



UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

PERSONNEL AND
READINESS

MAY 29 2003

The Honorable Duncan Hunter
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515-6035

Dear Mr. Chairman:

I am pleased to send you the biennial "Report on the Montgomery G.I. Bill for Members of the Selected Reserve," as required by section 16137 of title 10, United States Code.

At the end of Fiscal Year 2002, more than 377,000 members of the National Guard and Reserve were eligible for the Montgomery G.I. Bill-Selected Reserve, and nearly 106,000 of those eligible had applied for benefits. This program continues to be one of our strongest recruiting and retention incentives. It has improved the quality of the force and provides many young Americans with the opportunity to achieve their educational goals.

The Committee's support for this important program and your continued interest in the Reserve components are greatly appreciated.

Sincerely,

A handwritten signature in blue ink, appearing to read "David S. C. Chu".

David S. C. Chu

Enclosure:
As stated

cc:
The Honorable Ike Skelton
Ranking Member



Report to the Congress
on
The Montgomery GI Bill
for
Members of the Selected Reserve



Office of the Secretary of Defense
2003

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**A Report to the Congress
on the Operation of the Educational Assistance Program,
Montgomery GI Bill-Selected Reserve**

I. INTRODUCTION

This report is submitted in accordance with section 16137 of title 10, United States Code (U.S.C.), which requires a biennial report on the operation of the Montgomery GI Bill-Selected Reserve during the two preceding fiscal years. What is now referred to as the Montgomery GI Bill was initially enacted as a test program by Public Law 98-525, October 19, 1984, the National Defense Authorization Act for Fiscal Year 1985. On June 1, 1987, with the enactment of Public Law 100-48, New G.I. Bill Continuation Act (codified in various sections of titles 38 and 10, U.S.C.) the program was made permanent and named the Montgomery GI Bill.

II. OVERVIEW

BACKGROUND

The Montgomery GI Bill-Selected Reserve (MGIB-SR) is a non-contributory program that provides educational assistance to Selected Reserve members who enlist, reenlist, or agree to serve in the Selected Reserve for not less than six years. Benefits are payable, for up to 36 months of education, at the current rate of \$276 per month for full-time pursuit of a program of education and at proportionately reduced rates for less than full-time pursuit. The law also provides for future automatic increases in the monthly rate based on changes in the Consumer Price Index. Chapter 1606, Section 16133, title 10, U.S.C., originally provided that those servicemembers who continue their service in the Selected Reserve have up to 10 years from the date of initial eligibility to use their entitlement. Public Law 107-314, the National Defense Authorization Act for Fiscal Year 2003, December 2, 2002, changed the Montgomery GI Bill-Selected Reserve eligibility period from 10 to 14 years effective October 1, 2002, for members who established basic MGIB-SR eligibility on or after October 1, 1992. To be eligible for educational assistance under the vocational or technical programs, the enlistment, reenlistment, or agreement to serve in the Selected Reserve must have been executed on or after October 1, 1990. Under provisions of section 16132(a)(2) of title 10 U.S.C., Selected Reserve members must have completed requirements for award of a high school diploma (or an equivalency certificate) before applying for benefits under the MGIB-SR.

Unlike previous GI Bill programs and the Montgomery GI Bill for active duty members, the MGIB-SR provides for receipt of benefits before the qualifying military (Selected Reserve) service is complete. The individual Reservist electronically re-certifies eligibility through uninterrupted attendance at monthly drills. The "real-time" nature of the program requires efficient processes to monitor the educational segment (a function of the Department of Veterans Affairs (DVA)) as well as continued satisfactory performance in the Selected Reserve (the responsibility of the Department of Defense (DoD)).

The geographic mobility of Reservists often leads to changes in a member's Selected Reserve unit of assignment and, at times, requires a transfer to a different Reserve component. This complicates the tracking of MGIB-SR eligibility. The tracking requirement, combined with a need to maintain fiduciary control, dictates a requirement for an automated, centralized reporting system to rapidly convey eligibility data within the DoD and from the DoD to the DVA. It is essential that the member's status as reflected in data maintained by the DoD be consistent with the status contained in data maintained by the DVA. The Defense Manpower Data Center (DMDC) continues to serve as a central clearinghouse for program data used by the DoD and the DVA. Transfer of data to the DVA occurs once a week, which helps provide timely availability of data to the DVA regional offices.

