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OFFICE OF SENATOR SAM NUNN

FAX COVER SHEET

TO: Jack Low
OFFICE: White House / National Service
FROM: Cele Garman
NUMBER OF PAGES: 18 (including cover sheet)

COMMENTS:

Jack -

As I mentioned, Fred Ting is the early retirement guru. He met with Aspin's folks today about implementation of the program. It seems DoD is ready to act as early as next week! For further information, either give Fred (224-3821) or myself a call (224-8804)

PLEASE CALL 202-224-3521
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Thanks -

Cele
Garman

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United States Senate

COMMITTEE ON ARMED SERVICES

WASHINGTON, DC 20510-6050

February 19, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I know you share my view that there is a critical need for aggressive defense conversion and transition programs to assist the people, communities and industries affected by the drawdown of our defense establishment. Such programs were authorized by Congress last year in the National Defense Authorization Act for Fiscal Year 1993, and approximately \$1.7 billion was appropriated to carry out these programs in the current fiscal year.

Included in this legislation are programs to help businesses and communities respond to the reductions in defense spending and to provide for the readjustment, education, and training of active duty, reserve, and civilian personnel in the Department of Defense whose jobs are being eliminated. I know that you support the implementation of these defense conversion and transition assistance programs. Secretary Aspin was instrumental in drafting this legislation last year, and I know he is also anxious to see these programs implemented.

Unfortunately, the unwillingness of the previous Administration to take any steps to implement these transition provisions is preventing this important assistance from reaching those who need it right now. For example:

- Civilian communities across the country, particularly in hard-hit states like California and Connecticut, are reeling from the effects of cutbacks on defense procurement programs. Delays in implementing the assistance programs for industry and communities in last year's legislation will only further delay the prospect of economic recovery in these communities.
- The military services will have to unnecessarily force out tens of thousands of active duty personnel if the voluntary 15 year early retirement incentive authorized last year is not implemented soon.
- Large lay-offs of Defense Department civilian employees will be necessary if the retirement and resignation incentives that we authorized and funded are not implemented soon.

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- Reductions in National Guard and Reserve units cannot proceed until the transition benefits authorized for these personnel are implemented.

Mr. President, we can address these problems now. I would like very much to work with you and Secretary Aspin to expedite the implementation of these transition programs to assist the dedicated military and civilian personnel of the Department of Defense who are facing the prospect of losing their jobs. Until your Administration's entire new national security team is confirmed and on board, I hope you will consider assigning implementation of these programs to a Task Force of senior career officials in the Defense Department to get the process underway.

I stand ready to assist you and Secretary Aspin in any way I can in this important effort.

Sincerely,



Sam Nunn
Chairman

cc: Secretary of Defense Aspin

Expediting Implementation of Personnel Transition Authorities

The Defense Department needs to move out promptly to implement the active, reserve, and civilian transition authorities we provided last year.

Active Duty Personnel

The 15 year early retirement authority for active duty personnel was embraced by the Clinton campaign and is needed to help the services reduce the senior, currently protected element of the inventory. CBO estimates that use of this authority could save nearly \$1 billion in FY1994, and \$4.5 billion cumulatively over five years (see attached). Because this authority is linked to the incentive for early retirees to seek work in critical community service type jobs, its implementation will require substantial coordination with OPM, Labor, Education, and other departments.

Reserve Personnel

National Guard and Reserve personnel cannot be involuntarily separated until the package of transition authorities we provided last year are implemented. These include authorities for early retirement to trim large surpluses in the 15-20 and over 20 years of reserve service categories, involuntary separation pay, and continuation of Reserve C.I. Bill benefits. The services cannot even start to make the modest cuts we approved last year until the authorities are implemented. In some cases, reservists who were separated have been called back because their separation violated the law.

Civilian Personnel

DOD needs to proceed with substantial civilian reductions. For example, the Air Force and Army Material Commands will be seeking authority to RIF about 20,000 people if the civilian transition benefits we authorized last year are not implemented soon. These authorities include early retirement incentives and which could ameliorate the requirement for any RIFs.

Opportunity to be for the Troops

The Clinton Pentagon can take credit for implementing these authorities that the Bush Pentagon put on the back burner. The Service Times publications are sure to applaud early implementation of these authorities as good people programs. There is an opportunity here to build up some good will, especially in light of some of the tougher decisions that will be coming down the road.

