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HEARING

ON

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2009

AND

OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

MILITARY PERSONNEL SUBCOMMITTEE HEARING

ON

BUDGET REQUEST ON OVERVIEW OF RECRUITING, RETENTION, AND COMPENSATION

HEARING HELD
FEBRUARY 26, 2008

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TUESDAY, FEBRUARY 26, 2008

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FISCAL YEAR 2009 NATIONAL DEFENSE AUTHORIZATION ACT—BUDGET REQUEST ON OVERVIEW OF RECRUITING, RETENTION, AND COMPENSATION

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Tuesday, February 26, 2008.

The subcommittee met, pursuant to call, at 10:00 a.m. in room 2212, Rayburn House Office Building, Hon. Susan A. Davis (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. SUSAN A. DAVIS, A REPRESENTATIVE FROM CALIFORNIA, CHAIRWOMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mrs. DAVIS. Good morning. The meeting will come to order. Today, the subcommittee will turn its attention to recruiting, retention and compensation programs, these essential building blocks of military manpower. As you all know, this is a very challenging recruiting and retention environment. We believe that a relatively low unemployment rate, a protracted war on terrorism, a decline in propensity to serve, and a growing disinclination of influencers to recommend military service will cause the environment to remain difficult during fiscal year (FY) 2008 and in the years that follow.

As you might expect, the subcommittee is concerned about the need to achieve the number of new recruits needed to meet mission requirements, particularly now that we are engaged in adding forces to both the Army and the Marine Corps. In terms of the narrow objective to simply meet the number requirements, the armed services and their National Guard and Reserve components were remarkably successful during fiscal year 2007 and during the first four months of fiscal year 2008. However, those recruiting and retention successes continue to be accompanied by sacrifices in recruit quality and increasing costs.

The subcommittee has become increasingly troubled that the erosion of recruit quality over an extended period will result in long-term consequences for force management and leadership development. For a number of years, the subcommittee has also expressed concern about the increasing reliance of recruiting and retention programs on emergency supplemental funding. This trend contributes to the steadily increasing cost because fragile recruiting and retention programs require strategic planning and timely execution. We seem destined to learn again and again that these programs cannot be optimally managed with supplemental funding inserted at the eleventh hour.

The subcommittee was not alone in observing that recruit quality has suffered and that the cost of maintaining the All-Volunteer Force has increased. Representatives of the Commission on the National Guard and Reserves have cited these trends when justifying their conclusions that the current personnel management model and retirement system is not competitive in the employment marketplace and cannot be fiscally sustained and therefore must be reformed.

So we are anxious to discuss with you these issues today, and we certainly are very glad and honored that you are here today.

[The prepared statement of Mrs. Davis can be found in the Appendix on page 43.]

Mr. McHugh, do you have an opening statement?

STATEMENT OF HON. JOHN M. MCHUGH, A REPRESENTATIVE FROM NEW YORK, RANKING MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

Mr. MCHUGH. Madam Chair, I thank you. I think you summed up the broad perspective very well. Let me just ask unanimous consent that my formal statement be entered in its entirety in the record.

Mrs. DAVIS. Without objection.

Mr. MCHUGH. I do want to say to Dr. Chu and Admiral Harvey: gentlemen, I can't promise you this is your last appearance before us. Were it in my power, I would. Clearly, it probably does present one of, if not the only opportunity we will have to thank you both publicly. Your appearances before this subcommittee for such a period of time have been very, very helpful to us, very instructive. More than that, your leadership in the challenges that face our volunteer armed services are legendary, and we wish you very best in the future.

Also, we welcome General Newton. This, I promise him, is his first, probably not his last appearance. General, we wish you well and thank you for being here today.

As you noted, Madam Chair, the challenges and the issues we are about to discuss per your opening statement are not new to this subcommittee. The concern we have, as in the past, about various recruit standards are something we want to talk about here today, amongst other issues. So, as I said, those are outlined in my opening remarks, and they are now formally within the record. So I would be happy to yield back so we can get to the testimony.

[The prepared statement of Mr. McHugh can be found in the Appendix on page 46.]