EFFECTIVENESS

The MGIB-SR was established to encourage membership in units of the Selected Reserve of the Ready Reserve. It provides a powerful incentive to join the National Guard or Reserve as a member of the Selected Reserve and to continue membership beyond the original obligation period. Previous studies conducted by the Sixth Quadrennial Review of Military Compensation, the RAND Corporation and the DVA indicate that the MGIB-SR program significantly contributes to achieving recruiting goals and meeting end strength objectives. The effect of the MGIB-SR on recruiting and retention cannot be quantified easily, as there are numerous considerations that a member of the Selected Reserve must contemplate as he or she decides to remain in or separate from the Armed Forces. However, participation rates of entitled members provide indicators of the effectiveness of the program.

Over the history of the program, 1,291,650 National Guard members and Reservists have gained eligibility for the entitlement and 500,587, or 39 percent, have applied for educational assistance. This indicates that educational assistance likely played an important part in the decision to join the National Guard or Reserve for a large number of the eligible service members. At the end of Fiscal Year 2002, the eligible service members totaled 377,129, of whom 105,585, or 28 percent, had applied to receive benefits to pursue their studies. This reflects a reduction in participation since the last

MGIB-SR congressional report. However, the effects of the events of September 11, 2001, and subsequent mobilization of student-reservists participating in the program had not been analyzed at the time of this report.

III. PROGRAM HIGHLIGHTS IN FISCAL YEARS 2001 and 2002

THE MGIB-SR KICKER

Section 16131, of title 10, U.S.C., was amended by Public Law 104-106, the National Defense Authorization Act for Fiscal Year 1996, to provide an increase in educational assistance allowance for personnel filling critical shortages in designated skills, specialties or units. This program is commonly referred to as the "Kicker" program. Service members must enlist, reenlist or extend for six years in a Service-designated skill, specialty or unit to be eligible for the MGIB-SR Kicker. The MGIB-SR Kicker payments are in addition to, and paid in conjunction with, MGIB-SR basic benefit payments. The three DoD-designed levels of MGIB-SR Kickers are \$100, \$200 and \$350 per month. The Secretaries concerned determine if their respective Reserve components will participate in the program and the level of MGIB-Kicker benefits offered. Each Secretary concerned designates the particular skills, specialties or units where there are shortages. The MGIB-Kicker plan for each military department must be submitted each fiscal year for review and approval by the Assistant Secretary of Defense (Reserve Affairs). In the case of the Coast Guard Reserve, the Commandant of the Coast Guard is the approval authority.

In Fiscal year 1999, the Army Reserve, the Army National Guard, and the Air National Guard began expanding the use of the MGIB-SR Kicker, while the Naval Reserve, the Air Force Reserve and the Marine Corps Reserve did not designate any shortages that year and therefore, did not offer MGIB-SR Kicker benefits. However, since Fiscal Year 2000, all Reserve components of the DoD are using the MGIB-SR Kicker incentive. The program provides a valuable incentive that enhances the Services' ability to recruit for and retain members in critical units and positions. Data presented in Table 4 shows the usage rate in FY 2002 by Reserve Component.

COMMUNICATION AND COOPERATION

DoD Instruction 1322.17, "Montgomery GI Bill-Selected Reserve," was reissued on November 29, 1999, to incorporate the many program changes that have taken place since its issuance in November 1996. It is currently being updated to reflect recent statutory changes. This instruction provides policy and procedural guidance, defines specific areas of agency responsibility, and provides administrative clarification for the Services.

Efforts to improve communication and cooperation among the Reserve components continued during Fiscal Years 2001 and 2002. Service points of contact for the MGIB-SR met regularly throughout this period. These meetings included each Reserve component MGIB-SR manager, representatives from DMDC, the DVA and the Office of the Secretary of Defense (OSD). The meetings provided a forum to disseminate policy guidance, work on program issues of mutual concern, and share ideas on procedures and policy. Additionally, the Active component and the Reserve component MGIB Service representatives have participated in joint meetings to share information, evaluate provisions of the two programs, educate participants, and resolve problem areas affecting one or both of the programs.