88 REDUCING THE DEFICIT

February 1993

DEF-35 USE EARLY RETIREMENT TO REDUCE THE NUMBER OF MILITARY PERSONNEL

Savings from CBO Baseline	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1994	1995	1996	1997	1998	
Savings in Total Federal Budget						
Budget Authority	590	1,350	1,100	-190	20	2,870
Outlays	550	1,290	1,120	-120	10	2,850
Savings in Defense Budget						
Budget Authority	950	2,070	1,580	-130	90	4,560
Outlays	900	2,010	1,600	-50	80	4,540

NOTE: Savings in the federal and Department of Defense budgets differ because of the effects of accrual accounting for military retirement and other pay costs that are offset in the federal budget.

The National Defense Authorization Act for Fiscal Year 1993 allows the service secretaries to permit members to retire with as few as 15 years of service. That provision differs from normal retirement at 20 or more years of service in two important respects: (1) the service secretaries may prescribe eligibility criteria involving factors such as grade, years of service, and skill; and (2) the member's annuity amount, although based on the same formula used for normal retirement, is reduced by 1 percent for each year short of 20 that the member retires. Authority for early retirement expires on October 1, 1995.

How the Department of Defense uses the new authority could have important effects on both near-term defense costs and long-term federal costs for military retirement. The services could use early retirement to avoid the need to separate involuntarily senior members who are eligible for normal retirement, to reduce the need for involuntary separations of more junior personnel, as a substitute for other incentives designed to encourage the voluntary separation of career members, or to speed up personnel reductions. All of these policies would tend to reduce near-term defense costs, but only the last--speeding up the reductions--would definitely reduce federal outlays in both the near and the long terms.

This option would link the services' use of the early retirement incentive to reduced personnel levels, thus ensuring long-term savings in retirement costs. The Congress would direct DoD to grant early retirement to at least 60,000 personnel by the end of 1994. That number represents the difference between the number of people now serving with 15 to 19 years of service and the number who would be serving in the long run in the smaller base force, given current retention rates; that is, it represents one estimate of the number of excess personnel in that experience range. Personnel levels at the end of 1994 and 1995 would then be reduced by the cumulative number of early retirements. Because this option is designed to accelerate the drawdown rather than deepen it, it would not reduce personnel levels in 1996 and beyond.

Savings in defense budget authority under this option could total \$950 million in 1994 and \$4.6 billion over the 1994-1998 period. These savings assume that approximately 62,000 people would be allowed to retire with 15 to 19 years of service in 1993 and 1994. The savings are net of the retirement benefits paid to the early retirees, which would total \$2.1 billion over the five years. The defense savings include reductions in the accrual charges for military retirement that DoD pays into a trust fund.

CHAPTER TWO

DEFENSE AND INTERNATIONAL DISCRETIONARY SPENDING 89

These reductions in DoD outlays are offset in the total federal budget.

In addition to the near-term savings, long-term outlays for military retirement would decrease under this option. For each officer who retired at 15 years of service, total retirement payments would be reduced by at least \$50,000 in present-value terms--\$130,000 or more if the officer would have received another promotion had he or she not retired early. Comparable reductions for an enlisted member retiring at 15 years of service would be \$22,000 and \$60,000 or more, respectively.

If personnel levels are not reduced, long-term retirement costs could increase substantially. The services might then use early retirements to lessen the need for the voluntary or involuntary separation of other career personnel who were not eligible for retirement. If allowed to stay, many of them would eventually qualify for retirement at 20 years of service, costing the government much more than it would save as a result of the early retirements.

In addition to the savings, linking early retirement to reductions in personnel would facilitate personnel management. Without an early retirement program, the services would retain more personnel than needed with 15 to 19 years of service until they became eligible for normal retirement. DoD has

already used existing management tools to eliminate such excesses in other years-of-service groups, creating in effect a bulge in the years that can now be targeted for early retirement. Arguably, the services would be better off without the people in that bulge, who merely slow the promotions of more junior personnel.

