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001. memo	For Anthony Lake from Marc Grossman. Subject: Security Assistance Eligibility for Albania, Romania, Estonia, Latvia, and Lithuania. (3 pages)	03/01/1994	P1/b(1)
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COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
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Chron File - March 1994 #2 [4]

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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

March 21, 1994

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH:

ROBERT BELL *RB*

FROM:

KEITH HAHN *KH*

SUBJECT:

Defense Proposed Testimony on Personnel Policy for
FY 1995

Tab II provides proposed testimony by the Under Secretary of Defense for Personnel and Readiness, Edwin Dorn, before the Defense Subcommittee of the Senate Appropriations Committee -- scheduled for tomorrow, March 22. Probably the only contentious section of the testimony is the paragraph on page 2 where he advocates the repeal of the Overseas Troop Strength (OTS) ceilings imposed by last year's Authorization Act. OTS would limit personnel permanently stationed ashore outside the U.S. on September 30, 1996 to no more than 60 percent of those so stationed on September 30, 1992. Despite the significant drawdown in forces underway in Europe, a 60 percent decline would not enable the Armed Forces to maintain presence requirements around the world.

Concurrence by:

Jeremy Rosner *JR*RECOMMENDATION

That you sign the memorandum at Tab I concurring in the proposed Defense testimony.

Attachments

Tab I Memorandum for Signature

Tab II Incoming Correspondence

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR JANET R. FORSGREN

FROM: WILLIAM H. ITOH

SUBJECT: Defense Proposed Testimony on Personnel Policy for
FY 1995

The National Security Council staff concurs in the proposed
Defense testimony.

URGENT

2083

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

March 18, 1994

LEGISLATIVE REFERRAL MEMORANDUM

LRM #H-1228

TO: Legislative Liaison Officer -

* *NSC especially page 2*
OMB - Only, See Distribution Below - ()

FROM:

JANET R. FORSGREN (for) *Janet R. Forsgren*
Assistant Director for Legislative Reference

OMB CONTACT: Melissa COOK (395-3924)

Secretary's line (for simple responses): 395-7362

SUBJECT: DEFENSE Proposed Testimony on Personnel
Policy for FY 1995

* *10:00am 21*
DEADLINE: ~~5:00pm TODAY~~ March 28, 1994 *

COMMENTS: According to DOD, this testimony is based on the Personnel chapter of the Secretary of Defense's Annual Report issued in Jan. 1994. The Annual Report was apparently cleared by OMB. The comments in the margins of the testimony refer to changes that were made to the text of the Annual Report.

OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or receipts for purposes of the the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:

Jim Fish

Wendell Waites

Tom Lewis

Lauren Haber

Doug McCormick (see
pgs. 13-14)

Intro to Pam Van Wie (see
pg. 12-13) *3/18*

Janet Forsgren

BACK CLENDENIN (pg 14-15)

LEW NICHOLS (pg 14-15) 3/18

LRM #M-1228

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

If your response to this request for views is simple (e.g., concur/no comment) we prefer that you respond by faxing us this response sheet. If the response is simple and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a secretary.

You may also respond by (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); (2) sending us a memo or letter; or (3) if you are an OASIS user in the Executive Office of the President, sending an E-mail message. Please include the LRM number shown above, and the subject shown below.

TO: Melissa COOK (395-3924)
Office of Management and Budget
Fax Number: (202) 395-6140
Analyst/Attorney's Direct Number: (202) 395-3924
Branch-Wide Line (to reach secretary): (202) 395-7362

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

SUBJECT: DEFENSE Proposed Testimony on Personnel Policy for FY 1995

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No objection

_____ No comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this
_____ response sheet

STATEMENT OF HONORABLE EDWIN DORN
UNDER SECRETARY OF DEFENSE (PERSONNEL AND READINESS)
HEARINGS BEFORE THE SENATE APPROPRIATIONS COMMITTEE
(DEFENSE SUBCOMMITTEE)
MARCH 22, 1994

CLEARED
FOR OPEN PUBLICATION

MAR 17 1994 21

DIRECTORATE FOR FREEDOM OF INFORMATION
AND SECURITY REVIEW (DFA/PA)
DEPARTMENT OF DEFENSE

Not for Publication Until

Released by the Subcommittee

94-420

INTRODUCTION

Mr. Chairman and members of the subcommittee, I am honored to appear before you today to present an overview of Department of Defense personnel issues.

Slightly changed

In his State of the Union address, President Clinton declared that, "Nothing is more important to our security than our Nation's Armed Forces. We honor their contributions. . . Our forces are the finest military our Nation has ever had. And I have pledged that as long as I am President, they will remain the best equipped, the best trained, and the best prepared fighting force on the face of the Earth." The American people and the American military have, after 40 years of effort, changed the world. They won the Cold War, creating a new security era, and in the Persian Gulf War proved themselves to be the best military force in the world today. DoD is committed to maintaining a quality force as it reassesses the security dangers that face America. We look forward to working with this subcommittee in carrying out this commitment.

REDUCED FORCE STRUCTURE AND MANPOWER LEVELS

updated

Cutting force structure--and the largely civilian infrastructure required to support those forces--is central to the Department's plan to maintain balance in defense posture. The FY 1995 budget continues planned force structure reductions. The Army will go from 24 divisions at the end of FY 1992 to 20 divisions by FY 1995 (12 active, 8 Reserve component). Navy Ship Battle Forces will continue to decrease to 373 ships in FY 1995. Included in the figure are 12 aircraft carriers, one of which is Reserve. The Marine Corps will maintain its three active and one Reserve divisions. By the end of FY 1995, the Air Force will have reduced to 13 Fighter Wing Equivalents (FWE) and 7.5 Reserve FWEs. There will be 107 bombers by the end of FY 1995.

Updated

The Air Force will also reduce the number of ICBMs to 550 by the end of FY 1995. Other U.S. attack/fighter air forces will include 10 active and 1 Reserve Navy carrier wings, and the Marine Corps will have three active and one Reserve attack/fighter wings.

The President's budget request for active military, Selected Reserve, and civilian manpower for FY 1995 shows significant progress toward achieving the Total Force that will support reduced force structure. At the beginning of FY 1994, active duty military strength was 1,705,000; by the end of FY 1995, active strength will decrease to 1,525,700. Selected Reserve and strength will be reduced to 979,000, and civilian employees will total 873,400 by the end of FY 1995.

new

Section 1302 of the FY 1993 Authorization Act directed a ceiling on military permanently stationed ashore outside the United States after September 30, 1996 to no more than 60 percent of those so stationed on September 30, 1992. When this legislation was passed FY 1992, the Congressional intent was to reduce overseas presence, primarily as a burden sharing issue. However, the Department's drawdown plan was accelerated following Operation Desert Storm. As a consequence, we achieved a significantly lower overseas end strength by end of FY 1992 than was envisioned by both Congress and the Department when this legislation was drafted. Without relief, our initial estimates show that a reduced overseas ceiling will not allow DoD to execute the forward positioning requirements determined in the Bottom Up Review and directed in the Defense Program Guidance. Specifically, if the troop strength ceiling of 100,000 is maintained in Europe, the projected Pacific troop strength will require a significant troop reduction to meet the Congressional Overseas Troop Strength (OTS) ceiling. Exacerbating the problem is Korea and the fact that the planned Nunn-Warner phase II drawdown has been postponed due to the North Korean threat. The option of reducing troops in Japan is also counterproductive since that country is a major burden sharing contributor. Repeal of the OTS legislation is not only supported by the President's budget but is in keeping with his foreign policy commitments outlined at the NATO summit meeting and reinforced during his trip to the Far East.

The Department's challenge is to build the right forces for the right mission. To maintain high personnel readiness levels, DoD intends to implement, monitor, and protect policies and

programs that will: (1) attract talented, motivated young Americans into the Armed Forces, (2) train them rigorously, realistically, and often, and (3) treat them fairly, by providing for their health and welfare, and for that of their dependents.

RECRUIT THEM

The first leg of the personnel readiness triad is attracting new recruits. The Department has been successful both in the number and quality of accessions. During FY 1993, 95 percent of new recruits were high school diploma graduates compared with an average 91 percent between 1980 and 1993. The same pattern exists in above average aptitude recruits; they comprised about 70 percent of FY 1993 intake, compared with an average of about 60 percent between 1980 and 1993.

Quality and Numbers of Enlisted Accessions: Active (Numbers in Thousands)						
FY 1993 Quality Indices			Accessions ¹			
Component/ Service	Percent High School Diploma Graduates	Percent Above Average Aptitude AFQT 1-84A	FY 1993 Objectives	FY 1993 Achieved	FY 1984 Planned ²	FY 1995 Planned ²
Army	85	70	76.9	77.6	88.8	79.1
Navy	84	70	69.1	69.1	87.8	87.8
Marine Corps	87	68	84.8	84.8	82.7	86.5
Air Force	88	60	91.8	91.8	80.1	91.8
TOTAL	86	71	806.9	807.9	790.2	789.9
¹ Includes prior service accessions.						
² Based on DOD budget plans for FY 1994-95						

Table 1

High-quality recruits are a cost-effective investment and absolutely essential to the readiness of the Military Services. Research has shown that about 80 percent of high school graduates will complete their initial three-year obligation, while only half of the nongraduates will make it. High school diploma graduates also have fewer disciplinary problems. In addition, higher aptitude recruits learn faster and perform better on the job than their lower aptitude peers (see Chart 1 on next page).

Higher Quality Means Better Performance

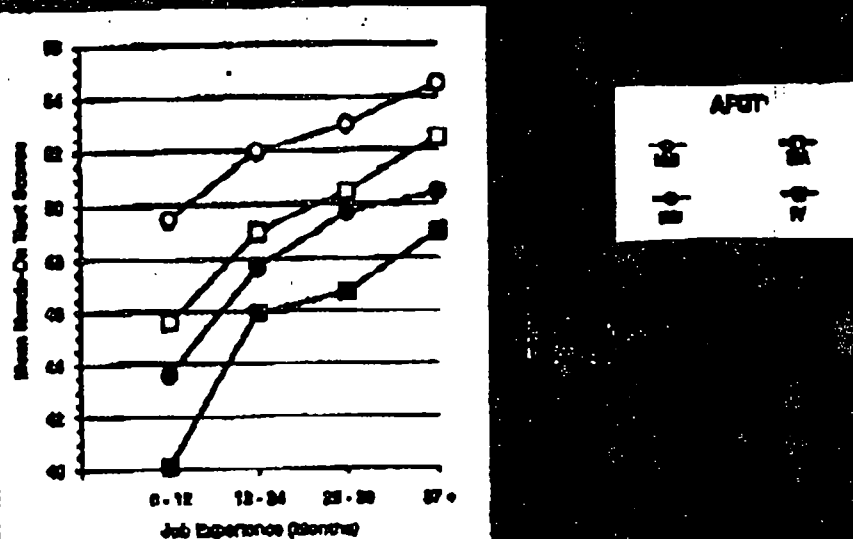


Chart 1

Lower numbers of high school graduates will require more accessions to replace higher attrition, consequently driving up recruiting costs. Resources allocated to recruiting must be sufficient to keep military recruits above 90 percent high school diploma graduates and 60 percent high-aptitude (Category I-III) recruits (the recruit quality floor). As shown in Chart 2 on the next page, the past four years have been the best in recruiting history and remain above the quality benchmark; however, sustaining the quality is becoming more of a challenge as recruiters must battle both a declining propensity of American youth to enlist in the Armed Forces and a growing perception that military service is no longer a secure or desirable option.

