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**OUSD (PERSONNEL AND READINESS)  
TRANSITION BOOK**

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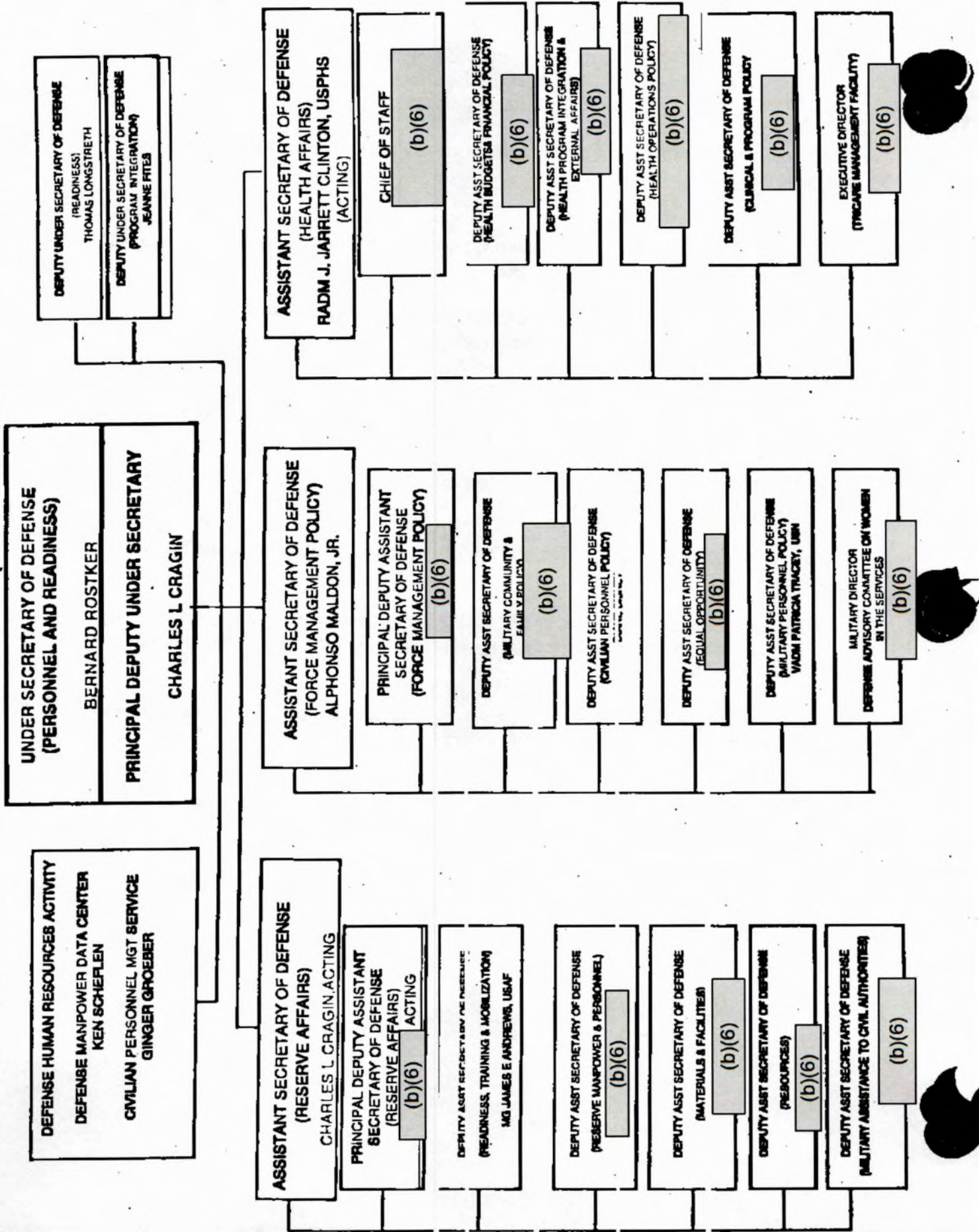
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# *I. Organization & Management*

A

# UNDER SECRETARY OF DEFENSE (PERSONNEL AND READINESS)



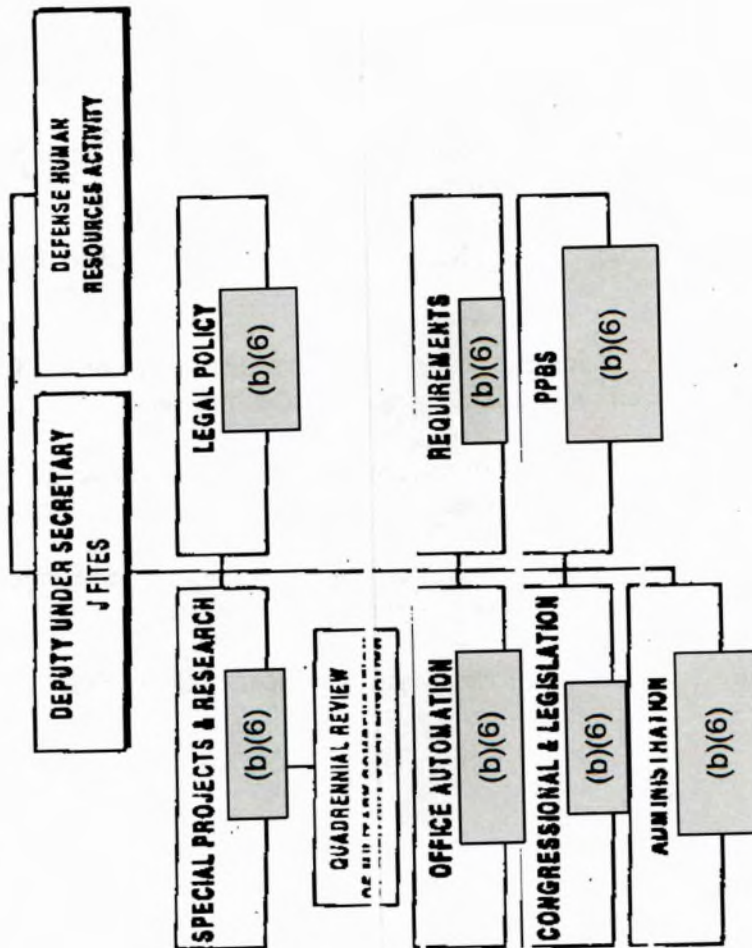
**Under Secretary of Defense  
(Personnel and Readiness)  
Mission Statement**

**Serves as the principal staff advisor to the Under Secretary of Defense for Total Force Management.**

- **Develop policies and plans, conduct analyses, provide advice, make recommendations, and issue guidance on DoD plans and programs.**
- **Develop policies, plans, and programs to ensure the readiness of the total force as well as the efficient and effective support of the peacetime operations and contingency planning and preparedness.**
- **Develop and implement policies, procedures, and standards for manpower requirements determination and training for the total force.**
- **Review and evaluate plans and programs to ensure adherence to approved policies and standards.**
- **Participate in planning, programming, and budgeting activities related to USD(P&R) functions.**
- **Promote coordination, cooperation, and mutual understanding within the Department, and between the Department and other federal agencies, state, and local governments and the civilian community.**
- **Serve on boards, committees, and other groups pertaining to assigned functional areas and represent the Secretary of Defense on manpower and personnel matters outside the Department.**



**DEPUTY UNDER SECRETARY OF DEFENSE  
(PROGRAM INTEGRATION)**

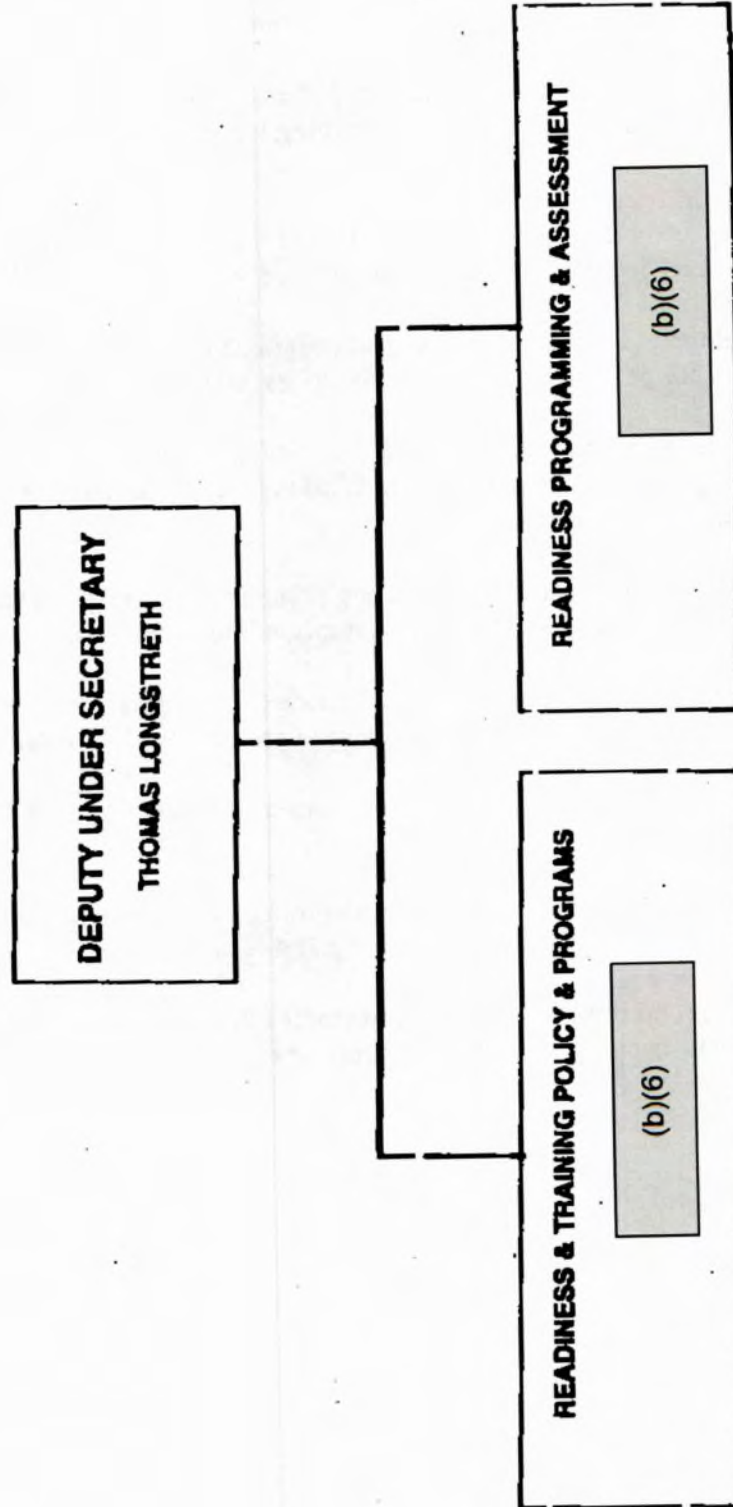


**Deputy Under Secretary of Defense  
(Program Integration)  
Mission Statement**

Serves as the principal staff advisor to the Under Secretary of Defense for Personnel and Readiness on all matters concerning program integration.

- Oversees total force manpower requirements determination, justification, apportionment and execution, including force mix issues.
- Ensures the most effective use of total force structure and its allocation among DoD Components and between Active and Reserve Components.
- Integrates manpower, personnel, training, human factors, and safety issues into acquisition of major defense systems.
- Oversees implementation of service manpower and personnel management information systems, ensuring interoperability, consistency, and standardization.
- Manages manpower research, data acquisition, and analysis of manpower, personnel and training data for the Department of Defense.
- Coordinates USD P&R participation in the planning, programming and budgeting system and the Department of Defense manpower program to the Congress.
- Oversees the Defense Human Resource Activity and the DoD Office of the Actuary.

**DEPUTY UNDER SECRETARY OF DEFENSE  
(READINESS)**



**Deputy Under Secretary of Defense  
(Readiness)  
Mission Statement**

Serves as the principal staff advisor to the Under Secretary of Defense for Personnel and Readiness on key military readiness and training issues.

- Serves as focal point within the Office of the Secretary of Defense (OSD) on all issues and activities related to readiness of America's Armed Forces.
- Develops and oversees policies and programs to ensure the readiness of US Forces for peacetime contingencies, crises, and warfighting.
- Provides support to the Department of Defense (DoD) Senior Readiness Oversight Council, the Readiness Working Group, and ad hoc high level readiness task forces.
- Develops and oversees DoD training policies and programs including the cost-effective application of training systems and technologies.
- Develops and oversees training policies and programs to ensure that training programs and resources are sufficient to produce ready forces.
- Serves as the DoD focal point for innovations in training such as the Advanced Distributed Learning initiative.
- Participates in DoD planning, programming, and budgeting activities related to readiness, training and crisis planning and response.
- Oversees and initiates analyses and studies that support DoD's readiness, training and crisis planning and response functions.



# ASSISTANT SECRETARY OF DEFENSE (FORCE MANAGEMENT POLICY)

ASSISTANT SECRETARY OF DEFENSE

ALPHONSO MALDON JR

PRINCIPAL DEPUTY ASSISTANT SECRETARY  
OF DEFENSE

FORCE MANAGEMENT POLICY

DEPUTY ASSISTANT  
SECRETARY OF DEFENSE

MILITARY PERSONNEL POLICY

(b)(6)

DEPUTY ASSISTANT  
SECRETARY OF  
DEFENSE

(CIVILIAN PERSONNEL POLICY)

(b)(6)

MILITARY DIRECTOR  
DEFENSE ADVISORY  
COMMITTEE

ON  
WOMEN IN THE  
SERVICES

(b)(6)

DEPUTY ASSISTANT  
SECRETARY OF  
DEFENSE

(PERSONNEL SUPPORT,  
FAMILIES & EDUCATION)

(b)(6)

DEPUTY ASSISTANT  
SECRETARY OF  
DEFENSE

(EQUAL OPPORTUNITY)

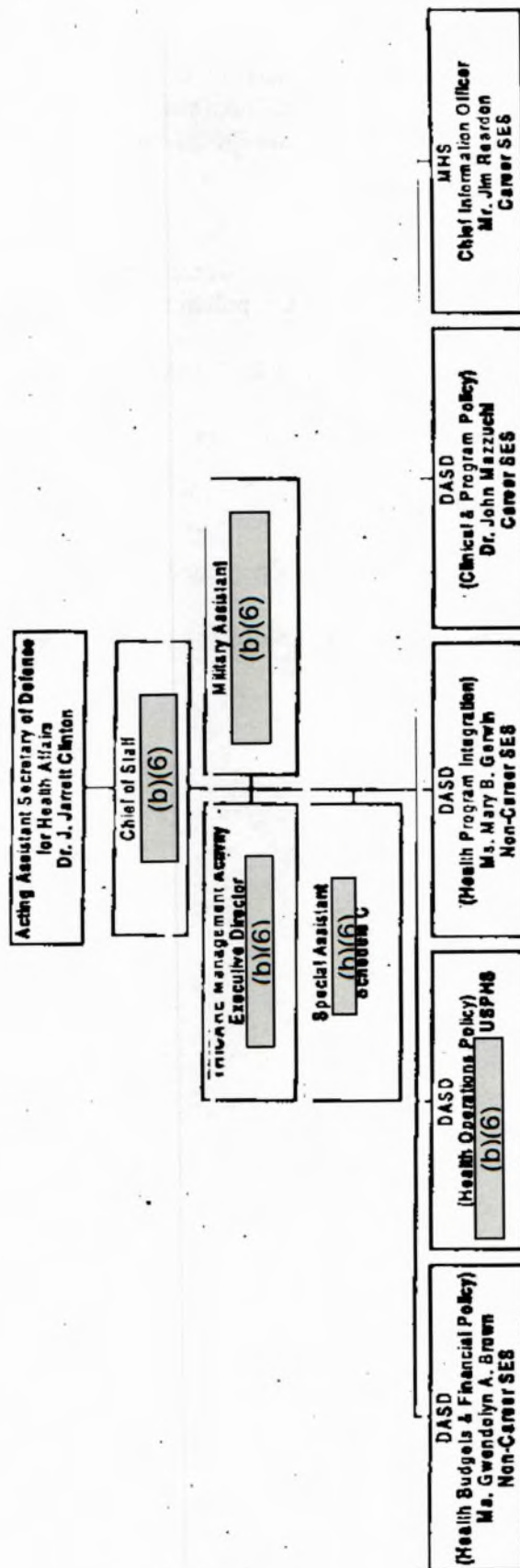
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**Assistant Secretary of Defense  
(Force Management Policy)  
Mission Statement**

**Serves as the principal staff advisor to the Under Secretary of Defense for Personnel and Readiness on all matters concerning the management and well-being of military and civilian personnel in the Department of Defense.**

- **Develop policies, plans, and programs for military and civilian personnel management, including recruitment, education, career development, equal opportunity, compensation, recognition, discipline and separation of all DoD personnel, both military (active, reserve, and retired) and civilian.**
- **Develop policies, plans, and programs for the quality of life of DoD personnel and their dependents, including family support, chaplaincy, pay and allowances, transition assistance, community services, and dependent education.**
- **Develop policies, plans, and programs for DoD morale, welfare, and recreation programs and supporting non-appropriated fund revenue-generating programs including exchanges. It is also responsible for the operation of the Defense commissary system through the Defense Commissary Agency.**
- **Participate in those planning, programming, and budgeting activities that relate to assigned areas of responsibility.**
- **Serve on boards, committees, and other groups pertaining to assigned functional areas and represent the Secretary of Defense on personnel and compensation matters outside of the department.**
- **Perform such other functions as USD(P&R) and the Secretary of Defense may prescribe.**

# Office of the Assistant Secretary of Defense (Health Affairs) Organizational Chart



**Assistant Secretary of Defense  
(Health Affairs)  
Mission Statement**

**Serves as the principal staff advisor to the Under Secretary of Defense for Personnel and Readiness on all Department of Defense health policies, programs, and activities.**

- **Responsible for the effective execution of the Department medical mission.**
- **Program manager for the DoD Health Resources.**
- **Develop total DoD Health Budget.**
- **Provide medical services and support to the Armed Forces during military operations.**
- **Provide medical services and support to members of the Armed Forces, their dependents, and other entitled to DoD medical care.**

**ASSISTANT SECRETARY OF DEFENSE  
FOR RESERVE AFFAIRS**

**National Committee for Employer  
Support of the Guard and Reserve**

**Reserve Forces Policy Board**

**Principal Deputy Assistant  
Secretary of Defense**

**Senior Enlisted Advisor**

**Deputy Assistant Secretary of  
Defense - Manpower  
and Personnel  
(DASD/M&P)**

**Deputy Assistant Secretary of  
Defense - Readiness Training  
and Mobilization  
(DASD/RT&M)**

**Deputy Assistant Secretary of  
Defense - Materiel and  
Facilities  
(DASD/M&F)**

**Deputy Assistant Secretary of  
Defense - Resources  
(DASD/R)**

**Deputy Assistant Secretary of  
Defense - Military Assistance  
to Civil Authorities  
(DASD/MACA)**



**Assistant Secretary of Defense  
(Reserve Affairs)  
Mission Statement**

Serves as the principal staff advisor to the Under Secretary of Defense for Personnel and Readiness on all matters involving the Reserve Components (RC) of the United States Armed Forces including the Army National Guard, Army Reserve, Naval Reserve, Marine Corps Reserve, Air National Guard, Air Force Reserve and Coast Guard Reserve.

- Overall supervision of RC affairs of the Department of Defense.
- Planning, programming, and Budget Oversight for the annual \$24 Billion Reserve Component Program.
- Liaison For Congressional Oversight and Appropriations Committees in Coordination with USD(C) and ASD(LA).
- Develop, Coordinate, and Manage Legislation Affecting Guard and Reserve Manpower, Personnel, Compensation, and Medical matters.
- Develop Policies and Supporting Legislation, Plans, and Programs to Assure Responsive Access to the Reserve Components.
- Develop Policies, Programs, and Procedures Concerning National Guard and Reserve Manpower Utilization and Requirements.
- Analyze National Guard and Reserve Personnel Programs, Trends, and Accession and Retention Plans.
- Establish Policies for the Use of Reserve Components in Support of CinC Operations: I Requirements While Enhancing RC Readiness.
- Establish Policies and Programs, and Monitor Resourcing to Ensure RC Unit Readiness.
- Develop Policy to Ensure Optimum Sustainable AC-RC Force Mix/Structure Including Capability to Meet Domestic Contingencies.
- Develop Policies that Enhance Reserve Component Training Programs to Cost Effectively Meet Mission Requirements, Including use of Emerging Technologies and Simulation.
- Guard and Reserve Materiel Requirements, Equipment Distribution, and Maintenance.
- Reserve Component Facilities Construction, Real Property Maintenance, and Environmental Programs.
- Develop, Coordinate, and Manage Research, Studies, and Evaluations.
- Develop Management Policies and Procedures for Guard and Reserve Personnel Data Systems.
- Manage RC Automated Readiness Analysis Programs.
- Defense Information Management Program for the Guard and Reserve.
- Oversees and directs programs concerning the use of the Reserve Components to assist federal, state and local authorities in responding to domestic terrorist attacks using weapons of mass destruction (WMD).

- Leverage Reserve Component capabilities in providing military assistance to civil authorities.
- Develop policies, program resources, and provide oversight on the use of Reserve Components for domestic Chemical, Biological, Radiological, Nuclear and high-yield Explosives-Consequence Management and Homeland Security missions.
- Monitor Policies on the use of the Reserve Components to Support Non-DoD Missions.
- Establish and Maintain Liaison with Allied Ministry of Defense Officials Dealing with Reserve Matters.





# DEPARTMENT OF DEFENSE

## Personnel & Readiness Strategic Plan

2001 - 2016

### INTRODUCTION

This is the first integrated strategic plan for the Office of the Secretary of Defense, Personnel & Readiness defining OSD (P&R)'s mission, and the major goals that directly support the P&R mission. The document clearly shows how the P&R mission and goals support the Department of Defense mission. Our mission and goals reflect our recognition that *people are central to mission accomplishment*.

Designing, implementing, and maintaining effective human capital strategies will be critical to achieving OSD (P&R)'s goals. Consistent, committed, and persistent OSD (P&R) leadership must implement these strategies and promote collaboration and team building across OSD (P&R) and the human resources life cycle.

This plan provides the framework for decisions related to the programming and budgeting process, and the development and implementation of supporting plans. This living document will remain flexible while promoting constancy of purpose for long-term strategic guidance and maintaining direction during personnel changes.

This plan will be reviewed within P&R annually. Comments or suggestions related to this document may be provided at any time. Please direct all comments to: (b)(6)  
Director, Joint Requirements and Integration Office, Office of the Deputy Under Secretary of Defense for Program Integration, (b)(6)

### THE DEPARTMENT OF DEFENSE MISSION:

#### *Provide for the common defense.*

The primary DoD task is to deter conflict - but should deterrence fail, to fight and win the nation's wars. The Department will provide a joint force, persuasive in peace, decisive in war, preeminent in any conflict. Our nation faces a wide range of interests, opportunities, and challenges requiring a military that can both win wars and contribute to peace. The range of challenges faced by the military includes those ambiguous situations residing between peace and war, such as peacekeeping and peace enforcement operations, as well as noncombat humanitarian relief operations and support to domestic authorities. These challenges will require a Total Force composed of well-educated, motivated, and competent people who can adapt to the many demands of future joint missions. Complex contingencies such as humanitarian relief or peace operations require a rapid, flexible response to achieve national objectives in the required timeframe. The core of the joint force will continue to be individuals of exceptional dedication and ability - people of outstanding character committed to an ethic of selfless service. (excerpted from Joint Vision 2020)



## **THE OSD PERSONNEL AND READINESS MISSION:**

***Ensure human resources are trained, capable, motivated, and ready to support the DoD mission.***

To sustain the total force will require high quality people. The judgment, creativity, and fortitude of our people will remain the keys to future success. Leaders must recognize and enhance the value of their people. Employees must be trained and motivated to contribute to organizational success. Through our constant vigilance on behalf of each individual, the DoD will be recognized as a world-class employer of first choice, attracting and retaining our nation's finest people.

## **THE OSD PERSONNEL AND READINESS GOALS**

To accomplish the Personnel and Readiness mission, we will promote effective policy and business practices to

***Attract, retain, and motivate a high quality, diverse, and sufficiently sized force to meet mission requirements.***

Recruiting and retaining high quality, diverse people will remain our central focus. The combination of carefully targeting requirements, recruiting incentives, total compensation, and challenging opportunities must be effective in attracting the personnel needed to sustain the total force. Personnel management must be revolutionized, changing business practices, policies, and procedures to reflect our commitment to the men and women of DoD.

***Integrate the active and reserve military civilian employees, and support contractors into a diverse, cohesive total force and a rapidly tailorable force structure.***

To improve our effectiveness, we must maximize our use of every person and every capability through a more seamless integration of the total force. The total force includes active and reserve components, DoD civilians and DoD contractors. We must be functionally integrated to maximize individual performance while recognizing the uniqueness, and capitalizing on the strengths of the people who comprise the total force. Organizations must be structured so they can be easily tailored in order to optimize and integrate the use of the knowledge, skills, and abilities of each individual in the accomplishment of the DoD mission. Organizations and forces must be flexible and responsive to the requirements of the Commanders in Chief (CINCs) in order to meet the challenges of twenty-first century missions.

***Enhance quality of life for the total force and support military members, their families, and retirees across the full human resource life cycle.***

To support the total force, our military families, and retirees, we must pursue initiatives that reflect our commitment to all of those who are serving as well as those who have served. To preserve, strengthen and advance our ideals and values, we must focus on quality of life initiatives across the full human resource life cycle from recruiting through retirement. We must provide continued, seamless support to our military personnel and their dependents as the military personnel cross from active to reserve status and back, as they deploy and redeploy, and as they leave military service to enter the private sector as veterans or retirees. We must provide this support efficiently through effective interface with the Veteran's Administration and other government agencies. Our commitment to our people far exceeds that of any other employer.

People must not be viewed as short-term costs to be cut but as long-term assets that are the foundation to our success.

*Promote an environment that is supportive, respectful and harassment free to get the most out of each individual.*

We must establish policies and business practices which promote a caring, nurturing environment that demonstrates our commitment to our people while ensuring the accomplishment of the DoD mission. We must foster an organizational culture that stresses respect, is harassment free, and results oriented, focusing on accountability, teamwork, employee involvement, and empowerment to maximize efficiency and performance.

*Deliver quality health service that meets the readiness needs of the force and provides appropriate care for all beneficiaries.*

We must provide high quality, responsive, and accountable health services to ensure force health protection and optimize the health of beneficiaries. We must support the war fighter by deploying ready and capable medical forces that effectively use technology to enhance force health protection. By utilizing best clinical and business practices we must better serve our beneficiaries, shifting our focus from interventional services to preventative medicine. Beneficiary needs must be the driving force for policy decisions relative to health care accessibility, quality, cost effectiveness, and positive health outcomes.

*Provide appropriate education, training, and development of the total force to meet mission requirements.*

We must support the education and development of the total force to provide the background and experience that will ensure that our people can perform the missions assigned today as well as in the future. Organizations must identify the skills and characteristics needed among leaders and employees to achieve success, and make the appropriate investments to train and develop people to ensure that required competencies are met and sustained.

*Support the readiness of the total force for peacetime, contingency, crisis, and war fighting.*

To meet the nation's time-sensitive requirements for military forces, DoD must make effective decisions regarding the readiness of our active and reserve component organizations, as well as the civilian work force and support contractors who perform mission sensitive functions. We must provide a comprehensive, integrated set of accurate and timely information on personnel, equipment, and training readiness indicators, thereby ensuring that leaders have the critical knowledge they need to communicate, evaluate, and decide on appropriate force readiness issues, to meet mission requirements and to monitor decisions.

*Provide effective management of OSD (P&R) to meet mission and organizational needs.*

We must manage diminishing P&R resources in the most effective and productive manner using best business practices, continually improving and refining our policies, practices, and processes and incorporate evolving technology to enhance our ability to meet mission and organizational needs. We must ensure the effective integration of activities across P&R to minimize duplication of effort and promote a unified focus on the highest priorities of P&R.



## ORGANIZATION

The Under Secretary of Defense for Personnel and Readiness leads five areas of responsibilities, each with a senior management leader. Three offices are headed by Assistant Secretaries of Defense: Force Management Policy (FMP), Reserve Affairs (RA), and Health Affairs (HA). Two offices are headed by Deputy Under Secretaries of Defense: Readiness (R) and Program Integration (PI). Each group's individual missions are noted below. Effective accomplishment of the P&R mission and goals requires integration of the organizational missions.

The Under Secretary of Defense for Personnel and Readiness is responsible for providing overall leadership of the broad areas of responsibility assigned to the office, with specific responsibility to:

- ◆ Integrate the accomplishment of goals by all subordinate organizational elements.
- ◆ Represent human resource issues to the Secretary of Defense, the Deputy Secretary of Defense, and the other Under Secretaries of Defense (Finance, Policy and Acquisition, Technology, and Logistics).

Force Management Policy is responsible for accessing and managing the force through developing effective policy and business practices to:

- ◆ Support effective management of military and civilian personnel to meet manpower requirements.
- ◆ Support enhanced quality of life.
- ◆ Contribute to readiness through equal employment opportunity.

Health Affairs is responsible for sustaining the health of the service members and families by:

- ◆ Providing health force protection to support and sustain worldwide requirements.
- ◆ Projecting military health forces worldwide to meet health needs of the fighting force.
- ◆ Providing health and medical support sufficient to maintain readiness.
- ◆ Delivering quality health care to eligible beneficiaries.

Reserve Affairs is responsible for preparing reserve forces by developing effective policy and business practices to:

- ◆ Integrate reserve component capabilities in the total force.
- ◆ Exercise overall management of reserve manpower utilization.
- ◆ Exercise overall management of the guard and reserve equipment support, readiness and sustainability.
- ◆ Provide effective training and career development of the reserve components.

Readiness is responsible for ensuring force readiness through developing effective policy and business practices to:

- ◆ Ensure the readiness of the total force for peacetime contingency, crisis and war.
- ◆ Implement training programs to produce ready forces.

Program Integration is responsible for integrating crosscutting functions across P&R by developing effective policy and business practices to:

- ◆ Oversee total force manpower requirements determination, justification, apportionment, and execution.
- ◆ Oversee interoperable manpower and personnel management systems.
- ◆ Coordinate participation in the planning, programming and budgeting system; coordinate the legislative interface across P&R; and coordinate the research program across P&R.
- ◆ Lead the P&R information management and business process-reengineering program.

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USD(PAR)

Participates in those planning, programming, and budgeting activities that relate to assigned areas of responsibility.

Serves on boards, committees, and other groups pertaining to assigned functional areas and represents the Secretary of Defense on personnel, readiness, Reserve component, health, and compensation matters outside of the Department.

Performs such other functions as the Secretary of Defense may prescribe.

**Functions of the  
Under Secretary of Defense  
(Personnel & Readiness)**

The Under Secretary of Defense for Personnel and Readiness is the principal staff assistant and advisor to the Secretary and Deputy Secretary of Defense for Total Force management as it relates to readiness; National Guard and Reserve component affairs; health affairs; training; and personnel requirements and management, including equal opportunity, morale, welfare, recreation, and quality of life matters. In this capacity, the USD(P&R) develops policies, plans, and programs for:

- Total Force personnel and their allocation among DoD Components and between the Active and Reserve components to ensure efficient and effective support of wartime and peacetime operations, contingency planning, and preparedness.
- Reserve component affairs to promote the effective integration of Reserve component capabilities into a cohesive Total Force.
- Health and medical affairs sufficient to provide, and maintain readiness to provide, medical services and support to members of the Armed Forces during military operations, and to provide medical services and support to members of the Armed Forces, their dependents, and others entitled to DoD medical care.
- Recruitment, training, equal opportunity, compensation, recognition, discipline, and separation of all DoD personnel, to include both military (Active, Reserve, and retired) and civilian.

Serves as OSD focal point for readiness issues; develops policies and processes to ensure forces have sufficient readiness to execute the national military strategy; oversees Total Force personnel and medical readiness; and coordinates with other Principal Staff Assistants and cognizant officials in the Office of the Chairman of the Joint Chiefs of Staff and in the Military Services on other aspects of readiness.

Analyzes the Total Force structure as related to quantitative and qualitative military and civilian personnel requirements, utilization, readiness and support. Administers and implements controls over military and civilian personnel strengths for all DoD Components.

Reviews and evaluates the requirements of the Defense Acquisition Board's major defense acquisition programs and proposed weapon systems for personnel, training, and readiness implications, and the implications of weapon systems maintainability for qualitative and quantitative personnel requirements and for readiness.

Formulates policy for and ensures coordination of DoD Noncombatant Evacuation Operations (NEO).



DEFENSE HUMAN RESOURCES ACTIVITY  
DEFENSE MANPOWER DATA CENTER  
KEN SCHERLEN  
CIVILIAN PERSONNEL MGT SERVICE  
GINGER GROEBER

UNDER SECRETARY OF DEFENSE  
(PERSONNEL AND READINESS)  
BERNARD ROSTKER  
PRINCIPAL DEPUTY UNDER SECRETARY  
CHARLES L CRAGIN

DEPUTY UNDER SECRETARY OF DEFENSE  
(READINESS)  
THOMAS LONGSTRETH  
DEPUTY UNDER SECRETARY OF DEFENSE  
(PROGRAM INTEGRATION)  
JEANIE FITES

ASSISTANT SECRETARY OF DEFENSE  
(RESERVE AFFAIRS)  
CHARLES L CRAGIN, ACTING

PRINCIPAL DEPUTY ASSISTANT  
SECRETARY OF DEFENSE  
(RESERVE AFFAIRS)  
(b)(6) ACTING

DEPUTY ASST SECRETARY OF DEFENSE  
(READINESS, TRAINING & MOBILIZATION)  
MSG JAMES E ANDREWS, USAF

DEPUTY ASST SECRETARY OF DEFENSE  
(RESERVE MANPOWER & PERSONNEL)  
(b)(6) ACTING

DEPUTY ASST SECRETARY OF DEFENSE  
(MATERIALS & FACILITIES)  
(b)(6)

DEPUTY ASST SECRETARY OF DEFENSE  
(RESOURCES)  
(b)(6)

DEPUTY ASST SECRETARY OF DEFENSE  
(MILITARY ASSISTANCE TO CIVIL AUTHORITIES)  
(b)(6)

ASSISTANT SECRETARY OF DEFENSE  
(FORCE MANAGEMENT POLICY)  
ALPHONSO MALDON, JR.

PRINCIPAL DEPUTY ASSISTANT  
SECRETARY OF DEFENSE  
(FORCE MANAGEMENT POLICY)  
(b)(6)

DEPUTY ASST SECRETARY OF DEFENSE  
(MILITARY COMMUNITY &  
FAMILY POLICY)  
(b)(6)

DEPUTY ASST SECRETARY OF DEFENSE  
(CIVILIAN PERSONNEL POLICY)  
DAVID DENNEY

DEPUTY ASST SECRETARY OF DEFENSE  
(EQUAL OPPORTUNITY)

DEPUTY ASST SECRETARY OF DEFENSE  
(MILITARY PERSONNEL POLICY)  
(b)(6)

MILITARY DIRECTOR  
DEFENSE ADVISORY COMMITTEE ON WOMEN  
IN THE SERVICES  
(b)(6)

ASSISTANT SECRETARY OF DEFENSE  
(HEALTH AFFAIRS)  
RADM J. JARRETT CLINTON, USPHS  
(ACTING)

CHIEF OF STAFF  
(b)(6)

DEPUTY ASST SECRETARY OF DEFENSE  
(HEALTH BUDGETS FINANCIAL POLICY)  
(b)(6)

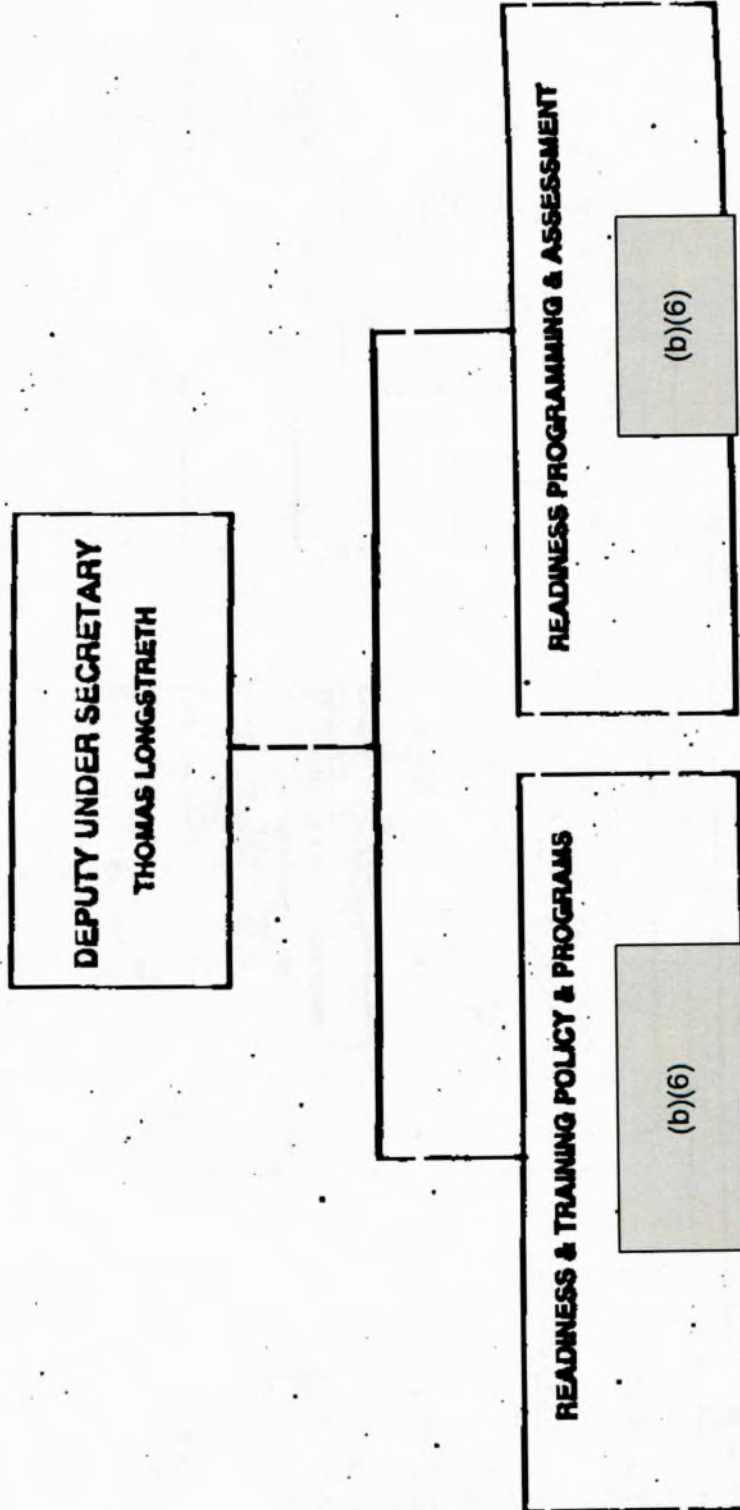
DEPUTY ASST SECRETARY OF DEFENSE  
(HEALTH PROGRAM INTEGRATION &  
EXTERNAL AFFAIRS)  
(b)(6)

DEPUTY ASST SECRETARY OF DEFENSE  
(HEALTH OPERATIONS POLICY)  
(b)(6)

DEPUTY ASST SECRETARY OF DEFENSE  
(CLINICAL & PROGRAM POLICY)  
(b)(6)

EXECUTIVE DIRECTOR  
(TRICARE MANAGEMENT PROGRAM)  
(b)(6)

**DEPUTY UNDER SECRETARY OF DEFENSE  
(READINESS)**



**Functions of the  
Deputy Under Secretary of Defense  
(Readiness)**

Serves as the principal staff element to the Under Secretary of Defense for Personnel and Readiness on matters concerning Department of Defense training and readiness.

- Quarterly Readiness Report to Congress (QRR/C)
- Monthly Readiness Report to Congress
- Senior Readiness Oversight Council (SROC)
- Joint Monthly Readiness Review (JMRR)
- Readiness Reporting Systems
- Chemical-Biological Readiness Reporting
- PERSTEMPO
- Global Military Force Policy (GMFP)
- Materiel Readiness
- Quarterly Defense Review--scenario generation
- Macro-analysis of readiness accounts sizing metrics
- After-action reports
- OSD Focal Point for Training
- Joint Training (Joint Training System, Joint Training Strategy, and Joint Task Force Training)
- Interoperability Training (Information Architecture, Exercise Programs, and Interoperability Mission Essential Task List)
- CJCS Coordinated and Directed Exercises
- Coordinate and work with all joint community training activities (e.g., NDU's Joint Virtual Learning Environment, JFCOM's Joint Distributed Learning Center, and Joint Staff J-7's Doctrine Networked Education and Training / Joint Distributed Education Information System / Joint Distributed Operations Library)
- Prepare and publish the Military Manpower Training Report (MMTR)
- Represent the United States on the NATO Training Group's Joint Services Sub-Group (NTG JSSG) and on the Working Group for Individual Training and Education (WG/IT&ED)
- Lead the Advanced Distributed Learning (ADL) Initiative.



- Performance Support Systems (e.g., the Maintenance Mentoring System)
- DoD representative on President's Task Force for Federal Training Technology
- Provide DoD support to the President's Technology Initiative (PTI)
- Training Instrumentation Systems (Joint Test and Training Range Roadmap and Joint Tactical
- Combat Training System)
- Training Ranges (Defense Test and Training Steering Group, Training Range Instrumentation Investment Committee, and fund withdrawal issues)
- OSD oversight of Service Combat Training Centers
- Embedded Training
- Defense Science Board Task Force on Military Training and Education
- Joint Simulation System (JSSMS)
- Training Base Realignment and Closure (BRAC)
- Training and instrumentation for Military Operations in Urban Terrain
- Inter-agency Training Collaboration
- National Training; Conferences and Seminars, Inter-service/Industry Training Simulations, and
- Education Conference, National Training System Association, TechLearn, and International
- Test and Evaluation Association)
- DoD Training Directives and Instructions

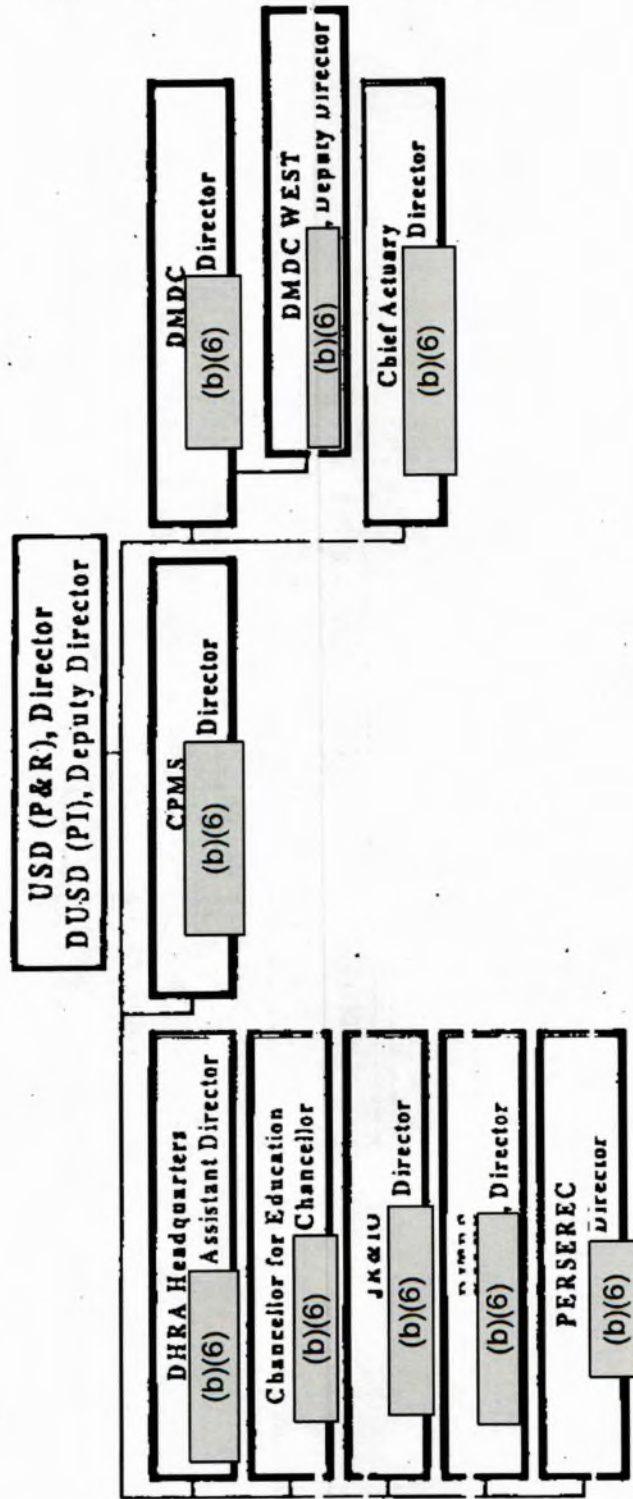
DUSD (Program Integration)

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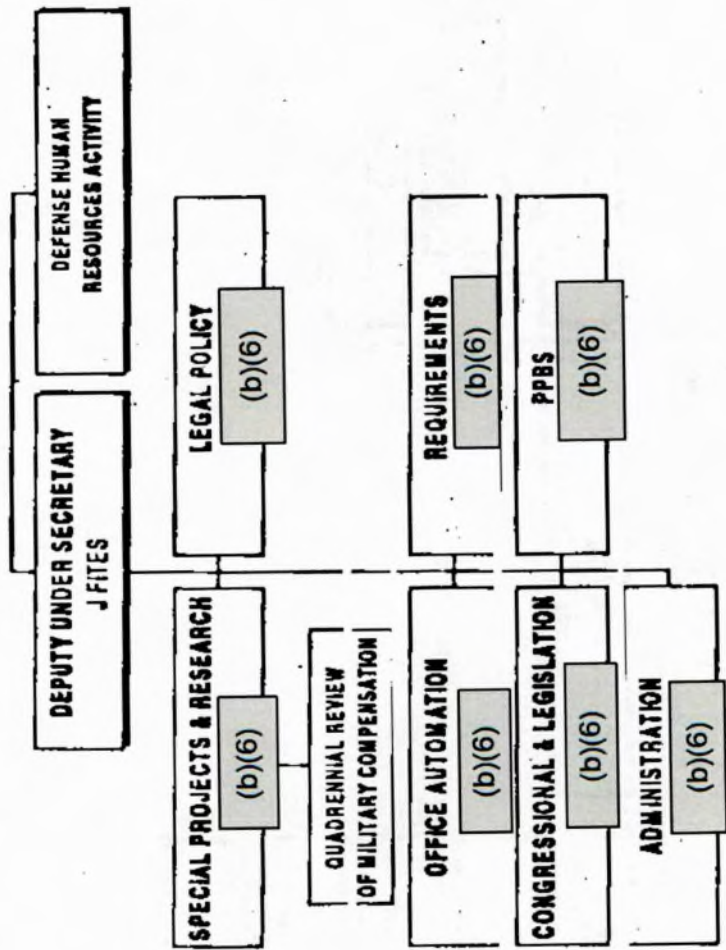
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DUSD (Readiness)

# Department of Defense Human Resources Activity



**DEPUTY UNDER SECRETARY OF DEFENSE  
(PROGRAM INTEGRATION)**





**Functions of the  
Deputy Under Secretary of Defense  
(Program Integration)**

Serves as the principal staff assistant and advisor to the Under Secretary of Defense for Personnel and Readiness on matters concerning program integration.

- Management of P & R role in PPBS
- P & R POC for Annual Defense Report to Congress

P & R OPR for Omnibus Reprogramming Request

P & R administrator for all coordination in DoE Financial Management Regulation

- Total force manpower requirements
- Military and civilian manpower policy
- Service manpower systems and manpower data reporting
- Defense Manpower Requirements Report to Congress
- Management of P & R Congressional Affairs
- Coordination of P & R Legislative Program
- Coordination of P & R Participation in Legislative Review Process
- Cross Organizational Issue Coordination
- Legal Assistance
- Reviews and manages the USD(P & R) research and studies contract program, and coordinate and evaluate relevant research sponsored outside P & R
- Conducts in-house studies on critical personnel issues
- Directs 9<sup>th</sup> Quadrennial Review of Military Compensation

Functions of the  
Defense Human Resources Activity (DHRA)

DHRA is a field activity of the Under Secretary of Defense for Personnel and Readiness whose mission is to:

- Provide support to the Office of the Under Secretary of Defense (Personnel and Readiness)
- Collect, archive, and provide management information, research and analysis of human resources and other related functional area data bases for DoD
- Provide program support, information management, and administrative services to the DoD Components on human resource matters.

Divisions of DHRA perform diverse missions.

- The Civilian Personnel Management Service's (CPMS) mission is to manage and administer civilian human resources programs on a consolidated basis for the Department of Defense.
- DoD Office of the Actuary mission is to act as actuarial experts on military compensation and benefits, including life stream earnings, retired pay, survivor benefits, retiree health care, Voluntary Separation Incentive benefits, and pre-funded education benefits, providing OSD and the Comptroller with expertise on non-DoD actuarial matters like pension law and design, cost trends, and Social Security calculations and trends.
- Defense Manpower Data Center's (DMDC) mission is to collect and maintain an archive of automated manpower, personnel, training, and financial databases for the Department of Defense to support the information requirements of the OUSD (P&R) and other members of the DoD manpower, personnel, and training communities with accurate, timely, and consistent data.
- The Joint Requirements and Integration Office's mission is to support the information technology and information needs of the personnel and readiness community and to define functional requirements for the Defense Integrated Military Human Resources System.
- The mission of the Office of Law Enforcement/Events Policy and Support is support to US Secret Service for National Special Security Events (NSSE) and DoD Special Events Policy oversight (DoDD 2000.15).
- The mission of the Office of the Chancellor for Education and Professional Development is to serve as the principal advisor on academic quality and cost-effectiveness to the OSD Principal Staff Assistants and other DoD Component officials who sponsor or have cognizance over DoD civilian education and professional development activities.

- The mission of the Defense Integrated Travel and Relocation Solutions Office is to establish a permanent duty station travel system that eliminates redundancy and promotes effective and efficient travel solutions that contribute to the overall quality of life of Service members, civilian employees and their families; and to identify the systems and policy changes required to allow the Reserve Components to use the full capabilities of the Defense Travel Systems (DTS)
- The Defense Personnel Security Research Center's (PERSEREC) mission is to improve the effectiveness, efficiency and fairness of the DoD personnel security system.

ASD (Force Management Policy)

# ASSISTANT SECRETARY OF DEFENSE (FORCE MANAGEMENT POLICY)

ASSISTANT SECRETARY OF DEFENSE

ALPHONSO MALDON JR

PRINCIPAL DEPUTY ASSISTANT SECRETARY  
OF DEFENSE

(FORCE MANAGEMENT POLICY)

DEPUTY ASSISTANT  
SECRETARY OF DEFENSE

(MILITARY PERSONNEL POLICY)

(b)(6)

DEPUTY ASSISTANT  
SECRETARY OF  
DEFENSE

(CIVILIAN PERSONNEL POLICY)

(b)(6)

MILITARY DIRECTOR  
DEFENSE ADVISORY  
COMMITTEE

ON  
WOMEN IN THE  
SERVICES

(b)(6)

DEPUTY ASSISTANT  
SECRETARY OF  
DEFENSE

(PERSONNEL SUPPORT,  
FAMILIES & EDUCATION)

(b)(6)

DEPUTY ASSISTANT  
SECRETARY OF  
DEFENSE

(EQUAL OPPORTUNITY)

(b)(6)



**Functions of the  
Assistant Secretary of Defense  
(Force Management Policy)**

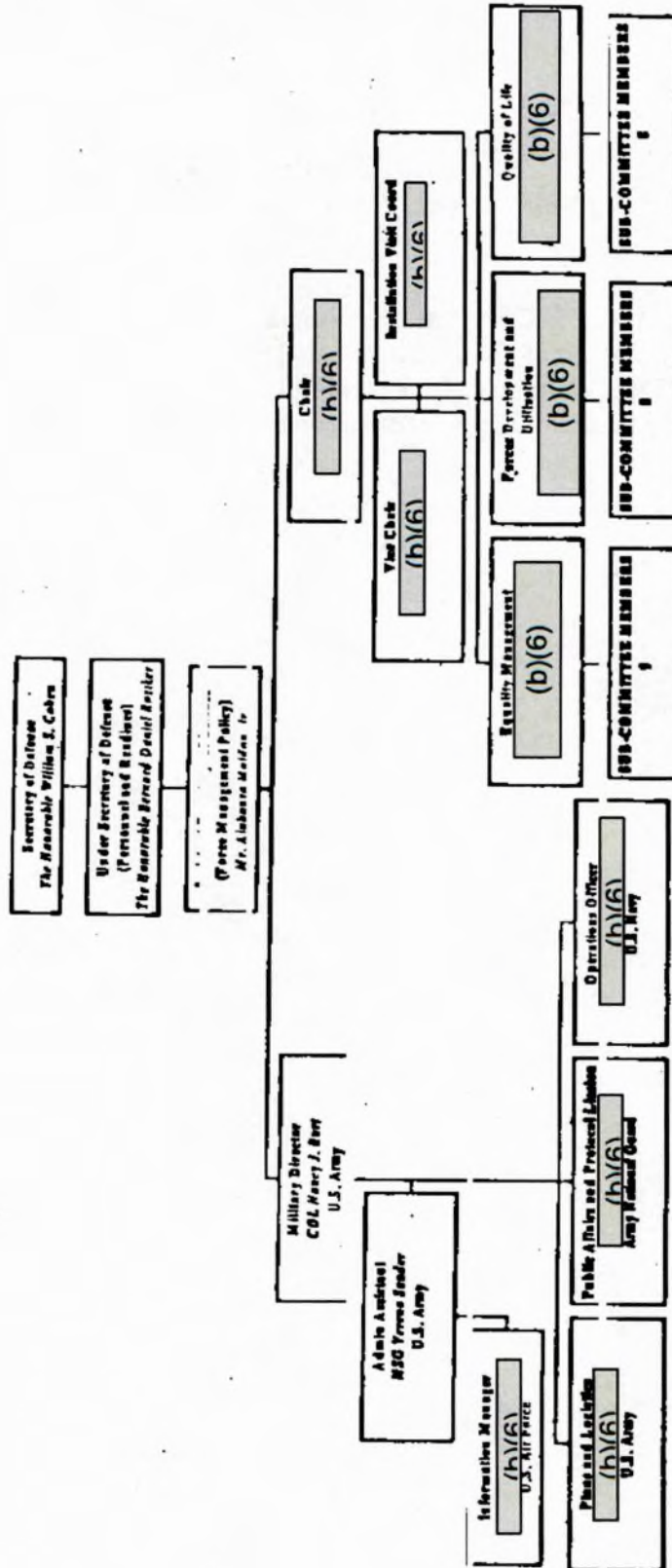
Serves as the principal staff element to the Under Secretary of Defense for Personnel and Readiness on all matters relating to the management and well-being of military and civilian personnel in the Department of Defense Total Force structure.

- Develops policies, plans, and programs for military and civilian personnel management, including recruitment, education, career development, equal opportunity, compensation, recognition, discipline and separation of all DoD personnel, both military (active, reserve, and retired) and civilian.
- Develops policies, plans, and programs for the quality of life of DoD personnel and their dependents, including family support, chaplaincy, pay and allowances, transition assistance, community services, and dependent education.
- Develops policies, plans, and programs for DoD morale, welfare, and recreation programs and supporting non-appropriated fund revenue-generating programs including exchanges. It is also responsible for the operation of the Defense commissary system through the Defense Commissary Agency.
- Participates in those planning, programming, and budgeting activities that relate to assigned areas of responsibility.
- Serves on boards, committees, and other groups pertaining to assigned functional areas and represent the Secretary of Defense on personnel and compensation matters outside of the department.

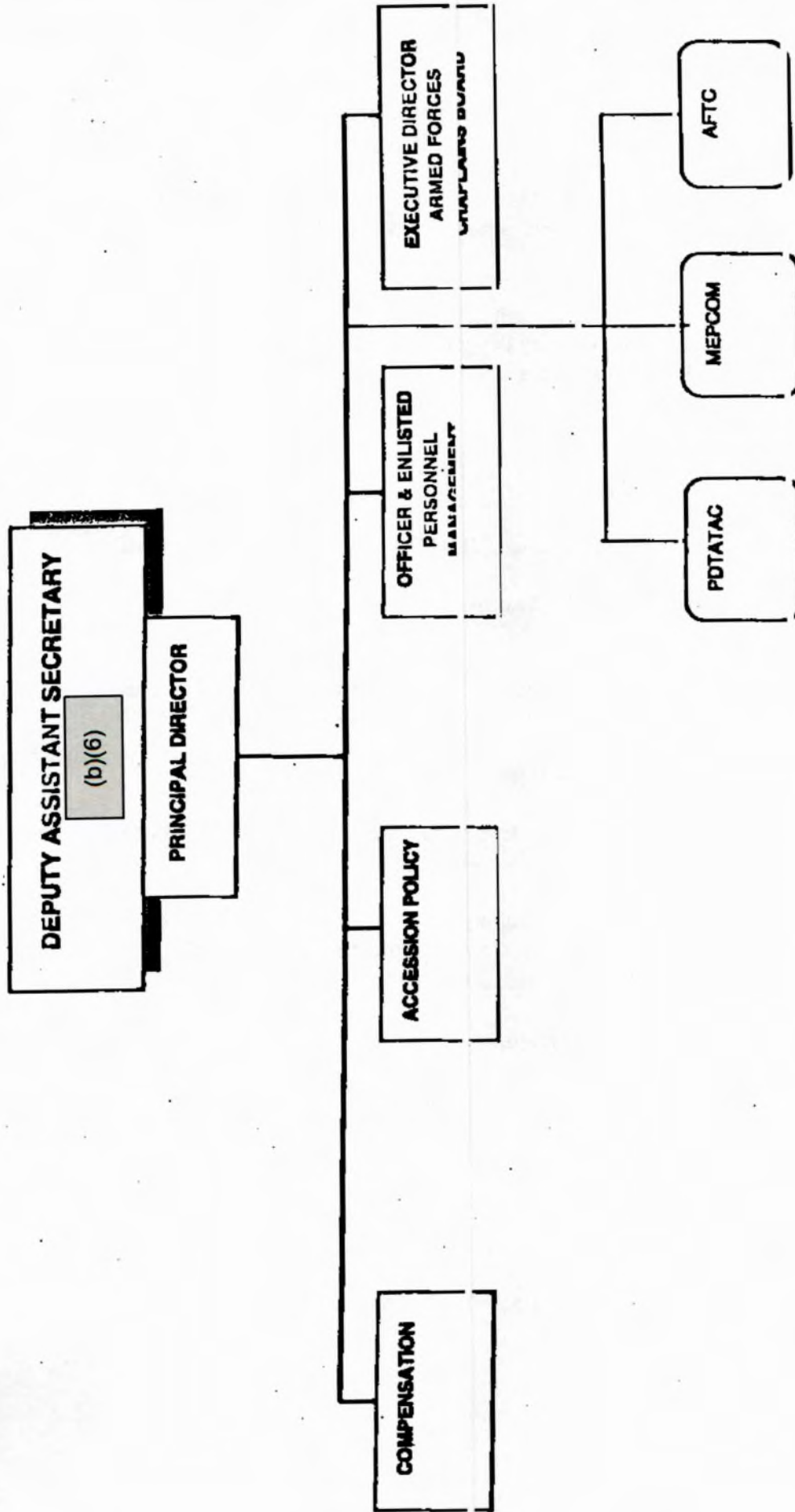
**Functions of the  
Defense Advisory Committee on Women in the Services  
(DACOWITS)**

The Defense Advisory Committee on Women in the Services (DACOWITS) is a committee composed of civilians nominated by the Military Services and selected by the Secretary of Defense to serve for a period of three years. The DACOWITS Staff Office is under the cognizance of the Assistant Secretary of Defense for Force Management Policy.

# DACOWITS Organization Chart



DEPUTY ASSISTANT SECRETARY OF DEFENSE  
(MILITARY PERSONNEL POLICY)



PDTATAC - PER DIEM TRAVEL AND TRANSPORTATION ALLOWANCE COMMITTEE

MEPCOM - MILITARY ENTRANCE PROCESSING COMMAND

AFTC - ARMED FORCES TAX COUNCIL

Functions of the:  
Deputy Assistant Secretary of Defense  
(Military Personnel Policy)

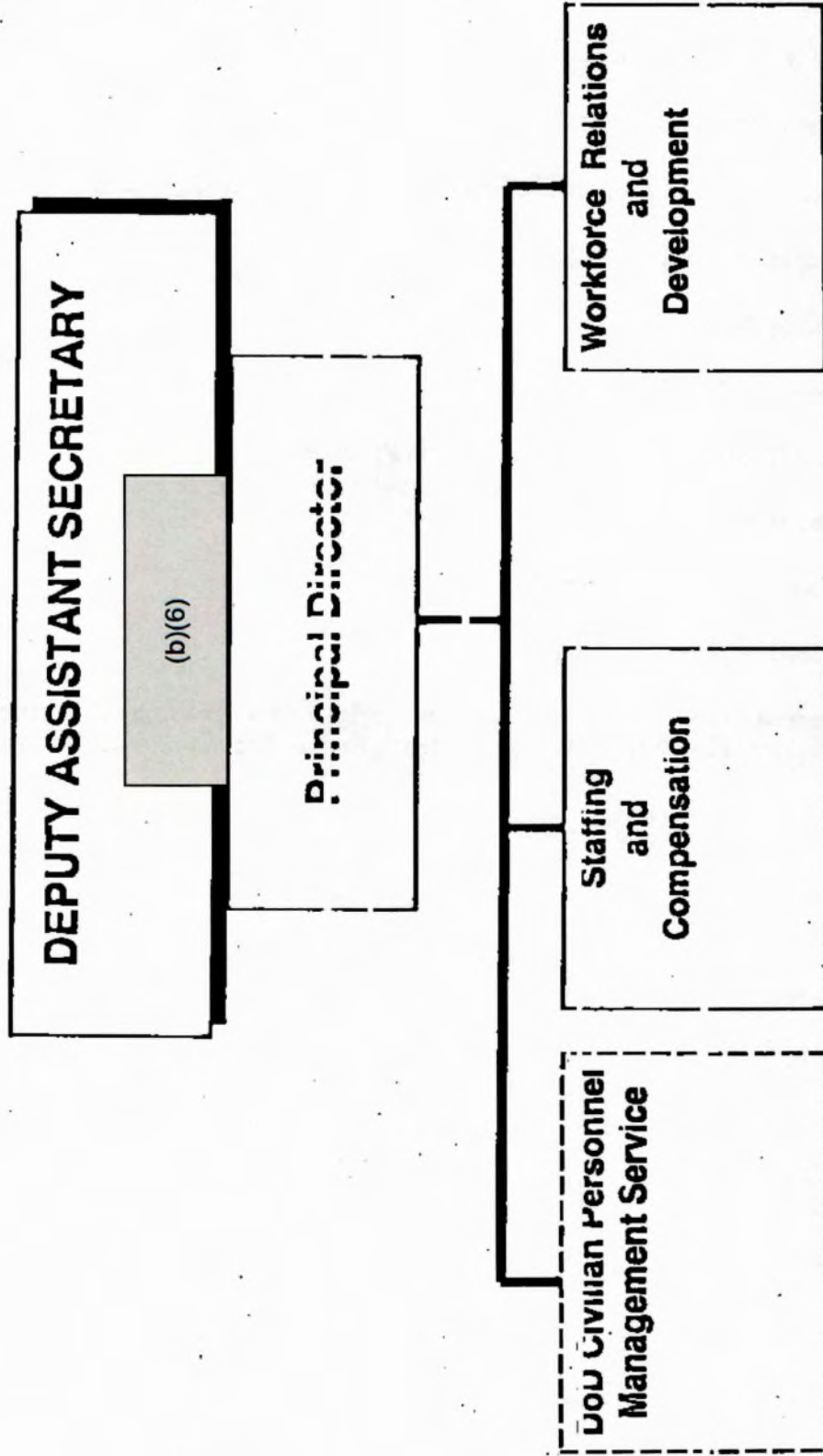
Serves as the principal staff element to the Assistant Secretary of Defense for Force Management Policy on all military personnel policy issues and programs within the Department of Defense.

- Policy Analysis, Determination, and Oversight of:
  - Active Duty and Reserve Military Pay and Allowances.
  - Retired Pay and Survivor Benefits.
  - Leave and Liberty.
  - Taxation of Military Pay.
- Legislation Development and Review.
- Officer Commissioning (Service Academies, ROTC, OCS, Direct Appointments).
- Enlisted and Medical Recruiting and Advertising.
- Enlistment Standards and Processing:
  - Age, Aptitude, Citizenship, Education, Moral Character, Physical Fitness.
  - Oversight of U.S. Military Entrance Processing Command (USMEPCOM).
- Personnel Selection and Job Classification:
  - Enlistment Testing Policy.
  - Evaluation and Oversight of Enlistment Options and Incentive Programs (Enlistment Bonuses; Education Benefits).
  - Analysis to Determine Youth Attitudes Toward Recruiting.
  - Evaluation and Reporting of Recruiting Results.
  - Policy Analysis (Volunteer Force, Concription, National Service).
    - DoD Liaison with Selective Service System.
  - Junior ROTC.
  - Joint Recruiting Facilities Program.
- Officer and Enlistment Personnel Management Policy:
  - Retention, Reenlistment, Separation, Retirement.
- General/Flag Officer Management
- Joint Officer Management
- Defense Officer Personnel Management Act (DOPMA) and Reserve Officer Personnel Management Act (ROPMA).



- Initial Commissioning Appointments and Promotion Actions/Appointment Removal Actions (O6 and below).
- Disability Evaluation System (DES).
- Military Awards and Decorations.
- Congressional Fellowship Program.
- Utilization of Women in the Military (OSD liaison to DACOWITS).
- Homosexual Conduct Policy.
- Frocking Policy.
- Assignment Policies.
- OASD (FMP) Mobilization -- Stop Loss Program.
- OSD Intern Program.
- Military Active Duty Strength.
- Gender-Integrated Training.
- Advanced Civilian Education, Defense Foreign Language Program, Personnel Management Requirements of the Defense Acquisition Workforce Improvement Act.

**DEPUTY ASSISTANT SECRETARY OF DEFENSE  
(CIVILIAN PERSONNEL POLICY)**

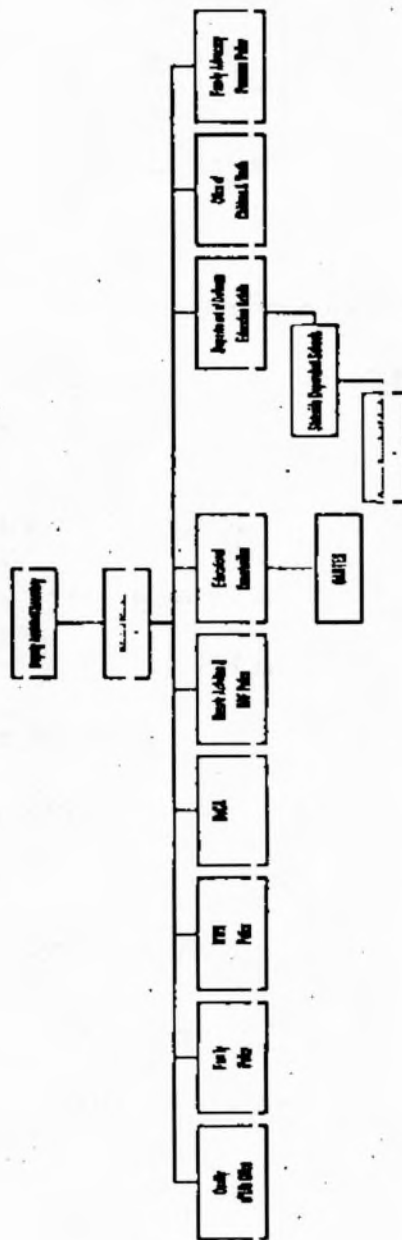


Functions of the  
Deputy Assistant Secretary of Defense  
(Civilian Personnel Policy)

Serves as the principal staff element to the Assistant Secretary of Defense for Force Management Policy on all civilian personnel policy issues and programs within the Department of Defense.

- Organizational Structure of the Civilian Personnel Community (including regionalization and systems modernization).
- Domestic and International Labor-Management Relations, Employee-Management Relations, and Labor-Management Partnerships.
- Staffing and Recruitment (internal and external placement).
- Senior Executive Service.
- Personnel Demonstration Projects.
- Classification and Compensation (including blue-collar wage setting).
- Employee Benefits (including retirement).
- Employee Health and Injury Compensation (including beryllium and related issues).
- Performance Management and Awards
- Training and Development Policy.
- Defense Leadership and Management Program and related efforts.
- Overseas Personnel Issues (including the five-year rotation policy).
- Foreign National Employment.
- Nonappropriated Fund Personnel Policy (including the NAF uniform health care plan).
- Employee Transition Assistance (including workforce shaping, buyouts, priority placement).
- Family Friendly Issues (including alternative work schedules, transit subsidies, telecommuting).
- Bilateral Commissions (primarily to address labor and employment development issues, in Portugal, Argentina, Brazil, Chile).
- Civilian Personnel Policy Research (stressing workforce shaping).
- External Representation on Human Resource Issues (Federal Prevailing Rate Advisory Committee, Human Resource Technology Council, Human Resource Management Council).

DEPUTY ASSISTANT SECRETARY OF DEFENSE  
(MILITARY COMMUNITY & FAMILY POLICY)



DANTES - Defense Activity for Non-Traditional Education Support  
DeCA - Defense Commissary Agency

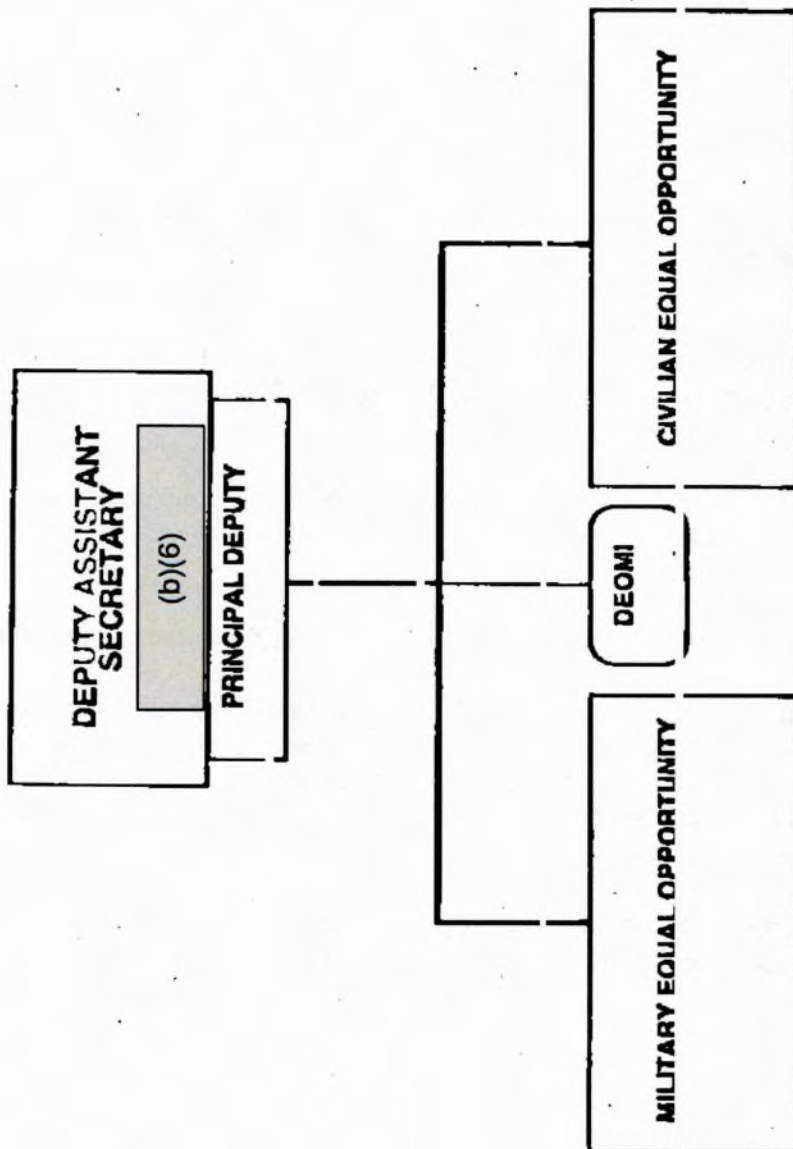
Functions of the  
Deputy Assistant Secretary of Defense  
(Military Community and Family Policy)

Serves as the principal staff element to the Assistant Secretary of Defense for Force Management Policy on programs and policies that establish and support community quality of life programs on military installations for service members and their families worldwide.

- Serves as the focal point for coordination of the broad range of Quality of Life issues within the Department of Defense.
- Manage the Quality of Life Executive Committee established by the Secretary of Defense.
- Provides for family support policies and programs in such areas as family center operations, child care, youth programs, family advocacy, relocation, transition support services, and support during mobilization and deployment (including casualty affairs and funeral honors).
- Provides policy and management direction for dependents' education programs overseas and stateside to ensure that educational services are of uniformly high quality.
- Advocates for educational opportunities for dependent's in civilian schools.
- Establishes program policy for mission sustaining and basic community programs for Morale, Welfare and Recreation, Voluntary and Post-Secondary Education and coordinate the services on non-profit agencies such as the Red Cross, Armed Services YMCA and the USO. Coordinate DoD oversight of the Armed Forces Retirement Home Board.
- Provides executive and policy oversight for commissaries, exchanges, NAF resource management, NAF construction, and NAF procurement.



**DEPUTY ASSISTANT SECRETARY OF  
DEFENSE  
(EQUAL OPPORTUNITY)**



Functions of the  
Deputy Assistant Secretary of Defense  
(Equal Opportunity)

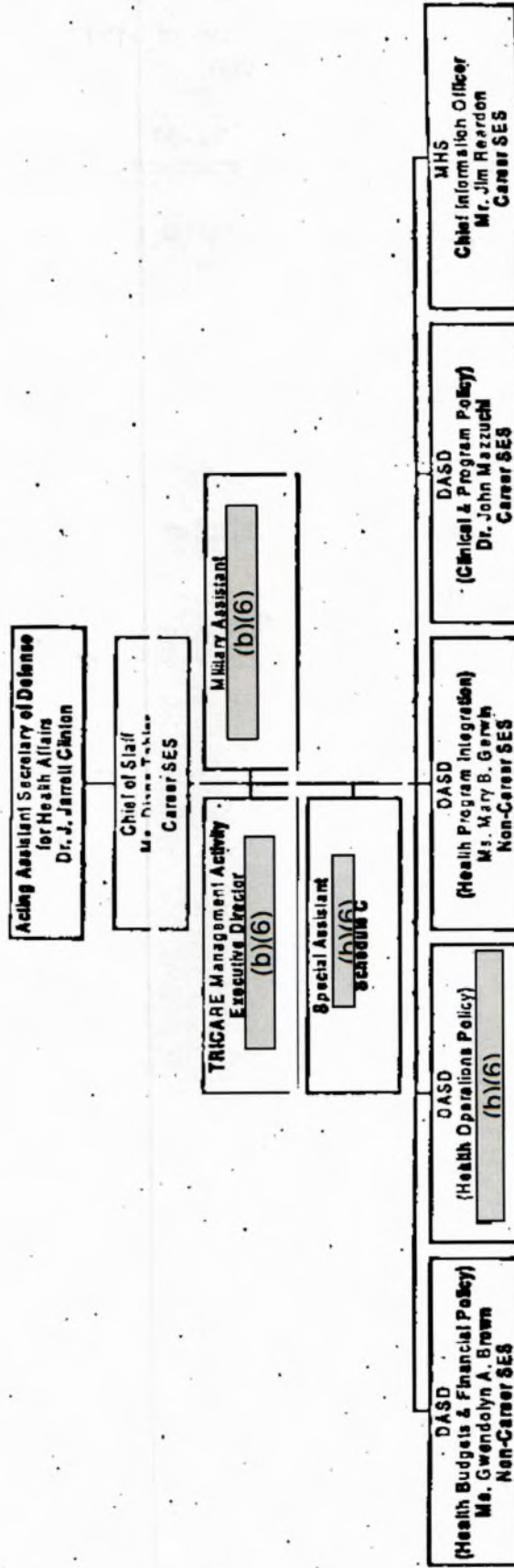
Serves as the principal staff element to the Assistant Secretary of Defense for Force Management Policy on matters concerning DoD civilian equal employment opportunity/affirmative employment programs and military equal opportunity/affirmative action goals and objectives.

- Equal Employment Opportunity (EEO) and Military Equal Opportunity (MEO) Policy oversight (DoD Directive 1440.1 "The DoD Civilian EEO Program;" DoD Directive 1350.2, "The Department of Defense Military Equal Opportunity Program;" and DoD Instruction 1350.3, "Affirmative Action Planning and Assessment Process").
- EEO/MEO surveys, statistical reports and analyses.
- Defense Equal Opportunity Management Institute (DEOMI) oversight of operations and EEO/MEO training.
- Ensure DEOMI is staffed appropriately into the next century to remain the DoD "center of excellence" for equal opportunity training in support of readiness.
- Executive secretary for the Defense Equal Opportunity Council (DEOC) (chaired by the Deputy Secretary of Defense or Under Secretary of Defense for Personnel and Readiness).
- Policy for celebrating national special observances.
- Policy for supporting conventions of national civil rights organizations.
- Representation on the Interagency Committee on people with disabilities, the Architectural and Transportation Barriers and Compliance Boards, and other ad hoc national committees or boards, concerned with civil rights.

ASD (Health Affairs)

# Office of the Assistant Secretary of Defense (Health Affairs)

## Organizational Chart



Functions of the  
Assistant Secretary of Defense  
(Health Affairs)

Serves as the principal staff element for all Department of Defense health policies, programs, and activities and executes the Department's medical mission.

- Serves as the Program Manager for DoD health resources, and is responsible for development of the total DoD health budget.
- Clinical and Program Policy
- Health Budget and Financial Policy
- Health Operations Policy
- Health Program Integration & External Affairs
- Exercises authority, direction, and control over the TRICARE Management Activity (TMA), the Director, Armed Force Institute of Pathology, and the President, Uniformed Services University of the Health Sciences.



Acting Assistant Secretary of Defense  
for Health Affairs  
Dr. J. Jarrett Clinton

Chief of Staff  
Career SES

TRICARE Management Activity  
Executive Director  
(b)(6)

Special Assistant  
(b)(6)  
Schedule C

Military Assistant  
(b)(6)

DASD  
(Health Budgets & Financial Policy)  
Ms. Gwendolyn A. Brown  
Non-Career SES

DASD  
(Health Operations Policy)  
(b)(6)

DASD  
(Health Program Integration)  
Ms. Mary B. Gerwin  
Non-Career SES

DASD  
(Clinical & Program Policy)  
Dr. John Mazzuchelli  
Career SES

MHS  
Chief Information Officer  
Mr. Jim Reardon  
Career SES



**Functions of the  
Deputy Assistant Secretary of Defense  
(Clinical and Program Policy)**

Serves as the principal staff element to the Assistant Secretary of Defense for Health Affairs for all clinical medicine policies, programs, and activities. In carrying out these responsibilities, the office is responsible for overseeing Military Health System health care quality, disease prevention and public health programs, and directing patient care policy.

- Medical standards for accessions, separations, disease prevention, health promotion.
- Medical research and development.
- Clinical investigations.
- Graduate medical education.

Acting Assistant Secretary of Defense  
for Health Affairs  
Dr. J. Jarrett Clinton

Chief of Staff  
Mr. Vincent L. Jones  
Career SES

TRICARE Management Activity  
Executive Director  
(b)(6)

Military Assistant  
(b)(6)

Special Assistant  
Mr. Tom Leary  
Schedule C

DASD  
(Health Budgets & Financial Policy)  
Ms. Gwendolyn A. Brown  
Non-Career SES

DASD  
(Health Operations Policy)  
(b)(6)

DASD  
(Health Program Integration)  
Ms. Mary B. Gerwin  
Non-Career SES

DASD  
(Clinical & Program Policy)  
Dr. John Mazzuchelli  
Career SES

MHS  
Chief Information Officer  
Mr. Jim Reardon  
Career SES



**Functions of the  
Deputy Assistant Secretary of Defense  
(Health Budgets and Financial Policy)**

Serves as the principal staff element assistant to the Assistant Secretary of Defense for Health Affairs for all Department of Defense health financial policies, programs, and activities.

