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**REPORT OF
MAJOR GENERAL WESLEY CRAIG
THE ADJUTANT GENERAL
TO THE
HOUSE APPROPRIATIONS COMMITTEE
March 7, 2012**

The Department of Military and Veterans Affairs' Fiscal Year 2012 – 13 executive budget will continue vital state support for our Pennsylvania National Guard and our veterans programs. Considering the fiscal constraints affecting state government as a whole, I believe our budget will enable the Department to advance on several fronts. We will continue to provide the high level of services our veterans expect and deserve.

The profound interest and continued support of the General Assembly for the Soldiers, Airmen, Veterans and their Families, is a great source of strength for your National Guard and our veterans' community. I'm joined today by my deputy adjutants general and departmental deputies, as well as other senior staff of the Department of Military and Veterans Affairs.

The Department of Military and Veterans Affairs has two overarching areas of responsibility. Our agency provides oversight, command and control for the Pennsylvania National Guard to support it in undertaking its state and federal military missions. And we manage Pennsylvania's veterans' programs to provide benefits and assistance to veterans and their families.

DMVA oversees a billion dollar enterprise. For the most recent federal and state fiscal years, the annual federal funding for DMVA was \$882 million, compared to Pennsylvania state funding of \$173 million. The bulk of the state funds that our agency expends goes to support veterans' programs, but the Pennsylvania National Guard attracts hundreds of millions of dollars in federal expenditures each year to support its training and operations. In fact, only about 3% of the funding for the Pennsylvania National Guard comes from the state.

Pennsylvania National Guard

Governor Corbett is the commander-in-chief of the Pennsylvania National Guard when it is not in federal service. Our mission, under his leadership, is to exercise command and control over the 19,000 Soldiers and Airmen who serve in the Guard. We prepare these personnel for combat so that the Guard can perform worldwide combat and combat support operations and provide global reach and the projection of U.S. military power in support of national objectives. And our efforts provide trained personnel to support state and local authorities in times of natural disaster or emergencies.

The year 2011 witnessed several major emergencies in Pennsylvania, and your Pennsylvania National Guard was once again on the frontlines. We responded to snowstorms and ice storms

last winter, but by far our greatest efforts were devoted to performing vital emergency support functions in response to the great floods caused by Hurricane Irene and Tropical Storm Lee.

Last year, 2,644 Pennsylvania National Guard personnel performed 15,474 duty days of state active duty for emergencies. In communities across Pennsylvania, our Soldiers and Airmen performed rescue missions, supported evacuation and flood control missions, provided security and assisted in clean-up. When Governor Corbett called out the Guard for these emergencies, we responded and undertook hundreds of missions as assigned by the Pennsylvania Emergency Management Agency. I know you join the Governor and me in expressing gratitude to the thousands of Guard Soldiers and Airmen who responded to these emergencies.

Even as the Pennsylvania National Guard has responded to emergencies at home under orders by the Governor, our personnel continue to demonstrate their capabilities as part of the Total Force for national defense. Since 2001, our Soldiers and Airmen have performed nearly 30,000 individual mobilizations. The number represents the fact that, while about 75% of our 19,000 personnel -- Army and Air -- have deployed at least once, many have deployed two or three times. Some have deployed even more often. For example, the Pennsylvania Air National Guard uses a different force generation model than the Army, and this results in multiple deployments usually of shorter duration.

At this time, 252 Pennsylvania National Guard personnel are deployed in active federal service overseas. This is one of the lowest numbers of deployed personnel in recent years, and the numbers reflect the changes to the missions in Iraq and Afghanistan.

The projected mobilization of the 55th Brigade Combat Team, previously scheduled to have been underway right now, has shifted to the right. About 1,600 Soldiers from the 55th Brigade are now scheduled to deploy to Southwest Asia in fall 2012. Next February, about 400 members of our 1-104th Aviation Recon Battalion are scheduled to deploy, and they will join hundreds of Air Guard personnel who are constantly being called into active federal service for contingencies around the world. So by the time I report to you next year, we will have more than 2,000 Pennsylvania National Guard members engaged in overseas deployments. These numbers are what we project today. We live in a dangerous world, and emergencies and contingencies across the globe can result in your National Guard Soldiers and Airmen being called up to respond at any time.

The Guard's response to both federal and state operational missions clearly shows that your Pennsylvania National Guard is truly "always ready, always there."

