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LENGTH: 13879 words**HEADLINE:** HEARING OF THE DEFENSE SUBCOMMITTEE OF THE SENATE APPROPRIATIONS COMMITTEE
SUBJECT: FISCAL YEAR 2005 NATIONAL GUARD AND RESERVE BUDGET**CHAired BY:** SENATOR TED STEVENS (R-AK)**WITNESSES PANEL I:** LIEUTENANT GENERAL STEVEN BLUM, ARNG, CHIEF, NATIONAL GUARD BUREAU;
LIEUTENANT GENERAL ROGER C. SCHULTZ, ARNG, DIRECTOR, ARMY NATIONAL GUARD;

LIEUTENANT GENERAL DANIEL JAMES III, ANG, DIRECTOR, AIR NATIONAL GUARD;

PANEL II:

LIEUTENANT GENERAL JAMES R. HELMLY, USAR, CHIEF, ARMY RESERVE;

VICE ADMIRAL JOHN G. COTTON, USNR, CHIEF, NAVAL RESERVE; LIEUTENANT GENERAL DENNIS
M. MCCARTHY, USMCR, COMMANDER, MARINE FORCES RESERVE; LIEUTENANT GENERAL JAMES E.
SHERRARD III, USAFR, CHIEF, AIR FORCE RESERVE**LOCATION:** 192 DIRKSEN SENATE OFFICE BUILDING, WASHINGTON, D.C.**BODY:**

SEN. TED STEVENS (R-AK): Thank you very much, generals. I'm sorry to be a little bit late. We welcome you all so we can review the National Guard and Reserve programs. There are two panels scheduled this morning, I would say to the members of the committee. First we'll hear from the National Guard leadership followed by the leadership of the four Reserve forces.

On our first panel, obviously, is General Steven Blum, chief of the National Guard bureau; Lt. Gen. Roger Shultz, director of the Army National Guard, Lt. Gen. Daniel James, director of the Air National Guard. We thank you gentlemen for joining us this morning. There's no question that the Guard and Reserve have asked to perform beyond the normal call of duty and you've taken on your missions in Iraq and Afghanistan and elsewhere around the world in great fashion.

Despite the burden and stresses that each of the Guard and Reserve service members have had to assume since 9/11 they continue to make extraordinary contributions to our nation's security and we thank all of the citizen soldiers that are under your command. We have had visits to Iraq, Kuwait, Pakistan and Afghanistan and we've seen your people in action and we congratulate you for what you've done and pledge to you our support for what you're going to do in the future. Does any member have an opening statement?

SEN. CHRISTOPHER BOND (R-MO) : Mr. Chairman.

SEN. STEVENS: Sir.

SEN. BOND: Mr. Chairman, I join you in welcoming the generals and all the men and women from the National Guard. Senator Leahy and I are very proud to be able to be able to work with the members of the Guard caucus and particularly this committee in supporting the Guard, whether it's the allocation in the NGREA account or full time support additional rotor wing aircraft, Army aviation, additional civil support teams, youth challenge program, just a few of the important things the Guard's doing. We understand there's over 170,000 Guard and Reserve forces currently activated and almost 40 percent of the force in Iraq is composed of Guard and Reserve.

I think we have to remain diligent to follow up to see that we support the Guard and Reserves as they support us. That's why Senator and Leahy and I investigated concerns about medical holds and housing in Fort Stuart, Georgia. And

we got the response we needed. Soldiers on medical hold are getting better care and housing. And the Army does not want a repeat of what went on at Fort Stuart.

Right now, I am working with a number of people to make sure that we get the mail system modernized so that mail can get to deployed troops overseas. Leader Frist asked for a GAO investigation of the mail system and that report is due out the end of April. And we are hearing that it's going to say some — have some very deep concerns about the ability to get mail to deployed troops, which is very important for morale. And those of us in the political realm know that it's very important that Guard and Reserve who are deployed be able to vote.

Twenty-nine states, including my state of Missouri and a number of other states here, require voting by mail. And if we can't get the absentee ballots to our deployed troops and get them back then they're disenfranchised. In Missouri last year the secretary of state checked on the 2002 election and found that 40 percent, 40 percent of the Missouri military deployed abroad who applied for absentee ballots did not get their ballots counted. And with much larger numbers deployed now, I think it is absolutely imperative. I've spoken to the Secretary of Defense and I hope that the bureaucracy will get off its duff and make sure that we develop a mail system that can get the mail that our deployed troops deserve to see on a regular basis from home, and also be able to participate in the political process.

I thank all the members of the Guard. I want specifically to recognize Sergeant First Class Stephanie Leonard (sp). She is a citizen soldier committed to supporting the community and the nation's military. An excellent example, first Bronze Star female winner in the Missouri National Guard. Sergeant, thank you very much for being with us.

(Applause)

SEN. STEVENS: While we're recognizing constituents, Senator, let me point out that the students in the back of the room are from the Colony High School Close-up Group from Palmer, Alaska. They've come 4,500 miles to be with you this morning.

(Applause)

SEN. THAD COCHRAN (R-MS): I would just ask, Mr. Chairman, to have my statement printed in the record. I join you in welcoming our witnesses and thank them for their service and their leadership.

SEN. CONRAD BURNS (R-MT): Mr. Chairman, could I have my statement also admitted to the record. We'd like to hear from our witnesses this morning, and also congratulations on a great job done by our citizen soldiers. Thank you very much.

SEN. STEVENS: Thank you.

Senator Leahy.

SEN. PATRICK LEAHY (D-VT): Thank you, Mr. Chairman.

I want to welcome the witnesses here too: General Schultz and General Blum and General James. I've worked with all three of them. I know what a superb job we do. I think we have a great leadership team in place at the Guard bureau.

Mr. Chairman, you and Senator Inouye have been a great help. Senator Bond mentioned the fact that we lead the National Guard Caucus and this has been a joy not only because of my personal friendship and admiration of Senator Bond, but because of the men and women we represent on this and want to help. I think all the members of the caucus would agree in thanking you for the leadership you've given.

It was this subcommittee, your subcommittee, yours and Senator Inouye's subcommittee that was the engine for launching two major initiatives that will significantly strengthen the Guard: including the TRICARE program at a significant increase in equipment funding. It made the Guard a priority and marshaled help through critical appropriations. Your own staff is superb in these areas.

And while we're mentioning folks from home I'd like to mention Sergeant Karen Kraus (ph) sitting behind the generals. The sergeant is a member of the Vermont National Guard. She just returned from Afghanistan. And Sergeant, we're delighted to have you here.

(Applause)

I'm very proud of her. I'm very proud of all the members of the Vermont Guard that serve with great distinction in

Bosnia, Iraq and Afghanistan along with the Texas Guard and along with the Missouri Guard and all the others. Not surprisingly, Mr. Chairman, she was telling me this morning about a couple of big differences here. One it's a lot easier walking around without having to wear all the body armor that's necessary in those places. It's kind of nice to walk into stores and be back in the United States of America where things are a lot more familiar.

But we have three Guard members here and, of course, so many others throughout the place. If it wasn't for our Guard and Reserves we could not be carrying out our missions around the world. We would not have the United States well represented. So thank you and thank you and Senator Inouye again for all the support you've given.

SEN. STEVENS: Thank you, Senator. I've been out to Bethesda and to Walter Reed and each time I was out there visiting with some of the military that have come back, I think you'd be surprised to know each time I was asked, "Will you help me go back?"

That's a spirit that just grabs me. It just grabs me. It's really wonderful just to be with those people. Our co-chairman has arrived.

Senator Inouye.

SEN. DANIEL INOUE (D-HI): I'd like to join all of you in welcoming our Reserves and their chiefs and to thank and commend them and their men for their demonstration of citizenship and courage. We admire them, sir.

GEN. : Thank you very much.

SEN. INOUE: And may I ask that the rest of my statement be made part of the record.

SEN. STEVENS: All of it. Your statement will be made a part of the record. And all of your statements, gentlemen, and the next panel will be put in the record. We'd appreciate it if you would summarize to the extent that you wish.

We'd call on you first, General Blum.