- Financial policy development.
- Medical Program Guidance (MPG) development.
- Defense Health Program development and execution.
- Program Analysis

Acting Assistant Secretary of Defense  
for Health Affairs  
Dr. J. Jarrett Clinton

Chief of Staff  
Career SES

TRICARE Management Activity  
Executive Director  
(b)(6)

Special Assistant  
(b)(6)  
Schedule C

Military Assistant  
(b)(6)

DASD  
(Health Budgets & Financial Policy)  
Ms. Gwendolyn A. Brown  
Non-Career SES

DASD  
(Health Operations Policy)  
(b)(6)

DASD  
(Health Program Integration)  
Ms. Mary B. Garwin  
Non-Career SES

DASD  
(Clinical & Program Policy)  
Dr. John Mazzuchi  
Career SES

MHS  
Chief Information Officer  
Mr. Jim Reardon  
Career SES





**Function : of the  
Deputy Assistant Secretary of Defense  
(Health Operations Policy)**

**Serves as the principal staff element to the Assistant Secretary of Defense for Health Affairs for all deployment medicine policies, programs, and activities.**

- **Oversees deployment-related health policy, health science, operations, military public health plans, medical logistics, readiness manpower/training, chemical/biological matters, theater information systems, and international agreements.**
- **Identifies, develops, implements, monitors, and evaluates defense health program policies and resources**
- **Ensures deployment of fully trained and equipped medical personnel.**
- **Manages the Department of Defense portion of the National Disaster Medical System (NDMS) and the Department of Defense in the NDMS operations control center during national emergencies.**
- **Oversees deployment-related health policy, health science, operations, military public health plans, medical logistics, readiness manpower/training, chemical/biological matters, theater information systems, and international agreements.**

Acting Assistant Secretary of Defense  
for Health Affairs  
Dr. J. Jarrett Clinton

Chief of Staff  
Ms. Diana Tahler  
Career SES

TRICARE Management Activity  
Executive Director  
(b)(6)

Special Assistant  
(b)(6)

Military Assistant  
(b)(6)

DASD  
(Health Budgets & Financial Policy)  
Ms. Gwendolyn A. Brown  
Non-Career SES

DASD  
(Health Operations Policy)  
(b)(6)

DASD  
(Health Program Integration)  
Ms. Mary B. Gerwin  
Non-Career SES

DASD  
(Clinical & Program Policy)  
Dr. John Mazzuch  
Career SES

MHS  
Chief Information Officer  
Mr. Jim Reardon  
Career SES

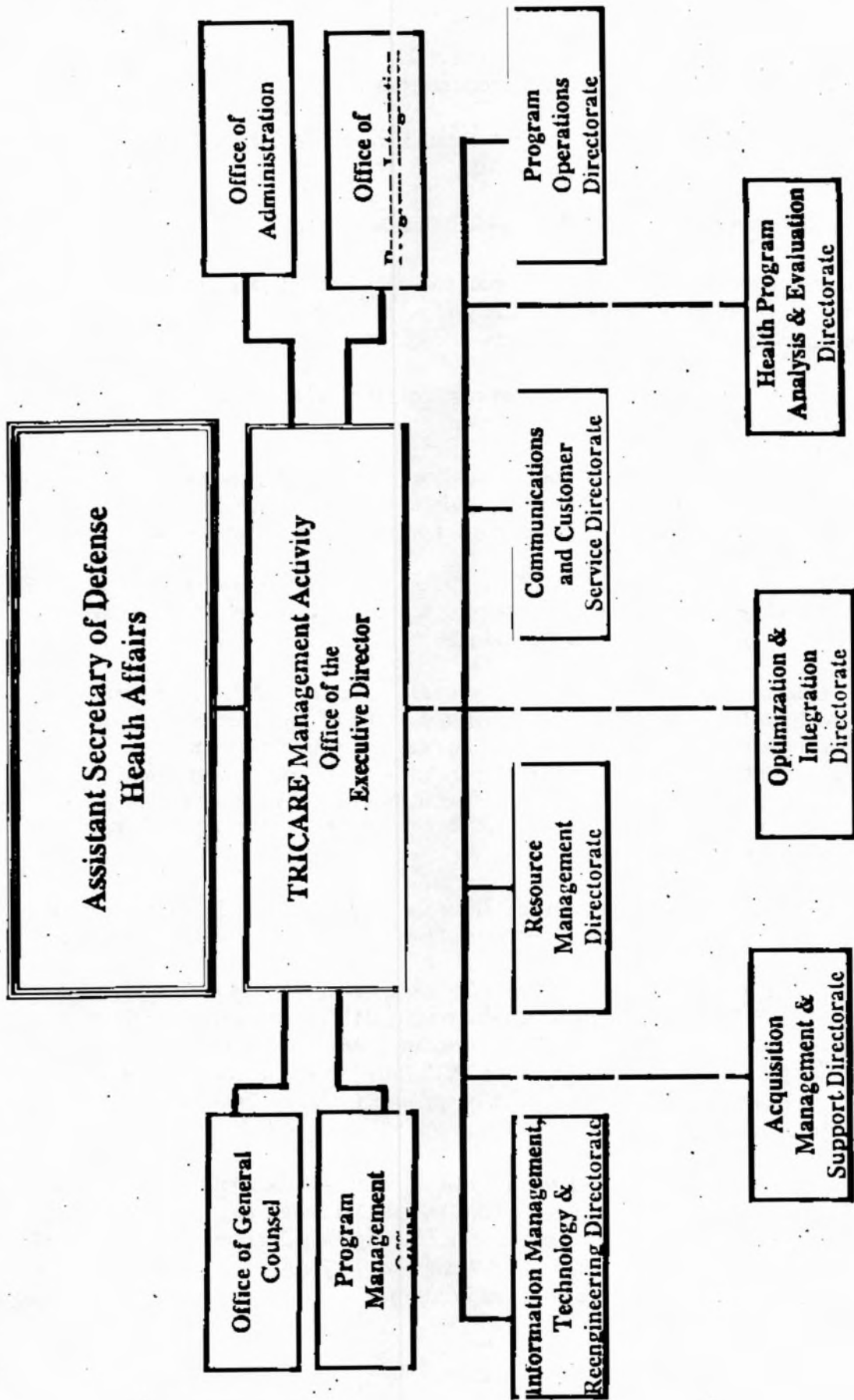


**Functions of the  
Deputy Assistant Secretary of Defense  
(Health Program Integration)**

Serves as the principal staff element to the Assistant Secretary of Defense for Health Affairs for all health policies, programs, and activities.

- Legislative Policy Formulation.
- Strategic Planning.
- Oversee interagency policy activities.
- Direct, coordinate, and monitor congressional, interagency, public and beneficiary communications.

# TRICARE Management Activity





## Functions of the TRICARE Management Activity (TMA)

Serves as the staff element to the Assistant Secretary of Defense for Health Affairs on all matters concerning TRICARE.

- Established by the Defense Reform initiative of December 1997.
- Ensures, with the support of the Surgeons General of the Military Departments, that DoD policy on health care is consistently, effectively and efficiently implemented throughout the Military Health System.
- Responsible for seven major functions relative to the performance of the Military Health System:

**Health Program Analysis and Evaluation** - To support performance-based decision making and execution through analysis, evaluation, the development of metrics and measures, and beneficiary/customer satisfaction surveys and assessments.

**Optimization & Integration** - To facilitate optimization & integration of the MHS by enhancing the TRICARE Enterprise to provide accessible, quality, cost-effective health care using best business and clinical practices.

**Communications and Customer Services** - To represent MHS beneficiary concerns through the TRICARE ombudsman and military family liaison programs in coordination with the Military Services to provide focal point for external communications with all MHS customers to include the Military line community, Military and civilian health care providers, beneficiaries and their associations; and to coordinate and monitor educational and marketing activities concerning TRICARE programs and health care benefits.

**Resource Management** - To coordinate the development of the Defense Health Program POM and to monitor and coordinate the execution of the plan by the Services.

**Information Management, Technology and Reengineering** - To support the OASD (HA), TMA and the Military Health System (MHS) in the delivery of high quality, cost effective, readily accessible health care services across the operational continuum through the development of the MHS I/IT strategic plan, policies and standards; and conduct program oversight, integration, evaluation, and annual performance planning.

**Acquisitions Management and Support** - To oversee the contracting function, including identification of contract requirements, this Directorate also oversees the functions of evaluating contractor performance, investigation and identification of fraud waste and abuse in TRICARE, administrative support for TMA activities in Aurora, and personnel servicing for all TMA employees in Aurora.



***Program Operations*** - To operationalize TRICARE as the world-wide, integrated system for the accessible, high quality and cost effective delivery of health care services to MHS beneficiaries during peace time and wartime.

***Office of General Counsel*** - To provide comprehensive legal support to the TMA and its Regional offices.

ASD (Reserve Affairs)

**ASSISTANT SECRETARY OF DEFENSE  
FOR RESERVE AFFAIRS**

**National Committee for Employer  
Support of the Guard and Reserve**

**Reserve Forces Policy Board**

**Principal Deputy Assistant  
Secretary of Defense**

**Senior Enlisted Advisor**

**Deputy Assistant Secretary of  
Defense - Manpower  
and Personnel  
(DASD/M&P)**

**Deputy Assistant Secretary of  
Defense - Readiness Training  
and Mobilization  
(DASD/RT&M)**

**Deputy Assistant Secretary of  
Defense - Materiel and  
Facilities  
(DASD/M&F)**

**Deputy Assistant Secretary of  
Defense - Resources  
(DASD/R)**

**Deputy Assistant Secretary of  
Defense - Military Assistance  
to Civil Authorities  
(DASD/MACA)**

Functions of the  
Assistant Secretary of Defense (Reserve Affairs)

Serves as the principal staff element to the Under Secretary of Defense for Personnel and Readiness on all matters involving the Reserve Components (RC) of the United States Armed Forces including the Army National Guard, Army Reserve, Naval Reserve, Marine Corps Reserve, Air National Guard, Air Force Reserve and Coast Guard Reserve.

- Overall supervision of RC affairs of the Department of Defense.
- Planning, Programming, and Budget Oversight for the annual \$24 Billion Reserve Component Program.
- Liaison For Congressional Oversight and Appropriations Committees in Coordination with USD(C) and ASD(LA).
- Develop, Coordinate, and Manage Legislation Affecting Guard and Reserve Manpower, Personnel, Compensation, and Medical matters.
- Develop Policies and Supporting Legislation, Plans, and Programs to Assure Responsive Access to the Reserve Components.
- Develop Policies, Programs, and Procedures Concerning National Guard and Reserve Manpower Utilization and Requirements.
- Analyze National Guard and Reserve Personnel Programs, Trends, and Accession and Retention Plans.
- Establish Policies for the Use of Reserve Components in Support of CinC Operational Requirements While Enhancing RC Readiness.
- Establish Policies and Programs, and Monitor Resourcing to Ensure RC Unit Readiness.
- Develop Policy to Ensure Optimum Sustainable AC-RC Force Mix/Structure Including Capability to Meet Domestic Contingencies.
- Develop Policies that Enhance Reserve Component Training Programs to Cost Effectively Meet Mission Requirements, Including use of Emerging Technologies and Simulation.
- Guard and Reserve Materiel Requirements, Equipment Distribution, and Maintenance.
- Reserve Component Facilities Construction, Real Property Maintenance, and Environmental Programs.
- Develop, Coordinate, and Manage Research, Studies, and Evaluations.
- Develop Management Policies and Procedures for Guard and Reserve Personnel Data Systems.
- Manage RC Automated Readiness Analysis Programs.
- Defense Information Management Program for the Guard and Reserve.
- Oversees and directs programs concerning the use of the Reserve Components to assist federal, state and local authorities in responding to domestic terrorist attacks using weapons of mass destruction (WMD).
- Leverage Reserve Component capabilities in providing military assistance to civil authorities.

- Develop policies, program resources, and provide oversight on the use of Reserve Components for domestic Chemical, Biological, Radiological, Nuclear and high-yield Explosives-Consequence Management and Homeland Security missions.
- Monitor policies on the use of the Reserve Components to Support Non-DoD Missions.
- Establish and Maintain Liaison with Allied Ministry of Defense Officials Dealing with Reserve Matters.

The Reserve Forces Policy Board, created by act of Congress (10 USC 10301) in 1952, acts through the Assistant Secretary of Defense for Reserve Affairs, as the principal, independent policy adviser to the Secretary of Defense on matters relating to the reserve components. The Board provides timely and relevant advice on RC issues thus enabling senior leaders to make informed decisions affecting the Total Force in order to meet national security challenges. The Board publishes an Annual Report to the President and Congress.

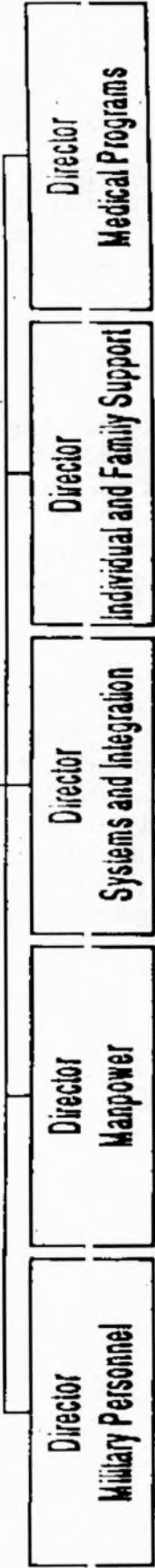
The National Committee for Employer Support of the Guard and Reserve (ESGR) was established, by Presidential proclamation, as an operational committee under the Office of the Assistant Secretary of Defense for Reserve Affairs as the sole DoD agency directed to promote public and private understanding of the National Guard and Reserve in order to gain employer and community support that encourages employee and citizen participation in the National Guard and Reserve. Today, ESGR is comprised of a community-based volunteer network of over 4,500 members, who serve on 54 committees (in every state, the District of Columbia, Guam, Puerto Rico and the Virgin Islands), implementing employer support programs within their local communities.



**DASD/RA  
MANPOWER AND PERSONNEL**

**Principal Director**

**Staff Director**

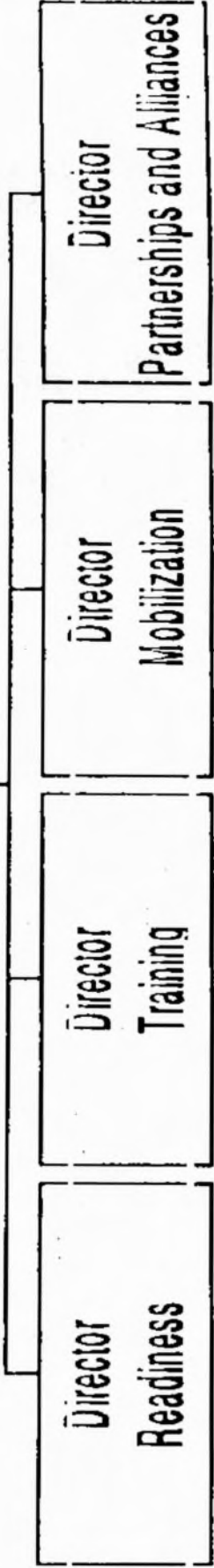


Functions of the  
Deputy Assistant Secretary of Defense  
(Manpower and Personnel)

Serves as the principal staff element to the Assistant Secretary of Defense for Reserve Affairs for all National Guard and Reserve manpower personnel and compensation policies, including Reserve component manpower requirement and utilization, personnel programs and management, the official Reserve component personnel database and system, Reserve medical readiness and programs, and development of legislation affecting Guard and Reserve manpower, personnel and compensation.

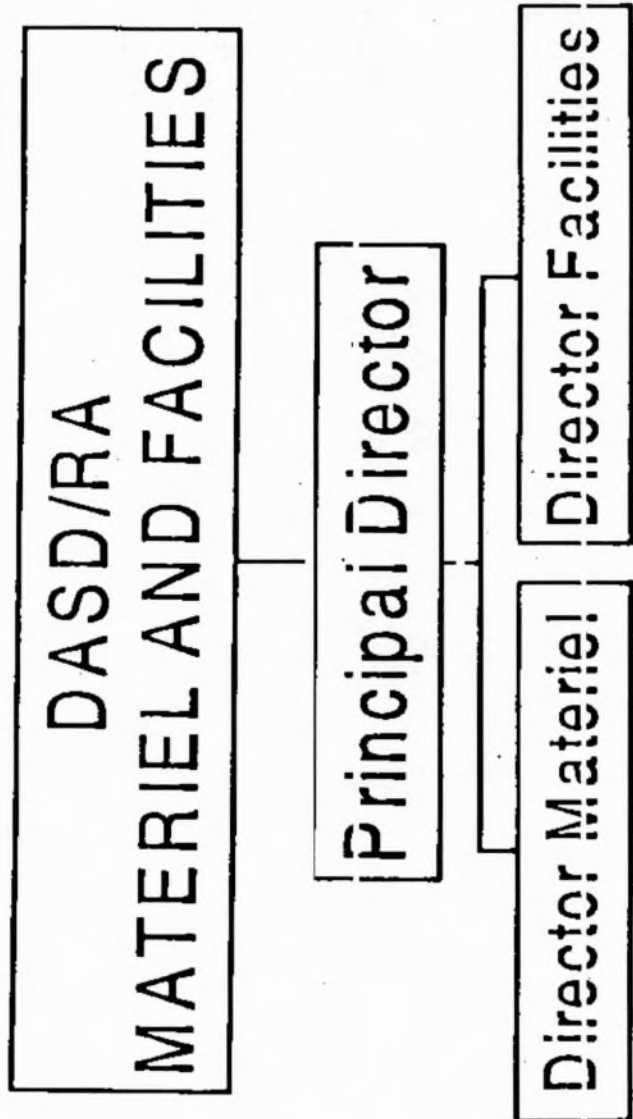
DASD/RA  
READINESS TRAINING AND MOBILIZATION

Principal Director



**Functions of the  
Deputy Assistant Secretary of Defense  
(Readiness Training and Mobilization)**

Serves as the principal staff element to the Assistant Secretary of Defense for Reserve Affairs with specific responsibility for exercising overall supervision of Guard and Reserve readiness, training, operations, force mix, capabilities, sustainability, missions structure, and mobilization.





**Functions of the  
Deputy Assistant Secretary of Defense  
(Material & Facilities)**

**Serves as the principal staff element to the Assistant Secretary of Defense for Reserve Affairs responsible for providing policy guidance and oversight of material requirements, equipment distribution and maintenance, facilities construction, real property maintenance, and environmental programs for Guard and Reserve components.**

DASD/RA  
RESOURCES

Principal Director

Director  
Program & Budget

Director  
Program Integration

Director  
Planning and Program Support

Director  
Systems

Functions of the  
Deputy Assistant Secretary of Defense  
(Resource)

Serves as the principal staff element to the Assistant Secretary of Defense for Reserve Affairs on all matters pertaining to resourcing National Guard and Reserve programs, primarily using the Department of Defense's Planning, Programming, and Budgeting System (PPBS). Exercises specific functional responsibility for all reserve component appropriations. Exercises oversight over all congressional authorizations and appropriations that pertain to the Reserve components, and Program V (Guard and Reserve Forces) of the Department's Future Year Defense Plan. Serves as the DoD focal point and exercises total responsibility for coordinating efforts related to audits and inspector general reviews of all reserve components.

Responsible for liaison with Congressional oversight and appropriations committees in coordination with the offices of US D(C) and ASD (LA).

Serves as functional sponsor for the management information systems which are specific to the Guard and Reserve mission organizations.

Manages all administrative, personnel and information systems support requirements for the OASD RA organization.

**DASD/RA**  
**MILITARY ASSISTANCE TO CIVIL AUTHORITIES**

**Principal Director**

**Director**  
**Medical Programs**

**Director**  
**Program Integration**

**Director**  
**Program Oversight**

**Director**  
**Resources and Requirements**

**Director**  
**Homeland Security**

**Functions of the  
Deputy Assistant Secretary of Defense  
(Military Assistant to Civil Authorities)**

**Serves as the principal staff element to the Assistant Secretary of Defense for Reserve Affairs on all matters pertaining to military assistance to civil authorities. Develops policies and programs to leverage the core competencies of the RC to support domestic consequence management activities. Works with other Federal agencies to facilitate DoD's supporting role in a coherent Federal program to train and equip local first responders to improve their capability to deal with terrorist incidents involving the use of CBRNE weapons. Exercises fiscal oversight of DoD's Federal, State, and Local training program.**



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## REGULATORY AUTHORITY

### TAB

### TITLE

a.

Department of Defense Directive 5124.2,  
Under Secretary of Defense for Personnel and Readiness  
(USDP&R), October 31, 1994

b.

Department of Defense Directive 5125.1,  
Assistant Secretary of Defense (Reserve Affairs)  
March 2, 1994

c.

Department of Defense Directive 5120.2,  
Reserve Forces Policy Board  
August 12, 1985

d.

Department of Defense Directive 5124.5,  
Assistant Secretary of Defense for  
Force Management Policy (ASD(FMP))  
October 31, 1994

e.

Department of Defense Directive 5136.1,  
Assistant Secretary of Defense for  
Health Affairs (ASDHA))  
May 27, 1994

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# Department of Defense DIRECTIVE

NUMBER 5124.2

October 31, 1994

DA&M

SUBJECT: Under Secretary of Defense for Personnel and Readiness (USD(P&R))

References: (a) Title 10, United States Code

- (b) DoD Directive 5124.2, "Under Secretary of Defense for Personnel and Readiness," March 17, 1994 (hereby canceled)
- (c) DoD 5025.1-M, "DoD Directive: System Procedures," December 1990, authorized by DoD Directive 5025.1, June 24, 1994
- (d) DoD Directive 8910.1, "Management and Control of Information Requirements," June 11, 1993

## 1. REISSUANCE AND PURPOSE

Under the authority vested in the Secretary of Defense by Sections 113 and 136 of reference (a), this Directive reissues reference (b) to update the responsibilities, functions, relationships, and authorities of the USD(P&R).

## 2. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Office of the Inspector General of the Department of Defense, the Uniformed Services University of the Health Sciences, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components").

## 3. DEFINITIONS

3.1. Reserve Components. Refers collectively to the Army National Guard of the United States, Army Reserve, Naval Reserve, Marine Corps Reserve, Air National



Guard of the United States, Air Force Reserve, and Coast Guard Reserve, when the Coast Guard is operating as a Service of the Department of the Navy.

3.2. Total Force. The organizations, units, and individuals that comprise the Defense Department's resources for implementing the national security strategy. It includes DoD Active and Reserve military personnel, military retired members, DoD civilian personnel (including foreign national direct and indirect-hire, as well as non-appropriated fund employees), contractor staff, and host-nation support personnel.

#### 4. RESPONSIBILITIES AND FUNCTIONS

The Under Secretary of Defense for Personnel and Readiness is the principal staff assistant and advisor to the Secretary and Deputy Secretary of Defense for Total Force management as it relates to readiness; National Guard and Reserve component affairs; health affairs; training; and personnel requirements and management, including equal opportunity, morale, welfare, recreation, and quality of life matters. In this capacity, the USD(P&R) shall:

##### 4.1. Develop policies, plans, and programs for:

4.1.1. Total Force personnel and their allocation among DoD Components and between the Active and Reserve components to ensure efficient and effective support of wartime and peacetime operations, contingency planning, and preparedness.

4.1.2. Reserve component affairs to promote the effective integration of Reserve component capabilities into a cohesive Total Force.

4.1.3. Health and medical affairs sufficient to provide, and maintain readiness to provide, medical services and support to members of the Armed Forces during military operations, and to provide medical services and support to members of the Armed Forces, their dependents, and others entitled to DoD medical care.

4.1.4. Recruitment training, equal opportunity, compensation, recognition, discipline, and separation of all DoD personnel, to include both military (Active, Reserve, and retired) and civilian.

4.1.5. In agency and intergovernmental activities, special projects, or external requests that create a demand for DoD personnel resources.

##### 4.2. Serve as OSD focal point for readiness issues; develop policies and processes

to ensure forces have sufficient readiness to execute the national military strategy; oversee Total Force personnel and medical readiness; and coordinate with other Principal Staff Assistants and cognizant officials in the Office of the Chairman of the Joint Chiefs of Staff and in the Military Services on other aspects of readiness.

4.3. Analyze the Total Force structure as related to quantitative and qualitative military and civilian personnel requirements, utilization, readiness and support. Administer and implement controls over military and civilian personnel strengths for all DoD Components.

4.4. Review and evaluate the requirements of the Defense Acquisition Board's major defense acquisition programs and proposed weapon systems for personnel, training, and readiness implications, and the implications of weapon systems maintainability for qualitative and quantitative personnel requirements and for readiness.

4.5. Formulate policy for and ensure coordination of DoD Noncombatant Evacuation Operations (NEO).

4.6. Participate in those planning, programming, and budgeting activities that relate to assigned areas of responsibility.

4.7. Serve on boards, committees, and other groups pertaining to assigned functional areas and represent the Secretary of Defense on personnel, readiness, Reserve component, health, and compensation matters outside of the Department.

4.8. Perform such other functions as the Secretary of Defense may prescribe.

## 5. RELATIONSHIPS

5.1. In the performance of assigned functions and responsibilities, the USD(P&R) shall:

5.1.1. Report directly to the Secretary and Deputy Secretary of Defense.

5.1.2. Exercise authority, direction, and control over:

5.1.2.1. The Assistant Secretary of Defense for Force Management Policy (ASD(FMP)).

5.1.2.2. The Assistant Secretary of Defense for Health Affairs  
(ASD(HA)).

5.1.2.3. The Assistant Secretary of Defense for Reserve Affairs.

5.1.2.4. The Director, Defense Manpower Data Center.

5.1.2.5. The Director, Defense Commissary Agency, through the  
ASD(FMP).

5.1.2.6. The Director, DoD Education Activity, through the ASD(FMP).

5.1.2.7. The Director, DoD Civilian Personnel Management Service,  
through the ASD(FMP).

5.1.2.8. The Director, Defense Medical Programs Activity, through the  
ASD(HA).

5.1.2.9. The Director, Office of Civilian Health and Medical Programs  
of the Uniformed Services, through the ASD(HA).

5.1.2.10. The President, Uniformed Services University of the Health  
Sciences (USUHS), through the ASD(HA), pursuant to the authority vested in the  
Secretary of Defense by Chapter 104 of 10 U.S.C. (reference (a)), except that the  
authority to appoint the President, USUHS, is reserved to the Secretary of Defense.

5.1.2.11. Such other subordinate officials as may be assigned.

5.1.3. Provide policy guidance and management supervision for the Office of  
the Actuary and the Office of Special Events.

5.1.4. Coordinate and exchange information with other OSD officials, Heads  
of the DoD Components, and Federal officials having collateral or related functions.

5.1.5. Use existing facilities and services of the Department of Defense and  
other Federal Agencies, whenever practicable, to avoid duplication and to achieve  
maximum efficiency and economy.

5.2. Other OSD officials and the Heads of the DoD Components shall coordinate  
with the USD(P&R) on all matters related to the responsibilities and functions cited in  
section 4., above.

## **6. AUTHORITIES**

The USD(P&R) is hereby delegated authority to:

6.1. Establish and allocate civilian personnel authorizations of the DoD Components and review and approve military and civilian personnel authorization changes during program execution.

6.2. Issue DoD Instructions, DoD Publications, and one-time directive-type memoranda, consistent with DoD 5025.1-M (reference (c)), that implement policy approved by the Secretary of Defense in assigned fields of responsibility. Instructions to the Military Departments shall be issued through the Secretaries of those Departments. Instructions to Unified Combatant Commands shall be communicated through the Chairman of the Joint Chiefs of Staff.

6.3. Obtain reports, information, advice, and assistance, consistent with DoD Directive 8910.1 (reference (d)), as necessary to carry out assigned functions.

6.4. Communicate directly with the Heads of DoD Components. Communications to the Commanders of the Unified Combatant Commands shall be transmitted through the Chairman of the Joint Chiefs of Staff.

6.5. Communicate with other Government officials, representatives of the legislative branch, members of the public, and representatives of foreign governments, as appropriate, in carrying out assigned functions.



7. EFFECTIVE DATE

This Directive is effective immediately.



John M. Deutch  
Deputy Secretary of Defense







# Department of Defense DIRECTIVE

NUMBER 5125.1

March 2, 1994

DA&M

**SUBJECT:** Assistant Secretary of Defense for Reserve Affairs

**References:** (a) Title 10, United States Code

(b) DoD Directive 5125.1, "Assistant Secretary of Defense (Reserve Affairs)," January 12, 1984 (hereby canceled)

(c) Public Law 103-160, "Department of Defense Authorization Act for Fiscal Year 1994," November 30, 1993

(d) DoD 5025.1-M, "DoD Directives System Procedures," December 1990, authorized by DoD Directive 5025.1, December 23, 1988

(e) DoD Directive 8910.1, "Management and Control of Information Requirements," June 11, 1993

## 1. REISSUANCE AND PURPOSE

Under the authority vested in the Secretary of Defense by Sections 113 and 138 of reference (a), this Directive reissues reference (b) to update the responsibilities, functions, relationships, and authorities of the ASD(RA), as prescribed herein.

## 2. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components").

## 3. DEFINITIONS

**3.1. Reserve Components.** Refers collectively to the Army National Guard of the United States, Army Reserve, Navy Reserve, Marine Corps Reserve, Air National Guard of the United States, Air Force Reserve, and Coast Guard Reserve, when the Coast Guard is operating as a Service of the Department of the Navy.

**3.2. Total Force.** The organizations, units, and individuals that comprise the Defense Department's resources for meeting the national security strategy. It includes DoD Active and Reserve military personnel, military retired members, DoD civilian personnel (including foreign national direct- and indirect-hire, as well as non-appropriated fund employees), contractor staff, and host-nation support personnel.

#### **4. RESPONSIBILITIES AND FUNCTIONS**

The Assistant Secretary of Defense for Reserve Affairs is the principal staff assistant and advisor to the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) and the Secretary and Deputy Secretary of Defense for Reserve component matters in the Department of Defense. The ASD(RA) is responsible for overall supervision of all Reserve component affairs in the Department of Defense. In this capacity, the ASD(RA) shall:

**4.1.** Develop policies, conduct analyses, provide advice, and make recommendations to the USI (P&R) and the Secretary of Defense, and issue guidance to the DoD Components on matters pertaining to the Reserve components.

**4.2.** Develop systems and standards for the administration and management of approved DoD Reserve component plans and programs.

**4.3.** Develop and promulgate plans, programs, actions, and taskings to ensure adherence to DoD policies and national security objectives to promote the effective integration of Reserve component capabilities into a cohesive Total Force.

**4.4.** Review and evaluate programs of the DoD Components that impact on the Reserve components; monitor the activities of Reserve component organizations, training facilities, and associations; and undertake other management oversight activities as may be required to ensure that policies, plans, programs, and actions pertaining to the Reserve components:

**4.4.1.** Adhere to approved DoD policies and standards.

4.4.2. Are compatible and support Total Force objectives and requirements.

4.4.3. Enhance the readiness and capabilities of Reserve component units and personnel.

4.4.4. Promote the integration of Reserve components with active duty forces.

4.4.5. Make the most effective use of Reserve components within the Total Force.

4.5. Participate in planning, programming, and budgeting activities that relate to assigned areas of responsibility.

4.6. Promote, with respect to the Reserve components, coordination, cooperation, and mutual understanding within the Department of Defense and among the Department of Defense and other Federal Agencies, State and local governments, the civilian community at large, and the employers of Reserve component personnel.

4.7. Promote family support plans, policies, and programs in line with the Reserve component mission.

4.8. Serve on boards, committees, and other groups pertaining to assigned functional areas and represent the Secretary of Defense on Reserve component matters outside the Department.

4.9. Consistent with section 175 of 10 U.S.C. (reference (a)), coordinate issues and positions of the Reserve Force Policy Board (RFPB) and review reports of the RFPB prior to forwarding to the USD(P&R) and the Secretary of Defense. Provide administrative staff support to the RFPB.

4.10. Serve as the vice chairman of the Conventional Forces Readiness Committee.

4.11. Perform such other functions as the USD(P&R) and the Secretary of Defense may prescribe.

## 5. RELATIONSHIPS

5.1. In the performance of assigned functions and responsibilities, the ASD(RA) shall serve under the authority, direction, and control of the USD(P&R) and shall:



5.1.1. Report directly to the USD(P&R).

5.1.2. Exercise authority, direction, and control over the National Committee for Employer Support of the Guard and Reserve.

5.1.3. Coordinate and exchange information with other OSD officials, Heads of the DoD Components, and Federal officials having collateral or related functions.

5.1.4. Use existing facilities and services of the Department of Defense or other Federal Agencies, whenever practicable, to avoid duplication and to achieve maximum efficiency and economy.

5.2. Other OSD officials and the Heads of the DoD Components shall coordinate with the ASD(RA) on all matters related to the responsibilities and functions cited in section 4., above.

## **6. AUTHORITY**

The ASD(RA) is hereby delegated authority to:

6.1. Act for the Secretary of Defense, in accordance with Section 411 of Public Law 103-160 (reference (c)) and future authorization acts that contain this provision, to increase the authorized end strength for Reserve personnel by not more than 2 percent of the prescribed Reserve personnel end strength, or such other percentage as shall be authorized by statute, when the increase is in the national interest.

6.2. Issue DoD Instructions, DoD Publications, and one-time directive-type memoranda, consistent with DoD 5025.1-M (reference (d)), that implement policies approved by the Secretary of Defense in assigned fields of responsibility. Instructions to the Military Departments shall be issued through the Secretaries of those Departments. Instructions to the Commanders of the Unified Combatant Commands shall be communicated through the Chairman of the Joint Chiefs of Staff.

6.3. Obtain reports, information, advice, and assistance, consistent with DoD Directive 8910.1 (reference (e)), as necessary, to carry out assigned functions.

6.4. Communicate directly with Heads of the DoD Components. Communications to the Unified Combatant Commands shall be transmitted through the Chairman of the Joint Chiefs of Staff.



6.5. Communicate with other Government officials, representatives of the legislative branch, members of the public, and representatives of foreign governments, as appropriate, in carrying out assigned functions.

**7. EFFECTIVE DATE**

This Directive is effective immediately.

*William S. Perry*  
William S. Perry  
Secretary of Defense

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# Department of Defense DIRECTIVE

NUMBER 5120.2

August 12, 1985

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Administrative Reissuance: Incorporating Through Change 2, May 13, 1996

ASD(RA)

**SUBJECT: Reserve Forces Policy Board**

References: (a) DoD Directive 5120.1, subject as above, October 13, 1973 (hereby canceled)  
(b) Title 10, United States Code, Section 113(d)  
(c) Title 10, United States Code, Section 10301(a)(b)(c)  
(d) Title 10, United States Code, Section 113(c)(3)

## **1. REISSUANCE AND PURPOSE**

### **This Directive:**

1.1. Reissues reference (a).

1.2. In accordance with the authority vested in the Secretary of Defense by reference (b), this Directive defines the mission, functions, membership, relationships, and administration of the Reserve Forces Policy Board, established in the Office of the Secretary of Defense by reference (c).

## **2. MISSION AND FUNCTIONS**

### **2.1. The Board**

2.1.1. As provided in 10 U.S.C. 10301 (c) (reference (c)), the Board, acting through the Assistant Secretary of Defense (Reserve Affairs) (ASD(RA)), is the principal policy advisor to the Secretary of Defense on matters relating to the Reserve components. It is the in-house means by which the Secretary of Defense and others

2.2.2. The action taken does not require Board approval.

2.2.3. The Chairman shall report to the Board all executive action taken.

### 2.3. The Military Executive

2.3.1. The Military Executive, who shall be a general or flag officer of a Reserve component, shall be designated by the Chairman with the approval of the Secretary of Defense. He or she shall serve as military adviser to the Chairman and as executive officer of the Board. He or she shall routinely perform such services as are specified by the Chairman.

2.3.2. The Military Executive shall be a member of the Board, but without vote.

## 3. MEMBERSHIP

3.1. The membership of the Board shall be as prescribed in 10 U.S.C. 10301 (a) (b) (reference (c)).

3.2. The Secretaries of the Military Departments, in recommending Reserve component officers for appointment to the Board, shall give priority consideration to the nominees' reserve and other military experience, their civilian backgrounds, and to a proper geographical representation. Officers so recommended must be members of the Ready Reserve and be able to remain so during their term of appointment. Appointment of Reserve component officer members shall be for a term of 3 years, and no Reserve component officer member may be reappointed until at least 3 years have elapsed from the date of his or her separation from the Board.

3.3. The Secretary of Transportation may designate two officers of the Coast Guard, regular or reserve, to serve as voting members of the Board, as provided in reference (c).

## 4. RELATIONS WITH

4.1. The Board is encouraged to consider and render advice on questions and issues the members consider appropriate to perform the functions prescribed in this Directive. Their internal deliberations may be privileged as they consider confidentiality to be desirable from the standpoint of either security or organizational

independence.

4.2. The Chairman and Military Executive are authorized to request the Military Departments, Joint Chiefs of Staff, the Office of the Secretary of Defense, or Defense Agencies to provide the Board timely information concerning such plans, programs, and recommendations as may be necessary to facilitate accomplishment of the Board's missions and responsibilities and enable the Board to render its advice early enough in the policy development process to make it useful.

4.3. The Board is expected to establish and maintain communications with individuals and agencies outside the Department of Defense, whether Governmental, public, or private, as are appropriate and necessary for the accomplishment of the Board's mission. When the Board initiates a new subject of inquiry with any Government agency outside the Department of Defense, the Coast Guard, or congressional oversight committees, or the Board receives a request for its advice from any agency outside the Department of Defense, the Board shall inform the ASD(RA) of the general subject under consideration and the identity of the Government agency involved.

4.4. The annual report of the Board, required by 10 U.S.C. 113(c)(3) (reference (d)), to the President and Congress, shall be submitted to the General Counsel of the Department of Defense for review for legal sufficiency before being forwarded to the Secretary of Defense through the ASD(RA).

## 5. OPERATION AND ADMINISTRATION

5.1. The Board normally shall meet four times annually, and at such other times as may be required, at the call of the Chairman.

5.2. Board affairs shall be conducted independently, but with due regard to the statutory responsibilities of DoD officials for the conduct and operation of Reserve component programs.

5.3. The Board shall establish and operate under its own Rules of Procedure.

5.4. The Office of the Secretary of Defense shall provide such personnel, facilities, administrative services, and other support as are essential to the Board's effective operation.

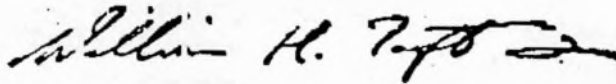
5.5. The Army, Navy, Air Force, Marine Corps, and National Guard Bureau shall



designate appropriate officers for continuing liaison duties with the Board. The Coast Guard shall be invited to designate such an officer. These officers shall perform staff duties, administrative services, liaison with their respective Departments, and related duties as required by the Chairman or Military Executive.

**6. EFFECTIVE DATE**

This Directive is effective immediately.



William H. Taft, IV  
Deputy Secretary of Defense





D





# Department of Defense DIRECTIVE

NUMBER 5124.5

October 31, 1994

DA&M

SUBJECT: Assistant Secretary of Defense for Force Management Policy (ASD(FMP))

References: (a) Title 10, United States Code

(b) DoD 5025.1-M, "DoD Directives System Procedures," December 1990, authorized by DoD Directive 5025.1, June 24, 1994

(c) DoD Directive 8910.1, "Management and Control of Information Requirements," June 11, 1993

## 1. PURPOSE

Under the authority vested in the Secretary of Defense by Sections 113 and 138 of reference (a), this Directive establishes the position of ASD(FMP), with the responsibilities, functions, relationships, and authorities as described herein.

## 2. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies and the DoD Field Activities hereafter referred to collectively as "the DoD Components".

## 3. DEFINITIONS

3.1. Reserve Components. Refers collectively to the Army National Guard of the United States, Army Reserve, Naval Reserve, Marine Corps Reserve, Air National Guard of the United States, Air Force Reserve, and Coast Guard Reserve, when the Coast Guard is operating as a Service of the Department of the Navy.

**3.2. Total Force.** The organizations, units, and individuals that comprise the Defense Department's resources for implementing the national security strategy. It includes DoD Active and Reserve military personnel, military retired members, DoD civilian personnel (including foreign national direct and indirect-hire, as well as non-appropriated fund employees), contractor staff, and host-nation support personnel.

#### **4. RESPONSIBILITIES AND FUNCTIONS**

The Assistant Secretary of Defense for Force Management Policy is the principal staff assistant and advisor to the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) and the Secretary and Deputy Secretary of Defense on all matters relating to the management and well-being of military and civilian personnel in the DoD Total Force structure. In this capacity, the ASD(FMP) shall:

##### **4.1. Develop policies, plans, and programs for:**

**4.1.1. Military and civilian personnel management, including recruitment, education, career development, equal opportunity, compensation, recognition, discipline, and separation of all DoD personnel, both military (Active, Reserve, and retired) and civilian.**

**4.1.2. The quality of life of DoD personnel and their dependents, including family support, chaplaincy, allowances, transition assistance, community services, and dependent education.**

**4.1.3. DoD morale, welfare, and recreation programs and supporting non-appropriated fund revenue-generating programs including commissaries and exchanges.**

**4.2. Participate in those planning, programming, and budgeting activities that relate to assigned areas of responsibility.**

**4.3. Serve on boards, committees, and other groups pertaining to assigned functional areas and represent the Secretary of Defense on personnel and compensation matters outside of the Department.**

**4.4. Perform such other functions as USD(P&R) and the Secretary of Defense may prescribe.**

## **5. RELATIONSHIPS**

**5.1. In the performance of assigned functions and responsibilities, the ASD(FMP) shall serve under the authority, direction, and control of the USD(P&R) and shall:**

**5.1.1. Report directly to the USD(P&R).**

**5.1.2. Exercise authority, direction, and control over:**

**5.1.2.1. The Director, Defense Commissary Agency.**

**5.1.2.2. The Director, DoD Education Activity.**

**5.1.2.3. The Director, DoD Civilian Personnel Management Service.**

**5.1.2.4. The Director, Armed Forces Chaplains Board.**

**5.1.2.5. The Commandant of the Defense Equal Opportunity Management Institute.**

**5.1.2.6. Such other subordinate officials as may be assigned.**

**5.1.3. Provide policy guidance and management supervision for the U.S. Military Entrance Processing Command, Defense Activity for Non-Traditional Education Support, and the Armed Forces Professional Entertainment Program.**

**5.1.4. Coordinate and exchange information with other OSD officials, Heads of the DoD Components, and Federal officials having collateral or related functions.**

**5.1.5. Use existing facilities and services of the Department of Defense and other Federal Agencies, whenever practicable, to avoid duplication and to achieve maximum efficiency and economy.**

**5.2. Other OSD officials and the Heads of the DoD Components shall coordinate with the ASD(FMP) on all matters related to the responsibilities and functions cited in section 4., above.**

## **6. AUTHORITY**

**6.1. The ASD(FMP) is hereby delegated authority to:**

**6.1.1. Issue DoD Instructions, DoD Publications, and one-time directive-type memoranda, consistent with DoD 5015.1-M (reference (b)), that implement policy approved by the Secretary of Defense in assigned fields of responsibility. Instructions to the Military Departments shall be issued through the Secretaries of those Departments. Instructions to Unified Combatant Commands shall be communicated through the Chairman of the Joint Chiefs of Staff.**

**6.1.2. Obtain reports, information, advice, and assistance, consistent with DoD Directive 810.1 (reference (c)), as necessary to carry out assigned functions.**

**6.1.3. Communicate directly with the Heads of DoD Components. Communications to the Commanders of the Unified Combatant Commands shall be transmitted through the Chairman of the Joint Chiefs of Staff.**

**6.1.4. Communicate with other Government officials, representatives of the legislative branch, members of the public, and representatives of foreign governments, as appropriate, in carrying out assigned functions.**

**6.2. Other authorities specifically delegated by the Secretary of Defense are in the enclosure.**

**7. EFFECTIVE DATE**

**This Directive is effective immediately.**



**John M. Deutch  
Deputy Secretary of Defense**

**Enclosures - 1**



1. Delegations of Authority

**E1. ENCLOSURE 1**  
**DELEGATIONS OF AUTHORITY**

E1.1.1. Pursuant to the authority vested in the Secretary of Defense, and subject to the authority, direction, and control of the Secretary of Defense and the USD(P&R), and in accordance with DoD policies, Directives and Instructions, the ASD(FMP) is hereby delegated authority to:

E1.1.1.1. Act for the Secretary of Defense in conducting a review of the military compensation system.

E1.1.1.2. Issue DoD issuances pertaining to the management of commissioned officers that are required to be issued by the Secretary of Defense under pertinent Sections of Title 10, U.S.C., including those added by Public Law 96-513, "Defense Officer Personnel Management Act," December 12, 1980, as amended by Public Law 97-22, "Defense Officer Personnel Management Act Technical Corrections Act," July 10, 1981, except when such delegation is specifically prohibited.

E1.1.1.3. Act for the Secretary of Defense to approve or disapprove recommendations for the Secretary of Defense Award for Productivity Excellence.

E1.1.1.4. Act for the Secretary of Defense to review and approve procedures established by the Secretaries of the Military Departments for the correction of military records under the authority of Section 1552 of 10 U.S.C.

E1.1.2. The ASD(FMP) may redelegate these authorities, as appropriate, and in writing, except as otherwise provided by law or regulations. These delegations of authority are effective immediately.

E



# Department of Defense DIRECTIVE

NUMBER 5136.1

May 27, 1994

DA&M

**SUBJECT:** Assistant Secretary of Defense for Health Affairs (ASD(HA))

**References:** (a) Title 10, United States Code

(b) DoD Directive 5136.1, subject as above, December 2, 1992 (hereby canceled)

(c) DoD 5025.1-M, "DoD Directive: System Procedures," December 1990, authorized by DoD Directive 5025.1, December 23, 1988

(d) DoD Directive 8910.1, "Management and Control of Information Requirements," June 11, 1993

(e) DoD Directive 1332.18, "Separation from the Military Service by Reason of Physical Disability," February 25, 1986

## **1. REISSUANCE AND PURPOSE**

Pursuant to the authority vested in the Secretary of Defense by Sections 113 and 138 of reference (a), this Directive reissues reference (b) to update the responsibilities, functions, relationships, and authorities of the ASD(HA), as prescribed herein.

## **2. APPLICABILITY**

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components").

## **3. RESPONSIBILITIES AND FUNCTIONS**

The Assistant Secretary of Defense for Health Affairs, as the principal staff assistant and advisor to the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) and the Secretary and Deputy Secretary of Defense for all DoD health policies, programs and activities, shall effectively execute the Department's medical mission, which is to provide, and to maintain readiness to provide, medical services and support to members of the Armed Forces during military operations, and to provide medical services and support to members of the Armed Forces, their dependents, and others entitled to DoD medical care.

3.1. In carrying out these responsibilities, the ASD(HA) shall exercise authority, direction, and control over the medical personnel, facilities, programs, funding, and other resources within the Department of Defense, including, but not limited to:

3.1.1. Establishing policies, procedures, and standards that shall govern DoD medical programs.

3.1.2. Serving as program manager for all DoD health and medical resources. Preparing and submitting in the Department's planning, programming, and budgeting system (PPBS) a unified medical program and budget to provide resources for all medical activities within the Department of Defense. Consistent with applicable law, all funding for the DoD medical program, including operation and maintenance, procurement, and the Civilian Health and Medical Program of the Uniformed Services, but excluding funds for active and reserve medical military personnel, shall be accounted for in a single defense medical appropriations account. Funds for medical facility military construction shall be in a separate, single appropriations account.

3.1.3. Presenting and justifying the unified medical program and budget throughout the PPBS process, including representations before the Congress.

3.1.4. Co-chairing with the Director, Defense Research and Engineering, the Armed Services Biomedical Research Evaluation and Management Committee, which facilitates consideration of DoD biomedical research.

3.1.5. Performing such other functions as the USD(P&R) and the Secretary of Defense may prescribe.

3.2. The ASD(HA) may not direct a change in the structure of the chain of command within a Military Department with respect to medical personnel and may not direct a change in the structure of the chain of command with respect to medical



personnel assigned to that command.

#### 4. RELATIONSHIPS

4.1. In the performance of assigned responsibilities and functions, the ASD(HA) shall serve under the authority, direction, and control of the USD(P&R) and shall:

4.1.1. Report directly to the USD(P&R).

4.1.2. Exercise authority, direction, and control over:

4.1.2.1. The Director, Office of Civilian Health and Medical Program of the Uniformed Services.

4.1.2.2. The Director, Defense Medical Programs Activity.

4.1.2.3. The Director, Armed Forces Institute of Pathology.

4.1.2.4. The President, Uniformed Services University of the Health Sciences (USUHS), pursuant to the authority vested in the Secretary of Defense by Chapter 104 of 10 U.S.C. (reference (1)), except that the authority to appoint the President of the USUHS is reserved to the Secretary of Defense.

4.1.2.5. Such other subordinate officials as may be assigned.

4.1.3. Consult, as appropriate, with the Comptroller of the Department of Defense (C, DoD) and the Director, Program Analysis and Evaluation to ensure that medical planning, programming, and budgeting activities are integrated with the DoD PPBS. The C, DoD, shall allocate and reallocate the funds in the Defense Health Program account and the medical facility military construction account among the DoD Components in accordance with ASD(HA) instructions, as coordinated with the USD(P&R), and applicable law.

4.1.4. Obtain through the Chairman of the Joint Chiefs of Staff, submissions of the operational and other needs of the Commanders of the Unified Combatant Commands, and obtain submissions from the Secretaries of the Military Departments of their proposed elements of the medical unified program and budget, and integrate these submissions as appropriate.

4.1.5. Coordinate and exchange information with other OSD officials and the

**Heads of DoD Components having collateral or related functions.**

**4.1.6. Use existing facilities and services of the Department of Defense and other Federal and non-Federal Agencies, whenever practicable, to achieve maximum efficiency and economy.**

**4.2. Other OSD officials and the Heads of the DoD Components shall coordinate with the ASD(HA) on all matters related to the responsibilities and functions in section 3., above.**

## **5. AUTHORITIES:**

**The ASD(HA) is hereby delegated authority to:**

**5.1. Issue DoD Instructions, DoD Publications, and one-time directive-type memoranda, consistent with DoD 5020.1-M (reference (c)), that implement policy approved by the Secretary of Defense in assigned fields of responsibility. Instructions to the Military Departments shall be issued through the Secretaries of those Departments. Instructions to Unified Combatant Commands shall be communicated through the Chairman of the Joint Chiefs of Staff.**

**5.2. Obtain reports, information, advice, and assistance, consistent with DoD Directive 8910.1 (reference (d)), as necessary to carry out assigned functions.**

**5.3. Communicate directly with the Heads of the DoD Components. Communications to the Commanders of the Unified Combatant Commands shall be coordinated through the Chairman of the Joint Chiefs of Staff.**

**5.4. Make determinations on the uniform implementation of laws on separation from the Military Departments due to physical disability as prescribed in DoD Directive 1332.18 (reference (e)).**

**5.5. Develop, issue, and maintain regulations, with the coordination of the Military Departments, as necessary and appropriate to fulfill the Secretary of Defense's responsibility to a Minister (Chapter 55 of 10 U.S.C. (reference (a))).**

**5.6. Establish arrangements for DoD participation in nondefense governmental programs for which the ASD(HA) has been assigned primary cognizance.**

**5.7. Communicate with other Government officials, representatives of the**

legislative branch, members of the public, and representatives of foreign governments, as appropriate, in carrying out assigned functions.

**6. EFFECTIVE DATE**

This Directive is effective immediately.



John M. Deutch  
Deputy Secretary of Defense



# Department of Defense DIRECTIVE

NUMBER 5136.1

May 27, 1994

DA&M

SUBJECT: Assistant Secretary of Defense for Health Affairs (ASD(HA))

- References:
- (a) Title 10, United States Code
  - (b) DoD Directive 5136.1, subject as above, December 2, 1992 (hereby canceled)
  - (c) DoD 5025.1-M, "DoD Directives System Procedures," December 1990, authorized by DoD Directive 5025.1, December 23, 1988
  - (d) DoD Directive 8910.1, "Management and Control of Information Requirements," June 11, 1993
  - (e) DoD Directive 1332.18, "Separation from the Military Service by Reason of Physical Disability," February 25, 1986

## 1. REISSUANCE AND PURPOSE

Pursuant to the authority vested in the Secretary of Defense by Sections 113 and 138 of reference (a), this Directive reissues reference (b) to update the responsibilities, functions, relationships, and authorities of the ASD(HA), as prescribed herein.

## 2. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components").

## 3. RESPONSIBILITIES AND FUNCTIONS



The Assistant Secretary of Defense for Health Affairs, as the principal staff assistant and advisor to the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) and the Secretary and Deputy Secretary of Defense for all DoD health policies, programs, and activities, shall effectively execute the Department's medical mission, which is to provide, and to maintain readiness to provide, medical services and support to members of the Armed Forces during military operations, and to provide medical services and support to members of the Armed Forces, their dependents, and others entitled to DoD medical care.

3.1. In carrying out these responsibilities, the ASD(HA) shall exercise authority, direction, and control over the medical personnel, facilities, programs, funding, and other resources within the Department of Defense including, but not limited to:

3.1.1. Establishing policies, procedures, and standards that shall govern DoD medical programs.

3.1.2. Serving as program manager for all DoD health and medical resources. Preparing and submitting in the Department's planning, programming, and budgeting system (PPBS) a unified medical program and budget to provide resources for all medical activities within the Department of Defense. Consistent with applicable law, all funding for the DoD medical program, including operation and maintenance, procurement, and the Civilian Health and Medical Program of the Uniformed Services, but excluding funds for active and reserve medical military personnel, shall be accounted for in a single defense medical appropriations account. Funds for medical facility military construction shall be in a separate, single appropriations account.

3.1.3. Presenting and justifying the unified medical program and budget throughout the PPBS process, including representations before the Congress.

3.1.4. Co-chairing with the Director, Defense Research and Engineering, the Armed Services Biomedical Research Evaluation and Management Committee, which facilitates consideration of DoD biomedical research.

3.1.5. Performing such other functions as the USD(P&R) and the Secretary of Defense may prescribe.

3.2. The ASI (HA) may not direct a change in the structure of the chain of command within a Military Department with respect to medical personnel and may not direct a change in the structure of the chain of command with respect to medical

personnel assigned to that command.

#### 4. RELATIONSHIPS

4.1. In the performance of assigned responsibilities and functions, the ASD(HA) shall serve under the authority, direction, and control of the USD(P&R) and shall:

4.1.1. Report directly to the USD(P&R).

4.1.2. Exercise authority, direction, and control over:

4.1.2.1. The Director, Office of Civilian Health and Medical Program of the Uniformed Services.

4.1.2.2. The Director, Defense Medical Programs Activity.

4.1.2.3. The Director, Armed Forces Institute of Pathology.

4.1.2.4. The President, Uniformed Services University of the Health Sciences (USUHS), pursuant to the authority vested in the Secretary of Defense by Chapter 104 of 10 U.S.C. (reference (1)), except that the authority to appoint the President of the USUHS is reserved to the Secretary of Defense.

4.1.2.5. Such other subordinate officials as may be assigned.

4.1.3. Consult, as appropriate, with the Comptroller of the Department of Defense (C, DoD) and the Director, Program Analysis and Evaluation to ensure that medical planning, programming, and budgeting activities are integrated with the DoD PPBS. The C, DoD, shall allocate and reallocate the funds in the Defense Health Program account and the medical facility military construction account among the DoD Components in accordance with ASD(HA) instructions, as coordinated with the USD(P&R), and applicable law.

4.1.4. Obtain through the Chairman of the Joint Chiefs of Staff, submissions of the operational and other needs of the Commanders of the Unified Combatant Commands, and obtain submissions from the Secretaries of the Military Departments of their proposed elements of the medical unified program and budget, and integrate these submissions as appropriate.

4.1.5. Coordinate and exchange information with other OSD officials and the



**H** Heads of DoD Components having collateral or related functions.

4.1.6. Use existing facilities and services of the Department of Defense and other Federal and non-Federal Agencies, whenever practicable, to achieve maximum efficiency and economy.

4.2. Other OSD officials and the Heads of the DoD Components shall coordinate with the ASD(HA) on all matters related to the responsibilities and functions in section 3., above.

## **5. AUTHORITIES**

The ASD(HA) is hereby delegated authority to:

5.1. Issue DoI Instructions, DoD Publication, and one-time directive-type memoranda, consistent with DoD 5025.1-M (reference (c)), that implement policy approved by the Secretary of Defense in assigned fields of responsibility. Instructions to the Military Departments shall be issued through the Secretaries of those Departments. Instructions to Unified Combatant Commands shall be communicated through the Chairman of the Joint Chiefs of Staff.

5.2. Obtain reports, information, advice, and assistance, consistent with DoD Directive 8910.1 (reference (d)), as necessary to carry out assigned functions.

5.3. Communicate directly with the Heads of the DoD Components. Communications to the Commanders of the Unified Combatant Commands shall be coordinated through the Chairman of the Joint Chiefs of Staff.

5.4. Make determinations on the uniform implementation of laws on separation from the Military Departments due to physical disability as prescribed in DoD Directive 1332.18 (reference (e)).

5.5. Develop, issue, and maintain regulations, with the coordination of the Military Departments, as necessary and appropriate to fulfill the Secretary of Defense's responsibility to administer Chapter 55 of 10 U.S.C. (reference (a)).

5.6. Establish arrangements for DoD participation in nondefense governmental programs for which the ASD(HA) has been assigned primary cognizance.

5.7. Communicate with other Government officials, representatives of the

legislative branch, members of the public, and representatives of foreign governments, as appropriate, in carrying out assigned functions.

**6. EFFECTIVE DATE**

This Directive is effective immediately.



John M. Deutch  
Deputy Secretary of Defense



# Department of Defense DIRECTIVE

NUMBER 5136.1

May 27, 1994

DA&M

**SUBJECT:** Assistant Secretary of Defense for Health Affairs (ASD(HA))

**References:** (a) Title 10, United States Code

(b) DoD Directive 5136.1, subject as above, December 2, 1992 (hereby canceled)

(c) DoD 5025.1-M, "DoD Directive: System Procedures," December 1990, authorized by DoD Directive 5025.1, December 23, 1988

(d) DoD Directive 8910.1, "Management and Control of Information Requirements," June 11, 1993

(e) DoD Directive 1332.8, "Separation from the Military Service by Reason of Physical Disability," February 25, 1986

## **1. REISSUANCE AND PURPOSE**

Pursuant to the authority vested in the Secretary of Defense by Sections 113 and 138 of reference (a), this Directive reissues reference (b) to update the responsibilities, functions, relationships, and authorities of the ASD(HA), as prescribed herein.

## **2. APPLICABILITY**

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components").

## **3. RESPONSIBILITIES AND FUNCTIONS**

The Assistant Secretary of Defense for Health Affairs, as the principal staff assistant and advisor to the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) and the Secretary and Deputy Secretary of Defense for all DoD health policies, programs, and activities, shall effectively execute the Department's medical mission, which is to provide, and to maintain readiness to provide, medical services and support to members of the Armed Forces during military operations, and to provide medical services and support to members of the Armed Forces, their dependents, and others entitled to DoD medical care.

3.1. In carrying out these responsibilities, the ASD(HA) shall exercise authority, direction, and control over the medical personnel, facilities, programs, funding, and other resources within the Department of Defense, including, but not limited to:

3.1.1. Establishing policies, procedures, and standards that shall govern DoD medical programs.

3.1.2. Serving as program manager for all DoD health and medical resources. Preparing and submitting in the Department's planning, programming, and budgeting system (PPBS) a unified medical program and budget to provide resources for all medical activities within the Department of Defense. Consistent with applicable law, all funding for the DoD medical program, including operation and maintenance, procurement, and the Civilian Health and Medical Program of the Uniformed Services, but excluding funds for active and reserve medical military personnel, shall be accounted for in a single defense medical appropriations account. Funds for medical facility military construction shall be in a separate, single appropriations account.

3.1.3. Presenting and justifying the unified medical program and budget throughout the PPBS process, including representations before the Congress.

3.1.4. Co-chairing with the Director, Defense Research and Engineering, the Armed Services Biomedical Research Evaluation and Management Committee, which facilitates consideration of DoD biomedical research.

3.1.5. Performing such other functions as the USD(P&R) and the Secretary of Defense may prescribe.

3.2. The ASD(HA) may not direct a change in the structure of the chain of command within a Military Department with respect to medical personnel and may not direct a change in the structure of the chain of command with respect to medical



personnel assigned to that command.

#### 4. RELATIONSHIPS

4.1. In the performance of assigned responsibilities and functions, the ASD(HA) shall serve under the authority, direction, and control of the USD(P&R) and shall:

4.1.1. Report directly to the USD(P&R).

4.1.2. Exercise authority, direction, and control over:

4.1.2.1. The Director, Office of Civilian Health and Medical Program of the Uniformed Services.

4.1.2.2. The Director, Defense Medical Programs Activity.

4.1.2.3. The Director, Armed Forces Institute of Pathology.

4.1.2.4. The President, Uniformed Services University of the Health Sciences (USUHS), pursuant to the authority vested in the Secretary of Defense by Chapter 104 of 10 U.S.C. (reference (c)), except that the authority to appoint the President of the USUHS is reserved to the Secretary of Defense.

4.1.2.5. Such other subordinate officials as may be assigned.

4.1.3. Consult, as appropriate, with the Comptroller of the Department of Defense (C, DoD) and the Director, Program Analysis and Evaluation to ensure that medical planning, programming, and budgeting activities are integrated with the DoD PPBS. The C, DoD, shall allocate and reallocate the funds in the Defense Health Program account and the medical facility military construction account among the DoD Components in accordance with ASD(HA) instructions, as coordinated with the USD(P&R), and applicable law.

4.1.4. Obtain through the Chairman of the Joint Chiefs of Staff, submissions of the operational and other needs of the Commanders of the Unified Combatant Commands, and obtain submissions from the Secretaries of the Military Departments of their proposed elements of the medical unified program and budget, and integrate those submissions as appropriate.

4.1.5. Coordinate and exchange information with other OSD officials and the



**Heads of DoD Components having collateral or related functions.**

**4.1.6. Use existing facilities and services of the Department of Defense and other Federal and non-Federal Agencies, whenever practicable, to achieve maximum efficiency and economy.**

**4.2. Other OSD officials and the Heads of the DoD Components shall coordinate with the ASD(HA) on all matters related to the responsibilities and functions in section 3., above.**

## **5. AUTHORITIES**

**The ASD(HA) is hereby delegated authority to:**

**5.1. Issue DoD Instructions, DoD Publications, and one-time directive-type memoranda, consistent with DoD 5024.1-M (reference (c)), that implement policy approved by the Secretary of Defense in assigned fields of responsibility. Instructions to the Military Departments shall be issued through the Secretaries of those Departments. Instructions to Unified Combatant Commands shall be communicated through the Chairman of the Joint Chiefs of Staff.**

**5.2. Obtain reports, information, advice, and assistance, consistent with DoD Directive 8910.1 (reference (d)), as necessary to carry out assigned functions.**

**5.3. Communicate directly with the Heads of the DoD Components. Communications to the Commanders of the Unified Combatant Commands shall be coordinated through the Chairman of the Joint Chiefs of Staff.**

**5.4. Make determinations on the uniform implementation of laws on separation from the Military Departments due to physical disability as prescribed in DoD Directive 1332.18 (reference (e)).**

**5.5. Develop, issue, and maintain regulations, with the coordination of the Military Departments, as necessary and appropriate to fulfill the Secretary of Defense's responsibility to administer Chapter 55 of 10 U.S.C. (reference (a)).**

**5.6. Establish arrangements for DoD participation in nondefense governmental programs for which the ASD(HA) has been assigned primary cognizance.**

**5.7. Communicate with other Government officials, representatives of the**

legislative branch, members of the public, and representatives of foreign governments, as appropriate, in carrying out assigned functions.

6. EFFECTIVE DATE

This Directive is effective immediately.



John M. Deutch  
Deputy Secretary of Defense



## MANAGEMENT STUDIES AND ISSUES

### TAB

### TITLE

- a. The Defense Science Board Task Force  
Under Secretary of Defense for Acquisition, Technology,  
and Logistics  
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- b. Under Secretary of Defense of Personnel & Readiness  
Research & Studies Program Publications  
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- c. Management Study: Weapons of Mass Destruction  
Infrastructure Analysis
- d. Issue Paper: Significant General Accounting Office (GAO)  
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- e. DRAFT RAND Report: Reorganizing the Military Health  
System: Should There Be A Joint Command? *Not cleared for  
open publication*
- f. EMOC III Progress Update, 13 December 2000

A



*The Defense Science Board Task Force*

on

**HUMAN RESOURCES  
STRATEGY**



*February 2006*

*Office of the Under Secretary of Defense  
for Acquisition, Technology, and Logistics  
Washington, D.C. 20311-3140*

**This report is a product of the Defense Science Board (DSB).  
The DSB is a Federal Advisory Committee established to  
provide independent advice to the Secretary of Defense.  
Statements, opinions, conclusions, and recommendations in  
this report do not necessarily represent the official position of  
the Department of Defense.**

**This report is UNCLASSIFIED.**

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# DEFENSE SCIENCE BOARD TASK FORCE

## ON HUMAN RESOURCES STRATEGY

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*"A country's national security is only as strong as the people who stand watch over it. The men and women of the U.S. armed forces demonstrate their courage and excellence every day, protecting the lives and interests of the American people. In turn, the civilians provide the infrastructure that makes the military operations possible, while at the same time more of them face deployment and uncertainty as well."*

*Secretary of Defense William Cohen  
Annual Report to the President and the Congress, 1999*

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## **PREFACE**

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The Department of Defense (DoD) employs more than three million people. Nearly half of its personnel, 1.44 million, are active duty military. About 870,000 Reservists, composed of 410,000 Selected Reservists and 460,000 National Guard personnel, add to the active duty force. Civilian personnel make up the remaining workforce, numbering about 730,000. These three million employees are supported by an array of defense contractors providing a wide variety of goods and services to the Department. Moreover, the Department spends more than half of its \$270 billion budget on pay and allowances alone. With a workforce this large, varied, diverse, and important, it is not surprising that its management is a uniquely challenging undertaking.

The human resource challenges facing DoD have changed rapidly over the last decade as a result of many factors. A robust economy, civilian sector competition for employees to fill high-technology positions, declining American public interest in public service, major changes in the Department's missions and operational tempo, and a significant downsizing of the Department's workforce are a few examples. Reducing the size of the overall workforce by more than a million personnel, from a high in 1987 of 4.1 million, has left in place a very different force distribution - in age, education, and skill.

Managing and shaping this force to meet current and future needs is a critical task, which requires new tools, authorities, and management attention. This report of the *Defense Science Board Task Force on Human Resources Strategy* offers recommendations to help guide DoD in this task.





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## EXECUTIVE SUMMARY

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The United States continues to maintain a high quality force. Professional, highly trained, and well equipped, the force has performed successfully in many and varied operations during the last decade – in Desert Storm, Bosnia, Haiti, and Kosovo to name a few. Working with allies and coalition partners, America's forces have brought to these operations both warfighting and humanitarian responses – illustrating the changing nature of today's international concerns and the need for a wide range of force capabilities. Today's military personnel are asked not only to be victorious in combat but also to be diplomats, humanitarians, and rebuilders – and to accomplish these tasks in the limelight of worldwide news broadcasts and public scrutiny. Even with a several fold increase in operational tempo, the force has continued to respond to U.S. interests worldwide. It is a force in which the American people take pride.

Despite these successes, however, there is evidence that the quality and capability of the force is beginning to erode from the record highs of the mid-1990s. While the decline has been modest, and the overall quality of recruits remains well above the minimum standards, it is a trend that is evident and needs to be reversed, particularly in a number of critical skill specialties. And it is a concern that extends to the civilian workforce as well. The future security environment will demand even more of the people involved in defending the nation and carrying out the mission of the Department. Thus, DoD will need even higher quality people, strongly motivated and able to deal with the more complex interactions required. As the Department transforms its force structure to meet the needs of the 21<sup>st</sup> century, transforming the character and management of the human element of the force is critical.

Recruiting, training, and retaining personnel are essential to building and sustaining the Department's workforce. Yet DoD faces a tremendous challenge in maintaining its force today, both the civilian and military workforce, including the active and reserve components. Attracting young, talented individuals into the Department's civilian workforce is a difficult challenge. There is a growing shortage of quality managers in place to fill the career positions that will become available as the aging civilian force becomes eligible to retire in large numbers in the next few years. Many of those retiring will take with them highly specialized and technical skills – ones not quickly or easily replaced – and they represent a significant portion of the civilian leadership today. In addition, senior civilian positions now stay vacant for longer and longer periods because of the reluctance of highly qualified individuals to be subjected to the political appointment process and the restrictions imposed on returning to their private sector careers.

The military Services face major challenges. It is becoming increasingly difficult to meet annual recruiting goals. The Services fell short of their accession goals in both FY 1998 and 1999 by nearly 1,000 active duty personnel; in FY 1999 shortfalls among the Reserve components numbered nearly 20,000. Further, talented individuals in junior and mid-career military positions, in a number of critical skills, are leaving in greater numbers for jobs in the private sector. As these shortfalls accrue, achieving force size and quality goals in the future will become an even more serious challenge. Also, the type and frequency of regional operations have revealed a number of shortfalls in the current relationships between the active duty force and the National Guard and Reserve components. Contingency operations have highlighted that certain elements of the force are badly over committed. A new balance and more flexibility in maintaining the force are needed.

*Overall, the allure of public service has faded. These trends represent an urgent concern for the Department of Defense.*

Rapid downsizing during the last ten years has led to major changes in the roles of and balance between the Department's civilian and military personnel and in the roles of government employees and private sector personnel. The task force believes that the All-Volunteer Force remains the correct vehicle to support the nation's national security requirements. But the shape of the overall workforce is changing. Today there is a new "total force" that includes military (both active and reserve), civilian, and private sector personnel — all making important contributions to the Department's mission. The roles of the civilian and private sector workforce are expanding, now including participation in combat functions, as a "virtual" presence on the battlefield, and in support duties on both the domestic and international scene. This expanding civilian role frees military personnel to focus on the warrior mission, for which they are uniquely qualified. But this expanding role also calls for greater attention to shaping an effective civilian workforce to meet the demands of the future.

In examining indicators of the civilian and military workforce and likely trends in the 21<sup>st</sup> century, the task force has identified three overarching issues that are having an adverse impact on the high-quality force that the Department has today and needs in the future:

- The American public is increasingly less involved and less inclined to serve in the Department of Defense.
- A strategic plan is needed for future human resources requirements for a fully integrated DoD force.
- The Department does not have the authority and tools necessary to integrate the management of its human resources.

To address these issues within the new "total force," the task force adopted the following principles:

- Government personnel should pursue only those tasks that are essential to the business of governing.
- Military personnel should be involved in those tasks that only the military can do, recognizing there are some functions in which both military and civilian personnel should be involved.
- Civilian personnel should perform all other government tasks.
- The private sector should be called upon to support those functions that it can do best.

The Department needs to develop a clear understanding of the roles and characteristics of its civilian and military personnel. In shaping the future workforce, priority must be given to providing needed capabilities from the most appropriate source - military or civilian, government or private sector.

## ENGAGING THE AMERICAN PUBLIC

Recruiting civilian and military personnel is challenging in today's robust economy, against competitive and attractive private sector career options. But another element in recruiting - that affects retaining personnel as well - is public perception and public attitudes toward military and civilian service. The American public has high confidence in the military as an institution. Young people view the military as a highly professional organization that has effectively dealt with difficult regional crises and conflicts as well as a number of important domestic problems, particularly the elimination of drug use by military personnel and the integration of minorities and women into the military. Yet despite these encouraging perceptions, the propensity for America's youth to join the military continues to decline.

The mission of today's military and its importance to the nation are not well understood by the American public. A decline in the presence of military veterans among members of Congress and the executive branch, in state and local government, in the education system, and in the public at large means there are fewer role models with knowledge of and support for military service. Public perception of the military can be influenced by a belief that the commitment to military service is important to the individual and the country. Consequently, the government in general and DoD in particular need a strong program to enhance public appreciation for public service and respect for those who serve.

Outreach to the American public is the responsibility of the national leadership, beginning with the President and executive branch and including Congress. The President and Congress need to communicate forcefully and frequently to the American people and to DoD personnel at all levels the necessity and importance of maintaining a national security capability, and they need to provide leadership in defining and articulating national security requirements. Moreover, national leaders need to speak to the American public, on an ongoing basis, about the value of public service.

## RECOMMENDATION

*The Department of Defense should take specific action to promote more understanding of the value of public service in both military and civilian positions. Specifically, the Secretary of Defense should charge the Service Secretaries as a group with the responsibility to develop, execute, and fund an outreach strategy. Outreach programs should be a critical component of the Department's human resources responsibilities.*

## STRATEGIC PLANNING

Today there is no overarching framework within which the future DoD workforce is being planned aside from the planning conducted within the military Services and ad hoc fora in the Office of the Secretary of Defense. An overarching strategic vision is needed that identifies the kind of capabilities that DoD will need in the future, the best way to provide those capabilities, and the changes in human resources planning and programs that will be required. In short, the Department's force concept embodied in *Joint Vision 2010* - needs to be linked to manpower requirements for the total force, military and civilian, public and private.

A strategic human resources plan should give the necessary priority to the key issues, needs, and concerns that are central to assuring the future numbers and quality of people. Of particular importance is planning for specific skills and experience requirements for both the civilian and military workforce. The task force has identified the key issues now evident in the force, many resulting from a lack of appropriate management tools. They include:

- Within the civilian workforce:
  - The insufficient number of properly trained candidates in the pipeline, an aging workforce with little turnover, limited professional development opportunities, and inflexible compensation and incentive systems for the Senior Executive Service and career civil servants
  - The lack of a continuing professional development program for career civilian employees
  - The need for an integrated personnel management plan that includes accounting for the increasing use of private sector personnel
  - The long confirmation cycle, inadequate compensation, financial disclosure rules, and post-employment restrictions that create a limited, less qualified applicant pool and extended vacancies for political appointee positions
- Within the military:
  - Recruiting challenges and training and first-term attrition in enlisted grades



- Retention of experienced individuals to fill key leadership, specialty, and technical positions in the non-commissioned officer corps
- Improving job satisfaction, retention, and commitment to service within the junior officer grades
- Retention and professional development of the "best and brightest" within the senior officer grades, including flag rank

## **RECOMMENDATION**

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*The Department of Defense should establish a strategic human resources plan encompassing all elements of the total force: military, civilian, and private sector personnel. This plan should*

- Forecast human resource needs
- Forecast expected available personnel inventories
- Specify overarching goals, policies, and resources
- Propose necessary changes in legislation and directives
- Develop the necessary management tools to meet the specified goals

## **SHAPING THE TOTAL FORCE**

The human resources strategic plan should identify the tools necessary to size and shape the force - to influence the quality, commitment, skills, training, and quality of life of the workforce. Such shaping requires tools for recruiting, attrition, retention, professional development, utilization, transition, and separation as well as for balancing and integrating all elements of the new "total force."

The Department has a wide range of tools for shaping its workforce, yet many of those available today are either not used or are no longer as effective as they need to be. Some of these tools tend to reflect the "one-size-fits-all" approach that has evolved from a system in place for many decades and are no longer well suited to the current needs of the workforce. The Department needs to recognize that "one size" does not fit all and to develop tools that allow flexibility for the different career patterns, compensation expectations, and motivations in different occupations.

The recently approved changes to the military compensation system - the pay raise, new pay table, and changes in retirement benefits - reflect progress in improving the tools available to the Department. These changes addressed important concerns among the military workforce and will provide more incentive for personnel to stay and seek advancement to higher rank. The task force applauds the efforts by the Secretary, the Joint Chiefs, the Under Secretary of Defense for Personnel and Readiness, and the Service Secretaries for their focus on this issue. The FY 2000 pay package is an important step on which further improvements can build.



Shaping an effective future force - a total force that includes government and private sector civilians as well as military personnel - will require priority attention on the civilian workforce. Managing the exodus of more than half the civilian workforce eligible for retirement in the next five years is a critical concern that needs attention today. The Department needs a professional civilian force and the civilian workforce needs to be treated as a professional force in every respect. The military Services tend to draw greater attention from both the Department and Congress, in part because the Secretary of Defense and the defense committees in Congress have authority over military personnel while the Office of Personnel Management oversees the civilian workforce. This management arrangement makes it difficult to execute timely changes in civilian force-shaping tools; it is a situation that needs to be addressed.

Civilian sector changes in lifestyles, education, and career paths are having a significant effect on the Department's ability to recruit and retain people. These changes are likely to continue. As a consequence, recruiting and retaining the kind of force the Department needs will require incentives that are different from those that were useful in the past. Thus, the current set of human resource policies and practices will not meet the needs of the 21st century force if left unchanged. Developing effective force-shaping tools, to meet the demands of the future, will require continuing change in personnel policies and programs. The task force recommendations for enhancing the Department's force shaping tools build on the many initiatives and policy improvements ongoing in DoD today.

#### **RECOMMENDATION**

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*The Department of Defense should develop force-shaping tools that are appropriate for the 21<sup>st</sup> century. The task force has identified a number of priority areas for both civilian and military personnel.*

##### ***For civilian personnel:***

- The Secretary of Defense should provide civilian personnel policy guidance to the military Services, which will be responsible for implementing this guidance in their respective departments.
- Propose legislation to amend, as necessary, the appropriate provisions of the United States Code (title 10 and title 5) to transfer authority for the civilian workforce from the Office of Personnel Management to the Secretary of Defense. This change will permit the Secretary to establish policies and develop force-shaping tools for all components of the new "total force" and in doing so meet changing DoD requirements.
- Develop a comprehensive professional development and career management program for scientific, management and administrative fields, based on policy guidance and funding from the Office of the Secretary of Defense, with Service implementation. As part of this program

- Implement planned expansion of the Defense Leadership and Management Program (DLAMP) to 3,000 participants
- Create a Preparatory DLAMP for GS 9 to 12 personnel
- Provide resources and take necessary steps to recruit a more age-balanced workforce and increase the leadership pool for career civil service. Increase intern programs, vigorous recruiting on college campuses, and direct accessions of military personnel.
- Conduct a thorough review of the requirements for and implications of expanded participation of government civilians and private sector personnel throughout the force, including direct support in contingency operations.
- Fill political appointee positions promptly in view of their essential role in implementing administration policy.
  - Reduce the number of political appointee positions requiring Senate confirmation to those essential to implement policy.
  - Expedite the confirmation process by simplifying and standardizing paperwork.
  - Rescind Executive Order 12834 thereby reducing post-employment restrictions from five years to one.
- Reduce the number of political appointees below the assistant secretary level to provide upward career opportunities for career Senior Executive Service personnel.

***For military personnel:***

- Move to a more seamless integration of active and reserve components with a single, integrated personnel and logistics system.
- Shift military personnel from general support to direct combat and combat support, leveraging the transformation of the logistics and support systems.
- Constitute a task force to study and develop a plan that will merge, over time, the Army and Air Force reserve units with their respective National Guards.
- Place priority focus on attracting and retaining the needed military personnel who are motivated and qualified to serve and lead.
- Effectively explain to the force why today's diverse military operations are essential to the nation's security and the proper business of the military, and explain how they contribute to the development of individual leaders and warriors.
- Institute changes and provide the resources necessary to meet recruiting and retention goals and reduce training base and first-term attrition.

- Place added emphasis on improving quality of life, overcoming problems with job satisfaction and retention, and strengthening commitment to service.
- Restructure the military pay system to further emphasize pay for performance and skills. Mollify the "up or out" requirement for selected skilled personnel.
- Continue to reform the military retirement system to provide earlier vesting, a 401K-type option, benefit portability, and different service lengths and retirement points depending on military needs.

Implementing the task force recommendations will require the Department of Defense to increase its annual resource investment devoted to addressing current and future human resources concerns. Based on estimates from the Department and other sources, the task force believes that approximately \$800 million in additional investments — as detailed in the following table — will be required each year to fund the recommendations discussed in the following chapters. Given that the Department spends more than half its \$270 billion budget for pay and allowances alone, the additional resource investment recommended by the task force results in an increase of less than one percent over current spending.

Today's human resource challenges represent an urgent concern for the Department of Defense — one that deserves attention at the highest levels. People are the Department's most important resource, and human resource management is the Department's hardest and most important resource management task. As DoD moves into the 21<sup>st</sup> century, it cannot do so with a human resources strategy designed for the past. The task force recommendations attempt to respond to the urgency of this challenge as well as to suggest a long-term approach to shaping the Department's workforce after the near-term concerns abate. Though implementing many of the recommendations will take a few years to complete, it is essential to establish a plan and start working now.

It is not sufficient to adjust DoD policies and practices in temporary measures to meet the most critical shortfalls identified today. A sustained transformation in the character and management of the human element of the force is crucial — one that keeps pace with the rapid changes in the national security environment and in society at large. Making the needed changes will be difficult and complex. But without such a transformation, the Department's human resource problems will become much worse. Successful transformation is necessary in order to maintain the needed force for the 21<sup>st</sup> century. Strong, focused leadership, with clearly assigned responsibilities for implementation, is essential for success.

### Cost Impact of Task Force Recommendations

Initiative	Cost
<i>Continue to reform the military retirement system to a defined contribution system, vested after 5 years of military service, and establish a separation pay system.</i>	Costs are the same as the FY 1999 retirement accrual charge already in the DoD budget.  While costs to DoD are neutral, federal government outlays will increase by \$3.4 billion per year in the short run. In the long run, these costs will be more than offset by budgetary savings from lower federal government outlays for retirement annuities.
<i>Extend the defined contribution system to non-active duty personnel.</i>	Costs not estimated, but should be offset by eliminating the retirement accrual charge for these personnel.
<i>Increase recruiting resources to better meet objectives. (Estimates reflect annual increases over current funding levels.)</i>	<ul style="list-style-type: none"> <li>- Joint Recruiting Advertising Program - \$150 million (from \$30 million), including an additional \$50 million for a new corporate advertising campaign, \$25 million for advertising focused on centers of influence such as parents, and \$25 million for advertising with a citizenship message for young people ages 10-14</li> <li>- Recruiter support such as expanded training, lap top computers, cellular telephones, and other modern communication and information processing equipment - \$40 million</li> <li>- Clerical and administrative support for recruiters - \$60 million</li> <li>- Joint Recruiting Facilities Program to locate recruiting offices at more effective sites - \$50 million</li> <li>- Montgomery GI Bill and separate Service college funds - \$367 million, including \$135 million to expand current college funds and create an Air Force college fund.</li> <li>- ROTC programs to include additional scholarships, larger stipends, and expanded cadet training - \$50 million</li> <li>- Special Duty Assignment pay for recruiters - \$30 million</li> <li>- Recruiter productivity/incentive pay program - \$20 million</li> </ul>
<i>Merge the Air Force and Army Reserves into their respective National Guards over the next 1-5 years.</i>	Costs remain to be estimated; however, costs should be partially offset by savings from eliminating separate leadership, administrative, personnel, management, and logistics infrastructure.
<i>Increase the size of the JROTC Career Academy program from 30 to 60 academies.</i>	Additional \$15 million in FY 2001.
<i>Expand the Defense Leadership and Management Program to 3,000 participants over the next 3-5 years.</i>  <i>Create a DLAMP preparatory program for GS 9-12.</i>	DLAMP: FY 2000 budget level of \$46.8 million funds 1,200 participants and includes development costs for facilities and course work.  Pre-DLAMP: \$16 million in the first year; \$36 million in the second; and \$53 million in the third, for a total of \$105 million over a three year period to fund 9,000 participants.
<i>Expand the Presidential Management Intern Program to 30-50 selections a year over the next decade.</i>	Additional salary and benefit costs would grow from about \$5.2 million in FY 2001 to \$7.4 million in FY 2010.