Mrs. DAVIS. Thank you, Mr. McHugh. I wanted to introduce our panel again. Gentlemen, thank you very much for being here. We thank you all for your service over the years, and we look forward again to a good hearing today.

I want to introduce the Honorable David Chu, Under Secretary of Defense for Personnel and Readiness; Lieutenant General Michael Rochelle, Deputy Chief of Staff for the U.S. Army, G–1 Headquarters; Vice Admiral John Harvey, Chief of Naval Personnel; Lieutenant General Richard Newton, III, Deputy Chief of Staff, Manpower and Personnel for the U.S. Air Force; Lieutenant Gen-

eral Ronald Coleman, Deputy Commandant for Manpower and Reserve Affairs, Headquarters, U.S. Marine Corps. Thank you again.

General Newton, I know that this is your first opportunity to testify before us, and we welcome you for being here.

Dr. Chu.

STATEMENT OF DR. DAVID S.C. CHU, UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS

Dr. CHU. Good morning, Madam Chairman. Thank you for your kinds words. Mr. McHugh, likewise. Thank you for your very gracious thoughts. I am privileged to appear this morning on behalf of the Department of Defense (DOD) and be joined by my colleagues, the four Deputy Chief of Staffs for Manpower and Personnel of the military services. We do have statement for the record. I hope, Madam Chairman, that you would accept them as part of the committee record of this hearing.

The volunteer force, as we all know, has served the Nation well; served it well in the longest conflict in which we have used a volunteer force that involves use of active military forces in a combat. We purposely have as a country set high standards for the quality of that force and for the motivation of the young people that seek to join the American military. I believe we see the payoff to those high standards in the performance of this force in the field, which has been truly remarkable. It is a tribute, in my judgment, to this young generation of Americans, and to some not so young Americans, that American forces in terms of their conduct in the field have been widely praised, whatever the controversy might be about the underlying policies that they serve.

The fact we have been successful in sustaining this volunteer force is, in my judgment, very much a reflection of the partnership between the executive and legislative branches over the last seven years. You have given us the flexibility that we needed to have so that we could be successful in recruiting and retaining military personnel. You have enlarged the space within which we operate so we could offer a broader range of incentives, especially the better set of special and incentive pay authorities you gave us just this January with the enactment of the National Defense Authorization Act (NDAA) for Fiscal Year 2008.

If you look at the specific legislative proposals we have advanced in fiscal 2009, you will see that is the same theme we are pursuing, to seek additional flexibility, to seek additional latitude in terms of how we use the classic tools that have been so successful in recruiting and retaining qualified young Americans to serve.

You mentioned, Madam Chairman, in your opening statement the quality issue. I think to the extent there is a quality issue, it is largely in the Army, and it is largely about the proportion that are high school diploma graduates. I would want to emphasize that the military as a whole insists that everyone is a high school graduate, whether by diploma or by General Educational Development (GED). In that regard, it stands well above the national average, which is believed by census to be on the order of 80 percent that enjoy that high school status.

We do recognize that the decision to stay in the military, to continue serving is very much a family decision, and if the family is

satisfied, the military person is more likely to pursue what he or she has seen as a calling. In that regard, our conclusion is that the two most important issues for a family are the education of its children and the opportunity for the spouse to pursue a career. Not just a job, but a career. It is in that regard, as you all know, the President in his State of the Union Message advanced several propositions regarding how we better support the education of military children and the opportunities for spouses to pursue a career. Notable among those is the notion that there should be some degree of transferability of the member's GI bill benefits to the family, and that we as a government should give better support to the career aspirations of military spouses through a form of preferential hiring in the Federal Government and through an expansion of what we do in terms of offering day care support to the children if the spouse should indeed seek to work.

We look forward to the ongoing dialogue with you, Madam Chairman, on the best way to meet the Nation's need for a quality Armed Service forces. We are confident we can succeed in building on the successes in the past.

I thank you, and I turn to General Rochelle.

[The prepared statement of Dr. Chu can be found in the Appendix on page 49.]

