD believes the current PERSTEMPO of the force as a whole is sustainable. Overall morale, retention, and readiness remain high. This is due, in part, to the fact that service members have always derived a sense of purpose and satisfaction from the opportunity to perform the functions for which they joined the military. However, there are some indications that high PERSTEMPO in certain units has a negative impact on the quality of life of members. For the small number of units and military occupations subjected to a high deployment rate, DoD has taken steps to alleviate that strain, including increased use of the Reserve component.

IMPROVING FORCE MANAGEMENT

Improving Compensation

The law requires the President to conduct a complete review of the principles and concepts of the compensation system for members of the uniformed services every four years. President Clinton signed a charter for the Eighth Quadrennial Review of Military Compensation (QRMC) in January 1995. Previous QRMCs focused on elements of the existing compensation system and how to improve its effectiveness; the Eighth QRMC is focusing on how to employ the military human resource management system strategically. The charter requires the Eighth QRMC to look well into the future and to develop a military compensation system that will attract, retain, and motivate the diverse work force of the 21st century. The QRMC is:

- Conducting a comprehensive review of current compensation and human resource management theory/practice.
- Evaluating the evolving characteristics of the military and the environment impacting it; setting forth a framework for military compensation in the 21st century.
- Identifying new and emerging approaches to compensation and assessing their implications for the military.

- Designing components of a future compensation system; suggesting how the human resource management system can be employed strategically to accomplish organizational objectives; proposing implementation strategy.
- Establishing DoD as a leader in attracting, retaining, and motivating the diverse work force of the 21st century.

1997

MILITARY PERSONNEL

The U.S. military is the finest in the world because of the outstanding quality of its service members. Its highly skilled and motivated force is the result of a strong and sustained commitment to robust recruiting, training, compensation, and quality of life programs.

TREATING PEOPLE FAIRLY

Pay and Allowances

In order to attract, motivate, and retain quality people, the armed forces must provide a standard of living for its members that can compete with the private sector. The Administration requested and Congress approved a 2.8 percent pay raise for FY 1998, and the Administration has pledged support for full current law pay raises through the end of the decade.

This past year, the Department of Defense implemented a number of new compensation initiatives providing significant benefits to a broad range of service members. The new initiatives include the Variable Housing Allowance (VHA) Floor, increased Dislocation Allowance, Basic Allowance for Quarters for E-5s on sea duty without dependents, round-trip travel to pick-up or drop off a privately owned vehicle, and government storage of vehicles when they cannot be shipped or when the member is deployed in excess of 30 days.

Additionally, the Department proposed a number of initiatives that were included in the FY 1998 National Defense Authorization Act. The most significant were reform of the Housing Allowance and Basic Allowance for Subsistence (BAS).

Housing allowance reform is the first step in stabilizing, and then reducing, the percentage of housing costs absorbed by the individual service member. It will eliminate the complicated VHA formulas and cumbersome survey of service members, and replace them with a single housing allowance based on commercially provided housing cost data. This will result in an allowance for every pay grade and every location where military members are assigned. It will help ensure the allowances are sufficient to provide each member with the ability to obtain housing that meets a minimum adequacy standard. This reform will also decouple housing allowances from pay raises and get the right amount of money to the right people, limiting the housing cost burden on service members. Phased in over a multiyear period, implementation will be cost neutral.

Reform of BAS will correct long-standing pay inequities between enlisted service members. It will also delink increases in BAS from pay raises and link increases in the subsistence allowance to an appropriate food cost index. The BAS reform efforts, again phased in over a multiyear period, will result in an increase in the level of subsistence allowances for over 400,000 junior enlisted personnel and ensure that the allowance adequately covers the food costs of enlisted military members.

Other legislative initiatives in the FY 1998 National Defense Authorization Act include:

- Increased maximum Aviation Continuation Pay bonus from \$12,000 to \$25,000 to retain aviators in critical shortages and increased Aviation Career Incentive Pay for aviators with over 14 years of service.
- \$2,000 overseas tour extension bonus for 12 month extensions.
- Increased maximum nuclear officer bonus and special pay to arrest declining retention.
- Increased hazardous duty incentive pay from \$110 to \$150, and free fall parachute duty pay from \$165 per month rate to \$225 per month.
- New bonus for dental officers and increased dental officer incentive pay.
- Family Separation Allowance increased from \$75 to \$100 a month.
- Authorization for the Department to design and implement a Deployment Pay to replace Certain Places Pay.

These initiatives all work to improve the quality of life of service members and their families, while preserving high levels of personnel readiness.

Improving Compensation

President Clinton chartered the 8th Quadrennial Review of Military Compensation (QRMC) in 1995, as required by Title 37 U.S.C. He directed that this review look to the future and identify the components of a military compensation system that will attract, retain, and motivate the diverse work force of the 21st century.

The 8th QRMC report, completed in 1997, describes how the Department of Defense and the Services can organize, manage, and reward their people by aligning all elements of the human resource management system to support organizational leaders throughout DoD. This strategic approach to human resource management will contribute to the Department's revolution in business affairs. The QRMC affords an opportunity for DoD to change strategic direction, to make its leaders even more effective, and to further enhance its overall organizational performance.

IMPROVING FORCE MANAGEMENT

Promotions

The Services have worked hard to provide reasonably consistent promotion opportunities in order to meet requirements, ensure a balanced personnel force structure, and provide a meaningful opportunity for all service members. There is a common misconception that promotions have been frozen because of the drawdown, but that is simply not the case. Promotions have remained generally steady during the drawdown. For FY 1997, the Services promoted 112,038 soldiers, sailors, airmen, and Marines into the top five enlisted pay grades (E-5 to E-9). Officer promotion opportunity also has held steady, generally remaining within 5 percent of pre-drawdown levels. For the future, the Department expects promotion opportunity will remain steady.

Force Stability

The Department of Defense is taking steps to return a sense of stability to the armed forces following the unavoidable turbulence of the drawdown. Improvements in compensation, housing, and family support are central to creating this sense of stability. Less quantifiable factors also contribute to a stable environment for service members, including challenging career opportunities, healthy military communities, and the availability of a military career for those who perform well.

Personnel tempo (PERSTEMPO), the amount of time service members spend away from their home base, is an important component of force stability. PERSTEMPO has increased as DoD has reduced forces stationed overseas since the end of the Cold War. While there are certain units and military specialties which have been deployed repeatedly, DoD officials believe the current PERSTEMPO of the force as a whole is sustainable and that overall morale and readiness remain at acceptable levels. Nevertheless, the Department has made PERSTEMPO a focus of its quality of life effort in order to avoid future problems.

1998

MILITARY PERSONNEL

Promotions

The Services have worked hard to provide consistent promotion opportunities in order to meet requirements, ensure a balanced personnel force structure, and provide a meaningful opportunity for all service members. Promotions will remain steady during the final stages of the drawdown. During FY 1998, the Services promoted 105,390 soldiers, sailors, airmen, and Marines into the top five enlisted pay grades (E-5 to E-9). Officer promotion opportunity will also hold steady, remaining within 5 percent of pre-drawdown levels.

Force Stability

The Department of Defense is taking steps to return a sense of stability to the armed forces following the unavoidable turbulence of the drawdown. With the drawdown 98 percent complete, the Department has shifted its focus to personnel policies designed to manage a steady state force. Currently, retention is stable; however, pockets of retention difficulty are beginning to develop within each of the Services. The constant challenge to retain personnel with technical skills sought by civilian employers is exacerbated by the surging high-tech economy, which offers high salaries and a more predictable family life. To compete in this environment, the Department is focusing on retention initiatives that include compensation improvements and an expanded commitment to quality of life.

Personnel tempo (PERSTEMPO), the amount of time service members spend away from their home base, forms an important component of force stability. PERSTEMPO has increased as the Department has reduced forces stationed overseas, focusing instead on force projection from stateside locations. While certain units experience repeated deployments, the aggregate PERSTEMPO rate for DoD is sustainable today; however, these rates have adversely affected retention rates. PERSTEMPO remains a focus within the force stability equation. Anecdotal information gathered through FY 1998 serves as a reminder that PERSTEMPO must remain a priority focus within the force stability equation.