B



## OSD (Personnel and Readiness)

Below is a selected list of publications from the OSD (Personnel and Readiness) Research and Studies Program that have been approved for public release over the last three years:

*The DoD Health Care Benefit: How Does it Compare to FEHBP and Other Plans,* Center for Naval Analyses Report No. CFM D0001316.A1

*The Implications of Universal Enrollment for the DoD Health Care System,* Center for Naval Analyses Report No. CRM D0000-57.A1

*The Utility of Embedded Training,* Institute for Defense Analyses Report No. D-1976

*Analyzing the Adequacy of Readiness Spending,* Institute for Defense Analyses Report No. P-3485

*Foundations of the After-Action Review,* Institute for Defense Analyses Report No. D-2332

*OSD Duties in the Respond Strategy,* Institute for Defense Analyses Report No. P-3407

*Reducing the Impact of Tempo,* Institute for Defense Analyses Report No. P-3508

*Attracting College-Bound Youth into the Military: Toward Developing New Recruiting Policy Options,* RAND Report No. MR-914-OSD

*Estimating APT Scores for NEL's Respondents,* RAND Report No. MR-818-OSD

*Implementation of the Study of Teaching in the DoDDS-Germany Region,* RAND Report No. MR-531-OSD

*Examining the Implementation and Outcomes of the Military Child Care Act of 1989,* RAND Report No. MR-565-OSD

*Building a Personnel Support Agenda: Goals Analysis Framework, and Data Requirements* RAND Report No. MR-916-OSD

*Recent Recruiting Trends and Their Implications for Models of Enlistment Supply,* RAND Report No. MR-847-OSD-A

*Comparing the Costs of DoD Military and Civil Service Personnel,* RAND Report No. MR-980-OSD

*Immigration in a Changing Economy: California's Experience - Questions and Answers,* RAND Report No. MR-854/1-OSI

*Has Perstempo Hurt Reenlistment? The Effect of Long or Hostile Perstempo on Reenlistment* RAND Report No. MR-990-OSD

*Financial Management Problems Among Enlisted Personnel*, RAND Report No. DB-241-OSD

*Enlistment Decisions in the 90's: Evidence from Individual-Level Data*, RAND Report No. MR-944-OSD

*A Description of U.S. Enlisted Personnel Promotion Systems*, RAND Report No. MR-1067-OSD

*An Evaluation of Housing Options for Military Families*, RAND Report No. MR-1020-OSD

*Increasing a Sense of Community in the Military: The Role of Personnel Support Programs*, RAND Report No. MF-1071-OSD

*Separation and Retirement Incentives in the Civil Service: A Comparison of FERS and CSRS*, RAND Report No. MR-984-OSD

*Interagency and International Assignments and Officer Career Management*, RAND Report No. MR-1116-OSD

*The Thrift Savings Plan: Will Reservists Participate*, RAND Report No. DB-306-OSD

*An Assessment of Recent Proposals to Improve the Montgomery GI Bill*, RAND Report No. DB-301-OSD/FRP

*Implementing High School JROTC Career Academies*, RAND Report No. MR-741-OSD

*Invisible Women: Junior Enlisted Army Wives*, RAND Report No. MR-1223-OSD

*Personnel Savings in Competitively Sourced LOD Activities: Are They Real? Will They Last?*, RAND Report No. MR-1117-OSD

*Military Recruiting: Trends Outlook and Implications*, RAND Report No. MR-902-A/OSD

*Career Academies: Additional Evidence of Positive Student Outcomes*, RAND Report No. MR-1200-OSD

*An Examination of the Effects of Voluntary Separation Incentives*, RAND Report No. MR-859-OSD

*Military Compensation: Trends and Policy Options*, RAND Report No. DB-273-OSD

C

Management Studies

The Center for Naval Analysis (CNA) is conducting a study called the Weapons of Mass Destruction Infrastructure Analysis. The study is intended to develop consequence management training requirements for RC units and individuals in providing support to civil authorities in the wake of a domestic CBRNE incident.

D



**ISSUE: SIGNIFICANT GENERAL ACCOUNTING OFFICE (GAO) REPORTS  
PERTAINING TO RESERVE COMPONENTS**

**REPORT (FINAL): "COMBATING TERRORISM: Use of National Guard Response  
Teams Is Unclear"**

**DISCUSSION:** DoD has defined the specific roles for the RAID teams, however, the plans for the teams and their implementation continue to evolve. The GAO has found that there are differing views (among state and federal officials) on the roles and the use of the RAID teams, and how they will fit into state and federal plans to respond to weapons of mass destruction. There are also questions about the ability of the RAID teams to perform their mission. States without RAID teams don't see how the teams can benefit their state's response capabilities because of the time it takes the RAID teams to respond. These issues point to the need for a more focused and coordinated approach to the U.S. response to attacks involving weapons of mass destruction--an approach that capitalizes on existing capabilities, minimizes unnecessary duplication of activities and programs, and focuses funding on the highest priority requirements.

**STATUS:** Complete—The Department was not required to provide a response since the report contained no recommendations specifically for DoD.

**REPORT (FINAL): "COMBATING TERRORISM: Analysis of Potential Emergency  
Response Equipment and Sustainment Costs"**

**DISCUSSION:** U.S. GAO identified over 200 equipment items that federal, state, and local officials believed would enhance their capability to respond to an incident involving chemical, biological, radiological, or nuclear device (CBRN). These items ranged from standard items such as duct tape and gloves, to more sophisticated devices such as mobile command posts and climate control systems. The items were categorized to represent different levels of capability--basic, modest, moderate, and high. The GAO estimated that the potential cost of initially procuring and sustaining the equipment over a 10-year period using a notional city of 500,000. The costs ranged from a total of about \$4.6M for items that provided a basic capability, to approximately \$43.0M for items considered to provide a high capability.

**STATUS:** Complete—The report contained no specific recommendations for DoD, therefore a response was not required.

**REPORT (FINAL): "COMBATING TERRORISM: Need to Eliminate Duplicate Federal Weapons of Mass Destruction Training"**

**DISCUSSION:** The Departments of Defense and Justice (DoD and DoJ), and the Federal Emergency Management Agency (FEMA) are the principal federal organizations that provide weapons of mass destruction to first responders. DoD provides this training through its Domestic Preparedness Program (DPP), which will be provided to the 120 largest U.S. cities by mid-2001. DoJ provides training primarily through its Metropolitan Firefighters and Emergency Medical Services Program, and the National Domestic Preparedness Consortium. DoJ training will be provided to individuals in 255 cities and counties. State and local officials, and representatives of various responder organizations expressed concerns about the duplication and overlap among the two federal agencies, the Consortium, other courses such as hazardous materials, and other specialized training that first responders are required to complete. Efforts are under way to improve the federal government's role in weapons of mass destruction training, but more actions are needed to eliminate duplicative training, and improve the efficiency of DoD and DoJ programs.

**STATUS:** Complete--DoJ (ASD/R4) prepared a consolidated response stating that DoD and DoJ have worked together for the past year to develop a transition plan for the DPP. Under this plan, DoJ will be designated as the lead federal agency for the DPP. This transfer, combined with the development of the National Domestic Preparedness Office within DoJ, will make important strides in eliminating the duplicative efforts that the GAO feels exist among many of the WMD federal training programs.

**REPORT (FINAL): "FORCE STRUCTURE: Army is Integrating Active And Reserve Combat Forces, but Challenges Remain"**

**DISCUSSION:** The Army's ongoing efforts are increasing the integration of Active and Reserve combat forces. However, because the Army has not clearly defined its goal of fully integrating its Active and Reserve forces, it cannot precisely measure and fully evaluate the effects of these efforts. Integration generally affects the Army in the following ways: a) It adds to the Army's total cost; b) It creates new force structure requirements, as new units are established and the numbers of positions within existing units increase; c) It generally increases the time personnel must spend away from home; and d) It could reduce the Army's risk in executing the national military strategy in the long term by increasing the training and readiness levels of both Active and Reserve forces, as the Army expects. The U.S. GAO recommends that the Secretary of the Army develop an overarching plan to guide the Army's integration efforts and examine whether the forces, equipment, and training priorities assigned to the National Guard are consistent with its increased roles. GAO also recommends that the Secretary of Defense review current conditions in which Reservists incur increased transportation costs, to determine whether changes should be initiated so that Reservists could be reimbursed for their transportation costs.



**STATUS:** DoD (ASD/RA) provided a response that contrasted with GAO's viewpoints. DoD believes the Army is making progress in the integration front. Also, DoD referenced numerous examples provided by the Army, that fully addressed its integration planning and oversight processes, and the many positive outcomes of their efforts.

**REPORT (FINAL): "FORCE STRUCTURE: Air Force Expeditionary Concept Offers Benefits But Effects Should Be Assessed"**

**DISCUSSION:** The Expeditionary Aerospace Force (EAF) Concept is likely to achieve its objective of spreading the deployment burden over a larger part of the Air Force's combat forces, but mobility air forces are not likely to be affected. Generally, Active combat units based in the U.S. will experience a decrease in contingency deployments. Conversely, Active combat units based overseas and their Reserve counterparts could experience significant increases in contingency deployments. Both Active and Reserve mobility forces are likely to continue their high deployment level because, in addition to participating in contingencies under the Concept, they are constantly assigned to other tasks, such as transporting people and equipment for all the services and performing humanitarian operations. The Reserves are closely monitoring their participation in the Concept, however, they don't systematically collect and monitor other data that is critical to meeting their commitments under the Concept, such as the extent to which Reservists are willing to volunteer for overseas deployments. U.S. GAO believes that the Air Force, to date, has not systematically monitored Expeditionary Concept results. The Reserves face two challenges: a) To provide sufficient personnel in certain specialty areas where the need for a certain skill is high, but the availability of qualified personnel are low; and b) Better match the Reserve's aircraft capabilities with their increased role in contingency operations. U.S. GAO recommends that the Air Force develop specific quantifiable goals based on the Concept's broad objectives and measure progress toward those goals (i.e. deployment predictability, and rates of volunteerism). Existing metrics used by the Air Forces don't provide a means to measure progress and results.

**STATUS:** DoD (JSD/P&R) responded by explaining that the EAF concept was developed primarily to address the challenges of numerous peacetime, steady-state, contingency deployments in order to retain the ability to train and sustain the force to fulfill multi-theater war (MTV) commitments.

**REPORT (FINAL): "DEFENSE BUDGET: Army National Guard Operation and Maintenance Budget"**

**DISCUSSION:** Since fiscal Year 1994, the Army National Guard has reported high levels of unfunded Operation and Maintenance (O&M) requirements—differences exist between the total amount the Guard estimates it needs in federal funding to operate and maintain its forces, and the President's budget request for Guard funding. The Guard has been using five Army models to determine about 80 percent of its O&M requirements.

These requirements are then reviewed by senior Army leaders, who consider Army priorities as they allocate funds within the budget levels established for the Army by the Office of the Secretary of Defense. However, the Guard has experienced problems with three of the Army models that estimate O&M requirements for funding civilian personnel, training, and base operations/real property maintenance. As a result, Guard officials believe the models produced inaccurate results for fiscal years 1998-2000. Since the Army's established budget levels are usually below the Guard's total O&M requirements, the Guard has reported unfunded requirements in fiscal years 1998-2000.

**STATUS:** Complete—The final report contains no recommendations for DoD.

**REPORT (DRAFT):** "COMBATING TERRORISM: Federal Response Teams Provide Varied Capabilities"

**DISCUSSION:** Eight agencies have 13 types of teams that can respond to a terrorist incident involving chemical, biological, or nuclear weapons or agents to assist state and local governments. The characteristics of these teams vary by size, composition of personnel, equipment, geographical coverage, transportation needs, and response time. Most federal teams are longstanding and have purposes other than combating terrorism, such as responding to natural disasters, hazardous material spills, and military crises. Federal response teams do not duplicate one another. Each team has a unique combination of capabilities and functions when it is deployed in response to a terrorist incident. Because of the differences in the capabilities and expertise of the teams, the type of incident would determine which individual team would be most appropriate to respond.

**STATUS:** Ongoing--The final report is in work. It appears that DoD won't have any recommendations to which it must respond.

**REPORT (DRAFT):** "Examine the Impacts of Increasing Guard and Reserve Operations On Employers, the Services, and Reservists"

**DISCUSSION:** Requirements for Reservists have changed. Reservists are no longer training one weekend per month and two weeks each summer. Prior GAO work and articles about DoD's recent surveys suggest that increased operations (including those in the Balkans and Middle East) may be affecting employer support, and Reservists' ability to balance civilian and military obligations.

**STATUS:** Ongoing—This review began in Dec 00 and is expected to be completed in Fall 2001.

**REPORT (FINAL):** "ARMY NATIONAL GUARD: Enhanced Brigade Readiness Improved but Personnel and Workload Are Problems"

**DISCUSSION:** The brigades continue to have difficulty meeting training and personnel readiness goals, despite improvement in some areas. Only 3 of the brigades reported that their platoons met training goals for mission-essential maneuver tasks such as attacking an enemy position or defending against enemy attack. In one example, only 42 percent of the 24 mechanized battalions met gunnery standards, which require annual firing of live ammunition at stationary and moving targets. According to officials, the key reasons for the brigades not meeting the readiness goals are: a) personnel shortages; and b) too much to do in the time available although many other problems also influence readiness. GAO believes the Army does not have an effective system for assessing brigade readiness.

**STATUS:** DoD (ASD/RA) provided a response that indicates the Army is working on the issues stated in the report. Also, they have established timelines for transformation to ensure that all units are missioned to meet the National Military Strategy and Defense Planning Guidance. The Army is also developing improved policy and procedures to assess training readiness in order to reduce subjectivity in the commanders' estimates of training time required to achieve Mission Essential Task List proficiency.



E

**D R A F T****RAND**

## *Reorganizing the Military Health System: Should There Be a Joint Command?*

*Susan D. Hosek and Gary Cecchine*

DRH-000-OSD

Date (month and year)

Prepared for the Office of the Secretary of Defense

### ***Institute or project name (optional)***

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#### 4. OPTIONS FOR REORGANIZING THE MILITARY HEALTH SYSTEM

The FY 2000 Defense Authorization Act requested that this study address a joint command, joint training curriculum, and unified chain of command and budgeting authority. In this final section, we consider each of these three topics. First, we propose several alternatives for structuring a joint command and discuss their merits and feasibility relative to both the current structure and a modified version of that structure. Then we address the other two topics. Throughout, we keep in mind the basic objectives of reform we described in Sec. 1, the lessons we drew from the civilian sector in Sec. 2, and the readiness considerations we outlined in Sec. 3. The most important of these are:

- Establish a single authority for the MHS.
- Assign responsibility for managing TRICARE as a health plan, preferably independent of MTF management responsibility.
- Allocate resources and decision-making authority consistent with the assignment of responsibility.
- Strengthen accountability and incentives.
- Promote a close relationship between each medical department and the service(s) it supports.
- Promote continuing effort to improve medical readiness.

The same organizational structure is unlikely to be optimal for all objectives.

##### JOINT COMMAND

A joint medical command would be a unified combatant command, as defined by Title 10, because it would have broad, continuing missions and be composed of forces from two or more military departments. Title 10 establishes the legal authority for unified combatant commands in general and a somewhat different legal authority for the Special Operations Command (SOCCOM). The SOCCOM commander has an expanded set of responsibilities and authorities for special operations activities, whether or not they are carried out within the command. These include programming and budgeting, budget execution, acquisition of specialized

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assets, training, requirements determination and validation, and monitoring of the services' personnel management activities. Most, if not all, of these authorities and responsibilities were consolidated and assigned to the Assistant Secretary of Defense (Health Affairs) over the years. Virtually everyone we interviewed agreed that a joint medical commander would be assigned the same responsibilities and authorities that are assigned to the SDCOM commander. In keeping with current practice, all defense health program funding would go to the joint command instead of the services. This approach would also be most consistent with the objective of consolidating health-plan authority for TRICARE.

There are numerous options for structuring a joint medical command. Here we consider three options that illustrate important differences in organizational structure. The first organizes all medical activities in service component commands. The second option is similar, but it separates responsibility for health-plan management in a TRICARE component. The third option involves a more radical change in MHS organization. It organizes medical activities functionally under a readiness and TRICARE components. Readiness activities are organized by service, but TRICARE activities are organized geographically. Under each option, the Surgeons General would continue their responsibilities for medical policy in their respective services. Their other responsibilities would differ however.

The three options have some common elements. They would own the same medical units, have the same type of commander, and leave Title 10 responsibility for organizing manning, and equipping medical units to the services.

All options would assign deployable medical units to the joint command, although they could remain within their current line commands. We chose to assign them to the CINCPAC to promote coordination between medical readiness and TRICARE management and encourage a unified approach to the readiness mission. This does not mean that all medical functions would move under the CINCPAC. As we described in Sec. 3, some of these functions are highly organic to non-medical units (e.g.,

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ships). Before a joint command could be established, the appropriate assignment of units and personnel would have to be determined.

We assume that a joint command of this size would be commanded by a four-star flag officer. Thus, the CINCMED would out-rank the Surgeons General, regardless of the role that they fill. Interviewees were divided in their preferences for a line officer (with a medical officer as deputy) or a medical officer. Those recommending a line officer stressed experience in managing large organizations that most of these officers acquire, their likely objectivity on medical matters, and their likely credibility with other line officers. Those recommending a medical officer felt that medical expertise would be essential for effective command and the advice of a deputy could not be substituted. Appointing a line officer would differ from military and civilian practice. Other large combat service support organizations are typically commanded by an officer with extensive experience in the support function. Similarly, large civilian managed-care organizations are rarely led by a CEO without prior medical experience.<sup>40</sup> DoD has appointed physicians to the jobs of Surgeon General and Assistant Secretary for Health Affairs and is only beginning to consider other medical specialists for these positions. It may be difficult to defend the selection of a line officer for the CINCMED position.

Following the SOROM model, the CINCMED would have responsibility for monitoring the services' management of medical personnel, but there would have to be compelling reasons for the command to assume this responsibility. Although the command could request that military personnel be assigned outside their services, maintaining service expertise and ensuring good medical-line relationships would generally make this undesirable.<sup>41</sup>

<sup>40</sup> A review of eight of the largest civilian managed-care organizations showed that only one CEO had no prior health experience. Most CEOs and other top managers had spent their entire careers in health management. Four of the eight CEOs are physicians.

<sup>41</sup> Assignment to another service occurs in the current structure, although it is not a common practice. JTFs located in the same area also lend personnel on an informal basis.



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### Joint Command with Service Components

A joint command with service component commands is sketched in Figure 8. This is the standard organizational structure for unified combatant commands, employed even in SOCOM. In many respects it carries forward the current organizational structure, but it assigns overall responsibility and authority in a single military commander. The Surgeons General are the most obvious candidates to command the component commands, but this position could be filled by a two-star flag officer if the services prefer to keep the job separate from that of chief policy advisor within the service.

The joint medical staff would assume many of the responsibilities now assigned to the THICARE Management Activity, including contracting support. However, consistent with organization along service lines, the services would assume technical oversight of the activities performed by the managed-care support contractors in their catchment areas. This responsibility would be decentralized and thus assigned along with other aspects of health-care management to the MTF commander. Technical oversight for contractor activities outside the catchment areas would be handled either by the joint medical staff or assigned to the services as lead agents for different regions.

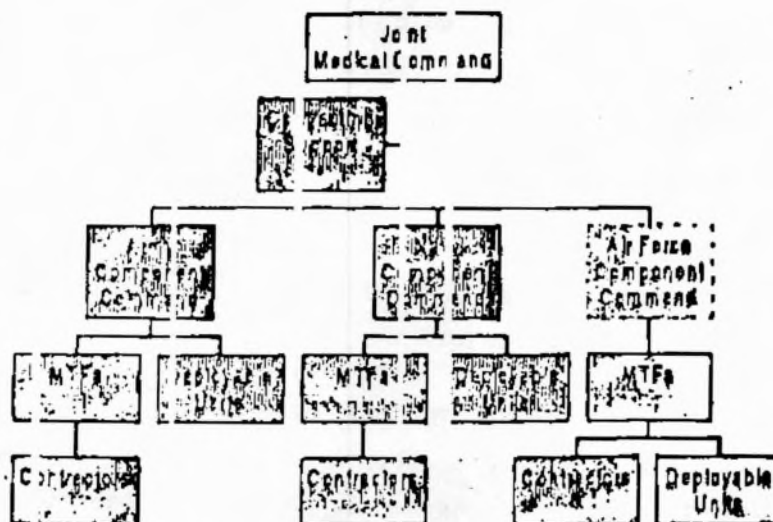


Figure 8-Joint Command with Service Components

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A joint command with service components meets most of the objectives we listed at the beginning of this section. Obviously, all three joint command options establish a single authority for medical activities. This option clarifies responsibility for overall TRICARE management in each geographic area. The resources needed for MTF and civilian care would flow could be allocated to each MTF commander and non-catchment-area manager based on the eligible population in the area. This unique assignment of TRICARE responsibility would facilitate the use of methods for monitoring performance and strengthening incentives that are similar to the methods used by civilian organizations. With respect to TRICARE, this structure has one drawback: it combines health-plan and provider management. As we discussed in Sec. 2, civilian health-care organizations have concluded that the conflict of interest inherent in these two management roles makes combined management undesirable.

Organizing a joint command along service lines may facilitate the medical-line relationships within the services because it maintains service chains of command under the overall authority of the CINC. It also allows for flexibility in organization within each service component. Thus, we show the AF deployable units reporting to the AF MTFs and the Army and Navy deployable units reporting through separate chains of command. This maintains elements of the current service structures, but it involves a major change in Air Force command and control. MTFs and their deployable units (when they are not deployed) would no longer report to the AF line command they support. There is less change for the Army and Navy; the service component command is similar to the medical commands they have now. In all the services, the commander's performance evaluation could be prepared by the senior line commander, as is done now. If so, it will be important to ensure that the rating commander takes account of performance in readiness activities and TRICARE management.

#### Joint Command with Service and TRICARE Components

This option, illustrated in Fig. 9 is similar to the one just described except that it assigns responsibility for managing the TRICARE

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health plan as a separate component within the command. Essentially, it is the joint command version of today's organizational structure, with the CINCMED assuming the operational authorities of the Assistant Secretary and the TRICARE component taking over for the TRICARE Management Activity.



Figure 9-Joint Command with Service and TRICARE Components

The addition of a TRICARE component creates the separation between health-plan and provider management that has appeared to work in the civilian sector. However, like the current structure, it would fragment TRICARE management at the local level unless some additional changes in resource flows and TRICARE authority were made. These are similar to the changes in the current organizational structure that we discuss below. They involve delegating responsibility for health-plan performance through a regional chain of command to specified local managers, allocating TRICARE resources to each manager based on the population for which he or she is responsible, and giving broad discretion to work with the MFC and contractor who serve the area to manage the benefit cost-effectively.

#### Joint Command with Readiness and TRICARE Components

As we indicated earlier, this third option envisions the most radical reorganization of the MHS. It would create a separate chain of command for much of the readiness mission under the CINCMED's overall authority (Fig. 10). All deployable units (other than those that remain organic to line commands) would report through service component

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commands to a deputy CINCPAC for readiness. The TRICARE component command would be structured according to a civilian-like model, with regional commands overseeing health-care delivered by the MTFs and civilian providers in their areas. Within the regional commands would be health-plan managers with appropriate responsibility for overall TRICARE performance. Each geographic area would be assigned to a single manager, but one manager might handle more than one area. Responsibility for health matters at an installation and for the health of all assigned military personnel would continue to be the responsibility of the MTF commander. The responsible line commander would rate the MTF commander's performance in these areas. The regional TRICARE commander would evaluate TRICARE performance, with input from commanders at the installation.

In this joint-command alternative, the Surgeons General would most likely oversee medical readiness in their services, but they would no longer have authority over the MTFs. In their capacity as chief medical officer for their service, they would monitor the performance of the MTFs in maintaining the health of active-duty personnel, providing care to families, and supporting readiness training and deployment.

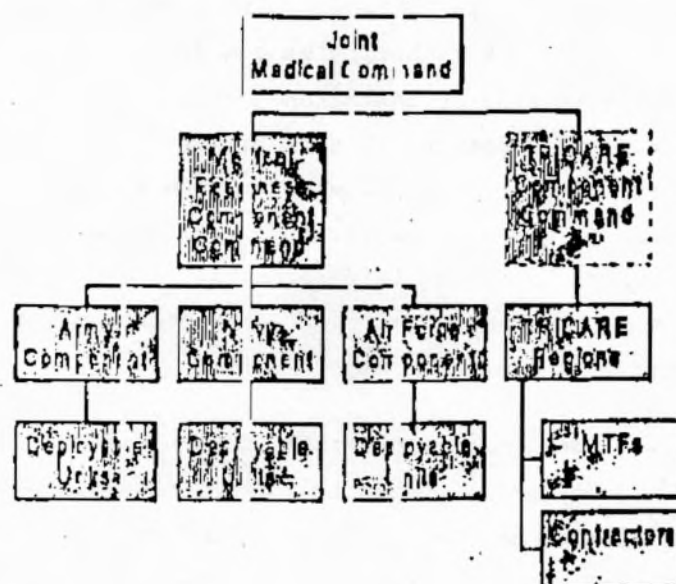


Figure 10-Joint Command with Readiness and TRICARE Components

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The resources needed for readiness activities would be identified and allocated to the readiness component. This would include personnel assigned to deployable units and preferably an allotment for personnel assigned to MTFs but available to the deployable units when needed. The TRICARE component would receive all TRICARE resources, including personnel assigned to the MTFs. When personnel leave to man deployable units for training or operations, the readiness component would reimburse the TRICARE component from its allotment.<sup>42</sup> Establish these internal resource transfers would be a challenge, but if it could be done properly, TRICARE managers would quickly receive the funding they would need to refer patients to the civilian sector when the MTF loses staff.

This organizational structure is designed to facilitate the coordination of readiness activities and TRICARE activities across the services, but coordination between readiness and TRICARE activities within each service would have to occur across organizational lines. With the exception of the CINCPAC, officers responsible for medical readiness would not also have TRICARE responsibilities. Accountability for readiness would be clear.

#### Organization of Deployed Units with a Joint Command

In Sec. 3, we described the current organization of deployed medical units. In most instances, they report to the unified commander through the component command chain for their service. If a joint medical command were to be modeled on the SOCCM structure, there would be medical sub-unified commands in each of the geographic unified commands. Humanitarian missions that are primarily medical would be organized and commanded by the medical sub-unified commander. Medical units that support and operate closely with service combat units would most likely be placed under the appropriate service component command because of the need for close coordination.

Within the medical sub-unified command, it would seem reasonable to mirror the structure of the joint medical command for non-deployed

<sup>42</sup> Or the reimbursement would be in kind in the form of reserve personnel.



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medical activities, with service components, service and TRICARE components, and readiness and TRICARE components as described above.

#### Level of Consolidation of Operational Medicine

Interviewees suggested that there exists a continuum of jointness options for operational medicine. At one end of the spectrum is a "purple suit" medical service, which would provide all medical support. This option received almost no support and is therefore not discussed further here. At the other end of the spectrum is a devolution of the DHP to the Services. While this option did receive some support, it was the general feeling that some level of jointness is attractive, and this attitude appeared more prevalent than in previous studies of DHP organization, though with guarded optimism. In fact, since ODS/DS and previous studies of DHP organization, there exists more joint doctrine in HSS. At issue is whether this jointness should be more, or less, institutionalized. In other words, if operational medicine is to be a joint function, at what level of organization should it be joint?

Some interviewees suggested that a wholly unified medical command structure, short of a purple suit organization, would be beneficial in that it would allow optimization of the allocation of medical resources. In fact, the potential for optimization has in part resulted in the promulgation of joint doctrine. This doctrine assigns the combatant commander to organize and coordinate HSI within his theater, employing a command surgeon and a joint staff. This method preserves service responsibilities within the component commands, but also is intended to increase interoperability and maximize the use of similar requirements.

It has become evident that there are general operational medicine requirements shared by the service components. Several of these have been specified to a single service as an executive agent to provide for the entire theater. For example, the Army is responsible for joint resupply by doctrine and establishes a single integrated medical logistics manager in a combatant theater.<sup>43</sup> In other cases, entire functions are performed jointly, such as the armed services blood

<sup>43</sup> However, each service is responsible for its own resupply until the single integrated medical logistics manager is established.

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program office, established by ASD(RA). During military operations, the joint force surgeon appoints a joint program blood office, which is the single manager for blood products in the combatant command.<sup>44</sup>

Related to the concern about service-specific medicine is the idea that increasing jointness in operational medicine could erode the relationship between line units and their supporting medical assets. The reasoning goes that this erosion could weaken the quality of medical support, even in service-unique operations. This concern is one of ownership and is based in part on service cultures. Without notable exception, those interviewees who supported some form of unified command also expressed concern that individual medics and corpsmen remain a part of the line unit to which they are assigned. There is widespread belief that combatants who fight alongside the medical personnel assigned to their units feel more secure and consequentially will fight more effectively.

Some suggest that as the medical support mission increases in size from the individual medic to the medical unit, consolidation into a joint command would diminish the association of the medical unit to its line service. Is service identity an important criterion in determining whether a medical unit will provide effective operational support? Limited evidence that medical support can be successfully provided across service lines is available in the Navy-Marine Corps situation. The Navy provides medical support the Marine Corps, and Marine Corps base commanders (evaluate) the commanders of Naval hospitals on their bases. Furthermore, Naval medical personnel who support the Marines wear Marine uniforms. Some interviewees have suggested that this relationship works well; the evidence that such coherence could be perpetuated among other joint options is limited. Obviously, the Navy and Marine Corps are in the same Department, and a culture has developed whereby Naval medical personnel often select to spend a career in support of the Marines. A similar situation exists in the Commissioned Corps of the U.S. Public Health Service, which provides medical personnel in support of the U.S. Coast Guard (in Coast Guard uniforms).

<sup>44</sup> Joint Publication 4-02 p. I-9 - I-10.

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Another common issue presented among those who support some form of joint operational medicine is debate over the level at which this function should be consolidated. This level has been considered both in terms of the echelons of care (see Appendix X) and in terms of command level. Some have suggested that medical operations be joint at Echelon III and higher, and this is the situation among other NATO members, including Germany, France, and Belgium.<sup>45</sup> Other suggest that the line between service component and any joint medical organization be drawn at various levels of command. Some have suggested that organic medical units should remain outside of a joint medical organization. An organic unit is defined as one that is "assigned to and forming an essential part of a military organization. Organic parts of a unit are those listed in its table of organization for the Army, Air Force, and Marine Corps, and are assigned to the administrative organizations of the operating forces for the Navy."<sup>46</sup> This definition offers limited input to the debate, as tables of organization and administrative organizations of operating forces extend from small units to larger commands. It is not clear whether most interviewees intended the structural classification of this definition, or a less rigid interpretation. However, the parameter that organic units form "an essential part of a military organization" offers some indication of what is meant by those who support maintaining service-specific "organic" medical units. A commander owns organic units and can employ them as he sees fit. The risk to a commander who relies on non-organic support is that this support might be taken away.

In addition to considering the service-culture criterion supported by some interviewees and discussed above, some additional criteria may be useful to consider in determining where a joint operational medical organization should begin. These criteria apply both to military

<sup>45</sup> There are differences here as well: Belgian and German medical personnel all wear the uniform of the medical service (a "purple suit" arrangement), while the French wear this uniform at Echelon III and above but wear the parent service uniform below this level. Also, the prevalence of national health care among NATO members makes direct comparisons to the U.S. situation difficult.

<sup>46</sup> Joint Staff Officers Guide, Armed Forces Staff College, 1997.

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organizations and to organizations in general. First, one should consider the requirements to manage the level of organization in question. In this case, are these requirements primarily medical, suggesting some necessary form of medical personnel oversight, or are they primarily other requirements, such as managerial and/or military? This is not to suggest that medical personnel are incapable of managing and leading military organizations, but is meant to inform a consideration of the trade-offs between medical and non-medical leadership. Related to this criterion is a second -- who has the expertise to manage the organization? This leader should have the knowledge and information necessary and should also be in a position to coordinate with other leaders. If the greatest benefits to be gained from a joint operational medical organization are the optimization of medical resources across an area of operations and ease of coordination with supported and similar units, then these criteria may guide an assessment of the level at which that organization should be employed.

#### ALTERNATIVES TO A JOINT COMMAND

In addition to the current structure, we identified two other alternatives to a joint command. The first alternative would modify the current structure along the lines of the "strong lead agent" test just starting in TRICARE's region 11. The second is a defense agency for health-care activities. However, we decided to dismiss the defense-agency option because it was rejected by all but one of the many individuals we talked to during the course of this study. Perceived shortcomings in the performance of the existing defense agencies appeared to explain this universal reaction.

Modification of the current structure would focus on establishing a management organization for TRICARE with sufficient authority and resource control to carry out health-plan responsibilities. The TRICARE Management Activity would remain under the authority of the Assistant Secretary and it would keep its current regional structure. However, within each region would be managers responsible for defined geographic areas. The areas would include the current MTF catchment areas, other areas with sizeable beneficiary populations, and broader regions where



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beneficiaries are more dispersed. Wherever possible, these areas would be designed to coincide with civilian health-care markets.

As shown in Figure 11, funding would be allocated to each area based on its eligible population (with appropriate health risk adjustments) and would reflect the total resources needed to care for the population in the MTFs and civilian sector. The TRICARE area managers would work with MTF commanders, the contractors, and local civilian providers to develop cost-effective programs. They would finance care provided by the MTFs and civilian providers. In the case of the MTFs, they would provide a budget based on an annual plan for providing care, MTF staffing, and utilization targets. Civilian providers would be reimbursed on a fee-for-service or other basis through the contractors. The TRICARE managers would be accountable for overall TRICARE performance in their areas and the MTF commanders would be accountable for performance in delivering care within their facilities.<sup>47</sup>

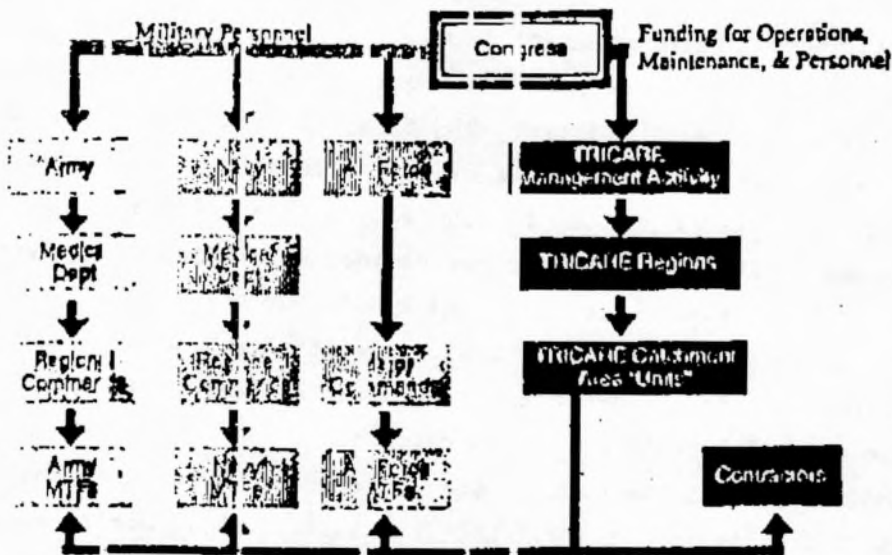


Figure 11—Funding Flows in a Modified MHS Structure

<sup>47</sup> In addition, the MTF commanders would continue to be responsible to their line commander(s).



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As in a joint-command, the services would remain fully responsible for recruiting, training, and managing medical personnel except where joint programs exist today or are determined to be more cost-effective in the future. However, the funding for military personnel would be provided through the TRICARE management structure to the MTFs. This would allow for greater visibility in resource use and accountability for financial outcomes as well as quality and service outcomes. As we described above, the TRICARE manager and MTF commander would negotiate an annual plan with targets for MTF Prime enrollment and other utilization. The plan can be adjusted as the year unfolds in response to unexpected changes in MTF staffing. If the MTF cannot meet its targets, it would receive less funding from the TRICARE manager. This could occur if military personnel are deployed; funding for deployed personnel would come from a medical readiness account, not from the TRICARE account. Developing workable financial mechanisms would be difficult, particularly with current data systems. However, over the long run, strengthening the financial management in TRICARE should pay off in a more cost-effective program.

Under this scheme, the TRICARE manager has no command-and-control authority over the MTF commander. As purchaser for TRICARE services, the TRICARE manager should influence the MTF commander's decisions. TRICARE performance is monitored at each TRICARE management level and MTF performance is monitored by the responsible service. Similarly, the relevant line commander or service medical commander evaluates the MTF commander. In both cases, it is essential that these evaluations be based on objective and balanced measures of the relevant outcomes.

#### WHICH ORGANIZATIONAL STRUCTURE IS LIKELY TO BE BEST?

We have identified five organizational alternatives:

1. The current structure
2. Modification of the current structure to separate and unify health-plan management in TRICARE
3. Joint command with service components
4. Joint command with service and TRICARE components
5. Joint command with readiness and TRICARE components

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Each of these alternative structures the chain of command somewhat differently (Table 3). Three of the alternatives adopt the civilian-sector practice of separating health-plan management from health-provider management. The two alternatives based on the current structure leave overall command of medical activities to the services. Two of the three joint alternatives maintain service-specific medical chains of command, but break the command relationship between the medical departments and their service leadership. The third joint arrangement creates separate sub-commands for readiness and TRICARE instead of service chains of command.

Table 3  
Management Structure in Alternative Organizational Structures

	Current Structure (#1)	Modified Current Structure (#2)	MEDCOM Service Components (#3)	MEDCOM Service, TRICARE Components (#4)	MEDCOM Readiness, TRICARE Components (#5)
Unified MHS Management			✓	✓	✓
TRICARE health plan management organization		✓		✓	✓
Cross-service management of readiness					✓
Service management structure for MTFs	✓	✓	✓	✓	
Single management of health care and readiness in each service	✓*	✓*	✓*	✓*	
Service command of medical activities	✓	✓			

\*Joint management of health care delivery and readiness activities is clearest in the Air Force medical system. In the other services, the MTF commander is responsible for readiness activities within his facility and on the installation, but deploying units are not under his or her command.

The choice among these five alternatives thus raises three general issues: (1) whether focusing health-plan responsibility in a separate

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management structure would improve TRICARE performance without damaging the ability to coordinate peacetime health-care delivery and readiness, (2) whether the benefits of a joint command would justify removing health care from the services' command chains and potentially damaging service-specific competencies, and (3) whether within a joint command there should be a single chain of command for both missions or whether these missions should reside in separate organizations.

The clearest shortcoming in the current MHS organizational structure is the fragmented responsibility for TRICARE. The standard approach in the private sector and even other public health systems (e.g., the Veterans Administration), responsibility for TRICARE would be assigned to a single organization, which would be structured geographically in local and regional management units (the local-area managers may work from the regional offices). TRICARE management would be separate from MTF management, consistent with the principal of separating health-plan management from health-provider management. Whether this model would fit well in the MHS depends entirely on the development of effective coordination to ensure that TRICARE management practices do not impede readiness. Assigning local TRICARE management to the MTF commanders should facilitate TRICARE-readiness coordination, but this approach would perpetuate the fragmentation in TRICARE management authority and risk conflict of interest between health-plan and provider management. It should be possible to encourage TRICARE-readiness coordination by monitoring and rewarding performance in both missions. If so, establishing a separate TRICARE authority would appear to be a promising option. It would allow the services to retain ownership of their health-care systems, something that a number of the officials we interviewed favored.

As Table 3 shows, improved TRICARE management may be possible without establishing a joint command by restructuring the TRICARE Management Activity and giving it the responsibility and authorities necessary for managing a health plan (alternative 2). The current Region 11 test of a "strong lead agent" is a pilot of this approach. The test should show whether more effective TRICARE management can be achieved without also establishing a single authority in the form of a

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joint medical command. However, merely establishing a joint command as an added management layer on top of the current structure (alternative 3) is unlikely to provide an effective MHS organizational structure. Clarification of responsibility and appropriate assignment of authority, at least for TRICARE, are also needed.

In our interviews, we found only minimal support for separate organizations for the two MHS missions (alternative 5). Almost all of the individuals we interviewed suggested that unity of medical command is a requirement for success, particularly in ensuring that the requirements of operational medicine are recognized in day-to-day activities. However, a distinctly minority view held that the two missions are very different and frequently conflict. This view suggests that the peacetime care mission demands the greatest attention from the leadership of an integrated organization, posing a risk to the operational mission. A suggested benefit of such an organization is that there would exist clearly defined responsibilities and authorities for the leadership of each resulting organization. On the other hand, opponents of separate organizations suggest that there may also result greater bureaucracy and more difficult or decreased coordination across the missions.

Note, however, that only the Air Force currently integrates its command structure for non-deploying and deploying medical units. In the Army and Navy, the non-deploying units are organized in a medical command and the deploying units are assigned to the operational forces. (GARY--please check my wording here!). Thus, coordination of peacetime care and readiness now requires coordination across organizations in these two services. It is not obvious that coordination would be more difficult across component commands within a joint medical command than it now is across commands within a service.

#### MEASURING PERFORMANCE AND PROVIDING INCENTIVES

In Sec. 1, we described how civilian managed-care organizations increasingly rely on quantitative measures to evaluate on-going performance and monitor the progress of new initiatives. Regardless of



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how the MHS is structured, a high priority should be given to implementing the same kind of performance evaluation system.

The MHS has made considerable progress in developing TRICARE performance measures and improving the data systems that support these measures. MHS performance measures include many of the same HEDIS measures that are also used in civilian health plans and other federal health programs, so it is possible to use benchmarks to determine how TRICARE compares with these other managed-care organizations. HEDIS reporting by individual MTF and by service have been available on the web for several years. The most recent HEDIS reports now provide system-wide measures at the regional and national levels, but they do not yet provide reports that combine MTF and contractor statistics at the local level. Local reports describing all health care provided to the military populations are essential for effective management of health care. The local reports should roll up to regional and national reports and be supported by management information systems that allow local managers to investigate the sources of sub-par or above-par performance in their areas. Complete data must be available much more quickly than they are today. Managers should have access to more data and better analytic support than they have today.

Measurement of medical readiness outcomes is less well developed. The list of performance measures for the MHS does not include readiness.<sup>48</sup> Consistent with the principle that all key outcomes should be measured, readiness performance measures appropriate for MTF and TRICARE managers as well as deploying unit commanders are needed.

A balanced performance evaluation system including TRICARE and readiness measures would itself provide an incentive to achieve desired outcomes and a good "report card." There are a number of ways to strengthen this incentive. The most obvious is to incorporate relevant health-care outcome measures in the personnel evaluations for MTF commanders, clinical service chiefs, TRICARE managers, and even individual providers. Another approach is to develop group incentives, such as extra discretionary resources for MTFs that perform well.

<sup>48</sup> See <http://www.tricare.osd.mil/rptcard/whasperf.html> for information on current MHS performance measures.



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**UNIFYING THE TRAINING CURRICULUM**

The Congressional request that led to this study asked about a joint training curriculum and a unified chain of command and budgeting authority. Our research focused on managed-care management approaches and the special considerations for coordination arising from the readiness mission. Much of this report focuses on the chain of command and resource management authority, but we have not examined in detail DoD's vast and complex medical training programs. Drawing on research on military training programs in general, we can offer some tentative conclusions about the feasibility and desirability of further unifying the programs. Although the authorization bill specifically mentions training curriculum, we also consider unified delivery of the curriculum.

There are two potential reasons for unifying training: (1) enhancing the ability to integrate peacetime and wartime care across the three service systems through cross-service integration of training and (2) cost savings associated with economies of scale in training. The first goal may be attained through common curricula. Realizing economies of scale in training would require consolidating training programs, not just common curricula.

Military medical training programs fall into three categories: (1) programs that provide standard medical training (e.g., undergraduate and graduate medical education for physicians radiology technicians), (2) programs that train personnel in military unique skills, and (3) unit training programs.

Some of the programs in the first category are joint already; the most obvious example is the Uniformed Services University of Health Sciences (the military medical school). The curricula for the programs run by the individual services differ only to the extent allowed by the relevant accrediting body. Further, the Defense Medical Readiness Training & Education Council (DMRTEC) is directed to "emphasize training for interoperability, by conducting joint and multi-service training" and to ensure the training is provided efficiently.

Despite this oversight by the DMRTEC and the various Accrediting bodies, there may remain some differences in the curricula. Even more

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important differences may arise in the implementation of the curricula in what are typically hands-on training programs. Further differences are introduced in some medical occupations by the considerable number of personnel trained in civilian programs prior to or during their active service. It is not obvious that a further effort to standardize curricula in the individual skills training programs would be productive.

We discussed medical readiness training at the individual and unit levels in Sec. 3. To the extent that personnel and units from the three medical departments might operate jointly, the training curricula must have the common elements that lead to interoperability. However, there are legitimate differences in the operational requirements in the four services that require differences in the curricula. The health-care committee of the Inter-Service Training Review Organization was directed by the Chairman of the Joint Chiefs of Staff in 1992 to review readiness medical training, subject to the oversight of the DMRTTC. As we described in Sec. 3, the highest priority is on ensuring that personnel and units receive sufficient readiness training. However, ensuring interoperability is also an important objective of these reviews. Interoperability of active and reserve medical units within a service is at least as important as interoperability of units from different services.

Joint-service review of the training programs does not guarantee that the curricula are appropriately unified, merely that coordinated curriculum changes may be considered. Joint training programs do provide this guarantee. Training programs that involve significant patient care cannot be combined because the patients are distributed throughout the medical system. The only alternative for these programs is joint oversight, as is currently provided for physician residency training by the Flag Officer Executive Committee on Graduate Medical Education.

Many medical training programs do not require access to a population of patients. Even if these programs include service-specific instructional components, joint training may increase efficiency and generate cost savings. The analysis appropriate for determining which

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training programs to combine is complicated and requires extensive, detailed data (Schank et al., 1999; Shanley et al., 1997). The biggest potential source of savings is in the fixed support for a training program—e.g., administrative personnel—and in improved utilization of the training facilities. If these savings are small, there may be little point in combining programs. Outsourcing the training to the civilian sector or distance learning may be more efficient approaches, especially if they avoid the costs of moving personnel to a distant training location. In many instances, it is not possible to determine the most cost-effective approach without a pilot test (Shanley, 1997).

The rapid pace of technological development in both medicine and training puts a premium on having an organization capable of designing cost-effective training approaches into the future. Thus, the most important question about training may not be how to do it best today, but whether the cross-service working groups DoD currently uses to coordinate training provide this organizational capability. If not, then strong central leadership in the form of a joint command may be required.

#### CONCLUSION

The experience to date in other managed-care organizations suggests that careful consideration be given to clarifying the TRICARE management structure. This would involve establishing a chain of authority responsible for overall TRICARE performance at the local, regional, and national levels. This TRICARE organization should be separate from the military services' medical management structures to minimize the conflict between health-plan and health-care provider management. The strong lead-agent initiative now being tested in TRICARE's Region 11 provides an opportunity to examine the value of consolidating TRICARE management authority. However, this test will be meaningful only if the region 11 managers are given the considerable authority and flexibility needed for effective health-plan management and if the short duration of the test does not preclude real change.

Taking the additional step of unifying command of military health may well be necessary for clear accountability and effective management.

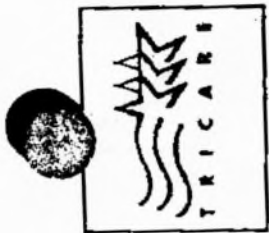
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of the MHS. Unless a joint command is established, it is impossible to know whether it would manage the system more effectively and maintain medical-line relationships important for medical readiness. There is no guarantee that a joint command would succeed in solving the persistent performance and cost problems that motivated the many studies of MHS organization, including this one. However, a joint command would "put someone in charge" of military health, a step most DoD senior officials advocated during the interviews conducted for this study.

F





**DMOC III**





# **Progress Update**

***13 December 2000***



**KPMG Consulting**



## Agenda

- Introduction
  - MHS Overview
  - Activity to Date
  - Mission and Study Objectives of DMOC III
  - Timetable
- Key Findings/Achievements to Date
  - Organizational Assessment Team
  - Business Planning Team
  - Procurement Team

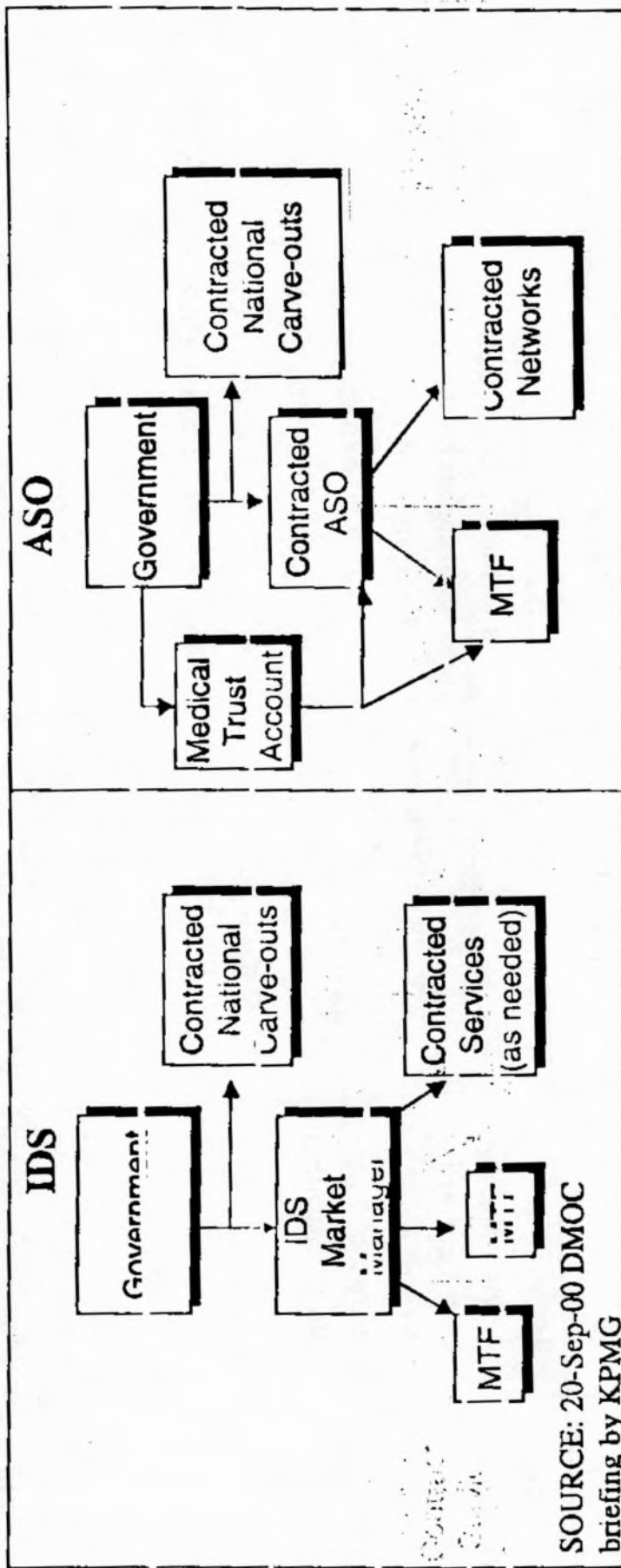


## Activity to Date

Project:	DMOC I	DMOC II	DMOC III
Objective:	★ Evaluate TRICARE 3.0	★ Develop options, models, and an architecture for Purchased Care	★ Conduct detail studies to support the recommendations, decisions, and implementation plans for "IDS/ASO" strategy outlined in DMOC II
Results	★ Issued report citing concerns over contract design, MHS business strategy and infrastructure	★ Created a purchased care decision grid to classify all eligibles into four types of models  ★ Develop guiding principles to be used in DMOC III	★ Created a methodology to evaluate existing and potential organizational designs ★ Evaluated existing organization ★ Identified organizational options ★ Specified potential markets ★ Identified responsibilities to be managed locally
Timetable	★ Mar 00 to Jul 00	★ July 00 to Sep 00	★ Oct 00 to Dec 00 for results listed ★ Dec 00 to Mar 01 remaining



## Mission: Perform detailed studies around the IDS and ASO models



### Organizational Team

How should the MHS be organized to implement its strategic initiatives?

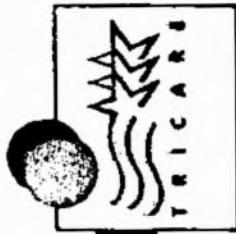
### Business Planning Team

How should the IDS/ASO models be deployed in CONUS markets (what markets, what models)?  
What capabilities should be local versus national, and how should they be implemented?

### Procurement Team

What administrative services should be purchased from vendors, and what is the optimal contractor relationship for procuring administrative and clinical services?





# Timeline

Oct-00

Dec-00

Mar-01

Organizational  
Assessment  
Team

Assess Current Structure  
Evaluate Current Structure  
Develop Models  
Evaluate Organizational Designs  
Make Recommendations



Inter-group Communications

Inter-group Communications

Business  
Planning  
Team

Define Model  
Identify Markets  
Refine Details  
Analyze  
Evaluate Impact  
Finalize Business Plan



Inter-group Communications

Procurement  
Team

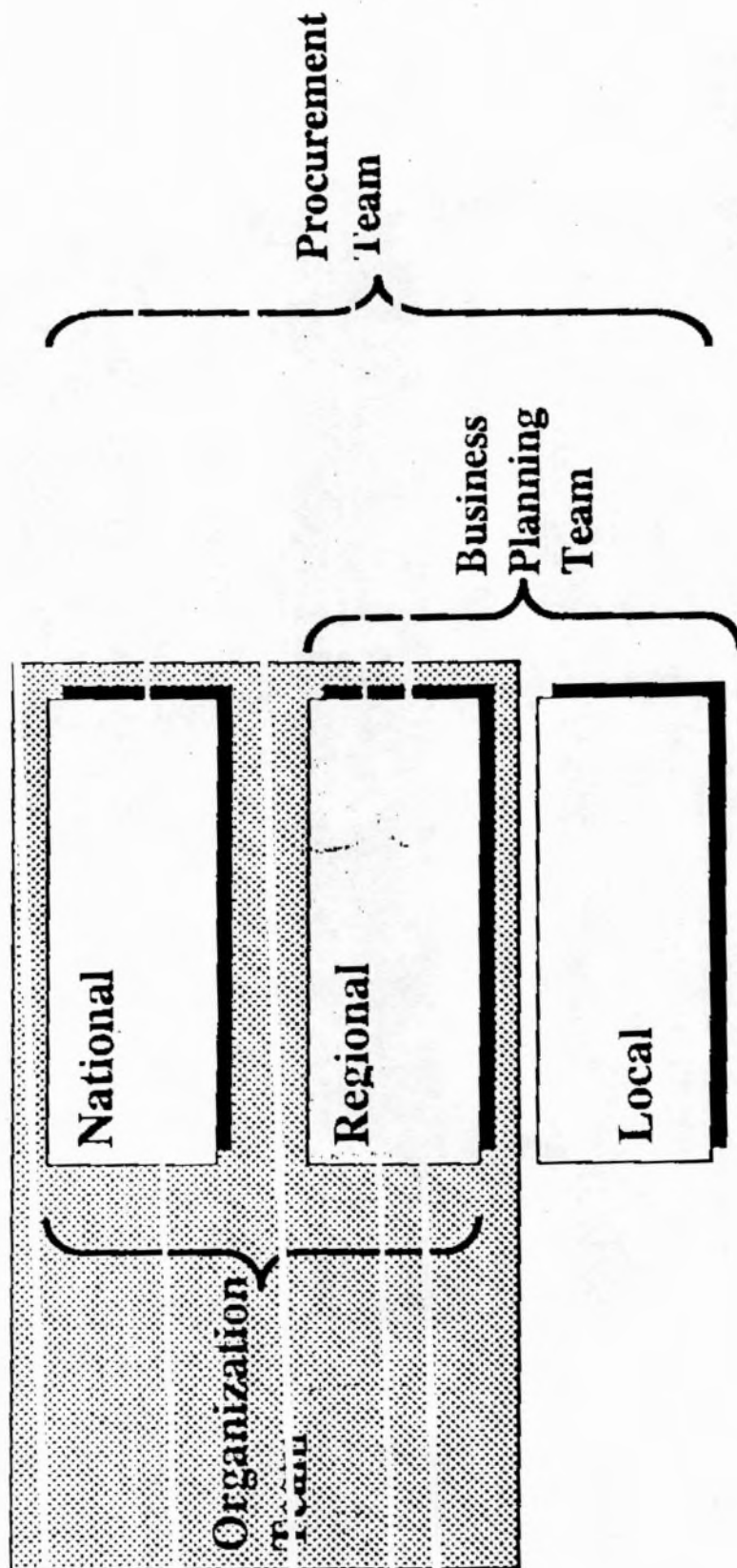
Evaluate current approach  
Identify Industry Benchmarks  
Develop Procurement Plan



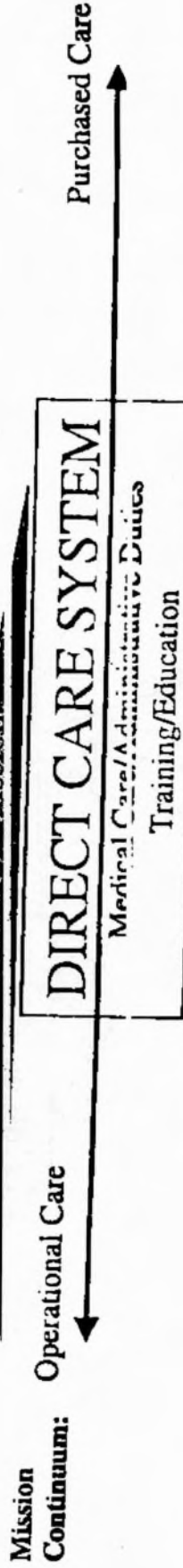


## Organization Team Focus

MHS



# MHS Overview



## Implicit MHS Strategy/Tactics

- ★ Build and maintain medical capacity to meet both missions
- ★ Offer health care to attract and retain military staff
- ★ Use Readiness capacity to reduce the net cost of the Benefit mission ("Optimization")

## MTFs (CONTUS)

- ★ Over 150 MTF inpatient facilities
- ★ Full continuum of services offered throughout the system
- ★ Deployed primarily to meet the readiness mission

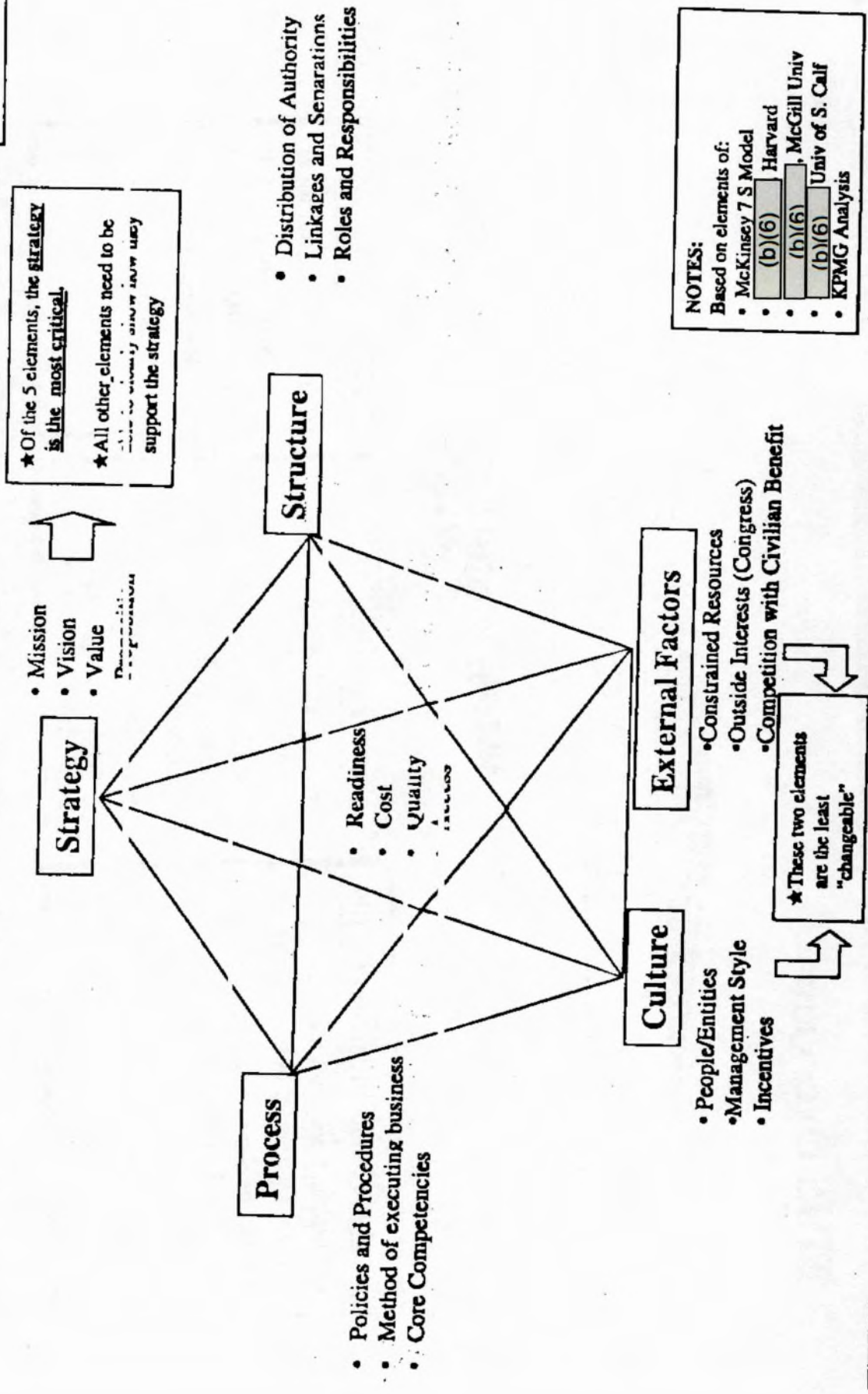
## Eligibles (CONTUS)

By category (millions):

- ★ Active Duty 1.4
- ★ ADFM 2.0
- ★ Retirees <65 3.0
- ★ Retirees 65+ 1.4
- 7.7\*

\* Excludes eligibles without U.S. zip codes

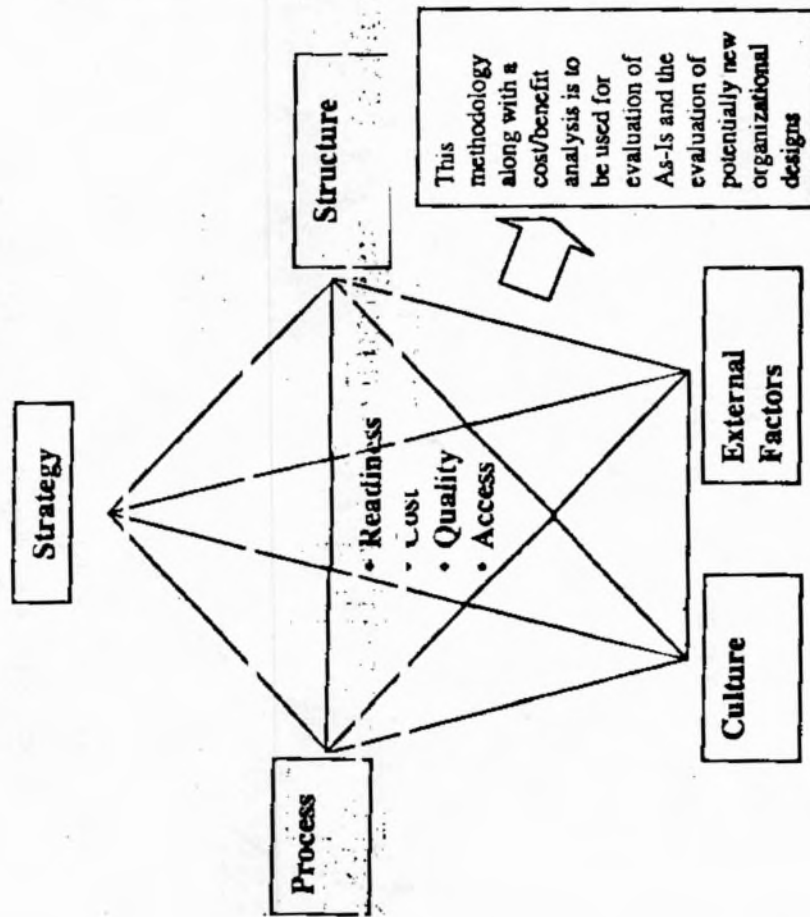
# Evaluation Methodology Focusing on Five Key Elements





# Key Element Scoring Methodology

Key Organizational Elements responsible for Outcomes



## Scoring Methodology

The element is evaluated as to having a clear and positive impact on execution of overall strategy and achievement of desired outcomes



Green

The element is evaluated as to having an uncertain and/or mixed impact on execution of overall strategy and achievement of desired outcomes



Yellow

The element is evaluated as having an clear and adverse impact on execution of overall strategy and achievement of desired outcomes



Red

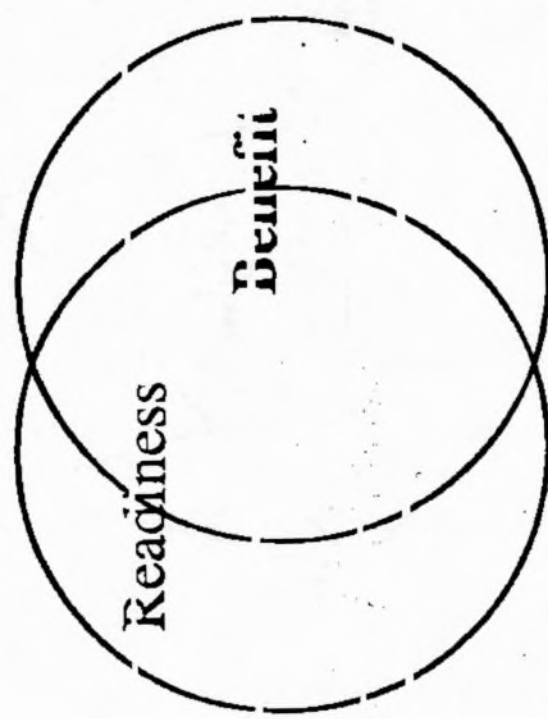




# Inter-dependent Readiness and Benefit Missions are Synergistic and Cost-effective

## Inter-Dependent vs Independent Missions

Inter-dependent Missions



**\$17 Billion** + \$2 to 4 billion outside the DHP + pending BPAs + unknown NDAA impact

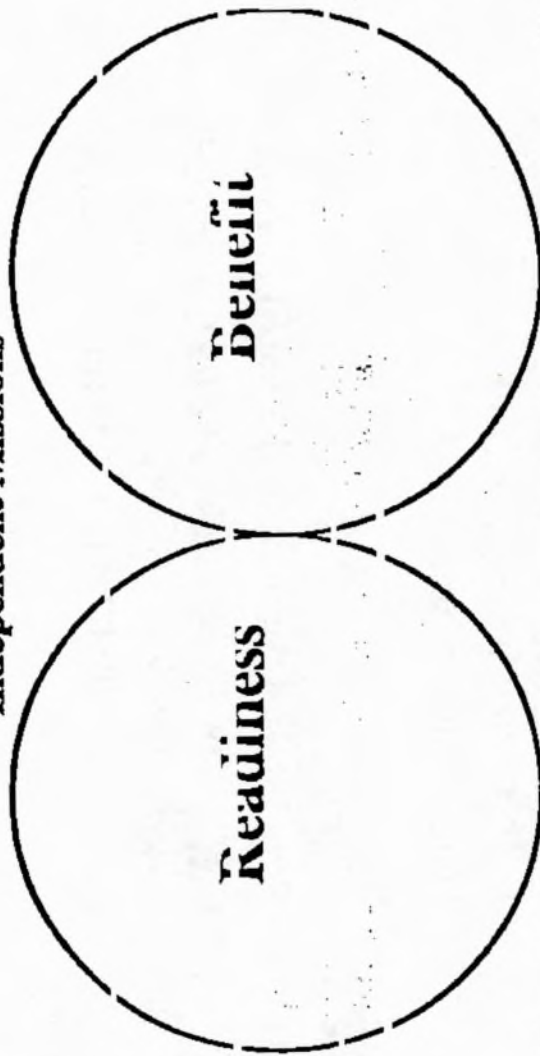


**Sustains Readiness**

**Saves DoD \$5-\$10 Billion/Year**

Source: Services, TMA, KPMG Analysis

Independent Missions



**\$22 to \$27 Billion** + \$2 to \$4 billion outside the DHP + bigger unknown impact of NDAA



**Not Sustainable for Readiness**

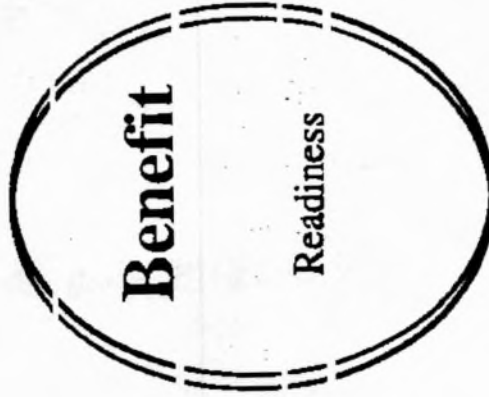
Source: Services, TMA, Ctr for Navy Analyses, Kaiser, BCBS, KPMG Analysis





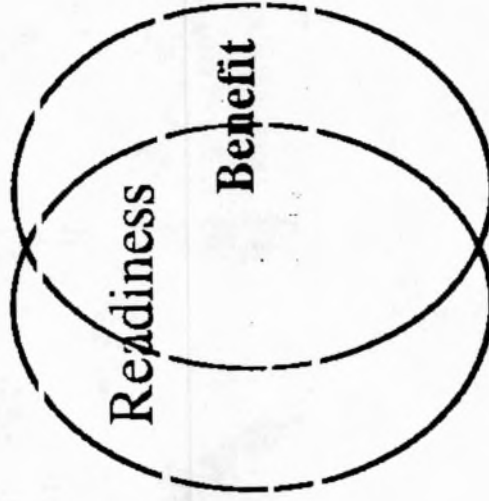
## The critical factor is achieving the “right balance” of dependency

### Completely Dependent Missions



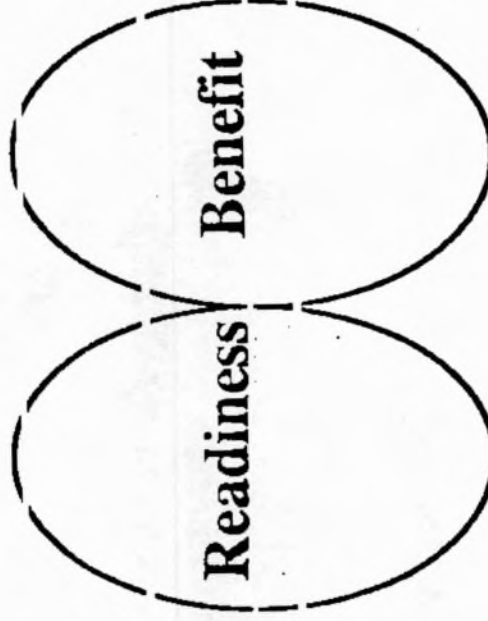
- Dilutes Readiness

### Inter-dependent Missions



- Complexity
- Lack of Accountability

### Independent Missions

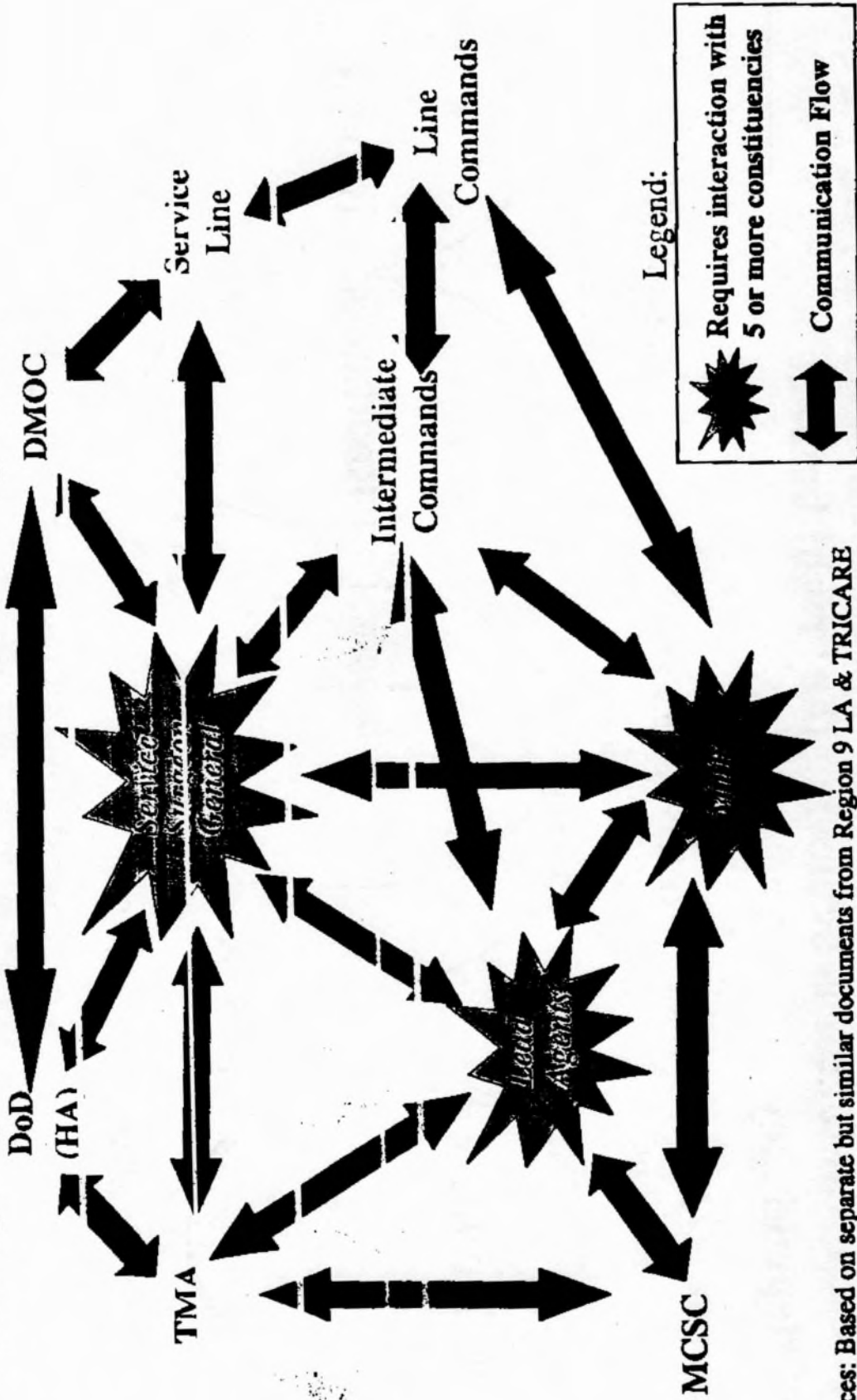


- Dilutes readiness
- Higher cost



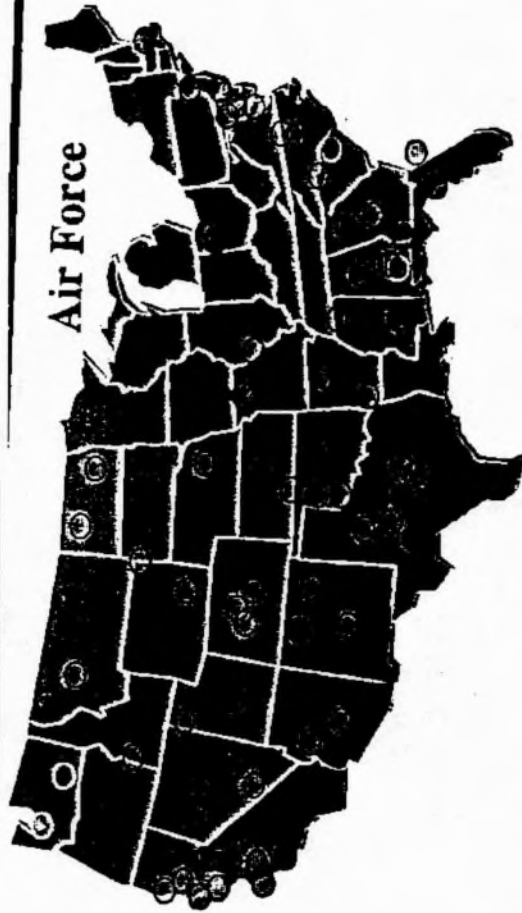
# MHS Communications Flow

- ★ Results in an array of complexities and challenges
- ★ Limits the exporting of "best practices" to other areas of the organization



Sources: Based on separate but similar documents from Region 9 LA & TRICARE

# Four Medical Management Organizations

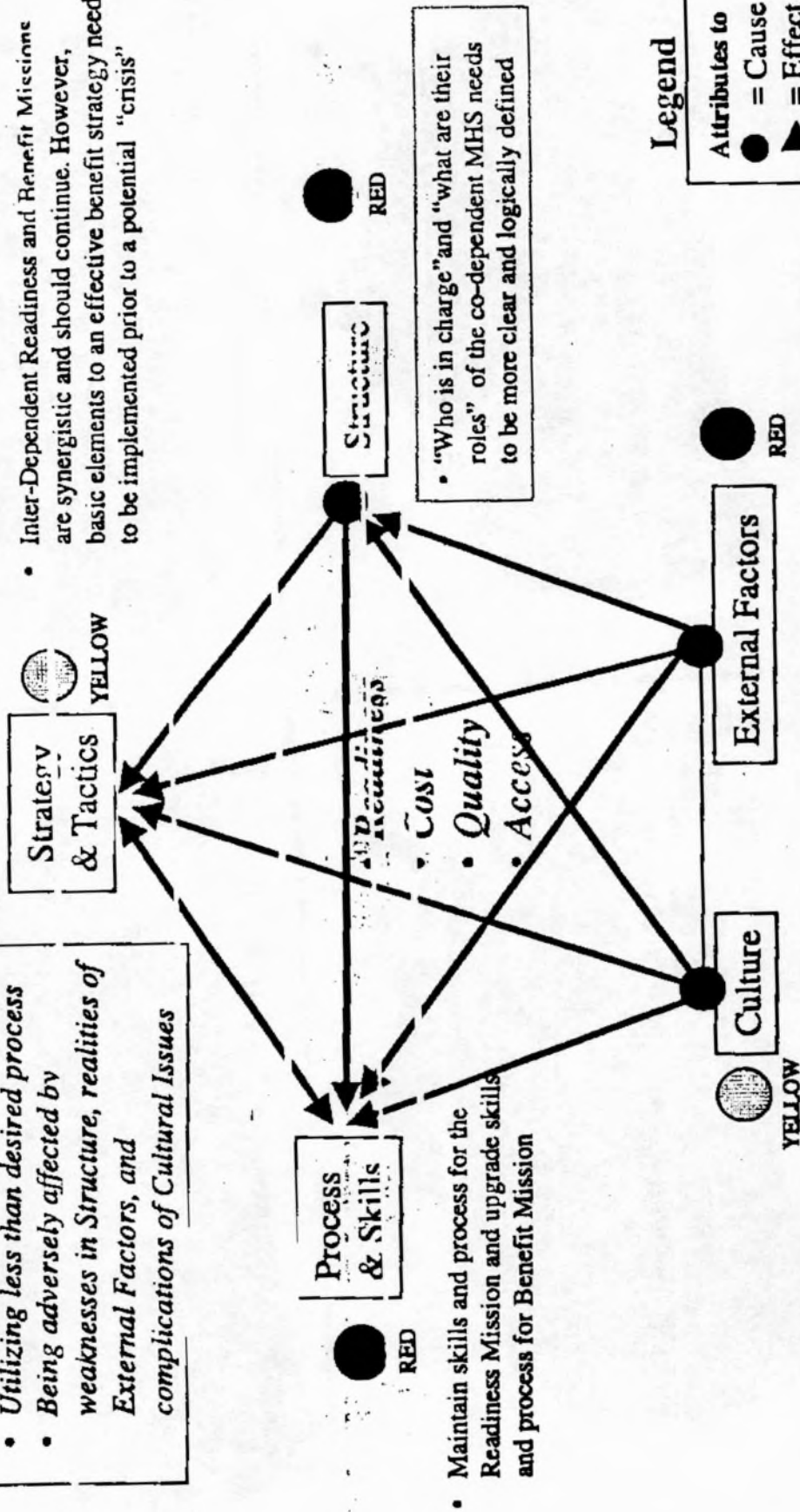


# Summary Evaluation of MHS "As Is"

**KEY TAKEAWAY:** "As-is" deploys a sound strategy:

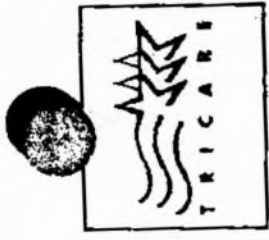
- Utilizing less than desired process
- Being adversely affected by weaknesses in Structure, realities of External Factors, and complications of Cultural Issues

- Inter-Dependent Readiness and Benefit Missions are synergistic and should continue. However, basic elements to an effective benefit strategy need to be implemented prior to a potential "crisis"



- Select components of the Service culture have a positive impact on MHS while others have a negative impact on MHS
- External forces, both positive and negative, are likely to continue. Therefore, the MHS needs agility to better proactively prepare for such forces.