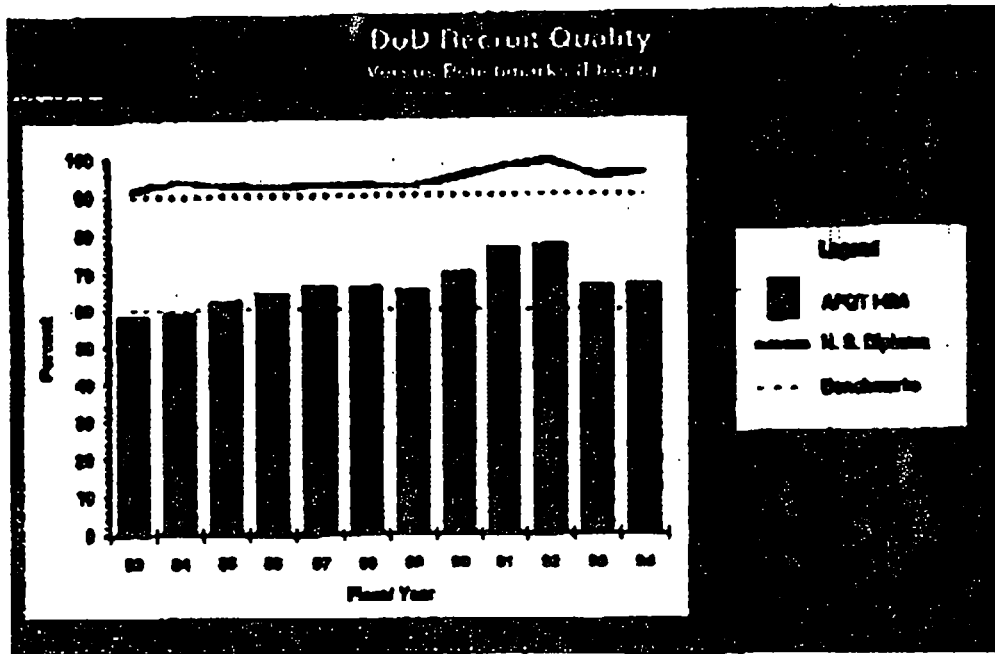


Chart 2

American youth are becoming less interested in joining the military. Since 1975, the Department of Defense has conducted annually the Youth Attitude Tracking Study, or "YATS." This is a computer-assisted telephone interview of approximately 10,000 young men and women, nationwide. YATS results are important because we know that the expressed intentions of young men and women are strong predictors of enlistment behavior.

What we call enlistment propensity is the percentage of youth who say they plan to "definitely" or "probably" enlist over the next few years. Our most recent YATS data show 25 percent of 16-21 year-old men expressed propensity to join at least one active-duty Service. This is a 2-percentage point decline from the 1992 level, and a 7-percentage-point decline from the historically high 32 percent levels in both 1989 and 1990.

The decline in propensity is important because it tells how much harder our recruiters must work to get the number and quality of enlistees we need. Recruiting resources—most notably advertising funds, have declined significantly from the FY 1986 peak. We believe that

resources are adequate for FY 1994 and that the Services will achieve their recruiting objectives with good quality. However, because of the drop in enlistment propensity, we are reconsidering our FY 1995 recruiting resource levels.

Publicity about downsizing and cutbacks, coupled with sharply reduced television advertising, seems to be persuading the public that we no longer are hiring ... or that we are not a secure employer. Consequently, the Department must tailor its marketing program to inform youth and their parents about the opportunities and benefits of military service.

Officer Accessions

Officer accession programs continue to be well-balanced. During each of Fiscal Years 1993-97, about 21,000 new junior officers will enter the Armed Services; roughly two-thirds will go initially to the active components, with the remainder going to the Reserves (which also are fed by officers leaving active duty). Approximate contributions from each source to this (21,000) annual cohort are shown in Chart 3 below.

DoD Officer Accessions by Source
Fiscal Years 1993-1997

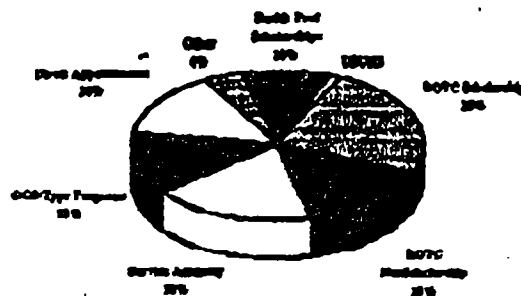


Chart 3

Recruiting In The Selected Reserve

Although the Reserve components are either downsizing or remaining at relatively level manpower strengths, an effective recruiting program is necessary for a balanced force. While all the Reserve components remain optimistic concerning their ability to maintain a steady flow of accessions—both with and without prior service—to fill critical skills and to maintain required grade distribution, turbulence associated with downsizing and restructuring offers new

challenges and opportunities. While the military is recruiting for fewer positions, many of these positions are hard-to-fill, critical skills.

The Reserve components are placing increased emphasis on the recruitment of prior-service personnel to minimize training requirements and to capture Active component experience during the force drawdown period. Since Reserve component recruiting must necessarily focus on units and skills within specific geographic areas, matching skills and grades to accommodate unit needs remains a significant recruiting challenge. The quality of enlisted accessions remains high. Incentive programs, such as targeted bonuses and the Montgomery G.I. Bill, remain essential to the success of Reserve component manpower programs.

Quality and Numbers of Enlisted Accessions - Selected Reserve (Numbers in Thousands)						
FY 1993 Quality Indices Non-Prior Service (NPS)			Total Accessions Non-Prior and Prior Service (PS)			
Component/ Service	Percent High School Diploma Graduates (HPS)	Percent Above Average Aptitude AFQT (BA APR)	FY 1993 Objectives	FY 1993 Actual ¹	FY 1994 Planned ²	FY 1995 Planned ²
Army National Guard	88	81	88.2	87.2	88.7	88.4
Army Reserve	86	74	80.6	68.4	82.0	80.3
Naval Reserve	84	63	22.1	20.4	18.3	18.7
Marine Corps Reserv	88	80	10.2	8.2	8.9	15.9
Air National Guard	84	81	8.2	8.2	12.2	8.8
Air Force Reserve	88	81	8.0	8.8	10.8	8.8
TOTAL	81	80	188.8	189.2	171.9	187.9
¹ Reserve Component Consolidated Personnel Data System						
² FY 1995 budget estimates						

Table 2

Full-Time Support to the Reserve Components

There are four categories of full-time support personnel in the Reserve components. These categories are Active Guard/Reserve; military technicians; Active component members who are assigned to support Reserve component Organizations; and federal civil service personnel.

Table 3 on the next page displays the strengths of full-time support personnel.

Full-Time Support Personnel (End Strength)				
	Actual FY 1982	Estimate FY 1983	Estimate FY 1984	Planned FY 1985
Army National Guard	66,671	62,818	62,006	61,362
Army Reserve	22,566	22,110	22,563	21,786
Naval Reserve	22,925	23,657	22,708	22,881
Marine Corps Reserve	7,389	7,070	6,906	6,468
Air National Guard	36,578	37,527	38,416	38,057
Air Force Reserve	16,819	16,864	17,578	17,751
TOTAL	161,477	161,545	167,775	168,234
* Includes active Guard and Reserve, military technicians, Active component, and civil service personnel.				

Table 3

Full-time support personnel provide the essential foundation for Reserve component unit readiness. Full-time support personnel assist in organizing, administering, recruiting, retaining, instructing, and training the Reserve components. Increased mission responsibility continues to be placed on the National Guard and Reserve components. Since training time of part-time members of the Guard and Reserve is limited, it is imperative that there are sufficient numbers of qualified full-time personnel to ensure that available training time is used effectively and that the sophisticated equipment in today's National Guard and Reserve units is maintained properly. The Department is currently developing more detailed policies to improve the quality and utility of full-time support to Reserve component units and activities.

Retention and Separation

During the draft era, the Department recalled one in five of its first-term enlisted members. By the late 1970s, that rate had improved to one out of every three first-termers reenlisting. By the early 1980s, these reenlistment rates stabilized at about one out of two, where it remains today. This translates into a much more experienced force than existed in the early 1970s. This increased retention is valuable; it provides more experienced supervisors and

leaders while improving the return on training investment. It also helps demonstrate a commitment by the Services to take care of their own—to treat people right.

Active military strength has decreased nearly 470,000—from 2,174,000 in FY 1987 to 1,705,000 at the end of FY 1993. While some additional strength reductions are planned, the Department remains committed to achieving them on a voluntary basis to the maximum extent possible. In fact, more than 95 percent of the drawdown is being accomplished through attrition, reduced accessions, and voluntary separation incentive programs—the Voluntary Separation Incentive (VSI), the Special Separation Benefit (SSB), and the Temporary Early Retirement Authority (TERA). As in the past, involuntary separations such as Reduction in Force (RIF) and mandatory early retirement actions will be taken only as a last resort.

Two trends are emerging from the drawdown: losses are occurring early, and they are voluntary. During FY 1992 and 1993, 60 percent of all service losses had fewer than six years of service; almost 80,000 career members separated voluntarily under VSI, SSB, or TERA; and over half of the more than 90,000 retirements occurred within the individual's first year of eligibility. As a result, DoD has been able to maintain reasonable promotion flows, avoid involuntary separation actions to the maximum extent possible, and demonstrate a continuing commitment to treat people fairly—both those who stay and those who leave.

DoD's civilian work force began the drawdown in 1989 with over 1,117,000 civilian employees. By September 30, 1999, there will be fewer than 800,000 civilians. The Department is developing a strategy to adjust civilian reductions with changes in military force structure to achieve the most efficient, cost-effective work force mix. In achieving the necessary reductions, DoD also intends to minimize layoffs, assist laid-off employees, and achieve work force balance.

Last year Congress authorized the Department to use separation pay to avoid involuntary separations of civilian employees. The Department has used these incentives extensively, with positive results. During FY 1993, civilian strength came down about 70,000, significantly minimizing the need for involuntary separations. For example, using incentives, the Air Force and Army Materiel Commands avoided RIFs at most locations, and naval shipyards and aviation depots significantly reduced the number of employees scheduled for involuntary separation. Because of these incentives, reductions have come without a disproportionate impact on women

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FROM OSD-IRS

TO FORSGREN

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and minorities. The DoD approach has been adopted by other agencies and is the basis for the Administration's proposal for a government-wide incentive program.

The Department has issued policy guidance for the transition initiatives for the Selected Reserve contained in the National Defense Authorization Act for FY 1993. This guidance ensures that Selected Reservists who are involuntarily separated during the force drawdown period are treated fairly and equitably for their service. These enacted initiatives include: (1) special separation pay for personnel with 20 or more years of service, (2) early qualification for retired pay at age 60 for those with 15 to 20 years of service, (3) separation pay for those with 6 to 15 years of service, (4) post separation use of commissary and exchange privileges, (5) continuation of the Montgomery G.I. Bill educational assistance, and (6) priority affiliation with other Selected Reserve units for those Reservists involuntarily separated short of a full career.

These programs are helping Reservists whose billets or units are inactivated as well as those who are transferred to the Retired Reserve as the result of programs designed to balance and shape Reserve forces of the future. In addition, use of active duty voluntary incentives—TERA, VSI, and SSB—has been approved where needed to assist National Guardsmen and Reservists serving on full-time duty in support of the Guard and Reserve. These benefits and incentives, together with a more gradual reduction in Reserve forces, will help the Department treat Reservists fairly, while ensuring the smaller Reserve force includes the proper balance of age, grade, skills, and experience.

TRAIN THEM

In order for military units to be mission ready, the individuals within those units must perform their jobs proficiently. The Department continues to identify ways to enhance individual skill performance and to explore alternative ways to meet occupational training requirements. To improve the efficiency and effectiveness of individual training, as well as achieve budget savings, DoD is making better use of training facilities, improving training technology, consolidating training courses, and investigating new ways to deliver training. The Chairman of the Joint Chiefs of Staff Report on Roles and Missions, as well as the Military Training Structure Review, will result in further consolidations of training. At the same time,

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FROM OSD-LRS

TO FORSGREN

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care is required to avoid shifting training to operational units when such training would be more efficiently and effectively provided by training institutions established for that purpose.

Commitment to Individual Training

Individual training provided to service members is one of the cornerstones to preserving American defense capabilities. The readiness of Active and Reserve forces is directly dependent upon the individual performance of service members, and training allows the military to achieve and maintain the highest levels of performance. Military personnel become qualified for and progress in their occupations through individual training. The Department's commitment to maintaining high standards of training and recruiting high-quality personnel will continue the success of the volunteer force. Training programs and resources were a major part of the Bottom-Up Review, which carefully looked at individual training resources in each of the Military Services, and will continue to receive high-priority management attention.

Individual Training Resources-FY 1995 Budget

Training resources have been maintained at a level consistent with DoD's adjusted force structure. The FY 1995 budget includes the essential Operations and Maintenance (O&M) resources needed to support critical individual training programs. This level of resources avoids shifting training missions to operational units and prevents the hollow force of the 1970s, when the scarcity of training resources adversely affected military readiness and morale.

Current Programs to Improve Training

The Department is continuing to emphasize improvements and efficiencies. The Joint Staff is working with the Services to conduct a comprehensive review of all training courses in order to achieve further consolidation. In order to improve the portability of course development software and reduce costs, the Department is giving additional emphasis to setting standards for computer-based training and distance learning. Low-cost applications of advanced training technology are currently being tested and implemented to assist both active and reserve units.