1999

MILITARY PERSONNEL

Retention

Today's retention environment is characterized by frequent employment of the armed forces in a variety of roles and missions intended to ensure regional stability and economic progress in important areas of the world. Such an environment requires a fully manned, agile military operating within tailored force packages that support varied missions. The Department's ability to meet these commitments may be challenged by the retention strains currently being experienced. Pilot retention is a major concern within the Air Force and the Navy. Projections from both government and independent agencies forecast a sustained increase in commercial airline hiring, which will continue to affect manning in this critical career field. The Department is enacting a full range of management initiatives and retention incentives to ensure that cockpits stay manned. Where individual qualification and experience allow, the Department's goal is to fill non-flying staff billets within the Navy and Air Force ranks with non-aviators in order to preserve pilot to aircraft ratios. Aviators are not the only retention concern. The Army has experienced an unexpectedly high loss rate for captains, who comprise 35 percent of its officer corps, are vital to the Army's ability to accomplish its mission. The Navy's surface warfare officer shortage challenges fleet operations worldwide, and the Marine Corps has growing concerns about fixed wing pilot losses. All of these areas will continue to receive close management review to correct shortfalls and to prioritize the distribution of available manning, placing assets where they best support operational readiness.

With regard to the enlisted force, the Army is meeting overall retention goals, but encountering shortages in some of the low-density, high-demand occupation fields. Although Navy first-termers and mid-career petty officers are not enlisting at the pace of recent years, the experience mix is generally good. The Air Force is undergoing an unusual downturn in retention and management efforts continue to focus on the critical sortie generating skills such as crew chief, avionics maintenance, and air traffic control. Marine Corps retention remains steady. The Corps, however, is experiencing shortages in certain signal intelligence, data processing, and communications career fields. All of these point to a sustained need to fully fund the retention incentives set forth in the President's Budget.

The Department continues to work closely with the Services in addressing retention, recognizing that not all solutions are monetary. Senior leadership, for example, is focusing on segments of the force that may be overstressed by deployment patterns. These efforts include reductions in the number and scope of inspections and exercises, as a means of eliminating retention detractors.

F. ADVANCED DISTRIBUTED LEARNING INITIATIVE

Overview

This Administration has been at the vanguard of improving the readiness of the Department through life-long learning technology initiatives. The Executive Office of the President (Office of the Vice President, National Economic Council, Office of Science and Technology Programs, and National Partnership for Reinventing Government) have promulgated far-reaching Presidential Executive Memoranda and Orders to improve training opportunities for federal government employees.

Enhancing the efficiency and effectiveness of learning is critical to both national defense and to national competitiveness. The Advanced Distributed Learning (ADL) Initiative has provided the vision, strategy, and common technical framework for building a future learning environment that can support national needs. The ADL Initiative and the Sharable Courseware Object Reference Model (SCORM) are notable achievements of this Administration and have been widely recognized and supported by major U.S. businesses and universities. The Presidential Task Force on Federal Training Technology has created an unprecedented opportunity to transform the way federal agencies and the nation educates and trains its people for years to come.

Background

Following the Persian Gulf War of 1991, Congress reviewed the readiness of Reserve Component (RC) forces. Results indicated that RC units required additional access to education and training opportunities to achieve a greater degree of readiness than was judged available when they were called to Operation Desert Storm. The Office of the Secretary of Defense (Readiness and Training Office) initiated the (then) Total Force Distance Learning Action Team to focus on RC training needs. In the early 1990's, Congress authorized and appropriated significant funds for National Guard use in providing increased access to learning opportunities. This initial funding became the beginning of the ADL Initiative in the Department of Defense (DoD).

In the Quadrennial Defense Review (QDR) of 1996, the Department of Defense decided to develop a Department-wide strategy to harness the power of learning and information technologies to modernize education and training. The strategy is called the Advanced Distributed Learning (ADL) Initiative. The ADL Initiative sets forth a new paradigm intended to implement the Secretary's training vision -- to provide a framework for using distributed learning to provide high-quality education and training that can be tailored to individual needs and delivered cost-effectively, anytime and anywhere. Importantly, the Initiative's underpinnings and applications are germane not only to the DoD, but to other government organizations, academia, and the private sector, as well. The ADL Initiative, therefore, is a structured, adaptive, collaborative effort between the public and private sectors to develop the standards, tools, and learning content for the future learning environment.

In November 1997, the White House Office of Science and Technology Policy (OSTP) and the DoD officially launched the Advanced Distributed Learning (ADL) initiative.

In 1998, motivated principally by the progress made by the DoD ADL Initiative, by the Army National Guard, and by other federal agencies (e.g., the Department of Labor), the OSTP moved to consolidate federal efforts via a Federal Training Technology Initiative (FTTI). President Clinton issued an Executive Memorandum, *Enhancing Learning and Education Through Technology*, on January 30th, 1998. In the memorandum, the Administration directed a focused Government-wide effort to explore how Federal programs and initiatives can better support the use of technologies for lifelong learning. The FTTI's learning technology vision encompasses a number of national electronic learning initiatives geared toward using the power of learning technologies to broaden the reach of educators and trainers who are faced with the daunting challenge of moving America's work force into the Information Age.

At the same time in 1998, Congress also reviewed the status of military readiness, following concerns expressed by the Commanders in Chief (CINCs), the Services, and the Joint Staff about troubling readiness indicators within the Active Components. Recognizing today's broad Internet usage and the progress that had already been made incorporating the power of learning technologies -- by the Army National Guard, academia, industry, and Congress -- Congress directed the DoD to develop a Strategic Plan and an Implementation Plan for bringing advanced distributed learning to the Total Force.

The Vice President hosted a Lifelong Learning Summit on January 12, 1999 in support of the President's Federal Training Technology Initiative. Secretary of Defense William Cohen submitted his vision and innovations for using technology. Secretary Cohen informed the Vice President that the vision and the objective of the DoD's ADL Initiative "...is to ensure that men and women in the Department of Defense have access to the highest quality education and training that can be tailored to their needs and delivered cost effectively, anytime, and anywhere." Immediately following the Summit, the President signed Executive Order 13111, *Using Technology to Improve Training Opportunities for Federal Government Employees*. Among other things, the Executive Order directed the DoD to take the federal lead in developing learning technology standards in collaboration with academia, industry, and other government agencies.

The Strategic Plan for Advanced Distributed Learning

Section 378 of Public Law 105-261, the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999, required the Secretary of Defense to develop a strategic plan for guiding and expanding distance learning initiatives within the DoD. The law also required the plan to include a provision for the expansion of such initiatives over five consecutive years beginning in FY 2000.

The Strategic Plan includes two parts. The first is the Strategy, *Department of Defense Strategic Plan for Advanced Distributed Learning*, submitted to the 106th Congress on April 30, 1999. The second is the Implementation Plan, *Department of Defense Implementation Plan for Advanced Distributed Learning*, submitted May 19, 2000, for carrying out the Strategy. The

Strategy describes the use of distributed learning technologies across the DoD on a broad scale and is DoD's initial response to the direction from the Administration and the Congress. It also responds to direction from the Office of Science and Technology Policy (OSTP) and the National Partnership for Reinventing Government to develop a strategy for advanced distributed learning.

The Strategy also is responsive to Executive Order 13111, *Using Technology to Improve Training Opportunities for Federal Government Employees*, and to the vision statements provided by the Secretary of Defense and the Chairman of the Joint Chiefs of Staff. It draws on assemblies of experts on education and training within the Department, who have met in multiple forums, including a landmark assembly hosted in February 1999 by the Commander-in-Chief, U.S. Atlantic Command in Norfolk, Virginia. In addition to addressing the training needs of today's force, the requirements-based Strategy is aimed at the projected training needs of the future force, both military and civilian. It is a dynamic template, which uses the leadership of the Office of the Secretary of Defense (OSD) to guide DoD's learning-related business processes as they evolve from today's models to those required for the future.