GEN. STEVEN BLUM: Well thank you, Mr. Chairman and thank you other members of the committee for the opportunity to appear here this morning. As was stated by some of your opening remarks as we sit here this morning there are 144,000-plus citizen soldiers and airmen deployed all around the world that are engaged in a global war on terrorism and defending our homeland both here at home and abroad.

Your National Guard has become critically essential to the defense, security and safety of our states and of our nation. The National Guard has always been an operational reserve when it's answered the calls of the governors and the president here at home. But as a federal reserve component of our army and air force we are transitioning from a strategic reserve that was once held in reserve for World War III, to an operational force that is needed each and every day as our army and our air force executes their missions around the world.

This is a resource, manpower and organizationally intensive operation that will have to happen with very compressed timelines if we're going to make it happen to meet the needs of our nation. And the National Guard and Reserve equipment account has been and will remain extraordinarily useful and vital in these initiatives. I am proud to report to you that your National Guard has answered every call, met every requirement and accomplished every mission that its been asked to do.

We are committed to transformation. We are transforming the Guard into a more joint and effective organization from top to bottom. We are improving readiness across the full spectrum of requirements, from the full scale warfight overseas to the myriad homeland defense port to homeland security operations and state traditional missions.

We are providing better predictability to our soldiers, to our airmen, to their families and to our employers. We are meeting the needs of our elected leaders and our uniform and state and federal leaders. And we're meeting the mandate to seamlessly operate in a state and federal intergovernmental, interagency joint and multinational role.

Your National Guard is focusing on the right force mix with the right kinds of units, with the right kinds of capabilities distributed to each state and territory. We are transforming along with the army and the air force and we are full partners in that transformation. It is now recognized that there are 18 divisions in the United States Army, eight of which are assigned to the Army National Guard. There will be 82 brigades or 82 brigade combat teams in the United States Army. Thirty-four of these will be assigned to the Army National Guard.

The National Guard will convert units overtaken by technology for strategic and tactical needs to those capabilities that our country needs for today and tomorrow. We will eliminate non-essential and under-resourced force structure because

it does not provide us the capabilities we need today or that we'll need in the future. We will move to a more modular plug and play capabilities-based force which is manned, equipped, trained and resourced like its active component.

Partnering with our active components and the Reserves, we will create a true total force unit. Nationwide we are re-balancing and leveraging the Army and Air National Guard formations. Transformation and modularity are both very good for the National Guard. It will enhance our readiness. It will increase our flexibility and agility and our ability to respond to today's reality and tomorrow's threats both here at home and abroad.

We are taking on these transformations with the assistance and the full collaboration and inclusion of all stakeholders: the governors, their adjutants general, the services, the Department of Defense and you, sir and ma'am, the United States Congress. Your National Guard is committed to doing what is right for America. I look forward to your questions.

Thank you.

SEN. STEVENS: General Schultz.

GEN. ROGER SHULTZ: Thanks, Mr. Chairman. Before this committee I am honored to be. As you think about our soldiers, you already mentioned the highlight. They make our units special. They make our units what they are. And collectively they develop our units capabilities.

As we talk about the Army National Guard today we have 94,000 plus soldiers currently deployed. We have already demobilized over 54,000 soldiers. So Mr. Chairman, our bottom line is readiness and you've clearly helped us deliver what I'm now talking about in highlight terms.

Our posture statement gets at the detail but I do want to reinforce a point that General Blum's already made and it has to do with Guard and Reserve equipment appropriation. That's a readiness enhancing initiative for us and I reinforce the importance of that. Mr. Chairman, I know this is a 2005 hearing but I need your help getting through 2004.

I have enough total money.

There will be a request coming to this committee for consideration of moving some money from personnel accounts to operations accounts. And I'll just give you a brief update of what's going on.

With all the mobilization activity we have no doubt changed our training plans from 1 October of last year. And so I would ask favorable consideration to move some of our personnel accounts in a reprogramming action into the operations and maintenance accounts where I have clear need for some of our more related kinds of activity.

Mr. Chairman, thank you.

SEN. STEVENS: — that request and I'll promptly honor it. I understand that you're after it and we'll work with you closely on that.

General James.

GEN. DANIEL JAMES: Mr. Chairman and members of the committee thank you on behalf of the more than 107,000 Air National Guard men and women. Thank you for this opportunity. Before I give my remarks I would like to introduce to the committee, if possible, a Kentucky Air National Guardsman, Master Sergeant David Stressinger (ph).

Master Sergeant Stressinger is here with us today. He's a 20 year veteran. He's flown more than 1,000 sorties in his career. That's 2,500 hours of safe flying. He's a combat veteran of 30 combat missions in Operation Enduring Freedom. He's also participated in Iraqi Freedom and Noble Eagle. From the 123 Operations Group, Master Sergeant David Stressinger.

(Applause)

SEN. STEVENS: Sergeant, it's nice to see that A2 jacket. That brings back lots of memories.

GEN. JAMES: Well, Mr. Chairman, as you know this has been an incredible year for our nation and it's also been an incredible year for our Air National Guard. We continue to participate in the global war on terrorism with pride and determination and we validated everything we've always said about our capabilities. We've trained to Air Force standards and accomplished the mission professionally as full partners in the total Air Force.

Our contributions over the past two years, since September 11, we've mobilized over 36,000 members, flown over

100,000 flights for 340,000 hours. One third of the Air Force aircraft in operation in Iraqi Freedom were from the Air National Guard. Today, over 42,000 personnel, nearly 40 percent, of the Air National Guard's force is currently performing full-time duty. We constantly monitor our recruiting and retention numbers and I'm very pleased to report that the trends so far are positive.

We will and do expect to make our end strength for this year. Because we have retained more of our people our recruiting goals are higher than need be. We have not recruited to those goals but we will retain enough people to make our end strength.

We're currently working on a plan to posture the National Guard for the missions our nation will need in the future. The plan, or vanguard as I call it, is an examination of our current capabilities and those required for our future air and space force. We are already well into developing initiatives for establishing the units that are integrated with the Active and Reserve component in the Guard for the FA-22 Raptor and the RQI Predator remotely piloted vehicle. Both of these are ground breaking opportunities for the Air Guard and we're excited about the prospect of being involved in these new missions and weapons systems.

In December of 2003 the first C-17 aircraft was delivered to the 122 Airlift Wing in Jackson, Mississippi. The first operational wing of its kind ever in the Air National Guard. The final aircraft will be delivered in May and will be named "The Spirit of Sonny Montgomery," in honor of Congressman Montgomery who has done so much not only for the National Guard but for the nation, the military and its veterans. We look forward to that event and to the great things to come from this distinguished unit.

The KC-135 tanker continues to be the backbone of our air bridge for combat operations across the world. Modernizing this aging fleet is critical to the Air National Guard, the Air Force and combatant commanders. This committee has helped make and keep us relevant and is directly responsible for our ability to participate as full partners with the Air Force. Your exceptional support in providing the miscellaneous NGREA or National Guard and Reserve Equipment Account funds has been absolutely critical in enabling us to leverage our limited resources in an effort to bring needed capabilities to the warfighter.

The procurement of such items as the Litening II targeting pod, upgrading F-15 engines and the Situational Awareness Data Link, or SADL, are some examples of how this appropriations has assisted us. We cannot thank you enough for your continued support of this very important program. With your help I'm certain that we will continue to be ready, reliable and relevant and needed, now and in the future.

I look forward to answering your questions. Thank you.

SEN. STEVENS: Thank you, generals. In November of 2001 we suggested a leasing program to replace the KC-135s. Members of Congress and others outside of Congress have criticized our suggestion but they've taken over two and a half years to review it and they haven't come up with anything else. The first time any one of those KC-135s goes down and one of your people loses their life I'm going to take to the floor and point it out. And each one of those people that are delaying that proposal are going to be responsible.

Those tankers are now what, 44 years old on the average, General?

GEN. JAMES: Yes sir, I think the oldest is 47 years old.

SEN. STEVENS: You know, it's just impossible to believe that, that we can send, as you say, the most critical portion of our operations today is the tanker. We are airborne for almost everything that's going on in Iraq and Afghanistan. And I cannot believe that this should be delayed by just petty foolishness. It is time for them to come up with a program and get it underway. It'll take three years before it's initiated, and take five years before you get the replacement. Those tankers are going to be over 50 years old by the time they're replaced. That's criminal, absolutely criminal.