STATEMENT OF LT. GEN. MICHAEL D. ROCHELLE, USA, DEPUTY CHIEF OF STAFF, G–1, HEADQUARTERS, U.S. ARMY

General ROCHELLE. Chairwoman Davis, Ranking Member McHugh, distinguished members of the committee, thank you once again for the opportunity to appear before this distinguished body and report on the Army's personnel posture, representing our magnificent soldiers, and for your continued support of the Army.

Without question, our Nation's Army is still the best trained, best equipped, best led Army in the world. But as we enter the seventh year of war, the third longest period of armed conflict in U.S. history, there is little question that our Army is out of balance. Your Army soldiers and their families are remarkable, having endured lengthy and repeated deployments and hardships. Many have been injured, and many more have made the ultimate sacrifice. In spite of the tremendous burdens they bear, they remain resilient and committed to serving our Nation. Indeed, they are today's heroes, truly a national treasure, and I look forward to our dialogue regarding how best to support and sustain them, and thank you for this opportunity.

Restoring balance and creating readiness is our top priority, after winning the war on terror. Regaining our "boxer stance," as it were, the ability to shift our weight and respond decisively requires that we apply the Army chief of staff's four imperatives: Sustain, prepare, reset, and transform. Key is growing the Army to 547,400 as soon as possible. We are on target to meet this goal by the end of fiscal year 2010. Thanks to your support, Army growth will help us return to shorter deployments, increased time at home between deployments, and greater predictability for soldiers and families in both the Active and Reserve components.

We must grow to become a modular expeditionary force that is fully capable of supporting combatant commanders in meeting the

full spectrum of contingencies. Our efforts to grow the Army are challenging. Only 3 in 10 of our 18- to 25-year-olds today are fully eligible for enlistment. The remainder fall short in some element of the standards for health, education, or character.

Our recruiting mission is difficult, given the lowest propensity for military service, as you have observed, in two decades; declining support from those who influence our youth; opportunities for post-secondary education; and a competitive job market, all you have in your remarks, Madam Chairwoman, noted. In spite of what is happening in the United States, we are on track to meet our recruiting goal for fiscal 2008.

I am personally concerned about the Nation's ability to produce the highest possible caliber of military recruits, declining high school graduation rates, and alarming rates of obesity in our young adult population, all of which I have testified or commented on before this committee in the past.

I share your concerns about quality, and am committed to recruiting a force with the highest possible educational attainment and aptitude scores. Our current analysis, which I would be delighted to discuss during the testimony, and our commanders in the field tell us that soldiers assessed in fiscal year 2007 are performing exceptionally well. Every one of these soldiers is qualified in their military occupational specialty, and demonstrated performance on the battlefield speaks for itself. I believe that a willingness to serve in the Army at this place in time portends a unique aspect of quality that accession metrics simply cannot measure, the heart of a well-led, well-trained volunteer soldier.

While equipment and technology are certainly vital to readiness and transformation, people are the Army. Retaining soldiers starts at home. We must sustain soldiers and their families with a quality of life commensurate with their quality of service and the service they provide. This is absolutely essential to both near-term readiness and the ability to attract a quality force for the future. With support from the Congress, the Army has made tremendous strides in this regard. From funding for improved housing facilities and essential services, to increased pay and benefits, and improvements to health care, the results are tangible and meaningful. Our soldiers and families recognize and deeply appreciate the actions taken by their military and civilian leadership to improve their quality of life in these areas.

These targeted improvements to policies, programs and services, services delivery, mitigate risks exacerbated by prolonged conflict and the many stresses it entails. We ask for continued congressional support for these programs that provide our soldiers and families with the quality of life they so richly deserve.

If I may relay a short story, we had a visit to the Pentagon recently by wounded warriors from Walter Reed and Bethesda. And as I was speaking to several of the wounded soldiers and their family members, I encountered a young soldier who had been shot through the leg, had part of his bone removed, had an extension, and was recovering very, very well. He and his wife were from the 172nd Airborne from Vicenza, Italy, which caused me to ask a question about children. And I simply asked, You came from Italy to be at your husband's side, and you have been here for several

weeks now. Are there children? And she responded, No. I forced my husband to agree that we would not start a family until we had been together for six consecutive months; we haven't started a family.