The overarching framework for the Strategy is shaped in large part by the Secretary's and Chairman's vision statements, Executive Order 13111, and several congressional taskings. They provide the "why." The Strategy and its companion Implementation Plan provide the "who, what, how, and when."

The Implementation Plan for Advanced Distributed Learning

The Implementation Plan describes the DoD's approach to carrying out the *Department of Defense Strategic Plan for Advanced Distributed Learning*, and includes information about specific ADL prototypes, program milestones, and associated resources. The Plan is also in consonance with Executive Order 13111, *Using Technology to Improve Training Opportunities for Federal Government Employees*, and with the vision statements of the Secretary of Defense and the Chairman of the Joint Chiefs of Staff. It draws on assemblies of experts on education and training within the department, who have met in multiple fora. Counsel has been sought and taken from both public and private sectors --academia, industry, and other government organizations.

The purpose of the Implementation Plan is to apply the DoD Strategy for ADL to meet the needs of the U.S. Armed Forces for the next millennium and to address the specific directions and focus provided by various mission-need statements. The *Department of Defense Implementation Plan for Advanced Distributed Learning* reflects the department's commitment to building the learning environment of the future.

Specifications and Standards in Learning Technology

Starting in 1997, ADL began working with key industry leaders to identify critical technical interface points around which standards for web-based learning technologies might be developed. This involved meeting with standards organizations such as the Learning Technology Standards Committee of the Institute of Electrical and Electronics Engineers (IEEE),

the Instruction Management Project, and the Aviation Industry Computer-Based Training (CBT) Committee. Step-by-step agreements were forged as to what needed to be standardized. Next, technical meetings were held in each of the key areas. ADL participated in many meetings, leading some in new technical areas. Over time, these meetings culminated in a set of specifications that were incorporated into the ADL's Sharable Courseware Object Reference Model (SCORM). SCORM provides a reference model defining a Web-based learning "content model"; a set of interrelated specifications; a process that knits together disparate groups; and a bridge from emerging technologies to commercial implementation.

Representatives from the military services and industry discussed requirements and proposed solutions over a two-year period. For its part, the ADL team worked in the background to establish support for the effort within the DoD. This required frequent meetings with military training and policy leaders as well as liaisons with other Federal organizations.

January 31, 2000 marked the inaugural release of Version 1.0 of SCORM, providing the foundation for how the DoD will use learning technologies to build and operate in the learning environment of the future. The release of version 1.0 of the SCORM completed the task set forth by the President in Executive Order 13111.

Many commercial vendors, technology firms, and academic partners have offered positive statements supporting the release. Some commercial supporters include, but are not limited to Microsoft, Sun, IBM, Oracle, Netscape, click2learn.com, Macromedia, and the Masie Center. International standards bodies such as the IMS Global Learning Consortium, Inc. (IMS), the Aviation Industry CBT Committee (AICC), and the IEEE support the standard, in addition to academic partners from the University of Wisconsin System, Wisconsin Technical College System, and Carnegie Mellon University. The ADL specifications hold the promise to provide learning that is better, faster, and cheaper by bringing learning to the classroom, job site, or home anytime it is needed.

On March 28, 2000, the Principal Deputy Under Secretary of Defense (Personnel and Readiness) signed the Common Specification for Advanced Distributed Learning (ADL) Memorandum. In the memorandum, the DoD education and training developers were challenged to work collaboratively, across the Department, academia, and the private sector, to develop ADL prototypes and content that conform to the new SCORM specification. Such developments are essential to refining the SCORM and to creating sufficient amounts of reusable and platform-independent learning in order to educate, train, and aid performance.

Collaboration Among the Federal, Private and Academic Sectors

To support collaborative endeavors, several ADL Co-Laboratories (Co-Labs) have been established which can be accessed physically or over the Internet. These ADL Co-Labs develop and make available to all DoD components and ADL partners software and guidelines to ensure that learning management systems, authoring tools, and learning content are "ADL-compliant."

In support of the ADL Initiative, the Institute for Defense Analyses (IDA) established the ADL Co-Lab in Alexandria, VA in 1999 to provide an open, collegiate environment for:

- Testing, evaluating, and demonstrating technical and functional capabilities of ADL tools and prototypes.
- Sharing data, information, and lessons learned with DoD components, government agencies, and the private sector.

The ADL Co-Lab will provide the backbone for collaborative, consensual development of guidelines, certification procedures, and shared courseware objects.

In November 1999, the Army, Navy, Air Force, Marine Corps, and Coast Guard signed a Memorandum of Agreement (MOA) to establish and support the Joint ADL Co-Lab in Orlando, FL. This MOA promotes the cost-effective development, demonstration, and resource sharing of ADL tools, content, and subject matter expertise between services. The Joint ADL Co-Lab supports and actively participates with the ADL Co-Lab in Alexandria, VA.

The Joint ADL Co-Lab was established to promote collaboration in the research, development, demonstration, implementation, and evaluation of ADL technologies and products. It serves as a demonstration site for ADL tools and content, including those developed by the government, by academia, and by industry. It also serves as a common resource for evaluating the application of ADL technologies and products to specifically address military and civilian training, education, and performance aiding requirements. Working with the ADL Co-Lab in Alexandria, VA, it will support and collaborate on the research, development, demonstration, and assessment of ADL tools and content on projects of relevance to participating organizations.

On January 10, 2000, the University of Wisconsin System and the Wisconsin Technical College System sealed a partnership agreement with DoD to collaboratively develop, demonstrate, and evaluate the next generation of learning technologies that enable distributed learning. The agreement established an "Academic ADL Co-Laboratory" to serve as a focal point for internet-based distributed learning within the state and across academia. The Academic ADL Co-Lab works closely with the DoD's ADL Co-Lab at IDA in Alexandria, VA, and the Joint ADL Co-Laboratory in Orlando, FL in order to share research, subject matter expertise, common tools and standards, and course content.

Conclusion

Studies have shown that the use of ADL technology-based instruction reduces cost by 30-60%; reduces time by 20-40%; increases effectiveness by 30%; increases student knowledge and performance by 10-30%; and improves organization efficiency and productivity. ADL also improves costs and efficiencies by distributing instructional components inexpensively to physically remote locations and simulating expensive devices for both operator and maintenance training.

The strategic shift from learning solely in the central classroom to learning in the unit, where and when required -- while maintaining quality -- will ensure higher readiness and improve the mission availability of personnel. The indicators of success for the distributed learning investment are measurable, in terms of improved unit cohesion, increased availability for operations, and increased operational readiness stemming from unit management of learning assets throughout the Department.

This Administration recognized the need to harness the power of evolving learning technologies to provide its workforce with the competitive professional, personal and national advantage of learning anytime and anywhere. In July 2000, the Presidential Task Force on Federal Training Technology submitted its final report to the President, *Technology: Transforming Federal Training*. The work begun by this Administration has broad public and private sector support. The Congress has on a bipartisan basis provided resources to the Federal effort to reengineer and to create the learning environment of the future.

CHAPTER 6 – MILITARY HEALTH CARE

A. PATIENT BILL OF RIGHTS AND RESPONSIBILITIES

In November 1997, President Clinton directed the Vice President and the Secretaries of the Executive Agencies, including the Department of Defense, to review the Military Health System (MHS) for compliance with the Administration Initiative on the Patient Bill of Rights. In response, on February 19, 1998, the Vice President submitted an Administration Report to the President outlining actions each department could take to implement new patient protections for federal health care beneficiaries.