Critics of using early retirement to reduce the size of the military might argue that the primary obstacle to faster personnel reductions is not the availability of tools for separating personnel but the inability of the personnel management system to replace departing personnel rapidly in the units that need them. Increasing the number of separations compounds the problem, even if the services do not need the additional personnel in the long run. Critics might also argue that the early retirement program would not reduce the services' use of other separation programs; rather, early retirement would allow the services to raise the number of new recruits to levels consistent with their long-term needs. Finally, extensive use of early retirement, which this option would virtually guarantee, might create pressure to continue the program beyond its current expiration in 1995. Continuing the program could lead service members to view retirement after 15 years of service as the norm rather than as a temporary authority to meet extraordinary needs.



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Senate

INVESTING AMERICA'S PEACE DIVIDEND

Mr. NUNN. Mr. President, in a series of speeches last week I talked about the contributions and sacrifices that our men and women in uniform made in winning the cold war. I also outlined the support we have provided to our military personnel and why such continued support is necessary in the future.

Today I want to discuss the impact of the defense build-down on the military members and the civilian workers in our defense establishment. Their dedication, their talents, and their commitment helped our Nation win the cold war. These men and women truly are our real peace dividend. We have an obligation to keep them from becoming victims of their own success. In meeting this obligation, we have an opportunity to invest this peace dividend in people and in America's future.

HUMAN IMPACT OF THE DEFENSE BUILD-DOWN

The dramatic—and in most cases welcome—changes in the international security environment during the past year mean that some of the traditional threats to our national security have changed radically and fundamentally. The disintegration of the Soviet Union and the demise of Soviet communism mark the end of the cold war. We hope it will not return. Although the world remains a dangerous and uncertain place, the changes in the international security environment mean that

we can reduce the amount of our own spending on national defense.

This reduction in defense spending is welcome because it comes at a time when we have a soaring Federal deficit and a great number of unmet domestic needs. But reductions in defense spending will have an unfortunate impact on a great many people in our Defense Establishment.

Last week, Secretary of Defense Dick Cheney and Gen. Colin Powell told the Armed Services Committee that 1 million people, civilian and military, will be released from the rolls of the Defense Department by 1996. That is 1 million jobs lost, just in the Department of Defense.

The employment picture in the U.S. defense industry is also bleak. A study by the Defense budget project last August predicted that private sector defense industry employment would decline by over 800,000 jobs from 1990 to 1996 as a result of the defense spending reductions in the budget summit agreement. With the additional program terminations in the administration's fiscal year 1993 amended budget request, and any additional cuts Congress may make, the total loss of defense industry jobs is bound to be over 1 million. Added to the Defense Department jobs, this represents 2 million less jobs in the next several years.

This loss of over 2 million defense-related jobs by 1996 stands in stark contrast to what has happened in the

recent past. The Bureau of Labor Statistics shows that there has been a net increase of only 20,000 jobs in the whole U.S. economy in the last 3 years. These are very sobering figures for all of us who are anxious to return the economic growth necessary to pull the Nation out of the current recession.

It is a real irony that the victory of the United States and our allies in the cold war means the loss of 2 million defense-related jobs. These people are not losing jobs because they failed—they are losing jobs because they won. The Nation owes all of them—military members, DOD civilians, defense industry personnel, and their families—more than just a simple "thank you" for a job well done. We owe them an opportunity to use the skills that helped win the cold war to address some of our pressing public and private sector needs.

Mr. President, if we act wisely, we can turn the enormous problem of excess talent in defense occupations into the enormous asset of new talent in nondefense occupations. This talent can become an investment in our future productivity and economic growth.

If we fail to act, we may not only inhibit recovery from the current recession—we may also lose our best opportunity that recovery can lead to long-term and permanent economic growth.

DOMESTIC NEEDS

Clearly there is plenty of work to do at home. Too many of our colleges and universities must fill science and engineering classes with foreign students, in part because too many public schools in our country do not do an adequate job of teaching math and science. There is too much crime on our streets and highways, and too few law enforcement officials working to keep them safe. Too many hospitals and nursing homes need skilled staff, and too many Americans need health care at home, away from expensive institutions. Too many young people pass

through the critical turning points of early childhood and early adolescence without the attention they need to keep up with their peers in school and in a competitive world with their peers in other countries.