The most ambitious joint effort to date is the ongoing acquisition of a Joint Primary Aircraft Training System (JPATS) as the entry-level trainer aircraft for both the Navy and Air Force.

Career Force Training

Experienced personnel represent a significant investment of resources and effort, particularly as the force drawdown continues. For that reason, the Department is placing increased emphasis on preserving and upgrading the skills of career members. Professional and advanced training for officers and enlisted personnel prepares them to handle the more complex challenges associated with a smaller force which operates more technical systems and manages scarce resources. In addition, there has been an increase in joint training requirements to improve and support joint military operations and planning. Improving technical expertise, developing management and leadership skills, and supporting joint training will continue to receive a high level of attention.

Civil-Military Projects

The country recognizes that military personnel are an extremely valuable national asset. As a result, the military has been asked to assist civilian efforts in addressing some of the critical domestic issues facing us in the areas of education and job training, health, the environment, and disaster relief. Both the active and reserve components have been quick to respond. We are playing a vital role in establishing the Civilian Community Corps—the residential national service demonstration program. We have established Junior ROTC Career Academies in the public schools to address the academic, vocational, and other needs of at-risk inner-city high school students. The academies also provide retired military personnel teaching and administrative opportunities. We have implemented Guardcare—a program to provide health care services to medically underserved communities and individuals, while providing valuable training to National Guard personnel. We have also instituted a special residential program to provide high school dropouts the wherewithal to obtain the GED and with life coping and other skills. These programs are developed carefully in (1) take advantage of DoD's strengths and competencies and (2) focus on projects that contribute to the military mission and do not adversely affect readiness.

Troops to Teachers is the DoD Teacher and Teacher's Aide Placement Assistance Program to assist separated service members, terminated DoD and Department of Energy civilians, and certain displaced contractor employees to become certified and obtain employment

within the
Department
of National
and Community
Service. (

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FROM OSD-LRS

TO FORSGREN

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new { as teacher or teacher's aides. The program was authorized by the FY 1993 Defense Authorization Act (with modifications in the 1994 Authorization Act) and established in January 1994. It provides eligible applicants with a stipend of up to \$5,000 to defray the cost of becoming certified through a state's alternative certification program and a grant of up to \$50,000 over a 5-year period to school districts that agree to hire program participants. DoD has received over 1,000 applications from service members.

TREAT THEM FAIRLY

Finally, the third leg of the readiness triad is treating people fairly. The Department is working hard to demonstrate (both in word and actions) a genuine concern for the well-being of its personnel (military and civilian)—those remaining in the Services and those leaving. This affects not only readiness but also future recruiting. People serving in the military accept dangerous duty, frequent relocations, and extended periods of family separation as a necessary condition of service. While they pursue this noble profession of arms with pride, they need to be reassured that the nation appreciates and values their contributions and sacrifices. The Department is committed to providing a supportive environment to its people to ensure fair compensation, a decent quality of life, and career system that encourages retention.

Pay

new { Pay levels also are important. We really want to support our people, but, unfortunately, we have some limits on how we can do that. Specific concern has been voiced about the temporary reduction in military and Federal civilian employees' pay raises by one percent for FYs 1995-1997. Most of our people realize some sacrifice is needed to remedy our economic ills. This temporary measure, however, is not as much of a problem as the potential permanent decrease in military income relative to Federal civilian and possibly private sector incomes.

The Federal Employees Pay Comparability Act of 1990 (FEPCA) tied Federal civilian, and therefore military, pay raises to the Employment Cost Index (ECI)—a measure of the annual growth in wages and salaries for the average American worker. Starting with 1994, Federal employee raises were lowered to one-half percentage point less than the ECI. This decrease was offset for Federal civilian employees in many areas of the country by locality pay, a series of regional specific pay raises that are supposed to achieve comparability between Federal civilian

and private sector wages over the next 8 years. There was no offset to the loss of one-half percent to military pay raises, because locality pay raises were restricted to Federal civilians. Thus, in 1994, military pay raises were reduced relative to the pay raises of many Federal civilians, and military pay growth was restricted to a rate below that of the average American worker. Unless the law tying military pay raises to Federal civilian pay is changed, military pay may fall behind both Federal civilian and private sector pay.

We are particularly concerned about certain pay anomalies and are looking at a range of solutions. For example, when our troops deploy, we want to ensure that any changes in pay and allowances are fair and equitable. Under today's rules a service member's pay can go down. Other areas of concern include adequate housing allowances, especially for our junior personnel. We must bolster our housing allowance programs to ensure that military members can afford adequate housing without digging ever more deeply into their pockets to pay the rest. The Department also recognizes the inequity of asking military members who serve and live in high-cost areas to absorb the added expenses of the area. In some cases, a member's lost purchasing power can be equivalent to the loss of a promotion in rank. We are actively working to provide some help to members living in our highest-cost areas. Investing in people is important to the Department, and we continue to look for ways to improve things in this important area.

Health Care

The Department of Defense has a dual health care mission—to provide medical services and support to the armed forces during military operations, and to provide continual medical services and support to members of the armed forces, their family members, and others entitled to DoD medical care. There are 8.2 million beneficiaries who are eligible to receive health care from the Military Health Services System. Direct care is delivered worldwide in 133 hospitals. Care is also purchased from the civilian sector under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) for eligible beneficiaries. Substantial resources are required to accomplish the DoD medical mission. The Department's medical portion of the President's FY 1995 budget approximates \$15.3 billion.

The Department plans to bring military health care into harmony with national health care reform. The three key elements of the Department's plan are readiness, security, and choice. In

support of the primary mission of readiness, military hospitals and clinics will continue to be operated, staffed, and managed by uniformed health care providers. There will be no change in health care for active-duty personnel, nor will military health care overseas be affected. The plan offers the Department an opportunity to give family members and retirees more secure access to, and more choice about, health care providers. They would have the choice of three options: (1) they may enroll in the military health care plan, known as TRICARE; (2) they may elect to participate in a private sector fee-for-service plan; or (3) they may join in a civilian managed care option and get health care through a network of carefully selected civilian providers.

Until the Department is ready to implement this plan, the current military health care options will stay in place. The Department will continue to engage and consult with the Services, Joint Chiefs of Staff, and appropriate committees of Congress to develop and implement the specific elements of these changes to the military health care system.

Quality of Life

Personnel Tempo

As the total force downsizes, sacrifice and readiness must be balanced. Too great a deployment tempo means real sacrifice to military families. At the same time, readiness must be achieved, frequently by trying to do more with less. America's economic strength requires an efficient national defense program, but precautions should be taken not to weigh too heavily on those who provide that defense.

When operating tempo (OPTEMPO) is increased significantly, personnel can be stretched too thin. The all-volunteer force expects and is entitled to a decent quality of life in return for its dedicated service to the nation. Experience shows that when service members are deployed for long periods of time, personal problems and family conflicts begin to reduce their effectiveness. For that reason, personnel tempo goals must contribute to high morale. Today, these goals are stretched to the limits--sometimes exceeding them. Keeping personnel deployed away from their families more during peacetime than during the height of the Cold War denies the peace dividend to those who worked hardest to earn it. Balancing training and operational requirements with deployment tempo is essential if the Department is to recruit and retain quality people. It is also essential that quality of life benefits be upheld so that the morale of DoD's people--its most

precious commodity--does not decline.

Family

Quality of life is difficult to measure; yet without a doubt, the impact of a good quality of life contributes to an intangible product--a motivated, satisfied force. This is the essence of a ready force. As the Department evolves to a predominantly married career force, family issues play an increasingly important role in military planning. Over 60 percent of the total force has family responsibilities. Families are an important part of the readiness equation and must be considered in planning for successful operations and deployments. Therefore, the Department will continue to sustain and develop a family support structure designed to meet the challenges of short-fuse deployments, like Somalia. Additionally, there are a host of support activities designed to support the service member(s) and their families. Listed below are a representative sample of these support activities:

- **Family Advocacy Programs.** These programs respond to family dysfunctions. Child and spouse abuse prevention, intervention, and treatment programs in the military remain on the cutting edge of excellence.
- **Child Development Programs.** Child care is unquestionably a priority for most families. Most military families rely on Child Development Programs to sustain the economic strength of the family. Child care development centers are offered on 400 installations and provide over 166,000 child care spaces. This is an increase of approximately 16,000 spaces compared to last year. Resources will be added to increase the availability of child care. A target of 208,000 child care spaces is planned for FY 1995. DoD continues to improve the quality and availability of care. Long-range plans call for increased availability of services by 10 percent per year over the next five years.
- **Department of Defense Dependents Schools.** The overseas dependents' schools are a major contributor to the quality of life of service members and their families stationed overseas. In this important area, the Department seeks to ensure that children's education is not adversely affected by the drawdown. High-quality education must be sustained throughout the transition. Schools are the cornerstone of the American community, and we will make every effort to keep school environments stable until the drawdown is completed and school

populations and locations are finalized.

- **Morale, Welfare, and Recreation (MWR) Programs, Exchanges, and Commissaries.** These activities represent three of the most important non-pay benefits provided to military members and their families. The Department realigned the proponent for exchanges and commissaries, along with MWR and other quality of life programs, under the Assistant Secretary of Defense for Personnel and Readiness. These programs allow military families to expand their buying power in commissaries and exchanges. At the same time, profits from exchanges are disbursed to other MWR programs on military installations. This complements the appropriated funds provided for MWR to afford service members and their families MWR programs comparable to those offered in communities throughout the United States.

CONCLUSION

As the total force drawdown progresses, the Department will continue to ensure that the remaining force is fully manned, trained, and ready for any contingency. The complex transition to a smaller force must be accomplished without sacrificing readiness and quality of personnel and the corresponding support they require. Key to assisting the Department in accomplishing this task will be deliberate efforts to ensure the temporary turbulence created by downsizing the force is not too much, too soon. Continuing to recruit quality people, providing them with challenging, realistic training, and treating them fairly will result in a military force that is prepared to respond quickly and meet any threat around the world. We ask for your support in this endeavor.

~~CONFIDENTIAL~~
NSC/RMO PROFILE

RECORD ID: 9401598
RECEIVED: 02 MAR 94 13

TO: CHRISTOPHER, W

FROM: PRESIDENT

DOC DATE: 22 MAR 94
SOURCE REF: PD 94-18

KEYWORDS: PD
ROMANIA
LATVIA

ALBANIA
ESTONIA
SECURITY ASSISTANCE

PERSONS:

SUBJECT: PD 94-18 RE ELEGIBILITY OF ALBANIA / BULGARIA / ESTONIA / LATVIA /
LITHUANIA & ROMANIA BE FURNISHED DEFENSE SERVICES UNDER FAA & AECA

ACTION: PRESIDENT SGD PD 94-18

DUE DATE: 05 MAR 94 STATUS: C

STAFF OFFICER: WILSON

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

BELL
CLARKE
DARRAGH
KRECZKO
NSC CHRON
ROSNER
SCHIFTER
WILSON

DECLASSIFIED

E.O. 13526

White House Guidelines, September 11, 2006

By W NARA, Date 10/3/2016

7016-0152-f

COMMENTS:

DISPATCHED BY

W

DATE

3/22

BY HAND

W/ATTCH

OPENED BY: NSJEB

CLOSED BY: NSKDB

DOC 5 OF 5

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9401598
DATE 22 MAR 94

SUBJECT: PD 94-18 RE ELEGIBILITY OF ALBANIA / BULGARIA / ESTONIA / LATVIA /
DOCUMENT CLASSIFICATION: UNCLASSIFIED

EXTERNAL DISTRIBUTION:	DATE	TIME	SIGNATURE
MR. WARREN CHRISTOPHER DEPT OF STATE 7TH FLOOR 2201 C STREET, NW WASHINGTON, DC	_____	_____	_____ COPY: <u>ORIGINAL+1</u>
MR. MARC GROSSMAN DEPARTMENT OF STATE ROOM 7224, MAIN STATE 2201 C STREET, NW WASHINGTON, DC 20520	_____	_____	_____ COPY: <u>2</u>
MR. AARON WILLIAMS AGENCY FOR INTL DEVELOPMENT ROOM 5945, NEW STATE 2201 C STREET, NW WASHINGTON, DC 20523	_____	_____	_____ COPY: <u>2</u>
MR. PHILIP DUSAULT OFFICE OF MANAGEMENT & BUDGET INTL SECURITY AFFAIRS ROOM 8201 NEOB	_____	_____	_____ COPY: <u>2</u>
MR. RON GEISLER WH EXECUTIVE CLERK ROOM 5 OEOB	_____	_____	_____ COPY: <u>2</u>

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC SECRETARIAT, ROOM 379 OEOB

PAGE 01 OF 01 PAGES

THE WHITE HOUSE

WASHINGTON

March 22, 1994

Presidential Determination
No. 94-18

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Eligibility of Albania, Bulgaria, Estonia, Latvia, Lithuania, and Romania to be Furnished Defense Articles and Services under the Foreign Assistance Act and the Arms Export Control Act

Pursuant to the authority vested in me by section 503(a) of the Foreign Assistance Act of 1961, as amended, and section 3(a)(1) of the Arms Export Control Act, I hereby find that the furnishing of defense articles and services to the Governments of Albania, Bulgaria, Estonia, Latvia, Lithuania, and Romania will strengthen the security of the United States and promote world peace.