Senator, do you have any comments, questions?

SEN. INOUE: You said everything I would have said, Senator.

SEN. STEVENS: I mean, your turn.

SEN. INOUE: Mr. Chairman I would have said the same thing that you've said about the tanker. If we let this fester any longer it would be criminal. And I would hate to be a witness to its first accident.

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SEN. STEVENS: It's your turn, yes sir. I used my time to blow off.

SEN. INOUE: I should have known better. General Blum, the major concern that this committee has can be said in two words, retention and recruiting. What's your situation, sir?

GEN. BLUM: Senator Inouye, speaking for the three of us at this front table our major concern right now is readiness, which translates directly to our ability to recruit and retain trained and ready citizen soldiers and airmen. My intuition would tell you that that would be very, very difficult in the situation environment we find ourselves. And in some cases, what we are experiencing, the successes that we are experiencing particularly as Senator Stevens pointed out, the Chairman pointed out, our soldiers and airmen are re-enlisting in unprecedented rates.

They are staying with us.

After they deploy to very unpleasant places around the world and putting themselves in harms way they are staying with their formations, which brings a great sense of pride and satisfaction to the three of us at this table because our citizen soldiers and airmen are answering the call to colors and remaining with us. And that means we will have a veteran force of combat veterans which the Guard has not had since World War II. So in about two years eight out of ten citizen soldiers and citizen airmen in our formations will have pulled a tour somewhere around the world in harms way and will be veterans of a combat operation either here at home in homeland defense or overseas in the away game.

And that will make us a much more capable and ready force. And I hope those young men and women from the high school in Alaska are listening because we are getting non-prior service, first term enlistments, out of high schools and colleges at an unprecedented rate. We are doing very well and the quality of our young men and women coming in has never been better. So the good news is we are making our end strength and we are maintaining our end strength now that we're almost three years into a shooting war that is very, very difficult and putting a strain on the force.

But the trends seem to be holding. We don't take them for granted. We monitor it very closely. We are watching for any signs that this may fail but so far the young men and women of our nation are answering the call to colors.

SEN. INOUE: How would you describe the attitude of employers and families?

GEN. BLUM: Senator Inouye, as you well know, the National Guard is really very similar to a three legged stool. One leg of that stool is the citizen soldier or airman. One is their family members. And the third leg, equally important, is the employer. And so far, the American employers have been standing with us.

What they have asked us for, time and time again, either through contacting their elected officials or contacting the National Committee on Employer Support for the Guard and Reserve, or calling us direct as we do in some of our outreach programs, they simply want predictability. When is my employee going to be called to active duty? How long will they be away? When will they return and how frequently will they be called back? How soon again will I have to loose that employee?

So what we are doing is trying to set up a predictability model that will give employers, families and the citizen soldiers and airmen a much greater picture further out. And right now, we're out to about 18 months with predictability in the Air Guard and almost 24 months out with predictability in most of the larger formations in the Army National Guard. So this gives the soldier, the family and their employer the predictability they've asked for. And we're also in this transformation and move to modularity and rebalancing efforts trying to put a greater number of those type of capabilities in our units so that we don't have to rotate the same unit so frequently. We're aiming for about a five or six year recovery time from an extended overseas deployment.

SEN. INOUE: In your response to the first question you mentioned three "R"s: retention, recruiting and readiness. How would you describe the readiness of the forces under your command?

GEN. BLUM: Senator Inouye, the National Guard soldiers that have deployed most recently to Afghanistan and Iraq are the best trained, best equipped, best prepared soldiers this nation has ever sent out of any of its components. and as a matter of fact, it's probably the best trained, best equipped, best prepared any nation has ever sent to war. So that part of it is superb, but there are parts of our force that are not ready because they were not resourced to be ready. And part of our rebalancing and restructuring the National Guard will take us to a posture where we can apply increased resources to achieve enhanced readiness.

SEN. INOUE: Thank you very much.

Thank you, Mr. Chairman.

SEN. STEVENS: Senator Cochran.

SEN. COCHRAN: Mr. Chairman, thank you.

General James, I wanted to thank you for coming to Jackson, Mississippi for the arrival of the first C-17 that's deployed there for the Air National Guard to operate and maintain. I hope you are as pleased as I am with the progress that's being made to train the pilots and the crews. I understand the plan is to ramp up to an increased level of flying once all of the crews are qualified in the C-17. I'm curious to know if your budget request contains the resources that are necessary in order to make this unit an active participant and to fully utilize these new assets?

GEN. JAMES: Well Senator, it was a great honor for me to be there and see that airplane roll down the runway and come in behind the grandstand with you and other colleagues, your colleagues from Mississippi. I'm very proud of the fact that the leadership of the 122nd remains engaged with us and Air Mobility Command to make sure that the conversion goes smoothly. I just spoke with the Adjutant General yesterday about some plans to try to keep the airplanes flying and the training going on while still taking some pressure off the air mobility assets that AMC has.

In terms of our budgeting, when you have a conversion like that that starts into the fiscal year, we agreed with the TAG and with the leadership of the 122nd to budget at 80 percent rather 100 percent of the flying hours for this fiscal year that we're currently in. And we're using the model that we talked about earlier, that came over from the 141. And once we train the crews and get the crews up to speed and get everybody checked out we intend to look at all the data that we get from this first years experience and then make an adjustment there so that we gradually ramp up to what or near, hopefully near what the active component is flying in their C-17 programs.

SEN. COCHRAN: I appreciate your leadership and your staying personally in touch with the needs of that unit.

GEN. JAMES: Well thank you, Senator. I have to tell you that the TAG, the new TAG and I, he knows the air lift business, the air mobility business very well. And he doesn't hesitate to call me if he's got an issue.

SEN. COCHRAN: General Schultz, we were talking before the hearing began about the fact that Camp Shelby in Mississippi has been designated as a mobilization center. I would like for you to let us know whether this means that we will need to appropriate any additional funds beyond what's requested in the budget to ensure that that mission is carried out successfully.

GEN. SCHULTZ: Currently, Senator, the 278 Cav. Regiment from Tennessee will be mobilizing at Camp Shelby. Requirements for the installation upgrades and various things will be processed through the army. So right now today, I do not have a line item for you on what that requirement would be.

SEN. COCHRAN: Up in Tupelo, Mississippi we have a unit that has helicopters, is an Army National Guard unit and I think some of them have been deployed to Iraq, as a matter of fact. These are Kiowa helicopters. They had an addition of eight Apache helicopters. The question was, and maybe General Blum is the one to respond to this, reports from the soldiers up there was that no replacement aircraft had been identified. Maybe they had by the time this hearing is held, but I understand the Army National Guard aviation distribution plan will be announced soon. Can you speak to this issue or give us any indication of what the plans are?

GEN. SCHULTZ: Senator I'm working that plan personally and we'll have 10 Kiowa Warriors, which is the aircraft that the unit had before we sent all the pilots off to active duty, to war. And when we're done there will be eight Apaches in Tupelo plus the 10 Kiowa Warriors. Now we're going through, obviously, a transformation in the aviation community as well.

So some of the numbers I'm talking about will take a while to be rebuilt, redistributed. But the end state would be a 16 helicopter flight facility there. I might also say, Senator, that I talked with the brigade commander from the 101st Air Assault division and the pilots we took from Tupelo were recognized as outstanding, skilled aviators indeed.

SEN. COCHRAN: We appreciate that compliment. We've had a lot of National Guard and Reserve forces from our state deploy.

As a matter of fact, I think two Army Reservists have been killed in Iraq. So we are fully aware of the dangers they face and we want to be sure that the equipment they have and the training that they receive will enable them to carry out their mission successfully and to return home safely as soon as possible. We appreciate your leadership in assuring that.

Thank you, Mr. Chairman.

SEN. STEVENS: Thank you very much, sir.

Senator Leahy.

SEN. LEAHY: Thank you, Mr. Chairman. This last year the subcommittee recognized that almost 20 percent of the National Guard and Reserve do not have health insurance and we realized that this was damaging readiness. On the Iraq Supplemental we enacted legislation that allows unemployed members of the Guard to buy into the TRICARE program on a cost-share basis. And we put that in the Defense Authorization bill. It was a bipartisan piece of legislation.

