STATEMENT OF
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NATIONAL SECURITY-FOREIGN RELATIONS COMMISSION
TO THE
SUBCOMMITTEE ON PERSONNEL
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE
ON
THE NATIONAL DEFENSE AUTHORIZATION ACT
FISCAL YEAR 2002

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Mr. Chairman, The American Legion is grateful for the opportunity to present its views regarding the National Defense Authorization Act for FY 2002. The American Legion values your leadership in improving the quality-of-life, readiness and modernization of the nation's armed forces. As history continues to demonstrate, it is important for Congress to meet its constitutional responsibilities *to provide for the common defense* in a highly uncertain world.

With the end of the Cold War, the clear and identifiable threat posed by easily identified foes no longer exists. Today, America faces a myriad of threats and challenges that appear more perplexing, complex and difficult. Serious regional threats continue to plague freedom and democracy, especially in areas like the Balkans, North Korea, the People's Republic of China, Iraq and Iran. America now must confront the on-going proliferation of weapons of mass destruction and international terrorism posed by rogue nations and radical groups.

The National Commander of The American Legion, Ray Smith, recently visited American troops in South Korea, as well as a number of installations throughout the United States. During these visits, he was able to see first hand the urgent, immediate need to address these real quality-of-life challenges faced by servicemembers and their families. The marked decline in quality-of-life issues for servicemembers, coupled with heightened operational tempos, plays a key role in the recurring recruitment and retention woes and should come as no surprise. The operational tempo and lengthy deployments must be reduced. Military pay must be on par with the competitive civilian sector. If other benefits, like health care improvements, commissaries, adequate quarters, quality childcare, and improved school systems are ignored, it will only serve to further undermine efforts to recruit and retain the best this nation has to offer.

The American Legion recently developed a new program to encourage Legionnaires and their families to spend more quality time with today's military members and their families. During visits to active duty posts and National Guard armories, American Legion leaders are able to discuss the issues of concern to today's military member. Soldiers, sailors, airman and Marines repeat common themes: inadequate pay, high ops tempo, housing problems, health care difficulties, and child care concerns.

MODERNIZATION

The very force projected from the build-up in the early 1980s is the one being worn out as a result of extensive operational deployments and inadequate funding. As former Secretary of Defense Schlesinger previously indicated before the House Armed Services Committee, the U.S. military continues to live off and wear out the "capital" of the Cold War. Modernizing and maintaining even today's smaller military forces takes the kind of sustained commitment and fiscal investment, in the future, that took place in the early 1980s. What this nation really cannot afford is another decade of declining defense budgets and shrinking military forces. If America is to remain a superpower able to promote and protect its global interests, it must be capable to project force with complete confidence, using state-of-the-arts weaponry, in a timely manner.

Just last week, in testimony before the full Committee, Deputy Secretary of Defense Paul D. Wolfowitz described the scene of a ballistic missile attack on U.S. and allied troops during the Persian Gulf War. In the waning days of the Gulf War, a single SCUD missile hit a U.S. military barracks in Dhahran, killing 28 U.S. soldiers and wounding 99. For American forces, it was the single worst engagement of the Gulf War. Deputy Secretary Wolfowitz went on to explain that the ability to meet such a threat today is "hardly any better" than it was ten years ago. He also stated, "To those who wonder why so many of the regimes hostile to the United States – many of them desperately poor – are investing such enormous sums of money to acquire ballistic missiles, I suggest this possible answer: *They know we don't have any defenses."*

The American Legion believes no soldier, sailor, aviator or Marine should go into battle without the very best training, equipment and weaponry available to win the war. No enemy should ever have a technological edge over US forces. To achieve this objective, defense modernization efforts must remain a top priority of the Administration and Congress.

READINESS

In recent years, over-optimistic assumptions about actual funding requirements, coupled with multiple unbudgeted contingency operations, have resulted in a series of unit readiness problems. Training goals are not being met. Military readiness ratings have plunged due to reductions in operations and maintenance accounts as a result of extended peacekeeping operations. Both the 1st Infantry Division and the 10th Mountain Division felt the adverse consequences of peacekeeping operations on combat readiness. Last year, the 3rd Infantry Division was rated as less than combat-ready due to lack of combat-oriented training and personnel. Today, thousands of military personnel (both active and Reserve components) are deployed to about 140 countries around the globe. At any given time, 26 percent of the active-duty military force is deployed to overseas commitments. Members of the armed forces have little opportunity to spend meaningful time with their families. Junior officers are leaving the military in large numbers. Maintenance of equipment and weapon delivery systems is in peril because of limited spare parts inventories. Due to depleted supplies of parts, the cannibalization of parts and *creative engineering* has become a common practice. Manpower shortages have resulted in ships *cross-decking* or *borrowing* of crewmembers from other ships in order to deploy. Such back-to-back tours adversely impact on crew integrity, morale, and readiness. Hands-on training, actual flying hours, and ammunition are being restricted due to inadequate funding. When proficiency

cannot be maintained, readiness is compromised and this places the nation's ability to wage high intensity conflict at risk.