You are authorized and directed to report this finding to the Congress and to publish it in the Federal Register.

William J. Clinton

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

THE PRESIDENT HAS SEEN ^{3/22}
1598

THE WHITE HOUSE

WASHINGTON

March 19, 1994 94 MAR 19 P2:34

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK *SLP*

FROM: ANTHONY LAKE *RL*

SUBJECT: Presidential Determination on Security Assistance
Eligibility for Albania, Bulgaria, Romania,
Estonia, Latvia and Lithuania

Purpose

To make Albania, Bulgaria, Romania, Estonia, Latvia and Lithuania eligible to receive defense articles and services from the United States Government through the Foreign Military Sales Program (FMS).

Background

Based on a recommendation contained in Presidential Review Directive 36, the Deputies Committee approved the lifting of Cold War-era prohibitions and restrictions on United States arms sales and transfers to all Central and Eastern European states not under an arms embargo. Current Administration policy also calls for expanding our bilateral and multilateral defense cooperation with the Baltic states.

The attached Presidential Determination for Albania, Bulgaria, Romania, Estonia, Latvia and Lithuania will permit expanded defense cooperation with each of these states.

RECOMMENDATION

That you sign the Presidential Determination at Tab A.

Attachment
Tab A Presidential Determination

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By *12* NARA, Date *10/3/16*
2016-052-F

~~CONFIDENTIAL~~

Declassify on: OADR

cc: Vice President
Chief of Staff

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

1598

THE WHITE HOUSE
WASHINGTON

March 19, 1994

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: ANTHONY LAKE *RL*

SUBJECT: Presidential Determination on Security Assistance
Eligibility for Albania, Bulgaria, Romania,
Estonia, Latvia and Lithuania

March 22, 1994

Purpose

To make Albania, Bulgaria, Romania, Estonia, Latvia and Lithuania eligible to receive defense articles and services from the United States Government through the Foreign Military Sales Program (FMS).

Background

Based on a recommendation contained in Presidential Review Directive 36, the Deputies Committee approved the lifting of Cold War-era prohibitions and restrictions on United States arms sales and transfers to all Central and Eastern European states not under an arms embargo. Current Administration policy also calls for expanding our bilateral and multilateral defense cooperation with the Baltic states.

The attached Presidential Determination for Albania, Bulgaria, Romania, Estonia, Latvia and Lithuania will permit expanded defense cooperation with each of these states.

RECOMMENDATION

That you sign the Presidential Determination at Tab A.

Attachment

Tab A Presidential Determination

DECLASSIFIED

E.O. 13526

White House Guidelines, September 11, 2006

By *RL* NARA, Date *10/3/2016*

2016-0152 F

~~CONFIDENTIAL~~

Declassify on: OADR

cc: Vice President
Chief of Staff

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

1598

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

March 14, 1994

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: RICHARD A. CLARKE *OR*

FROM: SEAN J. DARRAGH *SD*

SUBJECT: Presidential Determination on Security Assistance
Eligibility for Albania, Bulgaria, Romania,
Estonia, Latvia, and Lithuania

Attached is a package containing a Presidential Determination. This determination will make the above mentioned countries eligible to receive defense articles and services from the United States Government through the Foreign Military Sales Program (FMS).

Concurrences by: *RHB* Robert Bell, *DR* Richard Schifter, *AK* Alan Kreczko,
Jeremy Rosner *(D)*

RECOMMENDATION

That you forward the attached Presidential Determination to the President for signature.

Attachments

Tab I Memorandum to the President
Tab A Presidential Determination
Tab II Memorandum from State

DECLASSIFIED
E.O. 13526

White House Guidelines, September 11, 2006
By *WZ* NARA, Date *10/3/2016*

2016-052 -F

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9401598
DATE 01 MAR 94

SUBJECT: PD RE SECURITY ASSISTANCE ELIGIBILITY FOR ALBANIA / BULGARIA /
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:

DATE

TIME

SIGNATURE

MR. PHILIP DUSAULT
OFFICE OF MANAGEMENT & BUDGET
INTL SECURITY AFFAIRS
ROOM 8201 NEOB

COPY: ORIGINAL

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS
Initials: VR Date: 11/16/96

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC SECRETARIAT, ROOM 379 QEOB
PAGE 01 OF 01 PAGES

NATIONAL SECURITY COUNCIL

ID 9401598

REFERRAL

DATE: 02 MAR 94

MEMORANDUM FOR: DUSAULT, P

OMB

DOCUMENT DESCRIPTION: TO: LAKE

SOURCE: GROSSMAN, M

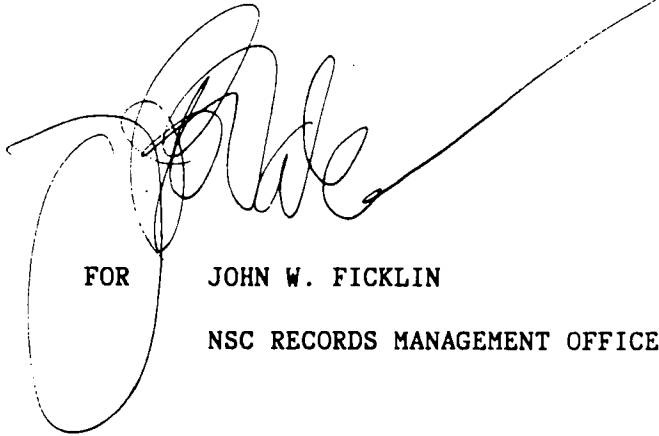
DATE: 01 MAR 94

SUBJ: PD RE SECURITY ASSISTANCE ELIGIBILITY FOR ALBANIA / BULGARIA /
ROMANIA / ESTONIA / LATVIA & LITHUANIA

REQUIRED ACTION: COMMENTS/CONCURRENCE

DUE DATE: 05 MAR 94

COMMENT:



FOR

JOHN W. FICKLIN

NSC RECORDS MANAGEMENT OFFICE

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	For Anthony Lake from Marc Grossman. Subject: Security Assistance Eligibility for Albania, Romania, Estonia, Latvia, and Lithuania. (3 pages)	03/01/1994	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 263

FOLDER TITLE:

Chron File - March 1994 #2 [4]

2016-0152-F

vz4553

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Presidential Determination
No. _____

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Eligibility of Albania, Bulgaria, Estonia, Latvia,
Lithuania, and Romania to be Furnished Defense
Articles and Services under the Foreign Assistance
Act and the Arms Export Control Act

Pursuant to the authority vested in me by section 503(a) of the Foreign Assistance Act of 1961, as amended, and section 3(a)(1) of the Arms Export Control Act, I hereby find that the furnishing of defense articles and services to the Governments of Albania, Bulgaria, Estonia, Latvia, Lithuania, and Romania will strengthen the security of the United States and promote world peace.

You are authorized and directed to report this finding to the Congress and to publish it in the Federal Register.

JUSTIFICATION FOR PRESIDENTIAL DETERMINATION
OF THE ELIGIBILITY OF LITHUANIA TO BE FURNISHED
DEFENSE ARTICLES AND SERVICES UNDER THE
FOREIGN ASSISTANCE ACT OF 1961 AND THE ARMS EXPORT CONTROL ACT

Section 503 of the Foreign Assistance Act of 1961 (FAA) and Section 3(a)(1) of the Arms Export Control Act (AECA) require, as a condition of eligibility to acquire defense articles and services from the United States, that the President find the furnishing of such articles and services to the country concerned will "strengthen the security of the United States and promote world peace."

Pursuant to section 503(a) of the FAA and section 3(a)(1) of the AECA, a Presidential determination (PD) would make Lithuania eligible to purchase defense articles and services from the United States Government through the Foreign Military Sales (FMS) system. Section 906 of the Freedom Support Act (PL 102-311) already makes Lithuania eligible to purchase, or to receive financing for the purchase of, non-lethal defense articles from the United States Government, notwithstanding the PD requirements of the AECA and the FAA, but a PD would also make them eligible to receive lethal defense articles.

Lithuanian eligibility to receive a broader range of NATO-interoperable defense articles from the United States Government could enable it to participate more effectively in the Partnership for Peace initiative.

The United States and Lithuania have already developed an ongoing security relationship. We intend to hold an inaugural Bilateral Working Group on defense matters in Vilnius in 1994 to consult on regional security, defense relations, and security assistance. Lithuania participates in the International Military Education & Training program and in DoD-funded military-to-military programs.

Each FMS request by Lithuania would be considered on a case-by-case basis, taking into account the Baltics' efforts to promote regional stability and intercommunal harmony. In most cases, the United States Government will continue to oppose the sale or export of sophisticated, lethal weapons systems to Central and East European states.

JUSTIFICATION FOR PRESIDENTIAL DETERMINATION
OF THE ELIGIBILITY OF LATVIA TO BE FURNISHED
DEFENSE ARTICLES AND SERVICES UNDER THE
FOREIGN ASSISTANCE ACT OF 1961 AND THE ARMS EXPORT CONTROL ACT

Section 503 of the Foreign Assistance Act of 1961 (FAA) and Section 3(a)(1) of the Arms Export Control Act (AECA) require, as a condition of eligibility to acquire defense articles and services from the United States, that the President find the furnishing of such articles and services to the country concerned will "strengthen the security of the United States and promote world peace."

Pursuant to section 503(a) of the FAA and section 3(a)(1) of the AECA, a Presidential determination (PD) would make Latvia eligible to purchase defense articles and services from the United States Government through the Foreign Military Sales (FMS) system. Section 906 of the Freedom Support Act (PL 102-311) already makes Latvia eligible to purchase, or to receive financing for the purchase of, non-lethal defense articles from the United States Government, notwithstanding the PD requirements of the AECA and the FAA, but a PD would also make them eligible to receive lethal defense articles.

Latvian eligibility to receive a broader range of NATO-interoperable defense articles from the United States Government could enable it to participate more effectively in the Partnership for Peace initiative.

The United States and Latvia have already developed an ongoing security relationship. We intend to hold an inaugural Bilateral Working Group on defense matters in Riga in 1994 to consult on regional security, defense relations, and security assistance. Latvia participates in the International Military Education & Training program and in DoD-funded military-to-military programs.

Each FMS request by Latvia would be considered on a case-by-case basis, taking into account the Baltics' efforts to promote regional stability and intercommunal harmony. In most cases, the United States Government will continue to oppose the sale or export of sophisticated, lethal weapons systems to Central and East European states.

JUSTIFICATION FOR PRESIDENTIAL DETERMINATION
OF THE ELIGIBILITY OF ESTONIA TO BE FURNISHED
DEFENSE ARTICLES AND SERVICES UNDER THE
FOREIGN ASSISTANCE ACT OF 1961 AND THE ARMS EXPORT CONTROL ACT

Section 503 of the Foreign Assistance Act of 1961 (FAA) and Section 3(a)(1) of the Arms Export Control Act (AECA) require, as a condition of eligibility to acquire defense articles and services from the United States, that the President find the furnishing of such articles and services to the country concerned will "strengthen the security of the United States and promote world peace."

Pursuant to section 503(a) of the FAA and section 3(a)(1) of the AECA, a Presidential determination (PD) would make Estonia eligible to purchase defense articles and services from the United States Government through the Foreign Military Sales (FMS) system. Section 906 of the Freedom Support Act (PL 102-311) already makes Estonia eligible to purchase, or to receive financing for the purchase of, non-lethal defense articles from the United States Government, notwithstanding the PD requirements of the AECA and the FAA, but a PD would also make them eligible to receive lethal defense articles.