In closing, restoring balance means restoring our ability to eliminate circumstances like these endured by heroes who have given so much, not only answering the call to serve but also deciding to continue to serve during this period of persistent conflict.

I thank you for the opportunity to once again appear. I also thank you for the partnership and the support that this committee has demonstrated time and again on behalf of our soldiers. I look forward to answering your questions.

[The prepared statement of General Rochelle can be found in the Appendix on page 77.]

Mrs. DAVIS. Thank you.

Admiral Harvey.

STATEMENT OF VICE ADM. JOHN C. HARVEY, JR., USN, CHIEF OF NAVAL PERSONNEL, DEPUTY CHIEF OF NAVAL OPERATIONS, DEPARTMENT OF THE NAVY

Admiral HARVEY. Thank you, ma'am. Chairman Davis, Ranking Member McHugh, distinguished members of this committee, I thank you for the opportunity to appear before you today on behalf of the 330,000 active duty and 70,000 Reserve component sailors now serving our Nation.

Sir, I thank you for those kind remarks. Were it up to me, I would be looking forward to as many sessions before this committee as you could arrange. But as the Chief of Naval Operations (CNO) explained, orders are orders, and even the Chief of Naval Personnel gets his. So subject to confirmation by the other body, other duties await. But this is a wonderful committee with which to engage in our common cause, both at the member level and certainly at the staff level of extraordinary professionals. It has been a real pleasure to do business here and represent our people to you.

In large part, because of your work and the extraordinary support you have given to your Navy and to all the services, I am very pleased today to report that your Navy is ready, relevant and responsive. We are recruiting a high quality force, and we are retaining those high quality sailors we need to sustain a quality force, and we intend to keep it that way.

Now those are pretty straightforward words, and I would like to back up the words with just a picture to illustrate what they mean to us. We are sustaining our Nation's engagement in Iraq and Afghanistan both directly and in support of Army and Marine ground forces, and we are simultaneously strengthening our engagement around the world in keeping with the guidance contained in our new cooperative maritime strategy for the 21st century.

Now let me give you an example of what your Navy is doing on any given day. Last week, on 20 February, our Nation's attention was focused on the *USS Lake Erie,* one of our Aegis cruisers in Hawaii, as it successfully engaged a failing satellite with a Navy standard missile launched by Fire Controlman Second Class Andrew Jackson of Raytown, Missouri.

But also on 20 February, just as *Lake Erie* was engaging the satellite in an extremely challenging and complex real world scenario, our Navy was also operating newly developed riverine forces up Euphrates River near the Haditha Dam. Navy SEALs were pursuing al Qaeda deep in Afghanistan and all throughout Iraq, and the *Harry S. Truman* Carrier Strike Group and the *Tarawa* Expeditionary Strike Group were supporting Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) in the Arabian Gulf.

February 20 was a day in which 127 of our 279 ships, about 46 percent, were underway or deployed, including 2 aircraft carriers and 5 big deck expeditionary warfare ships. That day, 20 February, your Navy had 54,000 sailors forward deployed overseas, including about 24,000 sailors in U.S. Central Command (CENTCOM), of whom 10,000 were afloat and about 14,000 were boots on ground in various capacities. And on 20 February, we had approximately 10,000 sailors on individual augmentation missions serving in roles ranging from our traditional expertise in intelligence, medical support, explosive ordnance disposal, and combat zone destruction, to delivering new capabilities in areas like civil affairs, provincial reconstruction teams, running detainee operations, and combating Improvised Explosive Devices (IEDs) while embedded in Army and Marine tactical units.

Also on that day in the CENTCOM area of operations, three of our surface combatants were engaged in anti-piracy operations in and around the Horn of Africa, sustaining the flow of relief supplies to people in drought and famine. Sailors in the Naval Air Systems Command (NAVAIR) region supported President Bush's trip to Africa with Operation Nomad Fire, while the *USS Fort McHenry* and the high speed vessel *Swift* continued the inaugural deployment in support of Africa partnership stationing in the crucial areas in the Gulf of Guinea where 15 percent of our Nation's oil generates.