The Pennsylvania National Guard is largely funded by the U.S. Government. About 97% of the Guard's funding comes from the federal government, and about 3% comes from the state. The Guard relies on federal funding and resources to supply its military equipment, to pay personnel undergoing training or federally-funded duty, and to operate weapons, vehicles, and facilities. It is vital that the federal government continue to support the National Guard even in the face of budget cuts.

There is a huge issue playing out in the Pentagon and the halls of Congress as to how the Department of Defense (DoD) spending cuts described in the President's proposed budget for federal FY 13 will affect the National Guard and reserve components. We in the Guard believe that the National Guard is a great value for America. Instead of being the target of cuts, the

National Guard should receive additional funding and equipment because we have proven that the Guard has the capability to undertake major operational responsibilities at much less cost than the active components.

Some of the slashes proposed in the President's DoD budget raise great concerns, particularly with regard to how the Air Force plans to allocate shrinking funds. The Air Force is proposing to cut its force structure substantially, with most of the cuts coming from the Air National Guard and the Air Force Reserve. Nationally, the Air Force proposes to cut some 9,900 personnel from active duty, Guard and Reserve, and 5,100 of those cuts are proposed to come from the Air Guard.

The Air Force intends to reduce the number of KC-135 air refueling tanker aircraft assigned to the 171st Air Refueling Wing in Pittsburgh by 4 aircraft, which amounts to a 25% reduction in their fleet. If this cut in the allotment of mission aircraft is approved, we expect corresponding cuts in the number of authorized personnel for the 171st ARW.

You should also know that Pittsburgh is slated to take a double hit because the Air Force apparently plans to shutter the 911th Airlift Wing of the U.S. Air Force Reserve. This would entail the loss of more than 1,300 personnel and seven aircraft as well as closing a major Air Force Reserve facility. The proposed Air Force cuts affect many states, and congressional delegations across the country are gearing up for a fight.

This is just the beginning. The changes to force structure being proposed now are part of the regular budget process. But it appears there is a new BRAC (Base Realignment and Closure) process on the horizon. This may have impacts on other military installations and facilities in our Commonwealth.

The bottom line is that cutting the Guard makes no fiscal sense. The Guard is surely the best value for America. Maintaining force structure in the Guard costs about 25% of what it costs to maintain corresponding structure in the active components. Over the last decade, the Guard has repeatedly shown that it has the capability to perform military missions around the world at much less cost than the active forces. The federal government should surely delay making cuts to the National Guard until they do an in-depth comparison of relative costs of Guard units versus active duty units of similar capabilities. What's more, because the National Guard is the only military force shared by the state and federal governments, we are positioned to respond to state and local emergencies and bring to bear the forces needed to defend and secure our homeland. I urge you to join with our congressional delegation in fighting to preserve the force structure in Pennsylvania.

Even as we work together to ensure continued federal funding support for the National Guard, we must not underplay the critical role of state funding in the success of our National Guard.

First, I want to thank Governor Corbett and the General Assembly for your support for the Educational Assistance Program (EAP). The \$12.87 million that you appropriated last year rescued this program and ensured that we were able to offer educational assistance grants to more than 3,000 Guard members. For this year, we are once again calling on you to approve the same funding for this program to sustain it and build on its success. EAP grants are by far the most important incentive that the state offers for National Guard service. As we've seen again

and again, maintaining the strength of a high quality National Guard force is the key for responding to state emergencies and federal mission requirements.

The “armory/readiness center maintenance and repair” line item provides critical funding to address the maintenance needs at our aging state armories. Addressing the backlog of essential maintenance and repair at state armories is a priority effort.

I’m also pleased to report that this year’s budget contains funding that will allow us to take some steps to beef up installation security at Fort Indiantown Gap. The “Gap” is a large installation and a vital National Guard training center. Protecting the thousands of personnel, and the more than one billion dollars worth of military equipment and facilities at the installation, remains a top priority. The budget proposes \$360,000 for security personnel for Fort Indiantown Gap, and this is certainly a step in the right direction.

Last year, I reported to you on our vision for a comprehensive update to the Pennsylvania Code of Military Justice. The current version of this law dates back to 1975, but many of its key provisions go back to 1949 or even earlier. The PCMJ has largely fallen into disuse because it is no longer an effective tool for providing good order and discipline when the Guard is not in federal service. I’m pleased to report that this effort is moving forward, and I understand that legislation to update the Code will soon be introduced in the State Senate.