QUADRENNIAL DEFENSE REVIEW

Since the collapse of the Soviet Union in 1991, America has conducted three substantial assessments of its strategy and force structures necessary to meet the national defense requirements. The assessment by the former Bush Administration ("Base Force" assessment) and the assessment by the Clinton Administration ("Bottom-Up Review") were intended to reassess the force structure in light of the changing realities of the post-Cold War world. Both assessments served an important purpose in focusing attention on the need to reevaluate America's military posture; but the pace of global change necessitated a new, comprehensive assessment of the current defense strategy for the 21st Century.

The American Legion continues to support the force structure proposed by the Base Force Strategy: Maintain 12 Army combat divisions, 12 Navy aircraft carrier battle groups, 15 Air Force fighter wings and three Marine Corps divisions, and a total manpower strength of at least 1.6 million. The American Legion supports the theory behind the two-war strategy: if America were drawn into a war with one regional aggressor, another could be tempted to attack its neighbor. Especially, if this aggressor were convinced that America and its allies were distracted, lacked the will to fight conflicts on two fronts, or did not possess the military power to deal with more than one major conflict at a time. Determining the right size of U.S. forces for more than one major conflict would provide a hedge against the possibility that a future adversary might mount a larger than expected threat. It would also allow for a credible overseas presence that is essential in dealing with potential regional dangers and pursuing new opportunities to advance stability and peace. The American Legion believes such a strategy, however, should be threat-based rather than budget-driven.

Furthermore, the strategy must employ more robust force structures and increased budgeting for quality-of-life, readiness and modernization than that recommended in the Bottom-Up Review or its follow-on Quadrennial Defense Review (QDR). The American Legion believes that the two-war strategy has not been adequately funded. The American Legion believes the "win-win" two-war Bottom-Up Review strategy was delusional. With growing worldwide commitments, America has a "win-hold" strategy, at best, with only 10 Army combat divisions and three Marine divisions to utilize.

Peacekeeping and humanitarian operations, that do not serve vital national security interests, further detract from America's combat power and military readiness. Funding for peacekeeping operations must be congressionally approved, on a case-by-case basis, and fully appropriated by Congress rather than funded through the Services' limited operations and maintenance accounts. America expects its civilian and military leadership to develop a reasonable and common sense national military strategy. If all other reasonable alternatives are explored, U.S. forces must only be committed in response to threats against America's vital interests.

The current national security and military strategies prescribed in the QDR fail to match increased military missions with the required resources. The QDR, like the Bottom-Up-Review,

provides neither the forces, lift capabilities, nor budgets to fight two nearly simultaneous major regional conflicts and win. Peacekeeping operations fail to properly train combat forces to win wars. Congress and DoD need to provide a strategy that better matches missions with resources.

PROCUREMENT

Only a few major systems currently in production would be funded in the FY 2002 defense budget. The funding level for weapons procurement is one of the lowest of any Administration, since 1950 and has been some 71 percent less than that of 1985. The American Legion fully supports the Army's Transformation Program. Major development programs that The American Legion also supports include the Air Force F-22 fighter and C-17, F/A-18Es for the Navy and Joint Strike Fighters for the Air Force and Navy and more DDG-51 destroyers. Unquestionably, the Navy will also need to acquire more submarines.

If left unadvised, omissions in DoD's modernization budget could have the following implications:

- They will result in the continued deterioration of the defense industrial base.
- The future technological superiority of American forces will be at risk thereby increasing the danger to servicemembers should they be called into combat, and
- The failure to replace and upgrade equipment in a timely manner will create a massive modernization shortfall in each of the military services and possibly, lead to even more serious readiness problems in the long run.

The American Legion further urges Congress to expedite the procurement of improved and sensitive equipment for the detection, identification, characterization and protection against chemical and biological agents. Current alarms are not sensitive enough to detect sub-acute levels of chemical warfare agents. Improved biological detection equipment also needs to be expedited.