During Fiscal Year 2002 these meetings were more frequent than in previous years to focus on the MGIB-SR recoupment processes and administration. These meetings helped in drafting the MGIB-SR Interagency Agreement, which was signed by representatives of DoD, DVA, DMDC and the Defense Finance and Accounting Services (DFAS) on August 17, 2002. The MGIB-SR recoupment program will become operational in Fiscal Year 2003.

Reserve component MGIB-SR program managers participated during both fiscal years in several inter-agency conferences and activities to ensure vital communication links are in place. These included the Association of Veterans Education Certifying Officials Conference, the annual National Association of Veterans Program Administrators Workshop, the Council of College and Military Educators Conference and the National Association of State Approving Agencies training meeting. The discussions at these events helped to refine programs and address mutual problem areas.

The Department also ensured program changes were publicized as they were implemented during Fiscal Years 2001 and 2002 so that service members were made aware of their benefits and obligations. Updates on the MGIB-SR were published in the *Army, Navy, Air Force, and Marine Corps Times; Off Duty Magazine*; the Defense Activity for Non-Traditional Education Support (DANTES) Information Bulletin; the Reserve Forces Policy Board's annual report; *The Military Educator*; and several other Departmental publications. The Reserve components use staff meetings, commander's calls, briefings, and in-service publications to announce MGIB-SR updates and changes. Additionally, widespread use of the Internet has been instrumental in disseminating MGIB-SR program information not only to in-service personnel, but to non-prior service (civilian) personnel as well. Furthermore, the increasing use of the Internet led to the dissemination of MGIB-SR program information on numerous homepages.

GRADUATE ASSISTANCE

Section 16131, of title 10, U.S.C., as amended by Public Law 103-160, October 5, 1994, allows MGIB-SR benefits to be used for programs of education beyond the bachelor's degree level. Fiscal year 1995 ended with 5,213 participants receiving assistance for graduate education, producing a dramatic 282 percent increase in participants over Fiscal Year 1994. Participation in these programs has continued to increase. By the end of Fiscal Year 2002, 10,118 service members had applied for benefits for graduate education, reflecting a 94 percent increase over Fiscal Year 1995.

RESERVE TRANSITION ASSISTANCE PROGRAM

Members of the National Guard and Reserve who gained eligibility for benefits, but lost their positions in the Selected Reserve due to the drawdown of the Reserve force between October 1, 1991, and December 31, 2001, continue to receive MGIB-SR educational assistance under the provisions of 10 U.S.C. 16133(b)(1)(B) as amended. As of September 30, 2002, there were 26,397 individuals who remained eligible for benefits under the transition assistance program.

DATABASE MANAGEMENT INITIATIVES

DMDC's Enterprise System (which includes MGIB-SR) continues to make improvements to its modern operational relational database. The MGIB part of this system became operational in 2000. It is a repository containing DoD standard personnel data that is flexible enough to allow changes to be easily programmed into the system. The system also allows personnel information to be updated as soon as it is received from the Reserve components. This has proven to be a valuable tool in ensuring that new or updated data are received by the DVA in a timely manner. In addition to basic benefit data, kicker and recoupment data are incorporated into the system. The redesigned database provides historical eligibility and participation data on every eligible member.

Besides continuing technical improvements, DoD has emphasized and actively pursued an initiative to improve the quality of the data submitted to DMDC by the Reserve components. Extensive feedback reports have been provided to the Reserve components with follow-up by DoD. The DMDC Enterprise System stores data from all Active and Reserve components and uniquely identifies data issues that otherwise would not be evident. DMDC also worked actively with the DVA and DoD to improve and provide consistency in report parameters that are not easily defined. These efforts continue to enhance the reliability and accuracy of these reports.

During 2002, DMDC began building a MGIB data warehouse in conjunction with its current personnel warehouse (a relational database designed for ease of reporting). Once completed, reports can easily be produced and will contain consistent and standard data. It is expected to be in production in Fiscal Year 2003.

The MGIB online application provides user access to the database, with read and write capability assigned to appropriate levels within each Reserve component. It allows the user to view the lifetime record of a service member and permits on-line corrections to selected fields by authorized personnel. When a record is added or updated via the online application, pertinent user information is tracked by the system so visibility is maintained which heightens the accountability of the authorized personnel and the accuracy of the data that is inputted. Updated, user-friendly screens and an extensive online feature have lowered the demand for in-house training of personnel. Furthermore, the new feature of downloading the application via a website instead of a CD-ROM has allowed quicker access to the application and served as a point where all users have access to the same version of the application at the same time.