Veterans’ Programs

An even casual glance at our state budget shows that most of the state funds we receive go to support our veterans’ programs. That’s how it should be because these state veterans’ programs represent our Commonwealth’s commitment to veterans who bore the battle and served the Nation.

Our state veterans’ homes provide high quality long-term care to nearly 1,600 veterans and their spouses. This is DMVA’s largest state program both in terms of the funds that support it and the staff and resources applied to this program.

For FY 12-13, we have undertaken further cost-savings initiatives for our six state veterans’ homes. A key element of this initiative is to standardize the program so that all six homes are providing the same high-level of care in the most cost effective manner possible. We have adopted the best practices from our homes, and we’ve integrated sound, efficient business practices into all our homes’ operations. We reduced overtime, moved to apply consistent approaches to services at all the homes and taken other efficiency initiatives.

These changes will result in elimination of sixty-seven positions (out of more than 1800) at our homes. We have already implemented many of these initiatives, and we are confident that we will maintain an outstanding level of care for our veterans even as we make these adjustments.

I’m pleased to report that all our state veterans’ homes are in full licensure status and are in overall compliance with the numerous inspections that they undergo. These inspections, from the Department of Health, the Department of Public Welfare, the U.S. Department of Veterans’ Affairs, occasionally report minor deficiencies, but overall, our homes address them promptly and effectively.

I'm also pleased to report that, next summer, we plan to open a new addition at the Southeastern Veterans Center (Spring City). The new wing will provide skilled nursing and dementia care for 120 veterans. Our FY 12-13 budget provides the funds needed to move forward with this project.

The quality of our state veterans' homes is shown by the surveys of satisfaction taken of residents and their families and the continuing demand for admissions. In the surveys, our Homes' overall satisfaction rate was 94%, compared to an 82% national average for long-term care. Ninety-three percent (93%) of those surveyed from our Homes said they were willing to recommend the State Veterans' Homes, and this compares to an 82% national average.

We are also looking at new and innovative ways of providing other services to veterans. You will notice that our budget includes a \$1.7 million line item to establish a new restricted account titled "veterans' services and veterans' outreach services." You will also notice that the budget proposes no funding for the veterans' emergency assistance program.

We plan to initiate a new program to provide for veterans in need of temporary assistance by using a portion of the "veterans' services and veterans' outreach services" funding. Our concept is to implement this initiative by a grant to a charitable veterans' support organization, the new Pennsylvania Veterans Foundation. The Foundation was established to provide support and assistance for Pennsylvania veterans and to fill the gaps in government programs by working with other charitable and veterans' service organizations. This initiative is a great example of a public-private partnership designed to provide more and better services and assistance to Pennsylvania veterans.

We also plan to use \$700,000 of the "veterans' services and veterans' outreach services" line item to enhance the Veterans' Service Officer (VSO) Grant Program. This program, initiated in late 2007, makes grants to eligible statewide veterans' service organizations to support the pay and benefits for veterans' service officers and the service officers' training, equipment and operational costs.

Experience has shown that when veterans are assisted by well-trained and accredited veterans' service officers, they are much more successful in receiving the V.A. compensation, pension and other benefits they have earned by virtue of their service. On average, the veterans with VSO assistance receive more than twice as much as veterans without help. We find this to be the case with the VSOs employed by our Department, and the veterans' service organizations have found it to be true with their VSOs. This program has resulted in Pennsylvania veterans receiving more than \$350 million in benefits. By allocating \$700,000 of additional funding to this program in FY 12-13, our veterans' service organizations can employ more veterans' service officers to help more veterans receive the federal benefits they have earned by their service and their sacrifices.

Scotland School for Veterans' Children closed in 2009. Now is the time to move forward with disposition of the Scotland School campus. Maintaining and securing the campus in a mothballed state, and heating the buildings to minimum levels, costs about \$1.5 million per year. You will notice that this year's budget contains no funding for maintaining this Commonwealth property. Selling the campus will help ensure that funds can be released for the new veterans' services and

veterans outreach initiatives. I understand the Department of General Services is working hard in cooperation with the General Assembly to find a suitable purchaser for this property. I know this matter will come before you sometime later this spring or summer, and I encourage your support for an orderly disposition of this surplus real property.

Conclusion

I again thank the Committee for the opportunity to present this written report on the fiscal and operational issues affecting the Department of Military and Veterans Affairs. Our agency faces the challenges of the future with the confidence that we can prevail. Ultimately, we are humbled by the opportunity to work with, and serve, heroes, including our veterans and those in service in the Pennsylvania National Guard.