Estonian eligibility to receive a broader range of NATO-interoperable defense articles from the United States Government could enable it to participate more effectively in the Partnership for Peace initiative.

The United States and Estonia have already developed an ongoing security relationship. We intend to hold an inaugural Bilateral Working Group on defense matters in Tallinn in 1994 to consult on regional security, defense relations, and security assistance. Estonia participates in the International Military Education & Training program and in DoD-funded military-to-military programs.

Each FMS request by Estonia would be considered on a case-by-case basis, taking into account the Baltics' efforts to promote regional stability and intercommunal harmony. In most cases, the United States Government will continue to oppose the sale or export of sophisticated, lethal weapons systems to Central and East European states.

JUSTIFICATION FOR PRESIDENTIAL DETERMINATION
OF THE ELIGIBILITY OF ROMANIA TO BE FURNISHED
DEFENSE ARTICLES AND SERVICES UNDER THE
FOREIGN ASSISTANCE ACT OF 1961 AND THE ARMS EXPORT CONTROL ACT

Section 503 of the Foreign Assistance Act of 1961 (FAA) and Section 3(a)(1) of the Arms Export Control Act (AECA) require, as a condition of eligibility to acquire defense articles and services from the United States, that the President find the furnishing of such articles and services to the country concerned will "strengthen the security of the United States and promote world peace."

Under section 503 of the FAA and section 3(a)(1) of the AECA, a Presidential determination (PD) would make Romania eligible to receive defense articles and services from the United States Government through the Foreign Military Sales (FMS) system. Romanian eligibility to receive transfers of NATO-interoperable equipment from the United States Government could enable it to participate more effectively in the Partnership for Peace initiative.

The United States and Romania have already developed an ongoing and expanding bilateral security relationship. DoD Under Secretary Wisner led a delegation in October 1993 to an inaugural Bilateral Working Group on defense matters to consult on regional security, defense relations, and security assistance, and a follow-on meeting was held in January 1994. Romania also participates in the International Military Education & Training program and in DoD-funded military-to-military programs. There is a resident defense attache in Bucharest.

Each FMS request by Romania would be considered on a case-by-case basis. In most cases, the United States Government will continue to oppose the sale or export of sophisticated, lethal weapons systems to Central and East European states.

JUSTIFICATION FOR PRESIDENTIAL DETERMINATION
OF THE ELIGIBILITY OF BULGARIA TO BE FURNISHED
DEFENSE ARTICLES AND SERVICES UNDER THE
FOREIGN ASSISTANCE ACT OF 1961 AND THE ARMS EXPORT CONTROL ACT

Section 503 of the Foreign Assistance Act of 1961 (FAA) and Section 3(a)(1) of the Arms Export Control Act (AECA) require, as a condition of eligibility to acquire defense articles and services from the United States, that the President find the furnishing of such articles and services to the country concerned will "strengthen the security of the United States and promote world peace."

Under section 503 of the FAA and section 3(a)(1) of the AECA, a Presidential determination (PD) would make Bulgaria eligible to receive defense articles and services from the United States Government through the Foreign Military Sales (FMS) system. Bulgarian eligibility to receive transfers of NATO-interoperable equipment from the United States Government could enable it to participate more effectively in the Partnership for Peace initiative.

The United States and Bulgaria have already developed an ongoing and expanding bilateral security relationship. We held an inaugural Bilateral Working Group on defense matters in January 1994 to consult on regional security, defense relations, and security assistance. Bulgaria also participates in the International Military Education & Training program and in DoD-funded military-to-military programs. There is a resident defense attache in Sofia.

Each FMS request by Bulgaria would be considered on a case-by-case basis. In most cases, the United States Government will continue to oppose the sale or export of sophisticated, lethal weapons systems to Central and East European states.

JUSTIFICATION FOR PRESIDENTIAL DETERMINATION
OF THE ELIGIBILITY OF ALBANIA TO BE FURNISHED
DEFENSE ARTICLES AND SERVICES UNDER THE
FOREIGN ASSISTANCE ACT OF 1961 AND THE ARMS EXPORT CONTROL ACT

Section 503 of the Foreign Assistance Act of 1961 (FAA) and Section 3(a)(1) of the Arms Export Control Act (AECA) require, as a condition of eligibility to acquire defense articles and services from the United States, that the President find the furnishing of such articles and services to the country concerned will "strengthen the security of the United States and promote world peace."

Under section 503 of the FAA and section 3(a)(1) of the AECA, a Presidential determination (PD) would make Albania eligible to receive defense articles and services from the United States Government through the Foreign Military Sales (FMS) system. Albanian eligibility to receive transfers of NATO-interoperable equipment from the United States Government could enable it to participate more effectively in the Partnership for Peace initiative.

The United States and Albania have already developed an ongoing and expanding bilateral security relationship. In Autumn 1993, we signed a Memorandum of Understanding on defense cooperation with Albania, the first such document to be signed with any CEE state. We held an inaugural Bilateral Working Group on defense matters in January 1994 to consult on regional security, defense relations, and security assistance. Albania also participates in the International Military Education & Training program and in DoD-funded military-to-military programs. There is a resident defense attache in Tirana.

Each FMS request by Albania would be considered on a case-by-case basis. In most cases, the United States Government will continue to oppose the sale or export of sophisticated, lethal weapons systems to Central and East European states.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

March 22, 1994

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH:

ROBERT G. BELL *RGB*

FROM:

STEVEN R. JONES *J*

SUBJECT:

NASA Proposed Report RE: H.R. 3675, Defense
Alternative Use Committee Act (LRM I-2254)

OMB requested views regarding the subject NASA report on H.R. 3675. The NSC previously provided comments to OMB on this draft legislation on March 3 (Action #1365), recommending the Administration oppose this legislation due to duplication of the President's five-point base reutilization plan and excessive implementation costs.

NASA has raised similar concerns in their attached report and recommend that NASA be removed from the bill's definition as a defense agency.

I would raise no objections to the NASA report and recommend again that the Administration oppose this legislation.

Concurrence by:

Jeremy Rosner *JR*

RECOMMENDATION

That you sign the memorandum at Tab I.

Attachments

Tab I Memorandum for Signature
Tab II Incoming Correspondence

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR RONALD K. PETERSON

FROM: WILLIAM H. ITOH

SUBJECT: NASA Proposed Report RE: H.R. 3675, Defense
Alternative Use Committee Act (LRM I-2254)

The NSC staff has no objections to the NASA report on this proposed bill. You should note that we commented on this bill in our March 3 memo to you and recommended that the Administration oppose this legislation.

2137

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503**

March 16, 1994

SPECIAL

LEGISLATIVE REFERRAL MEMORANDUM

LRM #1-2254

TO: Legislative Liaison Officer -

COMMERCE - Michael A. Levitt - (202)482-3151 - 324
DEFENSE - Samuel T. Brick, Jr. - (703)697-1305 - 325
ENERGY - Bob Rabben - (202)586-6718 - 209
EPA - Thomas C. Roberts - (202)260-5414 - 326
GSA - William R. Ratchford - (202)501-0563 - 237
HUD - Edward J. Murphy, Jr. - (202)708-1793 - 215
JUSTICE - Sheila F. Anthony - (202)514-2141 - 217
LABOR - Robert A. Shapiro - (202)219-8201 - 330
NEC - Sonyia Matthews - (202)456-6722 - 429
NSC - William H. Itoh - (202)395-3723 - 249
OSTP - Chris Clary - (202)456-7116 - 288
SBA - Christine Swedin - (202)205-6702 - 315
TRANSPORTATION - Tom Herlihy - (202)366-4687 - 226
TREASURY - Richard S. Carro - (202)622-1146 - 228

FROM: RONALD K. PETERSON (for) *Ronald K. Peterson*
Assistant Director for Legislative Reference

OMB CONTACT: MIKE GOAD (395-7301)
Secretary's line (for simple responses): 395-6194

SUBJECT: NASA Proposed Report RE: HR 3675, Defense
Alternative Use Committee Act

DEADLINE: 10:00 A.M., WEDNESDAY, March 23, 1994

COMMENTS: If you do not respond by the deadline, we may assume that your agency has no comment.

OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or receipts for purposes of the the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:

P. Vickers
J. Fellows
K. MacIntyre
J. Palmieri
E. Lichtenberg, CEA
(OEOB 328)

P. Griffin
B. McQuaid

L:MAM:tsc

NASA's DRAFT REPORT TO OMB
ON H. R. 3675, 103rd Congress

The Honorable George E. Brown, Jr.
Chairman
Committee on Science, Space,
and Technology
House of Representatives
Washington, DC 20515
(cc: The Honorable Robert S. Walker
Ranking Minority)

The Honorable John Conyers, Jr.
Chairman
Committee on Government Operations
House of Representatives
Washington, DC 20515
(cc: The Honorable William F. Clinger, Jr.
Ranking Minority)

Dear Mr. Chairman:

The National Aeronautics and Space Administration has reviewed H.R. 3675, a bill "To provide for the establishment of alternate use committees at defense facilities to assist in the economic adjustment of communities, industries, and workers as a result of reductions or realignments in defense or aerospace spending and arms exports and the closure or realignment of military installations," which has been referred to your Committee. We oppose the application of the bill's requirements to NASA, and, therefore, we would not support the bill's enactment as it is currently written.

H.R. 3675 would affect principally the Department of Defense and the military industries within the economy. We, therefore, defer to the Department of Defense for the Administration's position on the bill.

2.

We note that Section 3(1) of the bill would include NASA as a "defense agency," which is subject to the bill's requirements, and section 3(4)(B) would define "defense facility" as "any Government-owned or Government-leased facility, including military installations, bases, forts, shipyards, and depots." The bill would, in part, require the head of each such "defense agency" to establish an "alternative use committee," composed of not less than eight members, at each NASA facility to undertake economic conversion planning and preparation for the employment of facility employees and the utilization of facility equipment in the event of a reduction or closure of a defense facility. Therefore, it would appear that the bill would require NASA to establish an "alternative use committee" at each of NASA's nine field centers. We believe that it is inappropriate to subject NASA, a civilian agency, to policies which are being proposed for defense or national security-related facilities.

We also have serious concerns regarding the cost impact of the bill. The direct costs of the bill to NASA would appear to be those related to the administrative costs of establishing the various alternative use committees at our field centers, and providing funds to these committees for planning, conducting studies, employing specialized personnel, and conducting job retraining and counseling programs required of such committees. According to section 4(f) of the bill, funds to perform these

3.

functions would be derived from defense contracts and defense base operating expenses. NASA does not award "defense contracts" as defined in the bill because we acquire no defense material or services by contract and perform little, if any, defense related activities. In addition, NASA has no defense bases. Thus, the bill would not provide NASA with a means for funding the bill's requirements. Such funding would have to be paid out of existing, severely constrained, NASA appropriations.

Accordingly, NASA objects to the application of H.R. 3675 to NASA. We recommend that the words, "the National Aeronautics and Space Administration" be removed from the definition of the term "defense agency" in section 3(1) of the bill.

This identical letter has also been sent to the Chairman of the Committee on Science, Space, and Technology/Chairman of the House Committee on Government Operations.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection of the submission of this letter for the consideration of the Committee.

4.

We appreciate your consideration of our views on this bill. If we may be of further service to you, please do not hesitate to contact us.

Sincerely,

TO: FORSGREN, J

FROM: ITOH

DOC DATE: 22 MAR 94
SOURCE REF:

KEYWORDS: DEFENSE BUDGET

LEGISLATIVE REFERRAL

PERSONS:

SUBJECT: DEFENSE PROPOSED TESTIMONY ON PERSONNEL POLICY FOR FY 1995

ACTION: KENNEY SGD MEMO

DUE DATE: 21 MAR 94 STATUS: C

STAFF OFFICER: HAHN

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

BELL
EXECSEC
HAHN
ROSNER

COMMENTS:

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSJDA

CLOSED BY: NSGP

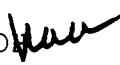
DOC 3 OF 3

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

March 22, 1994

MEMORANDUM FOR JANET R. FORSGREN

FROM: WILLIAM H. ITO 

SUBJECT: Defense Proposed Testimony on Personnel Policy for
FY 1995

The National Security Council staff concurs in the proposed
Defense testimony.

