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Prepared Statement of
The Honorable Michael Dominguez
Principal Deputy Under Secretary of Defense
Personnel and Readiness

Before the
House Armed Services Military Personnel
Subcommittee

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Michael L. Dominguez was nominated by the President as the Principal Deputy Under Secretary of Defense for Personnel and Readiness on November 21, 2005 and confirmed by the Senate on July 11, 2006. As a presidential appointee confirmed by the Senate, he is the primary assistant to the Under Secretary of Defense for Personnel and Readiness providing staff advice to the Secretary of Defense and Deputy Secretary of Defense for total force management as it relates to manpower; force structure; readiness; Reserve component affairs; health affairs; training; and personnel policy and management, including equal opportunity, morale, welfare, recreation, and quality of life matters.

Prior to this appointment, Mr. Dominguez served, from August 2001 until July 2006, as the Assistant Secretary of the Air Force for Manpower and Reserve Affairs. His responsibilities included developing and overseeing Air Force manpower and personnel policies, readiness, and Reserve component affairs.

Mr. Dominguez also served as Acting-Secretary of the Air Force from March 28, 2005 thru July 29, 2005. In this role, he was responsible for the affairs of the Department of the Air Force, including the organizing, training, equipping and providing for the welfare of its more than 360,000 men and women on active duty, 180,000 members of the Air National Guard and the Air Force Reserve, 160,000 civilians, and their families.

As an Air Force dependent, Mr. Dominguez grew up on bases around the world. After graduating in 1975 from the U.S. Military Academy at West Point, N.Y., he was commissioned a second lieutenant in the U.S. Army, reported to Vicenza, Italy, then worked varied assignments with the 1st Battalion, 509th Infantry (Airborne) and the Southern European Task Force. After leaving the military in 1980, Mr. Dominguez went into private business and attended Stanford University's Graduate School of Business. In 1983 he joined the Office of the Secretary of Defense as an analyst for Program Analysis and Evaluation (PA&E).

Mr. Dominguez entered the Senior Executive Service in 1991 as PA&E's Director for Planning and Analytical Support. In this position he oversaw production of DOD's long-range planning forecast and its \$12 billion in annual information technology investments. He also directed the PA&E modernization of computing, communications and modeling infrastructure. He joined the Chief of Naval Operations staff in 1994 and assisted in the Navy's development of multi-year programs and annual budgets. Mr. Dominguez left federal government in 1997 to join a technology service organization. In 1999 he began work at the Center for Naval Analyses where he organized and directed studies of complex public policy and program issues. In 2001 he rejoined the staff of the Chief of Naval Operations where he worked until his appointment as Assistant Secretary of the Air Force.

EDUCATION

1975 Bachelor of Science degree, U.S. Military Academy, West Point, N.Y.

1983 Master's degree in business administration, Stanford University, Stanford, Calif.

1989 Program for Senior Officials in National Security, Harvard University

CAREER CHRONOLOGY

1. June 1983 - September 1988, program analyst, Office of the Secretary of Defense for Program Analysis and Evaluation, Washington, D.C.
2. October 1988 - September 1991, executive assistant to the Assistant Secretary of Defense for Program Analysis and Evaluation, Washington, D.C.
3. October 1991 - September 1994, Director for Planning and Analytical Support, Office of the Assistant Secretary of Defense for Program Analysis and Evaluation, Washington D.C.
4. October 1994 - April 1997, Associate Director for Programming, Office of the Chief of Naval Operations, Washington, D.C.
5. April 1997 - September 1999, General Manager, Tech 2000 Inc., Herndon, Va.
6. September 1999 - January 2001, Research Project Director, Center for Naval Analyses, Alexandria, Va.
7. January 2001 - August 2001, Assistant Director for Space, Information Warfare, and Command and Control, Office of the Chief of Naval Operations, Washington, D.C.
8. August 2001 - March 2005, Assistant Secretary of the Air Force for Manpower and Reserve Affairs, Washington, D.C.
9. March 2005 – July 2005, acting Secretary of the Air Force and Assistant Secretary of the Air Force for Manpower and Reserve Affairs, Washington, D.C.
10. July 2005 – July 2006, Assistant Secretary of the Air Force for Manpower and Reserve Affairs, Washington, D.C.
11. July 2006 – Present, Principal Deputy Under Secretary of Defense for Personnel and Readiness, Washington, D.C.