The DMDC continues to seek ways to provide the DVA with the most current and accurate data available. One significant improvement is the transfer of records that have only Social Security Number (SSN) changes. Previously, a record was identified for transfer to the DVA only if specific data elements were added or changed. This prevented records with only SSN changes from being identified. This new process ensures that the correct SSN is available on the DVA system.

In August 2002, the DVA implemented a policy that ensures issuance of monthly MGIB-SR payments only if the student verifies continued academic enrollment. Participant verifications are submitted either by touchtone telephone or internet submission. This process has significantly reduced the number of erroneous payments caused by course reductions and terminations.

Several improvements described in the MGIB-SR Congressional Report 2001 continue to provide tremendous program efficiencies and customer support to the MGIB-SR participants. The DVA MGIB-SR redesigned benefit payment system has resulted in significant improvement in claim processing accuracy and timeliness. Additionally, implementation by the DVA and the Department of the Treasury direct deposit for MGIB-SR benefits has reduced program costs and delays in MGIB-SR benefit payments. The DVA continues to use a payment system that will accept electronic data, including Internet applications, school certifications, and eligibility information, resulting in a significant number of claims processed with little or no human intervention.

Finally, a Joint DoD/DVA working group meets periodically to monitor overall program performance and identify opportunities for improvement in both the Active and Reserve MGIB automation programs.

SERVICE INITIATIVES

During Fiscal Years 2001 and 2002, the Reserve components continued to improve MGIB-SR program management through training, communication, administration, and system or process changes. Their greatest concentration focused on the improvement of automated systems, improvements in personnel data and data retrieval capabilities as they prepared for full implementation of MGIB-SR recoupment and the Reserve component certification process. The complexity of the MGIB-SR program and the potential for error makes training a key element in the success of the program. Each of the components provides assistance visits to supplement formal MGIB-SR training, and sends their personnel to training programs to augment their knowledge of available education programs.

IV. Summary of Montgomery GI Bill Program Data as of September 30, 2002

The DoD and DVA have made significant improvements in personnel information systems, increasing the accuracy of data input, tracking and reporting. These improvements have eliminated many of the problems of erroneous data, missing data, duplicate records, and programming that plagued the previous legacy systems. The systems continue to improve the methodologies and enhance our information retrieval abilities. As noted in the 2001 MGIB-SR Congressional report, caution must be exercised in comparing the data provided in this report with that of previous years. The data may show unexpected or false trends as we migrate from legacy systems. However, the sophistication and enhanced capabilities of the various automation systems are providing greater accuracy and increasing confidence in the resulting reporting products.

During Fiscal Year 2002, the DVA reported that 81,910 members of the National Guard and Reserve received educational assistance under the MGIB-SR. The type of program and level of participation for an individual member may change during the year. To give a snapshot of these program characteristics, Table 1 and Table 2 reflect data for the peak participation month of September by program and level of participation respectively. The breakdown in Table 1 shows 92 percent of the participants are pursuing an undergraduate degree, and Table 2 illustrates that over 88 percent of the participants are attending in a full-time or three-quarter time status.

TABLE 1

**CURRENT PARTICIPANTS
BY TRAINING TYPE AND COMPONENT
DURING SEPTEMBER 2002**

Reserve Component

Training Category	Army National Guard	Army Reserve	Naval Reserve	Marine Corps Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total Selected Reserve
Graduate	476	482	378	92	262	198		1,888
Undergrad	15,683	8,671	1,170	4,570	4,246	1,374	3	35,717
Nondegree	164	96	25	21	22	24		352
Votech	354	194	49	77	69	50		793
Total	16,677	9,443	1,622	4,760	4,599	1,646	3	38,750

TABLE 2

**CURRENT PARTICIPANTS
BY LEVEL OF PARTICIPATION AND COMPONENT
DURING SEPTEMBER 2002**

Reserve Component

Level of Part.	Army National Guard	Army Reserve	Naval Reserve	Marine Corps Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total Selected Reserve
<1/2 Time	75	55	33	15	38	27		243
1/2 Time	1,466	1,017	437	383	588	305		4,176
3/4 Time	1,877	1,230	269	570	520	269	1	4,736
Full Time	13,279	7,141	883	3,792	3,453	1,045	2	29,595
Total	16,677	9,443	1622	4,760	4,599	1,646	3	38,750

Tables 3 through 6 provide data on program eligibles and participants through the end of Fiscal Year 2002. Table 3 shows total participants who have applied for basic MGIB-SR benefits through Fiscal Year 2002. Table 4 shows total participants who have applied for MGIB-SR kicker benefits through Fiscal Year 2002. Table 5 displays the number of eligible members by fiscal year.