URGENT

2083

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

March 18, 1994

LEGISLATIVE REFERRAL MEMORANDUM

LRM #M-1228

TO: Legislative Liaison Officer -

* 15C especially page 2
OMB - Only, See Distribution Below - ()

FROM:

JANET R. FORSGREN (for) *Janet R. Forsgren*
Assistant Director for Legislative Reference

OMB CONTACT: Melissa COOK (395-3924)

Secretary's line (for simple responses): 395-7362

SUBJECT: DEFENSE Proposed Testimony on Personnel
Policy for FY 1995* 10:00am 21
DEADLINE: ~~5:00pm TODAY~~ March 22, 1994 *

COMMENTS: According to DOD, this testimony is based on the Personnel chapter of the Secretary of Defense's Annual Report issued in Jan. 1994. The Annual Report was apparently cleared by OMB. The comments in the margins of the testimony refer to changes that were made to the text of the Annual Report.

OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or receipts for purposes of the the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:

Jim Fish

Wendell Waites

Tom Lewis

Lauren Haber

Doug McCormick (see
pgs. 13-14)

Pam Van Wie (see

pg. 12-13) 3/18

Janet Forsgren

BARRY CLENDENIN (pg 14-15)

LEW NICHOLS (pg 14-15) 3/18

_____ Concur
_____ No objection
_____ No comment
_____ See proposed edits on pages _____
_____ Other: _____
_____ FAX RETURN of _____ pages, attached to this
_____ response sheet

**STATEMENT OF HONORABLE EDWIN DORN
UNDER SECRETARY OF DEFENSE (PERSONNEL AND READINESS)
HEARINGS BEFORE THE SENATE APPROPRIATIONS COMMITTEE
(DEFENSE SUBCOMMITTEE)
MARCH 22, 1994**

**CLEARED
FOR OPEN PUBLICATION**

MAR 17 1994 21

**DIRECTORATE FOR FREEDOM OF INFORMATION
AND SECURITY REVIEW (DAS/PA)
DEPARTMENT OF DEFENSE**

Not for Publication Until

Released by the Subcommittee

94-420

INTRODUCTION

Mr. Chairman and members of the subcommittee, I am honored to appear before you today to present an overview of Department of Defense personnel issues.

Slightly changed

In his State of the Union address, President Clinton declared that, "Nothing is more important to our security than our Nation's Armed Forces. We honor their contributions. . . Our forces are the finest military our Nation has ever had. And I have pledged that as long as I am President, they will remain the best equipped, the best trained, and the best prepared fighting force on the face of the Earth." The American people and the American military have, after 40 years of effort, changed the world. They won the Cold War, creating a new security era, and in the Persian Gulf War proved themselves to be the best military force in the world today. DoD is committed to maintaining a quality force as it reassesses the security dangers that face America. We look forward to working with this subcommittee in carrying out this commitment.

REDUCED FORCE STRUCTURE AND MANPOWER LEVELS

updated

Cutting force structure--and the largely civilian infrastructure required to support those forces--is central to the Department's plan to maintain balance in defense posture. The FY 1995 budget continues planned force structure reductions. The Army will go from 24 divisions at the end of FY 1992 to 20 divisions by FY 1995 (12 active, 8 Reserve component). Navy Ship Battle Forces will continue to decrease to 373 ships in FY 1995. Included in the figure are 12 aircraft carriers, one of which is Reserve. The Marine Corps will maintain its three active and one Reserve divisions. By the end of FY 1995, the Air Force will have reduced to 13 Fighter Wing Equivalents (FWE) and 7.5 Reserve FWEs. There will be 107 bombers by the end of FY 1995.

updated

The Air Force will also reduce the number of ICBMs to 550 by the end of FY 1995. Other U.S. attack/fighter air forces will include 10 active and 1 Reserve Navy carrier wings, and the Marine Corps will have three active and one Reserve attack/fighter wings.

The President's budget request for active military, Selected Reserve, and civilian manpower for FY 1995 shows significant progress toward achieving the Total Force that will support reduced force structure. At the beginning of FY 1994, active duty military strength was 1,705,000; by the end of FY 1995, active strength will decrease to 1,525,700. Selected Reserve and strength will be reduced to 979,000, and civilian employees will total 873,400 by the end of FY 1995.

new

Section 1302 of the FY 1993 Authorization Act directed a ceiling on military permanently stationed ashore outside the United States after September 30, 1996 to no more than 60 percent of those so stationed on September 30, 1992. When this legislation was passed FY 1992, the Congressional intent was to reduce overseas presence, primarily as a burden sharing issue. However, the Department's drawdown plan was accelerated following Operation Desert Storm. As a consequence, we achieved a significantly lower overseas end strength by end of FY 1992 than was envisioned by both Congress and the Department when this legislation was drafted. Without relief, our initial estimates show that a reduced overseas ceiling will not allow DoD to execute the forward positioning requirements determined in the Bottom Up Review and directed in the Defense Program Guidance. Specifically, if the troop strength ceiling of 100,000 is maintained in Europe, the projected Pacific troop strength will require a significant troop reduction to meet the Congressional Overseas Troop Strength (OTS) ceiling. Exacerbating the problem is Korea and the fact that the planned Nunn-Warner phase II drawdown has been postponed due to the North Korean threat. The option of reducing troops in Japan is also counterproductive since that country is a major burden sharing contributor. Repeal of the OTS legislation is not only supported by the President's budget but is in keeping with his foreign policy commitments outlined at the NATO summit meeting and reinforced during his trip to the Far East.

The Department's challenge is to build the right forces for the right mission. To maintain high personnel readiness levels, DoD intends to implement, monitor, and protect policies and

programs that will: (1) attract talented, motivated young Americans into the Armed Forces, (2) train them rigorously, realistically, and often, and (3) treat them fairly, by providing for their health and welfare, and for that of their dependents.

RECRUIT THEM

The first leg of the personnel readiness triad is attracting new recruits. The Department has been successful both in the number and quality of accessions. During FY 1993, 95 percent of new recruits were high school diploma graduates compared with an average 91 percent between 1980 and 1993. The same pattern exists in above average aptitude recruits; they comprised about 70 percent of FY 1993 intake, compared with an average of about 60 percent between 1980 and 1993.

Quality and Numbers of Enlisted Accessions - Active (Numbers in Thousands)						
FY 1993 Quality Indices			Accessions ¹			
Component/ Service	Percent High School Diploma Graduates	Percent Above Average Aptitude AFQT - MA	FY 1993 Objective	FY 1993 Achieved	FY 1984 Planned ²	FY 1995 Planned ²
Army	85	70	76.2	77.5	80.5	70.1
Navy	84	70	69.1	69.1	57.5	57.5
Marine Corps	87	68	84.8	84.8	82.7	86.5
Air Force	88	60	91.5	91.5	90.1	91.8
TOTAL	85	71	805.2	807.9	770.2	785.5

¹ Includes prior service accessions.
² Based on DOD budget plans for FY 1984-85

Table 1

High-quality recruits are a cost-effective investment and absolutely essential to the readiness of the Military Services. Research has shown that about 80 percent of high school graduates will complete their initial three-year obligation, while only half of the nongraduates will make it. High school diploma graduates also have fewer disciplinary problems. In addition, higher aptitude recruits learn faster and perform better on the job than their lower aptitude peers (see Chart 1 on next page).

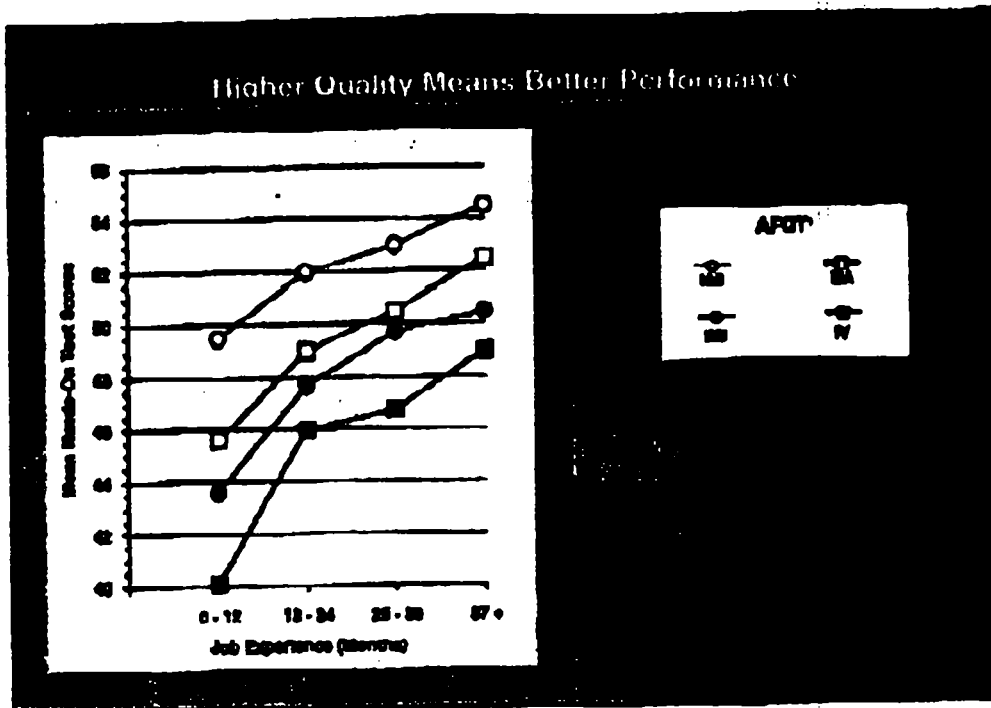


Chart 1

Lower numbers of high school graduates will require more accessions to replace higher attrition, consequently driving up recruiting costs. Resources allocated to recruiting must be sufficient to keep military recruits above 90 percent high school diploma graduates and 60 percent high-aptitude (Category I-III A) recruits (the recruit quality floor). As shown in Chart 2 on the next page, the past four years have been the best in recruiting history and remain above the quality benchmark; however, sustaining the quality is becoming more of a challenge as recruiters must battle both a declining propensity of American youth to enlist in the Armed Forces and a growing perception that military service is no longer a secure or desirable option.

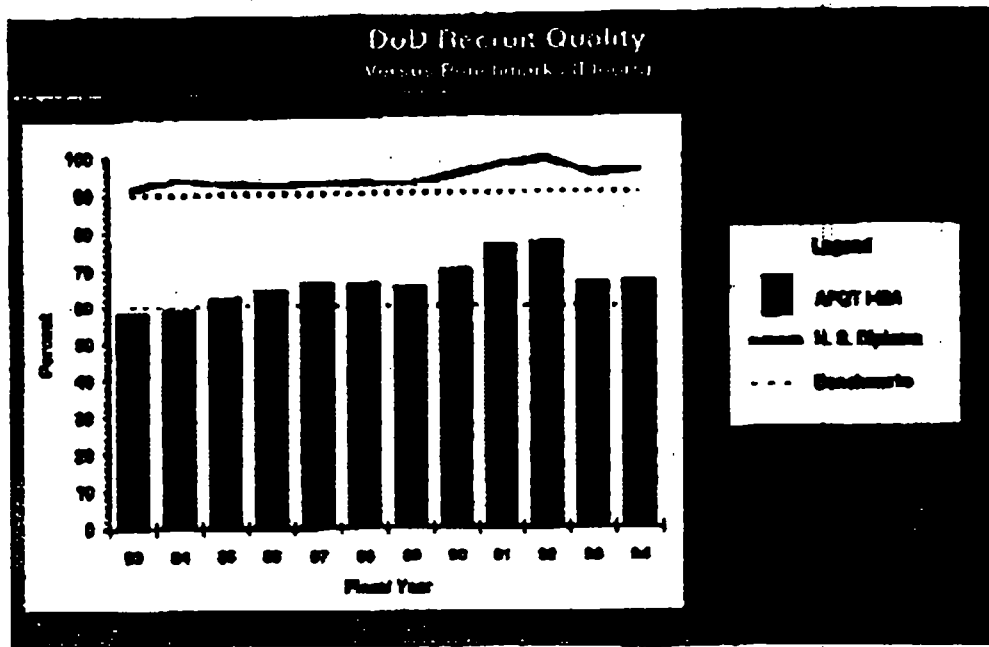


Chart 2

American youth are becoming less interested in joining the military. Since 1975, the Department of Defense has conducted annually the Youth Attitude Tracking Study, or "YATS." This is a computer-assisted telephone interview of approximately 10,000 young men and women, nationwide. YATS results are important because we know that the expressed intentions of young men and women are strong predictors of enlistment behavior.

What we call enlistment propensity is the percentage of youth who say they plan to "definitely" or "probably" enlist over the next few years. Our most recent YATS data show 25 percent of 16-21 year-old men expressed propensity to join at least one active-duty Service. This is a 2-percentage point decline from the 1992 level, and a 7-percentage-point decline from the historically high 32 percent levels in both 1989 and 1990.