We saw just in this morning's paper the results of recent math and science scores putting Americans near the bottom of these categories in competition all over the world.

People leaving defense-related jobs cannot solve all these problems; all of them cannot be absorbed in such critical jobs. We can, however, ensure that those who can contribute in critical occupations are given every opportunity and every incentive to do so.

MILITARY PERSONNEL AN IMPORTANT SOURCE OF SKILLS AND TALENT

Adam Walinsky recently wrote a thoughtful column in the New York Times pointing out a number of areas where military personnel could contribute to solving some of our pressing domestic needs. While I do not share his view on one of his key suggestions, that is that military people should remain in the services to work in domestic programs, I do share his view that these military personnel can make an important contribution in a number of areas in our society. I ask unanimous consent that his article be printed in the Record at the end of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. NUNN. Mr. President, public schools—our first line of defense in the fight for global markets—can clearly benefit from people with the skills that they have learned in the military.

Sixty percent of our military officers have baccalaureate degrees, and another 35 percent of our military officers have a masters degree or higher. In addition, all of our military personnel must complete formal or on-the-job training in their military skill.

Much of this training is in skills that are directly transferable to our civilian economy skills like construction work; electrical engineering; computers; vehicle and aircraft maintenance; communications; law enforcement; accounting and financial management; and a whole range of medical skills.

After receiving their training military personnel are challenged daily to perform in a highly competitive environment that rewards discipline, leadership, teamwork, and professional excellence, exactly the qualities we need in our commercial sector and in our public service jobs.

Many of these military members are highly sought after by the private sector, but some of them should be encouraged to enter the teaching profession through alternative teacher certification programs like the one suggested by former Lieutenant Governor of Texas, Bill Hobby. Both he and Deputy Assistant Secretary of the Army for Training and Education Patricia Hines have written recent articles advocating this concept, and I ask unanimous consent that both articles be printed in the Record at the end of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 2.)

Mr. NUNN. Over the next several years, thousands of military personnel who have baccalaureate or masters or advanced degrees in math and science will be leaving the military services. Many of these individuals have been instructors in our military training establishments, which are among the best in the world. Many of these individuals could step right into teaching jobs in our colleges and universities, but, unfortunately, unless laws are changed at the State level, they are not able to move into our elementary and secondary schools because of archaic State teaching certification requirements. Texas and New Jersey are actively recruiting teachers through streamlined alternative certification

programs, and my own State of Georgia, under the leadership of Gov. Zell Miller is stepping up its efforts in this area and making changes so we can improve our performance in math and science by attracting more qualified teachers into these professions of math and science and also attracting more minorities into teaching.

Noncommissioned officers who may not have a college degree can be recruited to work as administrative assistants in schools where discipline is a problem. I can assure you that a Marine Corps or Army drill sergeant knows how to maintain order and discipline. I am not suggesting that our schools should be run like military basic training. But these former military instructors can adapt their leadership skills to the civilian teaching environment, help ensure discipline, and free up teachers to do what they are trained and paid to do—to teach. I do not know of anything that teachers tell me more than if they had someone to help with discipline in their classrooms, they could greatly increase their productivity.

Although public schools should be the first place we look for investing this human peace dividend, there are other fields in which separating military personnel have already trained and performed. For example, the Pentagon runs one of the largest health care systems in the world, operating 800 medical and dental facilities and 170 hospitals worldwide. This medical establishment will be reduced, and skilled military medical personnel will be leaving the services. There are also many other military personnel who can be quickly trained to move into the civilian health care field.

Large numbers of military police and personnel in law enforcement-related skills will be leaving the services. Many of these individuals have gone through the extremely rigorous screening program required for sensitive jobs in our government, including guarding nuclear weapons, and they

would be a tremendous asset to any law enforcement organization in the country.

Finally, Mr. President, there are many critical community service jobs that do not necessarily require technical skills but require dedicated people with the kind of leadership skills the military prides itself in developing. For example, the Cities in Schools Program is a private, nonprofit organization that currently has local programs in 18 States to reclaim school drop outs and potential drop outs. This program is working closely with the Pentagon to employ former military personnel—because they are the right kind of people for this type of critical work.