"This information is advisory only and does not represent a final agency decision"



**KPMG Consulting**



**DMOC III**

# **Progress Update**

**13 December 2000**

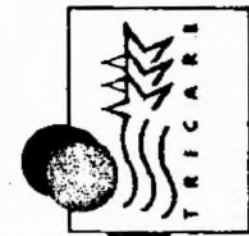






## Agenda

- Introduction
  - MHS Overview
  - Activity to Date
  - Mission and Study Objectives of DMOC III
  - Timetable
- Key Findings/Achievements to Date
  - Organizational Assessment Team
  - Business Planning Team
  - Procurement Team

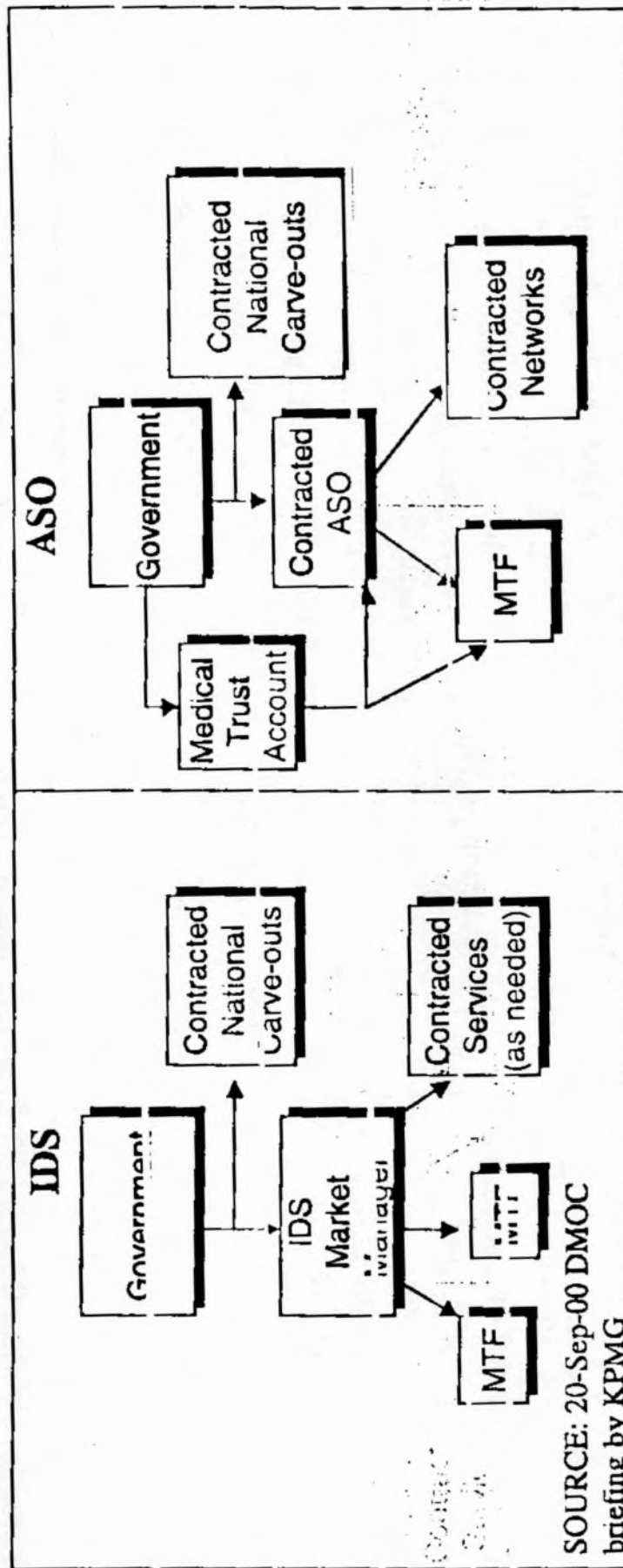


## Activity to Date

Project:	DMOC I	DMOC II	DMOC III
Objective:	<ul style="list-style-type: none"> <li>★ Evaluate TRICARE 3.0</li> </ul>	<ul style="list-style-type: none"> <li>★ Develop options, models, and an architecture for Purchased Care</li> </ul>	<ul style="list-style-type: none"> <li>★ Conduct detail studies to support the recommendations, decisions, and implementation plans for "IDS/ASO" strategy outlined in DMOC II</li> </ul>
Results	<ul style="list-style-type: none"> <li>★ Issued report citing concerns over contract design, MHS business strategy and infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>★ Created a purchased care decision grid to classify all eligibles into four types of models</li> <li>★ Develop guiding principles to be used in DMOC III</li> </ul>	<ul style="list-style-type: none"> <li>★ Created a methodology to evaluate existing and potential organizational designs</li> <li>★ Evaluated existing organization</li> <li>★ Identified organizational options</li> <li>★ Specified potential markets</li> <li>★ Identified responsibilities to be managed locally</li> </ul>
Timetable	<ul style="list-style-type: none"> <li>★ Mar 00 to Jul 00</li> </ul>	<ul style="list-style-type: none"> <li>★ July 00 to Sep 00</li> </ul>	<ul style="list-style-type: none"> <li>★ Oct 00 to Dec 00 for results listed</li> <li>★ Dec 00 to Mar 01 remaining</li> </ul>



## Mission: Perform detailed studies around the IDS and ASO models



### Organizational Team

How should the MHS be organized to implement its strategic initiatives?

### Business Planning Team

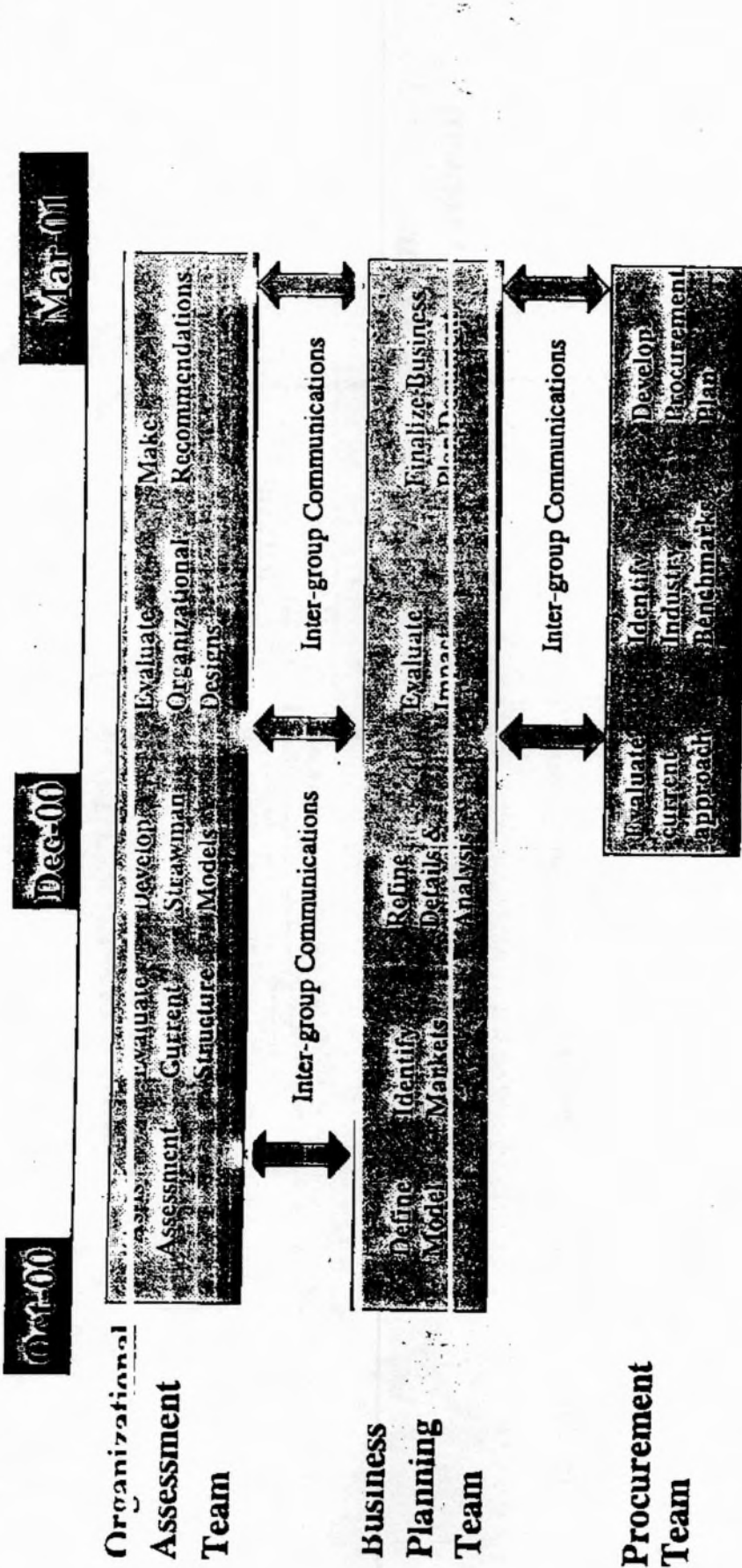
How should the IDS/ASO models be deployed in CONUS markets (what markets, what models)?  
What capabilities should be local versus national, and how should they be implemented?

### Procurement Team

What administrative services should be purchased from vendors, and what is the optimal contractor relationship for procuring administrative and clinical services?



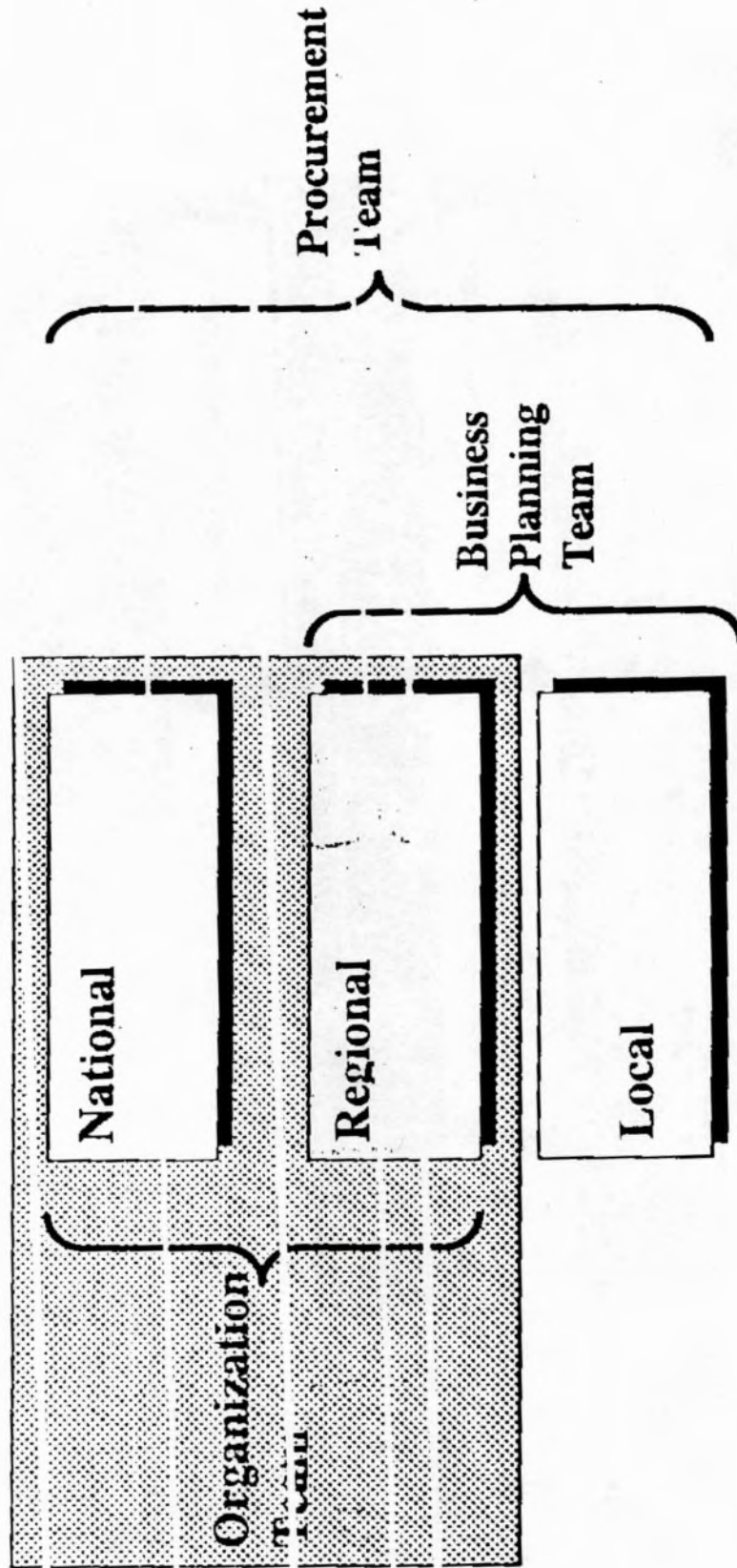
# Timeline





# Organization Team Focus

MHS





# MHS Overview



## Implicit MHS Strategy/Tactics

- ★ Build and maintain medical capacity to meet both missions
- ★ Offer health care to attract and retain military staff
- ★ Use Readiness capacity to reduce the net cost of the Benefit mission ("Optimization")

## MTFs (CONUS)

- ★ Over 150 MTF inpatient facilities
- ★ Full continuum of services offered throughout the system
- ★ Deployed primarily to meet the readiness mission

## Eligibles (CONUS)

- By category (millions):
- ★ Active Duty 1.4
  - ★ ADFM 2.0
  - ★ Retirees <65 3.0
  - ★ Retirees 65+ 1.4
  - 7.7\*

\* Excludes eligibles without U.S. zip codes



# Evaluation Methodology Focusing on Five Key Elements

- ★ Of the 5 elements, the strategy is the most critical.
- ★ All other elements need to be able to show how they support the strategy

- Mission
  - Vision
  - Value
- ↑  
Description

Strategy

- Policies and Procedures
- Method of executing business
- Core Competencies

Process

- Readiness
- Cost
- Quality

Structure

- Distribution of Authority
- Linkages and Separations
- Roles and Responsibilities

Culture

- People/Entities
- Management Style
- Incentives

External Factors

- Constrained Resources
- Outside Interests (Congress)
- Competition with Civilian Benefit

★ These two elements are the least "changeable"

## NOTES:

Based on elements of:

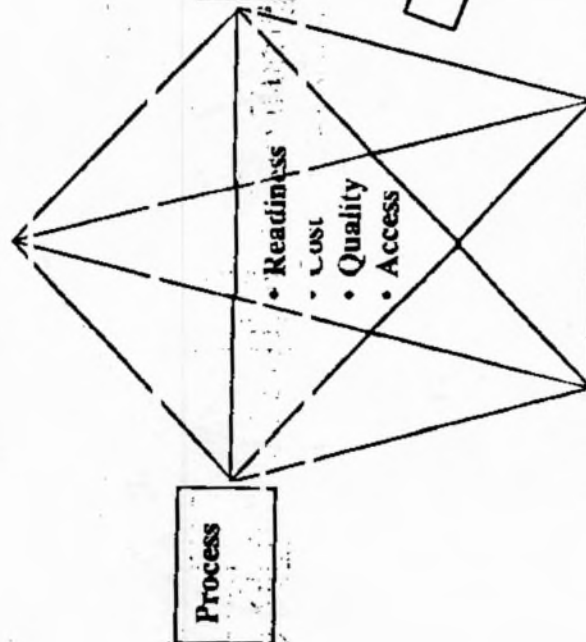
- McKinsey 7 S Model
- (b)(6) Harvard
- (b)(6) McGill Univ
- (b)(6) Univ of S. Calif
- KPMG Analysis



# Key Element Scoring Methodology

Key Organizational Elements responsible for Outcomes

Strategy



## Scoring Methodology

The element is evaluated as to having a clear and positive impact on execution of overall strategy and achievement of desired outcomes



Green

The element is evaluated as to having an uncertain and/or mixed impact on execution of overall strategy and achievement of desired outcomes



Yellow

The element is evaluated as having an clear and adverse impact on execution of overall strategy and achievement of desired outcomes



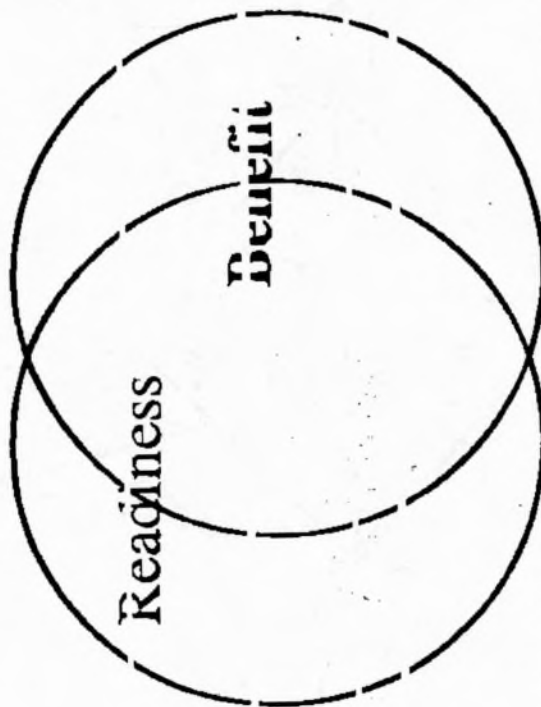
Red



# Inter-dependent Readiness and Benefit Missions are Synergistic and Cost-effective

## Inter-Dependent vs Independent Missions

### Inter-dependent Missions



**\$17 Billion** + \$2 to 4 billion outside the

DHP + pending BPAs + unknown NDAA impact



**Sustains**

**Readiness**

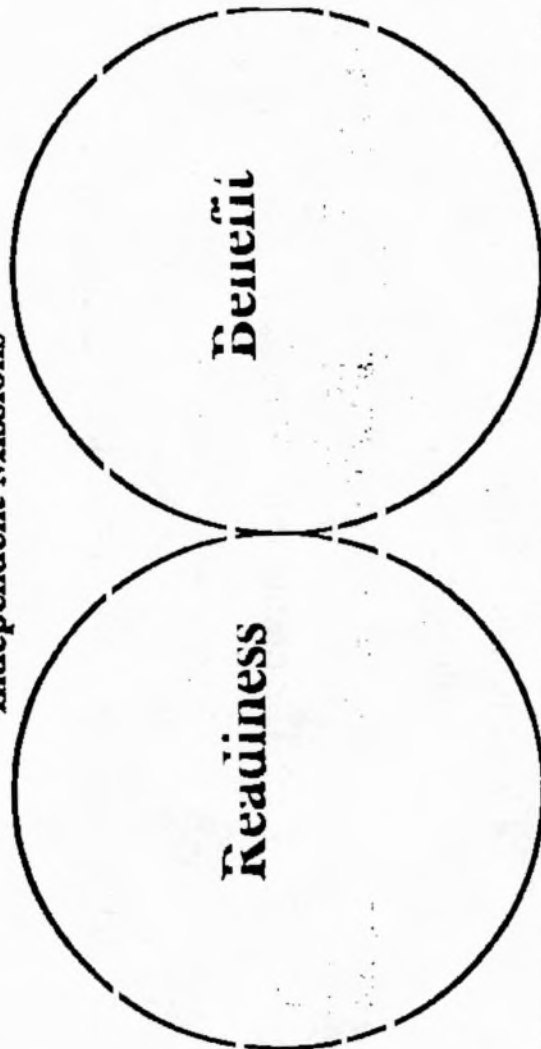
**Saves DoD**

**\$5-\$10**

**Billion/Year**



### Independent Missions



**\$22 to \$27 Billion** + \$2 to \$4 billion outside the

DHP + bigger unknown impact of NDAA



**Not Sustainable for**

**Readiness**

Source: Services, TMA, KPMG Analysis

Source: Services, TMA, Ctr for Navy Analyses, Kaiser, BCBS, KPMG Analysis



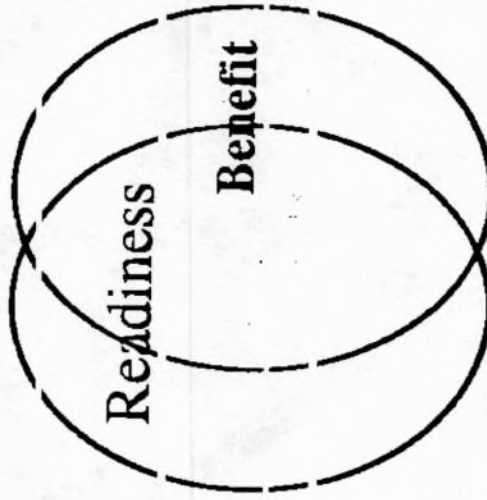


### Completely Dependent Missions



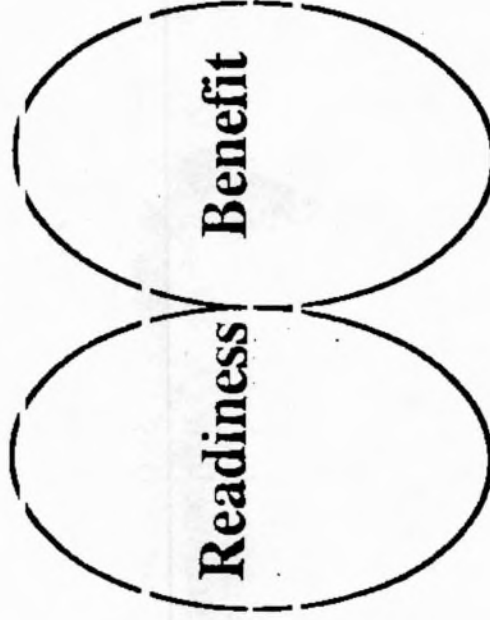
- Dilutes Readiness

### Inter-dependent Missions



- Complexity
- Lack of Accountability

### Independent Missions



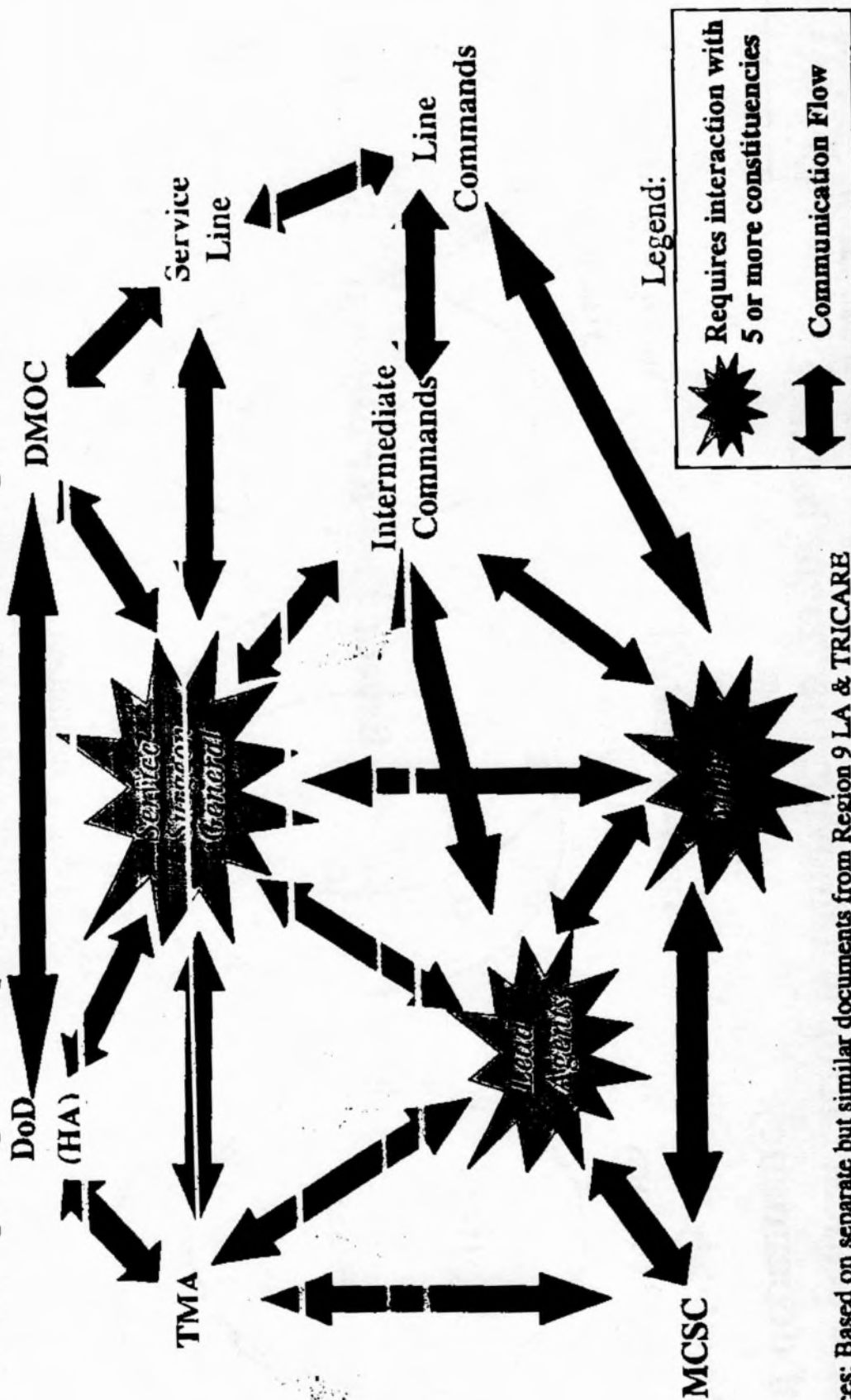
- Dilutes readiness
- Higher cost





## MHS Communications Flow

- ★ Results in an array of complexities and challenges
- ★ Limits the exporting of "best practices" to other areas of the organization

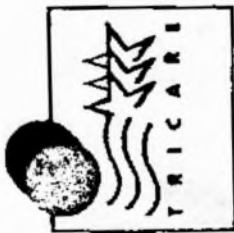


Sources: Based on separate but similar documents from Region 9 LA & TRICARE



## Four Medical Management Organizations





# Summary Evaluation of MHS "As Is"

**KEY TAKEAWAY:** "As-is" deploys a sound strategy:

- Utilizing less than desired process
- Being adversely affected by weaknesses in Structure, realities of External Factors, and complications of Cultural Issues

Strategy & Tactics



YELLOW

- Inter-Dependent Readiness and Benefit Missions are synergistic and should continue. However, basic elements to an effective benefit strategy need to be implemented prior to a potential "crisis"

Process & Skills



RED

- Maintain skills and process for the Readiness Mission and upgrade skills and process for Benefit Mission

Structure



RED

- "Who is in charge" and "what are their roles" of the co-dependent MHS needs to be more clear and logically defined

Readiness

Cost

Quality

Access

Culture



YELLOW

External Factors



RED

- Select components of the Service culture have a positive impact on MHS while others have a negative impact on MHS
- External forces, both positive and negative, are likely to continue. Therefore, the MHS needs agility to better proactively prepare for such forces.

## Legend

Attributes to  
● = Cause  
▲ = Effect

SUPPORT FOR SCORING AVAILABLE IN SEPARATE DOCUMENT





## Range of alternatives to be considered

Construct Name	Characteristics
<i>Status Quo</i>	<ul style="list-style-type: none"> <li>• Comply with directives of ASO/IDS models (to be applied to all alternatives)</li> <li>• Readiness Mission rests largely with SGs; Benefit Mission rests largely with HA</li> </ul>
<i>Modified Status Quo</i> A) Existing C2 B) Modified C2	<ul style="list-style-type: none"> <li>• HA defines policy (to be applied to all alternatives)</li> <li>• A Mgmt Board of SGs and TMA develops/monitors metrics/standards</li> <li>• Specific roles are defined for DMOC and IMA</li> <li>• Number of TRICARE regions are reduced</li> <li>• Readiness Mission rests largely with SGs; Benefit Mission rests largely with HA</li> </ul>
<i>Dissolve DHP</i> A) Existing C2 B) Modified C2	<ul style="list-style-type: none"> <li>• OSD funds each service directly for both readiness and benefit missions</li> <li>• Services contract with TMA for specific services (national care-outs, etc)</li> <li>• Readiness and Benefit Mission rests with SGs</li> </ul>
<i>Joint Command</i> A) SOCOM B) TRANSCOM	<ul style="list-style-type: none"> <li>• Maintain MilSecDep responsibilities under Title 10</li> <li>• Follow Functional unified structure but incorporate SOCOM-like funding model</li> </ul>
<i>DHA</i> • All Medical B) Select Medical	<ul style="list-style-type: none"> <li>• Modify Title 10 to move <i>all</i> people, dollars, and assets under one structure</li> <li>• Modify Title 10 to move <i>select</i> people, dollars, and assets under one structure</li> </ul>
<i>Single Service</i> A) All Medical B) Select Medical	<ul style="list-style-type: none"> <li>• Move responsibility for <i>all</i> people, dollars, and assets under one new Service</li> <li>• Move responsibility for <i>select</i> people, dollars, and assets under one new Service</li> </ul>



# Work plan for Organizational Assessment Team

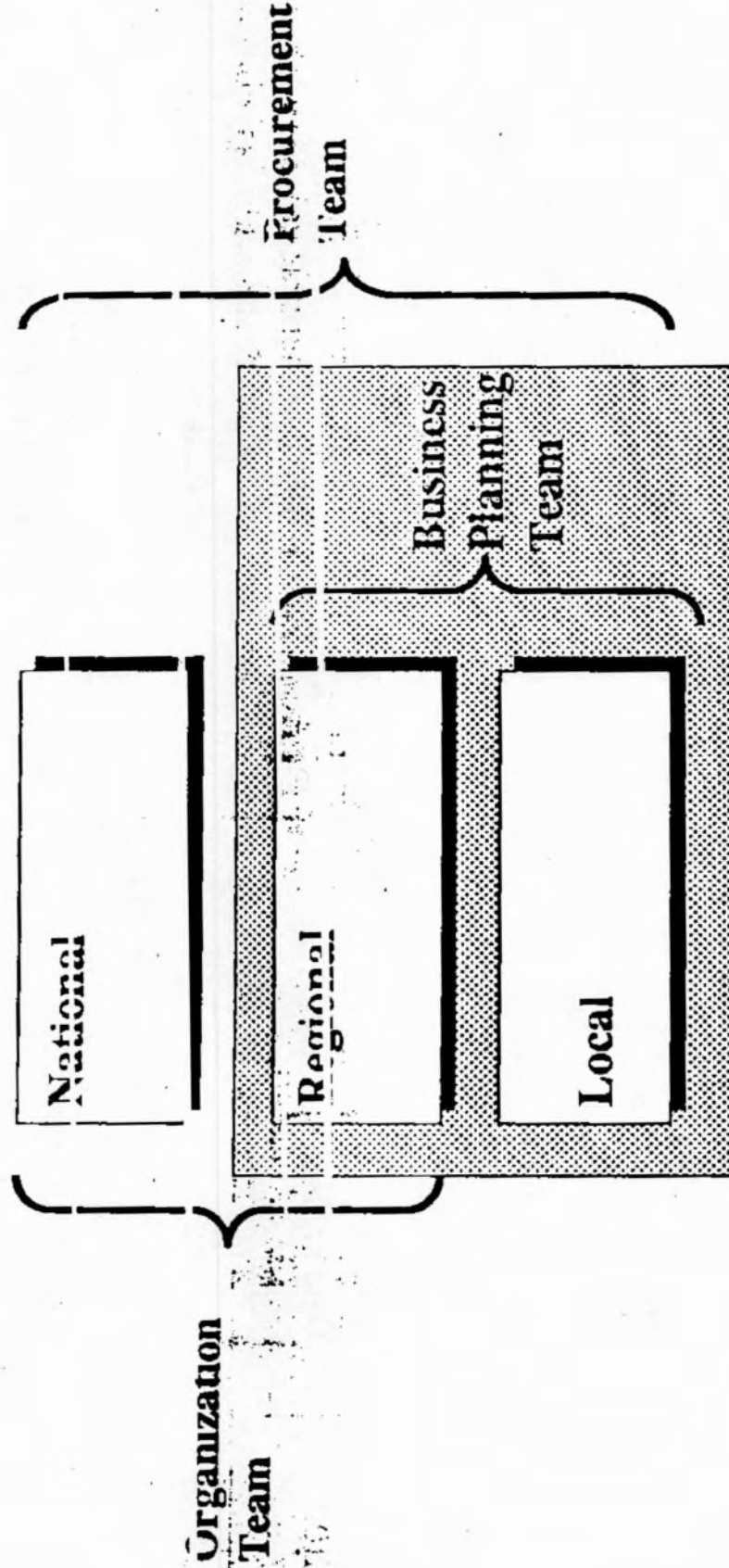
Activity	Time table	
Conduct Weekly/Bi-Weekly Panel Meetings	Ongoing	Completed
Visit MTFs (Eisenhower, Wilford Hall, NMC-San Diego)	13-15 Sep	
Visit Washington DC Facilities (Walter Reed, BUMED, TMA-IMIT)	16-30 Sep	
Collect and assess data on current state	Sep to Oct 00	
Document "As-Is" current state	25 Oct	Completed
Develop evaluation methodology	Nov 00	
Evaluate "As-Is" current state	Nov 00	
Define capabilities to assess organizational models	Nov 00 to Jan 00	
Complete working sessions with each SG and TMA	30 Nov to 8 Dec	Completed
Conduct field trip to DCBS GA (local market manager role)	4 Dec	
Define other potential structures	15 Nov to 8 Dec	
Update DMOC on progress	13 Dec	
Conduct field trip to Kaiser and Region 11	8-10 Jan (Tent)	In process
Produce initial concept papers on each potential structure	14 Dec to 10 Jan	
Evaluate other potential structures	1 Jan to 31 Jan	
Produce preliminary ranking of alternatives	31 Jan	
Narrow range of alternatives for further review	2 Feb	Remaining
Describe additional details for selected alternatives	22 Jan to Feb 16	
Perform additional cost/benefit analysis	22 Jan to Feb 16	
Make final recommendations	28 Feb	
Brief final recommendations	21 Mar	





## Business Planning Team Focus

Core Issue: Which markets should use the Local IDS/ASO Model, and How should these markets be managed?



# Functions Ideally Managed Locally

## Traditional "Health Plan" Functions

Network design

Provider credentialing

Provider contracting

Utilization management

Disease management

Analysis (actuarial fin.)

Data management on network activity

Negotiations/contracting

with providers

Care provision (outside the MTF)

Coordination of care between MTF and commercial providers

At what size market should the MHS build localized infrastructure for managing these functions?

## MTF Functions

Wellness and prevention

Appointment scheduling

Patient intake/registration

Care provision

Coordination of care among providers (MTF only)

Encounter-specific medical documentation

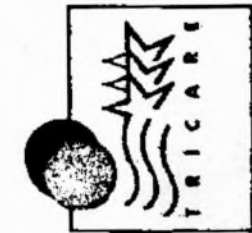
Patient-specific medical records

Claims production

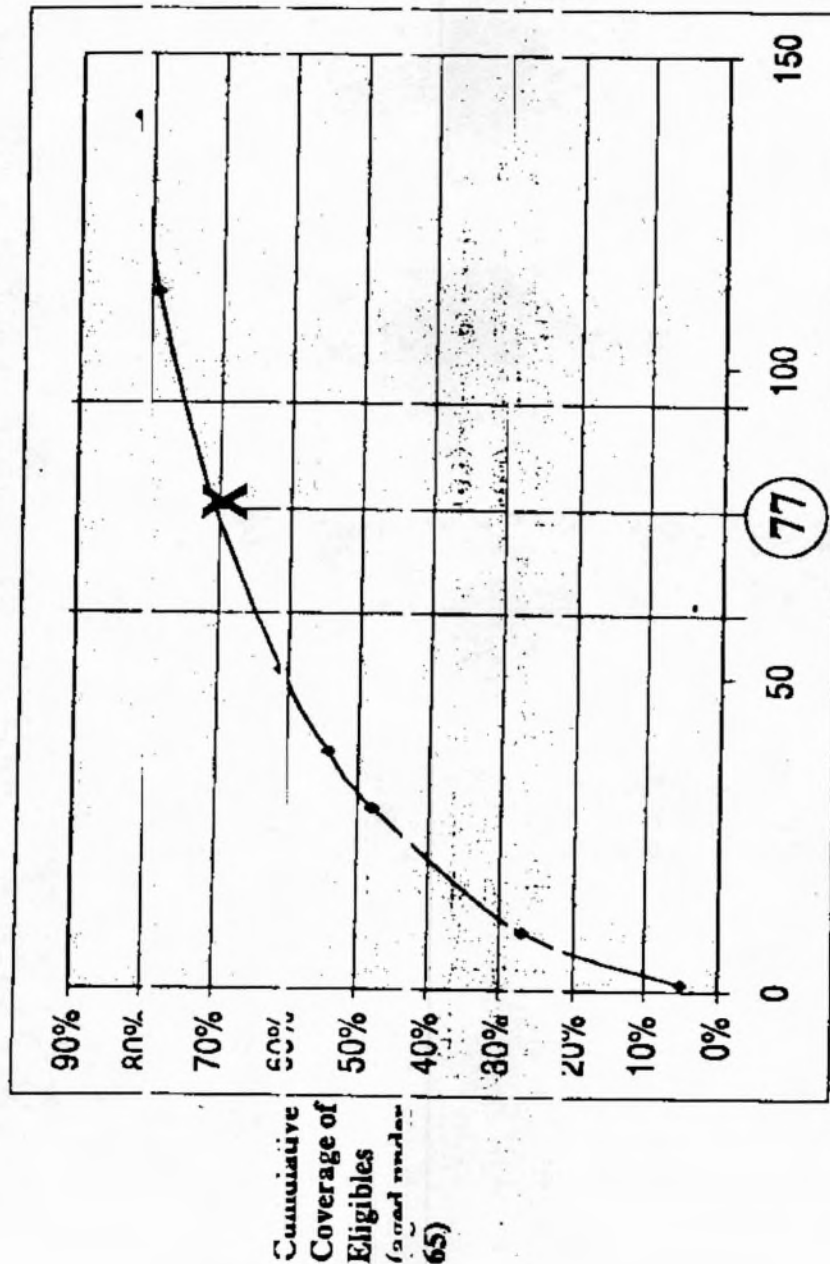
Payer negotiations/contracting

Financial analysis

Outcomes measures (usually process-oriented)



# Market Size vs. Coverage of Eligibles



Preliminary

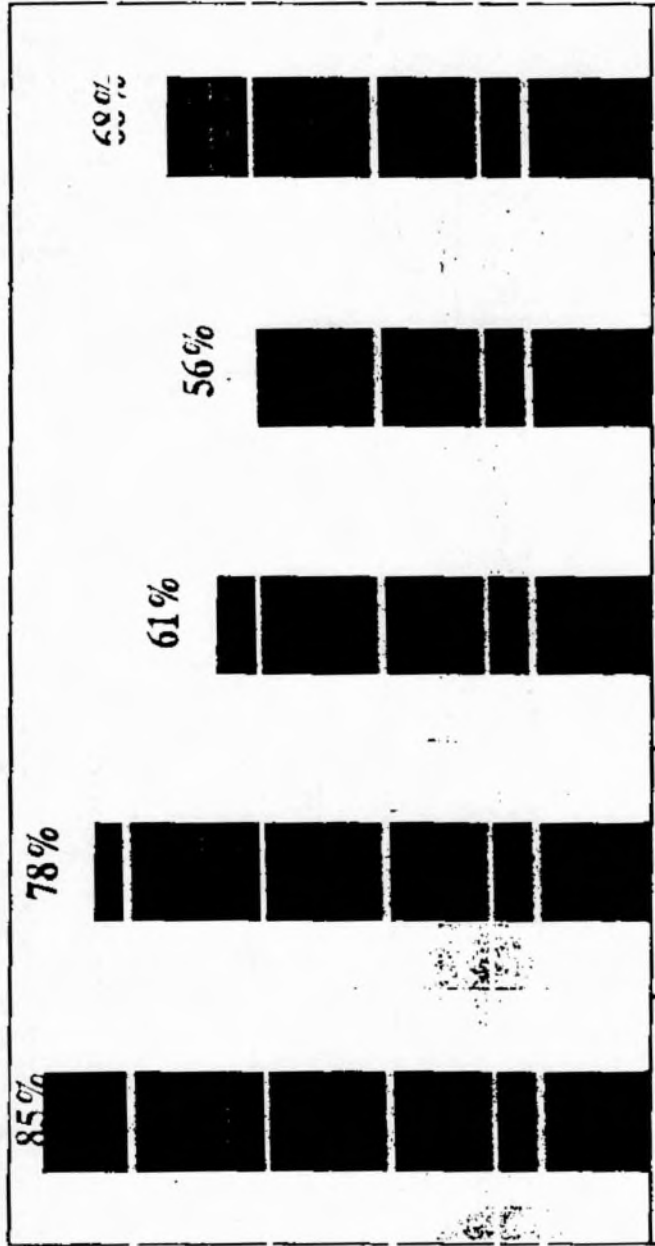
Mkt Size	Markets	Eligibles
>100,000	9	27%
>50,000	29	48%
>40,000	38	54%
>30,000	51	61%
>20,000	77	65%
>10,000	140	82%

Using a threshold market size of 20,000 eligibles results in 77 Locally Managed Markets. This provides a balance between the cost of infrastructure and the number of lives to be managed locally.

Example of Declining Returns:  
Lowering the threshold market size from 20,000 to 10,000:  
Increases the number of markets by 65 (46%), while it improves population coverage by only 50,000 (61%).



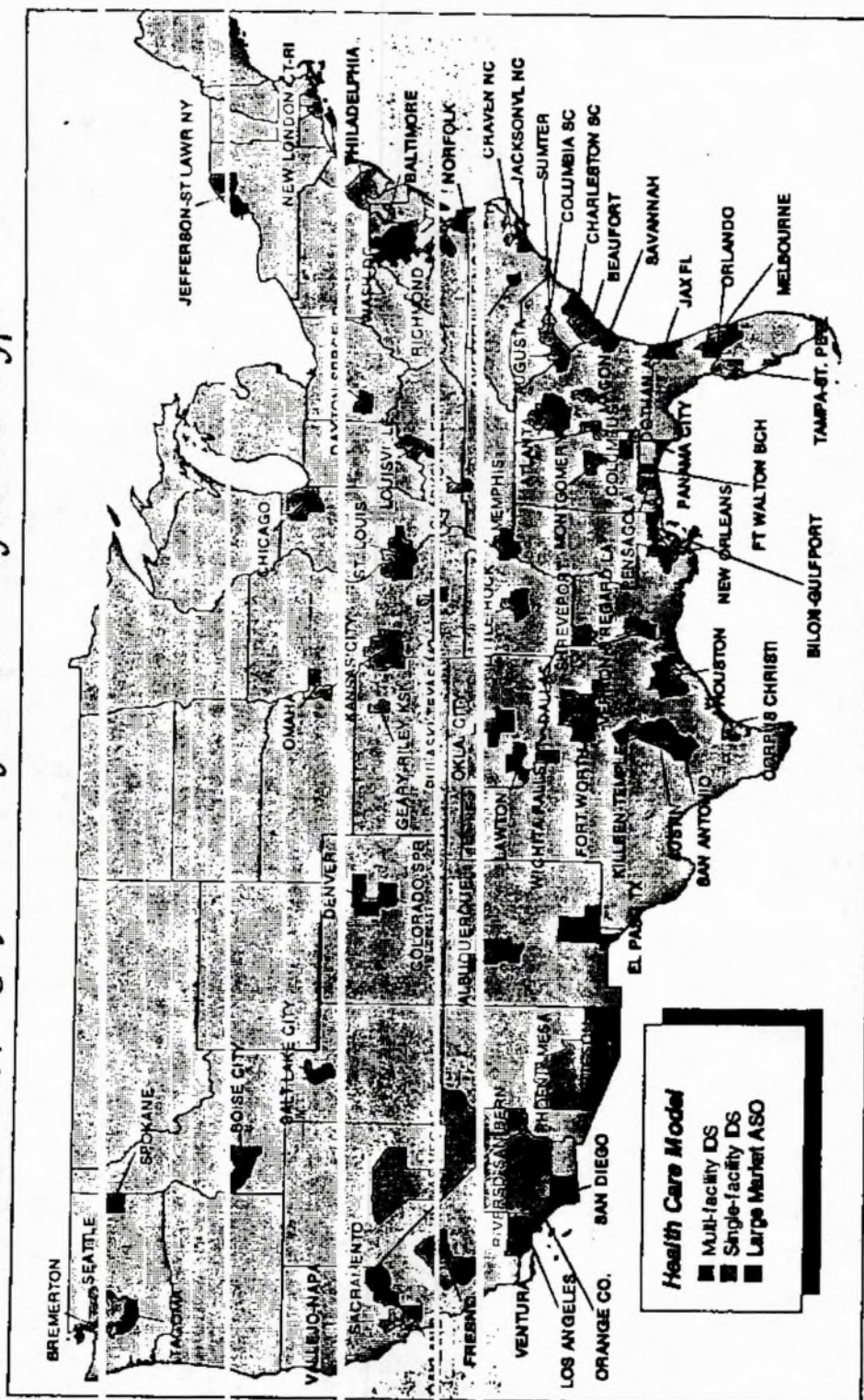
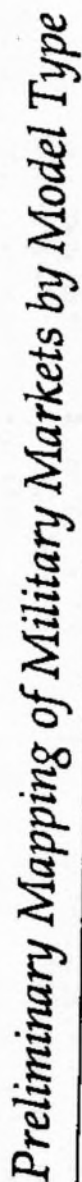
## Coverage of CONUS Eligibles by the 77 Military Markets



Eligibles (millions)	AD	ADFM	Ret < 65	Ret 65+	Total
★ Local IDS/ASO	1.15	1.53	1.83	0.78	5.29
★ Remote ASO	0.21	0.44	1.18	0.62	2.45
★ Total CONUS	1.36	1.97	3.01	1.40	7.74

★ 85% of the Active Duty live in areas that would have all MHS resources managed locally  
 ★ The percentage is lower for retired eligibles due to their dispersion across the US





Note: Gray areas denote Remote Market ASO model.

**Note: Market minimum of 20,000 eligibles under age 65 used**





## 77 Locally Managed Markets

### Preliminary

#### Multiple Facilities, Multiple Services (13 Markets)

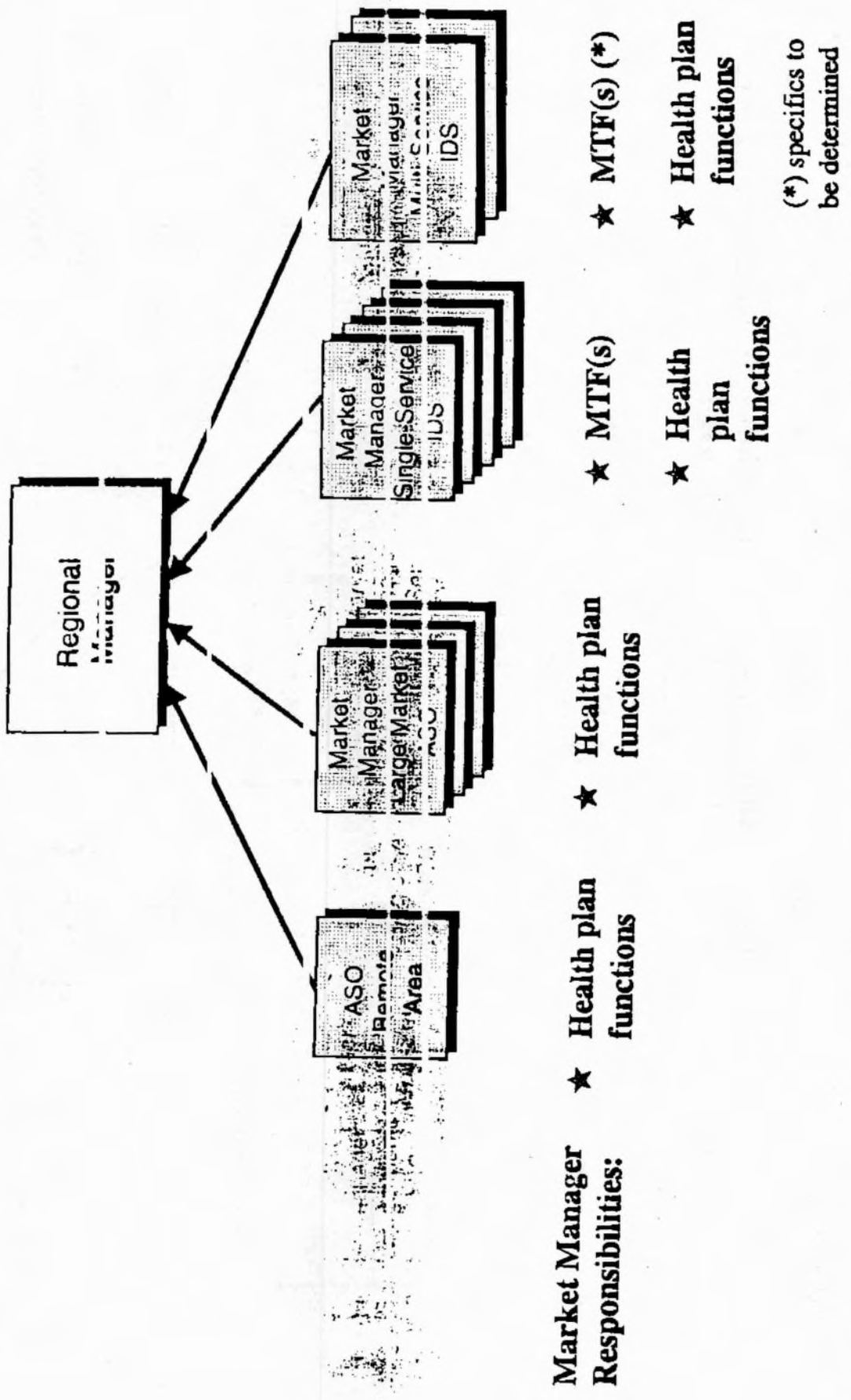
- Norfolk-Virginia Beach-Newport News VA
- Washington DC-MD-VA-WV
- San Antonio, TX
- Honolulu, HI
- Fayetteville, NC
- Colorado Springs, CO
- Tacoma, WA
- El Paso, TX
- Lawton, OK (including Jackson County)
- Charleston & North Charleston, SC
- Philadelphia, PA-NJ
- Biloxi-Gulfport-Pascagoula, MS
- Kansas City KS & MO

#### Locally Managed ASO (18 Markets)

- Savannah, GA (including Liberty County)
- Atlanta, GA
- Louisville KY-IN (including Hardin County)
- Los Angeles-Long Beach, CA
- Denver, CO
- Orlando, FL
- Sacramento, CA
- Fort Worth-Arlington, TX
- Dallas, TX
- Craven County, NC
- Orange County, CA
- New London-Norwich, CT-RI
- Houston, TX
- Memphis, TN-AR-MS
- Dothan, AL (including Coffee County)
- Austin-San Marcos, TX
- Ventura, CA
- Oakland, CA

#### Single Service IDS (46 Markets)

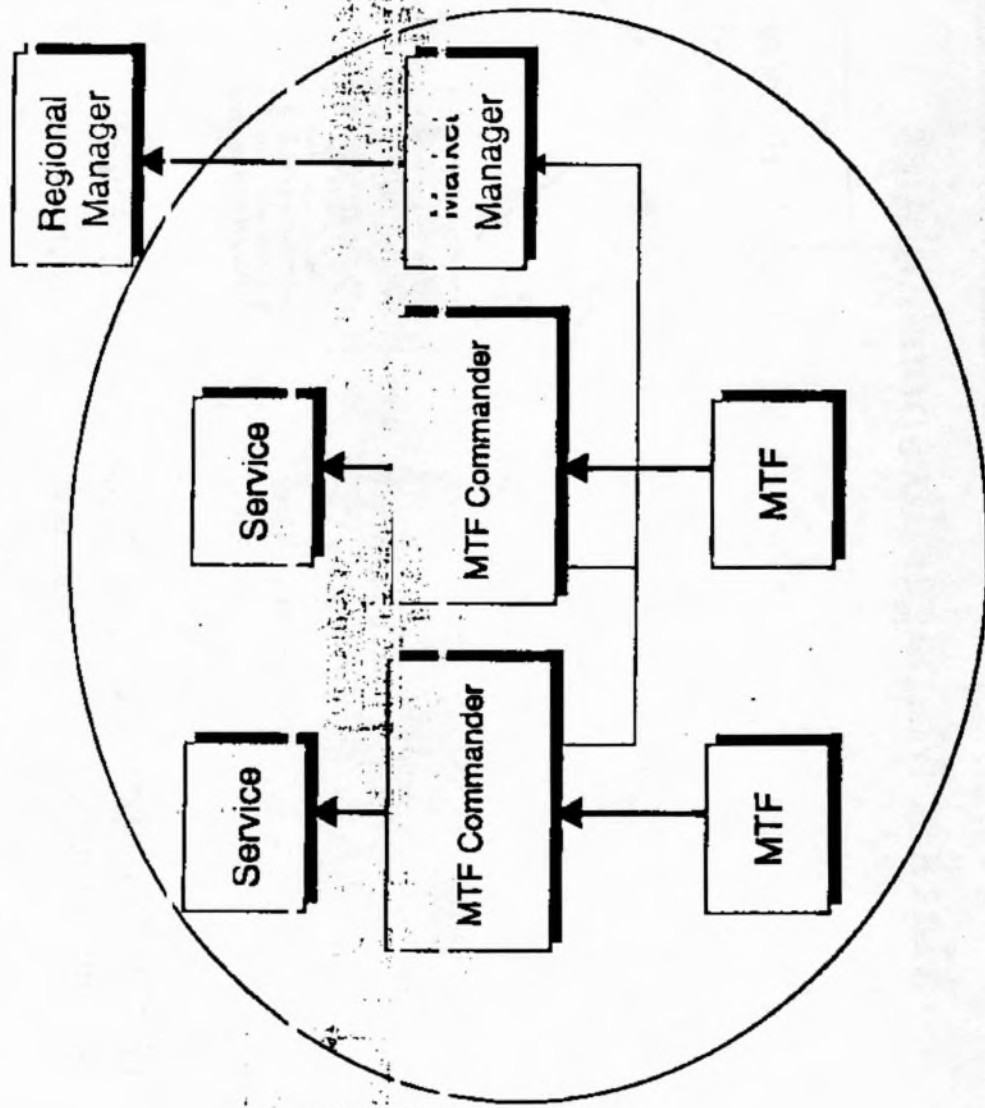
- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• St. Louis, MO-IL</li> <li>• Bremerton, WA</li> <li>• Columbia, SC</li> <li>• Augusta-Aiken, GA-SC</li> <li>• Oklahoma City, OK</li> <li>• Omaha, NE-IA</li> <li>• Dayton-Springfield, OH</li> <li>• Vallejo-Fairchild-Napa, CA</li> <li>• Anchorage, AK</li> <li>• Combined KS counties of Geary &amp; Riley</li> <li>• Salt Lake City-Ogden, UT</li> <li>• Incorporated MO counties of Pulaski &amp; Texas</li> <li>• Albuquerque, NM</li> <li>• Montgomery, AL</li> <li>• Melbourne-Thusville-Palm Bay, FL</li> </ul> | <ul style="list-style-type: none"> <li>• Incorporated SC counties of Beaufort Colleton Jasper &amp; Hampton</li> <li>• Richmond-Petersburg, VA</li> <li>• Little Rock &amp; North Little Rock, AR</li> <li>• Combined NY counties of Jefferson &amp; St Lawrence</li> <li>• Macon, GA</li> <li>• Combined LA counties of Vernon &amp; Beauregard</li> <li>• New Orleans, LA</li> <li>• Shreveport-Bossier City, LA</li> <li>• Panama City, FL</li> <li>• Corpus Christi, TX</li> <li>• Wichita Falls, TX</li> <li>• Boise City, ID (including Elmore County)</li> <li>• Spokane, WA</li> <li>• Fresno, CA (including King County)</li> <li>• Sumter, SC</li> </ul> |
|--|--|



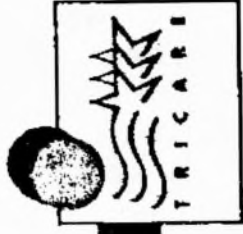


## Market Manager Role (Multi-Service IDS Markets)

- ★ These markets include areas with eligible populations greater than 20,000 with more than one service represented. Thirteen have been identified (Preliminary findings).



- ★ Services maintain command and budget responsibility over the MTFs
- ★ Market manager has performance responsibility for market eligibility and must report performance, action steps and results to regional manager
- ★ Market manager reports directly to the Regional Manager and is responsible for the health plan functions and identifying market opportunities
- ★ In addition to managing health plan functions, the market manager will spend considerable time coordinating care and resource decisions within the MTF facilities



# Regional Manager Issues

## Issues for the Business Planning Team to Resolve:

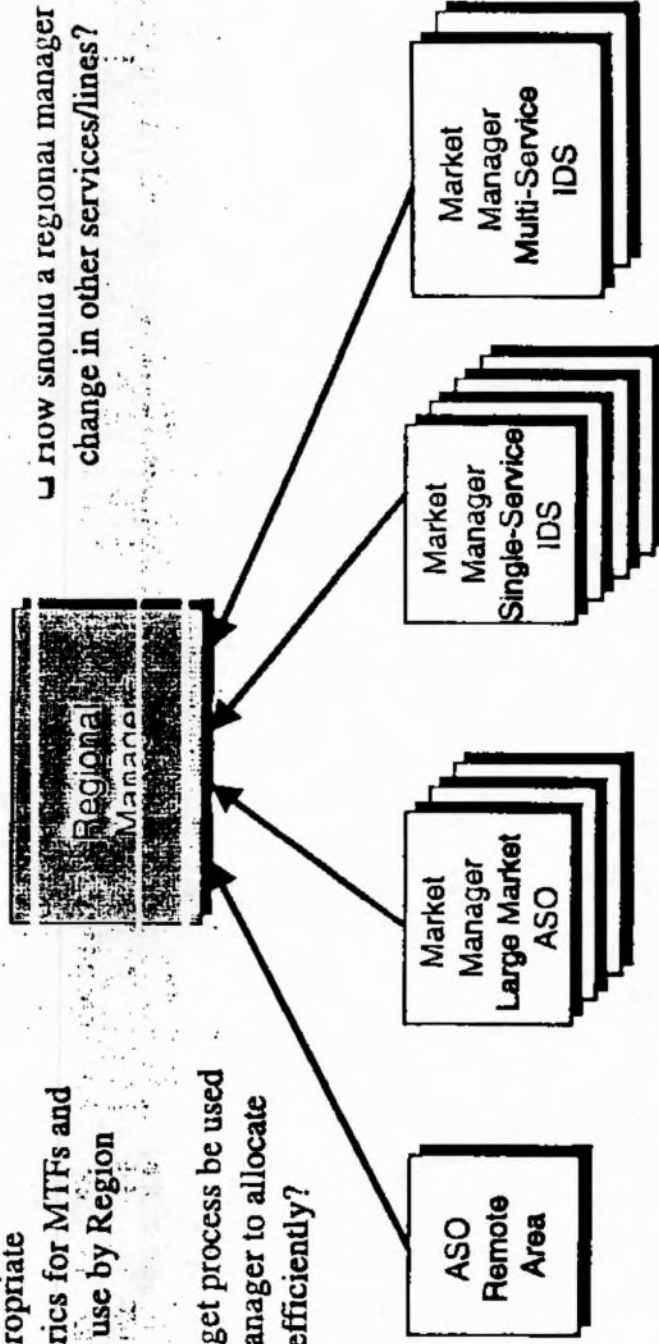
- How would Region Managers work with lines/services to ensure resources are deployed efficiently across services?

- What are the appropriate performance metrics for MTFs and local markets for use by Region Managers?

- How can the budget process be used by the Region Manager to allocate MHS resources efficiently?

## Issues for the Organizational Structure Team to Resolve:

- How should the Regional Manager fit into the overall MHS organization?
- What is the optimal reporting structure?
- How should a regional manager affect change in other services/lines?





## Evolution of MTF skill sets to address anticipated issues

### IDS Facilities Only

Convert to  
"Profit and  
Loss" Center



Develop managed  
Care Expertise  
as a Hospital



Develop managed  
Care Expertise  
as a Payer

- ☐ Start getting P&L Reports (that "credit" MTFs with the market value of their "production")

- ☐ Begin receiving timely utilization reports on eligibility care outside the MTF

- ☐ Start using information in operational and budgeting decisions

- ☐ Begin providing accurate encounter data

- ☐ Demonstrate ability to follow managed care protocols (e.g., pre-cert, utilization review)

- ☐ Implement discharge planning program and linkages to sub-acute and home health

- ☐ Implement case management for high-cost chronic diseases

- ☐ Develop onsite operations for locally-provided health plan functions (e.g., fee negotiations with local providers, network development, etc.)

- ☐ Coordinate care across all providers in the market

- ☐ Manage interface with national support services



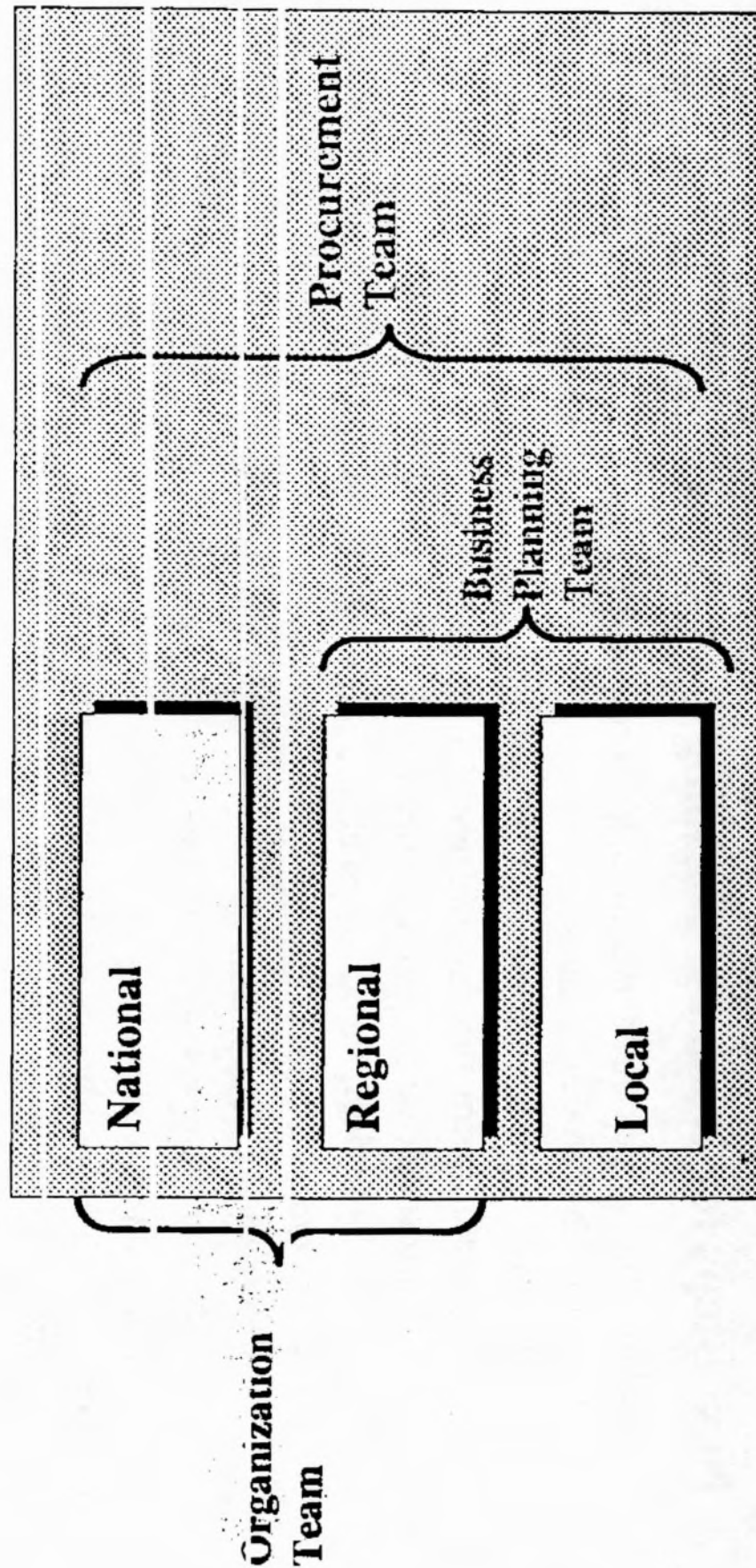


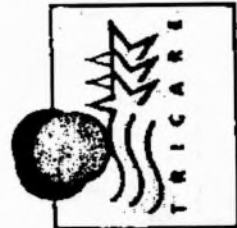
## Next Steps for Business Planning

- ★ Finalize the scope of a Market Manager's responsibilities:
  - a. Health plan functions
  - b. MTF coordination/oversight (if applicable)
- ★ Identify the infrastructure requirements for Market Managers:
  - a. Performance management reports
  - b. IMIT (clinical, financial) on all MHS resources/activities
  - c. Training/start development
  - d. Supervisory support
  - e. National support services (*internal, external*)
  - f. Local/regional vendors
- ★ Define the ideal role/responsibilities of the Region Manager (regarding local market management)
- ★ Estimate the costs and benefits of local management of all MHS resources, for a typical market
- ★ Finalize the number of markets with the local IDS/ASO model:
  - a. Identify options (e.g., high eligibility coverage with few multi-service IDSs; high coverage with the minimum number of markets)
  - b. Estimate the relative benefits/costs of the market-definition options

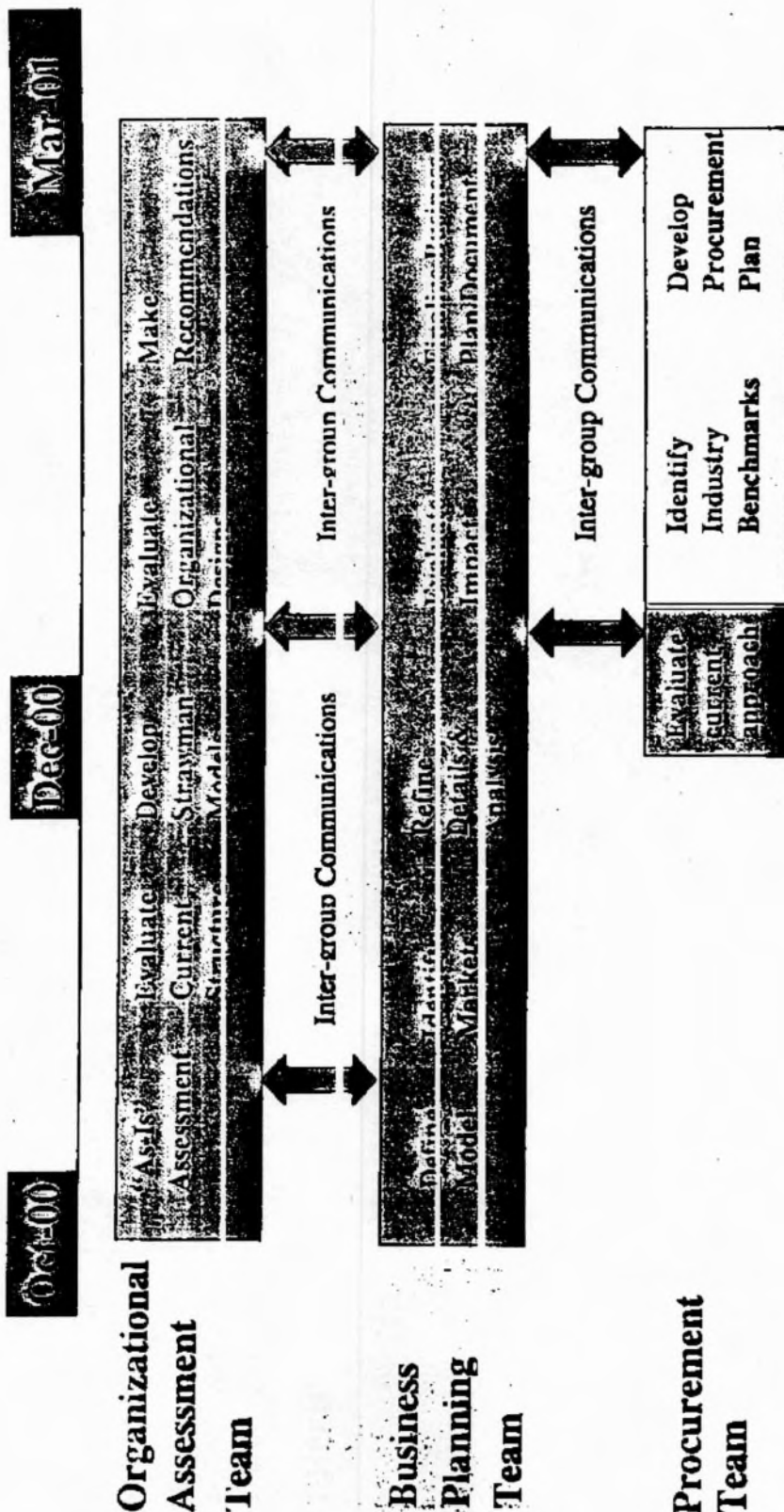
## Procurement Team Focus

**Core Issues:** What administrative services should be purchased, and How should vendor contracts (for clinical and administrative services) be structured?





## Procurement Timeline





# DoD Medical Funds Flow

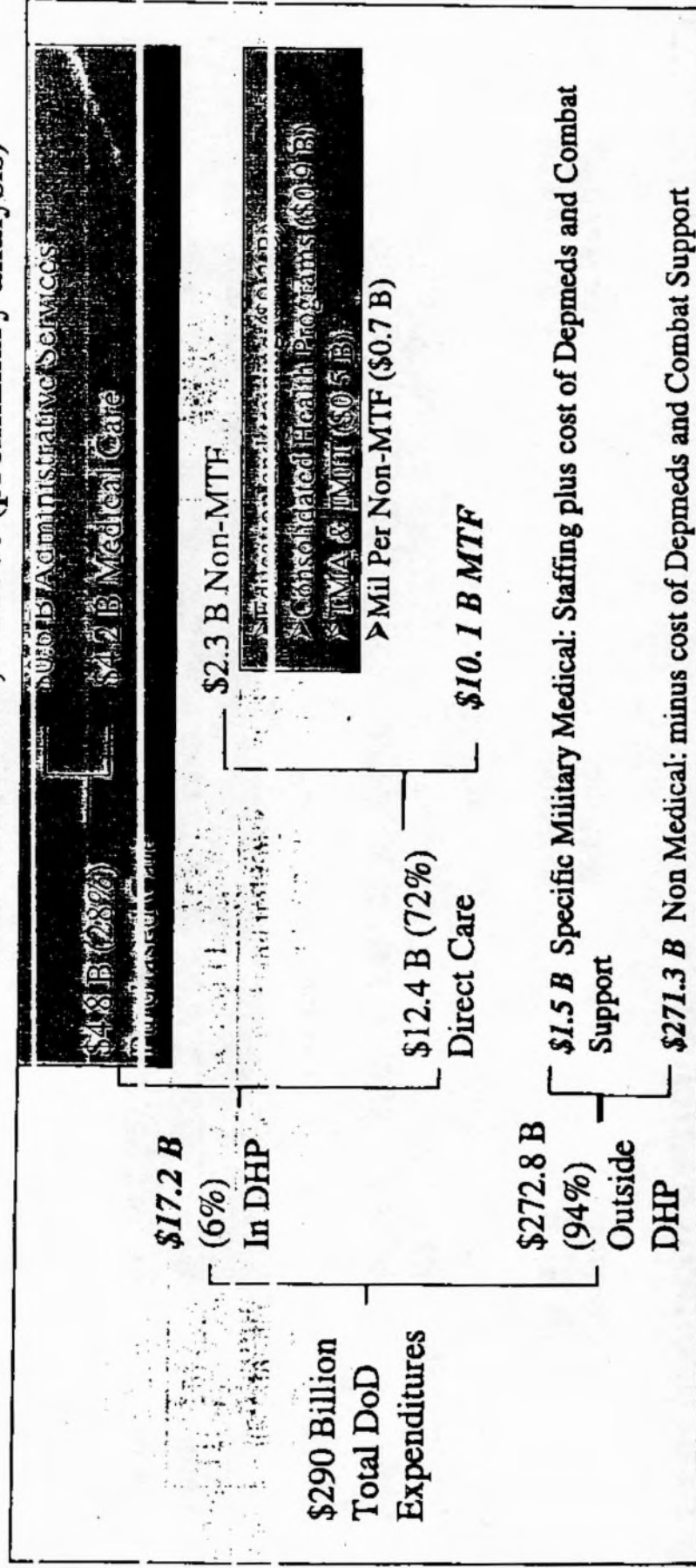
★ Funds flow indicates

- MHS is both DHP & Non-DHP
- Direct Care is funded to provide both readiness and benefit missions
- Majority of funds (nearly 90%) are for IMAHS

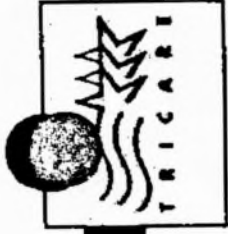
= Scope of

Procurement  
Team

## DoD Funds Flow, FY2000 (preliminary analysis)



Sources: Exhibit PB-11 DHP 2000 Funding Summary, MEQS III for Direct Care Admin Salaries, TMA DoD Medical Program Summary, KPMG Analysis (Organizational Assessment Team Brief to Gen Keane Oct 2000)



## Project Scope for the Procurement Team


The mission of the Procurement Team is to:

- ★ Identify core competencies of MHS with respect to health plan management (i.e., value chain analysis)
- ★ Provide available industry benchmarks within the context of the MHS health plan value chain activities
- ★ Identify outsourcing opportunities that enhance the current processes and support the proposed business model
- ★ Recommend a new procurement approach for MHS in concert with the work of the Strategic Business Plan and Organizational Assessment Teams

The Procurement Team will NOT:

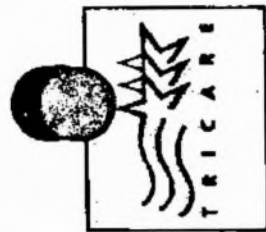
- ★ Develop out-sourcing recommendations for MTFs (e.g., outpatient pharmacy, housekeeping)
- ★ Examine the performance of MTFs
- ★ Explore anything regarding the expansion or reduction of services at MTFs
- ★ Build contract requirements document
- ★ Recommend specific vendors
- ★ Specify which markets are "TDS" or "ASO"
- ★ Explore organizational re-design of the MHS





## Procurement Team Next Steps

- ★ Compare the performance of key MHS administrative functions/processes to industry benchmarks
- ★ Determine which administrative services should be procured from the private sector
- ★ Specify how administrative services should be grouped for contracting purposes (e.g., use one firm for X services nationally)
- ★ Identify meaningful eligibility segments that may drive procurement strategy
- ★ Develop appropriate contracting architecture (e.g., capitation, fee-for-service) for procuring administrative and clinical services
- ★ Determine procurement rollout plan (with timeframes)



**Consulting**

# **I. ORGANIZATION AND MANAGEMENT**

## **C. External Process**

- 1. Executive - Key Interagency Relationships**
- 2. Congressional**
  - a. Key Committees**
  - b. Critical Reports to Congress**
  - c. Pending Legislative Issues**

C

## **Key Inter-Agency Relationships and Agreements**

### **Assistant Secretary of Defense (Health Affairs)**

#### **Key Inter-Agency Relationships and Agreements**

**DoD-HHS/NIH**

#### **Interagency Agreement with the National Institutes of Health/National Cancer Institute (NIH/NCI) concerning Clinical Trials for Cancer Treatment and Prevention**

The Department of Defense and the National Cancer Institute entered into an agreement in June 1999 to expand previous agreements under which DoD pays for services provided under NCI approved clinical trials. The agreements now include *early detection and prevention* clinical trials in addition to coverage of Phase II and III clinical trials for treatment of cancer. The Department covers the costs for screening tests to determine clinical eligibility and all cancer treatments provided under approved research protocols.

#### **Interagency Agreement with Health Care Financing Administration, Department of Health and Human Services, for operation of the TRICARE Senior Demonstration Program**

The Secretary of Defense and the Secretary of Health and Human Services entered into an agreement in February 1998 to conduct a demonstration project under which DHHS will reimburse DoD from the Medicare Trust Funds for certain health care services provided to Medicare-eligible military (qual-eligible) beneficiaries at a military treatment facility (MTF) or through contracts. This demonstration is referred to as the TRICARE Senior Project.

#### **Interagency Agreement with Health Care Financing Administration, Department of Health and Human Services, for Data Use Agreement**

**Date of Agreement:** April 30, 2000

**Background/Summary of Agreement:** Under this agreement, Department of Defense (DoD)/TMA provides files containing enrollment, patient encounter, appointment, cost and facility data from 1998-2000. The data are used to test and evaluate the validity and reliability of the reconciliation process. Both the data analysis and evaluation are of the reconciliation of Medicare Trust Fund Payments to DoD.



## **DoD-VA- HHS**

**Subject: National Disaster Medical System (NDMS)**

The National Disaster Medical System (NDMS) is a single integrated national response capability to assist state and local authorities in dealing with the medical and health effects of major peacetime disasters, as well as to provide support to the military and Veterans Health Administration medical systems in caring for casualties evacuated back to the U.S. from overseas armed conflicts. NDMS is a partnership between the Department of Health and Human Services (HHS).

**Subject: The Military Veterans Health Coordinating Board (MVHCB)**

**Background:** Following the Gulf War, the need to establish communication between federal agencies dealing with Gulf War veterans' post-deployment health issues became apparent as veterans with protean health complaints appeared in ever-increasing numbers. In 1994, the Undersecretary for Health, Veterans Affairs, in collaboration with DoD and HHS, established the Persian Gulf Veterans Coordinating Board (PGVCB). The PGVCB Research Working Group, chaired by the VHA Chief Officer for Research and Development, has overseen a \$155 million portfolio representing 192 projects specifically focused on Gulf War Illness questions; published Annual Research Reports; and sponsored annual Research Conferences. The Clinical Working Group, which developed guidance for the Comprehensive Clinical Evaluation Program, improved health risk communication and Redeployment Clinical Practice Guidelines. VBA chaired the Compensation and Benefits Working Group, which worked to establish benefits for veterans with undiagnosed illness associated with deployment to the Persian Gulf.

A Presidential Advisory Committee (PAC) led to an NSC/OSTP-led interagency effort to further address the issues. Their work culminated in The Presidential Review Directive - 5, *"A National Obligation: Planning for Health Preparedness for and Readjustment of the Military, Veterans, and Their Families after Future Deployments,"* which has provided strategic guidance. On November 11, 1998, the President directed the Secretaries of Defense, Health and Human Services, and Veterans Affairs to establish the interagency MVHCB as an outgrowth of the highly successful Persian Gulf Veterans Coordinating Board (PGVCB). The on-going functions of the PGVCB have been merged into those of the MVHCB in late 2000.

**ASSISTANT SECRETARY OF DEFENSE (FORCE MANAGEMENT POLICY)**  
**Office of Deputy Assistant Secretary (Military Personnel Policy)**  
**Key Inter-Agency Relationships**

**Selective Service System (SSS).** The SSS is an independent agency within the Executive Branch of the federal government. The Director of Selective Service is appointed by the President and confirmed by the Senate. Legislation under which this agency operates is the Military Selective Service Act. Under that law, the mission of the Selective Service System is twofold: to deliver untrained manpower to the armed forces in time of emergency in accordance with requirements established by the Department of Defense, and to administer the alternative service program for conscientious objectors.

**Department of Veterans' Affairs (DVA).** DoD works closely with DVA by operating at the "front end" (enrollment) for various DVA programs including Servicemen's Group Life Insurance, and a number of other benefits programs. Moreover, DoD provides DVA a wide range of data relating to present and programmed manning, including losses, to permit DVA to effectively allocate resources among its benefit programs.

**Thrift Investment Board (TIB)** At present DoD has a close working relationship, but no formal written agreements, with the TIB in administering the Thrift Savings Program. The NDAA for FY 2000, as amended by the NDAA for FY 2001, created a statutory relationship between DoD and the TIB. These laws established a position on the Employee Thrift Advisory Council for a representative from the uniformed services. The Employee Thrift Advisory Council advises the TIB and its Executive Director on matters relating to the Thrift Savings Plan.

**Department of Transportation (DoT), Department of Commerce National Oceanic and Atmospheric Agency (NOAA) and the Public Health Service of the Department of Health and Human Services (PHS).** DoD sets pay policy for the Uniformed Services, which include the U.S. Coast Guard (DoT). This pay policy management also affects the NOAA and the PHS.

**Civilian Personnel Policy/ Civilian Personnel Management Service**  
**Key Inter-Agency Agreements**

1. Agency: Office of Personnel Management (OPM)  
Group name: Human Resource Technology Council  
Type of agreement: Management of Human Resources Data Network (HR-DN) project and SES project manager.  
Date of agreement: March 2000  
Description of relationship: OPM provided limited-term SES billet and funding for management of the Executive hire to lead the project.

2. Agency: CPM

Type of agreement: Interagency Agreement for Outplacement of Employees

Date of agreement: Renewed each Fiscal Year

Description of relationship: OPM operates an automated outplacement and referral system for the Department of Defense called the Defense Outplacement Referral System (DORS). The system refers Defense voluntary registrants, who desire outplacement, to non-Defense Federal agencies.

3. Agency: OPM

Type of agreement: Agreement delegates examining authority for external recruitment to DoD.

Date of agreement: October 2, 2000 (current agreement)

Description of relationship: The OPM/DoD relationship provides policy, regulatory, and procedural oversight and guidance for DoD delegated examining operations.

4. Agency: Department of Defense (and labor organizations)

Group name: Defense Partnership Council

Type of agreement: Agreement establishes a labor-management council at the departmental and labor organization headquarters level.

Date of agreement: June 1994

Description of relationship: In June 1994, the Defense Partnership Council (DPC) consisting of management and labor representatives was established. The following labor organizations are represented: American Federation of Government Employees, the National Federation of Federal Employees, the National Association of Government Employees, the Association of Civilian Technicians, the International Association of Machinists and Aerospace Workers, the International Federation of Professional and Technical Engineers, and the Federal Education Association, Inc. The agreement provides that the DPC members will pursue solutions to workplace issues that promote increased quality and productivity, improve customer service, enhance mission accomplishment, improve efficiency, enhance the quality of work life, increase employee empowerment, increase organizational performance, and enhance military readiness. The Council is co-chaired by the Assistant Secretary of Defense for Force Management Policy and one of the labor representatives (currently, the President of IFPTE).

5. Agency: Internal Revenue Service (IRS)

Type of agreement: Memorandum of Agreement on Workers Compensation Data

Date of agreement: January 16, 1998

Description of agreement: The agreement results in IRS Workers' Compensation information being loaded and maintained in a DoD tracking system for case management purposes.

6. Agency: Bureau of Alcohol Tobacco and Firearms (ATF)

Type of agreement: Memorandum of Agreement on Workers Compensation Data

Date of agreement: July 15, 1999



Description of agreement: The agreement results in ATF Workers' Compensation information being located and maintained in a DoD tracking system for case management purposes

7. Agencies: OPM, Executive Office of the President, United States Soldier's and Airmen's Home, Broadcasting Board of Governors (formerly Voice of America)  
Group name: Non-DoD Users Group - Defense Civilian Personnel Data System (DCPDS)

Type of agreement: Contractual relationship with AF Personnel Center for ongoing support of legacy DCPDS and anticipated Memorandum of Agreement with DoD for modern DCPDS support.

Date of agreement: Ongoing

Description of agreement: Agreement with AF provides automated civilian personnel transaction and information support to the non-DoD users. Upon deployment of modern DCPDS and conversion from the legacy DCPDS, a formal Memorandum of Agreement will be established between DoD and each user. As a part of ongoing system efforts, the Defense Civilian Personnel Management Service is assisting the non-DoD users in the development of unique system requirements and associated contractual task orders.

8. Agency: OPM

Type of agreement: Training Agreement

Date of agreement: 1983

Description of agreement: Agreement helps develop and broaden managers and key personnel. It allows DoD, without further negotiation with OPM, to cross-train employees in other occupations, and in federal and academic institutions; to temporarily assign employees to higher or lower graded jobs; to promote employees into other occupations by substituting training for qualification standards or time-in-grade requirements; and to accelerate the promotion of engineering trainees.

Military Community and Family Policy  
Inter-Agency Working Groups

The OSD FAP Director participates in three low level Federal working groups

- a. Federal Interagency Work Group on Child Abuse and Neglect

Chair: (b)(6)

Director, Office of Child Abuse and Neglect

Children's Bureau

Administration on Children, Youth and Families

Administration on Children and Families

Dept. of Health and Human Services

(meets quarterly)

b. Federal Agency Task Force on Missing and Exploited Children

Chair: (b)(6)

Director, Child Protection Division  
Office of Juvenile Justice & Delinquency Prevention  
Office of Justice Programs  
Dept. of Justice

c. Federal Agency Working Group on Violence Against Women

Chair: (b)(6)

Deputy Director, Violence Against Women Office  
Office of Justice Programs  
Dept. of Justice

Child and Youth (representative - (b)(6))

Federal Task Force on Young Children with Disabilities

Chair: Assistant Secretary of Education

A signed MOU with all Federal Agencies specifies involvement

The National Partnership for Reinventing Government, NPR

"After School Out-of-School-Time Programming"

In July of 1998 the Department of Defense (DoD) was requested by the National Partnership for Reinventing Government (NPR), a Vice Presidential initiative, to provide an agency representative to serve as an executive member on an inter-agency work group. The work group would find ways to provide federal support for communities in a more effective and efficient manner and reduce the estimated 5 million children who spend after-school time without adult supervision. Specifically this work group would work toward developing new and more effective programs for After School Time Programming.