AWARDS AND HONORS

1980 Army Commendation Medal

1988 and 1994 Defense Meritorious Civilian Service Medal

1993 Defense Civilian Service Medal

1997 Superior Civilian Service Medal, Department of the Navy

1998 Meritorious Executive Presidential Rank Award

January 2005, July 2005 and July 2006, Air Force Exceptional Civilian Service Medal

INTRODUCTION

Chairman Snyder and subcommittee members, thank you for the opportunity to testify about the educational assistance programs that have been so effective in helping the Department achieve its force management objectives while providing our service members with a valuable benefit that helps them achieve their educational goals. Today, we are here to discuss changes to the two Reserve educational assistance programs—the Montgomery GI Bill for the Selected Reserve (MGIB-SR) and the Reserve Educational Assistance Program (REAP). These two programs were designed as incentives to encourage members to remain in the Selected Reserve. Today, we will discuss, among other issues, whether the reserve educational assistance programs also should provide a post-service education benefit. I would first like to briefly describe the Selected Reserve force today, how the two reserve educational programs—as they exist today—help us maintain that force, and then describe various changes to these programs we would like to make.

MONTGOMERY GI BILL FOR THE SELECTED RESERVE

Just under 50 percent of members serving in the Selected Reserve are today within their eight-year military service obligation. Even those with a remaining service obligation, unless they have committed to service in the Selected Reserve in exchange for an incentive, can transfer to the Individual Ready Reserve at any time. Thus, incentives are an important tool in manning reserve units. To illustrate, the typical Infantry Brigade Combat Team (BCT) is made up of 313 officers of which 76 percent are company grade officers and 3,439 enlisted personnel of which 82 percent are E-5s or below. Data show that the majority of enlisted personnel (75%) who use MGIB-SR benefits are E-4s or E-5s, and the vast majority of enlisted personnel are pursuing an

undergraduate degree (90%). Company grade officers are the predominate users of the MGIB-SR program (70%) with 95 percent of officers pursuing an undergraduate or graduate degree. This is the target population we need to man our force.

To sustain the All-Volunteer Force, particularly in the Guard and Reserve where the majority of Selected Reserve members may quit at any time, we need every tool available to get members to commit to service in the Selected Reserve. The Montgomery GI Bill for the Selected Reserve (MGIB-SR) helps us do that by requiring a member to commit to six years of service in the Selected Reserve to gain eligibility for MGIB-SR benefits. Of the 326,000 Selected Reserve members who made that commitment and are currently eligible for MGIB-SR benefits, 182,000 (56%) are within their six-year service obligation.

RESERVE EDUCATIONAL ASSISTANCE PROGRAM

The new Reserve Educational Assistance Program (REAP) was developed to reward Guard and Reserve members who are being asked to serve more frequently and for longer periods. It was designed to provide a richer educational benefit to Guard and Reserve members who serve in support of a contingency operation. A member who serves as few as 90 days is eligible for \$430 a month in educational assistance for up to 36 months. The only requirement is that the member continues to serve in the Selected Reserve, or Ready Reserve if the member was serving in the Individual Ready Reserve (IRR) when he or she was called to active duty. The benefit level increases to as much as \$860 per month if the member serves for two years. This is actually a richer benefit than the active duty MGIB benefit for two years of active duty service. This is because the reserve member does not have a payroll deduction to become eligibility for the REAP benefit.

Our most recent survey data show that 81 percent of reservists were full-time employees when they were activated. Twenty-eight percent reported that they did not return to the same employer, while eight percent were not in the work force at the time they were activated. The survey data also show that 26 percent of reservists were enrolled in a civilian education program at the time of their most recent activation with approximately two thirds enrolled as full-time students.

Attrition in FY 2006 was at its lowest since 1991. Those who have been mobilized and deployed remain with us at the same rate as those who have not been mobilized, although attrition among reservists who have been mobilized and not deployed is slightly higher. It is reenlistment bonuses and the Reserve educational assistance programs that are helping us retain members in the Selected Reserve.

MONTGOMERY GI BILL FOR ACTIVE DUTY

Guard and Reserve members who have served in support of the Global War on Terror can also qualify for MGIB benefits. We have 7,300 Ready Reserve members who have gained MGIB eligibility and made the required \$1,200 pay reduction as a result of their Global War on Terror service. These reservists have the option of receiving monthly benefit payments at the “two year” rate (\$873) based on their active duty service with no further service commitment (unless they had already incurred a Selected Reserve service obligation), or they may agree to remain in the Selected Reserve for four years and receive monthly benefit payments at the “three year” rate (\$1,075). Additionally, 1,700 Reserve component members who already held eligibility for MGIB benefits have opted to increase their benefit level by making the required \$600 pay reduction in order to receive an additional \$5,400 in benefit payments.

A TOTAL FORCE GI BILL

Last year, this Committee heard testimony urging the Congress to consolidate the three separate educational assistance programs into a “Total Force GI Bill.” In fact, legislation has already been introduced that would place the two reserve programs in title 38 along with making some modifications to each program. The Department strongly supports changes to the reserve educational assistance programs that help sustain the Reserve components and the All-Volunteer Force. But we adversely affect retention by offering a post-service benefit that is more attractive than the benefit available to those who remain in the force. We need to find a way to balance force management objectives while wisely using limited appropriations so we get the greatest return on tax-payer dollars.