THE NEED FOR BALANCED REDUCTIONS IN MILITARY STRENGTH

Mr. President, the military services face a unique challenge in reducing their personnel strength over the next 5 years. I pointed out last week that in the past we have reduced the size of the military services by demobilizing large numbers of draftees, most of whom were delighted to see their term of service end or cut short.

We have a very different situation today. All military members on active duty are serving because they volunteered to do so. They all entered the military services with the expectation that if they performed well, they would have a rewarding and fulfilling career in uniform. The coming reduction in the size of the military services means that many of these volunteers will no longer have the opportunity to complete their military career.

In the past 2 years Congress has enacted a safety net of pay and benefits—including separation pay and voluntary separation incentives—to ease the burden on those military members who have to leave the services through no fault of their own. These benefits will be used primarily by military members with less than 15 years of service. The military services understandably, are very reluctant to sepa-

rate people with 15 to 20 years of service because these people are so close to the 20-year retirement point. However, the 225,000 people in this category represent 12 percent of the active duty force. Unless some reductions are made in this group, the services will be left with an unbalanced force with too many senior officers and noncommissioned officers. I should also point out that the officers and NCO's in this group are among the most highly trained and best qualified for jobs outside of the military services.

VOLUNTARY EARLY RETIREMENT

I believe there is a way to provide incentives to encourage military members in this 15 to 20 years of service group to voluntarily retire early and to take jobs in the fields of education, health care, law enforcement and other critical areas in our communities. The initiative I am working on and will propose to Congress would:

Help the military services reduce strength in senior grades by providing authority for the Secretary of Defense to offer early retirement to military members with 15 to 20 years of service;

Encourage separating military personnel to go into critical jobs such as teaching, law enforcement and health care; and

Facilitate any training in the necessary skills for these critical jobs in our communities.

Mr. President, I wish to take just a few moments this morning to summarize the three key provisions of this initiative.

The first provision would give the Secretary of Defense the authority to allow the voluntary retirement of military personnel with between 15 to 20 years of service during the period of the defense build down. This is not permanent. This is during the transition period. Individuals who retire under this provision would be eligible for immediate retired pay based on the current formula of 2.5 percent for each year of service multiplied by their basic pay. For example, an individual retiring with 15 years of service

would receive 37.5 percent of basic pay. For a mid-grade noncommissioned officer, E-6, this would amount to \$587 per month. These personnel would also be eligible for all other military retirement benefits, including medical care and discount shopping in military exchanges and commissaries.

This provision would provide the military services with an important personnel management tool that they do not have now to make reductions in the 15- to 20-year segment of the force. This early retirement authority is unusual, but it has been used in the past—most recently in the late 1930's—to help reduce surpluses in the ranks of the military services. In my view, this is a very appropriate time to use this early retirement authority again to help the military services reduce in a balanced, humane, and productive way. The military services will be able to offer this early retirement option, if the legislation I will introduce passes, to any military member with between 15 and 20 years of service who is in a surplus skill category.

The second provision of this initiative is an incentive for military personnel who choose this early retirement option to enter critical jobs in our communities. Under this provision, those military members who retire early and enter approved jobs in education, law enforcement, medical services, or other critical fields would be eligible to increase their military retirement years of service credit by 1 year for each year of such employment, up to a total of 20 years. For example, an individual who retired after 15 years of military service could accrue up to 5 years of additional credit in an approved job, for a total of 20 years. These retirees would later receive a one-time recalculation of retired pay based on their increased years of service at age 62. In the example I just used, the individual would begin drawing 37.5 percent of basic pay starting if he or she retired at 15 years of service and begin drawing 50

percent of his basic pay starting at age 62. The third provision of this initiative would help separating military personnel get any education or training that is a prerequisite for employment in a designated critical job in our society. Some of this training can be provided in the existing military training establishment. Other training or education that is not available must be provided through civilian institutions and programs.

Currently, most military members are eligible for the Montgomery GI bill benefit, which provides up to \$350 per month for postservice education after leaving the military. I suggest expanding the opportunity for all military personnel, particularly those whose military skills are not readily transferable to the civilian economy, to use this benefit for full time schooling while, if they so choose, they are still on Active Duty. This would allow military members in the combat arms, for example, to enroll in a course of training or education leading to service in critical civilian jobs in our communities. Personnel who take advantage of this opportunity would be placed on an educational leave of absence of up to 1 year with basic pay, and upon separation, be required to affiliate in the Individual Ready Reserve for 4 months for each month of training or education received under this provision.