The decline in propensity is important because it tells how much harder our recruiters must work to get the number and quality of enlistees we need. Recruiting resources—most notably advertising funds, have declined significantly from the FY 1986 peak. We believe that

resources are adequate for FY 1994 and that the Services will achieve their recruiting objectives with good quality. However, because of the drop in enlistment propensity, we are reconsidering our FY 1995 recruiting resource levels.

Publicity about downsizing and cutbacks, coupled with sharply reduced television advertising, seems to be persuading the public that we no longer are hiring ... or that we are not a secure employer. Consequently, the Department must tailor its marketing program to inform youth and their parents about the opportunities and benefits of military service.

Officer Accessions

Officer accession programs continue to be well-balanced. During each of Fiscal Years 1993-97, about 21,000 new junior officers will enter the Armed Services; roughly two-thirds will go initially to the active components, with the remainder going to the Reserves (which also are fed by officers leaving active duty). Approximate contributions from each source to this (21,000) annual cohort are shown in Chart 3 below.

DoD Officer Accessions by Source
Fiscal Years 1993-1997

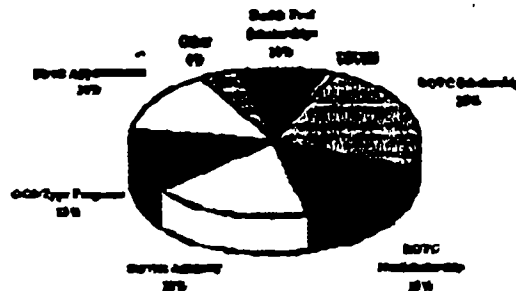


Chart 3

Recruiting In The Selected Reserve

Although the Reserve components are either downsizing or remaining at relatively level manpower strengths, an effective recruiting program is necessary for a balanced force. While all the Reserve components remain optimistic concerning their ability to maintain a steady flow of accessions—both with and without prior service—to fill critical skills and to maintain required grade distribution, turbulence associated with downsizing and restructuring offers new

challenges and opportunities. While the military is recruiting for fewer positions, many of these positions are hard-to-fill, critical skills.

The Reserve components are placing increased emphasis on the recruitment of prior-service personnel to minimize training requirements and to capture Active component experience during the force drawdown period. Since Reserve component recruiting must necessarily focus on units and skills within specific geographic areas, matching skills and grades to accommodate unit needs remains a significant recruiting challenge. The quality of enlisted accessions remains high. Incentive programs, such as targeted bonuses and the Montgomery G.I. Bill, remain essential to the success of Reserve component manpower programs.

Quality and Numbers of Enlisted Accessions - Selected Reserve (Numbers in Thousands)						
FY 1995 Quality Indices Non-Prior Service (NPS)			Total Accessions Non-Prior and Prior Service (PS)			
Component/ Service	Percent High School Diploma Graduates (HPSG)	Percent Above Average Aptitude AFQT-ISA (APQA)	FY 1995 Objectives	FY 1995 Actual ¹	FY 1996 Planned ²	FY 1996 Planned ²
Army National Guard	88	81	88.2	87.2	88.7	88.4
Army Reserve	88	74	88.8	88.4	88.0	88.3
Naval Reserve	84	80	22.1	20.4	18.3	18.7
Marine Corps Resv	88	80	10.2	8.2	8.9	15.8
Air National Guard	84	81	8.2	8.2	12.2	8.8
Air Force Reserve	88	81	8.0	8.8	10.8	8.8
TOTAL	81	80	188.2	188.2	171.9	187.2
¹ Reserve Component Consolidated Personnel Data System						
² FY 1996 budget estimates						

Table 2

Full-Time Support to the Reserve Components

There are four categories of full-time support personnel in the Reserve components. These categories are Active Guard/Reserve; military technicians; Active component members who are assigned to support Reserve component Organizations; and federal civil service personnel.

Table 3 on the next page displays the strengths of full-time support personnel.

Full-Time Support Personnel (End Strength)				
	Actual FY 1992	Estimate FY 1993	Estimate FY 1994	Planned FY 1995
Army National Guard	66,671	62,818	62,000	61,282
Army Reserve	22,586	22,119	22,383	21,788
Naval Reserve	22,825	23,657	22,706	22,881
Marine Corps Reserve	7,389	7,070	6,506	6,468
Air National Guard	38,578	37,527	36,416	36,057
Air Force Reserve	16,819	16,854	17,576	17,751
TOTAL	161,477	161,545	157,775	156,234
a Includes active Guard and Reserve, military technicians, Active component, and civil service personnel.				

Table 3

Full-time support personnel provide the essential foundation for Reserve component unit readiness. Full-time support personnel assist in organizing, administering, recruiting, retaining, instructing, and training the Reserve components. Increased mission responsibility continues to be placed on the National Guard and Reserve components. Since training time of part-time members of the Guard and Reserve is limited, it is imperative that there are sufficient numbers of qualified full-time personnel to ensure that available training time is used effectively and that the sophisticated equipment in today's National Guard and Reserve units is maintained properly. The Department is currently developing more detailed policies to improve the quality and utility of full-time support to Reserve component units and activities.

Retention and Separation

During the draft era, the Department recalled one in five of its first-term enlisted members. By the late 1970s, that rate had improved to one out of every three first-termers reenlisting. By the early 1980s, these reenlistment rates stabilized at about one out of two, where it remains today. This translates into a much more experienced force than existed in the early 1970s. This increased retention is valuable; it provides more experienced supervisors and

leaders while improving the return on training investment. It also helps demonstrate a commitment by the Services to take care of their own—to treat people right.

Active military strength has decreased nearly 470,000—from 2,174,000 in FY 1987 to 1,705,000 at the end of FY 1993. While some additional strength reductions are planned, the Department remains committed to achieving them on a voluntary basis to the maximum extent possible. In fact, more than 95 percent of the drawdown is being accomplished through attrition, reduced accessions, and voluntary separation incentive programs—the Voluntary Separation Incentive (VSI), the Special Separation Benefit (SSB), and the Temporary Early Retirement Authority (TERA). As in the past, involuntary separations such as Reduction in Force (RIF) and mandatory early retirement actions will be taken only as a last resort.

Two trends are emerging from the drawdown: losses are occurring early, and they are voluntary. During FY 1992 and 1993, 60 percent of all service losses had fewer than six years of service; almost 80,000 career members separated voluntarily under VSI, SSB, or TERA; and over half of the more than 90,000 retirements occurred within the individual's first year of eligibility. As a result, DoD has been able to maintain reasonable promotion flows, avoid involuntary separation actions to the maximum extent possible, and demonstrate a continuing commitment to treat people fairly—both those who stay and those who leave.

DoD's civilian work force began the drawdown in 1989 with over 1,117,000 civilian employees. By September 30, 1999, there will be fewer than 800,000 civilians. The Department is developing a strategy to adjust civilian reductions with changes in military force structure to achieve the most efficient, cost-effective work force mix. In achieving the necessary reductions, DoD also intends to minimize layoffs, assist laid-off employees, and achieve work force balance.

Last year Congress authorized the Department to use separation pay to avoid involuntary separations of civilian employees. The Department has used these incentives extensively, with positive results. During FY 1993, civilian strength came down about 70,000, significantly minimizing the need for involuntary separations. For example, using incentives, the Air Force and Army Materiel Commands avoided RIFs at most locations, and naval shipyards and aviation depots significantly reduced the number of employees scheduled for involuntary separation. Because of these incentives, reductions have come without a disproportionate impact on women

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FROM OSD-IRS

TO FORSGREN

PAGE 012

and minorities. The DoD approach has been adopted by other agencies and is the basis for the Administration's proposal for a government-wide incentive program.

The Department has issued policy guidance for the transition initiatives for the Selected Reserve contained in the National Defense Authorization Act for FY 1993. This guidance ensures that Selected Reservists who are involuntarily separated during the force drawdown period are treated fairly and equitably for their service. Those enacted initiatives include: (1) special separation pay for personnel with 20 or more years of service, (2) early qualification for retired pay at age 60 for those with 15 to 20 years of service, (3) separation pay for those with 6 to 15 years of service, (4) post separation use of commissary and exchange privileges, (5) continuation of the Montgomery G.I. Bill educational assistance, and (6) priority affiliation with other Selected Reserve units for those Reservists involuntarily separated short of a full career.

These programs are helping Reservists whose billets or units are inactivated as well as those who are transferred to the Retired Reserve as the result of programs designed to balance and shape Reserve forces of the future. In addition, use of active duty voluntary incentives—TERRA, VSI, and SSB—has been approved where needed to assist National Guardsmen and Reservists serving on full-time duty in support of the Guard and Reserve. These benefits and incentives, together with a more gradual reduction in Reserve forces, will help the Department treat Reservists fairly, while ensuring the smaller Reserve force includes the proper balance of age, grade, skills, and experience.

TRAIN THEM

In order for military units to be mission ready, the individuals within those units must perform their jobs proficiently. The Department continues to identify ways to enhance individual skill performance and to explore alternative ways to meet occupational training requirements. To improve the efficiency and effectiveness of individual training, as well as achieve budget savings, DoD is making better use of training facilities, improving training technology, consolidating training courses, and investigating new ways to deliver training. The Chairman of the Joint Chiefs of Staff Report on Roles and Missions, as well as the Military Training Structure Review, will result in further consolidations of training. At the same time,

care is required to avoid shifting training to operational units when such training would be more efficiently and effectively provided by training institutions established for that purpose.

Commitment to Individual Training

Individual training provided to service members is one of the cornerstones to preserving American defense capabilities. The readiness of Active and Reserve forces is directly dependent upon the individual performance of service members, and training allows the military to achieve and maintain the highest levels of performance. Military personnel become qualified for and progress in their occupations through individual training. The Department's commitment to maintaining high standards of training and recruiting high-quality personnel will continue the success of the volunteer force. Training programs and resources were a major part of the Bottom-Up Review, which carefully looked at individual training resources in each of the Military Services, and will continue to receive high-priority management attention.

Individual Training Resources-FY 1995 Budget

Training resources have been maintained at a level consistent with DoD's adjusted force structure. The FY 1995 budget includes the essential Operations and Maintenance (O&M) resources needed to support critical individual training programs. This level of resources avoids shifting training missions to operational units and prevents the hollow force of the 1970s, when the scarcity of training resources adversely affected military readiness and morale.

Current Programs to Improve Training

The Department is continuing to emphasize improvements and efficiencies. The Joint Staff is working with the Services to conduct a comprehensive review of all training courses in order to achieve further consolidation. In order to improve the portability of course development software and reduce costs, the Department is giving additional emphasis to setting standards for computer-based training and distance learning. Low-cost applications of advanced training technology are currently being tested and implemented to assist both active and reserve units.

The most ambitious joint effort to date is the ongoing acquisition of a Joint Primary Aircraft Training System (JPATS) as the entry-level trainer aircraft for both the Navy and Air Force.

Career Force Training

Experienced personnel represent a significant investment of resources and effort, particularly as the force drawdown continues. For that reason, the Department is placing increased emphasis on preserving and upgrading the skills of career members. Professional and advanced training for officers and enlisted personnel prepares them to handle the more complex challenges associated with a smaller force which operates more technical systems and manages scarce resources. In addition, there has been an increase in joint training requirements to improve and support joint military operations and planning. Improving technical expertise, developing management and leadership skills, and supporting joint training will continue to receive a high level of attention.

Civil-Military Projects

The country recognizes that military personnel are an extremely valuable national asset. As a result, the military has been asked to assist civilian efforts in addressing some the critical domestic issues facing us in the areas of education and job training, health, the environment, and disaster relief. Both the active and reserve components have been quick to respond. We are playing a vital role in establishing the Civilian Community Corps—the residential national service demonstration program. We have established Junior ROTC Career Academies in the public schools to address the academic, vocational, and other needs of at-risk inner-city high school students. The academies also provide retired military personnel teaching and administrative opportunities. We have implemented Guardcare—a program to provide health care services to medically underserved communities and individuals, while providing valuable training to National Guard personnel. We have also instituted a special residential program to provide high school dropouts the wherewithal to obtain the GED and with life coping and other skills. These programs are developed carefully in (1) take advantage of DoD's strengths and competencies and (2) focus on projects that contribute to the military mission and do not adversely affect readiness.