The American Legion opposes further termination or curtailing of essential service modernization programs, diminution of defense industrial capabilities, and rejects the transfers of critical defense technologies abroad.

The American Legion firmly believes with the continuing threat of nuclear proliferation, America should retain its edge in nuclear capabilities as represented by the TRIAD system, and the highest priority should be the deployment of a national missile defense. Although the development and deployment of advanced theater missile defenses to protect U.S. forward deployed forces is imperative; any dismantling of acquisition programs to defend the American people is imprudent. America should focus on developing and deploying by 2003 an anti-ballistic missile detection and interception system that is capable of providing a highly effective defense against limited attacks of ballistic missiles.

ACTIVE FORCE PERSONNEL

The American Legion is deeply concerned that a number of influences pose significant -- and often underestimated -- recruitment, retention and readiness risks for the remainder of the decade.

Mr. Chairman, The American Legion and the armed forces owe you and this Subcommittee a debt of gratitude for your strong support of military quality-of-life issues. Nevertheless, your assistance is needed now more than ever. Positive congressional action is needed to overcome old and new threats to retaining the finest military in the world. Servicemembers and their families continue to endure physical risks to their well being and livelihood, substandard living conditions, and forfeiture of personal freedoms that most Americans would find unacceptable. Worldwide deployments have increased significantly, and a smaller force has operated under a higher ops tempo with longer work hours and increased family separations.

Now is the time to look to the force recruiting and retention needs. Positive congressional action is needed to overcome past years of negative career messages and to address the following quality-of-life features:

- *Closing the Military Pay Gap with the Private Sector* - The Chairman of the Joint Chiefs of Staff previously stated that the area of greatest need for additional defense spending is "taking care of our most important resource, the uniformed members of the armed forces." To meet this need, he enjoined Members of Congress to "close the substantial gap between what we pay our men and women in uniform and what their civilian counterparts with similar skills, training and education are earning." But 11 pay caps in the past 15 years took its toll and military pay continues to lag behind the private sector by about ten percent. The American Legion applauds the 3.7 percent pay raise effective on January 1, 2001 and E-5, E-6 and E-7 grade-adjustments to pay made in July 2001. With the new Administration pledging to significantly increase military pay raises above that dictated by the "ECI plus one-half of one percent," there is excitement in the field. We urge you to support the new Administration's plan.

- *Basic Allowance for Housing (BAH)* - For those who must live off base, the provision of the Basic Allowance for Housing (BAH) is intended to help with their out-of-pocket housing expenses. Former Secretary of Defense Cohen set a goal of entirely eliminating average out-of-pocket housing expenses. However, at this time it has been estimated that BAH only accounts for about 70 percent of out-of-pocket housing costs. This committee has taken strong steps in recent times to provide funding to move toward lowering such expenses. Please continue to work to close the gap between BAH and the member's average housing costs.

- *Montgomery G.I. Bill Enhancements (MGIB)* - The current veterans' educational benefit, the Montgomery GI Bill, has failed to keep pace with escalating educational costs and is significantly diminished in relation to the unique educational benefits offered in the original GI Bill. Today's military educational benefits package directly competes with other federally funded educational programs, such as AmeriCorp, Pell Grants and others that offer equal or greater monetary benefits with less personal sacrifice and hardships.

The American Legion believes that the veterans' educational benefits package for the 21st Century must be designed to recruit outstanding individuals to meet the needs of the armed forces and to serve as a successful transition instrument from military service back into the civilian workforce.

- *Preserving Military Commissaries* - The Department of Defense has evaluated options to downsize or privatize the Military Commissary System by seeking reduced federal funding, reducing the number of operating facilities, and privatizing military commissaries. The American Legion strongly opposes each of these proposals. The value of commissaries in the quality of life equation for junior enlisted families and military retirees and others is indisputable. Military commissary usage has ranked second only to medical health care in the non-pay compensation package according to surveys conducted among active duty and retired beneficiaries. With the continued downsizing of the military to include reductions in force and military entitlements, any effort to reduce or dismantle the military commissary system would be seen as a serious breach of faith with military beneficiaries. The American Legion supports full federal funding of the military commissary system and retention of this vital non-pay compensation benefit that is essential to the morale and readiness of the dedicated men and women serving in the U.S. Armed Forces.

RESERVE COMPONENTS

The advent of smaller active duty forces reinforces the need to retain combat-ready National Guard and Reserve Forces that are completely integrated into the Total Force. The readiness of National Guard and Reserve combat units to deploy to a second major regional conflict will also cost in terms of human lives unless Congress is completely willing to pay the price for their readiness. With only ten active Army divisions in its inventory, America needs to retain the eight National Guard divisions as its *life insurance policy*.