POC: (b)(6)

Collaboration with DC Agenda

"DC's Investment for Washington's Youth"

In his April 17, 1997, Executive Memorandum, President Clinton cited the Military Child Development Program as a model for the nation and directed the Department of Defense to form partnerships with state and local programs to improve the quality of child care nation-wide. As a result of the President's request a partnership was formed between the District of Columbia and the Military Child Development Programs located in the Washington, DC area. All four military services (Army, Navy, Marine Corps and Air Force) are participating. The DC Agenda is a community assistance organization, which is also interested in developing community programs for youth during out-of-school-



time, has also requested help from DoD to share the steps that were taken to achieve the success off the "Strategic Youth Action Plan".

POC: (b)(6)

#### The At-Risk Youth Partnership

The House Appropriations Committee report for the FY 1999 Defense Appropriation adjusted the budget to expand counseling and crisis services, treatment options and solutions for children of active duty members between the ages of 7-18 years who have emotional and behavioral problems. In response to the growing national concerns about the welfare of youth, a partnership between the Department of Defense (Office of Children and Youth); Department of Justice (DOJ Office of Juvenile Justice and Delinquency Prevention (OJJDP); and the Boys & Girls Clubs of America (B&GCA) was established. This initiative also responds to the Strategic Youth Action Plan objective that focuses on addressing the needs of at-risk youth.

POC: (b)(6)

#### Resale Activities and NAF Policy Office

The Resale Activities and NAF Policy Office maintains an inter-agency relationship with the Department of Education (DOE) to ensure DoD compliance with the Randolph Sheppard Act. The Randolph Sheppard Act requires that the blind be given a priority in establishing and operating vending facilities and award of contracts to operate cafeterias on DoD controlled property. DoD Directive 1121.3 implements the policy and reporting requirements. DOE, as the executive agency for the Act, periodically hosts meetings and training sessions participated in by representatives of the DoD and other federal agencies. DoD point of contact is (b)(6)

The Resale Activities and NAF Policy Office maintains an inter-agency relationship with the Department of State (Office of Commissary and Recreation Affairs) by providing a representative to serve as a member of their Central Commissary and Recreation Fund Board. The Board facilitates program and financial oversight for their nonappropriated fund employee associations at posts around the world. The DoD point of contact is (b)(6)

(b)(6) at (b)(6)

**Deputy Under Secretary of Defense (Program Integration)**  
**Key Inter-Agency Relationships:**

**Computer Matching Agreements - Debt Collection:**

The Defense Manpower Data Center (DMDC) serves as the matching agency for the federal government's debt collection program and as such, maintains computer matching agreements (CMA's) with various agencies as required by the Privacy Act of 1974, as amended. CMA's are 18 month agreements with an additional 12 month extension option.

**Montgomery GI Bill Matching**

In order to exchange data with the Department of Veterans Affairs to administer the benefit provisions of the Montgomery GI Bill DMDC maintains a computer matching agreement allowing DMDC to provide personally identifiable data to the Department of Veterans Affairs as the matching agency.

**Verification of Disability Compensation**

The Department of Veterans Affairs (DVA) is legally prohibited from paying compensation benefits to military members serving on active duty. DVA has the obligation to verify whether or not a veteran is on active duty and to insure the member has been discharged before benefits are paid. If a veteran returns to active duty at a later date, DVA must also terminate any compensation benefits being paid. The 12 month extension of the current computer matching agreement expires on 4/5/2001.

**Reserve Pay Reconciliation**

DMDC has a computer matching agreement with the Department of Veterans Affairs (DVA) to obtain an accurate reconciliation between the DoD/USCG and DVA as to the correct pay and allowances to be paid by the military services to the individual for duty performed and the proper disability compensation or pension to be paid to, or waived by, certain veterans in the Reserve forces.

**Supplemental Security Income Program Verification**

The Social Security Act requires the Social Security Administration (SSA) to verify, with independent or collateral sources, information provided to SSA by applicants for and recipients of SSI payments. The SSI applicant or recipient provides information about eligibility factors and other relevant information. SSA obtains additional information as necessary before making any determinations of eligibility or payment amounts or adjustments thereto. With respect to military retirement payments to SSI recipients who are retired members of the Uniformed Services or their survivors, SSA maintains a computer matching agreement with DMDC.

**Interagency Agreement with Department of Veterans Affairs - DMDC is currently working with the Department of Veterans Affairs (DVA) to establish an interagency agreement formalizing the provision of data from the DMDC Defense Enrollment Eligibility Reporting System (DEERS) needed for various DVA programs.**



**Memorandum of Understanding Between DoD and VA on the Transfer/Loan of Military Health (Medical & Dental) Treatment Records to VA** – signed by the Under Secretary for Personnel and Readiness and the Under Secretary of Veterans Affairs for Benefits in October 1995. In August of 1991, Representative Sonny Montgomery wrote to the Deputy Secretary of Defense and the Secretary of the Army, expressing concerns about the delays the VA was experiencing in accessing medical records. The effort focused on improving VA access to medical records to ensure that veterans will receive benefits to which they are entitled. As of 1994 Service medical records are being sent directly to the VA upon separation or retirement of military members.

**Memorandum of Agreement Between the Department of Defense and the National Archives and Records Administration** – signed in April 2000 by the DUSD Program Integration and the DoD Acting Deputy Chief Information Officer, and by the two senior Assistant Archivists for Administrative Services and Regional Records Services in May 2000. This memorandum of agreement establishes terms and conditions of reimbursable funding of NARA's storage and servicing of DoD-owned records maintained and serviced by NARA facilities. This agreement was the result of OMB direction in November 1997 that Federal Records Center facilities transition to reimbursable funding beginning in October 1999.

**Military/Veterans Health Coordinating Board (MVHCB) – Information Management/Information Technology Task Force** – The MVHCB IM/IT Task Force is composed of senior executives from DoD, VA, and HHS. Staff from the Joint Requirements and Integration Office (JR&IO), DUSD (Program Integration), and the TRICARE Medical Activity (TMA), OASD (Health Affairs) are addressing the personnel and medical record keeping/information exchange issues and strategic planning that were developed as a result of Presidential Review Directive 5 and the report, *A National Obligation - Planning for Health Preparedness for and Readjustment of the Military, Veterans, and Their Families after Future Deployments*. This was published by the Office of Science and Technology Policy, Executive Office of the President, August 1998. There is not an interagency agreement for this specific group, but the priorities and issues are derived directly from the strategic plan set forth in *A National Obligation*.

**DoD/VA Reinvention Partnership Agreement** – signed by Secretary of Defense and Secretary of Veterans Affairs in June 1994 to enhance cooperation, integrate programs, and improve operations between and within both Departments, and provide better service to customers. Status of this agreement is inactive. Other formal and informal DoD/VA interagency working groups, including the Military/Veterans Health Coordinating Board, currently address the issues and areas this agreement was targeted to address. These issues include post deployment support for Gulf War veterans and veterans of any future deployments, integrated medical care and exchange of medical information under the purview of the ASD Health Affairs, and the exchange of military personnel information to expedite the delivery of benefits and compensation under the purview of the DUSD Program Integration. Point of Contact in OUSD P&R is Ms. Norma St. Claire, ODUSD (PI), Joint Requirements & Integration, (703) 696-8710.

**Assistant Secretary of Defense (Reserve Affairs)**  
**KEY INTER-AGENCY RELATIONSHIPS**

***Interaction: with Other Departments.*** OASD/RA interacts with other executive branch departments such as the Departments of Transportation, Labor, and Justice. One of the Reserve components, the Coast Guard Reserve, is managed in peacetime by the Department of Transportation. OASD/RA coordinates regularly with the Department of Transportation staff in addressing Coast Guard Reserve manpower, personnel, and other mobilization issues. Our office regularly works with staff in the Labor Department on issues of re-employment rights for Reservists; the Veteran's Administration on issues of training, and training entitlements for Reservists; and the Federal Emergency Management Agency on matters affecting use of the Guard and Reserve. OASD/RA also interacts with the Department of Justice on matters related to utilization of the Reserve components in mitigating the potential effects of an attack on the CONUS using weapons of mass destruction.

***Interaction: with Other Agencies.*** OASD/RA interacts with the General Accounting Office (GAO), and the Office of Management and Budget (OMB) when program or budgetary matters relevant to our mission area are raised. Our interaction in these cases generally begins after referral from DoD staff offices having primary responsibility for liaison between the Department of Defense and those agencies. For the GAO, the DoD Inspector General serves as the primary point of contact. For OMB, the DoD Comptroller and the Office of the General Counsel are the primary points of contact for budgetary matters and legislative proposals, respectively.

**INTERAGENCY AGREEMENTS**

**INTERAGENCY AGREEMENT BETWEEN THE DEPARTMENT OF DEFENSE  
AND THE CORPORATION FOR NATIONAL SERVICE PROVIDES SUPPORT  
TO THE NATIONAL CIVILIAN COMMUNITY CORPS**

An Interagency Agreement between DoD and the Corporation for National Service (CNS), dated 10 June 1999, provides for DoD support to the National Civilian Community Corps (NCCC), a residential national service program. Under this agreement, DoD agrees to support the NCCC in the areas of technical assistance, services, facilities, and military and civilian personnel to the extent that DoD contributions do not detract from the readiness or mission of the Armed Forces. As the primary action office RA represents the SecDef on DoD matters pertaining to the agreement. In addition, RA represents SecDef on the NCCC Advisory Board as legislated under Section 1092 of the National Defense Authorization Act for Fiscal Year 1993 (as amended by the National and Community Service Trust Act of 1993), codified at 42 U.S.C. S12612-12626.



**MEMORANDUM OF UNDERSTANDING AMONG THE DEPARTMENT OF  
DEFENSE, THE DEPARTMENT OF ENERGY AND SHIPPING  
ORGANIZATIONS TO PROVIDE SURPLUS COMPUTERS**

A Memorandum of Understanding, dated 24 October 1997, among DoD, DOE, and shipping organizations has allowed computers to be reused. As part of the Computers for Learning Program, DoD and DOE entered into a partnership agreement with several shipping organizations for the purpose of memorializing their combined commitment to work together so that surplus Federal Government computers are shipped to needy schools.

**INTERAGENCY AGREEMENT BETWEEN THE DEPARTMENT OF DEFENSE  
AND THE DEPARTMENT OF JUSTICE FOR CHALLENGE FUNDING**

Pending final approval, possibly during January 2001, the DoD and DoJ agreement will provide funding support from DOJ to DoD in the amount of \$12.5 million as appropriated in the Commerce, State, Justice Appropriations Acts for fiscal year 2000 and 2001. The purpose of the agreement is to transfer funds from DoJ to DoD in support of the National Guard Challenge Program.

**MEMORANDUM OF UNDERSTANDING BETWEEN THE DEPARTMENT OF  
STATE, DEPARTMENT OF LABOR, AND THE DEPARTMENT OF DEFENSE  
TO EASE REEMPLOYMENT PROBLEMS FOR RESERVISTS EMPLOYED  
OVERSEAS**

The Secretaries of Labor, State and Defense signed a memorandum of understanding (MOU) on December 2, 1998, that will help alleviate reemployment problems for military Reservist component members employed outside the US and its territories, following a call to active duty in support of a contingency operation. The MOU provides a mechanism to assist the estimated 6,000 Reserve and National Guard members who are employed by foreign employers abroad. These individuals are not covered by reemployment protections provided by the Uniformed Services Employment and Reemployment Rights Act (USERRA) when they are called to active duty. This MOU brings the full force of the US government to the table in working with foreign employers and host nations to resolve employer problems associated with military duty.



**MEMORANDUM OF AGREEMENT BETWEEN THE DEPARTMENT OF  
DEFENSE AND THE DEPARTMENT OF JUSTICE TRANSFERRING THE  
DOMESTIC PREPAREDNESS PROGRAM**

The *Defense against Weapons of Mass Destruction Act of 1996*, also known as the Nunn-Lugar-Domenici Act, created the nation's Domestic Preparedness Program (DPP). It directed the Department of Defense, among other things, to develop and conduct training for civilian first responders who respond to terrorist incidents involving Weapons of Mass Destruction.

Based on a formal memorandum of agreement between the Attorney General and the Deputy Secretary of Defense, and the President's re-designation of the Attorney General as the Lead Federal Official, management responsibility for the DPP was transferred from the Department of Defense to the Department of Justice on October 1, 2000. OASD/RA(MACA) is the DoD policy office responsible for interagency support of DoJ's DPP program.

## **ODUSD READINESS INTERAGENCY RELATIONSHIPS/AGREEMENTS**

### **Department of Labor**

The OSD Directorate for Readiness and Training Policy and Programs (RTPP), in ODUSD(Readiness), is working with the Department of Labor (DoL) through the Advanced Distributed Learning (ADL) Co-Laboratory located at the Institute for Defense Analysis. In addition to co-sponsoring the work of the ADL Co-Lab in developing common tools, specifications and guidelines for learning technology, DoL will develop an online database of education and training resources available to all federal employees. This database, referred to as the Federal Learning Exchange, will complement DoL projects, such as America's Learning Exchange and America's Job Bank. DoL is also entering into an agreement with the National Guard Bureau to utilize their "GuardNet" to distribute education and training content to federal employees and members of the national work force in every state and U.S. territory. The ADL Co-Lab also serves as a source of information and expertise on learning technology for many other Federal Agencies, and as such, is the focal point for inter-agency collaboration on learning technology development, assessment, and resource sharing. [While not yet established, these activities have potential for inter-agency interactions on specific projects with the Department of Justice, and in general with all the federal agencies who may adopt the ADL Initiative as a model for their learning technology projects.]

### **NATO Working Group**

OSD RTPP also serves as the NATO coordinator for Training Policy. As part of these functions RTPP is responsible for providing the U.S. representatives to the NATO Working Group on Individual Training and Education Developments (NTG WG IT&ED) and the Joint Services Support Group (JSSG). RTPP is expected to play an increasing role in developing new NATO and PfP Policies for military training as we globally establish common open-architecture standards for learning technologies that will enable resource sharing and the interoperability of training systems, thereby substantially increasing the availability of cost-effective coalition training. These efforts will require increased coordination with the Joint Staff and OSD Policy, particularly in areas relating to the coordination NATO / PfP requirements associated with the U.S. foreign military sales of interoperable training technology. Under RTPP direction, the ADL Co-Lab is also assisting NATO and PfP countries with their ADL-related efforts.



A

## KEY CONGRESSIONAL COMMITTEES

USD(P&R) deals primarily with the following congressional committees and subcommittees:

### House Armed Services Committee (HASC)

- Military Installations and Facilities
- Military Personnel
- Military Readiness
- Special Oversight Panel on Morale, Welfare and Recreation
- Special Oversight Panel on Terrorism
- Military Procurement

### Senate Armed Services Committee (SASC)

- Subcommittee on Emerging Threats and Capabilities
- Subcommittee on Personnel
- Subcommittee on Readiness and Management Support

### House Appropriations Committee (HAC)

- Subcommittee on Defense
- Subcommittee on Military Construction
- Subcommittee on VA, HUD, and Independent Agencies

### Senate Appropriations Committee (SAC)

- Subcommittee on Defense
- Subcommittee on Military Construction
- Subcommittee on VA, HUD, and Independent Agencies

### House Veterans' Affairs Committee (HVA)

### Senate Veterans' Affairs Committee (SVA)



B

## PENDING LEGISLATIVE ISSUES

The following is a list of FY2002 Omnibus legislative proposals prepared by USD(Personnel & Readiness).

### ASD(Force Management Policy)

#### Civilian Personnel Policy

- Extension of Tax Benefits to Emergency-Essential Civilian Employees Assigned to a Combat Zone.
- Removal of Requirement That Civil Service Compensatory Time be based on Irregular or Occasional Overtime.
- Pilot Project For Phased Retirement of Certain Employees with Critical Skills
- Alternative Retirement Plan for Newly Hired Educators
- Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) Credit for Nonappropriated (NAF) Service.
- Retirement Portability Elections for Employees Moving Between DoD and Coast Guard Nonappropriated Fund (NAF) Positions.
- Employee Purchased Early Retirement Penalty Offset.
- Alternative Ranking and Selection Procedures.
- Personnel, Pay and Qualifications Authority for Department of Defense National Capital Region Civilian Law Enforcement and Security Force.
- Payment of Employee Expenses for Examinations, Licenses, and Certifications for Reemployment After Base Closures, Reorganizations, or Privatization.
- Extension of Moratorium on Application of Certain Non-Discrimination Rules to Department of Defense Nonappropriated Fund Instrumentalities.
- Commercial Personnel Transfer Program for Science and Engineering.
- Defense Language Institute Foreign Language Center
- Personal Service Contracts in Foreign Areas

#### Military Community & Family Policy

- Commissary Stores, Limitations on Release of Information
- Commissary Operations
- Authority to Deposit and Use Funds Recovered
- Technical Amendment, Customer Surveys
- Limitation on Use of Surcharge
- Licensing Intellectual Property
- Civil Recovery
- Commissary Contract
- Expansion of Uniform Funding and Management of MWR

## **Military Personnel Policy**

- **Housing Allowance Eligibility Between Permanent Duty Stations.**
- **Accession Bonus and Continuation Pay for Officers in Critical Skills.**
- **Hazardous Duty Incentive Pay: Maritime Board and Search.**
- **Dislocation Allowance for Members with Dependents When Ordered to First Duty Station.**
- **Temporary Lodging Expense (TLE) for Officers Making First Permanent Change of Station.**
- **Removal of Cap on Percentage of Enlisted Members Detailed at Civilian Educational Institutions.**
- **Retroactive Payment of Heroism Pay.**
- **Modification of the Nurse Officer Candidate Accession Program Restriction on Students Attending Civilian Educational Institutions with Senior Reserve Officers' Training Programs.**
- **Payment of Dislocation Allowance for Members without Dependents Assigned to Government Family Quarters.**
- **Federal Student Loan Deferrals for Service in the Armed Services.**
- **Payment of Vehicle Storage Costs in Advance.**
- **Shipment of Personally Owned Vehicle When Executing CONUS Permanent Change of Station.**
- **Family Separation Allowance.**
- **Funded Student Travel Exchange Programs.**
- **Composition of Selection Boards.**
- **Medical Deferment of Mandatory Retirement and Separation (Deferment of Retirement or Separation for Medical Reasons).**
- **Authority of the President to Suspend Certain Law Relating to Promotion, Retirement, and Separation; Duties.**
- **Authority to Order Retired Members to Serve as Defense Attaches.**
- **Three-Year Extension of Certain Force Drawdown Transition Authorities Relating to Personnel Management and Benefits.**
- **Providing Members Serving in a Contingency Operation the Same Tax Filing Delay Provided to Members Serving in a Combat Zone or in a Qualified Hazardous Duty Area.**
- **Availability of Legal Assistance Services to Members of the Armed Forces.**
- **Extension of Authorities Relating to Payment of Other Bonuses and Special Pays.**
- **Extension of Certain Bonuses and Special Pay Authorities for Nurse Officer Candidates, Registered Nurse Officer Candidates, Registered Nurses, Nurse Anesthetists, and Dental Officers.**
- **Extension of Authorities Relating to Nuclear Officer Special Pays.**

## **ASD(Reserve Affairs)**

- **Reserve Component Distributed Learning**
- **Transfers of Equipment and Materials Used in Emergency Response Assistance Program**
- **Reserve Health Professionals Stipend Program Expansion**
- **Critical Wartime Skill Requirement for Eligibility for the Individual Ready Reserve Bonus**
- **Extension of Special and Incentive Pays**
- **Automatic Reserve Component Survivor Benefit Plan Coverage**

- Authority to Sell Leave Back: Leave in Excess of 60 Days For Certain Reserve Component Members
- Reserve Component Commissary Benefits
- Montgomery GI Bill-Selected Reserve: Eligibility Period
- Reemployment Protections for Reserve Component Members Performing Funeral Honors Duty
- Funeral Honors Duty Performed by Members of the National Guard
- Use of Military Leave
- Funeral Honors Duty Allowance for Retirees
- Elimination of Certain Medical and Dental Requirements for Army Early-Deployers
- Individual Ready Reserve Physical Examination Requirement
- Improved Medical and Dental Care and Death and Disability Benefits for Reserve Component Members Who Incur or Aggravate an Injury or Illness While Authorized to Remain Overnight: Prior to or Between Successive Periods of Inactive-Duty Training
- Time In Grade Requirement for Reserve Component Officers With a Non-Service Connected Disability
- Basic Pay for Certain Reserve Commissioned Officers With Prior Service as an Enlisted Member or Warrant Officer
- Reserve Service Requirement
- Strength and Grade Ceiling Accounting for Reserve Component Members on Active Duty in Support of a Contingency Operation
- Expanded Application of Reserve Component Special Selection Boards
- Retirement of Reserve Personnel
- Benefits and Protections for Members in a Funeral Honors Duty Status
- Amendment to Reserve PERSTEMPO Definition
- Joint Use Facility Construction Fund
- Amendment to National Guard and Reserve Component Equipment: Annual Report to Congress
- Transfer of Equipment and Materials Used in the Emergency Response Assistance Program from DoD to State and Local Agencies\*

#### **ASD(Health Affairs)**

- Authority to Establish Rebate Agreements Under the Special Supplemental Food Program

\* Issue Paper attached



**ISSUE: PENDING LEGISLATIVE ACTION TO TRANSFER EQUIPMENT AND MATERIALS USED IN THE EMERGENCY RESPONSE ASSISTANCE PROGRAM FROM DOD TO STATE AND LOCAL AGENCIES**

**BACKGROUND:** The Defense Against Weapons of Mass Destruction Act of 1996 (Nunn-Lugar-Domenici amendment) created the Domestic Preparedness Program. It directed the Department of Defense to develop and conduct first responder training focused on terrorist incidents involving WMD. Initially 120 of the most populous US cities were selected to receive this training. The Department has made training equipment loans to 105 cities; 68 cities received a full complement of equipment that is valued at \$300,000 per city and 37 cities received approximately \$20,000 in equipment per city. Total estimated value of the equipment purchased and loaned to these cities is \$21.1M. This equipment was purchased by DoD on behalf of the cities with monies appropriated for Domestic Preparedness Program execution. Although DoD expects the equipment provided to the cities to be permanently retained and maintained by the cities, it is technically on loan, due to the prohibition of transferring DoD property directly to nonfederal government agencies.

**STATUS/DISCUSSION:** The Department of Defense is required to inventory all equipment on its property books on an annual basis. Thus, DoD is required to send personnel on temporary duty (TDY) to 105 cities on an annual basis to execute the required annual inventory. This requirement will also cause the cities financial and labor hardship to account for this equipment in accordance with DoD standards. In addition, as long as the equipment remains on DoD property books, DoD maintains a certain level of liability for the equipment.

The proposed legislation would make a one time transfer of this equipment to the cities in possession of the equipment. This transfer will eliminate the financial cost, labor difficulties, and liabilities that DoD incurs so long as the equipment remains DoD property.

**ACTIONS REQUIRED:** Add the following language to the end of the Defense Against Weapons of Mass Destruction Act of 1996 (Title XIV of Public Law 104-201; 110 Stat. 2718; 50 U.S.C. 2312(e)(4)):

"Equipment and related materials loaned by the Department of Defense under this section to State and local agencies may be transferred to such agencies without cost notwithstanding section 1412(f) of this title or any other provision of law concerning the disposition of Federal property."

**OFFICE SYMBOL:** OASD (RA) MACA

**ACTION OFFICER:**

(b)(6)



IL budget

A

## PERSONNEL & READINESS BUDGET OVERVIEW

The Department's personnel accounts generally encompass two areas, Military Personnel (MILPERS) pay and Civilian Personnel (CIVPERS) pay. The MILPERS account is funded from a direct appropriation whereas the CIVPERS account is spread among the various accounts where the civilians are assigned. The table below provides a look at the distribution of the personnel accounts which the OSD(P&R) provides guidance, instruction and directives. It also includes funding for specific agencies and programs under the OSD(P&R)'s purview. The → indicates budget areas of OSD(P&R)'s direct interest and influence.

	FY 2001 Budget Authority (\$ in millions)	Areas of OSD(P&R) Interest/Influence (\$ in millions)	% of DoD Total
→ Military Personnel	75,302	75,802	26.0 26.0 ←
Operation and Maintenance	109,286		37.5
→ Personnel Training (est.)		20,000	6.9 ←
→ Defense Health Program		11,600	4.0 ←
→ Defense Human Resources Activity		259	0.0 ←
→ DoDDEA		1,434	0.5 ←
→ Other O&M - CIVPERS		26,401	9.1 ←
Procurement	60,270		20.7
RDT&E	37,362		13.0
→ Defense Human Resources Activity		45	0.0 ←
→ RDT&E CIVPERS		2,117	0.7 ←
Revolving & Management Funds	<u>1,54</u>		0.4
→ Other CIVPERS		11,628	4.0 ←
DoD Bill	284,174		
Military Construction	4,549		1.6
→ TRICARE Management Activity		178	0.0 ←
→ DoDDEA		30	0.0 ←
→ MILCON CIVPERS		483	0.2 ←
Family Housing	<u>3,485</u>		1.2
Military Construction Bill	8,034		
DoD Total Authority	291,087	149,977	51.5

The military personnel accounts (\$75,802 M) combined with the civilian personnel accounts (\$42,563 M) and the other areas identified under the OSD(P&R) area of interest (\$31,612 M) total \$149,977 M or approximately 51.5% of the FY 2001 Total DoD budget authority.

B

**P&R**  
**TRAVEL FUNDS**

USD(P&R)

DUSD(Program Integration)

DUSD(Readiness)

ASD(Force Management Policy)

FY00	1,215,000
FY01	1,090,000

ASD(Reserve Affairs)

FY00	330,468
FY01	352,000
FY02	452,920

ASD(Health Affairs)

FY00	168,000
FY01	170,000
FY02	173,000



**P & R ADP FUNDING**  
(\$ in thousands)

	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
P&R			
O&M	1200	1200	1400
Procurement	<u>200</u>	<u>265</u>	<u>300</u>
Subtotal	1400	1465	1700
HA			
O&M	9902	9432	10243
RA			
O&M	1153	1286	1300
Procurement	<u>0</u>	<u>400</u>	<u>Unknown</u>
Subtotal	1153	1686	1300
P&R Grand Total	12575	12583	13243

**Office of the Under Secretary of Defense  
Personnel and Readiness**

**Research and Studies Program  
(\$ 000)**

	<b>FY 00 Allocation</b>	<b>FY 01 Allocation</b>	<b>FY 02 Estimated</b>
<b>P&amp;R WHS O&amp;M Funds</b>			
P&R WHS Funded Program	3,035 <sup>(1)</sup>	2,869	2,963
P&R SECDEF - Safety and Efficacy of the Anthrax Vaccine for the U.S. Military Study <sup>(2)</sup>	500	0	0
P&R WHS PBD 623 - Readiness Reporting System <sup>(2)</sup>	1,000	0	0
Subtotal WHS O&M Funds	4,535	2,869	2,963
<b>P&amp;R OSD Studies O&amp;M/RDT&amp;E Funds</b>			
P&R OSD Studies Program	4,100	4,300	4,400
<b>Grand Total - P&amp;R Program</b>	<b>8,635</b>	<b>7,169</b>	<b>7,363</b>

**Footnote:**

- (1) Original allocation was \$2,764K. Special allocation was later added to increase support for the Basic Allowance for Housing Program.
- (2) One-time Congressionally-mandated studies.

Office of the Under Secretary of Defense  
Personnel and Readiness

OASD (Reserve Affairs)  
Research and Studies Program  
(\$ 000)

				FY 00 Allocation	FY 01 Allocation	FY 02 Estimated
<b>RA WHS O&amp;M Fund</b>						
RA WHS Funded Program				2,247	2,156	3,075
RA Weapons of Mass Destruction WMD) Study <sup>(1)</sup>				700	800	200
<b>Grand Total - RA Program</b>				<b>2,947</b>	<b>2,956</b>	<b>3,275</b>

Footnote:

- (1) This is a Congressionally-mandated program that funded an advisory panel to assess the capabilities for domestic response to terrorism involving WMD. This study was funded by WHS as directed in PBD 706, dated December 11, 1998.

Office of the Under Secretary of Defense  
Personnel and Readiness

OASD (Health Affairs)  
Research and Studies Program  
(\$ 000)

	FY 00 Allocation	FY 01 Allocation	FY 02 Estimated
HA WHS O&M Funds			
HA WHS Funded Program	640	942 <sup>(1)</sup>	3,000 <sup>(1)</sup>

Footnote:

- (1) Program scrutiny and departmental program oversight during the critical POM and budget development cycle is not sufficient to ensure Department-wide full understanding of the challenges facing the Military Health System. Therefore, a more structured and robust OASD(HA) Program Review and Evaluation function has been established in FY 01 and will continue in FY 02.

**FORCE MANAGEMENT POLICY PROGRAM FUNDS****(\$ in millions)**

	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>
<b>Family Advocacy Program</b>	114.4	116.2	115.8
<b>Transition Assistance Program</b>	44.1	44.2	44.9
<b>Relocation Assistance</b>	10.3	10.6	10.8



## Defense Health Program (DHP)

Description: The DHP delivers health care to 6 million out of 8 million eligible beneficiaries through a network of 81 military hospitals, 501 military clinics, and 7 regional Managed Care Support (MCS) contracts valued at about \$4.0 billion. The Department's managed care programs called "TRICARE," which is designed to provide military families with access to quality care that is cost-effective. The TRICARE program offers a triple option benefit:

- (1) TRICARE Prime, a Health Maintenance Organization (HMO) style benefit requiring beneficiary enrollment;
- (2) TRICARE Extra, a Preferred Provider Organization (PPO) style benefit; and
- (3) TRICARE Standard, a fee-for-service option.

Overall, 69 percent of all outpatient care and 57 percent of inpatient care is delivered in Military Treatment Facilities (in-house) and the remaining is delivered through the private-sector. The managed care contracts support the Military Health System (MHS) and provide health care that is not available in-house.

### Department of Defense - Defense Health Program (in Millions)

	<u>FY 00</u>	<u>FY01</u>
Operations & Maintenance*	11,347.5	11,903.7
Military Construction	161.9	163.2
Procurement	349.9	290.0
RDT&E	294.8	413.4
MILPERS	5,346.9	5,377.8
Total	17,501.0	18,148.2

\* Operations & Maintenance (Budget Activity Group)

In-House Care	3,934.9	4,024.7
Private Sector Care	4,878.6	5,221.8
Consolidated Health Support	892.5	873.3
Information Management	280.1	344.9
Management Activities	204.9	206.6
Education & Training	323.9	323.0
Base Operations	832.6	908.4
	11,347.5	11,903.7

The Department of Defense Human Resources Activity (DHRA), is a DoD-wide Field Activity chartered to support the Under Secretary of Defense ((Personnel and Readiness) (USD (P&R)). The scope of DHRA's mission is necessarily broad to provide the flexibility needed by the USD (P&R) to successfully explore and field new technologies and programs that benefit military personnel and DoD civilians. DHRA is the central Department of Defense (DoD) activity for the collection and interaction of manpower and personnel data to support Department-wide tracking, analyses, research, studies, and a wide variety of reporting requirements. The Field Activity provides civilian personnel program support, functional information management, and civilian personnel administrative services to DoD Components and activities. Work is performed in support of the execution, modification and maintenance of Departmental and Congressionally mandated programs in the benefit, readiness, and force protection areas. DHRA programs improve the effectiveness, efficiency and productivity of personnel operations throughout DoD.

The following chart displays program funding levels for some of DHRA's major programs as reported in the September 2000 Budget Estimate Submission. Please note that funding levels do not include labor and operation costs for each program.

<b>DHRA O&amp;M Program Funding (\$000)</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>
Defense Leadership and Management Program (DLAMP)	33,487	42,200	57,293
Joint Recruiting Programs and Market Research	22,641	24,806	24,163
Defense Integrated Military Human Resources System (DIMHRS)	20,247	22,713	39,958
Defense Eligibility Enrollment Reporting System (DEERS)	15,938	25,792	27,334
Real time Automated Personnel Identification System (RAPIDS)	1,612	13,697	15,374
Common Access Card	4,384	20,896	9,741
Regionalization and Modernization	9,892	22,024	22,745

The chart below displays DHRA's projected funding as of December 20, 2000 at the summary level and FY 2000 funding as reported in the September 2000 Budget Estimate Submission. PBD 071 is final and contains a reprogramming action for the DIMHRS program that transfers O&M, R&D and Procurement funding from DHRA to the Navy in FY 2002 and the outyears. PBD 706 is expected to increase funding for DHRA's Common Access Card Program, Defense Eligibility and Enrollment Reporting System (DEERS), and Real-time Automated Personnel Identification System (RAPIDS) but has not yet been finalized.

DHRA Funding (\$000) as of 12/21/00	FY 2000	FY 2001	FY 2002
Operations and Maintenance	2,332,4	259,292	265,661
Research and Development	2,976	45,169	8,834
Procurement	6,780	10,289	7,252
<b>Total</b>	<b>2,817,0</b>	<b>307,750</b>	<b>281,747</b>
<b>FTEs</b>	<b>679</b>	<b>675</b>	<b>669</b>

# COMPARISON OF RESERVE COMPONENT TO TOTAL DOD BUDGET

## TOTAL OBLIGATION AUTHORITY (TOA)

(\$ in Millions)

	FY92 (Actual)	FY98 (Actual)	FY99 (Actual)	FY00 (Estimate)	FY01 Appropriated*
RESERVE COMPONENT BUDGET	\$ 20,190	\$ 21,454	\$ 23,249	\$ 24,523	\$ 25,882
Military Personnel	\$ 9,177	\$ 9,183	\$ 10,476	\$ 10,388	\$ 10,893
Operations and Maintenance	\$ 8,096	\$ 8,861	\$ 10,115	\$ 10,845	\$ 11,399
Military Construction	\$ 186	\$ 461	\$ 480	\$ 695	\$ 693
Procurement	\$ 2,732	\$ 1,949	\$ 2,178	\$ 2,594	\$ 2,898

TOTAL DOD BUDGET	\$ 278,161	\$ 251,385	\$ 261,379	\$ 277,476	\$ 287,806
Military Personnel	\$ 75,004	\$ 69,649	\$ 69,503	\$ 73,509	\$ 75,848
Operations and Maintenance	\$ 94,094	\$ 92,393	\$ 96,420	\$ 103,821	\$ 97,040
Military Construction	\$ 4,131	\$ 5,545	\$ 5,519	\$ 4,764	\$ 8,334
Procurement	\$ 74,181	\$ 43,733	\$ 48,824	\$ 47,972	\$ 59,233
Other Appropriations	\$ 28,751	\$ 40,065	\$ 41,113	\$ 47,410	\$ 47,352

PERCENT RESERVE BUDGET:	7.5%	8.1%	8.9%	8.8%	9.0%
Military Personnel	12.5%	13.2%	15.1%	14.1%	14.4%
Operations and Maintenance	8.6%	9.6%	10.5%	10.4%	11.7%
Military Construction	12.1%	8.3%	8.7%	14.6%	8.3%
Procurement	3.8%	4.5%	4.5%	5.4%	4.9%

## MANPOWER (In Thousands)

### MILITARY END STRENGTHS:

Selected Reserve	1,057.7	881.5	869.1	865.2	792.2
Active	1,705.1	1,406.8	1,385.7	1,384.8	1,382.2
Total	2,762.8	2,288.3	2,254.8	2,250.0	2,174.4

### PERCENT RESERVE STRENGTHS:

38.3%	38.5%	38.5%	38.5%	36.4%
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**P&R AUTHORIZED MANPOWER  
AS OF 2 NOVEMBER 2000**

	<b>CTV</b>	<b>MIL</b>	<b>265</b>	<b>IMA</b>
<b>USD</b>	<b>39</b>	<b>15</b>	<b>4</b>	<b>18</b>
<b>ASD(FMP)</b>	<b>46</b>	<b>33</b>	<b>6</b>	<b>2</b>
<b>ASD(RA)</b>	<b>27</b>	<b>4</b>	<b>55</b>	<b>27</b>
<b>ASD(JHA)</b>	<b>18</b>	<b>24</b>	<b>2</b>	<b>1</b>
<b>Total</b>	<b>130</b>	<b>76</b>	<b>67</b>	<b>48</b>



III Personal

OUSD(P&R) FIELD ACTIVITY MANPOWER (as of FY 2001 PB)						
Field Activity	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Defense Human Resource Activity	15	15	15	15	15	15
	679	677	666	668	670	670
	694	692	691	690	695	695
Defense Commissary Agency	12	12	12	12	12	12
	17,102	16,456	16,456	16,456	16,456	16,456
	17,114	16,468	16,468	16,468	16,468	16,468
DoD Education Activity and ODASD(MCFP)-Managed Programs	1	1	1	1	1	1
	13,452	13,459	13,403	13,466	13,627	13,710
	13,453	13,460	13,404	13,467	13,628	13,711
TRICARE Management Activity	62	65	65	65	65	65
	297	297	297	297	297	297
	359	362	362	362	362	362
Totals	31,530	30,889	30,822	30,887	31,050	31,133
	31,620	30,982	30,915	30,980	31,143	31,226

#### IV. Major Policy Issues

## Major Policy Issues

### DUSD Program Integration

Defense Integrated Military Human Resources System  
End Strength  
Use of Smart Card Technology in the Department of Defense  
Major Headquarters Activity Manpower Reductions

### DUSD Readiness

Material Readiness and Spare Parts: Can Unfavorable Trends be Reversed?  
Joint and Interoperability Training  
Should JMRR Deficiencies be Managed Differently  
Live, Virtual, and Constructive Training

### ASD Force Management Policy

Revolutionizing Military Human Resources for the 21<sup>st</sup> Century  
Civilian Work Force Shaping  
Civilian Personnel Regionalization and Systems Modernization  
Changes in the Recruiting Market  
Retention  
Quadrennial Review of Military Compensation

### ASD Health Affairs

Funding of the Defense Health Program  
Implementation of the National Defense Authorization Act, "TRICARE for Life"  
Organizational Structure of the Military Health System  
TRICARE Enrollment

### ASD Reserve Affairs

Institutionalizing Consequence Mgmt.  
WMD Civil Support Teams  
DoD NG and Reserve Employer Data Base  
Health Care Vouchers for Families of RC family members





## ISSUE: DEFENSE INTEGRATED MILITARY HUMAN RESOURCES SYSTEM

**BACKGROUND:** The Defense Integrated Military Human Resources System (DIMHRS) is a single, all Service, all component, fully integrated military personnel and pay system. The effort grew out of a personnel community proposal that was developed in 1994. In 1996, at the request of USD(C), USD(P&R), and ASD(C3I), a Defense Science Board Task Force evaluated the best way to provide automated support for military personnel and pay and recommended that DoD accelerate the plans to move to a single system. In 1997, Congress directed that Program Management be provided through a New Orleans activity. In 1999, Congress directed that the program be expanded to include manpower and training as well as personnel and compensation. The current program has been renamed DIMHRS (Pers/Pay) and two other programs, DIMHRS (Manpower) and DIMHRS (Training) will be initiated to comply with Congressional direction. The Navy recently established a viable acquisition chain of command for the Program Manager. The program received Milestone 0 in February 1998 and I in October 2000. The Operational Requirements Document (ORD) was validated by the Joint Requirements Oversight Council (JROC) in February 2000. The ORD will be resubmitted to the JROC in January 2001 in preparation for Milestone II, currently planned for October 2001. Congressional interest remains high. OMB has had unrealistic expectations for both the timing and level of savings.

**ACTION/DECISION REQUIRED:** Continued interest and support for the program.

### QUESTIONS/ANSWERS

**QUESTION:** Is the program fully funded in the FYD?

**ANSWER:** DIMHRS (Pers/Pay), the original program, is funded in the FYDP. The Program Management office is currently preparing life-cycle cost estimates and the program funding will be adjusted as required.

**QUESTION:** Has DoD expanded the program to include manpower and training?

**ANSWER:** DoD has begun defining the scope and costs for DIMHRS (Manpower) and DIMHRS (Training). Three workshops were completed on the scope of DIMHRS (Manpower) and preliminary workshops on DIMHRS (Training) will be scheduled during FY2001.

**QUESTION:** Has the program been certified by C3I as meeting the requirements of Clinger-Cohen?

**ANSWER:** Certification for Milestone I was completed in June 2000. The Certification will be updated prior to Milestone II approval.

Action Officer and Phone Number: (b)(6)  
Action Office: Joint Requirements & Integration Office, DHRA  
Date: December 18, 2000



## **ISSUE: DoD END STRENGTH**

**BACKGROUND:** DoD authorized manpower levels are tracked by military end strength and civilian full-time equivalents (FTE), as reflected in the DoD Future Years' Defense Program database, which is maintained by the Office of the Director of Program Analysis and Evaluation. Military end strength levels reflect the number of military personnel on duty as of September 30 of each year.

FTEs reflect the expenditure of civilian manpower spaces throughout the year (e.g., a position which is only filled for nine months counts as .75 FTE). Civilian FTE levels are largely advisory in nature, as civilian pay dollars are the critical constraint on civilian manpower levels.

By contrast, Congress closely watches DoD manpower levels, although since FY 1996, Congress has imposed floors on military end strength levels. These floors reflected Congress' view of the minimum military manpower levels required to execute a strategy of fighting two simultaneous major theater wars (MTW). In the early years of their implementation, these military floors were viewed as an impediment to the force streamlining desired by the Department as a means of modernizing the force. In addition, since enactment of the military floors in the FY 1996 National Defense Authorization Act, Congress has authorized the Military Departments between 1/2 and 1% flexibility below the statutory floors. In recent years, however, Congress has adjusted the floors to reflect the manpower levels submitted by the Department in the immediate previous FB. The FY 2001 NDAA military floor levels are: Army - 480,000, Navy - 371,781, Marine Corps - 172,148, and Air Force - 360,877.

As of the FY 2001 President's Budget (PB) (Winter 1999-2000), DoD manpower levels are projected to decrease by 1.47 million (35.6%) from the peak levels of FY 1989 by FY 2005, with an additional reduction of 40.7K (0.7%) forecast by FY 2007 in the FY 2002 Budget Estimate Submission. The FY 2002 PB is currently being worked through the Budget Review process and we anticipate only incremental changes to the above figures. A summary (Attachment 1) and detailed manpower projections for the FY 2001 PB and the FY 2002 BES (Attachments 2) are attached.

**DISCUSSION:** The FY 2001 Quadrennial Defense Review (QDR), a comprehensive assessment of the National Security and Military Strategies and their impact on force structure and manpower is underway. The results of the FY 1997 QDR were often viewed as inviolate, and not subject to upward or downward adjustments as new missions were established. In our view, the results of this should be tempered by the realization that it reflects the FY 2001 environment and that changes in the National Security environment, missions and technology may require increases or decreases to Service end strength levels.

Joint military manpower is another key concern for the Military Departments. Of the 1.38 million active duty military billets authorized for FY 2001, 31.2K are in activities outside the Military Departments (i.e., OSD, Defense Agencies and Field Activities, the Joint Staff, and Unified/Combined Commands). Over 31.2K spaces, 16.9K (54.0%) are in the Joint Staff and Unified/Combined Commands, which are predominantly military organizations.

Although the joint population only represents 2.3% of total military manpower, it is disproportionately field grade officer-intensive, thus requiring special assignment consideration by the Services. The OSD, Joint Staff and Unified/Combined Command field grade officers are almost entirely on the Joint Duty Assignment List, a product of the Goldwater-Nichols Act of 1986, and have historically been filled at as close as possible to 100% of the authorized strength. This manpower profile, coupled with recent growth in Unified Command missions such as joint force integration (US Joint Forces

Command) and computer network defense (U S Space Command), coupled with limits set by the FY 1997 QDR, have created an untenable situation for the Services. In many cases, they have been forced to shortfall "in-Service" units to fund new joint requirements.

ACTION REQUIRED: Continue to work with Congress to ensure military floors reflect DoD's assessment of the National Security Strategy, budgetary constraints and the Department's force modernization strategy. Continue work on FY 2001 QDR, assessing missions and associated end strength levels required to achieve National objectives. Key to our efforts should be ensuring QDR end strength levels are permitted to be flexible to allow the Department to accommodate new missions without forcing the hollowing out of Service force structure.

ACTION SYMBOL: ODDUSD(PI)(RQ)

ACTION OFFICER:

(b)(6)

January 2, 2001



# **DoD Manpower Profile, (FY 2001 PB vs. FY 2002 BES, 1989-2007)**

	FY 1989	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Delta from FY 1989
<b>Active</b>	<b>2,130,229</b>	<b>1,382,218</b>	<b>1,381,600</b>	<b>1,375,600</b>	<b>1,372,300</b>	<b>1,373,200</b>	<b>1,372,900</b>			<b>-757,329</b> <b>-35.6%</b>
<b>FY 2002 BES</b>		<b>1,381,600</b>	<b>1,383,533</b>	<b>1,381,371</b>	<b>1,381,212</b>	<b>1,382,114</b>	<b>1,381,212</b>	<b>1,379,269</b>	<b>1,378,881</b>	<b>-751,348</b> <b>-35.3%</b>
<b>Delta</b>		<b>0</b>	<b>7,933</b>	<b>9,071</b>	<b>8,914</b>	<b>8,312</b>	<b>6,369</b>	<b>5,981</b>		
<b>Civilian</b>	<b>1,116,775</b>	<b>687,691</b>	<b>681,205</b>	<b>665,488</b>	<b>652,142</b>	<b>641,216</b>	<b>636,143</b>			<b>-480,632</b> <b>-43.0%</b>
<b>FY 2002 BES</b>		<b>667,594</b>	<b>638,995</b>	<b>628,672</b>	<b>620,569</b>	<b>617,326</b>	<b>614,005</b>	<b>612,148</b>		<b>-504,627</b> <b>-45.2%</b>
<b>Delta</b>		<b>-13,611</b>	<b>-26,493</b>	<b>-23,470</b>	<b>-20,647</b>	<b>-18,817</b>	<b>-22,138</b>	<b>-23,995</b>		
<b>Reserve</b>	<b>1,171,291</b>	<b>865,298</b>	<b>866,394</b>	<b>841,072</b>	<b>838,919</b>	<b>838,319</b>	<b>836,919</b>			<b>-334,372</b> <b>-28.5%</b>
<b>FY 2002 BES</b>		<b>843,724</b>	<b>843,020</b>	<b>816,899</b>	<b>816,310</b>	<b>813,030</b>	<b>813,719</b>	<b>814,432</b>		<b>-357,055</b> <b>-30.5%</b>
<b>Delta</b>		<b>-20,670</b>	<b>1,948</b>	<b>-22,020</b>	<b>-21,809</b>	<b>-21,881</b>	<b>-23,200</b>	<b>-22,667</b>		
<b>Total</b>	<b>4,418,295</b>	<b>2,945,207</b>	<b>2,929,199</b>	<b>2,882,160</b>	<b>2,863,361</b>	<b>2,852,735</b>	<b>2,845,962</b>			<b>-1,572,333</b> <b>-35.6%</b>
<b>FY 2002 BES</b>		<b>2,894,918</b>	<b>2,865,548</b>	<b>2,826,942</b>	<b>2,819,193</b>	<b>2,813,576</b>	<b>2,806,993</b>	<b>2,805,281</b>		<b>-1,613,014</b> <b>-36.5%</b>
<b>Delta</b>		<b>-34,281</b>	<b>-16,612</b>	<b>-36,419</b>	<b>-33,542</b>	<b>-32,386</b>	<b>-38,969</b>	<b>-40,681</b>		

FY 2002 Budget Estimate Submission Manpower Trends											
Component	Military Department	FY89	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	Delta FY89-05
Active	Army	769,741	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	-289,741 -37.6%
	Navy	789,608	544,318	544,600	544,733	542,571	543,020	542,119	540,182	539,792	-247,489 -31.3%
	Air Force	570,880	357,900	357,000	358,800	358,800	359,094	359,093	359,087	359,089	-211,787 -37.1%
Active Military Sum		2,130,229	1,382,218	1,381,600	1,383,533	1,381,371	1,382,114	1,381,212	1,379,269	1,378,881	-749,017 -35.2%
Civilian	Army	402,900	218,704	214,545	212,289	210,626	209,359	208,712	209,062	209,064	-194,188 -48.2%
	Navy	354,000	198,348	183,197	172,712	167,449	163,389	162,716	161,579	161,428	-191,284 -54.0%
	Air Force	570,880	357,900	357,000	358,800	358,800	359,094	359,093	359,087	359,089	-211,787 -37.1%
Defense-Wide		99,300	118,314	115,682	101,905	100,198	97,654	96,141	94,910	94,321	-3,159 -3.2%
Civilian Sum		1,116,775	697,691	667,594	638,995	628,672	620,569	617,326	614,005	612,148	-499,449 -44.7%
National Guard	Army	456,990	350,000	336,787	336,560	336,374	336,257	336,119	336,119	336,119	-120,871 -26.4%
	Air Force	116,762	106,678	106,534	106,824	105,143	105,237	104,450	104,447	104,853	-12,312 -10.5%
	Grand Sum	573,752	456,678	443,321	443,384	441,517	441,494	440,569	440,566	440,972	-133,183 -23.2%
Reserve	Army	319,244	205,000	200,129	199,661	174,654	174,779	174,913	175,041	175,045	-144,331 -45.2%
	Navy	195,081	129,912	128,400	125,662	126,517	126,255	126,187	125,970	125,718	-68,894 -35.3%
	Air Force	83,214	73,708	73,874	74,313	74,211	73,982	73,369	72,142	72,517	-9,845 -11.8%
Reserve Sum		597,539	408,620	402,403	399,636	375,382	375,016	374,469	373,153	373,280	-223,070 -37.3%
Selected Reserve Sum		1,171,291	805,298	843,724	843,020	810,639	810,310	810,000	810,000	810,000	-366,000 -31.2%
Grand Total (Active/Res/Civ)		4,418,295	2,945,207	2,894,918	2,865,548	2,826,942	2,819,193	2,813,576	2,806,993	2,805,281	-1,604,719 -36.3%

FY 2001 President's Budget Manpower Trends										
	FY89	FY00	FY01	FY02	FY03	FY04	FY05			Delta FY89-05
Active	Army	769,741	480,000	480,000	480,000	480,000	480,000			289,741 -37.6%
	Navy	789,608	544,318	544,600	543,400	541,200	541,200			-248,408 -31.5%
	Air Force	570,880	357,900	357,000	352,200	351,100	352,000	351,700		-219,180 -38.4%
Active Military Sum		2,130,229	1,382,218	1,381,600	1,375,600	1,372,300	1,373,200	1,372,900		-757,329 -35.6%
Civilian	Army	402,900	218,704	214,545	211,153	209,702	208,285	207,768		-195,132 -48.4%
	Navy	354,000	198,348	192,391	184,750	177,719	172,163	170,594		-183,406 -51.8%
	Air Force	260,575	162,325	159,989	158,159	155,198	152,368	150,426		-110,149 -42.3%
Defense-Wide		99,300	118,314	114,280	111,426	109,523	108,400	107,355		8,055 8.1%
Civilian Sum		1,116,775	697,691	681,205	665,488	652,142	641,216	636,143		-480,632 -43.0%
National Guard	Army	456,990	350,000	350,000	350,000	350,000	350,000	350,000		-106,990 -23.4%
	Air Force	116,762	106,678	108,000	108,100	106,400	106,100	105,300		-11,462 -9.8%
	Guard Sum	573,752	456,678	458,000	458,100	456,400	456,100	455,300		-118,452 -20.6%
Reserve	Army	319,244	205,000	205,000	180,000	180,000	180,000	180,000		-139,244 -43.6%
	Navy	195,081	129,912	129,094	128,572	128,219	128,219	128,219		-66,862 -34.3%
	Air Force	83,214	73,708	74,300	74,400	74,300	74,000	73,400		-9,814 -11.8%
Reserve Sum		597,539	408,620	408,394	382,972	382,519	382,219	381,619		-215,920 -36.1%
Selected Reserve Sum		1,171,291	865,298	866,394	841,072	838,919	838,319	836,919		-334,372 -28.5%
Grand Total (Active/Res/Civ)		4,418,295	2,945,207	2,929,199	2,882,160	2,863,361	2,852,735	2,845,962		-1,572,333 -35.6%



# DEFENSE-WIDE MANPOWER (as of FY 2001 PB)

		FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Office of the Secretary of Defense, and OSD Managed Programs	Military	471	471	471	471	471
	Civilian	1,463	1,463	1,463	1,463	1,463
Defense Agencies and Field Activities	Mil	13,899	13,704	13,655	13,648	13,652
	Civ	114,280	111,426	109,523	108,400	107,355
SUBTOTAL	Mil	14,370	14,175	14,126	14,119	14,123
	Civ	115,743	112,889	110,988	109,863	108,810
Joint Chiefs of Staff and CJCS Controlled Activities	Mil	1,376	1,355	1,334	1,333	1,332
	Civ	537	534	528	528	528
United and Combined Commands	Mil	15,470	15,002	15,110	15,007	15,000
	Civ	4,720	4,635	4,582	4,582	4,582
SUBTOTAL	Mil	16,855	16,657	16,450	16,430	16,415
	Civ	5,257	5,169	5,110	5,110	5,110
Grand Total		34,076	34,076	33,076	33,076	33,076

## **ISSUE: USE OF SMART CARD TECHNOLOGY IN THE DEPARTMENT OF DEFENSE (DoD)**

**BACKGROUND:** The DoD has been testing the use of smart cards since 1992. Analyses of these pilots show that mission enhancement, quality of life improvements, and some cost savings result. Unfortunately, cost savings are not sufficiently identifiable to fund the implementation of a Department-wide smart card program. However, by incorporating the authentication token for Public Key Infrastructure (PKI) on the smart card, such a program becomes justified for information security purposes.

There has been significant Congressional interest (specifically the Senate Armed Services Committee) expressed in the Defense Authorization bills for the last two years. Public Law 105-261 (FY99 Defense Authorization Act) directed the Navy to provide up to \$25M of Navy funds available to ensure that smart cards were issued and used throughout the Navy and the Marine Corps. The Secretary of Defense was tasked with submitting a plan for the use of smart card technology to Congress by March 1999. Public Law 106-65 (FY00 Defense Authorization Act) directed the Navy to provide up to \$30M to the Navy to continue its implementation of its smart card program. It also directed the Army and Air Force to establish Smart Card Offices and directed the establishment of a Senior Coordinating Group to be chaired by the Department of the Navy to develop and implement a Department smart card program.

Simultaneously, the Deputy Secretary of Defense made a decision to implement a Department-wide smart card program and issued a memorandum on Smart Card Adoption and Implementation that placed the CIO in charge of a Department-wide Common Access Card (CAC) that provides identification and enables physical and computer network access. The target population for the CAC is active duty military personnel (including Selected Reserve), DoD civilian employees, and eligible contractor personnel. The Under Secretary of Defense (Personnel and Readiness) is directed to coordinate the physical design of the CAC with the CIO. The Defense Manpower Data Center's Defense Enrollment and Eligibility Reporting System (DEERS)/Real-Time Automated Personnel Identification System (RAPIDS) is identified as providing the infrastructure to support the CAC. The Electronic Business Board of Directors assures the integration of cross-functional requirements, determines summary-level chip storage allocations, and oversees the Senior Coordinating Group. The Access Card Office, an element of DMDC, was directed to support both the Board and the Senior Coordinating Group.

### **QUESTIONS/ANSWERS**

**QUESTION:** How will smart card technology be used to enhance readiness?

**ANSWER:** Smart cards can store updateable personnel readiness factors such as medical, legal, financial, training, and certification requirements that can be automatically evaluated for deployment without requiring paper records. These cards can also store personnel information required for manifesting and reduce manifesting time by more than 75%.

**QUESTION:** How is privacy act information being addressed by smart card technology?

ANSWER: These concerns are being addressed by a full security analysis of the Common Access Card.

QUESTION: How will smart card technology meet Geneva Conventions requirements?

ANSWER: The Card Topology Working Group, under the Senior Coordinating Group, incorporated Geneva Convention requirements into the card topology design recommendation (surface features and data elements). The Smart Card Configuration Management and Control Board (now referred to as the Electronic Business Board of Directors) approved the Common Access Card topology in June 2000.

QUESTION: Why are smart cards not going to be issued to retired and eligible military family members?

ANSWER: At the time the decision was made to implement a Department-wide smart card program, no requirement had been identified for these groups. Should such a requirement be identified to and approved by the Smart Card Senior Coordinating Group and the Electronic Business Board of Directors and dollars provided in the budget, smart cards will also be issued to these groups.

QUESTION: What is the timeline for the implementation of the Common Access Card?

ANSWER: During FY 01, the DEERS/RAPIDS infrastructure is being upgraded (addition of a smart card printer) and expanded to 200 workstations to accommodate the increased population, namely civilian employees and selected contractors. Also of importance during FY 01 are beta testing of the Common Access Card and issuance process as well as security and operational assessments prior to Operational Test and Evaluation. By September 2001, approximately one-third of the target population will be issued the Common Access Card. During FY 02, the DoD smart card will be issued to the remaining two-thirds of the target population.

Action Officer and Phone number:

(b)(6)

Action Office: Access Card Office, DHRA

Date: December 21, 2000



## **ISSUE: MAJOR HEADQUARTERS ACTIVITY (MHA) MANPOWER REDUCTIONS**

**BACKGROUND:** MHAs are responsible for policy guidance; oversight; mid-/long-range planning, programming and budgeting; and direct technical or administrative support to the above, per DoD Directive 100.73. A total of 61,690 military and civilian personnel were in MHAs as of September 30, 2000. This topic has received great deal of attention over past decade, as several reductions have been implemented in 1990s, reducing MHA count by approx. 34%, from 77.8 K in FY 1989 to 48.2K in FY 1999. Congress has expressed concerns that DoD has achieved many reductions by "hiding" MHA functions in field operating activities (FOA) and direct reporting units (DRU).

As a result, the FY 2000 NDAA directed DoD to re-baseline MHA to capture MHA workload performed by FOAs/DRUs, and reduce revised total by 15% from FY 1999 levels by FY 2002. Cuts have historically been ceiling reductions—manpower savings can be redistributed to other mission areas. However, appropriators have routinely followed these manpower ceiling actions with actual dollar cuts. Indications from congressional staffers are that they're as concerned about apparent excessive headquarters structure as specific numbers.

**DISCUSSION:** Re-baselining required by the FY 2000 NDAA increased FY 1999 count from 48,249 to 63,574 (approx 32%). The FY 2000 Act also required DoD to report on history and results of efforts to redefine baseline. This report is "on final approach" from the Institute for Defense Analyses.

The FY 2001 NDAA allowed waiver of the 15 % reduction to 7.5% if SecDef certifies reductions would cause adverse national security impact. Toward that end, reductions planned in FY 2002 PB achieve over half (4.2%) of required cuts by FY 2002, with an additional .5% planned by FY 2003.

### **PROJECTED MHA MANPOWER LEVELS (tentative FY 2002 President's Budget)**

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Delta FY 1999-2002
Military Departments (Army, Navy, AF)	46,004	44,299	43,760	43,411	43,244	-2,593 (-5.6%)
Defense-Wide Activities (OSD, Joint Staff, Agencies, CINCs)	17,570	17,391	17,526	17,436	17,257	-74 (-0.4%)
<b>DoD Total</b>	<b>63,574</b>	<b>61,590</b>	<b>61,286</b>	<b>60,847</b>	<b>60,501</b>	<b>-2,667 (-4.2%)</b>

Current congressional direction represents significant progress from previous mandates. For example, the FY 1998 NDAA had directed a 25 percent DoD-wide reduction. In response, OSD developed a plan, under the Defense Reform Initiative (DRI), to reduce by 10% by FY 2003. Congress rejected DRI and subsequent heartburn appeals as not being adequate substitutes for the law FY 1999 NDAA deliberations. Senate has supported DoD position—the waiver language emerged from House/Senate conference.

There's still no official OSD position on implementing these reductions. In fact, no reductions have been directed by OSD since 10% DRI mandate, which was implemented in FY 1998 President's Budget. DoD Components (especially the MilDeps) are anxious to know what the game plan will be. All are concerned as to impact and fearful of moving out too fast absent a DoD game plan.

**ACTION REQUIRED:** Develop DoD strategy to implement 7.5% reduction (either programmatically, or structurally), or to engage further with Congress. Keeping DoD Components informed of OSD's approach is critical.

**ACTION SYMBOL:** ODL SD(PD)(R)(I)

**ACTION OFFICER:** (b)(6)

January 2, 2001

## MATERIEL READINESS AND SPARE PARTS: CAN UNFAVORABLE TRENDS BE REVERSED?

**BACKGROUND:** Over the past several years, the Department has struggled to remedy nagging materiel readiness issues. To varying degrees, each Service has been confronted with materiel readiness issues, with the aviation forces showing the most pronounced declines in equipment readiness rates. The causes of these declines are manifold.<sup>1</sup> Over the last three years, the department had added billions of dollars above Service plans to remedy these concerns. Yet, even with these additional resources, the materiel readiness accounts are not adequately funded to meet projected wartime requirements, and in some cases, peacetime operating requirements. Below is a summary discussion of some of the outstanding resource issues in materiel readiness.

**Air Force:** Two key issues in Air Force materiel readiness center on funding critical engine spares parts and Readiness Spares Packages (RSP). In terms of critical engine spares parts, the Air Force has increased its funding of the Component Improvement Program (CIP), used to improve and sustain engines in the active inventory. CIP allows the Air Force to redesign engine parts to eliminate problems and increase reliability. To its credit, the Air Force has recently funded a robust CIP program, generating over \$1.3B in recommended engine modifications and improvement programs in the (2-07 FYI/P. Yet, of this \$1.3B requirement, the Air Force has left almost \$1.0B unfunded. Without this funding, engine problems will continue to plague the aircraft fleet, and mission capable rates will not recover. The second issue involves the funding of Readiness Spares Packages, which deploy with the squadron and are used to maintain aircraft readiness rates before the re-supply can be established. In recent years, the Air Force allowed RSP funding to erode but began recently to reverse this trend primarily due to the lessons learned in Operation Allied Force. Nevertheless, the Air Force did not fund the actions necessary to keep the RSP kits up to date with current parts. This update of the RSP, called the Annual Demand Adjustment, costs approximately \$100M per year across the force.

**Navy:** Over the last several years, the Navy has under-priced its spare parts program based on optimistic assumptions on spare parts prices and usage rates. The Navy tactical aircraft flying hour budget (the account for spare parts) has not captured the 7-10% average annual cost growth in Navy spare parts. Given that the estimates do not reflect actual costs, field units have no recourse but to reduce spare parts purchases. Prior year execution data is then used as the starting baseline for the next year's budget, causing a cycle of chronic under-funding and stop-gap measures. Compounding the problem is the routine underfunding of the total flying hour program. Circa 1985, the Navy funded in the aggregate 90% of tactical aircraft primary mission readiness (PMR) requirements. This level has declined steadily, and by 1996 the Navy benchmark was 85% with a 2% discount for savings attributable to simulation. The Navy asserts that this funding level is adequate, but the ten year decline in aviation readiness refutes that assertion. The lack of adequate flying hour funding has forced the Navy to shift funding priority to the deploying units, damaging non-deployed force readiness, surge ability, recruitment, and retention. Finally, the Aircraft Procurement Navy account for outfitting spares has been funded at only 85 percent in anticipation of "efficiencies" that did not materialize, yielding a \$571 million backlog in outfitting spares.



Army: The Army has also underfunded its materiel readiness programs, with a notable impact on the readiness of Army aviation systems. The Army has implemented a series of fleet-wide safety groundings of its aircraft, primarily as a result of unanticipated parts and engine fatigue and failures. Several factors have contributed to the present-day materiel readiness challenges facing Army aviation. First, the Army has underfunded current levels of aviation spares, which are the bridge to sustaining aging fleets until recapitalization or modernization occur. This underfunding has caused a last minute budget panic, with the Army stating it will run out of FY2001 Obligation Authority for aviation spares in mid-year, perhaps more quickly in light of the Army's present grounding of its AH-64 Apache fleet. Additionally, the Army has funded depot maintenance at only a fraction of its requirement, leaving aging systems that are in need of overhaul in the field or sitting idle at depot facilities awaiting induction. The Army has also underfunded sustaining engineering analysis - the key to anticipating fleet-wide materiel readiness failures. While the Army has programmed for extensive recapitalization to begin next year, the engineering program that determines which components should be replaced, redesigned, or retained has not been funded. The Army also has a large funding shortfall in the war reserve spare parts required to support a two MTW scenario; this shortfall ranges up to \$1.1B and adds considerable risk to the war fight.

#### RECOMMENDED ACTIONS:

Air Force: As part of the upcoming program review, the Air Force should be directed to fund CIP-developed engine modifications and upgrades to improve its declining mission capable rates and mitigate further aging aircraft effects on the fleet. The Air Force should also fund the annual adjustment to the RSP to assure deployed combat readiness.

Navy: The Navy should be directed to review the adequacy of its entire flying hour and spare parts program in light of existing requirements, and to establish minimum readiness criteria for the Navy's non-deployed force to meet surge requirements. The results of this review should be presented to the Senior Readiness Oversight Council (SROC) for Deputy Secretary of Defense approval by April 2001. Furthermore, the Navy should fully fund the outfitting spares procurement accounts to current requirements in the upcoming program review.

Army: The Army must increase funding in its programs for aviation depot maintenance, spares, and engineering analyses in order to reverse the pattern of recurring flight safety groundings which have characterized Army aviation in recent years. The Army must increase FY2001 Obligation Authority for current system aviation spares, depot maintenance, and system sustainment. Further funding for Army war reserve spares should be considered as part of the deliberations and trade-offs in the upcoming Quadrennial Defense Review (QDR).

(b)(6)

Director, Readiness Programming and Assessment  
January 2, 2001

## JOINT AND INTEROPERABILITY TRAINING

**Background:** The National Military Strategy (NMS) and Joint Vision 2020 make it clear that any significant future operations or wars involving our military will be done with joint forces. The NMS established the requirement for joint plans to be developed by unified Commanders-in-Chief (CINCs) for their areas of responsibility (AOR) in order to be properly prepared to respond to all possible crises. Joint training is one of six categories of training conducted to prepare U.S. forces (units and staffs) for joint and multinational operations under the command of the CINCs. In other words, "we train as we intend to fight." For successful joint training, coordination is required between the Services, Defense Agencies and Joint Task Force Commander and staff using joint doctrine, tactics, techniques and procedures.

The framework in which joint training requirements are currently addressed is through joint training exercises. U.S. Joint Forces Command is the primary provider for joint training events, executed as part of the CJCS Exercise Program (CEP). USJFCOM focuses its joint training program on operational level joint tasks to train personnel that could be attached to JTF commanders and staffs so that they are ready to meet the needs of both U.S. Joint Forces Command and supported combatant commanders upon request. Additionally, this commander and staff training prepares participants to be effective members of any future JTF or JTF functional component staff.

Title X requires the Services to man, equip and train the forces that will be provided to the CINCs for future operations. Each CINC develops a mission essential task list (METL) to which all assigned component forces and staffs must align their training to be properly prepared for those contingencies in the CINC's AOR.

**Discussion:** Under the current arrangement, the Services provide trained forces to each CINC "just in time" and the Joint Task Force headquarters is typically assembled in an ad hoc manner. However, the primary focus of Service training is on warfighting and preparation for major theater wars, whereas the CINCs are routinely focused on operations other than war and small-scale contingencies. This difference in training focus has led many CINCs to raise issues about the adequacy of the joint training program.

Category 2 training has previously been identified as both component interoperability and joint interoperability. To clarify training responsibilities, Category 2 has been redesignated as interoperability training. Based on the definition of interoperability in JP 1-02, interoperability training is military training that ensures the ability of systems, units, or forces and to use the services so exchanged to enable them to operate effectively. Interoperability training is based on joint doctrine and joint tactics, techniques and procedures (JTTP) and is conducted to ensure components are prepared to interoperate during joint operations. Interoperability training during joint training events is known as joint interoperability training. When the Services conduct interoperability training to develop the ability to interoperate, they will/must include interoperability training objectives to assess their force's ability to perform joint operations and assess performance problems using a holistic DOI/ML-P approach.

Finally, Joint training events are scheduled on a routine basis and not synchronized with the Service components training events. Many joint training events do not involve the units that are listed in the CINCs war plans because the specified units cannot participate due to high OPTEMPO.

**Recommendation:** Greater efforts need to be directed at getting the Services to integrate Joint Doctrine, tactics, and procedures earlier in their deployment training cycles. Support work under way to increase/heighten visibility and synchronization of Service deployment and training cycles to create increased opportunities for Interoperable (Service-to-Service) and Joint training. Ensure linkage of Service task lists with the Universal Joint Task List (UJTL) to facilitate early identification of Service and Joint training requirements and their necessary timely integration.

POC: (b)(6) ODU: D(R)R&\*, (b)(6)



## SHOULD JMRR DEFICIENCIES BE MANAGED DIFFERENTLY?

**BACKGROUND:** The Joint Monthly Readiness Review (JMRR) was created in 1995 to provide a current and broad assessment of the military's readiness to fight in a combat environment. The JMRR employs a warfighting scenario as the basis for reporting readiness issues from the CINCs, Combat Support Agencies (CSA), and Services. The JMRR is managed by the Joint Staff, with the Vice Chairman of the JCS serving as the senior military representative and Service operations deputies serving as members. The DUSD(R) is an invited member at the JMRR and the sole representative from OSD.

Warfighting concerns of the CINCs, CSAs, and Services in executing the scenario are recorded as "deficiencies" and addressed in subsequent meetings of the JMRR. These deficiencies serve as a basis for the Chairman's assessment of warfighting risk. Currently, risk in executing the National Military Strategy is characterized as "moderate" for the first MTW and "high" for the second MTW. A JMRR scenario is run once per quarter, and the results of the assessment are briefed to the Senior Readiness Oversight Council (SROC), chaired by the Deputy Secretary of Defense, and incorporated into the Department's readiness reports to Congress.

The JMRR process has greatly improved over the last several years, providing valuable insights into warfighting concerns, particularly those of the CINCs and CSAs. Furthermore, over the past several years, the Department has attempted to more fully integrate CINC warfighting concerns into the program and budget reviews. Despite these improvements, however, the JMRR process is not fully integrated into DoD's key policy and resource management processes, often leaving key warfighting deficiencies unresolved.

### RECOMMENDED ACTIONS:

Broaden OSD participation in JMRR deficiencies. The JMRR, as currently structured, has limited participation from the OSD staff responsible for the functional area. For example, neither the ASD(C3I) nor his staff attend the JMRR, and therefore do not directly participate to resolve CINC and CSA C3I concerns. Rather, these issues are addressed by the J-6 in the JMRR. The same assertion can be made for logistics, policy, and resource organizations. Involving the OSD functional organizations in resolving JMRR issues would lead to better integration, awareness, and resolution of the issues affecting the warfight. To that end, as JMRR issues arise for SROC review, OSD functional proponents should be directed to endorse, refute, or propose alternative solutions and resource requirements. These actions would serve as the basis for a Deputy Secretary Decision on readiness issues.

Review in detail all category I JMRR deficiencies for alternate resolution plans. Currently, a number of warfighting deficiencies are not scheduled to be resolved prior to 2007. The Department needs to acknowledge the category I concerns, and change plans, policy, or resources to address these issues. To that end, the SROC should direct a review of all category I JMRR deficiencies as part of QDR preparation. This review should be co-chaired by OSD and Joint staff. It should detail current deficiency drivers, propose programmatic or policy alternatives, and estimate the resource requirements necessary to resolve each issue.

(b)(6)

Senior Readiness Analyst, Readiness Programming and Assessment  
January 2, 2001



## LIVE, VIRTUAL, AND CONSTRUCTIVE TRAINING

**Background:** Training is critical to the readiness of U.S. armed forces. Future military operations will be joint. Interoperability of systems and forces will be essential to conducting successful training and military operations. Today, however we predominately train along single-Service lines (not jointly). A major reason for this is that our training systems are not interoperable. Another is that we need to modernize instrumentation of DoD training ranges in order to quickly and accurately monitor and record the performance of platforms and their operators. We repeatedly argue that "we must train the way we intend to fight," and today's communications, instrumentation, and training technologies make that possible, more than ever before. The challenge is to modernize the DoD training ranges and training systems to take advantage of the capabilities offered by the emerging digital environment and by doing so, build a truly seamless live / virtual / constructive training environment.

**Discussion:** In line with JV2020, the goal of DoD is to achieve the ability to routinely tie live training to virtual training and to constructive simulations, and to the instrumentation systems that support them. When these tools are linked together in the same exercise or mission rehearsal, it will allow the commanders to train (constructively) with crews operating (virtually) on the terrain of the commander's situation map, and with individuals and crews in the field (live) actually conducting force-on-force operations on the terrain represented on the commanders common-operating-picture.

In the past and to a lesser degree today, the DoD components have built their live, virtual, and constructive training capabilities around service-centric requirements. On the "live" side, training range instrumentation is developed by the Services and is used to fulfill Service core training requirements. While we are developing modern ground and air / maritime instrumentation systems, the transition from legacy systems, poor development progress, and lack of competition have been keeping goals of commonality and interoperability from being readily achieved.

Likewise for "virtual" training systems: the Army is developing a Combined Arms Tactical Trainer (CATT); the Air Force, Distributed Mission Training (DMT); and the Navy, Battle Force Tactical Trainer (BFTT), all to address Service core training requirements.

Only on the "constructive" side, with the Joint Simulation System (JSIMS), is there synergy of effort among Services and other components to build a training tool capable of training at the joint, interoperability, and core levels. The High Level Architecture (HLA) standard, which is being implemented DoD-wide will greatly facilitate the interoperability of both virtual and constructive simulations if properly supported.

When components build a training system in the future, they should explain how that system fits into and supports a live-virtual-constructive 'system of systems,' or specifically justify why a particular system should be stand-alone and not interoperable. The development of Army's Objective Instrumentation System (OIS), the Marine Corps' Range Instrumentation System (RIS), and instrumentation that supports Military Operations in Urban Terrain (MOUT) provide

a good example. Together they offer a potential cost-effective development and implementation of a fully integrated, instrumented, live-training environment that, along with the Joint Tactical Combat Training System (JTCTS), cuts across all warfare areas. It is an opportunity that we, as the focal point for joint training in OSD, must attend to. This live environment can also be seamlessly linked to emerging virtual and constructive simulation training capabilities. The DoD's track record in coordinating such systems to take advantage of the opportunities to modernize training has not been good.

The requirement for our Armed Forces to be interoperable and to fight jointly exists. Importantly, the technologies that are needed to link current or in-development Service training systems to form a seamless live, virtual, and constructive training environment exist. What doesn't exist is a serious DoD-wide effort to take the next step in developing the seamless environment.

**Recommendation** The Services are fulfilling their Title X requirements to train their own forces. They are doing so by using and developing a live, virtual, and constructive training capability. However, they are developing this capability within the stovepipe of their own Service and, frequently, within individual platform and system programs. We must take advantage of opportunities to integrate these instrumentation and training systems, across Services and across functional areas (like test and training), while they are under development. If we miss these windows of opportunity, which exist today, we will not have another chance for many years. We must advocate and develop policy that directs a capability to train in a joint, interoperable environment with linkages among the live-virtual-constructive training systems that mirror warfighting interoperability requirements.

POC: (b)(6), ODI SD(R)R&TPP, (b)(6)



**SUBJECT:** Revolutionizing Military Human Resources (HR) for the 21<sup>st</sup> Century

**ISSUE:** We urgently need to establish strategic direction for military human resource development and management, and modernize the applicable laws, policies, programs, plans, processes and procedures to meet future requirements. Well trained and motivated people are the key to military readiness. A military HR system designed to meet the anticipated needs of the future rather than those of the past is vital to the combat capability of the Department.

**DISCUSSION:**

*Background -*

Today's Military Human Resources Management System is based on a 50 year old construct, designed at the end of World War II to meet the cold war National Security Strategy and military personnel readiness needs, and includes concepts and human behavior factors that dominated HR management in the 1950s. USDP (P&R) is responsible for the Department's Total Force Human Resources policies, programs, plans and management to ensure DoD's Military Personnel Readiness during peacetime, contingency operations and war.

*Challenge:-*

While the fundamental characteristics of successful military leaders remain unchanged, the changing national security environment presents an unprecedented combination of challenges to appropriately develop and motivating sufficient quantities of high quality men and women to meet the nation's needs. New equipment and skills to master, unexpected opponents to understand and defeat, and challenges of joint and combined operations argue for more formal opportunities for concept development and experimentation in already full career paths. Rapid rates of change challenge existing skill development models, rendering equipment- or scenario-specific just-in-case training less useful. The changing role and use of reserve component forces has not been matched by appropriate legislative and policy changes to ensure their readiness and availability for the tasks likely to be assigned. Today's workforce mix (military, civilians, private contractors, interagency and non-governmental agencies), as applicable to wartime as well as peacetime operations, demands expanded leadership skills to ensure force cohesion. Force employment concepts have also changed from massive mobilization to tailored force packaging, with expertise in tactics, techniques and procedures capable of directly and decisively influencing events ashore anywhere and anytime. The existing military HR system assumes a degree of stability and predictability characteristic of the Cold War period and largely inappropriate to the environment in which officers and NCO's are expected to lead today and in the future.

Human Resources must be designed in a cohesive and comprehensive system that fills today's jobs, grows military leaders for the future, meets leaders' expectations and satisfies the needs of individual Service members throughout the military personnel lifecycle. Managing and shaping the force to meet current and future needs is a critical challenge, which requires new tools, authorities, and management attention. The Defense Science Board Report on Human Resources Strategy (Feb 2000) recognized:

*"Shaping and sustaining a total force of flexible capabilities will require a creative, thoughtful, and dynamic approach. Unless the Department makes changes in its personnel and compensation systems, the force will be unprepared for 21st century needs; quality people will not stay in sufficient number, and those who do will lack necessary skills and experience. A new system is needed--one unlike any DoD has had before."*

Today's personnel management system is rigid with a default position of "one size fits all." As Services have attempted to adapt to a changed human resource environment, they have been constrained to working within 1980's framework (e.g. Defense Officer Personnel Management Act) to develop 2000+ solutions. USD (P&R) began efforts to revolutionize military HR by focusing on developing Officer Personnel Structure for the 21<sup>st</sup> Century. Through this effort, we are examining the legislation, policy, and personnel practices surrounding force management of the officer corps. This is the first major look at the DOPMA and officer policies in twenty years, and includes reviewing total force management issues surrounding reserve component integration.

The Services will increasingly compete for talented individuals with technical, leadership and management skills in high demand in the private sector. We must build flexibility to manage sets of skills differently. We must also recognize the effects of changing demographics within the force and in the population from which we recruit: ethnic and gender diversity, dual career (vice income) families, senior people with younger children, and enhanced expectations for family stability. Making the needed changes to human resources management will be a difficult, complex, and lengthy process, but essential--we need to start now to ensure the Department recognizes people as our most important resource.

PREPARED BY:

(b)(6)



## INFORMATION PAPER

**SUBJECT:** Civilian Workforce Shaping

### BACKGROUND:

- Since the civilian drawdown began at the end of Fiscal Year (FY) 1989, DoD has eliminated over 435,000 positions, reducing the workforce by nearly 40 percent. Additional reductions will increase that figure to 44 percent by the end of FY 2005.
- The drawdown has resulted in imbalances in age and experience. These changes pose problems with the orderly transfer of institutional knowledge as Baby Boomers will begin to retire in increasing numbers in 2001.
- DoD currently employs 77 percent fewer people in their 20s than it did in the 1980s, and 53 percent fewer in their 30s, but actually 5 percent more in their 50s. The median age has risen from 41 to 46 since the end of FY 1989.
- The U.S. labor force is expected to see an increase in workers aged 55 between now and 2008, as opposed to a decline in workers aged 25 to 44. Therefore, DoD will face increasing competition for younger people to fill the pipeline.

### DISCUSSION:

- The 1990s began with a hiring freeze and several rounds of base closure and realignment. Therefore, hiring from outside DoD slowed from over 65,000 people a year to just under 20,000 a year. Meeting the needs caused by an increasingly complex mission but fewer resources led managers to base many hiring decisions on immediate rather than long-term needs. As a consequence, as many of the hires were over 45 as were younger, thereby exacerbating the aging phenomenon.
- The correlation between age and grade is evident in the effect on costs. Though civilian employment fell by close to 40 percent, total costs (in constant dollars) fell by only 15 percent through FY 1999. The average civilian workyear cost rose by more than a third.
- In the Acquisition workforce, fully 40 to 55 percent of the people in positions at the end of FY 1999 are expected to be gone by the end of FY 2006. This projected change creates the need for prompt action but also the opportunity to hire for the skills needed in the future.
- One positive note is that the combination of separation incentives and the Priority Placement Program enabled DoD to retain its workforce diversity. Indeed, the representation of women and minorities in positions at the GS-13 level and higher is higher than it was in FY 1989.
- Managing the workforce transition humanely as well as efficiently has led DoD to create an exemplary workforce transition package. Fewer than 9 percent of the separations (under 6 percent of those of permanent employees) have been layoffs. For example, the Voluntary Separation Incentive Payment (VSIP, or the "buyout") has enabled the Department to avoid approximately 143,000 layoffs since 1993; and use of the early retirement authority has helped avoid 67,000 layoffs. Other transition programs provide payment for continuing health insurance and other benefits to ease the strain.

### STATUS:

- In the FY 2001 National Defense Authorization Act, DoD secured the authority to offer buyouts without eliminating positions. Though limited in scope, this authority will permit reshaping the workforce where the number of positions might be right but the mix of skills



- poses a problem. DoD will be collecting data on the authority's use this year to convince Congress to extend its use over the next two years at higher numbers.
- DoD created the Defense Leadership and Management Program (DLAMP) to prepare competitively selected individuals at the GS-13 level and higher for key leadership positions in ways that would enable them to function effectively in more areas than their predecessors. The average DLAMP participant is seven years younger than incumbents in the positions, providing time for development. As the share of DLAMP participants at the GS-13 level increases, the age gap will also increase, thereby heightening the value of this key developmental program. (As of mid-January 2001, the program will have some 1,400 participants, with a growth of 350 a year expected.) Work has also begun on preparing for a mid-career program to develop supervisory and management skills for employees in grades GS 9 through 12.
- Civilian Personnel Policy has commissioned research to identify skills needed in the future, as well as occupations where substantial change can be expected. This research, plus the micro-simulation model for projections, will help the Department meet changing needs effectively.
- DoD has secured legislative authority to pay for degrees and increase the repayment of student loans to enhance recruitment. Proposals being vetted for FY 2002 would enhance staffing and pay flexibility to help make the Department a more enticing place to work.
- DoD has developed a four-pronged strategy to address workforce shaping needs: research, accession management, development and retention, and transition assistance.