Based on that review, the President directed the Department of Defense to take necessary administrative actions to improve in the following areas:

- A strong grievance and appeals process;
- Promotion of the use of primary care managers (PCMs) who have advanced training in women's health issues for women beneficiaries and the use of specialists as PCMs for those beneficiaries with chronic diseases; and,
- Ensuring that patients have the right to fully discuss all treatment options and have information provided to them regarding financial incentives in our health system.

In order to ensure these administrative actions were achieved, on July 30, 1998, the Secretary of Defense signed Department of Defense Directive 6000.14, "Patient Bill of Rights and Responsibilities in the Military Health System." The Directive affirmed departmental commitment to all the provisions of the Patient Bill of Rights, and identified changes in the MHS that would address areas in the military health program that required new initiatives.

In October 1998, the Secretary of Defense sent an update to the Vice President, which was incorporated into a November 2, 1998 Report to the President that gave a nine-month update of milestones achieved by each agency. The Department of Defense highlights included the issuance of the Directive, the establishment of the Healthcare Consumer Consortia throughout the MHS, and new steps being taken to improve continuity of care protections.

B. PATIENT SAFETY

In November 1999, the Institute of Medicine released their report on patient safety, "To Err is Human." The report made clear the serious need for improvements in patient safety throughout the U.S. healthcare system.

On December 7, 2000 President Clinton directed the Quality Interagency Coordination Task Force (QulC) to report on the Federal role in improving patient safety. In February 2000, the QulC agencies submitted a report to the President, entitled "Doing What Counts for Patient Safety: Federal Actions to Reduce Medical Errors and Their Impact," which outlined the Federal

response to the IOM report, including Department of Defense changes to the Military Health System (MHS). The plan focuses on creating a culture of safety and making the systems changes needed to provide the safest possible care for our patients.

In an effort to meet the President's directive, the Department of Defense is in the process of promulgating a Department of Defense Instruction (DoDI), which will be signed by the Deputy Secretary of Defense for implementation throughout the MHS. The DoDI establishes several programs within the MHS to improve the clinical processes including the following:

- A Military Health System Patient Safety Program (MHSPSP) to identify and centrally report actual and potential problems in medical systems and processes and to implement effective actions to improve patient safety and health care quality throughout the Military Health System;
- Procedures in every military hospital or clinic for a dedicated program for avoiding medical errors and improving patient safety that is focused on prevention, not punishment, and on improving medical systems and processes to overcome preventable errors;
- A MHS Patient Safety Center (MHSPSC), including a Patient Safety Registry through the Armed Forces Institute of Pathology;
- Two Centers of Excellence within the MHSPSC to develop programs to improve communication, coordination and teamwork in the provision of health care in MTFs and operational units; and,
- Establishes a Health Care Team Coordination Program for each military service.

Additionally, among the initiatives being developed for the MHS, the Department of Defense is establishing a new reporting system in its over 500 hospitals and clinics. The reporting system, which will be augmented by the Department's mandatory reporting system, is designed to improve detection of errors, to increase understanding of their causes and to lead to improvements in patient safety throughout the Military Health System. It will collect information on adverse events, medication errors, and other patient safety issues. The data will be used to design corrective action to ensure patient safety.

In Spring 2000, the Department of Defense introduced the Pharmacy Data Transaction Service that will create a single profile for all the medications a patient takes, even if the prescriptions were filled at several military and civilian pharmacies in different parts of the world. This service allows for vastly improved screening for potentially dangerous drug interactions and duplications of therapy. The Department of Defense is investing \$12 million to implement this service. It will be available worldwide by 2002.

The Department of Defense has begun a collaborative project with the QuIC Task Force and the Institute for Healthcare Improvement to reduce errors in "high hazard areas," such as emergency rooms, operating rooms, intensive care units and labor and delivery. The mission of

our Armed Forces makes military medicine uniquely qualified to present training techniques that can be applied in high stress/ high hazard areas. Therefore, teams from DoD facilities will take an active part in this effort to create a breakthrough in reduction in errors in such conditions in American hospitals.

Finally, in 2001, the Department of Defense will start the implementation of a new military computerized medical record. It will make all the relevant clinical information on a patient available to each provider when and where it is needed. With the new system, all documentation and orders will be entered directly into the computer system. This will prevent many errors due to illegible handwriting and miscommunication and will make it possible to check for other common mistakes. The system will be put in place at all DoD facilities over the next three years.

C. TRICARE

The Department of Defense health program, known as TRICARE, which improves the quality, cost and accessibility of services for its beneficiaries. Because of the size and complexity of the military health system (MHS), TRICARE implementation was phased in over a period of several years. The principal mechanisms for the implementation of TRICARE are the designation of Lead Agents for 12 TRICARE regions across the country and 3 overseas locations, operational enhancements to the MHS, and the procurement of managed care support contracts for the provision of civilian health care services within those regions.

A major feature of TRICARE is the establishment of triple option benefit. CHAMPUS-eligible beneficiaries, excluding Active Duty Military Personnel, are offered three options: they may elect to receive health care through (1) an HMO-type program called "TRICARE Prime", (2) the preferred provider network on a case-by-case basis under "TRICARE Extra", or (3) non-network providers under "TRICARE Standard"(TRICARE Standard is the same as standard CHAMPUS). CHAMPUS-eligible enrollees in TRICARE Prime will obtain most of their care within the network and pay substantially reduced cost shares when they receive care from civilian network providers. Beneficiaries who chose not to enroll in TRICARE Prime will preserve their freedom of choice of provider for the most part by remaining in TRICARE Standard. These beneficiaries will face stand CHAMPUS cost sharing requirements, except that their coinsurance percentage will be lower when they opt to use the preferred provider network under TRICARE Extra. All beneficiaries continue to be eligible to receive care in MTFs, but active duty family members who enroll in TRICARE Prime will have priority over all other beneficiaries. Active Duty service members are entitled to the TRICARE benefit, but administrative requirements and reimbursement payment processes differ from those family members.

TRICARE Prime incorporates the "Uniform HMO Benefit Option", which was mandated by section 731 of the National Defense Authorization Act for Fiscal Year 1994, Public Law 103-160, §731, 107 Stat. 1547, 1696 (1993). It required the establishment of a Uniform HMO Benefit Option, which was required "to the maximum extent practicable" to be included "in all

future managed health care initiatives undertaken by" the Department of Defense. This option is to provide "reduced out-of-pocket costs and a benefit structure that is as uniform as possible throughout the United States." The 1994 Authorization Act further requires a determination that, in the managed care initiative that includes the Uniform HMO Benefit Option, Department of Defense cost are to be "no greater than the costs that would be otherwise be incurred to provide health care to the covered beneficiaries who enroll in the option."

In addition to this provision of the 1994 Authorization Act, a similar requirement was established by Section 8025 of the Department of Defense Appropriations Act, 1994, Public Law 103-139, §8025, 107 Stat. 1418, 1443-1444 (1993). As a part of an initiative "to implement a nationwide managed health care program for the MHSS", the Department of Defense was required to establish "a uniform, stabilized benefit structure characterized by a triple option health benefit feature". The Uniform HMO Benefit also implements this requirement of law. It offers reduced cost sharing to CHAMPUS-eligible beneficiaries who enroll in TRICARE Prime.

TRICARE is divided into twelve Health Services Regions within the continental United States and Three Overseas Regions. Each Region is headed by a medical center commander who is designated as the Lead Agent, with the exceptions of Region 11 and the Central Region – where the Lead Agent is a stand-alone position. The health care services available for TRICARE beneficiaries in the Military Treatment Facilities are augmented by a fixed-price "at risk" civilian managed care contract. The Lead Agent, in conjunction with the Managed Care Support (MCS) contractor is responsible for all health care services delivered to MHS beneficiaries who reside within the region.