These numbers include members who are no longer in the Selected Reserve but retain eligibility due to disability or through the Reserve Transition Assistance Program. Table 6 presents participants who are currently eligible and, again, includes members who retain eligibility due to disability or through the Reserve Transition Assistance Program.

TABLE 3

**MONTGOMERY GI BILL-SELECTED RESERVE BASIC BENEFITS
ELIGIBLE AND PARTICIPANTS BY COMPONENT^o
(THROUGH FISCAL YEAR 2002)**

Reserve Component	Eligible	Participants
Army National Guard	462,807	196,763
U.S. Army Reserve	309,674	129,956
U.S. Naval Reserve	165,845	41,425
U.S. Marine Corps Reserve	87,264	45,246
Air National Guard	132,416	54,612
U.S. Air Force Reserve	124,643	32,401
U.S. Coast Guard Reserve	9,001	184
Total	1,291,650	500,587

① Information for Table 3 is provided to DMDC by the Department of Veterans Affairs and reflects the total participants for educational assistance from program inception through September 30, 2002.

TABLE 4

**MONTGOMERY GI BILL-SELECTED RESERVE KICKER BENEFITS
ELIGIBLE AND PARTICIPANTS BY COMPONENT
(THROUGH FISCAL YEAR 2002)**

Reserve Component	Eligible	Participants
Army National Guard	28,566	12,655
U.S. Army Reserve	21,574	6,858
U.S. Naval Reserve	348	100
U.S. Marine Corps Reserve	634	361
Air National Guard	4,764	6,931
U.S. Air Force Reserve	4,274	1,828
U.S. Coast Guard Reserve	0	0
Total	60,160	28,733

TABLE 5

**MONTGOMERY GI BILL-SELECTED RESERVE ELIGIBLES
BY COMPONENT BY FISCAL YEAR^o**

Reserve Component

Fiscal Year	Army National Guard	Army Reserve	Naval Reserve	Marine Corps Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total
1986	63,231	15,463	10,607	4,676	15,567	8,606	352	118,502
1987	100,022	45,674	23,674	10,587	32,233	21,114	744	234,048
1988	139,197	57,484	28,701	13,738	40,911	27,197	1,331	308,559
1989	179,001	72,023	37,786	19,284	48,707	34,484	4,041	395,326
1990	196,031	84,714	42,279	23,709	55,454	39,236	4,106	445,529
1991	208,773	94,643	42,209	26,842	61,038	52,522	4,185	490,212
1992	200,015	96,316	39,436	26,208	67,476	55,183	4,288	488,922
1993	192,085	97,400	39,433	24,608	72,165	57,185	3,741	486,617
1994	198,435	95,773	39,920	24,140	74,640	58,039	4,478	495,425
1995	189,914	87,636	38,842	23,871	75,038	57,477	3,894	476,672
1996	182,756	78,839	37,192	23,975	76,168	55,414	3,780	458,124
1997	181,625	73,759	37,094	24,072	76,356	53,202	3,693	449,801
1998 [®]	177,520	70,518	35,516	24,656	75,510	51,537	3,670	438,927
1999	190,759	85,381	46,915	24,887	74,501	53,673	3,253	479,369
2000	165,501	86,966	34,546	23,872	62,757	48,953	3,277	425,872
2001	136,311	87,904	30,564	21,288	58,300	39,233	3,021	376,521
2002	136,185	88,314	30,367	20,070	59,378	39,286	3,529	377,129

① Data for Fiscal Year 1985 were unreliable because of Service misunderstandings about eligibility criteria, coding errors, system inadequacies, and other start-up problems. Fiscal year 1985 data is, therefore, not included in the above table.

② Eligibles from Fiscal Year 1998 and forward include new eligibles plus prior year eligibles who remain eligible, as well as those no longer in the Selected Reserve but who remain eligible due to participation in the Reserve Transition Assistance Program, or due to disability not due to misconduct.