Certainly almost any program can be improved and we share your interest in ensuring that the educational assistance programs provide a robust benefit for the users, while giving the Department of Defense the tools it needs to meet force management objectives. There are a number of variations on a “Total Force” GI Bill. But all of these proposals appear to have two common characteristics. First, the reserve education programs would be recodified in title 38 of the U.S. Code; placing them under the purview of the Secretary of Veterans Affairs. Second, the REAP program would provide a post-service benefit for Selected Reserve members.

The original concept of a “Total Force GI Bill” was to create a single program drawing from the best attributes of all three educational assistance programs. But if the programs are to continue to serve the distinct purposes for which they were designed, it may be difficult to truly have one program. The calls for a single program simply view military service as the pathway to an education benefit, not a program to retain members. All the proposals we have reviewed to

date do not integrate the three programs; they simply remain three separate and distinct stand-alone programs that would be codified (and modified) in title 38.

Some commonality among all of the programs makes sense. They should all provide assistance for the same education programs so, other than the amount paid, use of any program is transparent to the student and educational institution. This can be achieved by linking the benefits available in the title 10 programs to the benefits provided in the title 38 programs, just as we did when we linked the benefit rates for the title 10 REAP program to the title 32 MGIB rates.

The first proposal to establish a total force GI bill was submitted to Secretary Nicholson by the Veterans Advisory Committee on Education (VACOE). Secretary Nicholson and Dr. Chu established a DVA/DoD working group to assess feasibility of that proposal. The working group has a number of concerns with the VACOE proposal so they developed an alternative proposal, which they presented to the Joint Executive Council. We have learned from the efforts of the working group that small changes in current education programs can translate to significant costs to the government. Therefore, at the last meeting of the Joint Executive Council, the working group was directed to more closely examine the recruiting and retention effects of the various attributes of a single program and to develop a cost-neutral alternative. For that reason, the working group report has not been officially released. But I would like to state that there are some intriguing ideas developed by the working group.

Mr. Chairman, the Bill you introduced and a similar Bill introduced in the Senate would place all three educational assistance programs under the Department of Veterans Affairs. Whether a member has a better benefit under the current REAP design or the design in your Bill depends on the number of months a member was activated and the number of months the

reservist needs financial assistance. Regardless of design of the benefit, the most important issue is that the members fully understand the benefit and the eligibility criteria.

PORTABILITY AND THE RESERVE PROGRAM BENEFIT RATES.

We are in a different time and the force is different than it was during World War II and Viet Nam. Today we have an All-Volunteer Force. People have made a choice to serve in the Guard or Reserve. As “citizen-soldiers,” they serve part-time. As previously noted, eighty percent of reservists were employed full-time when activated and twenty-six percent were enrolled in school. Reintegration and readjustment are important to citizen-soldiers, particularly to those reservists who were not in the workforce when mobilized or change jobs. They have the opportunity to use their education benefits while still enjoying the benefits of continued service. But, as the data show, most reservists are not beginning a new career when they are released from active duty, unlike their active duty counterparts. Our concern with providing portability is the loss of a tool that helps us retain our combat veterans. We need an incentive that encourages them to stay, not to leave. Our focus is on maintaining the All-Volunteer Force. That is why we find the retention aspects of both the reserve educational assistance program such an important attribute.

The MGIB-SR benefit rates have been adjusted annually according the Consumer Price Index, as provided in statute. This is the index used for both the MGIB program and the MGIB-SR program. But this annual adjustment has not kept pace with the cost of education. The widening gap between the rates paid under MGIB and MGIB-SR programs is the result of adjustments made to one program but not the other. To restore the historic relationship between the two programs, the Department estimates it would cost just over \$13 billion over the next five years. While this is discretionary spending, the Reserve components are required to place funds

in the DoD Education Benefit Fund—money that is needed to increase readiness, fund modernization and purchase vital equipment.

CHANGE THE ADMINISTRATION SUPPORTS

The Administration has submitted a legislative proposal that would allow a Selected Reserve member to continue to receive REAP payments for up to 90 days while serving in the Individual Ready Reserve (IRR) and retain eligibility for REAP for members who remain in the IRR longer than 90 days. They would once again be able to begin using benefits when they return to the Selected Reserve.

CONCLUSION

Few areas, if any, are more important to the Secretary of Defense and the Secretaries of the Military Departments than recruiting and retention. We recognize our duty to fill the All-Volunteer Force with high-quality, motivated, and well-trained men and women. Education benefit programs have been a major contributor to recruiting and retention achievements over the past 20 years. It is our desire that any changes to these programs would only be undertaken if they improve recruitment, retention, force shaping and ultimately help us sustain the All-Volunteer Force.

We welcome the opportunity to discuss these important matters with Congress and I look forward to working with your committees to ensure that these programs remain robust. I would again like to thank the committee for its continued support of the men and women of the Armed Forces.