Growing concerns are that the Reserve Components, especially the National Guard, should not be overused in contingency operations, as these servicemembers have regular civilian jobs and families as well. The American Legion understands that retention rates and, therefore, strength levels are falling in those States deployed or scheduled to deploy Guardsmen overseas. Governors of these states continue to express concern that state missions will not be accomplished. The National Guard from 44 States has a presence in 35 foreign countries.

The American Legion is also supportive of all proposed quality-of-life initiatives that serve to improve living and working conditions of members of the Reserve components and their families, to include unlimited access to commissaries.

QUALITY-OF-LIFE

Just as military manpower levels, force structures, operational tempos and defense budgets need to be stabilized so must quality-of-life features for servicemembers and their families. This includes enhancements to compensation and incentives to preclude seriously degrading the All-

Volunteer Force. The American Legion believes that the most important message is to sustain the momentum begun in the 106th Congress:

- military pay raises;
- improved housing;
- access to quality health care;
- family support activities for the active duty and Reserve components;
- TRICARE for Life for Medicare-eligible military retirees;
- full concurrent receipt of military retirement pay and VA disability compensation; and,
- improved Survivors Benefit Plan (SBP) benefits for Social Security eligible surviving spouses of military retirees.

HEALTH CARE FOR MILITARY BENEFICIARIES

Today, there are approximately 8.2 million beneficiaries in the military health care program. Military retirees and their dependents make up nearly one half of that number, and over 500,000 retirees have lost or will lose their access to military health care as a result of the closure of approximately 40 percent of military treatment facilities. Access to affordable health care, regardless of age, status or location, represents a major concern among military retirees. Until recently, military retirees were led to believe that they were entitled to free lifetime health care - after having served 20 or more years in the most demanding and dangerous of professions. In 1993, the promise of lifetime health care was perpetuated in military recruitment literature.

The creation of "TRICARE for Life" and a TRICARE Senior Pharmacy benefit in Public Law 106-398 was an historic triumph for Congress and those 1.4 million Medicare–eligible military retirees and dependents. While TRICARE for Life came with its own funding stream in FY 2001, money must be budgeted to provide for the program for FY 2002. The American Legion recommends that this important program be provided the funding to start the program. The American Legion also applauds congressional efforts last year to eliminate TRICARE co-payments for active duty family members. However, several other important measures signed into law are on hold due to lack of funding. These include extending the TRICARE Prime Remote program to family members; lowering the TRICARE Standard catastrophic cap (maximum out-of-pocket expenses per fiscal year) from $7,500 to $3,000; providing TRICARE coverage for school physicals for dependents; and reimbursement for certain travel expenses for TRICARE Prime beneficiaries. The American Legion recommends that this Subcommittee take the next step to make sure that the new military health care improvements come to fruition.

Beginning October 1, 2002, TRICARE for Life (TFL) will be fully funded through the Medicare-eligible Retiree Health Care Fund. But TFL actually will be implemented one year earlier – on October 1, 2001. This first-year funding requires an increase in appropriated defense funds over and above the normal defense budget amount. TFL will be funded in any event, but without the added money, the Pentagon would have to pay for it by "robbing" other needed DoD programs. Providing the full added TFL funds sends a powerful signal that Congress intends to honor the lifetime health care commitment to older servicemembers without cutting funds for other needed readiness or quality-of-life programs.

The American Legion recommends that an additional $1.4 billion be added to the Defense Health Program to meet health benefit obligations to military beneficiaries for the current fiscal year. This program has been chronically under-funded for years.

The American Legion appreciates the significant military health care enhancements enacted in the FY 2001 Floyd D. Spence National Defense Authorization Act. The American Legion recommends that Congress reiterate its commitment to authorize and appropriate sufficient funds for these improvements within DoD's Health Program, and further, to direct the Health Care Finance Administration (HCFA) to reimburse DoD for its care of Medicare-eligible military families at Military Treatment Facilities (MTFs).

The Military Health System (MHS) is chronically under-funded, resulting in execution shortfalls, lack of adequate equipment capitalization, failure to invest in infrastructure and slow reimbursement to managed care support contractors. For years, MHS has been forced to rely on emergency supplemental appropriations or the reprogramming of funds within DoD.

The military's health care program is one of the most important benefits afforded the men and women who serve in or have retired from the uniformed services. The promise of *free* health care in MSFT was a major selling point in military recruiters' or career counselors' pitch to enlist or retain personnel in the uniformed services.