On 20 February, we had frigates and P–3s partnering with the Coast Guard conducting counternarcotics in the Caribbean and off the coast of South America, resulting in 4.4 metric tons of drugs seized in January and February.

Closer to home, in Newport News, construction continued on our newest nuclear-powered aircraft carrier, the *USS George H.W. Bush.* Finally, we had about 870 of our newest recruits conducting Battle Station 21 at Great Lakes on the 20th of February, the culminating experience of their initial training at bootcamp.

On that day, 20 February, the common element in all of these missions, from the high end operations of our Aegis weapons system, to the low tech but certainly no less demanding riverine mission, was our people. It is the Navy's people who are making it all happen, executing these important missions and achieving great success. It is the same Navy that accomplishes all these very diverse tasks, and our Navy's people, our young men and woman, Active and Reserve, who have volunteered to serve a cause much larger than themselves, deserve all the credit and our gratitude for the immeasurable achievements made in the defense of our Nation.

In the years that have passed since 9/11, again, with the strong support of the Congress and this committee, your Navy has undertaken a significant reshaping in order to develop the capability to

engage worldwide at every level of warfare while maintaining our ability to dominate the blue water anywhere around the globe. And so, as we approach our steady state force levels of 322,000 sailors in our Active component, 68,000 sailors in our Reserve component, it is clear we will simply not be a smaller Navy, we will be a different Navy, and to get the essential manpower, personnel, training and education pieces of this different Navy right, we are putting together all the component parts of our value chain for people to ensure we have the right sailor in the right job at the right time, a concept we call FIT. Our efforts will ensure we are ready to respond to any mission at any time, anywhere, from the deep ocean to well beyond the shore line.

Your Navy is a service whose routine forward presence around the world, actively supporting our friends and allies, pursuing our enemies, and maintaining the global maritime stability upon which our economic well-being depends, clearly illustrated by the many missions we accomplished on a typical day in February, is a fact now and will certainly remain so for the indefinite future.

On behalf of all our sailors, Active and Reserve, I wish to thank this committee for their steadfast support for all our Navy people who are doing so much for so many every day. I have submitted a written statement for the record, ma'am, and I stand ready to respond to your questions.

Thank you.

[The prepared statement of Admiral Harvey can be found in the Appendix on page 92.]

Mrs. DAVIS. Thank you, very much.

General Newton.

STATEMENT OF LT. GEN. RICHARD Y. NEWTON III, USAF, DEPUTY CHIEF OF STAFF, MANPOWER AND PERSONNEL, HEADQUARTERS, U.S. AIR FORCE

General NEWTON. Chairwoman Davis, Ranking Member McHugh, and distinguished members of the committee. As you mentioned, ma'am, this is my first opportunity to testify before this committee, and I have been in my current duties for just what seems to be a brief few weeks, but certainly gained a lot of insight in terms of not only the inner workings of our Air Force, but having had the opportunity to meet with Dr. Chu on a number of occasions, as well as the opportunity to latch up with my fellow colleagues here, I am very honored to be here, and look forward to, again, a long venture with this committee.

Again, thank you for the opportunity for me to discuss our efforts to ensure we recruit and develop and retain high quality airmen for the world's most respected air space and cyberspace force. Our men have been continuously deployed and globally engaged in combat missions for over 17 straight plus years, since the first F–15 touched down in Saudi Arabia in August of 1990. Today, airmen are fully engaged in the interdependent joint fight and stand prepared for rapid response in conflict across the globe to provide capabilities for our joint combatant commanders.

Our priorities are clear. We win today's fight, developing and caring for our airmen and their families, and preparing for tomorrow's challenges. Today's airmen are doing amazing things to execute the

Air Force mission, to meet Air Force commitments, and keep the Air Force on a vector for success against potential future threats in a very uncertain world. Our aim is to improve capability while maintaining the greatest combat-ready Air Force in the world. I look to accomplish this by recruiting and retaining the highest quality airmen throughout the airman's life cycle.

As we prepare for an uncertain future, we are transforming the force to ensure we are the right size and shape to meet emerging global threats with joint and battle-trained airmen. In order to dominate in the domains of air and space and cyberspace throughout the 21st century, we must recruit, develop and organize America's diverse and brightest talents for very complex, multinational and interagency operations of the future.