Key features of the contracts include:

- A triple-option health benefit package providing beneficiaries a choice of: TRICARE Prime, an enrolled HMO-like option: TRICARE Extra, a preferred provider option, and TRICARE Standard, the standard CHAMPUS option.
- Fiscal Intermediary services including claims processing, data reporting, beneficiary services and administrative functions.
- TRICARE Service Centers with Health Care Finders to provide beneficiary enrollment, referral, program information, and claims counseling services.
- Preferred provider network and Primary Care Manager concept to support the local execution of a triple-option health care delivery system.
- Health Care Information Lines staffed by registered nurses that advise callers about illness, serious problems requiring physician intervention, and medical procedures.
- Provides the TRICARE Prime Remote (TPR) program – which offers active duty service members a TRICARE Prime-like benefit when stationed away from traditional sources for military health care.

Region 11: This contract, covering the states of Washington, Oregon, and a small portion of northern Idaho was awarded in September, 1994. The contractor, Foundation Health Federal Services (FHFS) began health care delivery March 1, 1995. Approximately 197,368 beneficiaries are currently enrolled in TRICARE Prime.

Regions 9, 10, 12: This contract, covering the states of California & Hawaii was awarded to FHFS in August 1995. Health care delivery services began on 1 April 1996. Approximately 496,947 beneficiaries have enrolled in TRICARE Prime (323,441 in Reg. 9; 26,576 in Region 10 and 146,930 in Region 12). Alaska is also within the area of responsibility of Region 12, however, the contractor provides administrative and claims support only. Alaska is considered a not at-risk region for the contractor. The contractor is not required to build provider networks as they do in other regions. This responsibility is placed on the Lead Agent for Region 12, TRICARE Pacific.

Region 6: This contract, covering Oklahoma, Arkansas and major portions of Texas and Louisiana was awarded in May, 1995 to FHFS. They began health care delivery under the contract on November 1, 1995. Approximately 496,097 beneficiaries are enrolled in TRICARE Prime.

Region 3, 4: This contract, covering the states of Alabama, Florida, Georgia, Mississippi, Southeast Louisiana, South Carolina, Tennessee, and a small area of Arkansas was awarded in January, 1996. Approximately 686,989 eligible beneficiaries are enrolled in TRICARE Prime (447,887 in Region 3 and 239, 102 in Region 4).

Central Region: This contract, covering the states of Arizona, Colorado, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, West Texas; Wyoming was awarded to TriWest Healthcare Alliance (TriWest) in September, 1996. Health care delivery began on April 1, 1997. Approximately 496,033 eligible beneficiaries are enrolled in TRICARE Prime.

Region 1: This region covers Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Northern Virginia. This contract was awarded to Sierra Military Healthcare Services in October 1997. Health care delivery began on June 1, 1998. Approximately 446,812 beneficiaries are enrolled in TRICARE Prime in Region 1.

Regions 2 and 5: This region covers Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin, West Virginia, Virginia (except the Northern Virginia/National Capitol Area), and North Carolina. This contract was awarded to Anthem Alliance for Health, Inc. (AAHI) in September 1997. Health care delivery began on May 1, 1998. Approximately 669,500 beneficiaries are enrolled in TRICARE Prime.

Overseas: Because of the nature of foreign health care and the fact that DoD delivers the overwhelming majority of medical care with its own military medical providers, our overseas regions are not supported by large regional contracts. However, the government via the lead Agent and respective Services, assumes responsibility for administrative functions and regional care coordination. TRICARE Europe has 236, 021 Prime beneficiaries, TRICARE Pacific has 154,483 and TRICARE Latin America/Canada has 15,970. For the limited care that we do purchase from host-nation sources, our local commanders, in conjunction with the regional Lead

Agents are responsible for the identification of quality providers and institutions to which we refer our patients. In addition, in the Pacific and Latin America remote areas we have contracted with International SOS, a worldwide healthcare services organization, which provides access to quality western style healthcare, eliminates unnecessary out-of-pocket expenses, and physician access by phone 24 hours per day, seven days per week. To reduce the administrative burden on our families and to improve the relationships with the host-nation providers, we have eliminated any cost-sharing requirements for civilian care. Lastly, in 1999 we introduced the Active Duty Family Member Dental Plan to all overseas locations, including remote areas, with reduced cost-sharing requirements for some services.

DoD implemented the TRICARE Prime Remote program on 1 October 1999 in an effort at introducing a standardized benefit for active duty service members nation-wide. The TRICARE Prime Remote (TPR) program provides active duty service members with a TRICARE Prime-like benefit when stationed away from traditional sources for military health care. When civilian Prime service areas exist, active duty members are enrolled to a civilian PCM. Where there are no Prime networks, active duty members may use any TRICARE-authorized provider in the local community. No pre-authorization is required for primary care. A joint service office, known as the Military Medical Support Office (MMSO), provides the medical readiness reviews and fitness for duty oversight for specialty health care delivered by civilian providers. MMSO, based at Great Lakes Naval Station, IL, has been established and is providing 24-hour, 7-day per week coverage. The managed care support contractors provide enrollment services, Health Care Finder (HCF) support and claims processing functions for service personnel enrolled in TPR. Active duty service members bear no costs for obtaining health care from civilian sources. There are circumstances, however, in which some health care providers decline to participate in TRICARE (or other health insurance plans) and may require up-front payment. The Department fully reimburses service members for their out-of-pocket costs.

The National Defense Authorization Act for Fiscal Year 2000 provides Medicare eligible military retirees access TRICARE. This Act fulfills a long-standing promise to provide lifetime healthcare coverage that will allow military retirees age of 65 and over, who dedicated their lives in service of our country, to access affordable and high quality care across the country.

D. ILLNESSES AMONG GULF WAR VETERANS -- THE DOD CLINICAL PROGRAM

As a result of continued U.S. military presence after the 1991 cease-fire, about 1,137,000 military personnel have been deployed to the Arabian Gulf since the initial deployment of forces for OPERATION DESERT SHIELD/DESERT STORM. About 852,000 of this number have since separated from military service.

The Gulf War. In response to Iraq's invasion of Kuwait on August 2, 1990, the United States began deploying troops to the Arabian Peninsula five days later in OPERATION DESERT SHIELD. A total of 40 coalition countries eventually deployed troops in the Gulf region, including the United Kingdom, Canada, and France. On January 17, 1991, the air war against Iraq began (OPERATION DESERT STORM) which was followed by a four-day ground war starting on February 24, 1991.

By the end of active hostilities on February 28, 1991, the U.S. had deployed approximately 697,000 troops to the theater of operations, the British 53,000 troops, and the Canadians 4,500 military personnel. In contrast to previous conflicts, a larger proportion of U.S. troops were from the Reserves/National Guard (17%) and were women (7%). Along with a rapid buildup of coalition combat troops, an extensive medical care infrastructure and preventive medicine effort was established in the theater of operations.

Despite the harsh environment and intense preparations for war, morbidity rates among U.S. troops were lower than in previous major conflicts. In addition, mortality rates were much lower than anticipated. A total of 372 U.S. military personnel died in the Gulf region during the first year of this deployment: 40% from combat, 52% from accidents (primarily related to training and motor vehicle accidents), and 8% from illness.

By May 1991, most U.S. military personnel had left the theater of operations. Troops who remained on active duty after the war received health care through the Military Health System, which provides medical care to all active duty personnel and eligible Department of Defense (DoD) beneficiaries. Prior to separation from the military, active duty personnel are medically screened and undergo a thorough physical examination. For the first year after the war, veterans who had left active duty -- either to re-enter the inactive Reserves/National Guard or to become civilians -- were eligible for health care from the Department of Veterans Affairs (VA) by demonstrating a service related health problem or financial need. With the passage of Public Law (PL) 103-210 in 1992, Gulf War veterans were granted special eligibility for health care within the VA for any illness possibly related to wartime service.

Following the end of the Gulf War, some veterans of OPERATIONS DESERT SHIELD and DESERT STORM presented with multiple non-specific somatic symptoms. The most

commonly reported symptoms have been fatigue, headaches, joint pains, skin rash, shortness of breath, sleep disturbances, difficulty concentrating, and forgetfulness. There have been reports of similar symptoms among British and Canadian Gulf War veterans.

