

STATEMENT BY
MR. ERNEST GREGORY
ACTING ASSISTANT SECRETARY OF THE ARMY
FINANCIAL MANAGEMENT & COMPTROLLER

Chairman Platts, distinguished Members of the Subcommittee, my name is Ernie Gregory. I am serving as the Acting Assistant Secretary of the Army for Financial Management and Comptroller. I am the person accountable for the military pay mission at the Department of the Army Headquarters.

I want to thank you for the opportunity to share today some of our efforts to improve the pay support for our mobilized Soldiers. The execution of military pay support, and the actions to improve that support, is a shared responsibility between the Army and the Defense Finance and Accounting Service (DFAS). DFAS owns, operates, manages and maintains the pay system, known as the Defense Joint Military Pay System (DJMS). Guard and Reserve Soldiers are paid from the reserve component version; active Soldiers are paid from the active component version.

The U.S. Army's responsibility is to make timely and accurate inputs into DJMS for changes in status – from reserve to active duty or vice versa – and for modifications or adjustments to the individual Soldier's entitlements resulting from changes in duty status, dependents, or location. To the degree that either of the partners fails, Soldier's pay will not be accurate.

In late October of last year we provided the Honorable Christopher Shays, Chairman of the Subcommittee on National Security, Emerging Threats, and International Relations, with an action plan for correcting mobilized Soldiers' pay

problems. While this plan focused on Army National Guard Soldiers, most of the improvements benefit all mobilized Soldiers, both Army National Guard and US Army Reserves. For example, the fix that automated Hardship Duty Pay – Location for deployed reserve Soldiers in April, eliminated the need for repetitive manual entries, and benefited all mobilized Soldiers in all theaters of operation.

Over the last eight months, we have been diligently working our improvement plan. All Army components, Active, Guard, and Reserve actively participate in the improvement process, along with our DFAS partners. Significant improvements have been made in training, procedural guidance, and controls since completion of the GAO review of pay for US Army Reserve Soldiers. I am confident that the Soldiers currently serving in support of our operations are receiving improved pay support and those who are just beginning to mobilize for the next rotations will experience even better support.

For example, in addition to automating Hardship Duty Pay-Location, we have also implemented training programs specifically tailored to mobilized pay for finance personnel deployed to theater or supporting mobilization stations. We've published detailed comprehensive procedural guidance for all finance activities involved in each step of the mobilization cycle. Programs and materials have been developed to assist Soldiers and their families in understanding their entitlements and pay. Although we have improved, significant challenges remain. We are already updating our plans to incorporate additional lessons learned from the GAO review of pay support for US Army Reserve Soldiers.

In addition to immediate fixes, our action plan addresses needed investments in systems and support infrastructure. For example, DFAS is planning to replace the Defense Joint Military Pay System with a modern commercially available software package. The new system, the Forward Compatible Payroll (FCP) system, provides the Army a single payroll system for all Soldiers, Active, Guard, and Reserve.

DFAS plans to deploy Forward Compatible Payroll to the Army Guard and Reserve in March 2005. This system will dramatically reduce the training and maintenance challenges associated with operating two separate 30 year-old systems. We will be able to provide pay support through greater automated capabilities and a single set of basic processes for both active and reserve Soldiers. With FCP, we will also be able to provide individual Soldiers and their families with clearer, easier to understand information on their pay. New or changing entitlement rules will have fully automated solutions in lieu of the often-cumbersome work-arounds imposed by the current aging systems.

While FCP will greatly improve pay support, this is only an interim solution until we can reach the desired end state of integrated pay and personnel processes through single source input. Virtually any change in a Soldier's status (promotion, reenlistment, schools) creates an impact on pay. The single largest challenge we face, as evidenced in GAO's reviews, is capturing this information in our personnel and unit records and then passing it through to the payroll process.

The shuffling of paper documents and input of transactions into multiple systems simply cannot keep pace with the high operational tempo of today's Army. As we move even more to deploying tailored force packages, the need to seamlessly realign and relocate Soldiers grows and with it, the challenges to capture these events impacting pay administration. To fix this problem, the DoD is working to integrate attributes of FCP with personnel processes to create a single, integrated personnel and pay system called the Defense Integrated Military Human Resources System (DIMHRS).

I want to thank the GAO for their reviews and I look forward to continuing to work with them in our support for Soldiers. We have made significant progress in addressing pay challenges as they have been identified and have charted a course for even greater improvement. Accurate and timely pay to all our Soldiers and their families is of paramount importance. The Army leadership, along with our DFAS partners, is fully committed to this process. In keeping with our desire to inform you of our progress, we have provided to the subcommittee an update to our action plan, which identifies the linkage between fixes and their impact on the US Army Reserves. As I noted, we are expanding this plan to incorporate new issues and will continue to keep you and the staff of the full committee informed of our progress.

In closing, Mr. Chairman, I want to thank you for your commitment to our Soldiers. Taking care of those Soldiers is our ultimate mission. Providing a quality, integrated process for world-class pay service for our Soldiers is challenging, but they deserve no less. We have made major progress in

achieving our goals. We still have significant work to do, but we are well on the way. This concludes my formal remarks and I welcome your questions.