

**RECORD VERSION**

**STATEMENT BY  
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**DEPARTMENT OF DEFENSE**

**BEFORE THE**

**SUBCOMMITTEE ON MILITARY PERSONNEL  
HOUSE ARMED SERVICES COMMITTEE**

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**ON RESERVE COMPONENT DUTY STATUS REFORM**

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**NOT FOR PUBLICATION UNTIL RELEASED BY THE  
HOUSE ARMED SERVICES COMMITTEE**

Chairman Speier, Ranking Member Kelly, distinguished members of this committee, I thank you for the opportunity to appear before you on behalf of the Department of Defense for a topic very near and dear to my heart. I can tell you that as a public servant who has worked on behalf of Service members and their families for over 30 years, Reserve Component Duty Status Reform is long overdue.

Our Reserve forces predate the founding of our republic, going back to the colonial militia. Long before the birth of our great nation, citizens came together for a common cause, defending the battlefields of Lexington and Concord as citizen Soldiers. Over time, our Reserve forces have grown to all branches of the Uniformed Services and evolved to support the diverse and extensive needs of our nation, both at home and abroad. Today, the laws, policies and procedures that govern how our leaders access and manage Citizen Soldiers, Airmen, Sailors, Marines and Coast Guardsmen have grown into a complex system fraught with inequities, pay and benefits disruptions, challenges with accessibility, and disconnected programming and budgeting.

For several decades, the Department of Defense tried to resolve these challenges. Multiple studies, dating back to the 2002 Wexford Study through the 11<sup>th</sup> Quadrennial Review of Military Compensation and the Military Compensation and Retirement Modernization Commission (MCRMC) in 2015, have cited numerous issues that should be resolved if the Reserve Component is to be utilized in a more efficient and equal manner. None of these reviews or studies succeeded because they merely scratched the surface of the problem and failed to dive deep enough to determine the root cause of the issues.

In recognition of these challenges, Section 515 of the National Defense Authorization Act (NDAA) for Fiscal Year 2016 mandated that the Secretary of Defense assess whether the MCRMC Reserve Component Duty Status Reform Proposal would increase the efficiency within the Reserve component. Concluding the MCRMC proposal would not fully improve the existing Reserve duty system, the Department undertook an extremely broad, comprehensive and transparent reform effort. From the very beginning, our team worked tirelessly with leadership from each Reserve Component

and the National Guard Bureau, as well as major stakeholders such as the Department of Veterans Affairs, the Office of Management and Budget, the Congressional Budget Office, the Department of Labor, and more. Together, we have been marching, in lock step, to develop this proposal that benefits not just the Services, but also the combatant commanders and most importantly, the Reserve Component and National Guard Servicemen and women.

The following issues identified in these earlier, historical studies are the leading challenges that members of the Reserve Component and National Guard currently experience:

- **Pay and Benefits Inequities**
- **Disruption in Pays and Benefits**
- **Disconnects in Programming and Budgeting**
- **Limitations on Accessibility**
- **Complexity in the Determination of Applicable Duty Status**

These challenges are lengthy and complicated, resulting in inefficiency and inequality. Pay, allowances, and benefits currently differ depending on duty status. Service members performing similar duties can receive different benefit packages. Additionally, they may experience disruptions in pay and benefits when they transition from one duty authority to another. The budgeting process is based on artificial duty status distinctions that complicate the allocation of resources and obscure the understanding of the work and training actually being performed. The numerous criteria for determining Reserve Component statuses can make it difficult for operational commanders to call Reserve Component Service members to duty. Likewise, when requirements are emergent rather than programmed, accessibility to Reserve Component Service members may be limited. Multiple duty statuses produce complex rules and procedures that are highly inefficient, inhibit volunteerism, and increase the difficulty of accessing Reserve Component members to perform operational missions.