Mr. President, these three key provisions—voluntary early retirement authority, incentives for public service in critical skills, and enhanced postservice education and training—create a winning situation for everyone affected by this program:

The military services will win because they will have another incentive to help them reduce the size of their career force.

Individual military members will win because they will have greater opportunities for postservice training and leave the military services.

America's communities and our local education establishments will win because they will benefit from the infusion of trained and talented people from the military services—especially in critical educational areas where we are woefully inadequate, particularly in the areas of math and science, but not only in those areas; but also in the area of language.

I cannot think of anything we need more in our society than the ability of people to speak foreign languages if we are going to compete in world trade. We have many, many schools that do not have adequate language teachers, and we have many, many people getting out of the military who do have these talents and the ability to teach.

Finally, Mr. President, our country will win because we will invest the tremendous talent that won the cold war in solving some of the Nation's pressing problems that will affect our future and particularly affect our economic growth.

Mr. President, I do not believe this initiative will result in significant increased costs to the Federal Government in the long term because the early retirement provision will produce potentially significant offsetting savings.

Although the early retirement provision would result in an immediate increase in the number of people leaving active duty who have between 15 and 20 years of service, I want to stress that these would be people who would have otherwise stayed on active duty until they completed the normal 20 years of service for retirement. The early retirement provision would move up the retirement dates of some of these people, and there would be a short-term increase in retirement outlays. However, the military services would avoid having to pay the salaries of those who choose to retire early, and therefore reduce active duty pay and allowance costs.

The early retirement provision

would also reduce long term retirement costs. The lifetime retirement benefit for a person retiring with less than 20 years of service under the early retirement option is less than the lifetime retirement benefit of that same person if he or she retired at 20 years of service.

For example, a midgrade noncommissioned officer [E-6] retiring at 15 years of service would receive 37.5 percent of his annual basic pay or \$7,640 per year. The same individual retiring at 20 years would receive 50 percent of his annual basic pay or \$10,675 per year. Assuming the actuarial life expectancy for this individual is 30 years from the age at which the individual would have completed 20 years of service, the individual would receive \$52,900 less in lifetime retired pay if he or she retired at 15 years of service. In this case, even though the individual would draw 5 more years of retirement pay, the individual does so at a lower basic pay level and at a lower years for service multiplier than if the individual retired at 20 years of service.

Mr. President, I hope that this important option for our military men and women and for our Nation's economy will be enacted. The Pentagon must lead the effort to establish this transition program for separating military personnel. This means that the Defense Department must make sure that the number of military personnel allowed to retire early is consistent with the manpower needs of the military services. The Defense Department must ensure that the early retirement program is coordinated with other voluntary separation programs to reduce the military personnel inventory in a balanced way. And the Defense Department must develop a program to match separating military personnel who wish employment in critical jobs in our communities with job vacancies, and identify any intervening training or education that would be required for these jobs.

Finally, it is important that standards for alternative certification are developed, including appropriate criteria for military training and experience, and that the States adopt these standards. I am encouraged that the National Conference of State Legislatures, and the Education Commission of the States are beginning to work along these lines.

Mr. President, I believe this legislation will go a long way toward applying the wealth of talent that our separating military personnel have to offer in correcting some of the problems we have at home. I will be working with Senator GLENN and Senator McCain, the chairman and ranking minority member of the Manpower Subcommittee of the Armed Services Committee, along with Senator WARNER and other members of the Armed Services Committee on this initiative. I will also be consulting Chairman ASPIN, Congressman Dickinson and the members of the House Armed Services Committee. I invite my colleagues to join me in developing this concept.

TRANSITION ASSISTANCE FOR CIVILIAN DEFENSE WORKERS

In addition to military personnel, there will be large numbers of Defense Department civilian employees and workers in defense industry who will lose their jobs and who are losing their jobs now because of the restructuring of our defense establishment. There will be about 1 million of these at least in the next 3 years. Like their uniformed counterparts, they face significant challenges of career transition. I think we owe these people more than a handshake and best wishes for finding a job in this recessionary economy. I believe that the human cost of career disruption, the value of this human capital to our economy, our pressing domestic social needs, and the economic challenges we face as a nation demand that we develop a program of transition assistance which responds to the needs of these individuals and to the needs of our economy.