TABLE 6

**MONTGOMERY GI BILL-SELECTED RESERVE
PERCENTAGE OF PARTICIPANTS TO ELIGIBLES FOR FY 2002**

Reserve Component	Eligible ¹	Participants ²	Percentage of Participation
Army National Guard	136,185	42,795	31%
U.S. Army Reserve	88,314	24,813	28%
U.S. Naval Reserve	30,367	5,761	19%
U.S. Marine Corps Reserve	20,070	9,936	50%
Air National Guard	59,378	15,415	26%
U.S. Air Force Reserve	39,286	6,205	16%
U.S. Coast Guard Reserve	3,529	660	19%
Total	377,129	105,585	28%

¹ Number of current and former Selected Reservists who retain eligibility.

² Participants who are currently eligible

Program expenditures for each fiscal year, as provided by the DVA, are shown in Table 7. The Fiscal Year 1993 expenditures reflect the increase in the monthly benefit amount that was effective on October 1, 1991, and includes

\$15,921,018 that was paid by the allies through the Defense Cooperation Account in Fiscal Year 1992 and \$21,904,132 in Fiscal Year 1993. There were nearly 21,000 Reserve component members who were enrolled in an educational program when they were activated for Operation DESERT SHIELD/STORM. Defense Cooperative Account funds were provided to pay for the disruption in educational benefits for eligible mobilized servicemembers.

TABLE 7

**MONTGOMERY GI BILL-SELECTED RESERVE BENEFITS PAID
BY FISCAL YEAR^①**

<u>Fiscal Year</u>	<u>Expenditure</u>	<u>Recipients</u>
1985	\$196,000	1,160
1986	\$24,169,000	31,678
1987	\$45,580,746	52,459
1988	\$65,344,838	72,846
1989	\$78,799,234	90,584
1990	\$87,388,473	102,233
1991 ^②	\$76,859,548	103,152
1992	\$112,966,267*	115,120
1993	\$119,117,286*	110,457
1994	\$117,469,889	103,799
1995	\$108,004,200	97,246
1996	\$94,931,742	86,196
1997	\$82,610,000	78,000
1998	\$86,974,000	75,219
1999	\$102,665,000	73,580
2000	\$107,634,000	70,299 ^③
2001	\$135,993,000	82,283
2002	\$148,984,000	81,937

- ① Includes October 1, 1991 rate increase which was paid from the Defense Cooperation Account (\$15,921,018* in Fiscal Year 1992, and \$21,904,132* in Fiscal Year 1993.)
- ② From Fiscal Year 1991 and forward, data includes the Coast Guard Reserve.
- ③ Fiscal Year 2000 includes MGIB-SR Kicker payments

Table 8 provides the distribution of enlisted and officer participants by grade throughout the history of the program. The data in this table illustrates the effectiveness of the MGIB-SR in reaching its intended market. Over 84 percent of all participants have been in pay grades E1 to E6.

TABLE 8

APPLICANTS BY PAY GRADE AND COMPONENT THROUGH FY 2002

ENLISTED PERSONNEL

ENLISTED PERSONNEL								
PAY GRADE	ARNG	USAR	USNR	USMCR	ANG	USAFR	USCGR	TOTAL
E1	2,261	1,172	145	2,768	200	71	1	6,618
E2	6,955	4,363	1,565	2,774	831	275	4	16,767
E3	21,303	13,225	8,003	12,121	2,443	1,174	9	58,278
E4	86,519	57,804	11,174	15,283	15,152	6,538	57	192,527
E5	38,169	22,744	10,610	9,145	15,806	9,248	58	105,780
E6	13,164	9,345	5,216	1,507	8,908	6,624	29	44,793
E7	4,920	4,929	1,530	405	5,367	4,027	0	21,178
E8	1,467	1,939	372	93	1,098	1,047	0	6,016
E9	297	337	109	19	389	324	0	1,475
UNKNOWN	1	0	0	0	2	4	0	7
TOTAL	175,056	115,858	38,724	44,115	50,196	29,332	158	453,439
WARRANT OFFICERS								
PAYGRADE	ARNG	USAR	USNR	USMCR	ANG	USAFR	USCGR	TOTAL
W01	334	80	0	12	1	0	0	427
CW2	915	376	40	57	0	0	0	1,388
CW3	434	167	32	46	0	0	0	679
CW4	312	62	27	22	0	0	0	423
CW5	60	6	0	2	0	0	0	68
TOTAL	2,055	691	99	139	1	0	0	2,985
COMMISSIONED OFFICERS								
PAYGRADE	ARNG	USAR	USNR	USMCR	ANG	USAFR	USCGR	TOTAL
01	5,482	2,681	219	508	742	343	3	9,978
02	5,084	3,509	284	54	814	451	10	10,206
03	5,530	4,637	813	242	1,364	1,189	12	13,787
04	2,546	2,132	742	175	1,093	733	1	7,422
05	756	374	434	13	342	280	0	2,199
06	234	68	108	0	51	71	0	532
07	15	4	0	0	7	1	0	27
08	5	1	0	0	2	1	0	9
UNKNOWN	0	1	2	0	0	0	0	3
TOTAL	19,652	13,407	2,602	992	4,415	3,069	26	44,163
GRAND TOTAL	196,763	129,956	41,425	45,246	54,612	32,401	184	500,587