But it hasn't been implemented. I join my colleagues Senators Graham and DeWine and Daschle recently to write the Secretary of Defense to find out how we can speed this up, stop slowing down this critical legislation. And I'd ask consent that my letter be part of the record, Mr. Chairman.

SEN. STEVENS: It will be so inserted.

SEN. LEAHY: And General Blum, can you tell me why this hasn't been put into place yet? I would think there would be some urgency on this.

GEN. BLUM: Senator Leahy, there is definitely urgency on our part. We place nothing at a higher priority than taking care of our soldiers, our airmen and their families. I don't view this TRICARE initiative or this health care initiative as an entitlement program. I really view it as a medical readiness issue and I too am anxiously awaiting the implementing instructions from the Department of Defense on how we are going to move forward in this area.

SEN. LEAHY: Well please pass the word back that an awful lot of us up here in both parties, this is not a partisan issue and you certainly haven't made it one, who are very, very concerned. And as we call up more and more of our Guard and Reserves we would like this TRICARE implemented. I think it's going to — if they keep delaying at the Pentagon doing this I think it's going to hurt your readiness. It's certainly going to hurt retention and I know you and I have had a lot of discussions and I know how concerned you are.

We added in this subcommittee about \$200 million divided almost equally between the Air and Army National Guard — increased equivalent procurement. We also gave the Air and Army Guard a lot of discretion, an enormous amount of discretion in managing the account. I received an update on how you used the funds. It appears you put them towards urgent needs like UPFRM (ph), Humvees, M-4 carbines, combat identification friend or foe systems. Do you still have an equipment backlog and what is some of the most urgent needs?

GEN. BLUM: Yes, Senator, we always will have an equipment backlog as technology changes and as the requirements change on the battlefield. Both General James has an equipment needs list, as does General Schultz. These are not wants, these are needs.

And frankly, the Army and the Air Force is making every effort to finally make an honest effort to equip us like our active counterparts, but they too are going to fall short and we will welcome any assistance that we could get in that regard against our needs list. And those needs directly equate to readiness. If you want some detail on that General Schultz can share that on the Army Guard side and General James can give you the detail, sir, for the Air Guard.

SEN. LEAHY: General Schultz.

GEN. SCHULTZ: Senator in the case of the Army Guard we bought trucks, machine guns, night vision devices, radios and the equipment I'm talking about now is the result of Congress' action last year and will be realized in the form of units going to OIF-3. In other words, we are buying new equipment and furnishing this equipment to units that are about to go to war. That's how critical this function is. And we're still short the very things I just talked about as we now alert and mobilize follow on units.

SEN. LEAHY: General James.

GEN. JAMES: Yes, Senator, in terms of '04 we've utilized those resources I mentioned in my opening remarks on targeting pods, engine upgrades, everything from night vision goggles to helmet mounted cueing systems and large aircraft infrared countermeasures, which is something we continue to press for. We have a large fleet of large airplanes and I really am concerned about their ability to protect themselves against infrared man-launched shoulder mounted weapons, in theater in particular. As far as the unfunded areas, the top five for us for this coming fiscal year would be,

again, the targeting pods, depot maintenance shortfalls, weapons of mass destruction equipment and training, primarily training. Again, the LAIRCM, the Large Aircraft Infra-Red Counter Measures and the F-15 and F-16 engines.

SEN. LEAHY: Thank you. I'll submit my other questions for the record if I might.

SEN. STEVENS: Senators, I remind members that we do have a second panel.

Senator Burns.

SEN. BURNS: Thank you very much, Mr. Chairman. Each time I go home I'm just standing and marvel at what we've accomplished in the last three years as far as upgrading our Reserves and our National Guard in our home states. A decision was made some 10 or 11 years ago that a part of our overall force structure, military force structure, was going to be moved to the ranks of National Guard and Reserves. And it had become apparent to me that when you look at the infrastructure in our particular states, our infrastructure wasn't ready to really train hard and to have the facilities, the infrastructure, to complete that mission.

So in my state I went to work trying to fix that because we were operating out of facilities that was built in World War II. Our communications and our ability to teach interactively and distance learning and everything that we had to do was woefully way behind the state of the art. But now we've done that and I just want to mention to you, General James, about a training tool that we use in Montana at the 120th Wing there, on the Litening II advance targeting pods. I keep hearing my people talk about them. They've probably been the most useful thing.

As you know, we ran out of ranges, places to train, airspace in which to train. By the way, if any of you all want some airspace you know the sky is bigger in Montana. We've got room for you and we're willing to host you. I just thought I'd throw that out there.

SEN. STEVENS: The skies are only bigger in Montana if you're lying on your back.

SEN. BURNS: I'm not going to go there. Could you bring us up to date on the Litening II targeting pods, if you would please, your requirements? Give us some idea of the cost of the program because it appears to me these have become a very, very economical way to train our pilots. Can you bring us up to date on that? And tell us more about them, because I don't think there's a lot of people know a lot about them.

GEN. JAMES: The Litening II targeting pod was the, I would say, piece of equipment that got us involved in the last few contingencies. The warfighters, the combatant commanders, want precision guided munitions capability that can be delivered very, very accurately. We pursued, my predecessor pursued this strategy to acquire the Litening II and they used the NGREA funds to do so. And giving us that capability allowed us to be involved in the last two to three contingencies, especially Iraqi Freedom and Enduring Freedom.

I have a list of different numbers here that I can pass onto the staff but what I would say to you is our philosophy is that there is another pod that has come forward. It's called a Sniper pod and it's produced by another corporation.

And it was a little delayed getting into production but now they're starting to produce this pod and it's suppose to be the Cadillac of all pods. We still are procuring our Litening II pods and we have developed a two pod procurement philosophy. In other words we will continue to procure some Litening pods but we will also procure the Sniper pod as it becomes more and more available.

SEN. BURNS: Well I congratulate you on that and General Schultz, we're trying to update our 155s in Montana. Can you give us an update? Is that possible? We want to go to the lighter weight howitzers up there. Is that possible? What plans do you have for us on those 155s?

GEN. SCHULTZ: Senator, I owe you a complete answer for the record. We're going through those reviews right now. We had some 155s in our long range programs. Some of those numbers have changed and I'll give you a full lay-down and a detailed description of just how we're doing there. It is possible to do what you're describing.

SEN. BURNS: Thank you very much. I have some more questions. I will offer them in writing, Mr. Chairman. And again I want to congratulate the leadership because I think you've been visionary, because we know we're not just a weekend Boy Scout camp anymore. We are there to do business and you've caught the imagination of a lot of young people and they are staying with you to somewhat of a surprise. Because we hear a little rhetorical going on every now and again but for the most part they're very, very optimistic and they're doing a great job.

And I thank the Chairman.

SEN. STEVENS: Senator Dorgan.

SEN. BYRON DORGAN (D-ND): Mr. Chairman, thank you very much. First of all let me thank all of you for your service and for what the men and women under your command do for this country. General Schultz this weekend a member of the 142nd that just returned from Iraq told us that they did not have enough sets of body armor. The young man indicated that when one soldier came back from patrol in Iraq he took off his body armor and gave it to the next soldier going on patrol. Can you give me any information about what is the supply of body armor? Is there sufficient body armor in Iraq at this point?

GEN. SCHULTZ: Senator, the condition you described early on in Iraqi Freedom I was no doubt exactly as the soldier outlined it to you. We've been working hard on the distribution of the body armor and in Afghanistan and Iraq we have adequate quantities of the inventory. And we followed the 142nd and they performed a significant portion of their mission without every soldier having the full-up body armor issued. That's correct. That has been, since, also adjusted in theater, though. So we've taken the action that he outlined a concern for.

SEN. DORGAN: Okay, I'll ask you more about that later, but the question is what — how much is in the country relative to the number of soldiers in the country. Let me ask you a question about BRAC. What will be the role of the three of you with respect to making recommendations to the Defense secretary?

And when I ask that question let me ask, in 1995 my understanding is that only a handful of Air Guard and Air Force Reserve facilities were evaluated, General James, in the '95 BRAC round. My understanding is that this BRAC round intends to look at all facilities, Guard and Reserve. Is that correct or am I wrong about that?