Almost ten years have elapsed since the last U.S. troops returned from the Gulf War. During that time enormous effort has been expended in attempts to solve the puzzle of the effects of the Gulf War on the health of those deployed to fight. Veterans have voiced their concerns so their problems are addressed. Numerous investigations by Congress, the General Accounting Office (GAO), the Presidential Advisory Committee (PAC), and the Institute of Medicine (IOM) have attempted to elucidate factors contributing to health problems among Gulf War veterans. The Department of Veterans Affairs and the Department of Defense established clinical examination programs focused on diagnosing and treating Gulf War veterans' complaints and initiated an extensive program of research focused on the health of Gulf War veterans.

A series of six expert panels in the USA have evaluated available clinical and research data but did not identify or define a unique "Gulf War syndrome." In addition, none of the postulated environmental risks was determined to be a cause of illness among widespread groups of Gulf War veterans. The most recent independent panels -- the Presidential Advisory Committee on Gulf War Veterans' Illnesses and the National Academy of Sciences' Institute of Medicine Committee on Health Effects -- concluded that stress is likely to be an important contributing factor in the development of the broad range of illnesses experienced by Gulf War veterans.

Summary of Findings from Studies to Date: The Institute of Medicine (IOM) Committee on Measuring Health summarized in 1999 the large and growing literature on the health of Gulf War veterans as follows:

- Military personnel who served in the Gulf War have had a significantly higher risk (at least through 1996) of suffering one or more of a set of symptoms that include fatigue, memory loss, difficulty concentrating, pains in muscles and joints, and rashes. Other symptoms are noted with reduced frequency, but still may be experienced more often by deployed than nondeployed veterans.
- The symptoms range in severity from barely detectable to completely debilitating.
- No single accepted diagnosis or group of diagnoses has been identified that describes and explains this cluster of symptoms.
- There is no single exposure, or set of exposures, that has been shown conclusively to cause individual symptoms or clusters of symptoms. Although some statistical associations have been seen in some studies, they have not been confirmed in other studies or confirmed through laboratory tests that would establish a cause-effect connection in individual patients.
- No diseases included in the ICD-9-CM or ICD-10 classification systems have been shown to be more frequent in deployed or in nondeployed veterans with the exception of PTSD symptoms.

- Mortality among deployed veterans is not higher in general than mortality among non-deployed veterans, at least through 1993. Deaths due to accidents are higher among deployed veterans.
- Health-related quality of life, as measured through instruments such as the SF-36, is lower on average among deployed veterans than among nondeployed veterans.
- The natural course of symptom experience over time is not known, as no longitudinal studies of symptom experience have been conducted and reported in the literature.

DoD's Comprehensive Clinical Evaluation Program (CCEP): In response to the health concerns of Gulf War veterans the Department, through the Office of DoD Health Affairs, instituted the "Comprehensive Clinical Evaluation Program" (CCEP) on June 7, 1994. The CCEP was a continuation of prior DoD medical care of active duty Gulf War veterans and screening for unusual illnesses but provided a more systematic evaluation strategy modeled after the VA Gulf War Health Examination Registry.

The CCEP was developed to provide a systematic and uniform medical evaluation at 184 military health care facilities located in 39 states, eight foreign countries, and two territories. To institute the CCEP, organizational meetings were held with senior medical officials from all military services. Health care officials of the VA were consulted to ensure that the CCEP and the VA Gulf War Health Examination Registry collected comparable data. Four instructional meetings were held with military health care personnel on CCEP procedures and to provide clinical and research information related to Gulf War health questions. Special committees of the Institute of Medicine have reviewed and monitored the CCEP process, including the design and implementation of the program and interpretation of its findings.

Through concerted outreach efforts, the 285,000 Gulf War veterans still on active duty in 1994 when the CCEP was begun were encouraged to enroll if they had any health questions or concerns; a current health problem was not necessary for participation. Also eligible are veterans of the Gulf deployment who are military retirees, Reserve/National Guard personnel on full-time active duty or on special orders, and civilian DoD employees. Family members of qualified Gulf War veterans also can receive a CCEP evaluation. Finally, active duty troops who have participated in more recent deployments outside of the USA can be evaluated in the CCEP.

The CCEP provides a two-phase clinical evaluation supervised by a board-certified physician in either family practice or internal medicine. All CCEP participants are provided a Phase I examination, which is conducted at the local MTF and consists of a thorough clinical examination and a standardized provider-administered questionnaire. All participants are asked about: 1) medical and family histories; 2) symptoms; 3) number of days of work lost due to illness during the 90 days prior to examination; and, 4) self-perceived exposures in the Arabian Peninsula to among the following: petroleum products, pyridostigmine bromide pills, oil well fire smoke, insect repellents, anthrax and botulinum vaccinations, combat casualties, and actual combat. In addition, the following laboratory tests are performed: a complete blood count, urinalysis, and blood chemistries for electrolytes, glucose, creatinine, blood urea nitrogen, and transaminase levels.

For CCEP participants without current medical problems or who have health problems that can be satisfactorily dealt with after the Phase I evaluation, no additional evaluation is conducted. Other CCEP participants proceed to Phase II examination at one of 14 DoD Regional Medical Centers.

At the conclusion of the CCEP evaluation process, examining physicians provide a primary diagnosis and additional secondary diagnoses based on clinical importance. After review by accredited medical record coders, up to seven diagnoses are coded using ICD-9-CM and entered into the database. A quality control process was instituted when the CCEP was established to ensure uniform evaluation, accurate data collection, and database validity.

There have been a series of reports and publications dealing with the data collected from the CCEP. Analysis of the first 20,000 Gulf War veteran participants showed that the types of primary and secondary diagnoses varied widely. A total of 1,263 separate ICD-9-CM codes were needed to categorize primary diagnoses. Of the 1,263 separate codes used, 41% were applicable to only a single CCEP participant. Relatively frequent primary diagnoses found among 25 or more veterans were distributed among 114 different ICD-9-CM codes. For broad ICD-9-CM classifications, the three most common primary diagnoses were "Diseases of the Musculoskeletal System and Connective Tissue" (18.6% of diagnoses), "Mental Disorders" (18.3%), and "Symptoms, Signs, and Ill-Defined Conditions" (17.8%). Nine percent of participants were found not to have a clinically significant new illness. Among veterans with a primary ICD-9-CM diagnosis of "Symptoms, Signs, and Ill-Defined Conditions," no single subcategory of illness predominated, and no characteristic physical sign or laboratory abnormality was identified. Fifty-one percent of veterans in this diagnostic category reported that symptoms began more than six months after returning from the Gulf region.

In summary, no clinical indication of a new or unique illness was identified, and the types of physiologic disease that could result from postulated hazardous exposures were uncommon in this self-referred population of 20,000 Gulf War veterans. Additionally, severe disability -- measured in terms of reported lost work days -- was not a major characteristic of evaluated military veterans: 80% of active duty personnel had not missed work because of illness or injury during the 90 days prior to their initial evaluation. Lastly, there was no association between broad ICD-9-CM diagnostic categories and self-reported hazardous exposures.

In addition to Phase I and Phase II examinations in the CCEP, a Specialized Care Center (SCC) was opened at Walter Reed Army Medical Center (WRAMC) in March 1995 for intensive evaluation and treatment of symptomatic Gulf War veterans. Referrals are considered from all clinicians who have evaluated veterans in the CCEP. Clinicians are requested to refer motivated individuals who are suffering from persistent symptoms that interfere with their ability to perform routine military duties or to meet fitness and retention standards. Patients come to the SCC for four-week treatment periods in groups of four to six, and reside on the grounds of WRAMC as outpatients. They receive treatment from a multidisciplinary team that includes fitness trainers, nutritionists, occupational and physical therapists, art and recreation therapists, internists, social workers, psychiatrists, and psychologists.