V. THE MONTGOMERY GI BILL-SELECTED RESERVE BEYOND FISCAL YEAR 2002

The DoD and DVA continue to improve the automation systems supporting the MGIB-SR, data transfer capability and Internet applications for the program. The goal remains to provide the best service to the MGIB-SR applicant and accurate, reliable data retrieval. All agencies remain committed to resolving associated automation funding, programming, inter-service compatibility, and inter-connectivity.

Responsibility for recoupment of unearned benefits from service members who fail to participate satisfactorily during their six years of obligated service in the Selected Reserve has been established in an interagency agreement. Based on the recoupment study conducted during Fiscal Year 1997, it was agreed that DoD would assume responsibility for recoupment, with DVA providing the necessary data to DoD. The goal for Fiscal Year 2003 is to begin the MGIB-SR Recoupment program to retrieve unearned benefits from Selected Reserve members who failed to fulfill their obligation.

We will also continue to explore new initiatives and program improvements that will keep the MGIB-SR program a viable, attractive choice for helping reservists advance their education and achieve their education goals.

The DoD is preparing a report to Congress, requested in H.R. 107-436, May 3, 2002, House of Representatives Report of the Committee on Armed Services on H.R. 4546, comparing the differences between MGIB-Active Duty and the MGIB-SR programs and the benefits provided under the two programs to determine if there should be changes in the MGIB-SR program.

VI. SUMMATION

The MGIB-SR continues to be one of the most popular and effective Reserve component programs. Whether used alone, or in combination with other voluntary educational programs, the MGIB-SR is an important element in providing educational benefits to the men and women of the Selected Reserve. We recognize the importance that continuing education will play in the lives of our Guard and Reserve members.

As of February 12, 2003, the mobilization to federal active duty of approximately 207,000 Reserve component members, since September 11, 2001, undoubtedly affected many MGIB-SR recipients. The DoD is aggressively seeking automation programming enhancements that will provide accurate

accountability of mobilized students. However, survey information indicates that approximately 30% of reservists are students in higher education institutions. The DoD, the Services, DVA, Servicemembers Opportunity College and educational institutions are monitoring potential problems, through formal and informal networks. Furthermore, we work with student-reservists and their educational institutions to resolve issues. Additionally, the National Committee for Employer Support of the Guard and Reserve has also taken on the mission of assisting student-reservists.



UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

PERSONNEL AND
READINESS

MAY 29 2003

The Honorable Richard B. Cheney
President of the Senate
United States Senate
Washington, DC 20510

Dear Mr. President:

I am pleased to send you the biennial "Report on the Montgomery G.I. Bill for Members of the Selected Reserve," as required by section 16137 of title 10, United States Code.

At the end of Fiscal Year 2002, more than 377,000 members of the National Guard and Reserve were eligible for the Montgomery G.I. Bill-Selected Reserve, and nearly 106,000 of those eligible had applied for benefits. This program continues to be one of our strongest recruiting and retention incentives. It has improved the quality of the force and provides many young Americans with the opportunity to achieve their educational goals.

The Senate's support of this important program and your continued interest in the Reserve components are greatly appreciated.

Sincerely,

A handwritten signature in cursive script that reads "David S. C. Chu".

David S. C. Chu

Enclosure:
As stated