Our recruiting force has met the enlisted recruiting mission through persistence and dedication. Since 2000, the Air Force has enlisted over 258,000 airmen against a goal of almost 255,000, for approximately 101 percent mission accomplishment in recruiting. For fiscal year 2008, the active duty requirement was 27,800, and just over 9,000 airmen have accessed up to this point, with about 9,500 waiting to enter basic military training down at Lackland Air Force base in Texas. We are on track to meet our goals this year.

For fiscal year 2007, active duty Air Force officer retention finished 11 percent above our goal, while enlisted retention fell about eight percent below our goal, still within acceptable margins. The Air Force Reserve fell short of its enlisted retention goal by three percent, and was less than one-half percent shy of the officer retention goal. The Air National Guard met their overall officer listed retention goals for fiscal year 2007. Even with these successes, some enlisted specialties in the Active Air Force did not achieve their overall retention goal, including air traffic control and Mideast crypto linguists, structural civil engineering, pavement and construction equipment vehicle operations, and contracting.

Our most critical warfighting skills require a special focus on retention to maintain combat capability due to critical manning and the demands of increased operations tempo placed on career fields such as pararescue, combat control, and explosive ordnance disposal. Budget support for retention programs is critical to effectively manage the force and preserve needed warfighting capability. These programs are judiciously and effectively targeted to provide the most return on investment in both dollars and capability.

Retention in the Air Force Reserves is also becoming a concern, although we missed our goal in FY 2007 by only a slight margin, less than one-half percent. However, this marked the second year in a row that we did not reach our Reserve retention targets. We have seen an increase in turnover rate via gradual decreases in first term and career reenlistments over the last 3 years, with reenlistments dropping nearly 10 points. We believe this is partly due to fallout from Base Realignment and Closure (BRAC), some budgetary issues with regard to Program Budget Decision (PBD) 720, but will monitor closely to identify opportunities to influence our airmen's behavior as they reach key career decision points.

The Air Force's ability to retain experienced health care personnel past their initial commitments has declined, and that is

compounding our recruiting challenges as well. Retention at 10-year point is 26 percent for physicians, 18 percent for dentists, 34 percent for nurses, 36 percent for biomedical officers, and approximately 52 percent for administrators. The Air Force continues to develop accession and retention incentives to ensure the right mix of health care professionals. As part of our Air Force transformation, we are reviewing and synchronizing our developmental efforts to realize efficiencies in how we utilize developmental tools, educational training, and experiential to produce our stellar airmen, military and civilian officer, and enlisted and Active and Reserve components. We are dedicating resources to ensure our most important weapons system, our airmen, is prepared to deliver air space and cyberspace power wherever and whenever it is needed.

In conclusion, the Air Force is often the first to fight and last to leave in many cases. We give unique options to all joint force commanders. The Air Force must safeguard our ability to see anything on the face of the Earth; range it; observe it or hold it at risk; supply, rescue, support or destroy it; assess the effects; and exercise global command and control of all these activities. Rising to the 21st century challenge is not a choice. It is our responsibility to bequeath a dominant Air Force to America's joint team that will follow us in service to the Nation.

Again, I greatly appreciate your unfailing support. We in the United States Air Force greatly appreciate your unfailing support of the men and women in the United States Air Force, and I look forward to your questions.

[The prepared statement of General Newton can be found in the Appendix on page 120.]

Mrs. DAVIS. Thank you, very much.

General Coleman.

STATEMENT OF LT. GEN. RONALD S. COLEMAN, USMC, DEPUTY COMMANDANT FOR MANPOWER AND RESERVE AFFAIRS, HEADQUARTERS, U.S. MARINE CORPS

General COLEMAN. Chairwoman Davis, Ranking Member McHugh, and distinguished members of the subcommittee, it is my privilege to appear before you today to discuss Marine Corps recruiting, retention, and other personnel issues. On behalf of the Commandant of the Marine Corps, General Conway, I would like to first thank you, ma'am, for you and your subcommittee members visiting Camp Lejeune yesterday, and especially our wounded warrior regiment.