Two years ago we anticipated the problems in the defense sector of the economy that would be caused by the restructuring and down sizing of the defense establishment. The National Defense Authorization Act for fiscal year 1991 authorized a comprehensive program of economic adjustment, diversification, conversion and stabilization assistance for individuals and communities adversely affected by the closure, realignment or reduction of military installations and industrial plants.

Under this program, the Secretary of Defense was authorized to make economic planning grants to communities affected by the defense drawdown. The Secretary of Labor was authorized to make grants to States, employers, employer associations, and representatives of employees to provide training, career adjustment assistance and employment services to employees adversely affected by reductions in defense spending.

The Secretary of Commerce was authorized to help affected communities and regions develop economic redevelopment strategies, and the Administrator of Small Business was authorized to assist small businesses, which have been heavily dependent on defense business. A total of \$200 million was authorized and appropriated for this initiative in fiscal year 1991.

At the time, the Bush administration opposed the creation of this program. Since then, they have been slow to implement the assistance programs authorized by this legislation, and the tangible benefits for individuals and communities affected by the defense build down have been delayed. It took the better part of a year for the Defense Department to decide to actually spend the funds authorized and appropriated for these programs. The Commerce Department only recently agreed to fund economic redevelopment initiatives through the Economic Development Administration using these funds. Training and other transition assistance grants through the

Department of Labor are only now beginning to reach those employees directly affected by reductions in defense spending almost 18 months after the legislation was enacted.

Mr. President, there is no excuse for these kinds of delays, especially in light of the economic conditions we are now facing. In the next several years, the job losses in the Department of Defense and the U.S. defense industry are going to reach unprecedented levels compared to recent years. Last August, for example, a Defense budget project study predicted that in fiscal year 1993 alone, which begins next October 1, 300,000 jobs would be lost in the U.S. defense industry—and that was before the program terminations called for in the administration's fiscal year 1993 Defense budget.

Mr. President, make no mistake about it, if we accelerate the President's rate of Defense expenditure cuts, there are going to be more people out of work. As we debate marvelous new programs, tax incentives, and spending programs and say let us take it out of Defense, remember that every time we do that, we are going to be losing jobs immediately and up front, hopefully in order to create jobs down the way. Some of that may be necessary, some of it may be desirable, but we should understand what we are doing.

I think we need to go back and look at expanding the scope of—and increasing the funding for—the program of assistance for displaced Defense Department civilian employees and workers in the U.S. defense industry.

In the future, the Defense Department will increasingly rely on dual-use technologies and manufacturing processes—that is, processes that can be used in both the defense and the non-defense arena—as the central feature of our acquisition policy. In addition, we will depend heavily on a robust commercial industrial base as the foundation for our reconstitution

strategy in the event of a national emergency.

It is essential that we not dissipate the huge pool of talent that we have assembled in the defense industry as we reduce the size of our Defense Establishment. We have thousands of skilled individuals, as well as numerous research teams and design teams, that can contribute significantly to our industrial revitalization while maintaining their ability to participate in defense-related acquisition programs, if needed, in the future. It will take effective planning, training, and coordination to ensure that these talents are effectively converted into viable commercial sector applications.

The first step should be to designate a single department and a single official in the Federal Government responsible for ensuring an effective, coordinated program of transition assistance. The future of the industrial base that supports our national security is at stake here, and for that reason I believe that the responsibility for this effort should be centralized in the Department of Defense under the Secretary of Defense.

The Secretary of Defense, as I view it, should assume responsibility for administering the economic adjustment and transition programs for individuals and communities affected by the closing of defense industries. Of course, DOD must use the talents and experience of the Labor Department, the Education Department, and other agencies. But this must not become a bureaucratic shuffle. One Department must be responsible and accountable. The Defense Department knows best the scope and timing of civilian defense industry job losses, as well as the kinds of skills which are affected. Through administration of these transition programs, the Defense Department can both mitigate the impact on particular communities and preserve the critical skills and capabilities that we need to maintain in our industrial base.