Troops to Teachers is the DoD Teacher and Teacher's Aide Placement Assistance Program to assist separated service members, terminated DoD and Department of Energy civilians, and certain displaced contractor employees to become certified and obtain employment

within the
Department
of National
and Community
Service. (

new { as teacher or teacher's aides. The program was authorized by the FY 1993 Defense Authorization Act (with modifications in the 1994 Authorization Act) and established in January 1994. It provides eligible applicants with a stipend of up to \$3,000 to defray the cost of becoming certified through a state's alternative certification program and a grant of up to \$50,000 over a 5-year period to school districts that agree to hire program participants. DoD has received over 1,000 applications from service members.

TREAT THEM FAIRLY

Finally, the third leg of the readiness triad is treating people fairly. The Department is working hard to demonstrate (both in word and actions) a genuine concern for the well-being of its personnel (military and civilian)—those remaining in the Services and those leaving. This affects not only readiness but also future recruiting. People serving in the military accept dangerous duty, frequent relocations, and extended periods of family separation as a necessary condition of service. While they pursue this noble profession of arms with pride, they need to be reassured that the nation appreciates and values their contributions and sacrifices. The Department is committed to providing a supportive environment to its people to ensure fair compensation, a decent quality of life, and career system that encourages retention.

Pay

new { Pay levels also are important. We really want to support our people, but, unfortunately, we have some limits on how we can do that. Specific concern has been voiced about the temporary reduction in military and Federal civilian employees' pay raises by one percent for FYs 1995-1997. Most of our people realize some sacrifice is needed to remedy our economic ills. This temporary measure, however, is not as much of a problem as the potential permanent decrease in military income relative to Federal civilian and possibly private sector incomes.

The Federal Employees Pay Comparability Act of 1990 (FEPCA) tied Federal civilian, and therefore military, pay raises to the Employment Cost Index (ECI)—a measure of the annual growth in wages and salaries for the average American worker. Starting with 1994, Federal employee raises were lowered to one-half percentage point less than the ECI. This decrease was offset for Federal civilian employees in many areas of the country by locality pay, a series of regional specific pay raises that are supposed to achieve comparability between Federal civilian

and private sector wages over the next 8 years. There was no offset to the loss of one-half percent to military pay raises, because locality pay raises were restricted to Federal civilians. Thus, in 1994, military pay raises were reduced relative to the pay raises of many Federal civilians, and military pay growth was restricted to a rate below that of the average American worker. Unless the law tying military pay raises to Federal civilian pay is changed, military pay may fall behind both Federal civilian and private sector pay.

We are particularly concerned about certain pay anomalies and are looking at a range of solutions. For example, when our troops deploy, we want to ensure that any changes in pay and allowances are fair and equitable. Under today's rules a service member's pay can go down. Other areas of concern include adequate housing allowances, especially for our junior personnel. We must bolster our housing allowance programs to ensure that military members can afford adequate housing without digging ever more deeply into their pockets to pay the rent. The Department also recognizes the inequity of asking military members who serve and live in high-cost areas to absorb the added expenses of the area. In some cases, a member's lost purchasing power can be equivalent to the loss of a promotion in rank. We are actively working to provide some help to members living in our highest-cost areas. Investing in people is important to the Department, and we continue to look for ways to improve things in this important area.

Health Care

The Department of Defense has a dual health care mission—to provide medical services and support to the armed forces during military operations, and to provide continual medical services and support to members of the armed forces, their family members, and others entitled to DoD medical care. There are 8.2 million beneficiaries who are eligible to receive health care from the Military Health Services System. Direct care is delivered worldwide in 133 hospitals. Care is also purchased from the civilian sector under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) for eligible beneficiaries. Substantial resources are required to accomplish the DoD medical mission. The Department's medical portion of the President's FY 1995 budget approximates \$15.3 billion.

The Department plans to bring military health care into harmony with national health care reform. The three key elements of the Department's plan are readiness, security, and choice. In

support of the primary mission of readiness, military hospitals and clinics will continue to be operated, staffed, and managed by uniformed health care providers. There will be no change in health care for active-duty personnel, nor will military health care overseas be affected. The plan offers the Department an opportunity to give family members and retirees more secure access to, and more choice about, health care providers. They would have the choice of three options: (1) they may enroll in the military health care plan, known as TRICARE; (2) they may elect to participate in a private sector fee-for-service plan; or (3) they may join in a civilian managed care option and get health care through a network of carefully selected civilian providers.

Until the Department is ready to implement this plan, the current military health care options will stay in place. The Department will continue to engage and consult with the Services, Joint Chiefs of Staff, and appropriate committees of Congress to develop and implement the specific elements of these changes to the military health care system.

Quality of Life

Personnel Tempo

As the total force downsizes, sacrifice and readiness must be balanced. Too great a deployment tempo means real sacrifice to military families. At the same time, readiness must be achieved, frequently by trying to do more with less. America's economic strength requires an efficient national defense program, but precautions should be taken not to weigh too heavily on those who provide that defense.

When operating tempo (OPTEMPO) is increased significantly, personnel can be stretched too thin. The all-volunteer force expects and is entitled to a decent quality of life in return for its dedicated service to the nation. Experience shows that when service members are deployed for long periods of time, personal problems and family conflicts begin to reduce their effectiveness. For that reason, personnel tempo goals must contribute to high morale. Today, these goals are stretched to the limits—sometimes exceeding them. Keeping personnel deployed away from their families more during peacetime than during the height of the Cold War denotes the peace dividend to those who worked hardest to earn it. Balancing training and operational requirements with deployment tempo is essential if the Department is to recruit and retain quality people. It is also essential that quality of life benefits be upheld so that the morale of DoD's people—its most

precious commodity—does not decline.

Family

Quality of life is difficult to measure; yet without a doubt, the impact of a good quality of life contributes to an intangible product—a motivated, satisfied force. This is the essence of a ready force. As the Department evolves to a predominantly married career force, family issues play an increasingly important role in military planning. Over 60 percent of the total force has family responsibilities. Families are an important part of the readiness equation and must be considered in planning for successful operations and deployments. Therefore, the Department will continue to sustain and develop a family support structure designed to meet the challenges of short-tune deployments, like Somalia. Additionally, there are a host of support activities designed to support the service member(s) and their families. Listed below are a representative sample of these support activities:

- **Family Advocacy Programs.** These programs respond to family dysfunctions. Child and spouse abuse prevention, intervention, and treatment programs in the military remain on the cutting edge of excellence.
- **Child Development Programs.** Child care is unquestionably a priority for most families. Most military families rely on Child Development Programs to sustain the economic strength of the family. Child care development centers are offered on 400 installations and provide over 166,000 child care spaces. This is an increase of approximately 16,000 spaces compared to last year. Resources will be added to increase the availability of child care. A target of 208,000 child care spaces is planned for FY 1995. DoD continues to improve the quality and availability of care. Long-range plans call for increased availability of services by 10 percent per year over the next five years.
- **Department of Defense Dependents Schools.** The overseas dependents' schools are a major contributor to the quality of life of service members and their families stationed overseas. In this important area, the Department seeks to ensure that children's education is not adversely affected by the drawdown. High-quality education must be sustained throughout the transition. Schools are the cornerstone of the American community, and we will make every effort to keep school environments stable until the drawdown is completed and school

populations and locations are finalized.

- **Morale, Welfare, and Recreation (MWR) Programs, Exchanges, and Commissaries.** These activities represent three of the most important non-pay benefits provided to military members and their families. The Department realigned the proponent for exchanges and commissaries, along with MWR and other quality of life programs, under the Assistant Secretary of Defense for Personnel and Readiness. These programs allow military families to expand their buying power in commissaries and exchanges. At the same time, profits from exchanges are disbursed to other MWR programs on military installations. This complements the appropriated funds provided for MWR to afford service members and their families MWR programs comparable to those offered in communities throughout the United States.

CONCLUSION

As the total force drawdown progresses, the Department will continue to ensure that the remaining force is fully manned, trained, and ready for any contingency. The complex transition to a smaller force must be accomplished without sacrificing readiness and quality of personnel and the corresponding support they require. Key to assisting the Department in accomplishing this task will be deliberate efforts to ensure the temporary turbulence created by downsizing the force is not too much, too soon. Continuing to recruit quality people, providing them with challenging, realistic training, and treating them fairly will result in a military force that is prepared to respond quickly and meet any threat around the world. We ask for your support in this endeavor.

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

March 22, 1994

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL FROM: PETER FEAVER 

SUBJECT: Defense Draft Bill, Department of Defense Science, Mathematics, and Engineering Program Amendments (DOD 103-040)

Tab II is a draft bill, proposed by the Department of Defense, to amend existing legislation 10 U.S.C. 2192, "Science, mathematics and engineering education." The amendment would permit the Secretary of Defense, in consultation with the Secretary of Education, to limit DoD science, mathematics and engineering education programs to U.S. citizens and nationals.

Concurrence by: Jeremy Rosner RECOMMENDATION

That you sign and forward the memorandum at Tab I indicating NSC staff concurrence in the proposed bill.

Attachments

Tab I Memorandum for Signature

Tab II Incoming Correspondence

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

MEMORANDUM FOR RONALD K. PETERSON

FROM: WILLIAM H. ITOH

SUBJECT: Defense Draft Bill, Department of Defense Science,
Mathematics, and Engineering Program Amendments
(DOD 103-040)

The National Security Council staff concurs in the proposed amendment.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

SPECIAL

March 16, 1994

LEGISLATIVE REFERRAL MEMORANDUM

LRM #D-647

DRAFT #575

TO: Legislative Liaison Officer -

EDUCATION - John Kristy - (202)401-2670 - 207
ENERGY - Bob Rabben - (202)586-6718 - 209
JUSTICE - Sheila F. Anthony - (202)514-2141 - 217
NSC - William H. Itoh - (202)395-3723 - 249
NSF - Lawrence Rudolph - (703)306-1060 - 248
STATE - Julia C. Norton - (202)647-4463 - 225
TRANSPORTATION - Tom Herlihy - (202)366-4687 - 226

FROM: RONALD K. PETERSON (for) 
Assistant Director for Legislative Reference

OMB CONTACT: MIKE GOAD (395-7301)
Secretary's line (for simple responses): 395-6194

SUBJECT: DEFENSE Draft Bill Department of Defense
Science, Mathematics, and Engineering Program
Amendments (DOD 103-040)

DEADLINE: 10:00 A.M., WEDNESDAY, March 23, 1994

OMB requests the views of your agency on the above subject before
advising on its relationship to the program of the President, in
accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or
receipts for purposes of the the "Pay-As-You-Go" provisions of
Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:

J. Fish
B. White
B. Sasser
K. MacIntyre
E. Rea

Honorable Thomas S. Foley
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Enclosed is a draft of an amendment to existing legislation, 10 U.S.C 2192, "Science, mathematics, and engineering education".

This proposed legislation is part of the Department of Defense legislative program for the 103rd Congress. The Office of Management and Budget advises that there is no objection to the presentation of this proposal for the consideration of the Congress. It is recommended that the proposal be enacted by the Congress.

Purpose of the Legislation

Section 2192 of title 10, United States Code, directs the Secretary of Defense, in consultation with the Secretary of Education, to identify actions and establish and conduct programs to improve science, mathematics, and engineering education skills necessary to meet national defense needs.

The proposed subsection would permit the Secretary of Defense to limit Department of Defense science, mathematics, and engineering education programs to United States citizens and nationals.

Cost and Budget Data

The enactment of this legislative proposal will not cause any increase in appropriated funding for the Department of Defense or have any budgetary impact.

Sincerely,

A B I L L

To amend section 2192 of title 10, United States Code, to authorize the Secretary of Defense to limit Department of Defense science, mathematics, and engineering education programs to United States citizens and nationals.

1 *Be it enacted by the Senate and House of Representatives of the United States of America in*
2 *Congress assembled,* That section 2192 of title 10, United States Code, is amended by adding at
3 the end the following new subsection:

4 "(c) In establishing and conducting programs of science, mathematics, and
5 engineering education and training, the Secretary of Defense may limit participation in
6 any such program to United States citizens and nationals, if the Secretary determines
7 that such a limitation is in the interests in meeting the long-term national defense
8 needs of the United States for personnel proficient in scientific, mathematics, and
9 engineering studies."

SECTION BY SECTION ANALYSIS

This amendment to 10 USC §2192 adds a subsection to the end of existing language. This additional language will permit the Secretary of Defense to limit participation in these programs to U.S. citizens and nationals if the Secretary determines that such limitation is in the interest of this nation.