GEN. JAMES: Senator, if I could, in terms of the Army Guard all our facilities fall below the threshold that BRAC considers. What I have said, though, and I encourage Adjutant Generals to do the same thing here, and that is we ought to volunteer to be considered for the survey, for the review, for the analysis. And then states would participate in a voluntary kind of basis for — or site by site kind of reconfiguration, redesign, etc. So there are aspects of the BRAC program I think we ought to take a serious look at, kind of the value added or the advantage of what BRAC might bring us.

And so, I've said don't just discount the BRAC benefits by saying nothing qualifies in the Army Guard. What I'm saying is we ought to take a serious look at facilities that could be joint, facilities that may have qualities where we can just simply share costs with other services. Now that won't apply to every kind of armory across the country but it might to some. And so that's what I've encouraged states to do.

SEN. DORGAN: General James.

GEN. JAMES: We will be full participants in the BRAC. We are already working with the committees from OSD to — all the way into the Air Force committees. The Air National Guard will be full participants in having an input into BRAC. To answer your question are all installations being looked at for BRAC, my understanding is that yes, all installations will be looked at.

SEN. DORGAN: And that is a change from 1995, is that not correct?

GEN. JAMES: Correct.

SEN. DORGAN: And what role will you then, if all of your units are full participants, what role will you have in making recommendations to the secretary? I think I understand what role the other service chiefs have, but what role will you have?

GEN. JAMES: Well, we're involved with the Air Force. We participate through the Air Force and then on to DOD. My deputy, Brigadier General David Brubaker, sits on the committee to represent the Air National Guard and make our inputs.

SEN. DORGAN: So you'll participate through the chief, the Air Force chief. And I assume — I mean there's a difference between regular Air Force and Air Guard because in the regular Air Force you can close a base and move your troops. That is not necessarily the case with the Guard, is that right?

GEN. JAMES: That is our challenge. We can't cut PCS orders and just move our folks. We have to come up with a program whereby we can re-roll or move these — integrate these forces into a possibly a facility that is close by that's

an active duty facility. Under the Vanguard concept we're looking at those types of formations and those types of units whereby we have integrated Air National Guard and active duty. That doesn't work in every case as you look at the demographics and how we're spread out.

In some places that lends itself very well, in the large airplane community, for example along the East and West coast where we have facilities that have the air mobility assets. But when you look at the heartland, and your state and other states where you have fighter units spread out throughout the United States, you have to look very carefully. There is potential because you do have a large tanker base north of you, but all this has to be taken into consideration. One of the things we're doing is we're asking for inputs from the states, through the adjutants general, for how they would do it if they were forced to remission or move.

SEN. DORGAN: And finally, General Schultz, in the Guard you recruit not just a soldier but a family, because it's a citizen soldier and their family plays a significant role in this. And I listened closely to your answer about retention and recruitment. I think it is critical to take a hard look and a close look at that because often what we're getting from families after long deployments is word that they're concerned about that. And so one would expect there to be some concern showing up in recruitment and retention. I'm really pleased to hear your report that it is not, but I think that your suggestion that you need to follow that very closely is important.

GEN. SCHULTZ: We're watching it very closely Senator.

SEN. DORGAN: Well again, thank — I hope that those men and women who serve under you understand the gratitude of this committee and this country is grateful for their service.

Mr. Chairman, thank you.

SEN. STEVENS: Senator Domenici.

SEN. PETE DOMENICI (R-NM): It would seem to this Senator that you must have had to change the activity expected from some of your units and some of the preparation in order to be used in this war in Iraq. When you hear of Reserves and National Guard units over there you frequently hear that they're doing things that are not a part — that the regular Air Force isn't doing and the regular Army isn't doing.

Could you tell me when you say we are sending the best equipped, best trained people, what are you sending them over there to do? What are they principally involved in doing in Iraq?

GEN. BLUM: Senator I've been to Afghanistan and Iraq three times. I'll be going there again in the next two weeks. I've been for each and every rotation and I can assure you that the first rotation was not a pretty picture.

They did not go over there as trained and ready as we currently are doing, and equipped. They were trained and they were ready but they were not equipped and that's been brought up by several of the other Senators. They're absolutely correct. Those issues have been corrected.

The United States Army, General Pete Schoemaker, has moved lots and lots of effort and money to making us the best equipped, best trained, best prepared force that has ever been deployed. And I mean that sincerely, bar none, in the history of this nation. The group that is over there now, the 30th, the 39th, the 81st and the 116th, 278th, 256th and the 42nd that are getting ready to go will be the best equipped and trained and superbly ready force we've ever sent.

What they do is what the combatant commander needs them to do on a given day, because this is not a training exercise this is a war where an enemy has a vote and unfortunately he votes often and differently each time and we have to make those adjustments. The performance of the citizen soldier and airman that has been sent overseas has been nothing short of outstanding, superb. They have not failed in anything they've been asked to do. They can perform at the same rate or better than their active duty counterparts because their civilian acquired skills and some of their maturity and education levels are a little bit higher.

SEN. DOMENICI: General, let me interrupt. I understand your answer and I appreciate it. It seems to me when you talk about the success rate at keeping these people in, that somebody like me wonders are they staying in expecting to be overseas or are they — a lot of them expecting to be part of a mission that does not take them overseas?

GEN. BLUM: Sir, in the last three years no one has come into the National Guard because they think they're coming in strictly for a college education or military vocational training. They know they're going to have to answer the call to colors. They know they're going to be serving defending this nation either here at home or abroad and maybe both.

In fact, some of the people on the panel have done all three. They're staying with us because they feel what they're doing is vitally important to the survival of this nation and our way of life and our liberties. And I thank God every night that we have young citizens in this country that are willing to do that when you remember that we are now in our 30th year of no draft, all volunteer, all recruited force. And being tested for the first time in the crucible of war this young generation is standing up to that test and getting high marks.

SEN. DOMENICI: Thank you very much. I want to just say I had three questions and I'm just going to outline them. One has to do with a lot of families in rural areas. I'm a very rural state. The families don't know their benefits, don't know what they're suppose to get, don't know what they're entitled to. And they're not in Albuquerque they're off in some little rural area. Could there be some kind of centralized office that could provide Guard and Reserve families with information regarding what they're entitled to or is that being done in your opinion?

GEN. BLUM: Sir we have over 400 centers called Family Readiness Centers where any member of the Army National Guard, Air National Guard or any of the other services, whether Reserve or Active, can go to that unit armory and there should be a trained representative that can tell them all of their benefits and direct them almost as an ombudsman to solve their problems. That's what they're there for. They are funded and they are established and they are trained to take care of soldiers, sailors, airmen and marines that are deployed that happen to live in a zip code where there is not Fort Something.

SEN. DOMENICI: So if we're receiving complaints about that what we ought to do is have them check where their closest center is and if there aren't any we ought to complain to you?

GEN. BLUM: Absolutely, in your case, sir, I would direct them right to see General Montoya and have him — direct him to the local, closest armory or readiness facility that could support their efforts.

SEN. DOMENICI: My last one has to do with blended units. We understand that a National Guard unit in California and an active duty Air Force squadron in Nevada recently formed what they called a blended wing for the operation of a Predator Unattended Aerial Vehicles. How is this concept working and do you see an increased role for the Guard in operating UAVs for the border? And do you and the Air Force plan to expand the number of blended wings and if so for what purpose?

GEN. BLUM: I personally think it's the wave of the future. I think it makes sense for the American taxpayer to leverage the Department of Defense's capabilities by getting the synergy of the Active, the Reserve and the Guard components. That unit that you talk about is an Air Force Reserve unit, an Active Air Force unit and two Air National Guard units make up that unit. We call that an integrated unit because it is fully integrated. All three components comprise that unit and I think that makes great sense as we move into the future and we use our Guard and Reserve as an operational force, not a strategic reserve.

SEN. DOMENICI: Can I have one more, Mr. Chairman?

SEN. STEVENS: Sure.

SEN. DOMENICI: In New Mexico it seems like a restructuring is taking place. The National Guard leadership is developing a plan and an organization to convert much of what we've got there from air defense to infantry, military police and other more direct units. Is this in line with what you want? And do these kinds of missions reflect a larger plan for building the National Guard for the future, reflecting perhaps a change of needs?