Combined VA and DoD Clinical Protocol Initiatives. In 1998 DoD and VA significantly expanded the Registry Examination and Comprehensive Clinical Evaluation Program by 1) including a 7 page DU questionnaire to supplement the Gulf War registry exam; and 2) offering a 24 hour urine collection for measuring DU levels for any Gulf War veteran who wants it (a validated approach). This in part addressed the problem that research on the human health effects of DU exposure in a military setting is very limited.

VA and DOD are currently working on a combined review of both registries. By combining this data, researchers at VA and DOD hope to increase the power of detecting rare or less obvious disorders, and to conduct reviews of sub-groups by gender, age, location and time of deployment.

DoD and VA have asked the Institute of Medicine (IOM) to evaluate the adequacy of the Persian Gulf Registry (PGR) and the CCEP and both evaluation programs have evolved over time. The IOM has endorsed the systematic, comprehensive set of clinical practice guidelines set forth in the CCEP and PGR. These guidelines have assisted physicians in the determination of specific diagnoses for thousands of patients. However, the IOM has emphasized the need to focus care at the primary care level, both to enhance the continuity of care and to foster the establishment of an ongoing therapeutic relationship. In addition, research has shown that a high prevalence of psychosocial problems occur among deployed forces and the IOM has recommended that standardized guidelines for screening, assessing, evaluating, and treating these patients be developed. The IOM recommendations build on the lessons learned through research, the implementation of the PGR, CCEP and the UCAP, and advances made in the field of clinical practice evaluation.

The IOM emphasized that the experiences after the Vietnam and Gulf wars have shown that the post-deployment period is crucial for carrying out medical screening and evaluation and providing appropriate care for returning service members. In addition, VA and DoD physicians have noted the need for standardized guidelines for screening, assessing, evaluating, and treating patients returning from deployment who may have deployment related health concerns. The IOM also felt that standardized guidelines for screening, assessing, evaluating, and treating patients was especially important to VA in that the Veterans Benefits Improvement Act of 1998 (P.L. 105-368) provides that service members will be eligible for medical care for a period of 2 years after their return from service in a theater of combat operations during a period of war or hostilities. The provision of this care without the need for establishing service-connection provides a valuable opportunity to ascertain the health needs of this population, including those related to medically unexplained symptoms. Rather than naming a special deployment-specific registry, the IOM concluded that veterans should receive care as needed, with evaluation, follow-up, and patient management focused in the primary care setting.

Congress has also expressed concern and provided legislation allowing establishment of DoD Deployment Health Centers and VA Center(s) for the Study of War Related Illnesses and Post-Deployment Health Concerns. These DoD and VA Centers will serve as locus of activity for post-deployment surveillance, clinical, and research issues and support continued

development of applicable evidenced-based solutions for post-deployment medical concerns. The DoD Deployment Health Clinical Center, located at Walter Reed Army Medical Center has the mission and responsibility to 1) Maintain and improve primary and tertiary health care for individuals with deployment-related health concerns; 2) Maintain, improve, and explore the use of health information systems to improve the continuum of deployment-related health care the military offers and to improve military medicine's capacity for early identification of emerging deployment-related illnesses; 3) Develop a program of militarily relevant clinical research to include multi-center clinical trials, risk communication strategies, and clinical health services research, 4) Assist in developing, implementing, and sustaining an evidence-based military medical deployment health education program to increase the volume, quality, rate, and ease of use of clinically relevant research knowledge disseminated to military health care providers regarding deployment-related health care and communication strategies.

Lessons Learned: Every U.S. war since the Civil War has produced chronic, enigmatic, and disabling post-war physical symptoms among veterans. Unexplained physical symptoms have become an especially contentious issue for veterans, policy makers, scientists, and clinicians after the Gulf War. Over 43% of the first 18,000 veterans seeking DoD care for Gulf War health concerns were diagnosed with an ill-defined condition, and nearly 18% had an ill-defined condition as a primary diagnosis. A recent CDC study found that 45% of Gulf War veterans and 15% of non-deployed Gulf War era veterans met criteria for chronic multisymptom illnesses.

In response to health questions following the Gulf War and the increasing demands of a series of hazardous deployments, the military health system has undergone a fundamental reorientation. A new strategy has been developed and is being implemented to protect U.S. forces against all foreseeable physical and psychological threats. DoD's "Force Health Protection" strategy balances the military's key responsibilities to: 1) promote and sustain health and wellness throughout each person's military service; 2) prevent acute and chronic casualties; 3) rapidly stabilize, treat, and evacuate casualties; and, 4) perform medical surveillance, longitudinal health studies, and ensure adequate medical records documentation and clinical follow-up for deployed forces. The Force Health Protection strategy has played a key role in further reductions in illness and injury rates since the Gulf War.

Significant initiatives of DoD's Force Health Protection Strategy include:

1. **Medical Surveillance:** Established in 1996, the Defense Medical Surveillance System (DMSS), is an executive information system whose database contains up-to-date and historical data on diseases and medical events (e.g., hospitalizations, ambulatory visits, reportable diseases, HIV tests, acute respiratory diseases, and health risk appraisals) and longitudinal data on personnel and deployments. Through DMSS, the DoD Medical Surveillance Activity provides the sole link between the DoD Serum Repository and other databases. This repository contains over 20 million frozen serum specimens and is the largest of its kind in the world. The Defense Medical Epidemiology Database (DMED) application provides remote access to a subset of data contained within the Defense Medical Surveillance System (DMSS). The DMED application provides a user-friendly interface through which

users may perform queries regarding disease and injury rates and relative burdens of disease in active duty populations. Through the use of client-server technologies and database optimization, DMED users have unprecedented capabilities to access Tri-Service epidemiologic data and to submit tailored queries that are responded to in a timely (seconds) and efficient manner.

DoD Directive 6490.2, 30 Aug 97, "Joint Medical Surveillance," (3.5.4.1) establishes policy and assigns responsibility for routine joint medical surveillance of all Military Service members during active Federal service, especially military deployments. This Directive designates the Secretary of the Army as the DoD Executive Agent for the Department of Defense and for the maintenance of the Armed Forces Serum Repository. DoD Instruction 6490.3, 7 Aug 97 "Implementation and Application of Joint Medical Surveillance for Deployments," (3.5.4.2) implements policy, procedures, and assigns responsibilities for joint military medical surveillance in support of all applicable military objectives. This Instruction describes routine military medical surveillance activities during major deployment, or deployments in which there is a significant risk of health problems, as identified by the Chairman of the Joint Chiefs of Staff in coordination with the Assistant Secretary of Defense for Health Affairs.

2. **Birth Defects Registry:** On January 1, 1999, the Department of Defense established a Birth Defects Registry at the Naval Health Research Center, San Diego, California. This registry combines health record abstraction (active surveillance) with screening of Department of Defense electronic medical data (passive surveillance), to create a cost-effective surveillance program for the geographically dispersed military population. Monitoring birth defects is essential and consistent with the military's desire to provide the best health care for families. As the proportion of women in the military has increased, many questions have been raised regarding their reproductive health, including the risk of having a child with birth defects. Tracking demographic and response data is vital to identifying defect clusters and to establish causal relationships between congenital defects and teratogens.
3. **DoD Deployment Health Centers:** Section 743 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 authorized the Secretary of Defense to establish a center devoted to "...longitudinal study to evaluate data on the health conditions of members of the Armed Forces upon their return from deployment..." On 30 September 1999, the ASD(HA) directed establishment of DoD Centers for Deployment Health (3.5.4.3):
 - A research center at the Naval Health Research Center, San Diego
 - A clinical center at Walter Reed Army Medical Center
 - Continuing medical surveillance through the Defense Medical Surveillance System

The Centers will coordinate activities with the Joint Staff and the Military and Veterans Health Coordinating Board. This coordination will ensure a military operational focus and integration of efforts with the Departments of Defense, Veterans Affairs and Health and Human Services on a broad range of military and veterans' health matters to achieve the

Nation's commitment to maintain, protect, and preserve the health of the men and women who serve in the U.S. Armed Forces.