Action Officers:

(b)(6)

Action Office: CPP/C PMS, Research Division

Date: December 21, 2000

## Information Paper

**SUBJECT:** Civilian Personnel Regionalization and Systems Modernization

**BACKGROUND:** The Regionalization and Systems Modernization Program improves the quality and efficiency of civilian personnel services delivered to managers, supervisors, and employees of the Department of Defense. Civilian personnel operations across DoD have been consolidated and restructured into 25 regional service centers and equivalents and just over 300 customer support units to provide a cost-effective structure for service delivery. To support the streamlined infrastructure, the Defense Civilian Personnel Management Service (CPMS) has developed a department-wide automated information system, called the modern Defense Civilian Personnel Data System (DCPDS). It provides state-of-the-art information technology that increases the speed and accuracy of personnel transaction processing and provides management information to every level of the Department, down to the supervisor's desktop computer. When fully deployed, the modern DCPDS will be the largest known automated personnel system in the world containing approximately 800,000 employee records. The modern DCPDS is expected to save the Department over \$200 million per year.

### DISCUSSION:

- The Department has completed the consolidation of its civilian personnel operations into 22 Regional Service Centers (RSCs) and three equivalent service centers. At the end of the fourth quarter of Fiscal Year 2000, all RSCs are operational and providing personnel support to approximately 90 percent of the DoD workforce.
- Relying on commercial-off-the-shelf software (Oracle Human Resources and Training Administration, and RESUMIX), the Department has completed development of the core system.
- The modern DCPDS has been deployed to five RSCs for operational test and evaluation. This brings the total number of civilian employee records supported by the modern DCPDS to over 80,000, approximately 10 percent of DoD requirements.
- Additional system improvements are being developed and tested at this time.
- Full-scale deployment to the remaining RSCs is scheduled to begin in February of 2001.

### STATUS:

The Regionalization and Modernization Division of the Civilian Personnel Management Service will work closely with DoD Components to achieve full operational capability of the modern DCPDS by the close of fiscal year 2001. When fully operational, the program will save the Department over \$200 million a year.

Action Officer and Phone Number:

(b)(6)

Action Office: CPP/CPMS, Regionalization & Systems Modernization Division

Date: December 21, 2000



## **SUBJECT: Changes in the Recruiting Market**

**ISSUE:** Although the booming economic trends of the last several years have contributed to DOD's recruiting challenges, the systemic changes that have occurred in the market pose more permanent challenges to recruiting quality for the All Volunteer Force:

- College attendance rates among graduating seniors has risen from less than 50 percent in the 1970's to nearly 70 percent today, with 80 percent of high school seniors expressing the intention of attending college.
- Ample sources of funds to attend college without a military commitment exist, creating strong competition for higher aptitude students
- The ethnic mix of the growing youth population is substantially different from that of the mid-80's population with fastest growth among minority, particularly Hispanic (lowest rates of high school completion) and Asian, requiring more successful penetration of minority market segments, especially for officer recruiting.

## **DISCUSSION:**

- Competition for highest quality recruits likely to remain strong even if the economy slows down substantially:
  - Job growth in the last 20 years particularly strong in high tech and professional management skills requiring cognitive skills associated with post-secondary education and training.
  - RAND reports that four-year college degree holders can expect to earn wages 64 percent higher than those who have a high school diploma—up from a 40-percent differential in 1979.
  - Civilian job training and job placement opportunities are improving due to the labor shortage.
  - Influencers such as parents, teacher, or coaches increasingly have not served in the military.
- The Department must equip recruiters to compete and succeed in the college market—thus increasing the appeal of a military career to college-oriented youth and to educators.
  - College tuition costs have increased dramatically; therefore, the Army, Navy and Marine Corps offer college funds of up to \$30,000 for certain skills.
  - Army, Navy, Air Force, and Air National Guard offer Loan Repayment Programs.
  - To attract the increasing number of high school students who consider themselves to be college-bound, the Army has implemented a test program called College First, allowing recruits to attend college either during their time in the Delayed Entry Program, or while in the Selected Reserve.
  - The Navy program, Tech Prep, prepares prospective recruits for technical training while offering an associates degree from participating community colleges; plans are under way to publicize and facilitate interaction between the Services and educational institutions.
  - The Department has contracted with RAND for a two-year study of the college-oriented population.
    - Survey individuals who are college bound, stopped or dropped out of college, or just graduated.
    - Analyze the impact of different enlistment options on these individuals; identify most promising.
    - Recommend appropriate incentives and enlistment programs.
  - Services lag in modifying recruiting practices and structures to work effectively in the college market. Recruiters are trained in techniques and approaches optimized for the high school campus.

- While we must move into the college market, we also must improve our penetration of the high school market to ensure that military service becomes a consideration for the brightest students either before college, in the event that they choose to drop-out of college, or upon graduation.
  - About 1,500 high schools—nine percent of total—deny access to recruiters of at least two Services, usually by refusing to provide directory information needed to contact students.
  - Defense Secretary Cohen and Education Secretary Riley have written to State Governors urging greater access, and senior military officers now go to high schools to make the case.
  - In compliance with a recently enacted statute, senior representatives of the Department (at least in the grade of Colonel or Navy Captain) are visiting each of the 1,500 schools that presently deny access.
    - If schools still deny access after 90 days, the Department informs State Governors; after one year, it informs the associated congressional delegation for help in restoring access to problem schools.
- While not designed as a recruiting program, the presence of Junior Reserve Officer Training Corps (JROTC) units in high schools bolsters military awareness.
  - Exposure to people with military experience increases understanding of the nature of military life.
  - JROTC represents an excellent means to address misconceptions about military life.
  - The program builds better citizens, strengthening the nation while enriching prospective recruits.
    - The Department is expanding the current 2,600 JROTC units to the statutory limit of 3,500.
- Recruits holding a high school diploma have the highest probability of completing their enlistment; however, holders of other education credentials have also performed well in the military.
  - DoD continues to seek General Education Development (GED) certificate holders and non-graduates whose likelihood of success is closer to that of conventional high school diploma graduates.
    - The NDAA for Fiscal Year 1999 directed a five-year pilot project for home schooled graduates and National Guard Challenge-GED holders.
    - In the first year, 1,228 home schoolers and 461 Challenge participants entered active duty.
    - 12-month attrition rates for Challenge GED holders are similar to those of high school diploma graduates; attrition rates of home schooled youth are much higher.
  - IN FY 2000 Army launched a four-year test program called GED Plus.
    - Some individuals who left high school may earn an opportunity to complete their GED and enlist.
    - Stringent criteria include: must have left school voluntarily, may not require moral character waivers, must score above average in aptitude on the enlistment test, and must receive a passing score on the Army's motivational screen (Assessment of Individual Motivation [AIM]).
- The target market has fundamentally changed from high school seniors to college-oriented youth; we need new strategies to understand, communicate with, and reach this market.
- The war for talent is not waning: we have fielded more recruiters than we have ever used, and spent more money on recruiting and retention efforts than ever before. FY00 made tremendous gains, but much work remains to sustain momentum.

PREPARED BY: (b)(6) Accession Policy Directorate, OASD (FMP)(MPP), (b)(6)  
 (b)(6) December 20, 2000.



## **SUBJECT: Retention**

**ISSUE:** Despite improvements in officer and enlisted retention in the last fiscal year, more needs to be done to ensure continued readiness of the force.

### **DISCUSSION:**

The success of the All-Volunteer Force depends on a retention-based personnel strategy. The complexity of equipment and operations demand experienced technicians and mature leaders of the highest quality. Qualified journeymen and masters are irreplaceable sources of on-the-job mentoring and guidance that perpetuate combat capability in succeeding generations of volunteers. Success in recruiting sufficient numbers of quality replacements is essential, but new recruits are not an acceptable substitute for the mix of trained and experienced mid-grade and senior leadership that generates continuous force capability.

The Department's investment in retaining quality personnel yielded promising, yet mixed results in FY00. In the active component, Army, Navy, and Marines Corps achieved planned levels of aggregate retention. The Air Force missed aggregate retention by 1,700 out of a plan of approximately 43,000 reenlistments in FY00.

While all Services made improvement against stated overall retention objectives, two issues require continued attention:

- Success in achieving aggregate retention goals masks continuing shortfalls in meeting required levels of retention in key technical specialties.
- As smaller cohorts accessed during the downsizing reach retention decision points, higher than normal retention rates will be required in order to sustain the force. Current retention goals must be revised upwards in the coming years in some Services to preclude perpetual cycling of experience levels.

Enlisted retention rates continue to fall short of desired levels in a number of technical specialties, including communications/computer, aviation maintenance and air traffic controllers, information technology, electronic technicians, intelligence analysts, and linguists—all skills critical to projected future force capabilities.

Retention of junior officers continues to be a challenge. Pilot retention improved with the significant enhancements in Aviation Career Continuation Pay authorized in the FY00 NDAA. Head-to-head competition from the airlines will not diminish, even if economic slow-down leads to slower growth. Vietnam era commercial pilots reaching mandatory retirement age generate needs in the private sector that exceed military pilot production rates. Even with current much-enhanced bonus levels, military pilots with as much as 17 years of service who are hired by a major airline are financially advantaged to leave prior to reaching military retirement.

Other officer specialties face less obvious challenges but require continuous attention to maintain experience levels. New broad bonus authorities granted in the FY01 NDAA provide much needed flexibility in managing officer retention. Reprogramming may be required in order to forestall irreplaceable losses of experienced people in FY01.



Surveys indicate that pay and family separation are the top two reasons Service members give for leaving. Job satisfaction is a primary reason for staying.

- Improvements contained in the FY00 Pay Trade and related compensation initiatives will have a positive effect, but research in support of the 9<sup>th</sup> Quadrennial Review of Military Compensation suggests that more needs to be done to ensure adequacy particularly of mid-grade non-commissioned officer pay.
- Services have implemented measures that focus on enhancing predictability of deployments, distributing missions more equitably throughout the Total Force, and protecting quality of life during the inter-deployment period. Implementation of FY00 NDAA requirements to measure and manage individual Service member time away from home will enable further improvement in this critical aspect of the retention equation. More needs to be done to ensure adequate Manning levels of non-deployed as well as deployed units to match assigned workload.
- While excessive time away from home does have a negative effect on retention, research also supports that retention rates in deployed units tend to be among the highest in the Services. The proper equipment, Manning and training to do a job well whether deployed or not and the opportunity to do what they have trained for all contribute to job satisfaction.
- Force demographics also suggest the central importance of quality of life investments and of formulating personnel policies to accommodate the changing needs of dual career families and attendant expectations of family stability among more senior members with younger families.

While competition from a strong economy has created specific recruiting and retention difficulties in the last 3 years, significant force management challenges lie ahead regardless of external economic trends. Retention of sufficient numbers of quality people by skill and grade is essential to the continuity of force readiness and will require comprehensive, flexible and timely management attention.

**PREPARED BY:** (b)(6) Officer & Enlisted Management Directorate,  
OASD(FMP)(MPP), (b)(6), December 10, 2000

**SUBJECT:** Quadrennial Review of Military Compensation (Enlisted Pay)

**ISSUE:** New data and analyses by the 9<sup>th</sup> Quadrennial Review of Military Compensation suggest that the enlisted members may still be underpaid compared with their civilian peers.

**DISCUSSION:**

A long and robust economic expansion and intense competition from private sector employers, together with wage growth for college-educated workers, require pay adjustments for enlisted personnel in both level and structure. Recruiting and retention indicators have been trending downward. High quality recruits – those with a high school diploma and scoring in the top half on the enlistment aptitude test – has declined from 68 percent in 1994 to 57 percent in 2000. Several services have missed their high-quality recruiting goals in recent years. Career retention rates have been falling in the Air Force and Navy, the two services where requirements for technical skills are the most demanding.

One explanation for the increasingly difficult recruiting and retention environment is the rise in college attendance among today's high school graduates. Over the past twenty years, college enrollment rates have risen by nearly half due in large part to the higher earnings paid by civilian employers. Within the enlisted force, education levels have also risen; today over half of members in grades E-5 and above have at least some college credits, and about 20 percent of members in grades E-8 and above have college degrees. It is no longer appropriate to consider the high school graduate as the standard for the enlisted force; today's enlisted members need to be compared with and compensated like their civilian counterparts with some college. And our most senior enlisted members should be compensated more for the increased levels of responsibility they shoulder and leadership they provide.

The compensation "TRIAD" (pay raise, pay table reform, retirement changes) enacted in FY 1999 was a step in the right direction: it provided, among other things, greater than average civilian pay raises through FY 2005. But the TRIAD did not provide structural pay levels consistent with the rise in educational attainment of the mid-career force. As a result, today's enlisted compensation levels lag behind those of comparably educated civilians – especially those in the mid-career grades. Enlistment and reenlistment bonuses can provide some relief in selected occupations, but if the underlying discrepancy persists, recruiting and retention problems are sure to worsen.

The 9<sup>th</sup> QRMC argues that today's enlisted pay structure may not include a high enough premium to sustain our more educated force. The demand for high-quality personnel will certainly not abate regardless of economic conditions, and recruiting and retention challenges will worsen unless there are changes to both the level and structure of enlisted pay. Bonuses and other special and incentive pays are critical in targeting hard-to-fill occupations, but there is evidence that the services are relying too heavily on them as a strategy. A better strategy for the Department to attract, retain, and motivate a higher quality and more educated force is for pay levels themselves (particularly in the mid-grades) to increase to keep pace with increased opportunities in the private sector and to deal with the structural changes taking place in the workforce. A combination of both strategies would provide the largest improvement, since each service will face different challenges in building and managing its career force during the coming years.

**PREPARED BY:**

(b)(6)



## FUNDING OF THE DEFENSE HEALTH PROGRAM

### A. BACKGROUND:

1. The Military Health System (MHS) is subject to many of the same market forces affecting the civilian health care sector, which has experienced significant increases in overall health care cost. The MHS is funded to accomplish its dual mission of readiness and peacetime health care. The current Defense Health Program (DHP) funding level for FY 2001 does not provide for a sustainable health care delivery system nor fund the new congressionally directed benefits.
2. The FY 2001 National Defense Authorization Act established significant new health care benefits. This act established a TRICARE Prime Remote program for active duty family members; waived co-pays for active duty family enrolled in Prime; reduced the catastrophic cap for retirees from \$7500 to \$3000; added a robust pharmacy benefit to Medicare-eligible beneficiaries beginning on April 1, 2001; and added an entitlement to TRICARE for Life for these beneficiaries starting in FY 2002.
3. The DHP has required additional out of cycle increased funding to fully support the medical programs during the past several years. Congress passed an emergency supplemental appropriation for the DHP of \$1.3 billion in FY 2000. This past summer's program review resulted in a Program Decision Memorandum (PDM) that added another \$594 million primarily for managed care support (MCS) contracts and other purchased care requirements for FY 2002. The PDM did not address the contract out-year requirements for FY 2003-FY 2007.
4. Despite significant funding increases, DHP shortfalls remain. During the recent FY 2002 budget review the Comptroller identified total unfunded requirements estimated at \$1.792 billion in FY 2001 and \$4.625 billion in FY 2002.

### B. DoD POSITION:

To ensure a stable business environment the Department must: address additional unanticipated FY 2001 DHP funding requirements; develop a FY 2002 budget that supports DHP requirements to include the expanded Medicare-eligible TRICARE for Life benefits; and implement management initiatives to improve MHS productivity and the predictability of DHP performance and cost.

### C. QUESTIONS AND ANSWERS:

1. Question: How will the Department address the FY 2001 DHP funding shortfall?

**Proposed Response:** The Department has recognized the requirement for additional funding for the DHP in FY 2001, to include resources for a global settlement process that addresses the current backlog of MCS contractor claims. Funding sources may include a departmental reprogramming request and/or a supplemental appropriation as well as Service directed initiatives to reduce overall funding requirements.

- 2. Question:** What is the Department's approach to addressing the FY 2002 and out-year funding shortfall for the new congressional benefits?

**Proposed Response:** In FY 2002, benefit increases provided in the FY 2001 National Authorization Act, particularly the entitlement to TRICARE for Life for Medicare-eligible beneficiaries requires significant funding for successful implementation. The estimated cost for these congressional directed new benefits is estimated at \$4.151 billion in FY 2002. A DoD Medicare-eligible Retiree Health Care Fund will be established in FY 2003 to pay for these new benefits, but additional DHP funding will be required in FY 2002. The Department will seek a top-line increase for DoD to ensure adequate funding to implement these benefits in a timely manner.

- 3. Question:** What is the Department's long-term solution to addressing the funding requirements for the Military Health System?

**Proposed Response:** Adequate and timely funding for the MHS must be provided if we are to provide congressionally directed health care to entitled beneficiaries in a stable business environment that optimizes the use of all health care resources including MTFs and managed care support contracts. The Department should use the next POM cycle to programmatically fix the DHP for the out-years, anticipating many of the same market forces experienced by the civilian health care sector. The Department will provide programmatic oversight to improve the predictability of MHS funding requirements through the Military Health System Executive Summary reporting process to review overall TRICARE performance and implement timely productivity and cost measures. The Department will implement as quickly as possible the next generation of TRICARE contracts to reduce costs, support a more integrated health care delivery system, and to increase predictability of health care costs by employing a more appropriate contract model.

**D. FOR ADDITIONAL INFORMATION:** (b)(6) (Health Budgets & Financial Policy); (b)(6)

(b)(6)

Date: December 18, 2000



## HEALTH CARE BENEFITS

### A. BACKGROUND

1. TRICARE, the military health care benefit, is available to active duty military personnel, their families, retirees and retiree family members. The active duty force has a no cost, comprehensive health care coverage. Active duty family members, retirees and their families (under age 65) have a health benefit known as TRICARE. This benefit provides them with access to both military health care facilities and to civilian providers and hospitals (much like any private health insurance). Until the Fiscal Year 2001 (FY 2001) National Defense Authorization Act passed, retirees and family members age 65 and over (approximately 1.5 million) maintained access to military facilities but were required to use their Medicare benefit when care was unavailable in military facilities.

2. The FY 2001 National Defense Authorization Act significantly expanded the health care benefit for DoD beneficiaries, particularly for military retirees and their family members who are age 65 or older (Medicare-eligible). Major FY 2001 health care improvements include:

- a. Elimination of Copayments for Active Duty Family Member Enrolled in TRICARE Prime (October 1, 2001). This was included in last year's President's budget and was strongly supported in by Congress. Active duty family members who are enrolled in TRICARE Prime will have no copayments for care delivered in the civilian health care sector (they currently have cost-shares mostly in the \$6 to \$12 range), except for pharmacy. The annual cost is estimated at \$120 million.
- b. Prescription Drug Benefit for Medicare-Eligible Beneficiaries (April 1, 2001). Currently, Medicare-eligible beneficiaries can only obtain their prescription medications from a military hospital or clinic. They have no access to civilian pharmacies. The new benefit will provide these beneficiaries with a prescription drug benefit through civilian pharmacies and/or a mail order pharmacy program. The annual cost for this benefit is approximately \$800 million.
- c. TRICARE as 2<sup>nd</sup> Payor to Medicare, (October 1, 2001). Retirees and family members over age 65 will have TRICARE benefits similar to all other military beneficiaries as second payor to their Medicare benefits. And in those instances in which Medicare does not offer a benefit TRICARE will be first payor for care to Medicare beneficiaries. The annual cost for this benefit is approximately \$3 billion.

3. This change in benefits is accompanied by significant costs. A separate issue paper addressing financial requirements to implement these benefits is included in this transition book.

### B. DoD POSITION:

DoD is moving very aggressively to implement these benefit changes within the timeframes set by Congress. We are working closely with OMB, HHS, and Treasury to establish the federal regulations. We are concurrently working with our TRICARE contractors on a number of



necessary contract modifications. Although funding is a significant issue, we expect to implement these benefits on time.

### **C. QUESTIONS AND ANSWERS:**

**1. Question:** Is the Department prepared to implement the congressionally directed changes in the TRICARE benefit within the timelines we established?

**Proposed Response:** We have had extraordinary interagency cooperation and expect to have a fully coordinated federal regulation in place by February 2001. Our contractors are being similarly helpful in preparing to make the necessary changes required to their information and claims processing systems. We fully expect to meet the timelines and implement these benefits on the dates established.

**2. Question:** How does the Department intend to deliver health care services to the Medicare-eligible population who are now eligible for TRICARE benefits?

**Proposed Response:** The Department is closely studying several health care delivery models that include improving access to military facilities; expanding our TRICARE networks in the civilian sector, and simply ensuring that we have the systems in place to pay our share of costs for care delivered by providers who had established relationships with our older beneficiaries. We will likely employ each of these models depending on the presence of a military hospital, the size of the Medicare population, and the capacity of our military facilities to provide the care that is needed for these people. Most of our facilities are not staffed to provide the full range of geriatric care services that this population requires.

**3. Question:** What is the Department doing to improve contractor performance under TRICARE?

**Proposed Response:** The Department has made a number of improvements in our contractor performance—particularly in the area of claims processing, where the timeliness of our payments is among the industry's best. We are now moving forward with a new acquisition model for health care contracts and plan to begin the procurement process in FY 2002.

**D. FOR ADDITIONAL INFORMATION:** (b)(6), Chief of Staff, Office of the Assistant Secretary of Defense (Health Affairs). (b)(6)

(b)(6)

Date: 19 December 2000

## **Issue: Organizational Structure of the Military Health System (MHS)**

**Issue:** Whether the current organizational structure of the MHS is the most effective option for executing the Department's dual medical missions of operational readiness and peacetime health care.

**Background:** Health care costs are rising significantly throughout the United States and within the Department of Defense due to high individual expectations and newly available technologies. DoD's health care costs exceeded \$18 billion in FY 01, and will climb to more than \$22 billion in 02 following implementation of new benefits for Medicare eligible beneficiaries, known as TRICARE for Life. Health care benefits have been continuously expanded, and in contrast to private sector trends, patient copayments eliminated or reduced.

The Assistant Secretary of Defense (Health Affairs) is the principal advisor for health matters to the Secretary of Defense and Under Secretary for Personnel and Readiness. The Assistant Secretary has authority, direction and control over a unified medical budget, and is responsible for all health policies and resources in the Department of Defense. Health care delivery is accomplished through a combination of military medical facilities operated by each of the three military departments through separate regional command structures, and care purchased from civilian providers. Approximately 2/3 of the medical care is provided in military hospitals and clinics; one-third is purchased from civilian sources through centrally-procured managed care support contracts. Military Departments are also responsible for medical readiness. Regional managed care support contracts provide claims processing, civilian physician network development, enrollment and civilian health care services. Due to the increases in civilian costs, fluctuations in military care provided and frequent benefit changes, annual health care costs estimates are difficult to predict. These organizational and program challenges result in health care program inefficiencies.

### **Issues to be resolved:**

1. Does the current organizational structure offer the best means of carrying out the dual medical missions of operational readiness and peacetime health care?
2. Does any other organizational option offer greater potential to improve the effectiveness and efficiency of the military health system, with particular focus on operating a regional, integrated health care delivery system that optimizes resources, provides a stable business environment, and standardizes business practices to ensure both efficiency and quality in health care delivery?

### **Options:**

1. Improve management of existing health care delivery system with full time regional manager for all health care services within regions. A pilot project is underway in Region 11 (Washington and Oregon).

2. Replace current structure with Defense Medical Command reporting to the Assistant Secretary of Defense (Health Affairs) for policy, and to the Joint Chiefs of Staff for operational control.
3. Replace current structure with a Defense Health Agency, reporting to the Assistant Secretary of Defense (Health Affairs) for both policy and operations
4. Status quo



## INFORMATION PAPER

**SUBJECT:** TRICARE Enrollment

**BACKGROUND:** The National Defense Authorization Act for FY01 (1) expanded eligibility to TRICARE benefits to most Medicare-eligible MHS beneficiaries secondary to Medicare, and (2) directed DoD to provide a report to Congress outlining a redesigned TRICARE enrollment policy.

There will be about 1.6 million over-65 military beneficiaries in 2002, increasing to 1.8 million in 2007 – roughly 20 percent of MHS beneficiaries. About 40 percent live near a military hospital, about 20 percent near a clinic. For the 40 percent who live away from MTFs, DoD's principal role will be as a secondary payer to Medicare. For the 60 percent near MTFs, there may be opportunities to manage health care use. However, for this population, which uses much more health care than under-65 beneficiaries, significant issues must be resolved.

**CURRENT ISSUES:** DoD has 2 primary challenges in shaping a new enrollment policy.

The first challenge is to determine the enrollment opportunities for Medicare eligible beneficiaries. This population consumes almost 4 times more health care than younger beneficiaries. Our military hospitals and clinics will likely not be able to absorb all of these beneficiaries for primary care services. DoD has begun modeling four options under which this population could receive health care:

- 1) **Serve as Secondary Payer to Medicare.** Provide an excellent program of secondary payment to Medicare, and minimize the role of military treatment facilities. This is the likely option for the 40 percent of the population who do not live near an MTF.
- 2) **Enroll in TRICARE Prime in Military Hospital or Clinic.** Provide an MTF-centered managed care program for the maximum number of seniors, and pursue Medicare Trust Fund reimbursement (similar to current demonstration program with the Health Care Financing Administration).
- 3) **Enroll in TRICARE Prime with Civilian Doctors.** Focus enrollment for seniors with managed care contractor network providers, who would manage their care.
- 4) **Empanel/Enroll in MTF.** Provide an MTF "empanelment" option to seniors, who would get referrals to Medicare-authorized providers for care beyond MTF capabilities, absent a Medicare Trust Fund reimbursement program.

The second challenge is to shape a new enrollment policy that addresses all beneficiaries. DoD is expected to consider a number of options to include: establishment of specific "open enrollment" seasons; introduction of enrollment fees for all beneficiaries (currently restricted only to retirees under age 65); and elimination of space-available care for non-enrolled beneficiaries.

**STATUS:** The report to Congress is due March 31, 2001, to define a TRICARE enrollment program through which all beneficiaries would select their means of accessing their military health benefit. Enrollment for senior beneficiaries will be included in that report. Divergent views must be considered and reconciled over the next several weeks. The opportunity is to better deploy the existing resources of the health care system to provide cost-effective care to our beneficiaries.

POC:

(b)(6)

**ISSUE:** INSTITUTIONALIZING THE FUNCTIONS OF THE CONSEQUENCE MANAGEMENT PROGRAM INTEGRATION OFFICE (COMPIO)

**BACKGROUND:** The CoMPIO was established in 1998, by Defense Reform Initiative Directive 25, to integrate the Reserve Components into DoD's domestic weapons of mass destruction response efforts. Under the auspices of the CoMPIO, WMD Civil Support Teams (27 through FY 2000) were established, and plans were developed for integrating the Reserve Component into the consequence management mission. During the same time period, domestic CBRNE consequence management has received increased attention, including the establishment of the Office of the Assistant to the Secretary of Defense for Civil Support (ATSD-CS) and the stand-up of Joint Task Force - Civil Support (JTF-CS) under the US Joint Forces Command. During the summer of 2000, the ATSD-CS formed several working groups to analyze the integration of CoMPIO's functions into existing DoD structure, and to recommend a transition process to disestablish the CoMPIO, while maintaining ongoing actions and initiatives.

**DISCUSSION:** A transition plan was developed to guide the transfer of functions and resources from CoMPIO to the gaining organizations. The transition will take place during FY 2001.

**ACTIONS REQUIRED:** As a result of the transition, ASD (RA) will have responsibility for portions of the DoD CBRNE-CM program in several areas, and remain a full partner with the ATSD-CS in developing DoD CBRNE-CM program plans and priorities. ASD (RA) will continue to maintain responsibility for policy and program oversight of all Reserve Component matters, including those involved in CBRNE consequence management. Specifically, ASD (RA) will provide policy guidance and oversight for all aspects of manning, equipping, training, operating and sustaining the WMD-CSTs. ASD (FA) will also be involved in planning the transition of resources.

**OFFICE SYMBOL:** OASD (RA) MACA

**ACTION OFFICER:**

(b)(6)



**ISSUE:** WEAPONS OF MASS DESTRUCTION (WMD) CIVIL SUPPORT TEAMS (CST)  
CERTIFICATION OF EXISTING TEAMS AND LOCATION OF NEW TEAMS

**BACKGROUND:** Initially created as Rapid Assessment and Initial Detection (RAID) teams, the WMD Civil Support Teams (WMD-CSTs) form DoD's initial response in supporting civil authorities in dealing with domestic WMD incidents. Each team is comprised of 22 highly skilled, full-time, well-trained and equipped Army and Air National Guard personnel. There are currently 27 teams, with 5 more approved by Congress to be fielded in 2001. The teams will deploy, on order of the state Governor, to assist local first responders in assessing the precise nature of an attack, provide expert medical and technical advice, and help pave the way for the identification and arrival of follow-on state and federal military response assets.

**STATUS/DISCUSSION:** The certification process for the first ten CSTs is underway. Certification packages for seven teams have been approved by the Secretary of the Army, have been submitted to ASD(RA) and are being reviewed by MACA. Approval by the Secretary of Defense is anticipated early in 2001, pending resolution of issues of concern raised by the DoD Inspector General.

A decision on where to station the five additional teams authorized by Congress in the FY2001 Defense Appropriations Act is pending. The Army has proposed locations which are being reviewed in the context of other broad changes to the WMD CST program, including a definitive articulation of the total WMD CST program requirements. Approval by the Secretary of Defense and congressional briefing are anticipated in early 2001.

**ACTIONS REQUIRED:** Continue to work with the Army Staff to resolve outstanding issues on the certification process. Conduct a thorough review of the certification statements and forward those packages deemed ready to the Secretary of Defense for approval. Complete the review the Army's stationing recommendations for the new teams in light of the total programs' requirements, and forward the resulting stationing recommendations to the Secretary of Defense for approval.

**OFFICE SYMBOL:** OASD (RA) MACA.

**ACTION OFFICER:**

(b)(6)

**ISSUE:** DoD NATIONAL GUARD AND RESERVE EMPLOYER DATABASE

**BACKGROUND:** The way the Department employs its Reserve components has significantly changed over the past eight years. Duty in the National Guard or Reserve is no longer performed just two days a month—generally on weekends—and two weeks during the summer. Now, Guard and Reserve members are not only performing required training, but they are also supporting operational missions and exercises on a day-to-day basis. This paradigm shift in reserve utilization can affect the civilian employers of Reservists when their Reservist-employees are absent because of military requirements. Strong employer support is critical as we continue to employ members of the Reserve components within this new strategy.

**DISCUSSION:** To help employers minimize the impact of the temporary absence of their Reservist-employees to perform military duty, we first must know who the employers are. There are anecdotal indications that the attitudes of employers are changing in response to the increased use of the Guard and Reserve. However, there is very little statistically valid data to measure the attitudes of employers and any changes that are taking place. To address this problem, we are developing a web-enabled, database of current employers of Reserve component members. This database will provide a ready listing of employers from inputs provided by Reservists and from existing business software applications. Developing the employer database will help the Department maintain effective ties to the business world and facilitate open communications with employers. The database will increase the effectiveness of our employer outreach programs by identifying employers directly affected by DoD policies, mobilizations and the increased reliance on the Reserve components. Using periodic surveys and other tools, we can also monitor employer attitudes toward participation by their employees in the National Guard and Reserve and the Department can better assess what it needs to do to help employers and to provide incentives to encourage employer support for such Reserve participation. A database will also support the National Committee for Employer Support of the Guard and Reserve (NCESGR) and their state committees in more effectively targeting their employer support programs. The specific architecture of the database and its link to existing personnel databases will be determined in coordination with the Services and their Reserve components.

**ACTION REQUIRED:** Determine sources of funding for database development. Finalize required data elements. Establish operational policies for using and maintaining the database.

**OFFICE SYMBOL:** OASD/RA (M&T)

**ACTION OFFICER:** (b)(6)



**ISSUE: HEALTH CARE VOUCHER FOR FAMILIES OF RESERVE COMPONENT MEMBERS**

**BACKGROUND:** Continuity of healthcare is a major concern of Reserve component members. Although the families of Reserve component members who are called to active duty for more than 30 days are automatically covered under TRICARE, this requires families to enroll in a new healthcare system and may require a change in healthcare providers. Reservists currently have the option of continuing family healthcare coverage under an employer-sponsored healthcare plan when called to active duty. However, employers may require reservist-employees to pay up to 102 percent of the total premium cost, if the period of absence exceeds 30 days. This may place such a financial hardship on some Reservists that they could not afford this alternative. While paying the entire healthcare insurance premium may be costly, many Reserve families would prefer this option in order to maintain continuity of healthcare within their current system since the switch to TRICARE is not transparent to the family.

**DISCUSSION:** The Department is currently developing a proposal that would make retaining their civilian healthcare insurance coverage a financially viable option for Reserve component members ordered to active duty for more than 30 days but for less than 18 months. Under this program, the Department would pay up to \$455 per month (the estimated equivalent cost of covering a family under TRICARE) toward the Reservists employer-provided or private healthcare insurance premium. The dependents of Reservists who elect this option would not be entitled to any other military healthcare program during the sponsor's tour of active duty. Reservists would have the option of terminating the subsidy at any time in order to regain entitlement to dependent healthcare under TRICARE for the remainder of the active duty period. However, once the Reservist has opted for TRICARE he or she would no longer have the option of electing the subsidy program. This program would address a significant Quality of Life concern of Reserve component members--the continuity of healthcare. This would make the member's change to a military status transparent to the family from a continuity of healthcare perspective.

**ACTION REQUIRED:** Validate cost savings estimates and pursue a legislative change to provide this option for Reserve component family members.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER:**

(b)(6)

V. DUSD/ASD Policy Issues



○ DuSD Integration ○



DUSD (Readiness)

○

○

DUSD (Program Integration)  
Issue Papers

- Defense Enrollment Eligibility Reporting System (DEERS) Redesign to Support Improvements in the TRICARE Program
- Defense Incident-Based Reporting System (DIBRS)
- A Central Repository for Medical Readiness Data
- Sexual Harassment Survey (SHS) and Equal Opportunity Survey (EOS)
- Exit Survey and Leadership Survey Items

## **ISSUE: DEFENSE ENROLLMENT ELIGIBILITY REPORTING SYSTEM (DEERS) REDESIGN TO SUPPORT IMPROVEMENTS IN THE TRICARE PROGRAM**

**BACKGROUND:** In 1995, following a technical system and business process review, the Defense Manpower Data Center (DMDC) began the redesign of the DEERS to allow the fifteen-year-old system to take advantage of current architecture advances and modern technologies. The primary mission of DEERS is to reduce fraud and abuse of Department of Defense (DoD) benefits and to serve as a central source of the eligibility of the DoD beneficiary population.

The medical community, through the Assistant Secretary of Defense, Health Affairs, asked DMDC to redesign the medical functionality of DEERS as a central database of record in support of the Military Health System (MHS). The Military Health System (MHS) has been composed of numerous systems and interfaces supporting the DoD. The redesign of DEERS for increased medical functionality supports the need of the DoD to maintain critical data in a central database of record and eliminate redundant distributed databases, and allows portability of DoD medical care services.

### **QUESTIONS/ANSWERS**

**QUESTION:** What does "portability" of DoD medical care services mean?

**ANSWER:** The TRICARE program is supported by multiple contractors who manage the enrollment of beneficiaries into the appropriate level of managed health care program. These enrollments are owned and maintained locally by the regionalized contractors. When a military family changes geographic location, it must disenroll from medical care services in one location, and re-enroll for medical care services in the new location.

Portability means the database of record information is available to all the enrollment contractors and other users of the MHS, and not localized. Each enrollment contractor can assist the military family in the transfer and management of its managed health care program centrally from any authorized location. Portability provides service and customer-driven program management to the beneficiary population.

**QUESTION:** Besides portability, what other improvements will the DEERS redesign bring to the TRICARE program?

**ANSWER:** Currently the TRICARE program is supported by multiple contractors who manage the enrollment of beneficiaries into the appropriate level of managed health care program, and by multiple contractors who handle the claims processing for the settlement of civilian health care



medical claims. Each contractor maintains its own enrollment database and claims processing database.

The redesign establishes DEERS as the central database of record for all the DoD health care coverage data. The first increment of the DEERS medical redesign is the National Enrollment Database (NED) implementation during the summer of CY 2001. At the NED implementation, enrollments into the TRICARE managed health care programs will be done in DEERS using a DMEC-developed enrollment application. This will standardize the enrollment process and the enrollment data capture according to the DoD requirements. Full Portability will be attained when TRICARE Manage Care Support Contractors move to doing eligibility checking using New DEERS.

In addition, through the use of the government-owned enrollment application, the DoD is developing a standard managed health care program enrollment card. This card will support the beneficiary by identifying his or her managed health care program enrollment and providing the necessary contact numbers for verification of medical care eligibility. This card will be a standard, portable card that the beneficiary can use as a form of insurance card when proof of medical insurance is required.

With this year's NDAA, DEERS will play a key role in determining the eligibility of two new benefits. The first is the expansion of the current pharmacy benefits to those over the age of 65. The second is support for the TRICARE for Life program. Both of these new benefits will require coordination with HCFA for determining enrollment and eligibility for Medicare Part A and Part B.

Action Officer and Phone Number: (b)(6)

Action Office: Defense Manpower Data Center, DIRM

Date: December 20, 2000

## **ISSUE: DEFENSE INCIDENT-BASED REPORTING SYSTEM (DIBRS)**

### **QUESTION/ANSWERS**

**QUESTION:** What is the status of implementing DIBRS?

**ANSWER:** The Department of Defense (DoD) has been working on the Defense Incident Based Reporting System (DIBRS) since 1994. On October 14, 1996, DoD issued DoD Directive 7730.47, Defense Incident-Based Reporting System, which requires the Military Services and DoD components to implement DIBRS. A DoD Manual containing specific guidance on data requirement and the reporting procedures for DIBRS was issued on November 29, 1996. A revision to the Manual was issued on October 27, 1998. A second revision is in process now.

The DIBRS will contain information from all DoD components concerning law enforcement investigations and administrative, non-judicial, court-martial, and civilian court proceedings. DoD components will provide monthly reports to the Defense Manpower Data Center (DMDC) concerning the investigation, processing, and disposition of criminal offenses. DoD will use DIBRS data to comply with the crime reporting requirements of the Uniform Federal Crime Reporting Act of 1988 (28 U.S.C. § 534); the Victims Rights and Restitution Act of 1990 (42 U.S.C. § 10601); the Brady Handgun Violence Prevention Act of 1994 (18 U.S.C. § 922); amendments to the Jacob Wetterling Act concerning release of convicted Federal sex offenders and incidents of domestic violence involving members of the Armed Forces - National Defense Authorization Act FY 2000 (P.L. 106-65). DMDC will maintain the DIBRS data base, produce and transmit reports required under Federal law, and respond to ad hoc requests for data.

The DIBRS reporting process requires data reports from various organizations within each Military Service, such as law enforcement, investigation agencies, commanders, judicial, and correctional facilities. The automated systems in these organizations have not been

compatible with DIBRS reporting requirements. The Services are developing, and upgrading existing systems to meet DIBRS requirements.

Developing DIBRS-compatible automation systems has been a challenge for the Military Services. DIBRS has not been an operational priority for funding in some of these organizations and some organizations have encountered delays with software development problems. DIBRS feeder systems are being upgraded as funding becomes available. Air Force Law Enforcement has completed this process and is now reporting to DIBRS.

The Services have also raised concerns about the scope of the reporting and the protection of privacy. Representatives from the Office of the Secretary of Defense continue to work closely with Service representatives to resolve these issues. A revision to the DIBRS Manual was issued to accommodate concerns with the scope of reporting. New policy recommendations are being discussed to address Service concerns over privacy.

While the Services continue to express concerns with funding and protection of personal information, DoD remains committed to implementing DIBRS. The Services have been and will continue to be directed to comply with DIBRS reporting requirements as soon as possible.

Action Officer and Phone Number: (b)(6)  
Action Office: OUSD P&R) PI-1.E/EPS  
Date: December 2000



## ISSUE: A CENTRAL REPOSITORY FOR MEDICAL READINESS DATA

**BACKGROUND:** In 1995, the Defense Manpower Data Center (DMDC) began a redesign project for the Defense Enrollment and Eligibility Reporting System (DEERS). As portions of that redesign were implemented, opportunities arose for providing a centralized level of reporting and viewing for medical readiness data. No central repository of such data had previously existed. Medical readiness data was heretofore fragmented over numerous regions and organizations.

### QUESTIONS/ANSWERS

**QUESTION:** What is DoD doing to improve medical readiness reporting?

**ANSWER:** The DEERS repository of DoD personnel data has opened up opportunities for improving medical readiness. Immunizations were the first area to benefit from this new capability. Gathering immunization data in a central repository was critical for several reasons. First, it allows senior DoD managers to monitor this important area of medical readiness. This was and continues to be an important issue with regard to Anthrax vaccinations. Second, a central repository provides a better level of support to unit commanders who are responsible for readiness. The Immunization WEB Site gives unit commanders a powerful tool for monitoring and improving the medical readiness of their units. Third, the central repository provides an improved level of support for the service member. When a service member joins a new unit, his immunization history is immediately available. He will no longer be forced to get unnecessary shots because his immunization records have been lost or haven't caught up with him.

**QUESTION:** Can the same model for a centralized repository be extended to other areas of readiness reporting?

**ANSWER:** This model can certainly be extended to areas where the data is person-based. Such a centralized repository will make the data more useful and will make it truly portable across the DoD.

Action Officer and Phone Number

(b)(6)

Action Office: Defense Manpower Data Center, DEIRA

Date: January 23, 2000



## **ISSUE: SEXUAL HARASSMENT SURVEY (SHS) AND EQUAL OPPORTUNITY SURVEY (EOS)**

**BACKGROUND:** Defense Manpower Data Center (DMDC) conducted Joint-Service, active-duty Sexual Harassment Surveys (SHS) in 1988 and 1995. In 1996-97, DMDC also fielded the first Joint-Service, active-duty Equal Opportunity Survey (EOS). Recently, USD(P&R) and other senior officials (ASD/FMP; DASD/EO) agreed that these surveys should be repeated every four to five years. In December 1999, the USD (P&R) directed DMDC to continue its plan to field the next SHS in 2000 and a second EOS in 2001. This would reflect a five-year cycle for both surveys. In support of SHS being fielded in 2000, DMDC has (1) conducted an extensive revision process, and (2) pretested the revised survey. The SHS revision process formally began after issuance of a 29 June 1998 memorandum from DASD(EO) to the Services, requesting DMDC spearhead the development of a common survey approach for measuring sexual harassment. Both the Defense Advisory Committee on Women in the Services (DACOWITS) and the Joint Chiefs of Staff-Office of the Secretary of Defense Sexual Harassment and Unprofessional Relationships Process Action Team (SHURPAT) had separately recommended the Department abandon the use of different survey measurement approaches. In the SHS revision process, DMDC hired outside experts so recent advances in sexual harassment measurement could be incorporated into the new survey. Also, DMDC has met regularly with the Services to involve them in the revision process and to obtain support for the new survey methodology. With regard to EOS, DMDC is in the initial stages of the survey revision process. DMDC has been told the official asking for this will emanate out of an upcoming meeting of the Defense Equal Opportunity Council. In the fall of 2000, the Joint Service Equal Opportunity Task Force recommended that the upcoming SHS and EOS be fielded among Reserve component (RC) Personnel. DMDC has constructed a RC version of the SHS and will pretest it in January 2001.

**ACTION/DECISION:** Confirm milestones to start administration to the active and reserve components of SHS in March 2000 and EOS in August 2001.

### **QUESTION/ANSWER:**

**QUESTION:** Legislation (NDAA, 1997) requires annual surveys of both sexual harassment and racial/ethnic harassment and discrimination. Are you in compliance with this law?

**ANSWER:** The Department has not been in compliance with the law. However, the Department plans to field surveys on sexual harassment and equal opportunity/race-ethnic harassment/discrimination in 2001.

**QUESTION:** Should these surveys be conducted every year?

**ANSWER:** No, these surveys should not be conducted annually. These surveys track behavioral changes that, on a year-to-year basis, are very small. For example, the Department conducted Joint-Service sexual harassment surveys in 1988 and 1995. The most dramatic 1995 finding was

a 13 percentage-point decline in sexual harassment for Navy women. Given the seven-year span between survey administrations, this amounted to not quite a 2 percentage-point change per year. The 1995 survey cost \$900,000. Other organizations that conduct large-scale surveys that document behavioral change also field their surveys periodically, not annually. For example, the U.S. Merit System Protection Board fielded sexual harassment surveys to Federal civilian employees in 1980, 1987, and 1994.

**QUESTION:** Could these surveys be combined?

**ANSWER:** We do not recommend administering a single survey to measure both sexual harassment and racial/ethnic harassment and discrimination for two reasons. First, both surveys involve oversampling two distinct population groups (racial/ethnic minority groups and women). This is necessary to support survey analyses, but the oversampling and subsequent weighting are technically very complicated and we do not recommend combining the two efforts. Second, these individual surveys are already lengthy (16 pages). Combining these would result in an even longer survey and would adversely affect response rates. Third, including both issues on the same questionnaire could potentially result in biased responses to the second topic on the questionnaire form and reduce comparability with results from previous iterations of the survey.

Action Officer and Phone Number: (b)(6)

Action Office: Defense Manpower Data Center, DHR/ODASD Equal Opportunity

Date: December 20, 2000

## **ISSUE: EXIT SURVEY & LEADERSHIP SURVEY ITEMS**

**BACKGROUND:** The Defense Manpower Data Center (DMDC) fielded the 2000 Military Exit Survey (MES) to all active-duty personnel honorably separating from the Service during a six-month period. The policy oversight office for the survey is ODASD(MPP)(O&EPM). This survey was mandated in NDAA 2000, Public Law 106-65, Section 581. As required by law, the MES includes questions on: reasons for leaving military service, command climate, attitude towards leadership, attitude towards pay and benefits, job satisfaction, plans after separation, and plans to affiliate with the Reserve Component. The legislation required that the survey be fielded 1 January through 30 June 2000, and a report issued by 1 October 2000. DoD, however, requested and received a 90-day extension so that the survey instrument could be carefully developed and pretested. Data were collected from 1 April through 31 September 2000 and a report is due to Congress by 31 March 2001. DMDC is currently developing the survey database and preparing to begin data analysis.

### **QUESTIONS/ANSWERS**

**QUESTION:** Will questions on attitudes toward military and civilian leadership be included in the Exit Survey?

**ANSWER:** The MES includes questions on attitudes toward military leadership. In addition, because some MES questions on leadership have also appeared on civilian surveys, DoD will be able to compare MES results to civilian results for these items. There are no questions on attitudes toward civilian leaders.

Action Officer and Phone Number:

(b)(6)

Action Office: Defense Manpower Data Center DIRM/ODASD(MPP)(Officer & Enlisted Personnel Management)

Date: 20 December 2001



## **D JSD (Readiness)**

### **Issue Papers**

- **Independent Review of Readiness Reporting: Should We Do More?**
- **What are the Current Trends in Military Readiness?**
- **Joint Simulation System (JSIMS)**
- **CJCS Exercise Program (CEP)**
- **Defense Science Board Task Force on Military Training and Education**
- **Advanced Distributed Learning (ADL) Initiative**
- **Sustainable Ranges Project**
- **Training Facilities and Instrumentation for Urban Operations Training**



## INDEPENDENT REVIEW OF READINESS REPORTING: SHOULD WE DO MORE?

**BACKGROUND:** In response to concerns about the accuracy of DoD readiness reporting, the FY1999 National Defense Authorization Act (NDAA) required that the Secretary of Defense establish a more comprehensive, accurate, and timely readiness reporting system by April 1, 2000. To that end, DoD conducted a study of its readiness reporting and assessment systems, and developed a series of recommendations to enhance DoD readiness reporting. For the most part, these enhancements were modest in scope and built upon existing processes for assessing service and joint readiness. The new system added a number of additional readiness reports, including a monthly readiness report to Congress on current readiness status and trends, and annual reporting to Congress on training and student output, the readiness status of facilities and installations, and shortfalls in sustainment. In the opinion of the DJSI(R), these changes, although a good first step, have not fully addressed the concerns raised by Congress.

After reviewing DoD's implementation plan, Congress mandated an independent assessment of the new reporting system for adequacy and compliance with the law, due to Congress in May 2000. The independent review, conducted by the Institute of Defense Analyses (IDA), has recently been completed. The IDA study recommends a number of further improvements, in both the near and longer term, in response to the legislative requirements. For example, the IDA study recommends reporting readiness by "mission essential tasks," thus more clearly addressing the question: "ready for what?" The independent review also proposes expanding readiness reporting for units and missions beyond the traditional scope of major theater warfare, including engagement missions and WMD activities. The review also offers longer-term recommendations, such as implementing web-based readiness reporting. Though not yet formally staffed within the building, it is clear that the recommendations are generally well-founded and, if implemented, will improve DoD readiness assessment, reporting, and resource integration.

The law requires the Secretary of Defense to review the independent readiness reporting study and forward both the study and his comments to Congress 30 days later. This effort is eight months behind the legislative due date, primarily due to the extensive research required for the independent study. The independent study and the Secretary's recommendations are now overdue to Congress.

**ACTION REQUIRED:** The Secretary must review the recently completed study and decide on a course of action for the Department. To that end, the DUSD(R) plans to lead a working group of senior representatives drawn from key offices in OSD, the Joint Staff, the CINCs, and the Services to review the major recommendations of the study within the next thirty days. The working group will propose a plan of action, which will also address resourcing, to enact those recommendations having an immediate benefit on readiness reporting. It will also establish longer range plans to implement other recommendations, where warranted. The working group's plan, along with policy options and alternatives, will be presented at a meeting of the Senior Readiness Oversight Council (SROC) for decision and approval by the Deputy Secretary, and thereupon forwarded to the Secretary for review and approval.

(b)(6)

Senior Readiness Analyst, Readiness Programming and Assessment  
January 2, 2001



## WHAT ARE THE CURRENT TRENDS IN MILITARY READINESS?

**BACKGROUND:** The most current unit readiness ratings indicate that we have halted most declines in the overall readiness of our forces, although some areas of concern remain. Readiness levels for the Army's major operational units have held stable in recent months, and there have been some improvements in the Active divisions. The readiness of the Navy's deployed forces remains high, while the readiness of its non-deployed forces remains a concern. On the whole, the Marine Corps' major operational unit readiness has shown improvement this year, although there has been some decline in recent months, largely due to safety related groundings of the AV-8B and CH-53E aircraft fleets. Air Force readiness levels remain a concern, although the readiness of the major operational units has held steady in recent months. Current concerns can be categorized into three areas:

**Personnel Readiness:** Personnel trends are improving, although we still see some personnel shortage and skills mix issues in the Services. Much of the improvement may be attributed to Service prioritization of "first to fight" units in terms of manning. For example, the Army has achieved its goal of manning Active Divisions at 100 %; the Navy has reduced the number of at-sea billets gapped; and the Air Force—while still short 1200 active-duty pilots—continues to fully man line cockpits at the expense of rated staff positions..

**Equipment Condition:** The Army and Marine Corps continue to show high levels of equipment readiness in their active forces, although there are some worrisome indicators this fiscal year. The Navy is meeting its readiness goals for its deployed forces, and Air Force aircraft mission capable rates have shown some improvement over the last year, although they remain below the desired levels. However, funding constraints, high deployment tempo, and the increasing age of equipment have adversely affected materiel readiness rates. While there is evidence that increased funding in the past two years is beginning to have a positive effect on spare parts shortages, significant issues remain. Moreover, every Service has had problems predicting the true magnitude of flying hour costs and spares requirements.

**Training:** For the most part, training readiness has been an issue when either a Service had to curtail home station or other training for certain units because of their already high deployment tempo, or when a Service had to reconstitute its training readiness after a contingency. However, the Air Force is forecasting shortages of training munitions, and the Navy has a number of training issues regarding carrier airwing/battlegroup readiness. Adequate DoD ranges and training areas also present a growing challenge to the training readiness of every Service, and encroachment is affecting our essential ability to conduct realistic air, ground, and naval training.

**RECOMMENDATION:** OSD must continue to monitor closely readiness trends and take action as necessary to remedy chronic and emerging readiness problems. In particular, we can expect to continue to see challenges in recruiting and retention as well as "technical surprises" in the aviation fleet. There is work to be done on many fronts in managing our resources and ensuring their adequacy.

(b)(6)

Director, Readiness Programming and Assessment  
January 2, 2001

## JOINT SIMULATION SYSTEM (JSIMS)

**Background:** The purpose of the Joint Simulation System (JSIMS) is to provide a readily available, operationally valid, computer-assisted environment for the Commanders-in-Chief (CINCs), their components/commands, other Joint organizations, and the Services/DoD Agencies to conduct simulated training exercises. In addition to supporting Service training, JSIMS will provide a realistic environment for CINCs to train subordinate warfighting commanders, develop doctrine and tactics, formulate and assess operational plans, conduct mission rehearsal, help define operational requirements, provide operational input to the acquisition process, and support Joint Vision 2020 through joint experimentation. JSIMS will not only provide an improved capability for inter-Service training, but also an enhanced Joint battle staff training capability for the warfighting CINCs. JSIMS will provide an aggregated to entity level simulation that will interconnect globally creating a training superhighway between forces in every theater. It will allow CONUS and overseas units (either in garrison or deployed) to operate, interact, and train together in single synchronized training events.

The JSIMS program is a cooperative effort by Joint Staff, the Services and several defense agencies. The Army is developing the joint, land, and tactical intelligence models; Navy, the maritime model; Air Force, the air and space model; and the intelligence community is developing an intelligence process model. These will form a single, seamless, joint synthetic battlespace where all warfare domains will operate as an integrated system. Collectively, these programs are managed under an alliance acquisition management structure. The Army provides the overall leadership of the alliance with the JSIMS Alliance Executive Officer and Alliance Program Manager (APM). FY 1995 - 2007 funding for all programs in the JSIMS Alliance is \$1.36B.

**Discussion:** At IOC, JSIMS will at least replace the useful training functionality of the 1998 Joint Training Confederation (JTC) as defined by the CINCs and Services. The 1998 JTC was made up of eight interacting legacy simulation systems which are no longer capable of adequately supporting both Joint and Service warfighting exercises. JSIMS will also be consistent with the Universal Joint Task List (UJTL) and will initially focus on support for training at the strategic-theater and operational level of war for unified combatant command staffs, joint task force (JTF) commander and staff, and JTF component commanders and staffs. JSIMS will present an accredited, interactive Joint Synthetic Battlespace (JSB) to fully support joint and service training. Subsequent JSIMS versions will provide a comprehensive and accredited JSB, spanning strategic-national levels down to tactical levels. The JSIMS Campaign Plan charts a phased deployment with increasing functionality added in "spiral (software) builds" after initial operational capability (IOC). Version 1.0 (IOC) is scheduled for completion in March 2002.

At the completion of Service first use, JSIMS will support all warfare domains in all phases of operations (mobilization, deployment, employment, sustainment, and redeployment). Version 2.0 of JSIMS will also be suitable for training all tasks identified in the Universal Joint Task List. In follow-on versions, JSIMS will evolve to fully support professional military and senior officer education, mission planning, mission rehearsal, and doctrine development. In addition, the follow-on versions will provide ever-increasing automation of simulated forces, to include behavioral representations.



## C. CS EXERCISE PROGRAM (CEP)

**Background:** The Chairman's Exercise Program (CEP) is the primary component of the Chairman's Joint Training Program. CEP provides Unified Commands a means to train battle staffs and forces in joint and combined operations, to exercise C3 equipment and procedures, and to evaluate their war plans. CEP exercises also provide training for national-level decision-makers and their staffs.

There are two funding components for CEP. The Joint Staff (J-7) manages and distributes funding to pay for strategic lift, port handling and inland transportation of personnel, material, and equipment. The Services provide incremental support funding to cover all other costs for exercise participation (e.g., consumable supplies, repair parts, per diem, etc.).

Joint exercises are characteristically resource intensive (time, personnel, equipment), requiring extensive coordination and preparation. However, exercises provide an extremely valuable venue for collective training, and they provide U.S. presence and satisfy political objectives as well. Most joint/combined exercises and engagement activities are locked into schedules with foreign countries through government-to-government agreements, years in advance. As in multi-national operations, these activities require exhaustive coordination with all foreign participants.

In 1998, the CEP came under congressional scrutiny due to (Service-voiced) concerns that the program was unnecessarily contributing to the high OPTEMPO/PERSTEMPO of Service units and personnel. The Chairman responded by voluntarily establishing a goal of reducing exercise man-days associated with the CEP by 15 percent from FY 96 programmed levels. At the time, CEP made up approximately 6% of the total PERSTEMPO for DoD. The Chairman subsequently increased his reduction in the CEP to a total of 30 percent.

**Discussion:** Today CEP exercise numbers are down 34 percent, exercise man-days are down 31 percent from FY 96 programmed levels, and CEP man-days now represent barely four percent of the total PERSTEMPO. Overall, Joint Staff CEP funding is down 15 percent. (There is not a one-for-one relationship for man-day reductions and Joint Staff funding. An exercise could be cut in half reducing man-days by 50 percent, but the requirements for strategic lift/funding would be largely unchanged providing little, if any, cost savings.) Unfortunately, Service incremental support funding has been disproportionately reduced with Army down 41 percent and Air Force by 34 percent over that same period.

In the FY 00 Presidential Budget congress reduced Service incremental support funding for the CEP. However, the Joint Staff was successful in reprogramming funds from their CEP mobility account to rebalance the program overall. Congressional action again reduced Service funding in the FY 01 Presidential Budget. Subsequently, in their FY02-07 POM submissions, the Army and Air Force cut their incremental support CEP funding from Defense Planning Guidance (DPG)-directed levels in anticipation of further Congressional action. A Program Budget Decision (PBD) was approved by the Deputy Secretary on December 19<sup>th</sup> directing the Services to restore incremental funding to DPG directed levels and also reprogram FY01 funding to cover the Congressional cut in this year's budget. Congressional understanding and support will be key in carrying out the intent of the PBD.

The bottom line is that the Services cut funding for their support of CEP disproportionately below required levels, thereby imbalancing the program. The recent PBD successfully restored balance to the program.



As JSIMS matures, future developments will allow globally dispersed forces, including deployed U.S. forces, research and development test facilities and ranges, defense educational institutions, reserve components, U.S. Government agencies, allies, and multinational forces to participate simultaneously in multi-echelon, simulation-assisted training events.

JSIMS will increase the training resources available to commanders for both joint and Service training worldwide, reduce the time required to prepare for training exercises, and expanding the number of tasks that can be trained using simulation. The evolution from the current "stovepiped" training models to a joint network of interoperable models will reduce manpower overhead for conducting computer-aided training and exercises by at least 10%, with a goal of 66% when full operational capability is achieved.

The JSIMS Alliance is fully funded through FY 01, has transitioned to an open HLA / RTI-based architecture, and is working within the I-IP7/O-IPT process as an ACAT - 1D program. The program has a new full-time PM (U.S. Army STICOM) and a SES - level Alliance Executive in place. JSIMS is on track to meet the IOC software (Version Release 1.0) date in March 2002.

**Recommendation:** Continue to support JSIMS, the Chairman's number one priority for training.

POC: (b)(6), ODU&D(R)R&T, (b)(6)

**Recommendation:** Continue closely watch and support the CEP, at the PBD directed level, as a major component of our Department's commitment to Joint Training and the subsequent capability of the CEJCs to achieve their readiness and mission-related responsibilities in carrying out the National Military Strategy.

POC: (b)(6), ODU SD(R)R&TPP, (b)(6)



## DEFENSE SCIENCE BOARD TASK FORCE [REDACTED] on MILITARY TRAINING AND EDUCATION

**Background:** The Defense Science Board (DSB) Task Force (TF) on Military Training and Education was chartered by the USD(A&T) in February 1999, co-sponsored by the USD(A&T), USD(P&R), and the Joint Staff J-7. [REDACTED] (b)(6) the "B" in BDM, and [REDACTED] (b)(6) a friend of [REDACTED] (b)(6) - the Chairman of the DSB - were appointed as Co-chairs for the TF. [REDACTED] (b)(6), the Director for Readiness and Training in the Office of the DUSD (Readiness) was designated the Executive Secretary. The Terms of Reference (TOR) for the TF charged it with studying the impact of training techniques and the potential future learning environment upon the following functional areas: 1) unit and force level proficiency, 2) individual warrior/human competence, 3) military training infrastructure (the potential impacts of technology on it), and 4) the effect of training proficiency on potential adversaries. The TF - comprised of retired general officers, training leaders in academia, and government advisors - met nine times and visited four sites over the course of twelve months. They prepared a draft report and briefed it to [REDACTED] (b)(6) and [REDACTED] (b)(6) and the DSB. [REDACTED] (b)(6) approved the final report and it is being prepared for printing.

**Discussion:** The TF found that our training superiority - the second superiority we enjoy after technology - is eroding. A key reason behind this training superiority is our unique force-on-force instrumented, live, virtual, and constructive training. However, the CTC's - where the best force-on-force live training occurs (i.e., Army's National Training Center; Nellis AFB, where the Air Force conducts its Red Flag exercise; Navy's Top Gun at NAS Fallon; etc.), are deteriorating and lack the capabilities to replicate modern threats.

The report found that the full potential of our weapon systems is not realized when related training systems are sub-optimized or when operator training is allowed to decay and that training must be developed and tested as a co-equal in the acquisition process.

The report notes that a new training revolution is upon us and that Advanced Distributed Learning (ADL) combined with embedded training (ET) will allow us to train anyone, anywhere, anytime, just-in-time. However, it points out that the difficulty in implementing this "revolution" is committing the up-front funding and measuring and redistributing savings. It also points out that today we measure recruit potential by looking at the recruit's "analytic" capability; and that we should also investigate a recruit's ability to be "practical and creative." The report also notes a need to alert the Intel Community for a potential training "surprise," that is, emulation of our training superiority - especially a force-on-force capability by our current or future adversaries. Finally, it points out that there is no sufficiently high-level office in OSD (P&R or AT&L) with the authority and responsibility for improving training performance.

The major recommendations of the TF are listed below:

1. Services restore/update air and ground CTC infrastructure, and Services and JFCOM report to DEPSECDEF on how to apply the CTC paradigm to additional forces and new/joint warfare areas.

2. Services and CINCs provide yearly training assessment scorecard.
3. Training subsystem should be on-equal with others in each new system acquisition, and USD(P&R) should provide oversight on the Defense Acquisition Board (DAB) for training.
4. Intel community should provide a yearly report on foreign training advancements delivered to the Deputy Secretary and CJCS.
5. USD(P&I) should be directed to work with USD(AT&L) to foster new training superiority "revolution."
6. Services should evaluate use of new criteria for predicting individual (recruit) success.
7. SECDEF designate ASD or D JSD (existing or new) for "Training" to be graded on Service and Joint training performance. Services should do the same.

**Recommendation:** That upon release of the final report, the recommendations be reviewed and follow-up action taken. At a minimum the report should be provided to the Transition Team and QDR Working Group.

(It should be noted that a new follow-on OSB TF on "Training for the Future Conflict" has just had its Terms of Reference approved by (b)(6). It will also be Co-chaired by (b)(6) and (b)(6) with Mike Parminter as the Executive Secretary. A copy of the report by the first TF is available, as are the TORs for both it and the newly formed TF.)

POC: (b)(6), ODUSD(R)R&PP, (b)(6)



## ADVANCED DISTRIBUTED LEARNING (ADL) INITIATIVE

**Background:** The ADL Initiative is the Department's overarching program for developing a broad range of plans and programs that use advanced information, network, communications and learning technologies to modernize education, training, and operational effectiveness of our military forces. This initiative organizes and sustains a large-scale collaborative effort between the public and private sectors to develop and share common standards, tools, and learning content across an open-architecture "net-centric" learning environment. The DoD, through the ADL Initiative, is recognized as a national and international leader in building the foundation for the digital learning environment.

The 1996 Quadrennial Defense Review (QDR) included an in-depth study by ODUSD(R) of the potential for learning technology to significantly improve military readiness while reducing costs. Multiple studies over the past two decades have found that learning technologies can provide about a 30-percent increase in student achievement or reduce training time and costs by about 30 percent. Similar research with intelligent-tutor technology found potential for even greater benefits. Despite the benefits promised by learning technologies, the QDR assessment found only a small percentage (about 4 percent) of military courses used any type of learning technology. The QDR analysis projected that a sustained investment across the Department could yield substantial cost savings and cost avoidance while increasing military readiness and adaptability.

As a result of the QDR study, the Deputy Secretary of Defense directed USD(P&R) to develop a Department-wide strategy to harness the power of learning and information technologies to modernize education and training. The ADL strategy was predicated upon the Secretary's vision "to ensure that DoD personnel have access to the highest quality education and training that can be tailored to their needs and delivered cost effectively, anytime, and anywhere."

The FY 1999 National Defense Authorization and Appropriations Acts required the Secretary of Defense to submit reports on the Department's efforts for guiding and expanding ADL initiatives through: (a) developing a Strategic Plan for an expansion of such initiatives over five consecutive fiscal years beginning in FY 2000; and (b) an Implementation Plan for a Department-wide, standardized, cost-effective ADL framework to achieve the goals of commonality, interoperability, and reuse.

Executive Order 13111 of January 1999, directed the Department to lead the development of a consensus standard that would enable reuse of learning technologies across the federal government and tasked the Department to provide guidance to the other agencies in proper use of this new standard.

In a joint memorandum of November 2000, the USD(P&R) and USD(A&T) directed DoD components to expand and accelerate the use of job performance technologies across the Department by leveraging the ADL environment. This memorandum calls for the development of a Strategic Plan and incentives to promote modernization of maintenance and logistic support. By building upon the ADL Initiative, course content developed for distributed learning can be delivered just-in-time, in support of on-the-job maintenance and logistic support operations.

**Progress to Date:** In April 1999 the Department provided Congress with a Strategic Plan that called for the development of a common open-architecture standard for Distributed Learning that would enable interoperability and reuse on a very large-scale.

In January 2000, after extensive cooperative efforts across the public and private sectors, the Department released the Shareable Courseware Object Reference Model (SCORM) for public testing, evaluation and comment. The SCORM was widely hailed by industry as the "sine qua non" enabler for the development of a new distributed learning environment. Many of the

world's leading information technology businesses (Microsoft, CISCO, Oracle, IBM, etc) are developing SCORM compliant tools, products, and services in order to operate and compete effectively in the new global e-learning economy

In May 2000 the Department provided Congress an ADL Implementation Plan. Developed in collaboration with the DoD Components, it was the first iterative step to defining roles, responsibilities, and resources.

As a result of congressional funding, OUSD(I & R) established an ADL Co-Laboratory at IDA and a Joint Co-Lab node in Orlando in order to foster partnerships, resource sharing and large-scale collaboration. Joint Co-Lab node in Orlando is collocated with and staffed by personnel from each of the Services training systems acquisition commands. The Joint Co-Lab provides and manages an incentive fund for the development and assessment of rapid prototypes that adhere to the SCORM specification. An independent Academic Co-Lab was established by the University of Wisconsin to promote collaboration among academic institutions. All three Co-Labs work together to share research, subject-matter expertise, common tools, and course content through a virtual ADL Co-Lab network.

**Discussion:** The extraordinary demands of today's dynamic international security environment underscore the urgent need to identify more efficient and effective ways to educate and train. The Department recognizes that its ability to access and utilize knowledge resources is as critical to a 21<sup>st</sup> Century military force as is the acquisition and use of modern information and operational systems. In a "system of systems" environment, it is infeasible to develop and implement technologies in organizational or functional stovepipes. In an effort to achieve optimal efficiency and effectiveness, the Department is attempting to work across organizations in four major areas:

- Collaboration within the Department to establish interoperability and reuse of learning tools and content;
- Cooperation with our NATO and PfP allies in order to significantly improve coalition education, training, and operational effectiveness;
- Leveraging the National Guards' distributed learning network to integrate the knowledge and expertise of state and local organizations in responding quickly and efficiently to natural disasters, WMD incidents and other forms of domestic terrorism; and
- Reaching out to other federal agencies, the private sector, and academia in a deliberate effort to develop common solutions and to leverage the substantial investments and intellectual capital outside the Department.

In the past year we have witnessed a pronounced shift away from preoccupation with classroom-centric, fixed-paced training and growing toward participation in the development of and implementation of ADL prototypes. Despite the overwhelming success of ADL to date, significant challenges remain. Though each of the military components has developed plans and identified resources for ADL, there is significant variation in the level of commitment and sophistication reflected in their programs. Major shortcomings are evident in areas of resource sharing across organizations, funding for learning; technology research and development, and for development and implementation of joint and coalition training.

To address these challenges we have convened an Education and Training Steering Committee (ETSC) chaired by the DUSD(R) with flag-level representation from all DoD



components. At the November JTSC meeting, there was a consensus on the following:

- OSD's role in coordinating the development and evolution of the common tools and standards was critical to the success of military DL programs;
- OSD must update DoD policy to make SCORM mandatory and must ensure learning tools and content are being shared across the Department; and
- OSD must increase the existing incentives to modernize education and training and share resources.

**Recommendation:** To continue senior leadership and support for the ADL Initiative and to ensure it has funding sufficient to sustain the DoD's collaboration efforts.

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Director (Readiness and Training, Policy Programs, ODUSD/R/RT/PP);

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## SUSTAINABLE RANGES PROJECT

**BACKGROUND:** This is a critical training readiness issue. On June 20, 2000, the Services briefed the Senior Readiness Oversight Council (SROC) on a number of encroachment issues and environmental constraints inhibiting range operations. Their recommendation was that due to the growth and seriousness of these issues they need to be addressed collectively as a readiness issue. Today each area is addressed locally and separately. The SROC directed the Defense Test and Training Steering Group (DTTSG) to investigate the problem and develop a comprehensive plan of action for recommended action to the SROC. Between June and November, the DTTSG and its Sustainable Ranges Working Group worked to analyze key current encroachment issue areas and develop preliminary recommendations to make our test and training ranges more sustainable. Lead Services or Agencies were designated and joint Office of the Secretary of Defense (OSD)/Service teams formed to develop initial Action Plans for each issue area. Recommendations were also developed on overall sustainable readiness planning and process. The SROC met again on November 27, 2000, to review the DTTSG's findings and recommendations, and approved a number of the DTTSG's sustainable ranges initiatives for further analysis and implementation. Over the coming months the Department will continue to pursue activities addressing the ongoing need for test and training ranges and their critical contribution to military readiness.

**DISCUSSION:** Continued military readiness depends on assured access to necessary training and testing ranges (land and sea) and airspace. However, external forces are increasingly impeding DoD's ability to test and train, posing a significant and growing concern to the Department. Urbanization, increasing environmental restrictions, and competition with civilian demands for airspace, land, seaspace, and radio frequencies threaten the long-term, sustainable use of DoD's ranges. Many of these are permanent factors involving long-term trends. Dealing with encroachment requires a comprehensive approach to sustain DoD access to test and training space. The Department of Defense is addressing these issues with a Sustainable Ranges project that will have major implications for DoD management.

Issues that are challenging the Department include but are not limited to:

- Planned and projected U.S. Fish and Wildlife Service designation of Endangered Species Act Critical Habitat for numerous listed species, which would severely limit training and testing.
- EPA Region I imposed live-fire restrictions at the Massachusetts Military Reservation in 1997 due to potential impacts from ongoing training on the sole-source aquifer.
- The current interpretation of the Marine Mammal Protection Act harassment provision threatens to constrain Navy testing and training worldwide.
- Population growth and development around Fort Carson, Colorado, and in other locations are placing increasing pressure on the Army to reduce dust, artillery noise, and overflights.
- Radio Frequency encroachment at the Eglin (Fla.) Range Complex has led the Air Force to develop a replacement QF-4 (drone) target control system to avoid loss of control and potential target crashes - similar issues exist at Holloman AFB and in other Services.
- Lawsuits demanding a Programmatic Environmental Impact Statement for low-level flights threaten to sub-optimize various Air Force commands' training requirements.
- Development and population trends at Camp Lejeune, NC, threaten to limit current USMC training (beach landings; artillery), and may inhibit any future range growth.



- Specific impacts on ranges include reductions in training days and flight hours, raised flight-operations altitudes, creation of large avoidance areas, and re-routing of low-level flights.

These examples of encroachment issues point out the host of situations where current range testing and training needs are being challenged. The overall trends are adverse, because the number of external pressures is increasing, and the readiness impacts are growing. Future testing and training needs will only further exacerbate these issues, as the speed and range of test articles and training scenarios increase in response to the need to match real-world situations that our forces will face when deployed. This is why it will be important to work with regulators, special interests, other federal agencies, and communities in order to clearly define the issues from all viewpoints and to reach mutually acceptable solutions, whenever possible.

Encroachment is the problem; the solution needs a positive, comprehensive approach being called "sustainable ranges." The purpose of the Sustainable Ranges project is to develop and implement a comprehensive strategy to ensure that the Department maintains range and airspace capabilities that support DoD's future test and training needs. To accomplish this, DoD is developing policies that will: (1) promote use and management of DoD ranges and airspace in a manner that supports national security objectives and maintains the high state of readiness essential to the U.S. Armed Forces; and (2) ensure the long-term viability of DoD ranges while protecting human health and the environment. A full range of DoD and Service-specific actions informing and involving internal DoD audiences, other federal stakeholders, and other public audiences will be necessary to increase awareness of the continued need for reliable access to military testing and training ranges.

A "sustainable ranges" approach requires first a reexamination of how DoD conducts testing and training. Modest changes and new approaches need to be implemented where they make sense. Use of models and simulations and instrumentation to replace certain events should be adopted, where feasible and appropriate. DoD must expend more resources to mitigate the damage done to the environment and to support DoD's obligations under environmental laws. Adjustments or clarifications to regulations and legislation need to be explored where laws are ambiguous or are having unintended consequences. The Department is losing the battle to protect its ranges, and difficult changes are going to be required to prevent further range loss. The DTTSG's role has been to orchestrate such an integrated approach.

**RECOMMENDATIONS:** That the SROC continue to review the progress and support implementation of the Sustainable Ranges project. The DTTSG has been tasked to report back to the SROC on a semi-annual basis on this topic. Continuing Service and OSD cooperation on this effort is also essential to success.

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## TRAINING FACILITIES AND INSTRUMENTATION FOR URBAN OPERATIONS TRAINING

**Background:** Recent cultural trends, the Defense Planning Guidance, and Congressional Language have stimulated a significant amount of scrutiny and activity with regard to Military Operations in Urban Terrain (MOUT), within the Services, OSD, GAO, Congress, commercially, and internationally. The DPG and Congressional Authorization language directed the development of an urban operations master plan or "roadmap" to improve the Services' warfighting ability and to conduct operations other than war in urban conditions. Since urban space is a "condition" in which various levels of operations will need to be conducted, many traditional questions about MOUT and the Services' readiness to conduct these operations are difficult to answer. Cost questions, training and readiness standards, etc. are all clouded by "measures" not directly or uniquely applicable to MOUT. Likewise, many assets used in MOUT operations were developed for generic warfighting purposes, and may not be nor should be optimized for MOUT alone. For example, is a soldier learning the "low crawl," a basic infantry skill, participating in MOUT training? Is a ship conducting Naval Gunfire Support qualifying for MOUT operations? Should R&D spent on the development of small remotely controlled ground vehicles be captured as dollars spent in support of urban operations? These examples point out the lack of clear lines of demarcation between functions in support of MOUT as opposed to other warfighting conditions. Efforts are under way to modernize the doctrine, *tactics, techniques, procedures (TTP)*, and training, as well as materiel and weapons improvements. However, one result seems to be common across all the department's activities: while the difficulty and cost of urban warfare is well documented throughout history, we have not identified any panaceas or easy fixes that will provide the supremacy we enjoy in other environments.

**Discussion:** The Army is very active in developing new doctrine, creating TTP, modernizing facilities, developing instrumentation, and updating acquisition procedures to capture efficiencies and commonality. Home-station and CTC unit and collective training facilities are being modernized. But there are recognized deficiencies, including no collective training facility at the National Training Center -- no large-scale facility, and limited diversity, particularly in high rise and industrial structures. The Army is also the lead service and moving force behind the MOUT ACTD, demonstrating a wide variety of new materiel contributions to this difficult environment. The Marine Corps is using the experimentation arena to pursue the past Commandant's "three block war," and while acknowledging no clear-cut materiel solution, is focusing on improved training as the dominance enabler. Air Force, Navy, and Marine Corps training ranges are investing in urban targets for experimentation and training.

The Defense Planning Guidance and Congressional Language have initiated an effort to address the question of how best to organize within the Department to address urban operations. This is an on-going effort with current activity focused in two areas:

1. The Joint Staff is approaching the JROC with a recommendation to establish a senior oversight board chaired by a Joint Staff General Officer, with an existing action group enfranchised to support. There are several variations of this proposal, and some contentiousness centered on OSD participation.
2. The Joint Advanced Warfighting Program (JAWP) is developing the Urban Operations Master Plan or "roadmap" to meld the many disparate activities into a coherent corporate plan.

OSD Readiness and Training's participation is primarily at the working level through ad hoc participation in emerging working groups (OSD and Joint Staff). Addressing training issues in



general, the intent is to ensure that the Defense Test and Training Steering Group (DTTSG) has a central role in the oversight of MOUT training facilities and instrumentation. Other training issues will also be addressed as they evolve from the doctrine, policy, and TTP efforts currently under way.

**Recommendation:** MOUT is an emerging area that may be addressed as an independent training area, or it may be integrated under the umbrella of existing training functions/areas. From a training policy perspective, we need to watch it carefully, setting directions where possible, to demonstrate that the Department is providing sufficient oversight and spending funds cost effectively.

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# ASD( Force Management Policy



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- Military Pay Raises
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- New Bonus Authorities
- Basic Allowance for Subsistence (BAS) Reform Completion
- Thrift Savings Plan
- Compensation - Housing Allowance Reform
- Food Stamp - Family Subsistence Supplemental Allowance (FSSA)
- Aviation Manning
- Personnel Tempo (PERSTEMPC)
- Homosexual Conduct Policy
- Civil Service Reform
- Energy Employees Occupational Illness Compensation
- Personnel Demonstration Project
- Special Workforce-Res structuring Buyout Authority
- Impact Aid Issues
- Troops-to-Teachers Program Funding
- Incentive Program to Improve the DoD Response to Domestic Violence Involving Military Personnel
- DoD Pilot Program for Re-engineering the Discrimination Complaint Process Under Section 1111 of the National Defense Authorization Act
- Women on Submarines
- Armed Services Exchange Purchases from Cienfuegos in Nicaragua
- U.S. Chamber of Commerce Spouse Employment Initiative
- Child Care Task Force
- 2<sup>nd</sup> Annual Military Family Forum, May 2000
- Quality of Life Executive Committee
- Defense Leadership and Management Program

## **SUBJECT: Reinventing Joint Market Research and Advertising**

### **ISSUE:**

The Secretary of Defense directed a comprehensive evaluation of Department recruitment advertising and market research programs by a team of advertising consultants. The resulting "Eskew-Murphy" review reported its conclusions to the Secretary in August 1999. The following were the significant findings and recommendations of the review.

- DoD is the largest recruiter of youth but must undertake additional research to more completely understand the target population. Recommendation: Become the resource on youth. Conduct short-term, quick-response surveys, focus groups, etc. on youth values, opinions, and attitudes toward the military for use in design of marketing strategies and advertising.
- DoD requires additional expertise and experience at the OSD and Service levels to effectively manage marketing and advertising programs. Recommendation: Hire professional marketing staffs and create marketing director positions to integrate all marketing disciplines.
- Advertising investments are not always efficient, due in large measure to inconsistency and uncertainty of funding levels. Major funding reductions taken in the drawdown have hurt advertising efforts. When DoD recruiting improves, ad budgets are cut. Strategic buys and plans cannot be made, resulting in wasted dollars and missed opportunities. Recommendation: Stabilize the advertising budget for three to five years. Let ad agencies know this. Supplement with annual plus-ups as necessary.
- Lack of a modern definition of the U.S. Military's post Cold War role undermines "branding" efforts and creates uncertainty among the general public and potential recruits. Recommendation: OSD be charged with corporate branding by developing an advertising campaign aimed at adult influencers of youth, a step toward better defining the military in the post Cold War Era.
- Stronger use of the Internet is important to advertising efforts. Shift focus of recruiting and marketing to cutting edge Internet-based technologies and distributed approaches. Recommendation: Create state-of-the-art Internet advertising and recruiting procedures to take advantage of evolving technology.

### **DISCUSSION:**

**Research:** During FY 2000, DoD has reinvented its market and advertising research programs.

- Expanded market research target to include prospects, pre-prospects (youth of ages 12-16) and adult influencers of youth (parents, teachers, coaches, etc.).
- Obtained private-sector market research data (e.g., Roger, Yankelovich) to enhance Service information on trends in youth attitudes and behaviors.
- Contracted for research on communications strategies that will motivate parents to consider military service options with their children. Developed first research-based joint advertising campaign using recommended strategies.
- Established a National Academy of Sciences Committee on the Youth Population and Military Recruiting to help identify and anticipate long-term trends.
- Changed from a very large annual youth survey to a quarterly polling process that will provide more timely and useful information that can be used in policy and advertising decisions.

**Expertise:** Increased market research and advertising expertise.

- Established a course to train personnel assigned to market research and advertising duties.

- Hired new director for Joint Market Research and Advertising Division at Defense Manpower Data Center.
- Created new DoD Chief Marketing Officer (CMO) position; hiring is imminent.
  - Blue-chip individual who will report directly to the Under Secretary of Defense (Personnel and Readiness).
  - Responsible for creating Department's first integrated marketing and communications plan.

#### **Advertising efficiency:**

- Stabilized advertising budgets over the Future Years Defense Plan (FYDP).
- Contracted for quantitative evaluation of advertising effectiveness. First results due in late FY01.
- As Joint advertising contract is re-competed, agency remuneration will be performance based.

#### **Branding:**

- Developed influencer print advertising campaign (first ads will appear at end of January 2001).
- Partnered with a leading advertising agency to develop strategy for an image building campaign.
  - Designed to improve recruiting and retention by reinforcing pride in service

#### **Improved Internet utilization.**

- Established a new website (<http://www.todaysinmilitary.com>) to educate adult influencers of youth about the benefits and opportunities of military service.
- Redesigned <http://www.myfuture.com>, a website designed to help young people explore post-high school options, including the military.
- Purchased mobile recruiting kiosks that offer internet or internet-like access to be placed in high traffic areas and enable youth and their influencers to explore military web sites.

PREPARED BY: (b)(6) Accession Policy Directorate, OASD(FMP)(MPP),  
December 20, 2000.