GEN. BLUM: Senator, I applaud those efforts being taken by the joint force headquarters in New Mexico. It is exactly the right thing to do. They are divesting themselves of units that are no longer needed for current and future threats and moving into areas to develop capabilities that that state will need and our nation will need from its National Guard forces in New Mexico. General Montoya is doing exactly, in my judgment, the right thing at the right time.

SEN. DOMENICI: Thank you.

Thank you, Mr. Chairman.

SEN. STEVENS: Thank you, gentlemen. I have only one question and that's this. When we were in Iraq we pursued to a great extent the question of the dumps, of ammunition and ordnance that exists all over that country. We were told there's from 1,000 to 7,000 of those dumps in that country and that the current deployment is not sufficient to guard them. They represent a massive amount of weapons of destruction. We've been looking for weapons of mass destruction, this is a massive amount of weapons of destruction.

And it appears that some of them were taken out, tied together and blew up an Abrams tank. Others have been used as mines in the roads. I don't want your response but I'd like for you to go back to your offices and take a look at that and see what would it take to send over a force designed for one purpose, and that is to gather up that ordinance and either destroy it or drop it in the ocean or do something with it, because it's going to be consistently used to harm our American personnel if we don't do something about it. We're asking the department to look at it too and I intend to go further on it before the year is over.

But I do think it's going to take a special force of people that would be trained to know how to deal with that ordinance and to move it somewhere, at least get it to where we can guard it. Currently, very few of those dumps are guarded. So I would appreciate your response if you would get it to me.

I also have some questions I will submit for the record, as did several members of the this committee.

I want to thank you all again and tell you what a wonderful job we know your people are doing.

I've said before from here Senator Inouye were suppose to be part of the greatest generation – we spawned a greater generation. These young people are just fantastic people, never meet anybody like those people over there, and that includes the ones that are in the hospital. They are just fantastic.

Thank you all very much, gentlemen.

Our next panel will be the Reserve chiefs, Lieutenant General James Helmly, Vice admiral John Cotton, Lieutenant General Dennis McCarthy and Lieutenant James Sherrard. If you would please join us, gentlemen.

(Pause.)

I note we have a couple of fresh uniforms in front of us. General McCarthy, can you tell us who those people are? One of them your son, I understand?

(Off mike response.)

SEN. STEVENS: Captain, it's nice to have you join your father. Appreciate that very much.

GEN. DENNIS MCCARTHY: — young captain back there is Captain Michael McCarthy who is active duty with the Marine (Sea Berth ?) unit here in Washington, who wanted to come and see a hearing today.

Thank you for asking me that.

SEN. STEVENS: It's not very educational today, but that's fine—(chuckles) — and General Schultz, there's some members – oh, I guess it's General Helmly. They've got the wrong name in front of you, sir. Are those people behind you for introduction?

GEN. JAMES HELMLY: Yes, sir. This is Staff Sergeant Jane Verazda (ph) and Sergeant Paul Hutton (ph), both members of the 299th Engineer Bridge Company of Fort Belvoir, Virginia, which fought the road to Baghdad and bridged the Euphrates River for the 3rd Infantry Division in its decisive attack on Baghdad.

SEN. STEVENS: Well, we are proud to have you with us, gentlemen. Thank you very much.

(Applause.)

All of your statements are printed in the record as though read. We'd appreciate your summarizing whatever you wish to say for us today. There is a debate going on on the floor now, unfortunately.

But General Helmly, let's start with you, please, sir.

GEN. HELMLY: Mr. Chairman and members of this distinguished subcommittee, thank you so much for the opportunity and indeed the privilege to testify on behalf of the 211,000 soldiers, 12,000 civilian employees, and indeed the families, as we have noted here today, of the United States Army Reserve, an integral component of the world's greatest army, an army at war for a nation at war.

I'm Ron Helmly and I am an American soldier in your army, and very, very proud of it, Mr. Chairman. I'm joined this morning, as we noted, by Staff Sergeant Jane Verazda and Sergeant Paul Hutton, both of the 299th Engineer Bridge Company.

Today, as we speak, nearly 60,000 Army Reserve soldiers are on active duty in Iraq, Kuwait, Afghanistan, here in the continental United States and elsewhere around the world, as part of our nation's global war on terrorism serving courageously and proudly. They are joined by another 151,000 Army Reserve soldiers currently training and preparing for mobilization, or indeed, resting and refitting after being demobilized and redeployed.

Since September the 11th, 2001, more than 100,000 Army Reserve soldiers have served on active duty as a part of this war. Tragically, 31 Army Reserve soldiers have made the ultimate sacrifice, in just the last week, in service to our nation to keep their fellow citizens and their families and neighbors free. We are forever and deeply in their debt, and honor their memories by our actions here today.

Your invitation to testify comes at a time of profound and unprecedented change and challenge in the dynamics of our nation's security environment. A critical issue that should be recognized is that this is the first extended-duration war our nation had fought with an all-volunteer force. January marked the 30th anniversary of the all-volunteer force. This immense policy in our nation has brought the Army Reserve and the armed forces an unheard of and unprecedented quality of those who populate our ranks. Yet, the all-volunteer force also brings expectations and sensitivities that we must confront with regard to how we support our people and how we train them, and how and when we employ those people.

To meet the demands of our nation and the needs of our army and joint force team, we must change the way we man the Army Reserve. We must change the way we organize, train and prepare the force. This is a period of deep change from the old to the new, but we must forge this change while simultaneously continuing the fight in the current war. We are not afforded the luxury of hanging a sign our Army Reserve Command Headquarters in Atlanta that says, "Closed for remodeling." The culture must change from one that expects one weekend a month, two weeks in the summer, to one that understands that, "I am, first of all, an American soldier. Though not on daily duty, before and after a call to active duty, I am expected to live, to demonstrate Army values. I must prepare for mobilization as if I knew the hour, and indeed the day, that it would come."

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

SEN. STEVENS: Thank you, General.

Admiral, I think this is your first appearance before our committee. We welcome you and we are happy to have your statement, sir.

ADM. JOHN COTTON: Thank you, sir. I appreciate the opportunity to testify before the committee. There are many heroes in the room today, and many heroes overseas. I'd like to call to everyone's attention the brave actions here in the United States, just a few weeks ago at the Baltimore Reserve Center, where on a Saturday afternoon in a big storm, 26 reservist went out in a mike (ph) boat, and in a matter of minutes, rescued 21 civilians, some of them were near death; all of them would certainly have perished if these reservist had not rescued them. And I'm proud to say that in 10 days we will have a ceremony at the Reserve Center, and appropriately recognize all of them with awards.

And I think that what that demonstrates is, not only are we fighting it overseas, but we have capability amongst our Reserve Centers, our Guard Armories, here in this country which will provide the backbone for homeland security, both now and in the future.

The Naval Reserve is very busy. We have about 2700 folks recalled overseas, over 500 cargo handlers and 500 Seabees are in action today in theater. We also have another 20,000 Naval Reservist on some set-up orders just this week providing operational support, as well as undergoing training to support the fleet. We have fully integrated with the Navy. Chief of Naval Operations and I work together to make sure that everything we do is in synergy to increase warfighting wholeness.

In particular, we very appreciated an NGREA account is taken with Navy, and we look where we can apply it to Reserve equipment, so that we can increase the warfighting wholeness, both for current readiness and future readiness.

One other word I'd like to mention is "alignment." In the last six months, in particular, we have aligned our headquarters and key individuals to create a synchronization or an increased synergy, between the Navy and its Naval Reserve, which is very important in this global war on terrorism. There is currently a zero-based review going on of every Naval Reserve unit and billet. And once we lay this down, over the next two years, we'll properly resource and program this force along with Navy in the pillars of Seapower 21.

I thank you for your attention and time. I look forward to your questions, sir.

SEN. STEVENS: Thank you very much. We did notice that heroic action of your people, and I think they do deserve recognition.

Let us know if we can help in any way in that.

ADM. COTTON: Yes, sir.

SEN. STEVENS: General McCarthy.