The goal of the Centers for Deployment Health will be to improve our ability to identify, treat, and minimize or eliminate the short- and long-term adverse effects of military service on the physical and mental health of veterans.

- 4. Prospective Studies of U.S. Military Forces: The Millennium Cohort Study:** In the report to the Committee on National Security, House of Representatives and the Armed Services Committee, U.S. Senate *on Effectiveness of Medical Research Initiatives Regarding Gulf War Illnesses*, the DoD identified the need for a coordinated capability to apply epidemiological research to determine whether deployment-related exposures are associated with post-deployment health outcomes. The Millennium Cohort Study, a prospective study of U.S. military forces, responds to this need and to recent recommendations from Congress and the Institute of Medicine to systematically collect population-based demographic and health data to evaluate the health of service personnel throughout their military careers and after leaving military service.

The Millennium Cohort study is a probability-based, cross-sectional sample of 100,000 U.S. military personnel (as of October 2000) who will be followed prospectively by postal surveys every 3 years over a 21-year period. The 100,000 persons will be comprised of veterans who have been recently deployed to Southwest Asia, Bosnia, or Kosovo, and veterans who have not been deployed to these conflicts. In October 2004 and October 2007, new military personnel will be added to the cohort. The total of 140,000 veterans will be followed until the year 2022.

The study is designed to systematically collect population-based demographic and health data to evaluate the health of service personnel throughout their military careers and after leaving military service. The principal objective of the study is to evaluate the impact of military deployments on various measures of health over time including medically unexplained symptoms and chronic diseases such as cancer, heart disease and diabetes. The Millennium Cohort Study will serve as a foundation upon which other routinely captured medical and deployment data may be added to answer future questions regarding the health risks of military deployment, military occupations, and general military service.

- 5. Combat Stress Control:** Deployment of forces in hostile or unfamiliar environments is inherently risky. The changing missions and increasing use of U.S. forces around the globe in operations other than war call for greater attention to threats of non-battle-related health problems—including infections, pathogen- and vector-borne diseases, exposure to toxicants, and psychological and physical stress—all of which must be avoided or treated differently from battle casualties. The health consequences of physical and psychological stress, by themselves or through interaction with other threats, are also increasingly recognized.

Combat Stress Control is an ongoing and critically vital issue to the Department. DoD CSC units have been very active in Somalia, Haiti, Kosovo, Bosnia, and on numerous other humanitarian missions. Tools to combat long term psychiatric morbidity include: good unit morale, risk communication, stress inoculation, and critical event debriefings. Stress inoculation-the concept of preparing service members for sights, sounds and smells of combat and humanitarian missions-is an increasingly accepted tool. Information pamphlets on handling dead bodies and other stresses are available on the Army mental health website (Armymentalhealth.com) and from CHPPM.

The DoD Directive 6490.5, "Combat Stress Control" was signed in February of 1999 (3.5.4.4). It mandates that:

- CSC policies shall be implemented throughout the Department of Defense;
 - Service CSC consultants shall meet periodically;
 - Leadership aspects of combat stress prevention shall be emphasized;
 - CSC units shall train with operational organizations;
 - BICEPS principles (Brevity, Immediacy, Centrality, Expectancy, Proximity, Simplicity)
 - Members experiencing CSRs shall be managed within the unit;
 - Misconduct be handled through UCMJ; and
 - CSR casualty rates be collected discretely from neuropsychiatric and DNBI data.
6. **Recruit Assessment Program:** Part of the reason it has been so difficult to determine the causes of Gulf War illnesses is the limitations of the pre-war medical records for service members and veterans who have developed symptoms. Lessons learned from the Gulf War resulted in a complete review of doctrine, policy, oversight and operational practices for force health protection and military medical surveillance. Surveillance in this case means gathering information about both the health risks present in the environment that our forces are deploying to and the health status of service members. Once a wartime deployment occurs, it's difficult or impossible to go back and get that information. Preparing for deployment can be an extremely rushed and stressful time. It's hard to get detailed and accurate health data once troops begin preparing for a potentially life threatening mission.

One way to avoid those pitfalls is to collect baseline health data at recruitment and integrate this data with health information collected periodically during service members' careers. The Recruit Assessment Program (RAP), which is currently being piloted at several recruit centers, is an electronically scannable paper questionnaire which recruits fill out during their first week of training. A copy of the questionnaire will be added to each service member's medical folder, while the original is fed into a computerized database. That process, when applied to more than 250,000 incoming recruits every year, will require the use of cutting edge computer technology.

If successful, the questionnaire will provide accessible medical data to both DoD and VA doctors. In future years it will be the beginnings of what is called a longitudinal database, which allows a view of active duty military and veterans' health over time. Linking the RAP with other DoD and VA health records will create one of the world's largest longitudinal

databases. Longitudinal research allows doctors to see trends in health problems in a population. It will help the medical community better understand differences between service members' pre- and post- deployment health conditions.

E. ANTHRAX VACCINE IMMUNIZATION PROGRAM

Since the end of the Gulf War, the Department of Defense has increased the level of attention given to biological warfare. The biological warfare (BW) threat to US forces is very real. About a dozen countries, including several that are hostile to Western democracies now possess or are actively pursuing offensive BW capabilities. Anthrax tops the DoD threat list. It is the biological weapon of choice.

To address the anthrax concern, Secretary of Defense Cohen approved a plan on December 15, 1997 to immunize the Total Force against anthrax, contingent upon four conditions: (1) supplemental testing of anthrax vaccine lots in the stockpile to assure their potency, purity, sterility, and general safety, consistent with Food and Drug Administration (FDA) standards; (2) approval of the Services' implementation plans for execution and communication; (3) implementation of a system for fully tracking anthrax vaccinations; and (4) review of the health and medical aspects of the program by an independent expert. Following the successful completion of these conditions, the Secretary Cohen approved the Total Force Anthrax Vaccine Immunization Program (AVIP) in March 1998.

Prior to implementation of the Total Force AVIP, Implementation of the AVIP began with forces identified for Southwest Asia due to increasing concerns of biological threats in the region cited by the Chairman of the Joint Chiefs in 1995. Following this initial implementation, the Secretary approved Total Force implementation of the AVIP in May 18, 1998 for approximately 2.4 million Service members, including more than 1 million members of the National Guard, Reserves, and U.S. Coast Guard.

The Anthrax Vaccine Immunization Program (AVIP) was implemented in three phases over a seven to eight-year period. The first phase, referred to as Phase I, included Service members and mission-essential DoD civilians assigned or deployed to areas designated by the Joint Staff as high-threat: Southwest Asia (SWA) and Korea (i.e., Northwest Asia, NWA). Phase I began in March 1998, due to increasing tensions in SWA, and extended to forces deployed to Korea and surrounding waters on August 16, 1998. Early deploying forces supporting SWA and NWA, both Active and Reserve Component personnel were scheduled to be vaccinated in Phase II. Phase III will include the remainder of the force, both Active and Reserve Component, and new personnel. As of August 30, 2000, over 463,000 personnel had received more than 1.86 million doses of anthrax vaccine. Eventually, the total force of approximately 2.4 million,

including more than 1 million members of the National Guard and Reserves, will receive FDA-licensed anthrax vaccine.

On July 17, 2000, the Deputy Secretary of Defense ordered a temporary slowdown in the AVIP, to conserve the vaccine supply while we await approval by the FDA of the manufacturer's renovated-production facility. More recently, on November 30, 2000, the Deputy Secretary of Defense further slowed the AVIP to DoD personnel assigned or deployed on the ground in Southwest Asia for more than 30 consecutive days and those personnel afloat in the Persian Gulf who have the potential of being committed ashore will continue to receive anthrax vaccine.

The immunization program will consist of a series of six inoculations (Doses are administered at 0, 2, and 4 weeks, and 6, 12, and 18 months) per service member over an 18-month period, followed by an annual booster.