(b)(6)



**SUBJECT: Military Pay Raises**

**ISSUE:** Attracting and retaining the caliber of individual we need for a strong military and to support the All Volunteer Force requires a robust, competitive and flexible compensation system. We realize there are significant costs associated with maintaining the quality of the force, and we must be prepared to adjust our pay and allowances to ensure success. We must be able to react before a serious problem develops.

**DISCUSSION:**

A key to attracting and retaining the caliber of individual we need for a strong military is the strength of our compensation system. Recognizing the strong competition for quality people, we sought and were authorized in the 2000 National Defense Authorization Act (NDAA) the most significant military pay increases and retirement improvements in a generation for the men and women in uniform.

- ✓ 4.8 percent across-the-board pay increase for all members on January 1, 2000.
- ✓ Targeted pay raises providing greater reward for performance through permanent additional increases up to 5.5 percent on July 1, 2000.
- ✓ Pay raises for the next 5 years of one half percent greater than the average private sector raises as measure by the Employment Cost Index.
- ✓ A major improvement in the retirement system (see separate paper - Military Retirement)

Also, the Secretary of Defense announced a new housing allowance initiative designed to bring out-of-pocket housing costs for the typical member to 15 percent by 2001 and to zero by 2005 (see separate paper - Housing Allowance Reform).

- ✓ This initiative adds about \$3.1 billion to housing allowances over the 2001 to 2005 period.
  - ✓ It will provide members with a significant increase in tax-free housing allowance dollars.
- ... an E-6, for example, will see an increase of \$115 per month in his or her pay.

The 2001 NDAA provided for two specific pay raises: an across the board January 1, 2001 pay raise and a July 1, 2001 raise for selected non-commissioned officers.

- **Pay Raises** - The January 1, 2001 pay raise is 3.7%, five-tenths of one percent higher than the Employment Cost Index (ECI).
- **Non-Commissioned Officer Pay Table Reform (Effective July 1, 2001)** - A one time restructuring of the pay table for enlisted members in grades E5 through E7. These boosts in NCO pay are on top of the 3.7 percent January raise and result in an additional \$88 million for E5s through E7 from July through September of 2001. (These raises average \$28 per month for E5s, \$51 for E6s and \$59 for E7s).

The FY 2002 Budget calls for a 4.8 percent military pay raise. The recent 4<sup>th</sup> quarter Employment Cost Index (ECI) was 4.3 percent. By law (the FY 2000 NDAA), the military pay raise is to be ECI plus ½ percent.

The 2000 and 2001 NDAA authorities are significant improvements, but are only the first steps. More needs to be done, especially with regard to our mid-grade enlisted members. The 9<sup>th</sup> Quadrennial Review of Military Compensation (QRMC) is currently reviewing this issue.

**PREPARED BY:** (b)(6), ODASI (MPP)Comp, (b)(6)



## **SUBJECT: Military Retirement**

**ISSUE:** Military retirement is one of the greatest incentives to encourage service members to serve a full career. The Services rely on the strength of the current retirement system to retain adequate levels of skilled and experienced members in order to meet national security requirements. The recent repeal of the REDUX system for those who entered service on or after August 1, 1986, has restored the strength and vitality of the retirement system. The new option for a cash bonus at the 15<sup>th</sup> year of service plus the coming addition of a contributory Thrift Savings Plan (TSP) will further enhance the system with a modest degree of vesting and portability.

**Possible Enhancements for Reserves:** Military retirement options are being reviewed for possible improvements to the Reserve retirement system as these members are increasingly involved in critical mission activity. (See Reserve Affairs paper for more)

**Simplify Funding:** Electing the Career Status Bonus (CSB) amounts to a trade-off of retired pay. Currently the CSB must be funded from the Military Personnel Account of the annual DoD Budget. Funding the CSB from the MRF would make it easier to budget the costs associated with retired pay and fund them over the entire career of members receiving these payments. DoD is proposing legislation that would make this change.

## **DISCUSSION:**

**Substantial Benefit:** Military retirement is one of the greatest incentives to encourage service members to serve a full career. Approximately \$14 Billion in annual benefits are paid to retired members from the Department of Defense Military Retirement Fund (MRF).

**Accrual Funding:** The MRF receives money from three sources: (1) monthly accrual payments by each Branch of Service, (2) earnings on assets, and (3) an annual Treasury payment to amortize past liabilities that were not funded. Annual income to the fund is currently about \$40 billion: \$12 billion in accrual payments from the services, \$12 billion in earnings on assets, and \$16 billion Treasury payment.

**Three types of retirement:** Military members may be retired under one of three programs: (1) Regular retirement for length-of-service (after 20 years of active service), (2) Disability retirement, and (3) Reserve retirement. Each system has two methods for computing retired pay. The applicable method depends on the date the member first entered uniformed service. Those entering before September 8, 1980 compute retirement as a percent of the basic pay rate applicable at the time of retirement (Final pay method). Those entering on or after September 8, 1980, use a percent of their monthly average basic pay over the highest 36 months of such pay (High-3 method).

**Career Status Bonus/Reduced Retirement (CSB/REDUX):** As a result of changes in the FY 2000 NDAA, persons who first became members on or after August 1, 1986, may elect a \$30,000 one-time lump-sum bonus at the 15<sup>th</sup> year of service and take a reduced retirement -- a reduced percentage of retired with less than 30 years of service and reduced Cost-of-Living Adjustments (COLAs) equal to inflation minus 1 percentage point. The first members to face this choice will make their elections in 2001. DoD has a web site (<http://pay2000.dtic.mil>) to

help members make their CSB/REDUX decisions. The site will soon be migrated to one with more comprehensive information on pay and benefits (<http://militarypay.dtic.mil>).

PREPARED BY:

(b)(6)

**SUBJECT: New Bonus Authorities**

**ISSUE:** The Services have traditionally offered bonuses to ensure their ability to attract and retain the best people and maintain a balanced skill mix across specialties. These have included enlistment and reenlistment bonuses, and bonuses to maintain adequate numbers of officer accessions in the medical and nuclear fields and retention of pilots, nuclear and medical officers. New, flexible authorities are the right approach at the right time. The economy has been unprecedented in its strength in recent years, and the military will likely continue to face manning problems. These authorities allow the Department to respond quickly to emerging manning shortages to which it could not previously respond due to lack of legislative authority.

**DISCUSSION:**

*- Background -*

In the late 1990s, serious problems began to emerge in meeting recruiting and retention goals across the Services. The effects of a strong civilian economy were being reflected in the decisions of individuals whose skills were most marketable. In response to a clear need to do more in the pay arena if the military was going to successfully compete in the marketplace for needed skills, the Department sought significant expansions of legislative authorities governing all elements of the total military compensation package. In regard to bonus authorities, for Fiscal Year 2000 (FY2000) improvements included an increase in the cap and flexibilities of the already authorized bonuses, and authority to pay a bonus to three new officer specialties experiencing critical shortages (Surface Warfare, Special Warfare, Judge Advocates).

The expanded bonus authorities for FY2000 permitted further targeting of bonuses to achieve precise recruiting and retention results, and have already proven their value. However, further flexibility in regard to bonuses was essential to enable the Services to offer bonuses to still more skills without creating a plethora of individual bonus authorities in law.

*- Most Recent Authorities -*

The FY 2001 NDAA combined two prior Enlistment Bonus (EB) authorities (both for enlisted only. One authorized *all* Services to pay up to \$20k for a minimum 4-year enlistment in a critical skill and the other authorized the Army to pay up to \$6k for a 2-year enlistment in a critical skill if the individual met specific quality standards.) The replacement, single FY2001 EB authority now allows for *all* Services to pay up to \$20k for a minimum 2-year enlistment, with no mandated quality standards or restriction to pay for enlistment in critical skills.

FY 01 NDAA also created a new Critical Skills Retention Bonus (CSRB). This is a very broad, new authority for a retention bonus of up to \$200k over a career payable to an officer or enlisted members serving in a SecDef designated critical military skill. A CSRB is payable *in addition to* all other pays for a commitment of at least 1 year, to members with less than 25 year of active duty. The statutory authority expires 31 December 2001 (routine expiration of bonus authorities).

No Service budgeted for use of the CSRB in FY2001; however, it may be used on a very limited basis by some Services in late FY2001. The Department will pursue extension (routine) of this



authority beyond December 31, 2001. The Department is seeking (via the FY2002 DoD Omnibus Bill) a similar broad Accession Bonus Authority for Officer Military Skills.

As a result of the expanded statutory authority enacted in the FY2001 NDAA, only the Navy plans to expand its current EB program in FY2001; that is to pay up to \$6k to individuals who enlist for 2 or 3 years for General Detail.

*Conclusion -*

The Navy will likely use the authority in FY2001 to target additional Surface Warfare Officers (besides those serving Department Headquarters). The Air Force may use it to target Information Technology officers and scientists. We do not anticipate use of the CSRB authority for any enlisted skills in FY2001. In the outyears, we expect officer shortages in other skills will warrant use of the CSRB, and that for enlisted members, it will be used to supplement the Selective Reenlistment Bonus (SRB). The latter would be when a Service either needs to pay a higher dollar amount than authorized for SRBs (\$60k), or to "follow" the SRB to address retention shortages in needed numbers in critical skills beyond the 16<sup>th</sup> year of Service (for which the SRB cannot be used) (for example, Air Traffic Controllers).

The Department is seeking a broad Officer Accession Bonus Authority in the FY2002 DoD Omnibus Bill, similar to the CSRB authority.

PREPARED BY:

(b)(6)



**SUBJECT: Basic Allowance for Subsistence (BAS) Reform Completion**

**ISSUE:** The 2001 National Defense Authorization Act terminated the BAS Transitional Authority in Title 37, USC Section 402 effective October 1, 2001. This means new BAS policy must be developed and implemented by October 1<sup>st</sup> as the applicable guiding legislation has changed. A draft Department of Defense Directive (DoDD) outlining the new BAS policy based on the new law is in coordination with each of the Services and various elements of the OSD Staff. The new policy was developed over a period of months by a working group with wide representation. When fully staffed, the Directive will be sent to DepSecDef for approval.

**DISCUSSION:**

The objectives of BAS Reform (often referred to as BAS Transition) were to tie BAS to a credible food cost index, and eliminate the inequity that exists between members receiving full BAS and those receiving rations in kind. Prior to transition, BAS was adjusted annually by the same percentage as the basic pay, and bore no direct reflection of actual food costs. Members not living in the barracks received the BAS. Members living in the barracks received rations in kind, the value of which was less than the value of BAS.

The BAS reform established that future BAS rates would be based on the U.S. Department of Agriculture (USDA) Food Cost Index. During the transition period, BAS rate increases would be limited to 1 percent per year and members living in the barracks (fed at no charge in military dining facilities) would begin to draw a Partial BAS allowance. Over the past few years, partial BAS has grown to \$25.80 per month.

At the conclusion of the transition, October 1, 2001, those members living in the barracks, who previously received only a Partial BAS allowance, will be paid the full BAS amount (equal to \$229.80) and pay for meals eaten in the dining facilities. This change establishes a single BAS level for all enlisted members. Future increases in BAS (beginning January 1, 2002) will be based on the increases in the USDA Food Cost Index.

One of the objectives of BAS transition was to slow increases in BAS until it equaled a credible food cost index as established by the USDA. Ending the transition earlier allows BAS to remain at a level close to, but slightly higher than, the USDA index and allows for annual increases to be set at the rate of increase of the USDA index (e.g., the increase would have been 2.9 percent this year). The early termination also eliminates the inequity that exists between members living off base and receiving full BAS and those living in the barracks. All enlisted members will now receive the BAS.

During BAS transition period, 52% of all enlisted members received BAS at the Separate Rations (SEPRATs) BAS rate. The remaining 8% of enlisted members received a higher Rations-in-Kind-Not-Available (RIKNA) rate (about \$30 more per month). Completion of the reform would have those 8% see a decrease in their BAS of the \$30 per month, beginning January 1, 2002. However, we are pursuing a technical change to the legislation to "grandfather" the RIKNA rate until it is exceeded by the BAS rate.

**PREPARED BY:**

(b)(6)

**SUBJECT: Thrift Savings Plan**

**ISSUE:** The NDAA for Fiscal Year 2000 (Public Law 106-65), as amended by the NDAA for Fiscal Year 2001 (Public Law 106-398), extended the Thrift Savings Plan (TSP) to members of the Uniformed Services.

--The 2000 NDAA required DoD to expend \$500 million to cover the loss of revenue caused by member participation in the TSP.

--The 2001 NDAA removed this FAY-GO obstacle.

Implementation is not expected until October 9, 2001, in view of significant systems work required in DoD and at the Thrift Investment Board.

**DISCUSSION:**

The TSP, currently available to all federal civilian employees, is a retirement savings and investment plan that offers participants the same type of savings and tax benefits that many private corporations offer their employees under so-called 401(k) plans.

Uniformed members will be able to contribute from 1 to 5 percent of their basic pay each month and from 1 to 100 percent of any special or incentive pay (including reenlistment or other bonuses) they receive, provided their total annual contributions do not exceed the Internal Revenue Code's annual limit (for 2001, the limit is \$10,500).

The law provides Service Secretaries discretionary authority to make matching contributions for those members who reenlist in designated critical military specialties. Members serving in these specialties who agree to serve for six years will be eligible for matching contributions to the TSP on their basic pay contributions. No Service has yet proposed implementing this authority.

DoD favored the legislation and believes that extending the TSP to members of the Uniformed Services will enhance recruiting and retention.

--Most civilian employers offer similar plans even to new employees; DoD needed TSP to remain competitive;

--TSP is a portable benefit; it belongs to the member even if the member does not serve 20 years.

The Thrift Board requires 12 months to extend TSP to the uniformed services and has notified Congress that it will be unable to implement prior to October 2001.

--DoD represents a potential doubling of the individuals eligible to participate in the TSP.

--The Thrift Investment Board will need to extend TSP to the uniformed services using its legacy computer system rather than the new system it had anticipated having in place.



December 20, 2000

--The uniformed services' participation rules have several unique aspects, such as the ability to contribute from special and incentive pay and from pay excluded from taxation due to combat zone service, that will require significant computer reprogramming.

DoD has significant work to accomplish as well.

--We must educate both members and our customer-service providers about the TSP.

--We must reprogram systems in order to provide the data required by the TSP.

In view of the needs of the Thrift Investment Board and our own implementation requirements, DoD plans to delay the start date of TSP (as permitted by the TSP legislation) until October 9, 2001.

--We anticipate briefing HASC and SASC staff in early January of this proposed delay.

October 9<sup>th</sup> will mark the start of a special 60-day enrollment period.

--Contributions to the TSP will start in January 2002.

Members of the Ready Reserve will be able to participate in the TSP at the same time active duty members begin to participate.

--Although the Thrift Board had once believed that they would need to charge DoD participants more than civilian TSP participants in order to cover costs associated with Reserve participation, they now indicate that they will charge all uniformed members the same low administrative fees they charge federal civilian participants.

PREPARED BY:

(b)(6)

**SUBJECT: Compensation - Housing Allowance Reform**

**ISSUE:** The 1998 NDAA authorized a new way of calculating housing allowances, creating a basic allowance for housing (BAH). The fundamental difference was to shift from a member-reported system to one wherein the actual cost of housing was used to establish the allowance. Execution of the new BAH led to many questions about the standards and quality of housing being surveyed and the amount of money members were expected to bear out of their own pockets.

**DISCUSSION:**

*Background -*

Prior to 1998, housing allowances consisted of a fixed basic allowance for quarters (BAQ) combined with a variable housing allowance (VHA) based on locality. Service members submitted annual surveys showing the amount of rent, utilities, and insurance they paid; allowances were set based on the median amount surveyed for each area.

- a. Created disparate levels of out-of-pocket costs borne by members.
- b. Members in high cost areas tended to economize on their choice of housing. Since the housing allowance was based on member-reported expenses, allowance estimates were below the market cost of quality housing, thereby forcing members to either move to even lower cost housing or pay greater out-of-pocket expenses.

The 1998 NDAA authorized a new way of calculating housing allowances, creating a basic allowance for housing (BAH). The fundamental difference was to shift from a member-reported system to one wherein the actual cost of housing was used to establish the allowance.

- a. Provided a uniform out-of-pocket cost for every member in each paygrade, regardless of geographic location. Out-of-pocket housing costs would be approximately the same as under the old system -- at least 5%.
- b. Runzheimer International, a recognized leader in the field of collecting cost of living data, was hired to conduct annual surveys of the housing market.
- c. Housing standards were established by the Services so that members would be able to rent housing comparable in size and quality to that obtained by civilians who earn comparable incomes.
- d. Individual rate protection ensures members who negotiate leases based on previous allowance levels will not be placed in financial hardship in areas where housing costs, and therefore, allowances decreased. However, service members newly reporting to a "lower cost" area would receive a lower BAH, which results in different housing allowances being paid to members of the same paygrade/dependent status at the same location.

*- Improvements in 2000 -*

On 6 January 2000 Secretary Cohen announced a major initiative to eliminate service members' out of pocket costs by 2005. In 2000, members paid an average of 18.8% out-of-pocket. For 2001 out of pocket expenses will be 15% on average, with continued reductions each year thereafter.



In response to Service concerns about the quality of housing that the 2000 BAH rates supported, the survey process for 2001 BAH rates incorporated:

- a. Increased time on-site with local commanders
- b. Greater emphasis on using local base housing office data
- c. Improved processes for estimating local utility costs
- d. Use of census tracts vice zip codes to allow for better discrimination of high-crime areas, low-quality school areas, etc.

Surveys are conducted each year between May-September when the majority of military members move. Data is collected on apartments, townhomes/duplexes, as well as single-family houses with three-four bedrooms. Purposely excluded are mobile homes, efficiency units, and low-income, subsidized housing. Rates are adjusted based on survey results in conjunction with adjustments to basic pay (normally in January).

Standards used for MILCON and privatization projects differ from those prevalent in the private sector surrounding installations that are used to price BAH. This has slowed the execution of privatization strategies that depend on a resource stream from BAH recipients to the builder. Recent improvements to processes for determining BAH rates should improve the executability of privatization projects.

*- Department Position -*

Geographic Rate Protection: Congressional leaders and Services have expressed concerns over members of the same paygrade/dependent status being paid different BAH rates in the same geographic area. Secretary Cohen approved a policy whereby BAH rates will not drop in any geographic area through completion of the out of pocket buy down in 2005. A legislative change would be required to preclude the likelihood of individual rate differences in the same geographic area after 2005.

Quality of Life Commitment: Housing allowance reform is key to DOD's housing initiative. First, higher allowances will help members living off base to better afford the cost of off-base housing. Secondly, higher allowances will improve incentives to private builders. This will have a positive effect on privatization initiatives. Such initiatives can provide new housing in areas where available housing is limited, and they can significantly improve the quality of military housing by relying on private developer funds to renovate and maintain existing units. Finally, the benefits of both higher allowances and increased privatization efforts allow for more efficient use of Military Construction (MILCON) funding.

PREPARED BY: (b)(6) ODA 3D (MP) Compensation (b)(6)

**SUBJECT: Food Stamps – Family Subsistence Supplemental Allowance (FSSA)**

**ISSUE:** While it would be ideal if no service member had to rely on the use of food stamps, this is probably an unachievable goal. Adequate pay and allowances is one important piece of the food stamp equation. The other important element determining eligibility for food stamps is the size of the member's household. The 2001 National Defense Authorization Act (NDAA) established a new program, entitled the Family Subsistence Supplemental Allowance (FSSA). The intent of the law is to increase Basic Allowance for Subsistence for low-income military members (junior enlisted) by an amount that will remove the member's household from eligibility for food stamps.

**DISCUSSION:**

The number of service members receiving food stamp is limited to approximately 6,300 households, based on a survey using data from 1998. This represents less than one-half of one percent of the force. In addition, military food stamp recipients receive an income that places them in the top ten percent of all food stamp recipients. Military food stamp participation is based predominantly on larger than average size families.

- ✓ In 1997, there were 19,400 members on food stamps, 9 tenths of 1 percent of the force.
- ✓ In 1998, there were 11,900 members on food stamps, 8 tenths of 1 percent of the force.
- ✓ In 1999, there were 6,300 members on food stamps, 5 tenths of 1 percent of the force.
- ✓ Today, we estimate 5,100 members on food stamps, 4 tenths of 1 percent of the force.
- ✓ By 2001, with the FSSA program in place, we estimate 1,800 members on food stamps, 1 tenth of 1 percent of the force.

Nonetheless, the Nation expects that the men and women in uniform serving their country operating under stressful operational conditions, subject to long hours and frequent deployments on short notice – should not have to rely on public assistance. For this reason, the Congress created a supplemental subsistence allowance to further reduce the number of members who receive food stamps.

The 2001 NDAA, Section 402a of Title 37, U.S.C., established the Family Subsistence Supplemental Allowance (FSSA) for Low-Income Members of the Armed Forces. The FSSA will increase Basic Allowance for Subsistence for low-income military members (junior enlisted) by an amount that will remove the member's household from eligibility for food stamps (up to \$500 per month). The program will be implemented by May 1, 2001.

Eligibility for the FSSA will be based on the Department of Agriculture (USDA) criteria for food stamp eligibility, except income for FSSA purposes will include the value of government quarters. The USDA does not count the value of government quarters in the food stamps qualifying criteria.

The Department is moving quickly to implement the FSSA as a first step to reducing food stamp usage. A working group has formed and details of implementation procedures are being developed to meet the May 1, 2001 start date. Once proposed policy has been finalized, it will be written into a Department of Defense Directive (DoDD) and sent to DepSecDef for final approval.



December 18, 2000

We estimate there will be approximately 6,000 eligible uniformed members in DoD, including members stationed overseas who do not qualify for food stamps. We expect that actual participation will be somewhat lower than are eligible. There are two ways members will know if they are eligible. First, if they are already receiving food stamps and live off base, they automatically qualify for the FSSA program. Secondly, if a member is receiving food stamps while living on base or isn't receiving food stamps either because they haven't applied or didn't know they were eligible, they may still ask for a screening if they think they may be entitled. Trained personnel will evaluate the member's household income, and make a determination on eligibility and amount.

The Department has had continuing concerns that families who live on base are more likely to qualify for food stamps than comparably sized families who live off base. The FSSA program corrects this inequity by requiring on base families to factor in an equivalent cost of government housing. The Department has also been concerned that cash-based programs like the FSSA will cause pay inversions between higher and lower ranking personnel based solely on family size.

Late in the FY01 legislative cycle, Secretary Cohen proposed a Subsistence Plan that had two important differences from the legislation included in the FY-2001 NDAA. Secretary Cohen's proposal provided eligible members with electronic debit cards, vice cash, and did not include the value of base housing, or the housing allowance for those off base, in determining eligibility. Secretary Cohen's program would have expanded the pool of eligible members, providing the benefit to a larger group of people.

PREPARED BY: (b)(6) USCG, DD ASD(MPP) Compensation, (b)(6)

## **SUBJECT: Aviation manning**

**ISSUE:** Services face significant challenges in meeting aviation manning requirements in both the Active and Reserve components.

### **DISCUSSION:**

Downsizing strategies executed by Services throughout the 1990's resulted in fewer pilots per year group than required to sustain manning at historic continuation rates. While inventories are sufficient to fill cockpits, opportunities for aviators to fill officer-development assignments outside the cockpit are extremely limited in several mid-career year groups. In some cases, Services face significant challenges in filling non-flying jobs requiring aviation backgrounds with appropriately skilled officers. Smaller than historic officer cohorts also translate to reduced flow of pilots into Guard and Reserve units.

Additionally, the commercial airline industry presents head to head competition for pilots, air traffic controllers, and maintenance personnel. Air Incorporated, an independent agency that forecasts airline-hiring requirements, predicted the 14 major airlines would hire almost 3,700 pilots in 1999--actual hiring was 5,000. Current data indicates that year 2000 hiring is ahead of last year's record pace and Air Inc. anticipates that a new record of approximately 6,000 will be set in 2000.

DoD does not anticipate a decline in pilot hiring by the commercial airlines in the foreseeable future. All of the major airlines are experiencing increased pilot retirements due to the mandatory age sixty (60) limitation. Whether or not current growth rates among the major and the regional airlines continue, airlines will have to replace these retiring senior aviators. Replacement requirements for the majors alone are forecast to exceed DOD's annual pilot production. Competition for separation-eligible pilots will increase. Similar circumstances exist among Air Traffic Controllers and maintenance personnel.

### **- Air Force -**

- Retention among Air Force Pilots has been on a steady decline since 1996.
- The AF was 1,200 pilots short of requirements at the end of FY00.
- Pilot production reached 1100 pilots per year in FY00, the maximum number of new pilots that can be safely absorbed in the current force structure.
- Beginning in FY00, Air force increased the initial obligation for pilot training to 10 years.
- The FY00 NDA's bonus authority that Congress gave DoD is proving to be crucial in stabilizing the current aviator inventory.
- At the end of FY00, 61% or 5,002 pilots signed on to the bonus (8,226 were in the eligible population).
- The overall effect of the FY00 bonus has been a significant increase in committed man-years. However, the bonus take-rate for the Air Force's initial eligible pilots -- those just coming off their service obligation for initial pilot training -- are the lowest of the eligible pilot populations closing out FY00 at 33%.



- Air Force estimates that its current pilot shortfall will not be eliminated until late in this decade. In the interim, Air Force is hiring retired aviators as civilians to fill critical non-flying billets.

*- Navy -*

- Managing aviator shortages in critical operational billets remains a priority in naval aviation.
- The Navy concluded FY00 short 580 aviators. Shortages are most pronounced at the O3 and O4 officer level due to a combination of low accessions, increased time-to-train and steadily decreasing retention over the last four years.
- Aviator resignations continue to rise: 412 in FY97, 489 in FY98, 521 in FY99, and 423 in FY00 and an estimated 539 resignations in FY01.
- Of particular concern: low inventory of under-accessed year groups (YGs 93-95). These YGs will begin to fill aviation related second sea tours in FY01; and subsequently squadron Department Head (DH) positions beginning in FY03.
- The Navy shifted its focus for FY00 Aviation Continuation Pay (ACP) on maintaining not only adequate numbers of quality career force aviators but also operational tours at the commander level.

*- Marine Corps -*

- Primary concern is with fixed-wing (FW) pilot inventory.
- The Corps ended FY00 396 fixed wing pilots short of their 1,499 requirement, compared to a 251 pilot shortage at the start of FY99.
- In FY00, offered \$18K to fixed wing pilots, \$9K to rotary wing (RW) pilots and \$6K to Naval Flight Officers (NFO).
- The Marine Corps' FY01 ACP is a continuation of the FY00 ACP with two minor changes.
- The FY01 plan extended their ACP offer to O4 selects (captains selected for promotion to major) and added a long-term contract option (greater than 36 months) for initial eligible pilots. Initial eligible (majors or major selects) fixed wing pilots can receive up to \$25k/year for a contract to complete 15 years of commissioned service.

*- Army -*

- Army's greatest pilot challenge is with the AH-64 (Apache) warrant officer pilots, currently manned at 90% (1,017 pilots vs 1,124 requirement).
- A stationing imbalance during a four-year transition between airframes has reduced time on station in CONUS as units went offline for upgrade and training.
- Aircraft upgrade/fielding will require a portion of the pilot inventory to stabilize for transition training placing a greater burden on the remainder of the inventory.
- In order to maintain required strength, Army took several management initiatives to increase inventory and decrease attrition, to include:
  - Recalling to active duty Apache pilots who terminated their service;

- Offering AC 3 to Apache pilots for the first time in FY99;
- Utilizing Reserve Component and dual replacement pilots;
- Increasing annual pilot production to 140 (required a \$24M plus up);
- Initiating Selective Continuation for promotion non-selects; and
- Extending AC 3P in FY00 to Special Operations MH-47 (Chinook) pilots.

The Department has undertaken an effort to develop support for treating aviation manning issues as a national problem meriting national attention to meet both military and commercial needs. The Department is hosting a series of Aviation Summits to address the development and retention of critical aviation skills – pilots, aircraft mechanics and air traffic controllers. The first summit was held on 30 Oct 00 and focused solely on military pilot retention. Solutions depend on effective partnering with the Departments of Labor, Commerce and Transportation and the airline industry, in addition to Congressional support for a strategy to ensure the safety of flight both in and out of the military.

**PREPARED BY:** (b)(6) Officer & Enlisted Management Directorate,  
OASD(FMP)(MPP): (b)(6) December 20, 2000

**SUBJECT:** Personnel Tempo (PERSTIMPO)

**ISSUE:** The amount of time a service member is deployed or is away from his home station or port can affect their training, readiness, and retention decision. Controlling, being accountable for, and managing the PERSTIMPO of service members is a priority in the Department of Defense.

**DISCUSSION:**

*- Background -*

The FY 2000 NDAA required DoD to begin tracking and managing individual service members' time away from home beginning October 1, 2000. The FY 2001 NDAA further amended the original legislation.

The intent of Congress was to control personnel turbulence and operational tempo. Congress charged the senior military leadership to be directly involved in the management of deployments and individuals. DoD's challenge is to reduce excessive personnel tempo, while maintaining combat readiness and meeting mission requirements.

The Under Secretary of Defense for Personnel and Readiness (USD (P&R)) is assigned the responsibility for monitoring the operations tempo and personnel tempo of the armed forces. The Act further directs that USD (P&R) establish, to the extent practicable, uniform standards within the Department for terminology and policies relating to the deployment of units and personnel away from their assigned duty stations. In addition, the military services are responsible for promulgating implementation instructions for the tracking and management of military personnel assigned to their respective service.

Successful implementation requires both cross-functional and cross-service coordination. To assist in this effort, the USD(P&R) established an Executive Committee on Personnel Tempo chaired by the Assistant Secretary of Defense for Force Management Policy (ASD (FMP)). This Executive Committee is supported by a Steering Group chaired by the Deputy Assistant Secretary of Defense for Military Personnel Policy (DASD(MPP)). Lastly, an Implementation Working Group is established. The membership and requirements of the Steering and Implementation Working Groups are attached.

*- Policies -*

Members whose deployed time exceeds 132 days out of the previous 365, are designated high-deployment members and must specifically be monitored and managed by the first general or flag officer in their chain of command.

Any member who exceeds 220 days, or will exceed 220 days, out of the previous 365 must receive approval for deployment, or continued deployment -

- (1) if assigned to a combatant command, by the service component commander for the combatant command; or



- (2) if not assigned to a combatant command, by the service chief of that member's armed force. The service chief may delegate authority to an officer of the same armed force who is in the grade of general or admiral or the personnel chief for that armed force.

If a member is deployed for more than 400 days out of the previous 730, that member is entitled to a high-deployment per diem of \$100 per day for every day deployed above 400. Payment of high-deployment per diem should occur only when curtailing the deployment would result in reduced individual or unit readiness or mission failure.

High-deployment pay is taxable, except for those members who are deployed to a tax-exempt zone.

Service members shall be considered to be deployed if they are in a training exercise or operation at a location which makes it impossible or infeasible for them to return to their home (housing in which they reside when on garrison duty at their permanent duty station or homeport) during their off-duty time. These include:

- Operations, e.g., Contingency, National Emergency, War, Counter-Drug, Law Enforcement, US Domestic Civil, Humanitarian Assistance, Peace Keeping, Surveillance, or Forward Presence;
- (Named) Exercises, e.g., Joint/Combined, Service or NATO;
- Unit Training, e.g., Combined Training Center or Training Area;
- Home Station Training/Local Operating Area of a Ship or Vessel;
- Mission Support Admin TDY, e.g., meetings, conferences, staff visits, etc.; and
- Hospitalization while participating in Operations, Exercises or Unit Training.

In the case of reserve component Service members performing active service, they shall be considered deployed if they are performing the active service at a location that:

- Is not their permanent training site; and
- Is at least 100 miles from their permanent residence; or
  - A distance less than 100 miles from their permanent residence, but require at least three hours of travel time.

Members are not considered deployed if they are:

- A student or trainee at a school (including any Government school);
- Performing administrative, guard, or detail duties in garrison at their permanent duty station;
- Unavailable because of hospitalization at their permanent duty station; or
- Unavailable as a result of disciplinary action taken against the member.

Number of deployed days will be reflected on the member's Leave and Earnings Statement (LES).

High deployment per diem is viewed as a penalty to the Services for failure to manage, not a pay for deployment. Earliest payments will not occur until after November 6, 2001 – the 401<sup>st</sup> day from October 1, 2000. Funding for this program will be taken out of the military personnel accounts, however OSD (P&R) and 2 Services recommend funding from the O&M accounts.



Each of the military services has published implementation instructions for the tracking and management of military personnel assigned to their respective service.

*- Implementation Status -*

- Data collection began on October 1, 2000 in all components (Army Active, Reserve, and National Guard; Navy Active and Reserve; Air Force Active, Reserve, and Air Guard).
- Data reporting began in all but the Army National Guard in October 2000. Army National Guard will begin reporting (data retroactive to October 1, 2000) in January 2001.
- Independent Validation and Verification (IV&V) process underway to determine the completeness and accuracy of the data reporting.
- LES reporting will not commence until the IV&V is complete – estimated to be no earlier than March 2001.

**Attachments**

1. Steering Group Membership
2. Implementation Work Group

**PREPARED BY:** Primary: (b)(6) Officer & Enlisted Management Directorate,  
OASD(FMP)(MPP) (b)(6) Alternate: (b)(6), LMI, (b)(6)

**Date Prepared:** December 21, 2000

## HOMOSEXUAL CONDUCT POLICY

### A. BACKGROUND.

1. The Department's Homosexual Conduct Policy is codified at Section 654 of title 10 United States Code. This section provides that a member of the armed forces shall be separated for engaging in or attempting to engage in a homosexual act or acts, for stating that he or she is a homosexual or bisexual, and for marrying or attempting to marry a person known to be of the same biological sex. It is based upon a series of Congressional findings which conclude that there is no constitutional right to serve in the armed forces, military life is fundamentally different than civilian life, and that such actions "create an unacceptable risk to the high standards of morale, good order and discipline, and unit cohesion ..." In July, 1993, the Secretary of Defense issued policy guidance on this matter. The Department has since taken a number of steps to improve policy implementation.
2. Concerns have been expressed by the Servicemembers Legal Defense Network (SLDN) and members of Congress (including Representative Frank and Senators Cleland and Kerry) regarding issues related to policy implementation. These include the recoupment of military education expenses or military bonuses when a member is separated for homosexuality prior to fulfilling his or her service commitment, confidentiality with mental health providers consulted on homosexual issues or to report harassment concerns. The Center for Military Readiness, on the other hand, believes that DoD policies are more permissive and accommodating toward homosexuals in the armed forces than the law allows.
3. In August 1999, the Department directed that the Services issue guidance: (a) recommending that staff judge advocates consult with senior legal officers at higher headquarters prior to initiation of investigations into alleged homosexual conduct; (b) requiring Service Inspectors General include as an inspection item of special interest, the training of those charged with the application and enforcement of the homosexual conduct policy; and (c) requiring Military Department secretarial level approval before initiation of any substantial investigation into whether a service member made a statement regarding homosexuality for the purpose of seeking separation.
4. At that time the Department also reissued guidelines for investigating threats against or harassment of service members based on alleged homosexuality. This was to ensure that the report of a threat or harassment based on perceived homosexuality results in the prompt investigation of the threat or harassment, and that investigators not solicit allegations concerning the sexual orientation of the harassed or threatened person.
5. In December 1999, to address concerns related to harassment, the Secretary of Defense directed that the Inspector General assess the environment at representative installations; that Service Secretaries provide updated training materials, and that Service leadership issue strong statements to the field that harassment for any reason will not be tolerated.
6. As a result of the findings of the IG Report, the Secretary established a senior working group to review the report and draft an action plan to identify measures necessary to address the problem of harassment of service members who are alleged or perceived to be homosexual. The working group was chaired by the Under Secretary of the Air Force and issued its draft action plan in July 2000. A major recommendation is that the Department adopt an "overarching

principle" regarding harassment, including that based on homosexual orientation, calling for the treatment of all individuals with dignity and respect. The action plan also addresses training, reporting, accountability, and evaluation. It was tasked to the Services for implementation on July 21, 2000. A DoD Directive and Instruction to implement the working group recommendations are being drafted.

## **B. POSITIONS**

1. The Department of Defense is committed to ensuring that homosexual conduct policy is clearly understood and fairly enforced.
2. The Department's policy is that a member's sexual orientation is considered a personal and private matter and is not a bar to continued service unless manifested by homosexual conduct. A statement that one is a homosexual or has a homosexual orientation, however, raises a rebuttable presumption that one engages in, attempts to engage in, has a propensity to engage in, or intends to engage in homosexual acts and will result in separation unless the service member successfully rebuts the presumption.
3. Harassment for any reason undermines good order and discipline and has no place in the armed forces.
4. In October 1999, a general psychotherapist-patient privilege was established for mental health counseling which is applicable to actions under the Uniform Code of Military Justice. However, the Department has not created confidential situations for service members who are homosexual that extend beyond those made available to all service members. Specifically, the only confidential or privileged communications are those with a chaplain or an attorney. Other individuals, particularly health care providers, need the latitude to make known conditions that may jeopardize the safety and security of military personnel, military dependents, military property, classified information, or the accomplishment of a military mission.

## **C. FOR ADDITIONAL INFORMATION**

Contact (b)(6) Principal Deputy Assistant Secretary of Defense for Force Management Policy (b)(6)  
Coordination: Office of the General Counsel. A copy of the Senior Working Group's recommendations is included.



**UNDER SECRETARY OF DEFENSE**  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000



**PERSONNEL AND  
READINESS**

**JUL 21 2000**

**MEMORANDUM FOR SECRETARY OF THE ARMY  
SECRETARY OF THE NAVY  
SECRETARY OF THE AIR FORCE  
CHIEF OF STAFF OF THE ARMY  
CHIEF OF NAVAL OPERATIONS  
CHIEF OF STAFF OF THE AIR FORCE  
COMMANDANT OF THE MARINE CORPS**

**SUBJECT: Approval and Implementation of the Action Plan Submitted in Response to  
the DoD Inspector General's Report on the Military Environment With  
Respect to the Homosexual Conduct Policy.**

On 24 March, Secretary Cohen established a working group, composed of senior military and civilian representatives from each of the Services, to review the DoD Inspector General's "Report on the Military Environment With Respect to the Homosexual Conduct Policy." The working group was also tasked to propose a draft action plan outlining the measures necessary to address the findings of the report.

Secretary Cohen received and approved the working group's proposed action plan and has directed that it be forwarded to the Services for implementation. As you execute this plan, please ensure that all personnel understand the importance of these measures. They are critical to eliminating all forms of harassment and are essential to maintain the good order and discipline necessary of our forces. My office will oversee those tasks required of the Office of the Secretary of Defense.

I appreciate your leadership and assistance in implementing the attached action plan.

(b)(6)

**Attachment:  
As stated**



## **Anti-Harassment Action Plan**

### **General Recommendations:**

1. The Department of Defense should adopt an overarching principle regarding harassment, including that based on sexual orientation:

**"Treatment of all individuals with dignity and respect is essential to good order and discipline. Mistreatment, harassment, and inappropriate comments or gestures undermine this principle and have no place in our armed forces. Commanders and leaders must develop and maintain a climate that fosters unit cohesion, esprit de corps, and mutual respect for all members of the command or organization."**

2. The Department of Defense should issue a single Department-wide directive on harassment.

- It should make clear that mistreatment, harassment, and inappropriate comments or gestures, including that based on sexual orientation, are not acceptable.
- Further, the directive should make clear that commanders and leaders will be held accountable for failure to enforce this directive.

### **Recommendations Regarding Training:**

3. The Services shall ensure feedback or reporting mechanisms are in place to measure homosexual conduct policy training and anti-harassment training effectiveness in the following three areas: knowledge, behavior, and climate.

4. The Services shall review all homosexual conduct policy training and anti-harassment training programs to ensure they address the elements and intent of the DoD overarching principle and implementing directive.

5. The Services shall review homosexual conduct policy training and anti-harassment training programs annually to ensure they contain all information required by law and policy, including the DoD overarching principle and implementing directive, and are tailored to the grade and responsibility levels of their audiences.

### **Recommendation Regarding Reporting:**

6. The Services shall review all avenues for reporting mistreatment, harassment, and inappropriate comments or gestures to ensure they facilitate effective leadership response.

- Reporting at the lowest level possible within the chain of command shall be encouraged.
- Personnel shall be informed of other confidential and non-confidential avenues to report mistreatment, harassment, and inappropriate comments or gestures.

## **Anti-Harassment Action Plan**

7. The Services shall ensure homosexual conduct policy training and anti-harassment training programs address all avenues to report mistreatment, harassment, and inappropriate comments or gestures and ensure persons receiving reports of mistreatment, harassment, and inappropriate comments or gestures know how to handle these reports.

8. The Services shall ensure that directives, guidance, and training clearly explain the application of the "don't ask, don't tell," policy in the context of receiving and reporting complaints of mistreatment, harassment, and inappropriate comments or gestures, including:

- Complaints will be taken seriously, regardless of actual or perceived sexual orientation;
- Those receiving complaints must not ask about sexual orientation – questions about sexual orientation are not needed to handle complaints; violators will be held accountable; and
- Those reporting harassment ought not tell about or disclose sexual orientation – information regarding sexual orientation is not needed for complaints to be taken seriously.

### ***Recommendations Regarding Enforcement:***

9. The Services shall ensure that commanders and leaders take appropriate action against anyone who engages in mistreatment, harassment, and inappropriate comments or gestures.

10. The Services shall ensure that commanders and leaders take appropriate action against anyone who condones or ignores mistreatment, harassment, and inappropriate comments or gestures.

11. The Services shall examine homosexual conduct policy training and anti-harassment training programs to ensure they provide tailored training on enforcement mechanisms.

### ***Recommendations Regarding Measurement:***

12. The Services shall ensure inspection programs assess adherence to the DoD overarching principle and implementing directive through measurement of knowledge, behavior, and climate.

13. The Services shall determine the extent to which homosexual conduct policy training and anti-harassment training programs, and the implementation of this action plan, are effective in addressing mistreatment, harassment, and inappropriate comments or gestures.

## INFORMATION PAPER

### SUBJECT: Civil Service Reform

#### BACKGROUND:

- In March 1997 the Quadrennial Defense Review Steering Committee charged Personnel and Readiness with developing a legislative package for placing the Department's civilian personnel system under its own legislative authority. The Steering Group believed that Department needed as much flexibility as possible as it continued to restructure and reduce its infrastructure.
- Options included a modification of title 5, U.S.C., seeking a separate section for DoD within title 5, and seeking movement of DoD civilians to coverage under title 10 (with the military).
- In August 1997 discussion of the third option generated considerable publicity, as well as concern from the unions and the Office of Personnel Management. Civilian Personnel Policy developed an alternative proposal.
- At a meeting with OPM and National Performance Review officials, OMB charged DoD with taking the lead on civil service reform, with involvement from unions and OPM.
- Defense Partnership Council endorsed concept and approach October 1, 1997.
- The adopted approach incorporated the following elements:
  - Emotionally charged topics were removed from the initiative (veterans' preference, dispute resolution, equal opportunity processes, health and pension plan changes).
  - Working Groups of DoD, OPM, and union representatives were created in 5 areas (staffing; pay and classification; benefits and entitlements; performance management; and workforce shaping):
  - The Defense Partnership Council was regularly consulted.
- The Working Groups reached substantial agreement on key issues:
  - Staffing (to streamline recruitment and hiring)
  - Pay and Classification (to simplify movement in pay range, give employees greater opportunities, and link performance and pay more closely)
  - Benefits and Entitlements (to improve benefits for deployed civilians, improve educational and training support, explore flexible plans, and make other improvements)
  - Performance Management (to strengthen communication of contributions and performance expectations, increase individual and team award authority, and improve the process for dealing with poor performers)
  - Workforce Shaping (to improve separation incentives and retirement options)
- However, prompted by outside pressures, the groups did not reach agreement on expansion of bargaining rights and obligations.
- With authority from the FY 1995 and 1996 National Defense Authorization Acts, DoD has established eight personnel demonstration projects, covering eight science and technology laboratories and the Land and Technology Community. (See separate information paper for details.) These are testing alternative personnel management tools and concepts.



- In February 2001, the Defense Science Board's Task Force on Human Resources Strategy recommended that DoD propose legislation to transfer authority for the Department's civilian workforce from the Office of Personnel Management to the Secretary of Defense. The reasoning was that this transfer would permit the Secretary to establish policies and develop force-shaping tools to meet changing DoD requirements."

#### DISCUSSION:

- The 1997-98 Personnel System Initiative reached greater consensus than any previous effort at civil service reform in the past two decades. But political issues surrounding management rights and negotiability stymied full development.
- DoD has been successful in securing legislation enacting numerous ideas generated through the PSI, particularly with reference to workforce shaping.
- Other Federal agencies support CPP's concept that the civil service system needs reform to accomplish the following:
  - Simplify and streamline hiring
  - Improve the compensation and classification system
  - Restore integrity of the Civil Service by replacing demonstration projects and "boutique" approaches with government-wide systems that work
  - Improve the image of the civil service and begin marketing the civil service as a career
  - Validate the relative efficiency, effectiveness, and cost savings of outsourcing
  - Recognize training, education, and development of employees as an investment rather than a cost

#### STATUS:

- P&R supported a POM proposal for funds to develop a civilian marketing and recruitment campaign. This has not been approved.
- In the Omnibus Legislative Package submitted for FY 2002, DoD is proposing initiatives to streamline hiring (create categorical ranking; eliminate the rule of three), enhance recruitment (commercial IPA for AT&T, alternative retirement plan for educators, retirement portability options between NAF and AF appointments), improve retention, and ease workforce transition (expanded delinking of VERA/VSIP from RIF; phased retirement; employee purchase of early retirement offset).
- For the FY 2003 bill (covered by the next Unified Legislation and Budget process), CPP is proposing further improvements in staffing (on-the-spot hiring authority), recruitment (increase amount for student loan repayment), retention (payment for last move home), and pay and classification (broadbanding, modification of the overtime pay cap).
- The largest Federal union has informally expressed interest in revitalizing the working groups of the Personnel System Initiative. Issues of management rights and negotiability remain.

Action Officers:

(b)(6)

Action Office: Civilian Personnel Policy

Date: January 2, 2001



## INFORMATION PAPER

**SUBJECT:** Energy Employees Occupational Illness Compensation

### BACKGROUND:

- Beginning in WWII, the Department of Energy (DOE) contractor employees operating the Nation's nuclear weapons complex have been exposed to radiation and hazardous substances. State, rather than Federal, workers' compensation programs cover contract workers.
- Because DOE believed that these people had not been fairly compensated, it proposed that Congress establish an alternative to the state-run workers' compensation programs for DOE contract workers who have illnesses due to exposure to beryllium and plutonium at DOE sites. This issue was referred to the National Economic Council (NEC) Deputies for consideration and recommendations. (DoD was represented.)
- NEC formed three task groups, which presented findings to the NEC in March 2000 that led to the recommendation to create a Federally funded compensation program.
- Between November 1999 and October 2000, 19 separate bills were introduced in the 106<sup>th</sup> Congress relating to DOE employees and contractor employees who might have been exposed to beryllium, plutonium, and other toxic substances (e.g., silica) as a result of their work in the Nation's nuclear weapons program. This extensive legislative activity culminated in the inclusion of an Energy Employees Occupational Illness Compensation Program Act (Title XXXVI) in the National Defense Authorization Act of 2001 (Public Law 106-398, signed into law on October 30, 2000). In addition, the President issued Executive Order 13179 on December 7, 2000, allocating responsibility for the Energy Employees Occupational Illness Compensation Program Act of 2000 (Title XXXVI).

### DISCUSSION:

- Public Law 106-398 provides coverage for DOE employees and former employees of the DOE contractors, subcontractors, and vendors who sustained illnesses related to exposure to beryllium, plutonium, and other toxic substances while working at DOE nuclear weapons facilities. Elements include the following:
  - Presumptive determinations on the causal relationship of covered illnesses to performance of duty.
  - Assistance to claimants in the filing of claims and the obtaining of supporting evidence.
  - The establishment of an Energy Employees' Compensation Fund from which disbursement will be made.

**STATUS:** There is currently a bill (unnumbered) pending in Congress that seeks to amend the provisions of Public Law 106-398 to include wage-loss compensation, medical expenses and survivor benefits. The bill provides for mandatory rather than discretionary funding. This unique bill could be precedent setting for DoD contract employees, as could Title XXXVI.

Action Officer: Mary Patt Scanlon, 703-696-1986 (o) 703-680-1543(h)

Action Office: CPP/CPMS, Injury Compensation and Unemployment Compensation Division

Date: December 21, 2000

## INFORMATION PAPER

### SUBJECT: Personnel Demonstration Projects

**BACKGROUND:** Section 4703 of title 5, United States Code, authorizes the Office of Personnel Management (OPM) to approve agency requests to conduct demonstration projects to test innovations in such areas as staffing, compensation, classification, and training. Under this authority, provisions of title 5, U.S.C. can be waived and the results evaluated to determine if the new methodology or practice being tested should be extended to the rest of the Federal service.

### DISCUSSION:

- The first DoD demonstration project was conducted at two Navy laboratories located at China Lake and San Diego, CA, the so-called "China Lake" demo. Congress granted the "China Lake" demo permanent status in 1994.
- All other DoD demonstration projects have been in operation for three and one-half years or less.
- The FY 1995 National Defense Authorization Act (NDAA) authorized the conduct of personnel demonstration projects like "China Lake" at DoD's science and technology reinvention laboratories (STRL). These projects are a key component of DoD's special efforts to recruit, develop, and retain technology leaders, especially scientists, mathematicians, and engineers. Through cooperative efforts among the Office of the Secretary of Defense (OSD), the Military Services, and OPM, OSD is actively involved in the design and oversight of demos. The respective Military Services handle day-to-day operations. Currently, DoD operates seven personnel demonstration projects in the labs, covering some 23,800 employees, and two more STRLs are developing new demos.
- The NDAA for FY 1996 authorized the establishment of a separate demonstration project for the Acquisition workforce. The Acquisition demonstration began in February 1999, covering 4,700 employees.
- The Director, Defense Research and Engineering (DDR&E) has contracted with the Personnel Resources and Development Center (PRDC) of the U.S. Office of Personnel Management to evaluate overall results of the STRL demo program. Some positive signs have emerged. Surveys of employees in the STRL and at "China Lake" conducted by PRDC during 1998 showed the STRL to be comparable to "China Lake" with respect to dimensions of organizational effectiveness such as job satisfaction, customer orientation, teamwork, strategic planning, supervision, cross-functional coordination, innovation, and communication. Additionally, both the STRL and "China Lake" demonstrations showed positive trends for teamwork, training adequacy, and fair treatment of employees.
- Section 1114 of the National Defense Authorization Act for FY 2001 shifts the authority to review and approve STRL demonstration projects from OPM to the Secretary of Defense.

### STATUS:

We are awaiting the official delegation from the Secretary of Defense to the Under Secretary for Personnel and Readiness to implement Section 1114 of the FY 2001 NDAA. Implementing guidance will be issued shortly thereafter.

(b)(6)

Action Office: Civilian Personnel Policy  
December 21, 2000



**SUBJECT: Special Workforce Restructuring Buyout Authority**

**BACKGROUND:**

- For several years, the Department sought a special buyout authority for workforce shaping.
- Title XI, Subtitle F of Public Law 104-398, the Floyd D. Spence National Defense Authorization Act for Fiscal Year (FY) 2001, provides this special authority.
- The authority allows DoD to reshape its workforce and address the skill shortages and mission-critical occupational gaps resulting from over a decade of Defense downsizing, without the requirement to eliminate a position or conduct a reduction-in-force action.

**DISCUSSION:**

- Congress authorized the workforce shaping buyout authority to allow the Department to reshape its workforce without resorting to an immediate reduction in force.
- Employees may be offered a separation incentive (up to \$25,000 before taxes) to leave their positions so that their organizations may reengineer or redesign those positions to meet emerging needs.
- The new authority helps address the shortages of key skills caused by more than 12 years of Defense downsizing. (Because of the downsizing, a specific location might have the right number of employees but not have the right mix of skills.)
- The Department is authorized to apply the special buyout authority to 1,000 employees in Fiscal Year 2001. Its use is restricted to people who are eligible for optional retirement; that means that it cannot be used in conjunction with early retirement.
- Use of the authority must be directly tied to a workforce restructuring action, where management offers the buyout to create a vacancy that will be "reshaped" to meet the critical mission needs of the Department.
- The most significant difference is that the new legislation permits offering an employee a buyout to leave the Department's employment rolls without the elimination of the position.

**STATUS:**

Civilian Personnel Policy has issued guidance for implementation of the special authority. Components must submit requests by January 3, 2001; they must then submit a report on their use of the authority. These data will be used to convince Congress to permit the Department to use the special authority in greater numbers in Fiscal Years 2002 and 2003 (4,000 per year).

Action Officer and Phone Number:

(b)(6)

Action Office: OPP/CPMII, Civilian Assistance and Re-Employment (CARE) Division

Date: December 21, 2000

8. DoD should not operate programs that duplicate those of other agencies. Funding that meets completely the requirements of the Federal Impact Aid law should be provided to the Department of Education. The need for a DoD supplemental would not exist if the Federal program under title VIII of the Elementary and Secondary Education Act of 1965 were fully funded.

**FOR ADDITIONAL INFORMATION:**

Senior Official Contact: (b)(6) Principal Director, Military Community and Family Policy, telephone: (b)(6)

Author: (b)(6) Chief, Continuing Education (b)(6)  
(b)(6)



OASD (M & P)

ISSUE: TROOPS TO-TEACHERS PROGRAM FUNDING

BACKGROUND.

1. The National Defense Authorization Act for FY 2000 required that all responsibility for the Troops-to-Teachers Program be transferred to the Secretary of Education by October 1, 2000.
2. That transfer was accomplished.
3. The bill providing appropriations to the Department of Education become law on December 19, 2000.
4. The Department must now negotiate an MOA with the Department of Education in order to formalize continued support for the Troops-to-Teachers Program.
5. DoD has been left with no option but to cancel contracted services and reassign personnel to responsibilities not related to managing the program.
6. Many state liaison offices have ceased to function in the absence of financial support.
7. DoD remains agreeable to managing a Troops-to-Teachers program for service members under the authority of and with resources provided by the Department of Education (DEd). DoD would carry out this activity under the terms of a Memorandum of Agreement negotiated with DED.
8. DoD has indicated to DED that about \$12M would be needed to provide the stipends and bonuses authorized by law to new retirees and certain service member grandfathered when the provisions of the National Defense Authorization Act for FY 2000 repealed the earlier program and replaced it with a new one. However, DoD remains flexible in being willing to operate the program on a limited scale with as little as \$1M.
9. The Department of Education expects to receive an appropriation for a "Transition to Teaching" program that will help any second career-seeking individual to transition to teaching in K-12 schools. The DED asked DoD to continue to manage such a program under the umbrella of their Transition to Teaching Program, which, for service members, would be called the Troops-to-Teachers Program.

FOR ADDITIONAL INFORMATION

Senior Official Contact: (b)(6) Principal Deputy, OASD, Military Community and Family Policy, Tel. (b)(6)

Author: (b)(6) Educational Opportunity Directorate, OASD, Military Community and Family Policy, (b)(6)

## **OASD (FM &P)**

### **ISSUE: INCENTIVE PROGRAM TO IMPROVE THE DOD RESPONSE TO DOMESTIC VIOLENCE INVOLVING MILITARY PERSONNEL**

#### **BACKGROUND.**

1. The National Defense Authorization Act for FY 2000 authorized DoD to establish an incentive program for collaborative projects between military installations and civilian communities, including law enforcement and domestic violence organizations, to address domestic violence more effectively. The Defense Task Force on Domestic Violence, also established under the law, is authorized to review the progress of the projects and identify best practices, lessons learned, and policy recommendations in an annual report.
2. No funds were appropriated for this program. OASD (Force Management Policy) (FMP) plans to announce the program and rank order the applications. OASD (FMP) hopes that each Service will provide funding for one project, and hopes that OSD funds become available later in FY 2001 to support more projects across the four Services.
3. OSD will issue a program announcement inviting the Services to submit applications. The law authorizes a review committee to recommend the projects to be funded from the applications.
4. The Defense Task Force on Domestic Violence will review the progress of the projects and identify best practices, lessons learned, and policy recommendations to be included in its annual report.

#### **FOR ADDITIONAL INFORMATION**

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**ISSUE PAPER**  
**On**  
**DoD PILOT PROGRAM FOR FE-ENGINEERING THE DISCRIMINATION**  
**COMPLAINT PROCESS UNDER SECTION 1111 OF THE NATIONAL DEFENSE**  
**AUTHORIZATION ACT**

**BACKGROUND**

- Section 1111 of the National Defense Authorization Act for Fiscal Year 2001 requires the Secretary of Defense to carry out a three-year pilot program to improve processes for the resolution of EEO complaints by civilian employees (see resource document 1 attached). A presidential memorandum issued at the time the Act was signed establishes specific parameters for the DoD pilot (see resource document 2 attached).

**POSITION**

- It is DoD policy to recognize that equal opportunity programs, to include discrimination complaint processing procedures, are essential elements of readiness that are vital to the accomplishment of the DoD national security mission. It is the Department's position that it will comply with the provisions of Section 1111, as modified by the President's memorandum, and will conduct a three-year pilot in one military department and two defense agencies.

**STATUS**

- Section 1111 indicates the pilot can begin on January 1, 2001. However, since the Department had not anticipated or sought the authority contained in section 1111, pilot proposal guidelines need to be developed and the DoD Components surveyed to determine which organizations wish to participate in a pilot. This work is currently underway and pilot participants should be selected in February.
- The President's memorandum of October 30, 2000, requires the Secretary of Defense to personally approve the creation and implementation of any pilot created under section 1111. In addition, the Secretary will be briefed on the pilot results at the completion of the three-year pilot period and is required by the President's memorandum to submit an assessment of the pilot programs to the EEOC within 180 days of the completion of the pilot period.

POC: (b)(6) EO Manager, ODASI (EO), (b)(6)

## WOMEN ON SUBMARINES

**BACKGROUND:** DACOWITS examines issues raised by Service men and women during installation visits. One issue consistently raised was, "Why don't we assign women to duty aboard submarines?" DACOWITS requested and received several briefings from the Navy at their semi-annual conferences concerning the Navy's exclusion of women from this one class of ship. The Navy responded that the cost of modifying current vessels (including the new Virginia class) would preclude this.

At the 2000 Spring and Fall Conferences, DACOWITS recommended that the Secretary of the Navy and the Chief of Naval Operations commit to the integration of women into the submarine community, and develop an implementation plan.

- For long-term integration, DACOWITS recommended a redesign of VIRGINIA class submarines to accommodate mixed gender crews.
- For short-term integration, DACOWITS recommended that the Navy commence with assigning women officers to SSBs.

**RATIONALE:** The Submarine service is an elite, prestigious force that requires the brightest and best-qualified workforce. Navy women are highly capable and competitive and would volunteer for submarine duty. Full utilization of all personnel resources plays a vital role in Navy readiness. DACOWITS believes that integration of women into the submarine community would more fully utilize all of the Navy's personnel assets.

DACOWITS acknowledges the Navy's concerns regarding privacy, habitability and the costs associated with integrating women into the submarine community. However, the Navy's historical experience and commitment to the utilization of women on other platforms provide a model for change. Drawing on these experiences will better enable the Navy to overcome obstacles it perceives as prohibiting integration of women into submarine service. Current experience indicates that it is unreasonable to presume that women will not be assigned to submarines sometime in the next 40 years (estimated service life of VIRGINIA class submarines). Redesign now before this submarine class begins full production will avoid even more costly reconfiguration in the future.

### Questions/Answers

**Question:** What is the Department's position on women serving aboard submarines?

**Answer:** Currently women do not routinely serve aboard U.S. submarines. Women are a tremendous source of quality personnel. It is useful to ask if we are employing our personnel to the greatest advantage, but it is premature for the Department to take a position until the Navy has presented their information.



OASD (FM&P)

**ISSUE: ARMED SERVICES EXCHANGE PURCHASES FROM CHENTEX IN NICARAGUA**

**BACKGROUND.**

1. The Army and Air Force Exchange Service (AAFES) buys apparel (blue jeans) manufactured by the Chentex factory in Managua, Nicaragua, a free trade (export) zone.
2. Chentex is involved in a labor dispute over wages that resulted in worker firings including members of the union's Executive Board.
3. In response to the press reports, AAFES is providing information briefings to the HASC MWR Panel professional staff, which exercises oversight of the Armed Services Exchanges, and U.S. Representative Martin Frost (D-TX) whose district includes AAFES headquarters.
4. U.S. Representative Cynthia McFinnney (D-GA) and Representative Sherrod Brown (D-OH) wrote to SECDEF on December 11, 2000 to express concern that the U.S. military may be involved in unethical behavior and requested that AAFES provide a full briefing to interested members of the House of Representatives. The briefing is being scheduled for the second week in February.
5. The Federal Acquisition Regulation, the Department of Defense supplements, and nonappropriated fund procurement policies do not govern workers' rights matters for purchase made from overseas manufacturers.
6. The AAFES nonappropriated fund purchases of merchandise for resale are excluded from the Trade Agreements Act of 1974, which committed federal Government Agencies to implement international agreements on Government procurements.
7. There is no "country of origin" purchase restriction on Nicaragua. Internationally recognized worker rights are set forth in the United Nations Universal Declaration of Human Rights and the United Nations International Labor Organization Declaration on Fundamental Principles and Rights at Work which have been ratified by the United States. [The Department of Labor represents the Administration on the United Nation's International Labor Organization, which sets and monitors international labor standards, including the right to organize and bargain collectively.]
8. The U.S. Trade Representative will maintain ongoing monitoring of worker rights concerns in Nicaragua. On October 3, 2000, Ambassador Barshefsky requested Nicaragua's cooperation in convening bilateral consultations to discuss worker rights issues before June 30, 2001. Failure to achieve an improvement in this situation could place part or all of Nicaragua's trade preferences in jeopardy. [Under the leadership of the Office of the U.S. Trade Representative, the Departments of State, Commerce and Labor review the status of trade privileges offered to Nicaragua under the Caribbean Basin Trade Partnership Act (CBTPA) to encourage progress in the observance of internationally recognized worker rights. Continued CBTPA eligibility depends on the extent to which Nicaragua provides internationally recognized worker rights. The U.S. expressed particular concern with

respect to anti-union activity at Chentex, sought Nicaragua's assurance that workers at the factory would be informed of their rights under Nicaragua's Labor Code, and sought to advance revisions to the Labor Code on collective bargaining. No U.S. Government restrictions or requirements for enforcement action are placed on U.S. military exchanges or American companies trading with Nicaragua.]

9. Following Congressional inquiries and a Reuters report, AAFES sent a Quality Assurance executive and a purchasing official to Nicaragua on October 2-3, 2000 to investigate allegations of poor working conditions. The two day on-site no notice inspection, including a review of randomly selected documents, disclosed no evidence of "sweat shop" type working conditions at the facility. AAFES representatives investigated allegations of poor working conditions rather than the collective bargaining matters. The team noted that Chentex management had fired about a dozen union leaders following an incident in which workers occupied the factory cafeteria and "had to be dislodged." Management obtained Ministry of Industry approval for the dismissals based on an illegal strike – the union claims the dismissals were illegal under Nicaraguan law. Those matters remain in court. However, the unions key demand is that Chentex rehire fired workers.]
10. AAFES is currently seeking to engage a third party to monitor working conditions to meet worker rights standards used by other major U.S. retail companies. [The voluntary standard used by most retailers is SA 8000. However, no DoD or AAFES decision or policy has been promulgated on the specific standard. Department of Commerce is taking initiatives to promote a set of voluntary Model Business Principles abroad.]

#### FOR ADDITIONAL INFORMATION

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## DASD (FM & P)

### ISSUE: U.S. Chamber of Commerce Spouse Employment Initiative

#### BACKGROUND.

1. The U.S. Chamber of Commerce Center for Corporate Citizenship (CCC) partnered with the Department to host a Military Quality of Life Summit and Partnership Gala in October 2000. The summit goal focused on increasing awareness of the mutual benefit to both military and civilian communities emanating from partnerships and good citizenship activities. The Summit was attended by over 150 corporate CEO/presidents and 50 general officers representing each of the military Services.
2. At the Summit, the President of the Chamber of Commerce announced their commitment to an outreach effort with its three million business members to foster improved partnerships between private industry and the armed services. At the Gala, the CCC announced the initiation of a not-for-profit foundation initiative focusing on military quality of life entitled the Partnership for Military Quality of Life (P-MQL). The P-MQL is dedicated to bringing business solutions to military quality of life issues. Their outreach efforts will cover such areas as spouse employment, workforce development, financial literacy, information, education and housing. Priority attention will initially be given to the area of spouse employment.
3. This effort has been integrated with an interagency group, comprised of DoD, GSA, and the State Department to increase telecommuting and portable careers for spouses of federal government employees stationed out-of-country, as well as DoD spouses. The Department is committed to seeking non-traditional avenues to improve and enhance the quality of life of military members and their family.
4. Retention decisions are affected by the career obstacles encountered by spouses of military members. Relocation negatively impacts career progression of military spouses and reduces family income, creating financial problems that further negate a positive quality of life for military families.
5. The Chamber of Commerce is uniquely connected with business and industry, serving as a positive source of relationship-building with private enterprise. Finding business solutions to military quality of life issues will enhance member and family well-being in the short run and is expected to positively impact retention and recruitment in the long run.
6. Results from the Summit have been quickly realized.
  - a. A partnership has been formed with CISCO Systems and the Communication Workers of America to provide scholarship opportunities for technical training to spouses.
  - b. Partnerships are being finalized with multi-national corporations, including Marriott International and Home Depot to provide both entry-level jobs and career-transition paths for relocating spouses.
  - c. The CCC has expressed interest in facilitating an innovative job bank and an integrated, user-friendly system of communication and marketing of spouse employment opportunities to both corporate employers and potential spouse employees.



- d. Other companies, including Perot Systems, McDonalds, USAA, Military.com, Corporate Gray, American Logistics Agency and their member companies, and others have expressed interest in working with the Department in developing spouse employment opportunities.
- e. Organizations such as Fannie Mae Foundation, the USAA Educational Foundation, and the Credit Union National Association (along with Defense Credit Unions) have offered their assistance in the area of financial literacy and improved financial stability for our military families.
- f. Spin-off projects continue to develop from the momentum generated by the Summit, with increased meetings and dialogue with business and industry at the Service and local installation level.

7. A working group of Service Spouse Employment Assistant Program Managers meet regularly to coordinate planning and implementation. A series of study groups and topical briefings is planned by the CCC/P MOL to address implementation of spouse employment and training initiatives as well other areas of military quality of life. The Department and the Services have been invited to participate.

#### FOR ADDITIONAL INFORMATION.

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## **(OASD (IM&P))**

### **ISSUE: CHILD CARE TASK FORCE**

#### **BACKGROUND.**

1. The Under Secretary of Defense, Personnel and Readiness tasked each Military Service to designate a representative to participate on a Department of Defense (DoD) task force to develop a child care plan to expand the availability of high quality, affordable child care to meet the needs of the Department's families. The core task force is chaired by the acting director of the Office of Children and Youth. Other members include the child and youth program managers from each Military Service.
2. The task force is committed to producing a viable 5-year expansion plan to increase the number of child care spaces to meet the Department's goal of meeting 80% of the potential need for care by the year 2005. In conjunction with the expansion plan, a marketing plan to promulgate the short-term and long-term benefits of participating in a high quality child care program for users as well as leadership will be launched. Thirdly, the military child development system will implement state-of-the-art personnel practices to recruit and retain an educated and dedicated workforce.
3. The goal of the DoD and Military Services task force is to design the most cost effective system of care that maintains high quality, affordability, and expands the availability of care while working collaboratively together. The military childcare system has been lauded as a model for the nation and DoD will continue in the forefront of exemplary practices for the benefit of children and their families.
4. As of January 2000, the Military Services were providing 173,522 child care spaces, meeting 58 percent of the projected childcare need. According to the most recent projection, 297,635 spaces are needed to accommodate the childcare needs of eligible users. The Department has set a short-term goal of meeting 65 percent of the potential need for child care by the year 2003 and ultimately 80 percent of the need by the year 2005.
5. The Department recognizes that a combination of various childcare delivery approaches must be used to maximize the number of spaces within existing resources. In addition to military construction projects, the plan will focus on the expansion of the in-home care programs to include expanded provider subsidies and incentive programs, and off-base opportunities.
6. Two studies are underway to look at childcare affordability and how to expand the availability of care. The first focuses on child development program staff availability and compensation to determine how the DoD child development system can become an "employer of choice" to ensure full program staffing through the design and implementation of a competitive compensation plan. The second study will provide a cost/benefit analysis of the child development system to publicize to users and leadership.

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## OASD (FM&P)

ISSUE: 2<sup>nd</sup> Annual Military Family Forum, May 2001

### BACKGROUND.

1. The First Annual Secretary of Defense Military Family Forum was held in the Pentagon on May 31, 2000. The Forum's 100 participants represented a cross section of Services, the junior enlisted and officer ranks, diversity, geographic locations and included active duty and reserve service members and their spouses and single service members.
2. The purpose of the forum was to provide the most senior leadership in the Department an opportunity to communicate directly with families regarding quality of life initiatives and best practices. Every effort was made to foster an environment of open communication between the forum participants and leadership. The Department is committed to discussing and responding to quality of life concerns with members of the force, as well as their spouses.
3. The forum focused on the Department's quality of life guiding principles for the total force. Three senior leadership panels presented information on Financial Stability, Family Readiness and Education; Commissary and Exchange Benefits; and Housing and Health Care. Individual installation and Service best practices were discussed at roundtable sessions and briefed to senior leadership by the participants. The day was concluded with a gala dinner.
4. The Department has committed to conducting the 2<sup>nd</sup> Annual Military Family Forum the week of May 14, 2001.
5. The opportunity for service members and families to directly interact with senior leadership was mutually beneficial. Participants were provided very gracious hospitality, which served to encourage the open communication that characterized the forum.
6. An essential component of military morale and readiness is a good quality of life. The challenge is to ameliorate mission demands of military life with strong community support programs that provide needed respite, build morale, and develop a strong sense of community. The goal is to build strong communities that create cohesion and career commitment. To accomplish this goal, the Department is committed to eight guiding principles for quality of life.
  - a. Improve standard of living through continuing to fund raises in basic pay and working to achieve financial stability for all military members.
  - b. Build more predictability into military life.
  - c. Provide modern communities with quality health care and housing.

- d. Increase educational opportunities (e.g., distance learning, spouse eligibility)
- e. Work toward parity in QOL programs across installations, Services, and components.
- f. Build a solid communication line to troops and their families so as to stay in touch with their insights and perceptions.
- g. Revitalize a sense of community within the Total Force.
- h. Support mission readiness through Reserve component family readiness.

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**OASD (FM &P)**

**ISSUE: QUALITY OF LIFE EXECUTIVE COMMITTEE**

**BACKGROUND.**

1. The Quality of Life Executive Committee (QOL EXCOM) was established in 1995. The QOL EXCOM promulgates the Department's quality of life goals.
2. The goals of the QOL EXCOM are to provide executive oversight and foster improvement for service members and families' standard of living.
3. The QOL EXCOM provides progress and accomplishment reports on the state of military QoL.
4. The QOL EXCOM sponsors an annual quality of life research symposium "think tank". The symposium for civilian and military leaders, visionaries and researchers is designed to share innovative ways to improve service members' and families' quality of life.
5. The QOL EXCOM organizes the Secretary of Defense's annual Family Forum.
6. The QOL EXCOM maintains a Workplan (Attached)
7. The committee is comprised of senior leaders from the Service Secretariats and the Office of the Secretary of Defense, Senior Enlisted Leaders and the Joint Warfighting Commanders.
8. The next QOL EXCOM is scheduled for March 2001.

**FOR ADDITIONAL INFORMATION**

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## INFORMATION PAPER

**SUBJECT:** Defense Leadership and Management Program

**BACKGROUND:** Implementing recommendations of the Commission on Roles and Missions (CORM), 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. In addition, DLAMP fosters an environment that nurtures a shared understanding and sense of mission among civilian and military personnel.

**DISCUSSION:** DLAMP requires successful completion of three required elements: (1) a career-broadening rotational assignment of at least 12 months; (2) a senior-level professional military education course with an emphasis on national security decision-making; and (3) at least ten graduate-level college courses (much like an MBA curriculum) designed with a defense focus. Participants will also be expected to complete Component and occupation-specific development courses, as appropriate.

- DLAMP is open to civilian employees in permanent position within the Department of Defense, who are selected through a competitive process. Originally, only employees at GS/GM-14 and 15 grade levels could participate. In FY 1998, the program was expanded to include those at the GS-13 level; it may eventually include high achievers at the GS-12 level.
- DLAMP is focused on 3,000 key leadership positions (roughly one-tenth of all DoD positions at GS-14 and above). These include positions that are responsible for people, policy, programs, and other resources of broad significance or support joint warfighting by means of strategy, policy, plans, or operational management. Graduates of DLAMP will become the primary source for filling these positions.

### STATUS:

- In January 2001, DLAMP will admit its fifth class, for a total of 1,400 competitively selected participants. Our goal is to increase the cohort by approximately 350 students per year. The first graduation was held on October 31, 2000, honoring the first eight participants to complete the program. In addition, we are developing a framework for a mid-career development program that would provide education and training in all areas of supervision and management for individuals in grades GS-9 through GS-12.
- Twenty-nine graduate-level courses have been developed in seven broad areas (finance, information systems, economics, human resources, quantitative tools, national security policy, and law and public policy). Each course's curriculum is designed with a Defense focus, in partnership with universities whose programs are accredited by the American Assembly of Collegiate Schools of Business. As of December 2000, DLAMP has conducted 160 graduate courses, with 2,255 students in attendance. Another 120 graduate classes are planned in Fiscal Year 2001.
- At the same time, over 250 rotational assignment opportunities have been made available to program participants.
- In addition, 416 participants have completed senior-level professional military education.
- To date, 51 participants have been selected for positions in the Senior Executive Service.

Action Officer and Phone Number: (b)(6)

Action Office: CPMS Defense Leadership and Management Program

Date: December 20, 2000

ASD (Health Affairs)  
Issue Papers

- TRICARE Overview
- The National Academy of Sciences (NAS) Institute of Medicine (IOM) Report "Protecting Those Who Serve: Strategies to Protect the Health of Deployed U.S. Forces"
- TRICARE Issues
- Women, Infants, and Children (WIC) Overseas
- Enhancing Efficiency in the Military Health System
- Military Health System (MHS) IT-Health



## TRICARE OVERVIEW

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) 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 standard 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 MHS", 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 1 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.

#### FOR ADDITIONAL INFORMATION.

Author:

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**THE NATIONAL ACADEMY OF SCIENCES (NAS), INSTITUTE OF MEDICINE (IOM) REPORT, "PROTECTING THOSE WHO SERVE: STRATEGIES TO PROTECT THE HEALTH OF DEPLOYED U.S. FORCE."**

**A. BACKGROUND.**

1. In 1996 Deputy Secretary of Defense asked the National Academy of Sciences (NAS) to advise the Department of Defense on a strategy to better protect the health of US troops in future deployments. Over a two-year period, the NAS sponsored, through its Institute of Medicine (IOM), four different study groups that evaluated 1) assessment of health risks; 2) detecting exposures to harmful agents; 3) physical protection and decontamination; and 4) medical protection, treatment, and records. Upon completion and publication of the results of those studies, the NAS empanelled a committee for a third year to shape the most important findings and recommendations of the first four studies into a long-term strategy.

2. The report asserts that the Department has made few concrete changes at the field level in implementing previously identified recommendations for protecting the health of deployed forces. The committee judged the extent of implementation of these recommendations to be, thus far, unacceptable. The committee concluded that immediate action is called for to avoid both unnecessary risks to service members and jeopardizing future missions.

**B. POSITIONS.**

The DOD has made much progress in addressing the medical deficiencies noted in this report. In the 10 years since the Gulf War, the U.S. military has learned much about preventive medicine, risk communication, and health care from dealing with Gulf War health issues and from caring for troops deployed to Somalia, Rwanda, Haiti, Bosnia, and Kosovo. To improve the health of military personnel and veterans, it has been necessary to learn from both the successes and the mistakes of military medicine. These lessons continue to be incorporated into new policy and programs, which are fundamentally changing how the DOD addresses the health care needs, particularly those needs related to deployment, of military personnel.

**C. QUESTIONS AND ANSWERS.**

1. Question: What has the Department's done to address the medical deficiencies noted in the report?

Proposed Response: The DOD has promulgated specific policy addressing many of the lessons learned from the Gulf War deployment. In 1996, the Office of the Assistant Secretary of Defense for Health Affairs (OASD(HA)) directed establishment of the Defense Medical Surveillance System and the Armed Forces serum repository. In 1997, OASD(HA) promulgated DOD Directive 6490.2 "Joint Medical Surveillance" and DOD Instruction 6490.3, "Implementation and Application of Joint Medical Surveillance for Deployments," outlining the policy for assessment and communication before and during deployment of significant health threats and corresponding medical prophylaxis, immunization and other unit and individual countermeasures for the Area of Operations. In 1999, OASD(HA) established DOD Deployment Health Research and Clinical Centers. Major Force Health Protection initiatives of these Centers include the national surveillance for birth defects among DOD beneficiaries, the Millennium Cohort Study, Post-Deployment Health Clinical Practice Guidelines, and the Recruit Assessment

**Program.** The principal objective of the Millennium Cohort Study is to evaluate the impact of military deployments on various measures of health over time including medically unexplained illnesses and chronic diseases such as cancer, heart disease, and diabetes. The clinical practice guidelines will enhance the ability of health care providers to identify, communicate with, and manage patients with deployment health concerns. If successful, the Recruit Assessment Program will initiate a longitudinal health record for military personnel at accession and provide comprehensive, baseline health data on military recruits.

**2. Question:** Has the Department done anything to address combat stress?

**Proposed Response:** Combat Stress Control (CSC) is an ongoing and critically vital issue to the Department. The DOD Directive 6490.5, "Combat Stress Control" was signed in February of 1999. 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.

DOD CSC units have been very active in Somalia, Haiti, Kosovo, Bosnia, and on numerous other humanitarian missions. Information pamphlets on handling dead bodies and other stresses are available on the Army mental health website ([armymentalhealth.com](http://armymentalhealth.com)) and from CHPPM.

**3. Question:** What is the Department's approach to documenting all deployment medical encounters?

**Proposed Response:** The DOD, through the Theater Medical Information Program (TMIP), is aggressively pursuing the development and implementation of information systems which will assist us in gathering mission-critical medical information throughout an individual service member's deployment. TMIP will support the collection and monitoring of immunizations, ambulatory care, diagnosis, treatment, radiation/occupational health, and blood management. Furthermore, TMIP will electronically transmit and aggregate these data to a theater database at the Joint Task Force Commander level for use in detecting disease and illness clustering where overt exposure histories do not exist as well as provide the data for medical command and control at the deployed medical facility level. Funding for TMIP has been approved and the first component, which equates to the military computerized patient record for deployed forces, will begin field-testing in second quarter FY01, with full deployment commencing in FY02.

**D. FOR ADDITIONAL INFORMATION:** (b)(6) Acting DASD (Health Operations Policy, OASD(HA); (b)(6)

(b)(6)

Date: December 15, 2000



## TRICARE ISSUES

### BACKGROUND.

1. TMA continues to perfect the way TRICARE does business in order to provide services that meet or exceed needs and expectations.
2. We made significant enhancements to TRICARE in 2000:
  - **Claim Processing Enhancements:**
    - Eliminated numerous claims pre-pay edits, reduced claims adjustments and increased electronic claims processing and auto-adjudication rates
    - Reduced mean turn-around time on TRICARE claims to 14 days
    - Completed 96% of processable claims within 30 days and 99% within 60 days
    - Reduced aged claims from 10,535 in December 1999 to 850 in December 2000
    - Approved a new Web site, myTRICARE.com, for claims customer service, covering over 80% of TRICARE beneficiaries and providers.
  - Increased civilian reimbursement rates in remote areas of Alaska by 35% (February 2000)
  - Implemented TRICARE Prime Remote for active duty members. Enhanced access to care and prompt claims payment for service members in remote areas.
  - Established a centralized system to report actual and potential problems in medical systems/processes and implemented effective actions to improve patient safety and health care quality throughout the Defense Health Program
3. The following are current areas of focus to continue to improve TRICARE: optimization of Military Treatment Facilities (MTFs); Portability of TRICARE Prime enrollment; Claims Processing; and Case Management.

**POSITION:** TRICARE is an important component of the Department's quality of life program.

### QUESTIONS AND ANSWERS:

1. **Question:** What new FY01 NDAA requirements are being implemented?
  - a. **Active Duty Family Members:**
    - Elimination of TRICARE Prime copays for active duty family members who receive civilian care or are admitted to a military hospital (April 1, 2001)
    - A TRICARE Prime benefit for family members residing with their sponsors who are stationed in remote locations (October 1, 2001)
  - b. **Retirees and their Family Members:**
    - Reduced TRICARE Standard Catastrophic Cap to \$3,000 from \$7,500 (FY 2001)
    - A new pharmacy benefit (April 1, 2001) and TRICARE for Life (October 1, 2001). [See the Issue Paper on the 01 NDAA that addresses these in detail.]
  - c. **All TRICARE Prime Enrollees:**
    - Travel entitlement for specialty referrals over 100 miles from enrollee's Primary Care Manager (October 30, 2000).

- d. **Basic TRICARE Program:** Added school physicals for ages 5-11 (October 30, 2000)  
e. **Individual Case Management Program for Persons with Extraordinary Conditions (ICMP-PEC):**

- Established a \$100,000,000 annual expenditure cap
- Provided continued coverage for those former participants of the Home Healthcare Demonstration Project beyond age 65
- Other beneficiaries age 65 and over with Medicare Part B will become eligible for participation in the program as of October 1, 2001

**2. Question: What other TRICARE enhancements are being worked?**

**a. Access to Care:**

- Assignment of a Primary Care Manager by Name (FY 2001).
- Increasing access to Medical Treatment Facilities (MTFs) by implementing a standardized set of business processes that will simplify the making of appointments for beneficiaries (September 30, 2000).

**b. Portability of TRICARE Prime enrollment between TRICARE Regions:** Portability processing will be streamlined with the implementation of the National Enrollment Database (NED). NED will reside on the Defense Eligibility Enrollment Reporting System (DEERS) and will centralize TRICARE enrollment information (FY 2001).

**c. Claims Processing:** Continued focus on eliminating the root causes of re-work, increasing first-pass rates, removing barriers to electronic claims processing, decreasing claims deferrals and increasing the use of automated systems and web-based options for claims customer service.

**d. TRICARE Dental Program:** Active Duty Family Member program expanded to cover Guard Members and Reservists. Enhances benefits, lowers premiums and reduces cost sharing for junior enlisted family members (February 2001).

**e. Woman, Infant and Children (WIC) Program:** DoD's WIC Overseas Program being designed for families of Uniformed Services, DoD civilian employee, and DoD contractor assigned overseas based on the domestic WIC Program.