Our new wounded warrior regiment is quickly becoming what you envisioned, a comprehensive and integrated approach to caring for our wounded, ill, and injured Marines and sailors through all phases of their recovery. As you know, we have recently implemented a 24 by 7 wounded warrior call center to reach out to our wounded warriors, including those who have already left service, and a job transition cell to help them find satisfying work. We are very proud of how the regiment has progressed in such a short time, and are thankful for the high priority you have given it.

Today, I would like to make a few key points. First, in regard to our end strength growth, the Marine Corps achieved unprecedented success in fiscal year 2007. We exceeded our goal of growing

to 184,000 Marines, and ended the year with an active duty end strength of 186,492. We fully expect to exceed our next milestone of 189,000 during fiscal year 2008 as we set our sights on 202,000.

We owe our success in large part to our recruiters, who met all our accession goals in fiscal year 2007 while maintaining our high quality standards. We expect to meet this challenge again this fiscal year. Thank you for your support for our enlistment incentives, which make these achievements possible.

Retention should also be viewed as a success. We reenlisted 3,700 more Marines in fiscal year 2007 than in the prior fiscal year. Nevertheless, retention will continue to pose a significant challenge as our goals become more and more aggressive. We thank you for your support of our selective reenlistment bonus program. It is the foundation of our retention efforts.

The funds provided to us have increased significantly in recent years, and is money extremely well spent. These funds have enabled us to increase retention in targeted and specialized Military Occupational Specialties (MOSs) that allow us to maintain the leadership and experience necessary for combat and other operational requirements, as well as for the new units stood up in support of our 202,000 growth.

I want to emphasize today our efforts toward Marine families. Thanks to your support, we are putting our family readiness programs on wartime footing, increasing steady state funding, and making a host of improvements. We are establishing school liaison officer capabilities at every Marine Corps installation to advocate our Marine children. We are also expanding our exceptional family member program to improve support and provide respite care to those special families. These and other initiatives will help ensure that we fulfill our obligation to our Marine spouses, children, and other family members.

Overall, the commitment of Congress in supporting our 202,000 end strength growth and to improve the quality of life of Marines and their families is central to the strength that your Marine Corps enjoys today. Thanks to you, the Marine Corps remains the Nation's force in readiness, and will continue to fulfill its mission of being the most ready when the Nation is least ready.

I look forward to answering your questions.

[The prepared statement of General Coleman can be found in the Appendix on page 132.]

Mrs. DAVIS. Thank you very much. I appreciate the testimony that you have all brought to us today. I think you highlight for us all the extraordinary men and women who serve this country, and their families, because we know that they sacrifice greatly. That is the reason I think that we are all on this committee, because we know that the men and women are the heart of our efforts, and our national security, and we must do everything that we can to be sure that they are getting what they need, and we also have to be sure, and I think it is perhaps even the sober introduction that I had, that we want to be sure that we are providing for the kind of funding and the needs that we have to be recruiting and getting the best that we can. And we know that you are all very much focused on that effort. We saw that at Camp Lejeune yesterday, and I want to thank the members who were able to go with us for the

day to speak with many of the Marines that were there and to understand the needs that we have in terms of our education of our children, as well as the services that are provided to families.

So I wanted to mention that again because I think it was a good trip, and we will have many others to see how illustrative many of the members' communities are, the issues that we are going to be focusing on.

I want to turn to the supplemental because that is an area that I think we continue to try and understand. What is going on here; how can we best provide for the recruitment needs across the services? We know that within the Army and the Marines, perhaps the problem is a little more acute. But what are we really dealing with? Because repeatedly we see that there are shortfalls in the recruitment dollars that are needed, and when those dollars come in with the supplemental, albeit even a late supplemental, that presents problems.

We saw where even the Army National Guard I think had been paying out some larger enlistments, and then they weren't able to do that. They had to stop these efforts. What is happening? Are we worried about this in a way that is not reflected in your concerns. And if that is a concern that you have, why is that happening? Are we shortchanging some of those efforts when we are certainly trying to cover the needs in a whole host of other areas?