OTHER MILITARY RETIREE ISSUES

The American Legion believes strongly that quality-of-life issues for retired military members and families also are important to sustaining military readiness over the long term. If the Government allows retired members' quality-of-life to erode over time, or if the retirement promises that convinced them to serve are not kept, the retention rate in the current active-duty force will undoubtedly be affected. The old adage *you enlist a recruit, but you reenlist a family* is truer today than ever as more career-oriented servicemembers are married or have dependents.

Accordingly, The American Legion believes Congress and the Administration must place high priority on ensuring that these long-standing commitments are honored:

- *VA Compensation Offset to Military Retired Pay (Retired Pay Restoration)* – Under current law, a military retiree with compensable, VA disabilities cannot receive both military retirement pay and VA disability compensation. The military retiree's retirement pay is offset (dollar-for-dollar) by the amount of VA disability compensation awarded.

  The purposes of these two compensation elements are fundamentally different. Longevity retirement pay is designed primarily as a force management tool that will attract large numbers of high-quality members to serve for at least 20 years. A veteran's disability compensation is paid to a veteran who is disabled by injury or disease incurred or aggravated during active-duty military service. Monetary benefits are related to the residual effects of the injury or disease or for the physical or mental pain and suffering and subsequently reduced employment and earnings potential. Action should be taken this year to provide full compensation for those military retirees who served more than 20 years in uniform and incurred service-connected disabilities. Disabled military retirees

are the only retirees who pay their own disability compensation from their retirement pay. It is time to cease this inequitable practice. The American Legion supports funding to provide full concurrent receipt to all eligible disabled military retirees.

- *Social Security Offsets to the Survivors' Benefits Plan (SBP)* - The American Legion supports amending PL 99-145 to eliminate the provision that calls for the automatic offset at age 62 of the military SBP with Social Security benefits for military survivors. Military retirees pay into both SBP and Social Security, and their survivors pay income taxes on both. The American Legion believes that military survivors should be entitled to receipt of full social security benefits which they have earned in their own right. It is also strongly recommended that any SBP premium increases be assessed on the effective date or subsequent to, increases in cost of living adjustments and certainly not before the increase in SBP as has been done previously. In order to see some increases in SBP benefits, The American Legion would support a gradual improvement of survivor benefits from 35 percent to 45 percent over the next five-year period. The American Legion also supports initiatives to make the military survivors' benefits plan more attractive. Currently, about 75 percent of officers and 55 percent of enlisted personnel are enrolled in the Plan.

- *Uniformed Services Former Spouses Protection Act (USFSPA)* - The American Legion urges support for amending language to PL 97-252, the Uniformed Services Former Spouses Protection Act. This law continues to unfairly penalize active-duty armed forces members and military retirees. USFSPA has created an even larger class of victims than the former spouses it was designed to assist, namely remarried active-duty servicemembers or military retirees and their new family. The American Legion believes this law should be rescinded in its entirety, but as an absolute minimum, the provision for a lifetime annuity to former spouses should be terminated upon their remarriage.

CONCLUSION

Twenty-eight years ago, America opted for an all-volunteer force to provide for the national security. Inherent in that commitment was a willingness to invest the needed resources to bring into existence a competent, professional, and well-equipped military. Now is not the time to dismantle, through the consequences of under-funding national defense, but rather to fully support the all-volunteer force.

What needs to be done? The American Legion recommends, as a minimum, that the following steps be implemented:

- Continued improvements in military pay raises, equitable increases in Basic Allowances for Housing and Subsistence, military health care, improved educational benefits under the Montgomery G.I. Bill, improved access to quality child care, and other quality-of-life issues.

- Defense spending, as a percentage of Gross Domestic Product needs to be maintained between 3 and 4 percent annually. At least $160 billion should be appropriated over six years to address the immediate concerns of the Joint Chiefs of Staff.

- The Quadrennial Defense Review needs to be fully reevaluated as it provides neither the forces nor the defense budgets to fight two nearly simultaneous major regional conflicts, while also conducting peacekeeping operations. The strategy-resources mismatch needs to be eliminated.

- Force modernization needs to be realistically funded and not further delayed or America is likely to unnecessarily risk many lives in the years ahead;

- The National Guard and Reserves must be realistically manned, structured, equipped and trained; fully deployable; and maintained at high readiness levels in order to accomplish their indispensable roles and missions.

Mr. Chairman, this concludes The American Legion statement.