GEN. DENNIS MCCARTHY: Thank you, Mr. Chairman, Senator Inouye. It's a great honor to represent the men and women of the Marine Corps Reserve, and the sailors who serve with us today. I'm proud to report to you that the past investments that this committee, and indeed, the entire Congress has made in the Marine Corps Reserve have paid real dividends in the global war on terrorism. Since my testimony last year, Marine Forces Reserve has been engaged in both combat and the stability operations and in just about every other activity that the United States Marine Corps has been engaged in.

We've also prepared for future operations. And today we have Marine Force Reserve units in Iraq, in Afghanistan, and in the Horn of Africa, and elsewhere around the world. And I'm also pleased to report to you that while this has been going on, we have continued to meet our recruiting goals. We've, in fact, slightly exceeded our retention goals, and the trends, in terms of sustaining this force, are very positive. Like everyone, that is something that we watch very, very closely because it is not something that we can fix after we get behind on it. But I believe that the current trends are as, I say, very positive. And I believe we will be able to sustain this capability over the long haul.

I look forward to responding to you specific questions.

Thank you, sir.

SEN. STEVENS: Thank you very much.

General Sherrard, I believe this is your last visit with us. We thank you for your dedication to the Air Force Reserve, and for being with us in the past years. We wish you well. And we would be pleased to have your statement.

GEN. JAMES SHERRARD: Thank you, sir, thank you very much.

On behalf of the almost 79,000 military and civilian members of the Air Force Reserve, it is indeed my honor and privilege to be here to speak on their behalf before this distinguished committee. I would tell you, sir, that we have had more than 28,000 Air Force Reservists mobilized since September the 11th, and currently have over 5,600 serving today. They have served with distinction and we are awfully proud of that. And we believe that the capabilities that they provide to our air force are essential and they are truly a result of our priorities that we have established over the years and continue to carry our top three priorities. The first being people. The second being readiness and the third being modernization.

Under the "people" priority, recruiting and retention is essential for us. On the recruiting side, as I have testified before this committee before, we continue to be challenged by the smaller number of the members that are separating from the active force, so therefore, we must place our focus more on the non-prior service members. We are finding that we can recruit those members. It certainly takes a longer time looking for a recruiting force, but probably the major challenge from that is the longer period it takes for them to gain the experience level that is necessary for them to do the things that we ask of them because our history has always shown us that the high technological needs of our service demand an experienced force. And we certainly need to do that.

On the retention side, again as I have testified before, I continue to stress the need for us to be able to retain our members, particularly those that have reached the point of 20 satisfactory years of service. But realizing that that experience level - that is exactly the first one we want to make sure that we don't let leave our fold. And if we can retain the members to their maximum military separation date, or high year tenure date for our enlisted members, that we have a much better and capable force.

The third piece of the people's side of the house is equal and equitable fair representation in compensation, and making certain that when our members are activated that they, in fact, are receiving the benefits that do not put them at a disadvantage to those that they are serving with.

On the readiness side, we take great pride in the Air Force, that there is one tier of readiness. The active Air Force

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creates the standard, while we in the Air Force Command train to that standard, and the Active Force evaluates it. And that has been the key to our success, that when our members show up in theater, they are ready to go as a full combat-ready force, ready to meet the challenges that come their way.

And in the modernization, I must tell you and echo what my colleagues have said, we thank so much for the NGREA dollars that have been provided to us. They have allowed us to modernize and maintain our fleet in a form that makes them relevant, and most assuredly, capable. We need to continue to pursue that making certain that we give our members the very best equipment possible to do the job, making certain that it is relevant and interoperable with, not only the Active Force, but with our Coalition partners.

We need to continue to watch very carefully in the modernization side and work very diligently as was mentioned by the first panel, to look at integrating our units better operationally. We in the Air Force Reserve Command have been using the associate concepts since 1968, it's served us well. And there are certainly different ways of utilizing that particular endeavor, and we are seeking and doing those today, whether in the AWACS, SUPT, Specialized Undergraduate Pilot Training program. And we continue looking in the fighter associate and other arenas.

And I look forward to your questions, sir.

SEN. STEVENS: Thank you very much.

Look, let me ask all of you this question, if you would respond, and I think that would take my time the first time around, anyway.

The Washington Post recently had an article that stated that three-quarters of Army spouses believed the Army is likely to encounter personnel problems as soldiers and their families tire of the pace, and leave for civilian lives. They quoted one expert said 2005 is a make or break year as some soldiers who have already served in Iraq for a year are sent back for a second year. Is this going to be a problem in 2005, and should we do anything about it as far as this budget is concerned?

GEN. HELMLY: The article, if you remember, addressed active component, but I would tell you that your concerns are certainly applicable to the Reserve components, perhaps in some cases, to a greater degree. We are vitally concerned, in our case, I believe that the tale will be told during the period of about May through August. That cohort for us is about 78,000 soldiers from the Army Reserve who are mobilized for the initial attack in Iraqi Freedom. That group are the group that had the shortages, that the previous panel addressed, in body armor, shortages of equipment, and many cases had less than 10 days notice that they were being mobilized. That same cohort has about 8,000 Army Reserve soldiers who were demobilized, only to have to be remobilized about a month-and-a-half to two months later. So, that is the group for us that has taken the greatest strain.

As the previous panel noted, the current mobilization, we've cleaned up, fixed a lot of the equipment shortage problems. We are giving much more notice to our troops now. And the flow is much smoother and in a more predictable, practiced way. So I am very concerned as far as what this committee could do. We have sought help in terms of extending the targeted, selected reenlistment bonus to Reserve component members. That is a \$5,000 to \$10,000 bonus that is widely accepted by soldiers in theater because, of course, if they reenlist while they are in theater, then those \$5,000 to \$10,000 come virtually tax free. And we seek your help in that.

We have forwarded a list of other policy changes to the department of Defense recently seeking, in many cases, not additionally funding, but policy changes to put us on a - as General Sherrard noted - a more level footing with regard to active component members on recruiting and retention.

So, that's my answer. I think the FY '05 will, indeed, be a year that will tell us how well we are able to sustain an operational force - an all volunteer force while at war.

SEN. STEVENS: Admiral Cotton.

ADM. COTTON: Sir, since 9/11 we have had about 22,000 Naval Reservist recalled to active duty, including - I see a gentlemen right behind you, Bob Hanky (ph), who honorably served in the Gulf. That's about one-fourth of our force. I will also say that we kind of "got it" after Desert Storm, and have integrated many of our reservist into blended or associate-type augment units where they can be utilized each month or surged for just a few weeks to handle whatever OPTEMPO we need. So we have been able to hold down the total numbers.

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Our chief of Naval operations usually asks the question first: let's go to the active component to mobilize someone, rather than always stress the Reserve Component. I've also got to add that all admirals in the Navy, Active and Reserve, select senior executive service and our E9, our Master Chief Force and Fleet leadership is in Annapolis at the Naval Academy concluding a three-day conference, and the theme of which is human resources policy for the future. And I've got to say that not only are we acting together as one Navy, we are also recruiting together as one Navy using Reserve recruiters to recruit Active, Active recruiters to recruit Reservists.

And the real recruitment for the future, I think, is going to beat the active duty commanding officer when a young woman or a young man is leaving the services - for whatever reason - we have to retain them in the reserve component and develop a continuum of service where these individuals can come back and reserve their country. So that is the dynamic we are looking for is, how do we keep them serving, coming back, and there will probably be some initiatives that will come up with to ensure that.

But overall it is working well. Last month we recruited 116 percent of our goal. So, we're maintaining our end strength and doing well in the Navy, sir.

SEN. STEVENS: General McCarthy.

GEN. DENNIS MCCARTHY: Mr. Chairman, our situation is obviously different, dictated by our force structure. Seventy percent of the enlisted Marines in the Marine Corps Reserve are single so we don't have quite the same level, perhaps, of spouse involvement that some of the other services do. But I think that the concern about family support and continued family support for service is one that is definitely going to be a factor as we go forward.

I will tell you that the thing that I'm probably most concerned with is our ability to continue to recruit people who complete their active service and in the past have affiliated with the Marine Corps Reserve. I think that family pressures that may induce them to conclude their active service may also influence their decision as to whether to affiliate and participate with the Marine Corps Reserve. So the next couple of years are going to be telling.