**FOR ADDITIONAL INFORMATION.**

Author: (b)(6)

For further information: (b)(6), Chief Operating Officer, TMA, (b)(6)

(b)(6)

Coordination Offices: TMA/PCD, TMA O&I, TMA COD

Date: December 18, 2000



## **WOMEN, INFANTS, AND CHILDREN (WIC) OVERSEAS**

### **A. BACKGROUND:**

1. The FY 2000 National Defense Authorization Act directs the Secretary of Defense to carry out a program to provide supplemental foods and nutrition education to members of the armed forces, and to eligible civilians, on duty at stations outside the United States. The Secretary of Defense: "shall use funds available for the Department of Defense to carry out the program."

2. The Secretary of Agriculture is directed to provide "technical assistance to the Secretary of Defense, if so requested."

### **B. DoD POSITION:**

WIC Overseas has been designated a Program Management program under the coordination of OASD (Health Affairs)/TRICARE Management Activity. Support is provided through an Integrated Program Team (IPT), whose members include representatives from: ASD (FMP), Service Assistant Secretaries, Service Surgeon's General, TRICARE overseas Lead Agents, Defense Commissary Agency (DeCA), Defense Finance and Accounting Service (DFAS), Department of Agriculture, and state WIC offices.

DoD intends to offer the WIC benefit to eligible personnel overseas in a manner as similar to domestic state-run WIC programs as possible. Income and nutritional eligibility criteria will be the same as domestic criteria.

### **C. QUESTIONS AND ANSWERS:**

#### **1. Question: Who is eligible for WIC overseas?**

**Proposed Response:** The following are eligible for WIC overseas: members of the armed forces and their dependents, civilian employees of military departments and their dependents, and DoD contractors and their dependents.

Categorically, the same people who are eligible in the states are eligible overseas: pregnant women, breastfeeding women up to the infant's 1<sup>st</sup> birthday, non-breastfeeding women up to 6 months after the infant's birth or after the pregnancy ends, infants up to their 1<sup>st</sup> birthday, and children up to their 5<sup>th</sup> birthday.

Additionally, the WIC participant must be determined to be at nutritional risk (medically-based or diet-based), and the gross family income must fall at or below 185% of the U.S. poverty income guidelines.

#### **2. Question: Will housing allowances and the value of in-kind housing be included in WIC income eligibility?**

**Proposed Response:** No. The requirement to include the value of in-kind housing was deleted in the FY 2001 National Defense Authorization Act.

**3. Question:** How will WIC be administered in the overseas locations?

**Proposed Response:** WIC Overseas will be a "Government Owned, Contractor Operated" (GOCO) program. WIC offices will be established at each location, with staff hired through non-personal services contracts. Potential WIC participants will be screened and evaluated for eligibility at these offices. Nutrition education will be provided by WIC staff, and the WIC food instruments (WIC drafts) will also be issued by the staff. Participants then redeem the WIC drafts for approved food packages at installation commissaries and NEXMARTS.

**4. Question:** When will WIC actually be implemented overseas?

**Proposed Response:** WIC will be implemented in two phases. Phase 1: early 2001, at Lakenheath, England; Baumholder, Germany; Yokosuka, Japan; Okinawa, Japan; and Guantanamo Bay, Cuba. Phase 2: mid-year 2001, at remaining overseas sites served by Medical Treatment Facilities (MTFs) and commissaries/NEXMARTS.

**D. FOR ADDITIONAL INFORMATION:** (b)(6), Optimization and Integration/Clinical Operations, TRICARE Management Activity, OASD (Health Affairs);

(b)(6)

**Date:** 18 December, 2000



## ENHANCING EFFICIENCY IN THE MILITARY HEALTH SYSTEM

**Issue:** Maximum efficiency is required in the Military Health System (MHS) to control costs that are increasing at an unpredictable rate

**Background:** Mirroring the civilian health care sector, DHP costs have risen dramatically in recent years. During the same period statistics have shown a slow migration of workload from MTFs into the TRICARE civilian network. In response, the MHS leadership developed an **Optimization Plan** to reengineer the efficiency of health care delivery in our direct care military treatment facilities. The premise of Optimization is that health outcomes can be improved and costs simultaneously contained by recapturing optimal MTF workload levels, and emphasizing population health maintenance under TRICARE Prime. To achieve this end, the capacity of the direct care system is being increased by streamlining clinical workflow, re-engineering business practices, and employing new demand management techniques. Military leadership has also embarked on studies to seek the most effective strategy for future TRICARE contracts that are based on outcome incentives vice the current process incentive formula. Awarding the next generation of TRICARE managed care support contracts is pending completion of an analysis of the most effective options.

### FOR ADDITIONAL INFORMATION.

**Author:** (b)(6) MC, USN; Director Optimization and Integration  
**TRICARE Management Activity:** (b)(6)

## MILITARY HEALTH SYSTEM (MHS) E-HEALTH

The emergence of the internet and the world-wide web offers significant opportunities to effect MHS optimization and become a more patient-centric healthcare delivery system. By using commercially available systems and products, the MHS will make available critical administrative processes to enhance efficiency, improve service and achieve commercially recognized standards of performance. The MHS E-Health project is the first central effort to develop enterprise-wide business rules and a single common internet portal for all DoD beneficiaries, providers and managers. By using a common portal, DoD can meet appropriate privacy and security guidelines and all other regulatory requirements.

The primary target customers for the MHS E-Health project are DoD beneficiaries eligible for healthcare, as well as all MHS providers and managers. The National Defense Authorization Act of FY 2001 also directed a demonstration project similar to the MHS E-Health project to commence in 2001. Specifically, the goal of the MHS E-Health project will be to provide:

- a) The availability and scheduling of appointments
- b) The filing, processing, and payment of claims
- c) Assist in marketing and information initiatives
- d) Ensure continuation of enrollments without expiration
- e) Improve portability of enrollments nation-wide
- f) Improve education of beneficiaries and providers regarding the military health care system and TRICARE program

The point of contact for the MHS E-Health project is

(b)(6)

(b)(6)

ASD (Health Affairs)

ASD (Reserve Affairs)

ASD (Reserve Affairs)



ASL (Reserve Affairs)  
Issue Paper

- Comparison of Active, Reserve and National Guard End Strengths Requested and Approved for FY 2001
- TRICARE Dental Readiness
- Reassessment of the Implied Contract Between DoD and Civilian Employers of RC Members
- Reserve Component Force Structure
- High Demand/Low Density
- Total Force Integration Overview
- Joint Strategic Capabilities Plan (JSCP) - Missioning the ARNG Divisions
- Army Division Redesign Study (A/DRS)
- Army National Guard Division Redesign Study
- Army Aviation Modernization
- Facility Sustainment, Restoration, and Modernization of Reserve Component Real Property
- AC/RC Equipment Interoperability/Compatibility
- Equipment Maintenance Program
- Funding for Reserve Component Military Construction (MILCON) Programs
- Modernization
- Active Guard/Reserve (AGR) Senior Officer and Enlisted Controlled Grades
- Anthrax Vaccine Immunization Program
- Family Readiness
- Full-Time Support (FTS) of the Reserve Components
- Reserve Component Healthcare Benefits and Entitlements
- Montgomery GI Bill-Selected Reserve
- Overtime Pay for National Guard Technicians
- Personnel Tempo (PERSTEMPO)
- Reserve Component Quality of Life
- Reserve Compensation Issues
- Reserve Component (RC) Medical Readiness
- Reserve Component Recruiting and End-Strength Challenge
- Civil-Military Programs: Starbase, Challenge, Innovative Readiness Training
- Joint Reserve Component Virtual Information Operations Organization (JRVIO)
- Profile of the Reserve Components
- RC Use in Contingencies
- Reserve Joint Duty and Joint Professional Military Education

**ISSUE: COMPARISON OF ACTIVE, RESERVE AND NATIONAL GUARD END STRENGTHS REQUESTED AND APPROVED FOR FY2001**

**BACKGROUND:** Congress has started to question whether the end strength levels requested by the Administration are adequate in light of the increased number of contingency operations the Department has been undertaking, to maintain the quality of life for service members, and to support the National Military Strategy. As a result of these doubts, the Congress has started increasing the end strength levels above what have been requested by the Administration. Additionally, QDR 1997 recommended reductions in Army National Guard (-21,000) and Army Reserve (-4,000) end strength due to occur in FY2000 and FY2001 have been deferred by the Secretary of Defense but a final decision must be made whether to continue or terminate the reductions.

**STATUS/DISCUSS ON:**

**END STRENGTHS**

	<u>Request</u>	<u>Authorized</u>
<b>Army</b>		
Active	480,000	480,000
Reserve	205,000	205,300
National Guard	350,000	350,526
<b>Navy</b>		
Active	372,000	372,642
Reserve	83,900	88,900
<b>Marine Corps</b>		
Active	172,600	172,600
Reserve	39,500	39,558
<b>Air Force</b>		
Active	357,000	357,000
Reserve	74,300	74,358
National Guard	103,000	108,022

**ACTION REQUIRE D:** Decisions will be required on end strengths to be recommended in the FY2002/2003 DoD budget request.

**OFFICE SYMBOL:** OASD/RA (Resources)

**ACTION OFFICER:**

(b)(6)

December 19, 2000



## **ISSUE: TRICARE DENTAL HEADLINES**

**BACKGROUND:** An estimated one-quarter to one-third of all Reservists mobilized for Desert Storm required dental care prior to deployment. Although not a warstopper, Congress did direct the Department to establish a program to help maintain Reserve dental readiness, as a result of the dental problems experienced by Reservists during the Persian Gulf War mobilization. The TRICARE Selected Reserve Dental Program (TSRDP) was implemented in October 1997. It offered minimum basic coverage and only 30,000 of an estimated 200,000 eligible Selected Reservists eventually enrolled in the program. In 1998, the Assistant Secretary of Defense for Health Affairs directed the Standardization of Dental Classifications and established a DoD policy that requires an annual dental examination for all active duty and Selected Reserve members. Full implementation of this policy in the Reserve components has been delayed. In FY 2000, Congress authorized the consolidation of the TSRDP and the TRICARE Family Member Dental Plan (TFMDP), which resulted in a more robust dental insurance program, particularly for Reserve component members.

**DISCUSSION:** The TDP, which becomes effective on February 1, 2001, will offer a comprehensive, affordable and portable dental program that provides a uniform benefit supported by a robust and stable dental provider network. TDP also offers a family member option, not available under TSRDP. Members must have at least a twelve (12) month service commitment (active duty, reserve or combination of the two) to enroll. A recent change to the Code of Federal Regulations provides authority to waive the 12-month requirement for Reserve members ordered to active duty in support of a contingency operation.

Because RC members are not entitled to routine dental care unless they are on active duty for more than 30 days, implementation of an annual dental examination policy for the RC has been challenging. However, in addition to the new TDP, the Department has approved the use of a standard dental screening form that can be completed by a Reservist's civilian dentist and used by the Reserve components to assist in tracking the dental readiness status of members. Additionally, the Army has formed a Federal Strategic Health Alliance with the Departments of Veterans Affairs (VA) and Health and Human Services. Under the alliance, many Army Reserve and National Guard soldiers can now receive physical examinations, immunizations, and dental screening at over 10,000 participating VA and Federal Occupational Health medical facilities.

**ACTION REQUIREMENTS:** Continue to support Reserve dental readiness including the annual dental examination policy. Continue support for and aggressive marketing of the new TRICARE Dental Program within the Reserve community.

**OFFICE SYMBOL:** OASD(RA) (M&P)

**ACTION OFFICER:**

(b)(6)

**ISSUE: REASSESSMENT OF THE IMPLIED CONTRACT BETWEEN DOD AND CIVILIAN EMPLOYERS OF RC MEMBERS**

**BACKGROUND:** With the adoption of the Total Force policy in 1972, the National Military Strategy eliminated mandatory conscription of personnel for military service, placing full reliance on a volunteer force. It called on the nation's employers to support voluntary participation in the uniformed services by protecting civilian employment while their employees were performing military duty. At that time, the Reserve Components (i.e. the National Guard and Reserve) were truly a reserve force. They received the minimum training essential to allow them to be integrated into military service in the event of a national emergency. For most citizen soldiers, this meant one weekend a month and two weeks a year of training, a commitment that was almost unnoticed by employers and only a slight inconvenience to civilian businesses.

Concurrently, the National Committee for Employer Support of the Guard and Reserve (ESGR) was established, by Presidential proclamation, as an operational committee under the Office of the Secretary of Defense. It is the sole Department of Defense agency directed to promote public and private understanding of the National Guard and Reserve in order to gain employer and community support that encourages employee and citizen participation in the National Guard and Reserve. Today, ESGR is comprised of a community-based volunteer network of over 4,500 members, who serve on 54 committees (in every state, the District of Columbia, Guam, Puerto Rico and the Virgin Islands), implementing employer support programs within their local communities.

**STATUS/DISCUSSION:** Since the collapse of the Berlin Wall and the downfall of world-Communism in 1989, the Active duty military has been reduced nearly 40% and the Reserve forces have been reduced nearly 25% in expectation of a "peace dividend." The decision to make this reduction in military forces did not anticipate that the US would, in fact, maintain its Cold War level of global military involvement. In order to continue this operations tempo (OPTEMPO), the military has had to increase its reliance upon the Reserve forces. Today, in both manpower and force capability, the Reserve Components comprise nearly half of the Total Force.

As a result, employers are being asked to sustain a much greater level of employee absence and related consequences. The complications this "contract" creates for employers are compounded by low unemployment rates, an anticipated reduction in the national workforce of nearly 15% over the next 10-15 years, and a growing reliance by both military and civilian employers on small segments of the workforce with specific job skills that are in high demand.

Certain difficulties for employers that stem from military duty are aggravated by the increased OPTEMPO, but could be minimized by modification of DoD employment processes. Such adjustment would reaffirm a partnership of mutual respect and open communication between military and civilian employers. These adjustments might include:

- A) Notifying employers that they have employees who are members of the National Guard or Reserve—Some employers do not know which of their employees are in the National Guard or Reserve. While DoD encourages employer notification of their status by Reserve Component members, there is no requirement for it. For a variety of reasons, a number of employees do not inform their bosses.



- B) Improving notification of upcoming military duty—The current law protecting the jobs of members of the uniformed services (the Uniformed Services Employment and Reemployment Rights Act or USERRA) requires members to notify employers prior to their departure for military service but is vague as to what constitutes prior notice. DoD is working to increase notification time to service members before they deploy, and could require maximum notification to employers as well.
- C) Improving management of duration of military service—Employers need predictability, as well as notice, in the return of their employees by the military. If an employer arranges to contract temporary help during an employee's absence and the employee returns a month early, the employer incurs the added expense of paying for the contract help and the employee's salary. If an employee returns later than expected, there can be gaps in the performance of critical tasks.
- D) Making military recall procedures more responsive to employer needs—With some career fields, particularly high demand/low density, lack of flexibility in calling members to active duty can create unnecessary cost or difficulty for employers. If we develop ways to communicate with employers beforehand, we could identify the employers' unique needs and accommodate them to the greatest degree possible within the constraints of the mission.
- E) Opening channels of employer-military leader communication—Most employers do not know how to contact the military leadership of their employees in the National Guard and Reserve. Alternatives to particular call-ups can be realized by open discussion and can meet both the needs of the military and the employer.

Through their contract with the Ad Council, the National Committee for Employer Support of the Guard and Reserve (ESGR) conducted focus groups with employers over the last year to identify their attitudes toward and understanding of the military. Specifically, when the idea of partnership was introduced, a significant number of employers responded that they didn't feel it was possible. Examining issues and ideas like those suggested above might begin to restore a more positive outlook.

Clearly, no law alone can create and sustain the employer goodwill and support that is essential to ensuring the availability and readiness of the Reserve forces. Partnership between the military and the nation's employers is not just a mutual benefit—it's a necessity.

**OFFICE SYMBOL:** DASD/RA (ESGR)

**ACTION OFFICER:**

(b)(6)

## **ISSUE: RESERVE COMPONENT FORCE STRUCTURE**

**BACKGROUND:** Since the fall of the Berlin Wall and the Soviet Union, the Department of Defense has reduced the size of the Active and Reserve Component force structure in light of the reduced threat of global war. Quadrennial Defense Review 1997 directed reductions in the Army Reserve and Army National Guard reductions that were to be completed by 2001. However the final reductions encompassing 21,000 ARNG positions and 4,000 USAR positions were deferred until QDR 2001 could determine the appropriate size for the Army Reserve Component force structure.

**STATUS/DISCUSSION:** All Reserve Components have experienced decreases in their force structure since FY1993. The Army transitioned from a FY1993 force structure of 24 combat divisions (14 Active, 10 ARNG) to a FY2001 force structure of 18 combat divisions (10 Active, 8 ARNG). The Navy transitioned from a FY1993 force structure of 448 battle force ships (415 Active, 33 Reserve) and 13 carrier air wings (11 Active, 2 Reserve) to a FY2001 force structure consisting of 258 battle force ships (243 Active, 15 Reserve) and 11 carrier air wings (10 Active, 1 Reserve). The United States Marine Corps FY1993 force structure of 4 divisions (3 Active, 1 Reserve) and 4 air wings (3 Active, 1 Reserve) remained unchanged in FY2001. In FY1993, the Air Force maintained 94 tactical fighter squadrons (53 Active, 41 Reserve), by FY2001 the number had decreased to 83 tactical fighter squadrons (45 Active, 38 Reserve)./

By FY 2001, active military manpower has decreased from its FY 1993 levels of 1,746,500 to 1,377,700 in FY2001, a decrease of 21%. Selected Reserve strength has also decreased during the period from 1,079,900 in FY 1993 to 864,7000 in FY2001, a decrease of 20%. As discussed above the Reserve component decreases have generated much discussion. The states and Congress disagreed with the Administration's plan to reduce the strength of the Army National Guard to 329,000 and Army Reserve to 201,000 by FY2001 from their current levels of 350,000 and 205,000 respectively. In view of the concerns expressed by Congress and the governors, the Secretary of Defense in December 1999 decided to defer the implementation of the remaining reductions to the Army Reserve Components. The Quadrennial Defense Review 2001 is to provide recommendations on whether to continue or terminate the reductions.

**ACTION REQUIRED:** None. Provided for information

**OFFICE SYMBOL:** OASD/RA (Resources)

**ACTION OFFICER:** (b)(6)

December 19, 2000



## ISSUE: HIGH DEMAND/LOW DENSITY

**BACKGROUND:** In 1996, SECDEF approved implementation of a Global Military Force Policy (GMFP) to assist senior-level decision-makers in allocation, and employment decisions involving uniquely capable and scarce assets. Service Chiefs and CINCSOC designated these assets as "High Demand, Low Density" (HD/LD) and developed metrics to determine their availability under routine (steady state) and contingency (surge) conditions. These assets consist of major platforms, weapons systems, units, or personnel possessing specialized attributes or capabilities, which have been historically called upon by CINCs to execute worldwide joint operations at a rate that degrades the mid to near term readiness. The GMFP is managed by the Joint Staff (J3) and is intended to preserve near to mid term readiness and crisis response capacity of HD/LD assets while providing combatant commanders sufficient warfighting capabilities to ensure mission success. The Joint Staff annually reviews the policy and the asset lists submitted by the Services and CINCSOC.

**STATUS/DISCUSSION:** The revised September 00 GMFP is currently in effect and procedures for the Services and CINCSOC for designating HD/LD assets are in place as well as the procedures for Theater CMC's requesting those assets. The requirement for the Services and CINCSOC exists to coordinate with their Reserve Component (RC) counterparts to ensure that their HD/LD plan is supportable and will account for their concepts of employment for assigned Guard and Reserve elements when nominating HD/LD assets.

Some HD/LD assets are not part of GMFP. GMFP manages "designated" HD/LD assets, of which there are only about 20. Most GMFP assets are platforms and not people. We need to be especially watchful of HD/LD in terms of unit/personnel OPTEMPO/PERTEMPO. For example, civil affairs units are being called upon at a high rate and are not abundant in the inventory. These units are almost exclusively in the RC. The Army has recently increased USAR civil affairs units by 1100 personnel. The solution to HD/LD assets will very likely be a major force structure/force mix topic in the QDR.

**ACTION REQUIRED:** Continue to monitor the GMFP. Participate actively in the process of determining the HD/LD assets that are involved in the normal day-to-day activities of contingency operations. The QDR should help identify this and we need to see what efforts are made to meet the requirements of the NMS and the demands on HD/LD type units in the force structure.

**OFFICE SYMBOL:** OASD/RA (RT&M)

**ACTION OFFICER:**

(b)(6)

## ISSUE: TOTAL FORCE INTEGRATION OVERVIEW

**BACKGROUND:** Secretary Cohen issued the September 4, 1997 memorandum, *Integration of the Reserve and Active Components*, that summarized DOD's policies regarding integration from 1970 to the present and called on leaders within DoD to create an environment free of all cultural and structural barriers to effective Total Force integration. The memo defined four basic principles to guide the force in making integration a reality: 1) Clearly understood responsibility for and ownership of the Total Force by senior leaders throughout the Total Force. 2) Clear and mutual understanding of the mission for each unit—Active, Guard and Reserve—in service and joint/combined operations, during peace and war. 3) Commitment to provide the resources needed to accomplish assigned missions. 4) Leadership by senior commanders—Active, Guard and Reserve—to ensure the readiness of the Total Force. The goal is a seamless force that provides the NCA with the flexibility and interoperability necessary to carry out the full range of military operations.

**STATUS/DISCUSSION:** The ASD/RA is the DOD's advocate for Total Force integration. OASD/RA has eliminated many structural and cultural barriers to Total Force integration. These efforts have increased commanders' confidence that Reserve component units and individuals are trained and equipped to serve as an effective part of joint and combined forces. Today, the Department of Defense cannot go to war, enforce peace agreements or participate in humanitarian missions at home or abroad without relying on National Guard and Reserve forces. Reserve component participation in Department of Defense missions has increased substantially, providing roughly 13 million workdays of support per year, the equivalent of adding 35,000 personnel to Active component end strength. More than ever before, Reserve component forces are an integral part of the Total Force, equipped and trained to be decisively engaged in DOD's missions—in both peacetime and war.

With 50% of our forces in the Reserve component, we need to do more. Quality of life programs are needed to recruit and retain Reserve forces. We must work together to address employer's concerns and provide family support programs. Our laws, policies, systems, structures, and processes must support a Total Force. We must simplify our ability to employ JIC when and where they are needed. Commanders need personnel, readiness, training, equipment, maintenance and construction resources for flexibility and interoperability in joint/combined operations.

**ACTION REQUIRED:** Continued focus on obtaining SECDEF signature on RA's latest integration memorandum, "Progress on the Integration of the Reserve and Active components." Establishing an integration agenda for the future.

**OFFICE SYMBOL:** OASD/RA (RT&M)

**ACTION OFFICER:** (b)(6)



**ISSUE: JOINT STRATEGIC CAPABILITIES PLAN (JSCP) - MISSIONING THE ARNG DIVISIONS**

**BACKGROUND:** The JSCP fills three major roles: 1) assigns the CINCs the tasks of preparing operation plans or CONPLANS, 2) establishes priorities for OPLANS that compete for limited resources, and 3) identifies major combat forces and strategic transportation for the CINC to develop each operation plan. The combat forces available for each operation plan are referred to as apportioned resources and typically apply only to major units. The Guard Divisions have historically been included in this category until they were taken out in the 1998 JSCP.

In October 2000, the CSA recommended to the CJCS to apportion six of the eight ARNG Divisions in the next JSCP cycle, due in January 2001. The ARNG divisions will be missioned as follows: Four (4) to Major Theater of Wars (MTWs), one (1) to EUCOM, one (1) to SOUTHCOM and two (2) to the Base Generating Force (BGF). (To provide a Base Generating Force (BGF), two divisions would be given this mission and documented in the Army Mobilization and Operations Planning and Execution System). To date, two CINCs have asked for Army National Guard Divisions to be included in their warplans.

**STATUS/DISCUSSION:** OASD/RA applauds the recommendation by the CSA to the CJCS because it creates a relevant role for the ARNG divisions by focusing the combat forces our nation needs to a CINC for planning purposes. However, the major issue is the money required to pay for this initiative. Now that it appears a more relevant role for the ARNG Divisions will be approved, the money to support increased training requirements must be allocated.

**ACTION REQUIRED:** Continued monitoring by members of OASD/RA(RTM) to ensure the apportionment occurs as scheduled.

**OFFICE SYMBOL:** OASD/RA (RT & M)

**ACTION OFFICER:**

(b)(6)

**ISSUE: ARMY DIVISION REDESIGN STUDY (ADRS)**

**BACKGROUND:** On 23 May 1996, the Secretary of the Army approved the ADRS plan to convert 12 ARNG combat brigades and slice elements from two ARNG divisions in 4 phases to CS/CSS structure to make up the current shortfall throughout the Army. The ARNG will convert six brigades to resource approximately 20K of CS/CSS between FY00-07 (Phases 1 and 2) and an additional 28K spaces by FY12 (during phases 3 and 4). ADRS has the potential to impact 18 of the 54 States and Territories.

Approximately \$2.1B has been programmed to resource the ADRS plan (all Phase I and Phase II requirements are fully funded except for major facility construction). Unfunded requirements for Phase 2 major construction (\$178M) will be addressed in POM 03-07. Future POMs will identify additional resource requirements to complete major procurements by FY10 and complete ADRS conversions by FY12.

**STATUS/DISCUSSION:** During the Total Army Analysis, 2007 (TAA 07) resourcing conference, the Army National Guard bought force structure to complete Phase II (3 brigades) and to begin Phase III (3 brigades plus the first divisional slice) planning. Additionally, the Army recently announced the units that will be affected to implement Phase II ADRS. Following completion of the CS/CSS transformation plan, the Army will decide the shape and structure for ADRS Phases III and IV.

**ACTION REQUIRED:** Continued monitoring by members of OASD/RA(RTM)

**OFFICE SYMBOL:** OASD/RA (RTM)

**ACTION OFFICER:** (b)(6)



**ISSUE: ARMY NATIONAL GUARD DIVISION REDESIGN STUDY (ADRS)**

**BACKGROUND:** One of the top CERC concerns is a shortage of combat support/combat service support (CS/CSS) force structure for the war fight. As a result, the Army decided to convert 12 Army National Guard combat brigade equivalents to CS/CSS force structure.

The Army programmed over \$2B of the estimated \$5-6B cost in the FY 02-07 POM; however, the Army anticipated a \$907.2M savings from the 25K, QDR-directed, force structure cut when programming the ADRS FC modernization. Although, the 25K wedge has been postponed for the upcoming QDR, the fact remains that the Army will need to adjust other funding to meet the ADRS requirements. The Army appears very committed to ADRS for phase 1 and 2; however phase 3 and 4 are to be reevaluated.

**STATUS/DISCUSSION:** The ARNG will convert one mechanized infantry brigade, one armor brigade, and one light infantry brigade in phase 1. They will convert three more combat brigades during FY 06-07 as part of phase 2. This will bring total conversions for phase 1 and 2 to 20K by FY 07. If executed as planned, the current shortfall for phase 2 is \$118.1M for military construction. This issue was recognized and a commitment was made to address it in the FY 2003 POM.

**ACTION(s) REQUIRED:** OASD RA will continue to monitor the Service execution of this conversion. Competing interests in the Army with the Transformation initiative may impact current ADRS plans.

**ACTION SYMBOL:** OASD/RA M&F)

**ACTION OF ICER:**

(b)(6)

12/18/00

## ISSUE: ARMY AVIATION MODERNIZATION

**BACKGROUND:** The US Army helicopter fleet has been plagued with several temporary grounding actions this past year, such as with the AH-64 Apache, the AH-1 Cobra and the UH-1 Huey helicopter. It has also been plagued with numerous other problems associated primarily with the aging of the fleet. Consequently, the reliability and sustainability of the Army's helicopter fleet have forced both the Army and Congress to pay more attention to this part of the force. The Army released its Aviation Force Modernization Plan in March 2000, which restructures the equipping of various aviation units, identifies new procurements to rebuild the force, and provides various other initiatives to make the Army aviation community stronger and more viable for the future. As the Army modernizes its aviation fleet, the Army transformation initiative calls for a leaner, more effective Army. Therefore, the competition for scarce resources is exacerbated. Although the Army has funded most of the aviation modernization efforts by adding over \$1.3 billion to earlier plans, there still remains an unfunded requirement of approximately \$3 billion. Much of this shortfall is within the Reserve components, specifically the ARNG.

## STATUS/DISCUSSION:

**AH-1 Cobra / AH-64 Apache:** The Army currently plans to retire all AH-1 Cobra attack helicopters within the year, with the long range goal of replacing this aircraft with the new AH-64-D Apache Longbow. These new models will not begin to arrive in ARNG inventories until FY 2005, with Florida and North Carolina the first two states scheduled to receive these aircraft. In the interim, the ARNG has indicated a desire to retain approximately 90 AH-1's for training and pilot retention. These 90 aircraft will be gradually retired over the next several years as older AH-64-A replacement aircraft are cascaded to ARNG. The goal is to retire all 90 AH-1 aircraft by the end of FY 2003. The primary reason why these aircraft are being retired is that CINC's do not plan to use the AH-1's in war time and sustainment costs for the aging AH-1's are increasing rapidly.

The US Army Reserve (USAR) has a requirement for 48 AH-64's, with 36 on-hand. Replacement of these aircraft is not scheduled until FY 2007.

**UH-1 Huey / UH-60 Black Hawk** The current ARNG utility helicopter fleet is converting from the UH-1 Huey to the UH-60 Black Hawk, with current plans calling for the Army to retire all UH-1's by the end of FY 2004. However, replacement of the UH-1 with the UH-60 will not be on a one-for-one basis, due to force restructuring actions and the fact that a UH-60 is a far more capable aircraft. The Army plans to fill all UH-60 aviation requirements across the force at 80 percent of required until sufficient UH-60's can be procured.

The Aviation Force Modernization Plan identified a new force configuration which translates into a total UH-60 requirement of 889 aircraft for the ARNG. This is compared to a UH-1 requirement of over 1100 aircraft. The ARNG currently has 501 UH-60's on-hand, 12 more scheduled to be procured in FY 2001, and 60 planned in POM 02-07. This will leave a remaining shortfall of approximately 316 UH-60 helicopters in the ARNG in FY 07, if funding



remains as programmed.

The USAR requirement for UH-60's is 24, with 8 new procurements added in the FY 2001 Defense Appropriations Act. No other UH-60 procurement is anticipated in the FYDP. Additionally, the USAR has a requirement for 64 CH-47 Chinook helicopters, with 58 currently on-hand.

Many state governor and military associations have written the Secretary of Defense asking for a closer look at the Army's procurement plan. The projected shortfalls, coupled with Safety of Flight grounding, and fleet retirement are expected to have a significant impact on state missions and pilot training and retention.

**ACTION(s) REQUIRED:** The current DoD decision is to maintain the plan and review the aviation issue in the upcoming QDR. State governors have been informed of this intent and have received appropriate responses from the Secretary of Defense.

**ACTION SYMBOL:** OASD/RA (M&F)

**ACTION OFFICE:** [REDACTED] (b)(6)

12/18/00

**ISSUE:** FACILITY SUSTAINMENT, RESTORATION, AND MODERNIZATION OF RESERVE COMPONENT REAL PROPERTY.

**BACKGROUND:** Sustainment provides for maintenance and repair activities necessary to keep the current facility inventory operational. It includes regularly scheduled inspections, preventive maintenance tasks, emergency response, and service calls for minor repairs. Restoration and modernization improve facilities. Restoration includes repair and replacement work to restore facilities damaged by inadequate maintenance and repair, excessive age, natural disaster, fire, accident, or other causes. Modernization includes addition or alteration to existing facilities to implement new standards, accommodate new functions, or replace existing facilities.

**STATUS/DISCUSSION:** The Reserve components sustainment shortfall is calculated at \$2.3B in FY2001. This backlog is up from \$1.3B at the start of FY96, for a deficit of \$200M per year. At the start of FY2001, Reserve component commanders reported that 66 percent of facilities were inadequate.

FACILITIES	Start FY96	Start FY01	Increase
Buildings & Structures	\$4.316	\$4.587	\$271M
Physical Plant Vols (SB)	\$435M	\$614M	\$179M
Active	\$4.214	\$4.921	\$707M

FUNDING	Start FY96	Start FY01	Increase
Operations & Maintenance (OM)	\$15	\$39	\$24
Requirements (RM)	\$302	\$1,021	\$719
Shortfall (SM)	\$1,323	\$2,246	\$923

**ACTION REQUIRED:** Continue to seek increases in funding and maximize parity of the RCs with the Active funding levels.

**OFFICE SYMBOL:** OASD/RA(M&F)

**ACTION OFFICER:** (b)(6)

12/21/00

## **ISSUE: AC/RC EQUIPMENT INTEROPERABILITY/COMPATIBILITY**

**BACKGROUND:** Active component (AC) and Reserve component (RC) units of each military service are frequently equipped differently, even when they are designed to accomplish the same mission. Due to the high cost of modernization, the fielding of weapon systems frequently stretches over a number of years. As a consequence, Reserve units are frequently equipped with different and less modern equipment than their Active counterparts. This disparity occurs across all of the services to varying degrees and raises concern that Reserve units may be incompatible with their Active counterparts.

**DISCUSSION:** The Department's goal is to ensure interoperable equipment in sufficient quantities to all Active and Reserve units that potentially could fight together. But where scarce resources prevent availability of the same models or modifications, the Services try to minimize equipment incompatibility with various approaches. The Army equips its units according to a "First-to-Fight/First-to-Support" policy, which is based upon the Department of the Army Master Priority List (DAMPL) and is irrespective of Component. The Navy and Air Force often assign distinct missions to Reserve units and provide compatible equipment to units performing the same missions with Active units. The Marine Corps generally equips its Reserves with equipment that is compatible with the Active units. Improvements are continuing in the area of communications and logistical support. The Department is currently conducting a study to assess the compatibility issues of the Reserve components. Some examples of equipment compatibility that are being addressed are listed below:

- The Army National Guard and Army Reserve possess tactical FM radios which include both single frequency broadcast models and the latest frequency hopping secure voice SINCGARS (Single Channel Ground and Airborne Radio System). Using single frequency communications equipment limits SINCGARS capabilities to one channel. The SINCGARS advanced capabilities are sacrificed to achieve interoperability.
- The Army National Guard and Army Reserve operate some tactical wheeled vehicles that are in excess of 25 years old. The more modern and capable Family of Medium Tactical Vehicles (FMTVs) are slowly transitioning into the Reserve components, but will not be fully fielded until FY 2010.
- The Marine Corps Reserve has replaced their less capable RH-53D helicopter with the Active CH-53E helicopter. The CH-53Es became available through redistribution and new procurement. The Marine Corps Reserve's F/A-18 aircraft are in the process of upgrading their avionics equipment and precision bombing capabilities. The Marine Corps Reserve also purchased SINCGARS radios to improve their communications capabilities.
- The Naval Reserve has substantial overall compatibility with the Active Navy. However, shipboard maintenance capabilities for some reserve model and series of aircraft are limited. The Reserve F/A-18 aircraft are currently being upgraded to improve these capabilities.



- The Air Force Reserve and Air National Guard have full mission compatibility. Active Air Force units are equipped with the KC-135R model with the less capable E model still in service with Air National Guard units. These aircraft are currently being upgraded with new, quieter engines to comply with the noise reduction requirements. Their F-15 and F-16 aircraft are also being upgraded with modern datalink capabilities and precision bombing capabilities.

**ACTION REQUIRE** 2: Efforts should be made to obtain equipment for the Reserve components that provide the same capability as that of their Active component counterparts.

**ACTION SYMBOL**: OASD/RA (M&F)

**ACTION OFFICER**:

(b)(6)

12/21/00



## ISSUE: EQUIPMENT MAINTENANCE PROGRAMS

**BACKGROUND:** For many of the Reserve components (RCs), a large portion of their equipment has been received by cascading older equipment models from the Active component (AC). This transfer, while improving equipment on-hand readiness, has created a host of maintenance and long-term readiness issues related to equipment age and modernization. The Army's equipment, for example, is aging rapidly. This results in lower readiness rates and higher Operations and Sustainment costs. Many times, the RCs are faced with the dilemma of either accepting equipment in poor condition or seeing the equipment turned in as unserviceable. This forces the RCs to accept less than mission capable equipment and develop comprehensive repair and rebuild programs to extend the service life of cascaded equipment. Two maintenance programs designed to improve overall equipment readiness are the Depot Maintenance program and the Army's Recapitalization effort.

- **Depot Maintenance** - Depot maintenance is a critical part of the equipment readiness equation for all RCs as it provides more extensive maintenance on equipment than can be performed at the unit level. Depot maintenance facilities are also capable of performing some equipment upgrades to help modernize outdated equipment. In February 1999, Congress defined depot maintenance work as "materiel maintenance or repair requiring the overhaul, upgrading, or rebuilding of parts, assemblies, or sub assemblies, and the testing and reclamation of equipment as necessary, regardless of the source of funds for the maintenance or repair or the location at which the maintenance or repair is performed."
- **Recapitalization** - Recapitalization is a key element of the Army's transformation and will focus on all selected weapon systems. It represents a fundamental shift in life-cycle management for weapon systems - maintaining fleet average age at or below the half-life to address the effects of aging. It requires both the rebuild and selected upgrade of equipment to "zero time/zero mile" standards. Rebuild restores a system to a like-new condition in appearance, performance and life expectancy. Selected upgrade is the rebuild of a system that adds warfighting capability improvements. It is important to note that recapitalization does not include modernization, which is the development and procurement of new systems with improved warfighting capabilities.

Another significant concern of the RCs is that low procurement budgets in previous years has not only increased the age of equipment, but has also produced high cannibalization rates of spare parts. For example, an April 2000 Naval J3 report concluded that financial accounts for spare parts are so tight that "unacceptable levels of risk have been exceeded." In the Army, lack of modernization and spare parts funding have resulted in only one of four primary helicopter systems meeting mission capable goals from June 1998 to July 2000. In the Air Force, insufficient maintenance funding has contributed to a 23 percent decline in combat readiness since 1996.

**STATUS/DISCUSSION:** While FY 2002 depot maintenance funding has improved for the Naval Reserve (90%), Air Force Reserve (92%), and Air National Guard (92%), Army and Marine Corps Reserve depot maintenance funding levels remain low compared to the other

services. The Army Reserve is currently funded at 56%, the Army National Guard is at 64% and the Marine Corps Reserve is funded at 43%. This low funding is a concern as requirements are expected to increase as a result of outdated equipment in the inventory and the increased demands of maintaining aging equipment. The recapitalization programs for the 21 selected systems are partially funded from existing depot maintenance funds without any additional funding in the FY 02-07 POM. In order to complete full funding of the Recapitalization program, the Army needs an additional \$7.5 billion.

**ACTION REQUIRED:** Maintenance of aging equipment must remain a top priority of the Department. In order for the Reserve component to remain viable, the Department will continue to focus on RC efforts to integrate into a cohesive Total Force with the AC. This will result in a Total Force capable of meeting all requirements through a combination of equipment redistribution from the AC and emphasis on maintenance funding.

**OFFICE SYMBOL:** OASD/RA (M&F)

**ACTION OFFICER:** [REDACTED] (b)(6)

12/19/00

**ISSUE: FUNDING FOR RESERVE COMPONENT MILITARY CONSTRUCTION (MILCON) PROGRAMS**

**BACKGROUND:** The military construction programs for the Reserve components are not being adequately funded making it difficult to meet directed new mission and conversion requirements or to replace aging facilities. The current Military construction requirements for the Reserve components total over \$10 billion. The Services have consistently underfunded the Reserve component MILCON programs in favor of other budget priorities, relying on Congress to continue providing a substantial number of projects each year. Unfortunately, the congressional adds often do not represent the most urgent MILCON requirements of the Reserve components. In spite of these funding constraints, the Reserve components have been proactive in solving some of their facilities shortfalls. They have accomplished this by planning and constructing joint use facilities, establishing Reserve enclaves at closed or realigned installations resulting from previous BRAC actions, and by accomplishing work-arounds in order to meet new mission beddown or conversion requirements.

**STATUS/DISCUSSION:** There is a direct correlation between readiness and facilities, particularly in the Reserve components. Because the mission of the Reserve components is to equip, train, and prepare for war, it is imperative that the Reserve components have and maintain quality facilities that meet their operational, maintenance, training, and mobilization requirements. Historically, Reserve component MILCON has been used as a bill payer for other modernization priorities. Prolonged MILCON funding at the current level will have a significant adverse impact on Reserve component unit readiness, training, quality of life, and recruiting and retention. Recent FY 2001 congressional legislation has made joint use evaluation and certification mandatory for all components, both Active and Reserve.

**ACTIONS REQUIRED:** The Military Construction programs across the Department should be given equitable consideration in the Service budget process. Additionally, the Department should develop procedures for cross-service evaluations of construction projects that have joint use construction potentials. Those procedures need to be expressed throughout the Programming, Planning, and Budgeting processes, in order to achieve the economies available through joint versus unilateral construction.

**OFFICE SYMBOL:** OASD/RA (M&T)

**ACTION OFFICER:** (b)(6)

12/21/00



## ISSUE: MODERNIZATION

**BACKGROUND:** The Service Secretaries are responsible for funding the equipment required to carry out all Active, Guard, and Reserve missions and to implement the Total Force, first-to-fight policy. Reserve component (RC) equipment is obtained either through new procurement or cascaded from the Active component (AC). Much of the existing Reserve equipment was cascaded from AC during the 1994-2000 draw down period. With the draw down complete, cascaded AC equipment has slowed significantly and attention is on sustaining and updating the RC aging equipment and weapon systems. The increased requirements for the RCs to protect U.S. interests abroad and prepare for domestic emergencies has led to a review of the RC equipment readiness and modernization. Analysis reveals that the RCs are not fully equipped to meet readiness requirements of the National Military Strategy, and the current plans to equip them would not likely solve all of the shortfalls. The RC equipping strategy was developed with the long-term goal of having all Reserve components equipped with modern and compatible equipment that would enable them to do their jobs side-by-side with the ACs and coalition partners. The strategy involved assessing all RC equipment requirements, validating all shortfalls, using smart business practices whenever possible to address the shortfalls, and procuring new equipment when necessary.

**DISCUSSION:** As redistribution from the draw down of AC completes and defense procurement budgets tighten a recurring concern is the availability of capable equipment to satisfy mobilization requirements and sustain readiness. Although the optimal solution may be to procure the RC requirements at the same time as the AC buys are being negotiated, fiscal resources have been limited. The following equipment items are of primary concern:

**U.S. Army Reserve and Army National Guard UH 60:** The Army released its Aviation Force Modernization Plan in March 2000, which restructures the equipping of various aviation units, identifies new procurements to rebuild the force, and provides various other initiatives to make the Army aviation community stronger and more viable for the future. As the Army modernizes its aviation fleet, the Army transformation initiative calls for a leaner, more effective Army. Therefore the competition for scarce resources is exacerbated. Although the Army has made progress in the aviation modernization programs, there remains an unfunded RC requirement of approximately 370 UH-60 helicopters.

**U.S. Navy and Marine Corps Reserve C-40 and F/A-18 Upgrades:** The C-40 aircraft is the Naval Reserve's top unfunded requirement. The C-40's mission is to provide time-critical logistical support to the Naval fleet between various U. S. and foreign locations. The Navy unique fleet essential aircraft is the replacement for the 29 aging C-9 aircraft fleet. The Navy has six C-40 aircraft funded, the first four are scheduled for delivery in Fiscal Year (FY) 001. The past President's Budget requested one of the six received. The additional aircraft were directed by appropriations from Congress either through the Active Navy aircraft procurement account or through the specific National Guard and Reserve Equipment Appropriation (NCREA) account. Currently, the Navy's prioritization process has eliminated the next planned C-40 until FY 06. The impact is



that the DC-9 fleet does not have the avionics required by the International Civil Aeronautics Organization to operate in foreign theaters. Since fleet support is the primary mission of the DC-9 and its replacement C-40, concerns grow over mission readiness impacts.

U.S. Navy and Marine Corps Reserve C-40 and F/A-18 Upgrades, (Cont'd): The Navy and Marine Corp Reserve F-18 upgrades (Engineering Change Proposal (ECP 560/ECP583)) continue to be a top modernization priority. The FA18 modification program brings the FA-18A configuration up to the F/A-18C capability with upgrades to avionics, software, and accessories. This enhancement will enable the Reserve components' F/A-18 aircraft to employ all current and future funded weapons. These upgrades have been accomplished through NGRFA funding or directed congressional adds. The shortfall to this program is 12 USNRA aircraft at a cost of \$37M for ECP-560 and 23 USMCR aircraft at a cost of \$1.9M for ECP-583.

U.S. Air Force and Air National Guard C-141/C-17: The Air Force is retiring its aging C-141 aircraft fleet and the planned replacement is the C-17 aircraft. The draft study of the Mobility Requirement Study 2005 (MRS-05) retires all C-141 aircraft by FY 2006. Five Air Force Reserve units are scheduled to begin retiring their C-141 aircraft in FY 2003 leaving the follow-on mission of these units uncertain. In view of the critical shortfall in pilots and the high operational tempo of the Air Force's strategic lift capabilities delaying follow-on missions may affect recruitment and retention. Additionally, the draft MRS-05 study increases the airlift requirement by nearly 5 million ton miles per day and proposes the need to retain the Air Force Reserve C-141's for 3 to 8 years beyond FY 2003. If the USAF plans for the RC to retire the C-141 beginning in FY 2003, then the squadrons will probably have to inactivate until replacement aircraft are purchased. This will cause severe turmoil through the loss of pilots, aircrew and maintenance personnel.

ACTION REQUIRED: Reserve component modernization concerns, particularly for the above equipment, require resource attention to continue performing their assigned mission. Aging equipment has created a host of maintenance and long-term readiness issues related to equipment performance and safety. To maintain the Reserve components as an integral part of the Total Force, funding equipment modernization must be a priority consideration.

OFFICE SYMBOL: OASD RA (M&F)

ACTION OFFICER:

(b)(6)

12/21/00

**ISSUE: ACTIVE GUARD/RESERVE (AGR) SENIOR OFFICER AND ENLISTED CONTROLLED GRADES**

**BACKGROUND:** The maximum number of field grade officers (O-6, O-5, and O-4) and senior enlisted personnel (E-9 and E-8) that can serve on active duty in support of the Reserve components (RC) is set in title 10, U. S. Code. These congressionally authorized ceilings have evolved over time and have no standard correlation to the size of the Reserve components or the AGR force. In each of the past three years, DoD has requested, and Congress has approved, increases in these grade ceilings based on various mission requirements. However, the Congress has determined that a more permanent solution, that does not require such frequent statutory adjustments, is needed to manage these grade structures. In FY-2001, Congress directed the Secretary of Defense to conduct a comprehensive study and provide a report to Congress on the management of grade structure in the Reserve components.

**DISCUSSION:** The report will address four elements identified by Congress for review and will include recommendations for a more comprehensive approach for determining the appropriate control grade limits for each of the Reserve components. The four elements required in the report are:

- (1) The grade structure authorized for field-grade officers and senior enlisted members in the active duty forces and the reasons why the grade structure for field-grade RC officers and senior enlisted members on active duty in support of the Reserves is different.
- (2) The need for independent grade limits for each RC, rather than a combined grade ceiling by Service as currently provided under the Code.
- (3) The advantages and disadvantages of replacing management by the current grade tables with management based on a system of grade authorizations for the position occupied by the member.
- (4) The current mix within each RC, for each controlled grade, of traditional Reserve members, military technicians, Regular component members, and AGRs—Reserve members on active duty in support of the Reserves, and how that mix for each RC would shift over time under the Secretary's recommended solution. A working group comprised of representatives from each of Services and each of the Reserve components is being led by OSD Reserve Affairs. The working group will address the reporting requirements and develop a management system that precludes the need for annual legislative changes to the AGR controlled grade ceilings.

**ACTION REQUIRED:** Complete the study and submit the report to Congress.

**OFFICE SYMBOL:** OASD/RA(M&P)

**ACTION OFFICER**

(b)(6)



**ISSUE: ANTHRAX VACCINE IMMUNIZATION PROGRAM**

**BACKGROUND:** In 1998, SECDEF made the decision to implement the Anthrax Vaccine Immunization Program (AVIP) to protect the force from the Anthrax biological threat. As of January 1, 2001, nearly 500,000 members have received nearly 2 million doses of Anthrax vaccine. However, a lack of available FDA licensed vaccine has twice forced DoD to amend its policy in order to conserve the limited supply of vaccine. This has allowed DoD to continue inoculating service members and emergency essential civilians who are at the greatest risk—those serving in Southwest Asia (SWA) for 30 days or more. Limiting inoculation to those personnel will allow DoD to stretch the AVIP until late in CY 2001. DoD continues to work closely with BioPort Corporation, the vaccine manufacturer, to help the new production facility and vaccine meet FDA licensing obligations. Once they are both approved by the FDA, DoD will work quickly to once again expand its vaccination program to the Total Force.

**DISCUSSION:** The Reserve Component (RC) faces two issues with the AVIP program. First, the RC members serving in SWA typically serve for about two weeks at a time. Many RC members have complained that they are not being protected from the Anthrax threat because they usually serve less than 30 days in theater. Under the original policy, members serving in the theater less than 30 days were vaccinated. Now, RC members who are in theater less than 30 days are not vaccinated, while other members serving in SWA for longer periods are vaccinated.

Secondly, there has been significant concern by RC members about adverse reactions to the vaccine. Some RC members have been very vocal in opposing the AVIP as a whole. There was significant outcry from RC units in Delaware, New York, California, Indiana and Tennessee. This uproar has abated since the lack of vaccine forced the Department to slow vaccinations. OSD Reserve Affairs in conjunction with the Reserve components and the AVIP, continues to develop education and information tools to better educate RC members about the threat and the safety and efficacy of the vaccine.

**ACTION REQUIRED:** None. Provided for information only.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER:** (b)(6)



## **ISSUE: FAMILY READINESS**

**BACKGROUND:** In the post-Cold War era, the National Guard and Reserve are involved to an unprecedented extent in providing support to the full spectrum of operational missions. Contingency operations, such as the ongoing missions in Kosovo, Bosnia and Southwest Asia, are placing increasing strains on our service members and their families. With the Reserve components comprising about half of our total force, the department approach to family support must include National Guard and Reserve members and their families. Family readiness directly affects total force readiness.

**DISCUSSION:** We believe the foundation of support for family members lies in the preparation and education of professionals and family members alike well before the Reservist is called to active duty or actually deployed. The ability of Reserve component members to focus on their assigned military duties, rather than worrying about family matters, is directly linked to the family support services and the family members being able to easily access those services and support mechanisms. Last year, we published the first-ever Reserve Component Family Readiness Strategic Plan, which provides a blueprint for offering greater support to National Guard and Reserve families and assisting them in facing the stresses of separations and long deployments. We also published a Guide to Reserve Family Member Benefits, which focuses on family assistance and is designed to inform family members about military benefits and entitlements, including medical and dental benefits, commissary and exchange privileges, military pay and allowances, and reemployment rights. The strategic plan blueprint also called for increased accessibility to training for members and family support volunteers and professionals. We have developed the Family Readiness Event Schedule, which can be accessed from the World Wide Web and which provides all family support/service program directors with the ability to list all training events they have scheduled for the upcoming year. This will enable family support professionals, volunteers and commanders to identify training opportunities that will best serve their needs. This will also foster cross-service and cross-component family support, which supports our desired end-state of any service member or family member being able to go to the family support organization of any service or component and receive the assistance or information he or she needs.

We are also developing, with fielding scheduled for spring 2001, a Family Readiness Toolkit that will be accessible from the Internet and will be issued in hard copy to all commanders. It will have three components: the first aimed at commanders, the second for family support professionals and volunteers, and the third for the service member and his or her family. Although some of the information will be common to all three components, we have geared it as a quick guide for commanders, a comprehensive resource for the family support personnel and source of information for members and their families who need answers. This toolkit will build on the tremendous success we had last year with the Guide to Reserve Family Benefits by providing more depth on areas such as financial issues, employer support, best practices examples, TRICARE information.

**ACTION REQUIRED:** None. For information only

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER**

(b)(6)



## **ISSUE: FULL-TIME SUPPORT (FTS) OF THE RESERVE COMPONENTS**

**BACKGROUND:** Full-Time support of the Reserve components (RC) is provided by four categories of personnel—Active Guard/Reserve (AGR) members, Military Technicians, Civil Service personnel, and Active component (AC) service members. AGR members are RC members of the Selected Reserve on full-time active duty. Military Technicians are civilian employees who, as a condition of employment, are required to be a member of the Selected Reserve. They are commonly referred to as "dual status" military technicians. Civil Service personnel are federal civilian employees. Active component service members are those members of the AC assigned to directly support RC units or organizations.

Each of these categories has certain unique traits, or provides specific capabilities, which make that category best suited to perform certain full-time support functions. Each RC, working with its parent Service, determines the best mix of these four FTS categories to meet the full-time support requirements for that component, based on the force structure and missions of that RC. Accordingly, the mix of full-time support varies among the components and has changed over time as the missions, viability, use, and integration of the RCs have changed. Full-Time Support is currently regarded as critical to maintaining the readiness and capabilities of the Reserve components.

**DISCUSSION:** During the Cold War, the primary focus of the RC was on training for mobilization. With the end of the Cold War, the move towards Total Force integration and the increased use of the FC in support of missions in the National Military Strategy, the FTS program has undergone significant changes. The missions and functions authorized to be performed by the FTS force have been expanded. Increased reliance on the RCs has translated into increased reliance on the FTS force. As a result of recent legislation, the AGR force is now authorized to engage not only in traditional roles of organizing, recruiting, instructing, training, maintaining, and providing supply support to the FC, but also in supporting operational missions previously assigned to the active component that are now the responsibility of the RC. Recent legislative changes have also strengthened the dual status nature of the military technician force. As the RCs continue to assume more of the Defense workload and missions, enhancement of the FTS force must also continue.

**ACTION REQUIRED:** Continue monitoring FTS program and initiate actions necessary to eliminate barriers to continued full integration of the RC in future Total Force missions.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER:**

(b)(6)



## **ISSUE: RESERVE COMPONENT HEALTHCARE BENEFITS AND ENTITLEMENTS**

**BACKGROUND:** The increased use of Reserve component members to accomplish operational missions requires that we ensure their medical readiness for worldwide deployment and that their medical benefits are commensurate with their potential for risk and exposure to harm. DoD recently completed a Report to Congress on the results of a study to improve the means of providing uniform and consistent medical and dental care to members of the Reserve components. The report recommendations enhance Reserve component medical readiness and provide equitable protection for members in the event of an injury, illness or disease incurred or aggravated in the line of duty.

**DISCUSSION:** Based on the report, several statutory amendments and policy changes have occurred that provide greater protection for Reserve component members serving in a duty status, ensure adequate and appropriate coverage for Reserve families and recognize participation in the Reserves as career service. These changes include:

- The authority to merge the Selected Reserve and Active Duty Family Member Dental Programs into the new TRICARE Dental Program (TDP). 'TDP' provides Reserve members with added covered services, access to an expanded provider network and optional family member coverage. (Separate paper provided)
- The authority to order an RC member to active duty for medical care, a disability medical evaluation or a DoD health study.
- The authority to order RC members to active duty (with their consent) for medical treatment associated with a disability sustained during inactive duty training (drills).
- The authority to retain RC members serving on orders for 30 days or less on active duty (with their consent) during the period of treatment and recovery.
- Early qualification for retired pay for a member of the Selected Reserve who has at least 15 years of qualifying service and no longer meets the qualifications for continued membership because of a non-service connected physical disability.
- The authority to waive the TRICARE deductibles for the family of a Reservist called to active duty or a National Guard member on full-time National Guard duty for less than one year.

Consistent with the recent statutory authorities, the DoD policy guidance on the incapacitation management of Reserve component members who are injured or become ill in the line of duty is being updated. This policy document will now provide comprehensive guidance on the management of Reserve component members from the time they become unfit until they are able to return to duty or complete disability processing. This will ensure that injured Reservists do not "fall through the crack" and that they receive appropriate counseling concerning their rights and benefits.

A proposal is under consideration that would assist RC members who are called to active duty for greater than 30 days but less than 18 months to maintain healthcare coverage under their employer-sponsored civilian healthcare plan by providing a subsidy to the employer or the insurance company. This would allow the families of Reserve component members to remain in their current healthcare system and continue under their current physician or specialist. (Separate paper provided)

**ACTION REQUIRED:** None, provided for information only.

**OFFICE SYMBOL:** C ASD/RA (M&P)

**ACTION OFFICER:** (b)(6)



**ISSUE:** MONTGOMERY G.I. BILL-SELECTED RESERVE

**BACKGROUND:** The Montgomery GI Bill for the Selected Reserve (MGIB-SR) was initially enacted as a test program in 1984, to encourage membership in the Selected Reserve, and was made permanent in 1987. The MGIB-SR is a non-contributory program that provides educational assistance to members of the Selected Reserve who, on or after July 1, 1985, enlist, reenlist or agree to serve in the Selected Reserve for six years. The MGIB-SR has proven to be a very effective recruiting incentive with over 1.3M Reservists gaining eligibility for benefits since the inception of the program. Nearly one half of the members currently serving in the Selected Reserve are eligible for benefits under the MGIB-SR program with about one third currently receiving financial assistance for their education from the MGIB-SR.

**DISCUSSION:** Basic benefits are payable for up to 36 months of education based on full-time enrollment. The current monthly rates are:

<u>Full-Time</u>	<u>Three Quarter Time</u>	<u>Half Time</u>	<u>Less Than Half Time</u>
\$263.00	\$197.00	\$131.00	\$65.75

In 1996, the program was expanded to provide an increase in educational assistance allowance for personnel filling critically short skills, specialties or units. This program is commonly referred to as the "Kicker" program. The MGIB-SR Kicker payments are an addition to and paid in conjunction with, MGIB-SR basic benefit payments. The three levels of MGIB-SR Kickers are \$100, \$200 and \$310. The Services determine Reserve component participation, the level offered, and the skills, specialties or units that are critically short. Service members must enlist, reenlist or extend for six years in a service-designated skill, specialty or unit to be eligible for the MGIB-SR Kicker. For non-prior service members, the initial six-year obligation that qualifies for the MGIB-SR basic benefit may also satisfy the MGIB-SR Kicker obligation. Prior service members already MGIB-SR entitled may attain MGIB-SR Kicker eligibility by enlisting, reenlisting or extending for six years in an MGIB-SR Kicker-designated skill, specialty or unit.

All MGIB-SR benefits cease upon determination that the service member failed to participate satisfactorily in the Selected Reserve or voluntarily transferred from the Selected Reserve. The law requires that action be taken against these members. Options include involuntary recall to active duty, recoupment of unearned benefits or a waiver of recoupment action. The department is implementing a uniform recoupment program for all Reserve components—the Naval Reserve is the only component recouping unearned benefit payments from unsatisfactory participants. Funds that are recouped will be returned directly to the Reserve component. Recoupment actions will not be initiated against service members separated from the Selected Reserve because of disability, not due to their own misconduct, separated due to inactivation of their unit of assignment or death. Service members retain eligibility for the MGIB-SR until the expiration of their ten-year eligibility period.

**ACTION REQUIRED:** None. Provided for information only.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER:** (b)(6)

**ISSUE: OVERTIME PAY FOR NATIONAL GUARD TECHNICIANS**

**BACKGROUND:** Overtime pay for government civil service employees (military technicians and other civilians) is authorized by title 5 United States Code (USC) 8401(30) and title 10 USC 10216. This authorization includes Army Reserve and Air Force Reserve personnel. However, National Guard dual-status military technicians are excluded from receiving overtime pay under the provisions of 32 USC 709(g)(2). The FY2001 House Report 106-616 requires the Secretary of Defense to study this matter and provide a report to Congress not later than March 31, 2001 on the subject of compensatory time and overtime pay for Army National Guard (ARNG) and Air National Guard (ANG) military technicians.

**DISCUSSION:** Many ARNG and ANG military technicians routinely work irregular and overtime hours, but receive no compensation for their efforts. While the law directs that these technicians be given time off in lieu of overtime pay, the reality is that scheduling often does not permit such compensation time. The portion of the law on this subject has remained virtually unchanged since the enactment of the National Guard Technician Act of 1968. There are a number of issues that require consideration including, but not limited to, cost, record keeping, OPTEMPO issues, parity with other civilian/technician workers, and a variety of others. An OSD Reserve Affairs sponsored working group has been formed to examine the issues and prepare recommendations for the Secretary of Defense to submit to Congress.

**ACTION REQUIRED:** Complete the Secretary of Defense report to Congress.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER:** (b)(6)



**ISSUE: PERSONNEL TEMPO (PERSTEMPO)**

**BACKGROUND:** The National Defense Authorization Act for Fiscal Year 2000 contained provisions designed to force the Department to reduce the number of days members are away from home through better management of the force and a change in the way members are scheduled for deployments. In crafting the legislation, Congress acknowledged that personnel turbulence and high operating tempo are endemic to today's military, yet felt they could be better managed for the benefit of military members and their families.

**DISCUSSION:** The statute defines deployment as any day on which a member, Active or Reserve component, performs duty at a location other than the permanent duty station, that makes it "impossible or infeasible" for the member to spend off-duty time at home. The statute establishes deployment thresholds beyond which a flag or general officer in the member's chain must approve the member's continued deployment. The statute also assigns the Service secretaries the responsibility for tracking and recording the number of days a service member is deployed, and it requires payment of high deployment per diem of \$100 for each day on which the member is deployed more than 400 days out of the preceding 730 days. No additional funds were provided to pay the high deployment per diem because Congress did not intend for it to be viewed or used as an allowance or benefit. Tracking of deployment days began October 1, 2000, and the earliest any member will be eligible to receive the per diem allowance is November 6, 2001.

The original statute leaves open to interpretation certain issues related to deployment of Reservists, and significant effort has gone into adjusting and clarifying the initial legislation, as well as the implementing directives, so that Active and Reserve component members are treated as equitably as possible, allowing for certain inherent differences. For example, the permanent duty station for Reserve component members, who are not serving under permanent change of station (PCS) assignment orders, must take into consideration the Reserve member's permanent training site and permanent civilian residence.

**ACTION REQUIRED:** Continue to ensure that Active and Reserve component members serving together, under comparable circumstances, receive consistent treatment with respect to tracking deployment days and entitlement to a high-deployment allowance.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER:**

(b)(6)



## **ISSUE: RESERVE COMPONENT QUALITY OF LIFE**

**BACKGROUND:** Reserve service is characterized by required absences from full-time civilian employment, less time to spend with family members and potential for mobilization at any time. Reservists are concerned that their Reserve participation is meaningful. As Reservists move in and out of military duty status, there is the potential for gaps in medical and other protections. The primary quality of life issues for Reservists and their families center around employer support, family readiness and support, protection against economic loss, and quality of participation. Absences by Reservist employees can create work problems and increased costs for civilian employers. With Guardsmen and Reservists performing more peacetime missions, family readiness and support is important every day, not just for large-scale mobilizations. Despite a perception that Reservists benefit financially when serving on active duty, nearly one-half report economic loss when mobilized for any extended period. Reservists are sensitive to policies implying a second-class status. Finally, Reserve members want to be protected in the event of a serious disability in the line of duty.

**DISCUSSION:** Employer support is critical to continued participation in the Reserve components (RC) and requires educating employers on the importance of Reserve service. The National Committee for Employer Support of the Guard and Reserve fosters employer support through its network of volunteers and State committees (see employer support paper). The Uniformed Services Employment and Reemployment Rights Act offers civilian job protection for members performing military duty. Building stronger employer support requires periodic surveys of employer attitudes toward Reserve participation, establishing a database of civilian employers (see employer database paper) and developing incentives for employers who support participation in the Guard or Reserve.

Family readiness can directly affect mission readiness. Members who are worried about their families because the family is having difficulty do not perform well on the job. DoD recently produced a Reserve Component Family Readiness Strategic Plan (see family support paper) to provide a blueprint for support to National Guard and Reserve families weathering the stresses of separations and deployments. More joint-service and A/C/RC-integrated family support programs are needed.

To reduce the economic and related impacts of mobilization, Services first seek to fill operational requirements with volunteers and to provide greater predictability concerning when RC members may be ordered to duty. Also, Services have reduced the length of deployments. DoD is implementing OPM guidance that encourages federal employers to pay the employee share of Federal Employees Health Benefit Plan premiums for Reservists supporting contingency operations. DoD now has broader authority to retain injured Reservists on active duty for the period of treatment and recovery which helps ensure continued member and family protection (see healthcare benefits paper).

Several recent initiatives help Reservists and their families feel a part of the military community. These include issuing the same color ID card as active duty members, including Reservists in the thrift savings plan, expanding commissary benefits, authorizing "City Pair" program rates and space-required travel to drilling Reservists, and allowing the children of Guardsmen and Reservists to compete for presidential appointments to a service academy.

**ACTION REQUIRE D:** Continue to support Quality of Life initiatives.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER:** (b)(6)



## ISSUE: RESERVE COMPENSATION ISSUES

**BACKGROUND:** The Ninth Quadrennial Review of Military Compensation (QRMC) is reviewing and making recommendations related to 16 compensation issues, three of which are Reserve-specific: (1) the Reserve retired pay system; (2) the threshold for Reservists to become eligible for full Basic Allowance for Housing (BAH), the CONUS cost of living allowance, and entitled to a permanent change of station move; and (3) the payment of special and incentive pays under the 1/30<sup>th</sup> rule—1/30<sup>th</sup> of the monthly rate for each day or period of duty. These three issues were identified because they treat Active and Reserve component members differently.

**DISCUSSION:** The purpose of the reserve retirement system was to provide an incentive for qualified personnel to retain their Reserve membership, continue training, and serve as a pool of readily available skilled manpower in times of national emergency. It was generally accepted that there must be a minimum age limit for receiving retired pay and age 60 seemed reasonable, since it was the minimum age at which Federal civil service employees could voluntarily retire. The system has changed very little since its enactment in 1948, though the missions and use of Reserve component members have changed significantly, particularly in the past decade. Increased use has caused more and more Reservists to question the fairness of the age 60 requirement. The 6<sup>th</sup> QRMC, as part of its 1988 study recommended development of a two-tier system that would allow Reservists to receive a portion of their retired pay immediately upon retirement with an adjustment to full retired pay upon reaching age 62. However, the increase in initial outlays from the retirement fund (up to 10% greater than the current system) caused the Department and Congress not to adopt the proposal. The 9<sup>th</sup> QRMC has agreed to review several options to the current system, including options similar to those considered by the 6<sup>th</sup> QRMC.

The 9<sup>th</sup> QRMC will also review whether requiring a Reservist to be ordered to active duty for more than 139 days in order to be entitled to full BAH and CONUS COLA is appropriate in light of today's increased use of Reserve component personnel. They will also review whether the 139-day threshold which entitles a Reserve component member to a permanent change of station move remains the appropriate threshold and whether the restrictions on payment of a Dislocation Allowance and Temporary Living Expenses are still appropriate.

Finally, the QRMC will review whether the 1/30<sup>th</sup> rule creates an unacceptable inequity between Reserve and Active component members. The purpose of these special and incentive pays range from encouraging a member to undertake a career in a particular field, such as aviation, to performing certain duties that are considered very demanding, such as recruiting. Because RC members only receive these pays when in duty status, the amount of incentive pay they receive, often for maintaining the same proficiency level as active duty members, is significantly less. The QRMC will evaluate the equity of the current system and recommend changes they believe are appropriate.

**ACTION REQUIRE 2:** Assist the review and support the recommendations of the 9<sup>th</sup> QRMC.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER:** (b)(6)



## **ISSUE: RESERVE COMPONENT (RC) MEDICAL READINESS**

**BACKGROUND:** Historically, resources have not been adequate to ascertain the medical readiness of the RC, much less to provide the preventive services, health surveillance and medical record keeping that is necessary for purposes of identifying, preventing and controlling health consequences that could impact future operational deployments. Additionally, there is no centralized authority that manages the medical record keeping of all uniformed service members. Over the past years, numerous subject matter experts have provided comprehensive analysis on the health of service members before, during, and after deployments. Some of the initiatives and recommendations include:

- The 1998 Presidential Review Directive 5 that included specific recommendation on the documentation of health history for active, guard, and reserve service members and veterans.
- In 1999, the Force Health Protection Integrated Process Team defined individual medical readiness indicators that are required to ensure successful deployment of medically ready personnel. This document is now being formally staffed with the services.
- Other documents, such as the Joint Chiefs of Staff Force Health Protection documents, various Institute of Medicine and RAND reports, and individual service and agency programs, have provided compelling guidelines for future medical documentation.

**DISCUSSION:** With the Reserve components constituting nearly 50 percent of the Total Force, medical protection, health consequences and treatment, and medical record keeping and surveillance must include National Guard and Reserve members in any strategy to protect the health of U.S. forces. However, the capture of any data on the healthcare of Reserve component members is problematic because they receive most of their care from civilian providers, rather than from military healthcare providers. Therefore, it is challenging to document medical information for Reservists after and between deployments. Moreover, the geographically dispersed Reserve force does not have access to the medical documentation systems. Although these systems capture medical data on RC members when they are on active duty, there is no mechanism to collect the vast majority of medical information on Reservists.

To address medical readiness in the Reserve components, the Office of the Assistant Secretary of Defense for Reserve Affairs (OASD/RA) sponsored a study that identified the high-level medical functional requirements. Over 90 percent of the requirements were essentially the same as active duty medical requirements. OASD/RA is developing a Concept of Operations and a migration strategy that will move the RC medical systems to the desired end-state: standardized medical data collection, analysis, and dissemination of information on all Service members, including members of the National Guard and Reserve. This will allow the integration of information from the "stovepipe" systems of Services and their Reserve components.

**ACTION REQUIRE D:** Support centralized, standardized medical data collection, analysis, and dissemination of information on all service members.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER**

(b)(6)



**ISSUE: RESERVE COMPONENT RECRUITING AND END-STRENGTH CHALLENGE**

**BACKGROUND:** Historically, the recruiting market for the Reserve components has been a mix of prior service personnel who recently separated from active duty and non-prior service personnel who have no previous military experience. Both segments of this market now present significant recruiting challenges. A smaller active force (36% smaller than in 1989) means a smaller number of prior service military members available for a Reserve force that is only 26% smaller than in 1989. In the non-prior service market, the propensity of 17-25 year olds to consider military service is lower than in the past. Compounding these difficulties, all Services and their Reserve components are trying to recruit from essentially the same non-prior service market—the same population civilian employers are attempting to recruit in this strong economy.

**DISCUSSION:** Increased numbers of recruiters, use of non-prior service bonuses of up to \$8,000, tuition assistance programs, expanded and targeted Montgomery GI Bill for the Selected Reserve (MGIB-SR) benefits, increased advertising budgets, and flexible enlistment options are some of the primary tools the Reserve components are employing to increase their penetration into the non-prior service market. Increased emphasis on contacting prior service personnel planning to separate from the active force prior to their separation and educating them on Reserve service opportunities is an integral part of the recruiting plan for all of the Reserve components.

An assessment of FY01 Reserve strength programs indicates the Army National Guard, Army Reserve and Marine Corps Reserve will likely achieve authorized strength levels. The Naval Reserve, Air Force Reserve, and Air National Guard are projected to achieve levels within 2% of their authorized strengths. The Air Force Reserve and the Naval Reserve fell considerably short of their FY 2000 end-strength and therefore began 2001 with a significant challenge. Shortages are being addressed through increases in the recruiter force, expanded bonus programs, enhanced advertising campaigns, and the MGIB-SRicker benefit targeting critical skills and units.

In addition, all Reserve components are focusing intense efforts at reducing attrition. While there were increases in some selected categories of personnel, aggregate attrition for FY00 was below historical levels. The well-established programs in the Reserve components should yield equal or better results in FY01. This success in reducing attrition is why three of the DoD Reserve components were able to meet or exceed their end-strength goals.

The Department has implemented several recruiting incentives and developed initiatives to make Reserve service attractive. This is critical to retaining trained, experienced personnel which is increasingly important in this difficult recruiting environment. Retention of quality personnel is increasingly important in our efforts to achieve end strength goals.

**ACTION REQUIRED:** None, provided for information only.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER:**

(b)(6)



**ISSUE:** Civil-Military Programs: Starbase, Challenge, Innovative Readiness Training

**BACKGROUND:** Title 10, Section 2193b of the United States Code authorizes the Secretary of Defense to conduct a science, mathematics and technology education improvement program known as the Department of Defense STARBASE Program. The purpose of the program is to improve knowledge and skills of students in kindergarten through twelfth grade in mathematics, science, and technology. Title 32, Section 509, United States Code authorizes the Secretary of Defense to conduct the National Guard Challenge Program, a 22-week residential program, followed by a 12-month post-residential mentoring period. The Challenge program seeks to improve life skills and employment potential of participants by providing military based training and supervised work experience. Its core components include leadership/followership; job skills; citizenship; community service; life coping skills; academic excellence; physical fitness; and health and hygiene. Title 10, Section 2011, United States Code authorizes the Innovative Readiness Training Program to allow active, guard and reserve units to conduct readiness training while offering incidental benefit to local communities.

**STATUS/DISCUSSION:** The Air National Guard, Air Force Reserve, Navy and Marine Corps operate the STARBASE program at 26 sites in 19 states. The FY01 Appropriations Act provided \$10 million for STARBASE, allowing for expansion to 39 sites. The Challenge Program operates in 25 states under a federal/state cost share ratio. In FY01 the ratio stabilizes at 60% federal funds, 40% state funds. The DoD Challenge program budget is currently capped at \$62.5 million, but the Department may accept funding from other federal agencies. The Department of Justice provided \$5 million in FY00 and \$7.5M in FY01 for Challenge. There are 16 states on the Challenge Program waiting list. The Innovative Readiness Training Program is similar to the overseas deployment exercise program in that it provide training, however this program helps address serious community needs within the 50 states, US territories and possessions. Units and individuals must conduct training within their Mission Essential Task List, not compete with local industry and not significantly increase the cost of the training. Of interest are several ongoing annual projects for Native American and Alaskan Indians in Alaska, North and South Dakota, Montana and New Mexico. FY01 appropriation is \$30 million.

**ACTION REQUIRED:** OSD/ISA has policy management and oversight of all programs

**OFFICE SYMBOL:** OASD/RA (RTM)

**ACTION OFFICER**

(b)(6)

**ISSUE: JOINT RESERVE COMPONENT VIRTUAL INFORMATION OPERATIONS ORGANIZATION (JRVIO)**

**BACKGROUND:** In Tab 3 of the RCJ-05 Study, 'Create a Joint Reserve component (RC) Virtual Information Operations Organization,' the Secretary of Defense directed participants to "...examine the personnel management issues associated with establishing a joint RC organization based on distributive (virtual) technologies..." and "...develop a long range plan for a joint virtual RC information operations (IO) and information assurance (IA) organization."

**STATUS/DISCUSSION:** A study group composed of representatives from the Services, Reserve and National Guard components, OSD, JC3, the unified combatant commands and DoD combat support agencies formulated recommendations to DepSecDef on how the six DoD RCs could best support emerging joint IO mission areas. The study also focused on virtual methods for utilizing the military and civilian acquired information technology and information operations skills found in the RC, regardless of their physical location.

The JRVIO plan calls for a structure built around five joint information operations agencies; DISA, NSA, IOTC, JTF-CND and JIOC. The study group found ample opportunity to integrate the RCs into the IO and IA functions of these agencies. IOTC, JIOC and JTF-CND are so new that reserve assets have yet to be assigned to them. DISA is receiving new responsibilities daily in its task to protect the Defense Information Infrastructure. NSA is expanding its organization to provide DoD-wide defensive information operations support. The JRVIO plan recommends the initiation of reserve programs for IOTC, JIOC and JTF-CND and expansion of the DISA and NSA programs. In all, the plan recommends a structure of approximately 600 reservists to meet these new joint IO and IA requirements. DepSecDef approved the JRVIO Final Report on 13 October 2000.

**ACTION REQUIRED:** The ASD/RA has recently submitted recommendations to DepSecDef on the formation of a Steering Group that will oversee the implementation of the JRVIO initiative. As one of the prime architects of JRVIO, ASD/RA should remain fully engaged in the implementation oversight responsibilities of the Steering Group.

**OFFICE SYMBOL:** OASI/RA (RT&M)

**ACTION OFFICER:**

(b)(6)



## ISSUE: PROFILE OF THE RESERVE COMPONENTS

**BACKGROUND:** The Reserve components continue to support U.S. military operations worldwide, contributing between 12.5 million and 13.0 million duty days over each of the past 4 years. This support is provided in the categories of contingency operations (Bosnia, Kosovo, Southwest Asia), counter-drug operations, domestic emergency support, exercises, and CINC/service operational requirements. This high level of effort has remained relatively stable, even as the RC force has continued to draw down in strength and structure toward QDR-directed levels. Overall DoD RC strength decreased by about 15,000 over the past 4 years to approximately 865,000 members, while total RC MilPers, O&M, Procurement & MILCON resourcing remained relatively stable at about \$21 billion, or 8.4% of the total DoD budget. Other trends documented in the RC Profile are indicated below.

**DISCUSSION:** The impact of this increased utilization on the Reserve components is measured in the areas of readiness, employer relations, and strength achievement, enlistments, reenlistments and attrition.

- **Readiness:** Some of the Reserve Components have shown both long-term and short-term improvements in readiness ratings, others have shown short-term declines.
- **Employer relations:** Due to the high levels of RC involvement in Total Force missions worldwide, anecdotal information indicates relations between RC members and their civilian employers are becoming more strained than in previous years. However, the number of complaints filed with the Department of Labor involving employers of RC members has actually declined.
- **End Strength Achievement:** Though there are significant challenges in the recruiting arena, for the fourth consecutive year the RC have cumulatively achieved better than 99% of their authorized end strength.
- **Enlistments:** After two years of decline, enlistment rates for prior service and non-prior service personnel are improving. Both total enlistments and enlistments measured as a percentage of established goals show signs of recent improvement.
- **Reenlistments:** First-term and career reenlistment rates continue at high levels of achievement reaching a composite 96.0% of established goals over the past 4 years.
- **Attrition:** When viewed as a composite for all seven components, the RC attrition rate has decreased to its lowest level in 14 years (excluding FY91 when stop-loss was invoked for Operation DESERT SHIELD/DESERT STORM). However, that macro view masks some serious concerns in certain high-demand (high-use) RC units and specialties experiencing higher than normal attrition. Affected units within the various components include Public Affairs, Civil Affairs, Psychological Operations, and Aviation Transport and Support. While support of real world missions appears to have a positive impact on most RC manpower and personnel metrics, an extremely high TEMPO may have the opposite affect.

**ACTION REQUIRE 2:** None. Provided for information only.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER:** (b)(6)



## **ISSUE: RC USE IN CONTINGENCIES**

**BACKGROUND:** Under the provisions of 10 USC, section 12304, the President can order RC members to full time active duty without their consent. Using this authority, RC participation has been key to the success of the missions in Desert Storm, Haiti, Bosnia, Kosovo, and Southern/Northern Watch, providing civil/public affairs, military police, psychological operations, logistical, engineering, medical, ground radar, Patriot missile security, port security, and aviation support.

**STATUS/DISCUSSION:** Currently, there are five PRC missions still in effect

**Desert Shield/Desert Storm:** Affected by EC 12127, 22 Aug 90, and partial mobilization by EO 12744, 18 Jan 91. Operation is no longer active but legally still in effect. RC contribution was over 130,000 members and 26,000 volunteers.

**Southern/Northern Watch:** Affected by EO 13076, 24 Feb 98, and are follow-on operations to Desert Storm. Northern Watch was an all-volunteer operation as ANG and AFRC were factored into normal AF rotation through Turkey to provide fighter, CSAR, air refueling, and tactical airlift. Approximately 13,000 ARNG and AFRC volunteers participated. Southern Watch is still ongoing with approximately 142 ARNG and USAR personnel still in theater; total RC participation has been 2,850 PRC members and approximately 14,700 volunteers.

**Haiti:** Called Uphold Democracy and affected by EO 12927, 15 Sep 94. Operation is no longer active but legally still in effect. 6,100 PRC members and approximately 2,000 volunteers provided aviation, civil affairs, military police, engineering, medical, and special forces support as well as harbor defense and port security.

**Bosnia:** Called Joint Forge and affected by EO 12982, 8 Dec 95. ARNG/USAR provide civil/affairs and logistical support while the USNR/USMCR provide staff augmentation. The ANG/AFRC have provided all types of aviation support. Joint Forge is still ongoing with approximately 850 PRC members still in theater; Total RC participation has been 21,063 PRC members and approximately 10,700 volunteers.

**Kosovo:** Called Joint Guardian and affected by EO 13120, 27 Apr 99. Most ANG/AFRC support was inter-theater airlift and air refueling with ground support similar to Bosnia. Joint Guardian is still ongoing with approximately 900 PRC members still in theater. Total RC participation has been 7,155 PRC members and approximately 4,300 volunteers.

**ACTION REQUIRED:** OSD/RA continues to monitor the RC PRC and volunteer participation in Bosnia, Kosovo, and Southwest Asia.

**OFFICE SYMBOL:** C ASD/RA (RTM)

**ACTION OFFICER:**

(b)(6)

**ISSUE: RESERVE JOINT DUTY AND JOINT PROFESSIONAL MILITARY EDUCATION**

**BACKGROUND:** Reserve component officers serve with increasing frequency in a joint environment. This trend will continue as the Reserve components assume a greater role in the Total Force. To assure maximum effectiveness, Reserve officers require joint professional military education and joint experience. Section 666 of title 10, United States Code, directs that "policies emphasizing education and experience in joint matters for reserve officers" shall be, to the extent practicable, similar to those mandated for Active component officers. In 1998, Congress directed the development of a joint education course for Reserve officers similar in content to the existing in-residence course taught at Armed Forces Staff College. The need for joint education and experience was recently reaffirmed by requiring the chiefs of the various Reserve components to possess joint experience in order to be elevated to the 3-star level.

**DISCUSSION:** Responsibility for developing an advanced Joint Professional Military Education course for the Reserve components has been assigned to the Armed Forces Staff College. The course is in development with a test course to be conducted in FY 2002 and the first full session to be conducted in FY 2003. The course will combine resident, inactive duty and distance learning teaching methods. The current concept is that the course will be available to Reserve and Active component members.

Reserve Affairs and the Joint Staff are working with the Services to develop policy guidance for a Reserve component joint officer management program. This policy would include identifying and validating Reserve joint positions, tracking officers with joint experience and education, and managing the program to ensure an adequate pool of joint qualified officers are available to meet staff requirements.

**ACTION REQUIRED:** Continue to develop Reserve component joint officer management policies and advanced joint military professional education requirements.

**OFFICE SYMBOL:** OASD/RA (M&P)

**ACTION OFFICER:**

(b)(6)