The differences in benefit packages is one of the most visible inequities today. As it currently stands, Reserve Component members can be activated to perform similar work under different authorities. A member who is mobilized involuntarily, in support of a national emergency under section 12302 of title 10, U.S.C., is eligible for certain benefits. Another member who is activated voluntarily under section 12301(d) of title 10, U.S.C., and serves alongside the first member receives a different set of benefits. Thus, two members, working side-by-side, performing the same duties may receive different benefits solely based upon the authority in which the member is mobilized. No small fix exists to correct these discrepancies and inequities. In order to address the complex interdependencies of authorities, benefits, and compensation, hundreds of statutes must be rewritten.

With the extensive involvement of stakeholders across the entirety of government, the Department of Defense is proud to have developed a comprehensive legislative proposal that streamlines Reserve Component duty authorities and aligns pay and benefits, according to the nature of the work performed.

The proposal outlines specific duty performed under titles 10, 14, and 32 of United States Code, and tracks the separate and distinct reasons members of the various Reserve Components are utilized under the statutory authorities. The proposal, as currently drafted, intends to minimize, to the maximum extent practicable, disruptions in pay and benefits for members, and adhere to the principle that Reserve Component Service members should receive pay and benefits commensurate with the nature and performance of their duties. In addition, it intends to provide the Secretary has the flexibility to meet emerging requirements in order to effectively manage the force; thus, allowing for the alignment of Department of Defense programming and budgeting to the types of duty members perform.

I've heard concern from State officials that our proposal erodes the authority, responsibility, and role of the States and governors in the utilization and management of the National Guard. I can assure you that this proposal, as drafted, does not interfere with the role of the governors and their States. Rather, our legislation preserves the role

of the States and governors in the utilization and management of the National Guard. Our motivation from the very beginning, has been and will always be, to provide a better means to call our Reserve Component and National Guard members to duty, utilize their skills, and thus, provide them with the commensurate pay, allowances and benefits appropriate to the nature of the work being performed.

The proposed legislation retains the qualifications and standards necessary for appropriate entitlement to pays and benefits today. For example, members still need to serve in a designated area to receive Imminent Danger Pay, as well as other special pays and allowances. Additionally, our proposal preserves the inherent flexibility for short periods of service, commonly referred to as Inactive Duty Training (IDT), also known as drill periods, which allow members of the Reserves and National Guard to complete partial-day service.

It should be noted that the Department's Reserve Component Duty Status Reform proposal is a comprehensive reform effort that contains elaborate interdependencies. The proposal encompasses more than 485 separate changes to federal law, including changes in 21 titles of the U.S. Code. Hundreds of Department of Defense and other government agency directives and instructions, regulations, and policies will require significant changes when the legislation is enacted. Subsequently, hundreds of instances in the Code of Federal Regulations, as well as individual state laws, will need to be modified.

These interdependencies preclude parsing of the language. Therefore, we request that Congress consider the package to be enacted in its entirety. Further, because of the complexity, the proposal will require multiple years to implement after enactment. This implementation and roll-out agenda will be across multiple lines of effort, including: policy, pay and personnel systems, communication and training of the force, information technology systems, and more. In order to implement this policy, not just within the Department, but across several external agencies, we must ensure that we allocate

enough time for ourselves to get it right, for the benefit of the citizen Soldier, Sailor, Airman, Marine and Coast Guardsman. While complex to enact and implement, it is well worth the effort for our National Defense, our Reserve Component Service members, their families, and their employers.

I would like to thank Congress for your continued support of the Reserve Components and the National Guard. The United States of America has relied on the Reserve forces and the National Guard for centuries; defending, protecting and supporting our great nation, both at home and abroad. After decades of trying to find a resolution to the complicated manner in which we activate, utilize and pay our Reserve and National Guard men and women, we've developed a proposal that fully and truly provides a realistic solution that benefits the Service member, the family, and the Department. I look forward to sharing more details on the proposal once the Administration finalizes its work on the proposal and transmits it to Congress. Thank you, and I look forward to your questions.