In terms of what can be done I think that a number of the initiatives that the department has put forward this year regarding TRICARE are very positive. I think that anything the committee can do to strengthen the Montgomery GI Bill would be a very strong plus. Forty percent of the young men and women in the Marine Corps Reserve are college students, so there is a very high interest in the Montgomery GI Bill. I would second General Helmly and everybody on the panel's position with regard to equitable and the perception of equitable treatment, but we all have to be watching this next year or two very, very carefully.

SEN. STEVENS: Thank you very much.

General Sherrard

GEN. JAMES SHERRARD: Yes sir. Sir, I agree with the comments of my colleagues and I would tell you that we're watching our manning, in particular, with great interest because of the fact of Stop-Loss in 2002 and then it being on for a portion of 2003. The numbers, in fact, are slightly low in our world today. But I'm confident that we will end with our end strength on target as well as meeting our recruiting goals.

The real challenge is going to be retaining those members that we have. And again, I'm very proud to say that to date those members that have been activated are being retained at a higher rate than the remainder of our force. But again, that's a small piece compared to the larger picture that we have.

We've got to continue to pursue fair and equitable compensation. I really believe that is the key to success as well as our ability to retain our members after they've satisfactorily completed their 20 years of service, which qualifies them for retirement. But they still have, in most cases, 10 to 13 years remaining that they can serve in our force.

And the other caution that I would say is that while we all seek those same things each of us have different requirements and we have to be very careful that we don't do something that impacts on another service adversely. But I do believe that fair and equitable compensation as well as understanding and looking at issues such as General McCarthy talked about, equalizing the Montgomery GI Bill benefits and things of that type will all enhance our ability to draw the very best to serve in our forces.

SEN. STEVENS: Well last year we provided the National Guard Reserve equipment account. I'm thinking this year we ought to think about some kind of a National Guard and Reserve reenlistment account that you decide how to use it

best to increase your retention — aimed at retention rather than recruiting. But think about that and let us know what you would like us to do. I think each one of you have different needs and clearly General McCarthy's aren't the same as yours but they still have to have some kind of retention capability. And I think we ought to look to putting some of the money we have either this year or in the supplemental at the first of the year to work to assure that you've got that capability. Let us know, please. We like to work with you.

Senator Inouye.

SEN. INOUE: First of all, I agree with your plan. BRAC is upon us again and General Sherrard I've been advised that the active and reserve air forces are now working out an integration plan. Can you describe that to us?

GEN. SHERRARD: Yes sir. And sir, when we talk — the integration plans we're working are operational integration in terms of how we can best utilize the assets that we in the Air Force will have. And as was mentioned by the first panel, one of the key ones that has truly got all three components serving at the same time within an organization is the Predator mission that we have at Nellis. But as I mentioned, we've been doing associate business in the large aircraft: the C-5, 141, the C-17, KC-10 business for a long time.

We also have associate in the fighter business as well as AWACS and our Special Operations. And then as I mentioned, also in our undergraduate pilot training program. I would tell you that it is important — operationally we integrate and serve our force very well based on the fact that, as I said earlier, there's one standard that we all train to.

We still will have the administrative control, circumstances that we have to take care of based on the law that mandates what a commanders' responsible for and have been given to each of us, as well as insuring that we have a promotion opportunity and a structure that will allow progression up through the ranks so that we, in fact, don't stymie someone simply because there's no place for them to go. But we will continue to look at operational integration and the best utilization of the limited assets we will have utilizing the highly experienced members that we bring to the force.

SEN. INOUE: Is that plan applicable to the other Reserve components, general?

GEN. HELMLY: Senator it is. First of all regarding BRAC there is a single office in the Army that is overseeing Army planning. We have representatives there. We're a part of that and the chief of that office, a senior executive service employee, briefs myself regularly regarding our integrated efforts there.

I am in favor of additional joint basing and cooperation with the various state and national Guards because to the extent that we partner in that effort we reduce the cost in investments in facilities and we're allowed to reinvest those dollars into operations, training and such initiatives as the chairman spoke to for recruiting and retention.

Regarding operational integration, we have similar formations as the Air Force Reserve. We call them multi-component organizations. Those organizations are serving us very well in the logistics support and medical support areas of the Army.

GEN. BLUM: Yes sir, I'd like to add that Naval Reserve is a full participant in the Navy BRAC process, on all cross-functional teams. And so we will work through our Chief of naval operations for the BRAC process. Plus I'd like to add, like I mentioned before, Desert Storm we got it. We started integrating more.

Today, every naval aviator that goes into combat has been trained by a naval reservist. It starts in the beginning, continues in intermediate and advanced training. Every carrier group that gets trained — there's a joint task force exercise. The folks doing the training are naval reservists. These predictable and periodic missions that are easy to schedule are perfect for the skill sets that our senior and experienced reservists bring. So we've integrated and we're going to continue to do that and combine where it makes sense.

I'd like to echo what we've all said here. For the future, when we build Reserve centers they should be joint centers. They should be joint operational support centers. They should mirror what we've already done with the intel community, with the very successful JRICS, the Joint Reserve Intel Centers. There's 27 of them around the country.

But if we're going to build a facility we need to have a skiff. We need to have a secure area, t-1 lines so that we can communicate from wherever the center is via SIPRANET, via secured link to the supported commands. And we find if you have these kind of links you do not need to move someone into theater. You can do the work from CONUS and support the warfighter and not have to have a foot print in theater.

SEN. INOUE: General Cotton.

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GEN. COTTON: Senator Inouye, I'd repeat everything everybody else has said, especially with regard to joint centers. The one point I would make is that — I know it's true for the Marine Corps Reserve and I think it's true for most everyone else — we are a locally based force. And while I'm 100 percent in favor of consolidating into joint centers, I think we need to keep our local footprint.

We need to keep those joint centers in the communities where we exist today. That's where we draw our people from. That's where we represent a Marine Corps presence. And so, I'm opposed to the idea of clustering the Reserve components in just a few large installations, as sometimes gets suggested.

SEN. INOUE: The chairman and I served in the ancient war, and there were many differences. For example, in the regiment where I served, 4 percent of the officers and men had dependents. Ninety-six percent of us were 18, 19, 20 and free. And I think that is about what it was in the whole United States army. I think 10 percent with dependents and 90 percent without. Today, I believe, the army has something like close to 75 percent with dependents, plus the fact that you have embedded journalists in just about every unit. And so, we have before us live action, which was not available in my time. And although the number of those with uniforms on, number just 1 percent of the total population, it has become a national concern, a national interest.

And therefore, recruiting and retention becomes a major concern to us. It may not be with us today, but with all of this happening now, it might be well that we listen to the chairman very carefully to come up with program that will further encourage our young men and women to consider the military as a career, because otherwise, Congress or the administration will be called upon to use that "d" word. And I can just see the concern in the populous when the "d" word comes up. So, whatever you can do to enhance the recruiting and retention of our forces, I think would be well received by this nation of ours.

Thank you very much.

SEN. STEVENS: Thank you, Senator.

Once again, you are thinking along the same lines I was thinking about in terms of the draft. Senator Goldwater and I conspired to do away with the draft — I don't know if you know that. But we certainly don't want to see it come back. And I think that the concept of the volunteer army has proved itself, not only in the Gulf War, but in this engagement for sure.

I would like to — you were in the room when I asked that the National Guard group, Generals, about looking at the problem of those ammunition dumps in Iraq. I would welcome your review of that, and attention. We took occasion to be briefed by the intelligence community just recently, and I think that it is something that is going to come to the head here fairly soon, as far as Congress is concerned. Last year Senator Feinstein asked for some specific money for that purpose and we included that purpose in with the Humvee upgrading and other things that really absorbed the money before that subject could be totally reviewed.

And I have apologized to her for that because I think that some of us didn't understand the scoop of it. I certainly didn't. When we are dealing with a thousand to seven thousand dumps of ordinances still usable, as far as we are informed, it's a massive problem for the world, not just for us. I would welcome your review and your suggestions on what we might be capable of doing in the near future. I think it may well be a problem for the U.N. and the world to tackle, but clearly it is one of the largest problems I ever looked at.

Thank you very much for your testimony. We will reconvene on Wednesday, April 21st to hear testimony concerning missile defense.

Thank you very much and good luck to all of the people under your command.

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