Dr. Chu, what is your feeling about this? Is this something that we are overly concerned about that?

Dr. CHU. Thank you for raising that point and issue, Madam Chairwoman. I would say as long as I have been serving the Defense Department, it has been a debate for a number of years. Every constituent element would like to have its entire budget in the base budget of the Department because that does facilitate execution and it makes it easier to move forward.

That said, the Comptroller and Secretary of Defense recommend to the President how we are going to finance the overall defense program. As we all appreciate, a significant portion of the Defense Department the last several years has been financed with supplemental funding. I do think in the specific case of the recruiting monies for fiscal 2008, the early enactment of the second tranche of the so-called global war on terror funding is really the solution so that we do have the money in a timely way in order to execute well.

I have talked with my colleagues and specifically with the Chief of the National Guard Bureau about the importance of keeping the recruiting effort on track by, as people phrase it in the finance community, cash flowing from other accounts within the same appropriation lot. Certainly in the case of the National Guard Bureau it is committed to doing that.

We all understand that what is important in terms of recruiting success is a steady effort. This is not like cramming for final exam. You can't make it all up at the end of the year. So I am confident we will execute well. We would like to see the second half of the global war on terror funding enacted as soon as possible.

The issue of how the Department divides its budget between the base budget, the supplemental, the funding vehicles like the global war on terror funding mechanism, are issues, as people say, above

our pay grades. We would obviously always be comfortable by having as much as possible in the base budget, and the Department is moving to put more of the programs that had been funded in supplemental vehicles into the base budget. But that is a multiyear job.

Mrs. DAVIS. If all of you would like to comment, we appreciate that. But the Army particularly has a shortfall. I believe staff is estimating about $1.8 billion more than the $3.8 billion budgeted for recruiting programs. I guess that includes both the Army and Marines as well.

General ROCHELLE. That amount is larger than just the Army, Madam Chairwoman. Thank you for the opportunity to respond to that question. We would clearly wish to have all of our budget in the base budget, all the requirements met in the base budget, but the reliance on supplementals is likely to continue, at least throughout the global war on terror, would be my estimation.

Nonetheless, and I would echo Dr. Chu's comment, the reliance on that necessitates timely receipt of those supplemental resources in order to be able to plan and execute efficiently and effectively.

Mrs. DAVIS. General Rochelle, basically I think what you are saying is within the foreseeable future we would be having the supplemental reflect that.

General ROCHELLE. One more point, if I may, Madam Chairwoman. I am pleased to report, however, that the Army senior leadership has decided that we will resource recruiting and retention 100 percent out of the base beginning in fiscal 2010. In spite of what I foresee as the continuing reliance on supplemental for critical resources, we are moving our recruiting and retention into the base in fiscal 2010.

Mrs. DAVIS. Do you have any trouble trying to predict that in fiscal 2010? Why are we not doing it earlier then?

General ROCHELLE. It is going to take a measured response and a planned execution to wean ourselves off reliance on the supplemental for recruiting and retention. And I will end with that comment.

Mrs. DAVIS. My time is up. Did anybody else particularly want to comment on this? Because we want to pick up your comments later, if necessary.

General COLEMAN. Yes, ma'am. I would say as far as the Marine Corps, ma'am, we would love for it to be in the baseline. But as with Lieutenant General Rochelle, we certainly need and see the need in the foreseeable future for supplementals, ma'am.

Mrs. DAVIS. Thank you.

Mr. McHugh.

Mr. MCHUGH. Thank you, Madam Chair.

You heard the chairwoman speak, and Dr. Chu and others speak about the concerns that have been raised with respect to erosion, so-called erosion of recruit quality, and the various standards, the waivers that have been increasing. Rather than color my question with my opinions, let me just start with you, Dr. Chu. How do you view these standards? Do you think the traditional standards are still relevant? Do you have data that suggests maybe we ought to be looking and measuring at other things? What is the perspective you have?

And let me add a second part to that. Given the current standards, what do leaders like yourself look for? What kind of things happen when we are falling below the standards that cause you concern and a need to react.

Dr. CHU. I think you have raised the fundamental issue, how do we set these standards, why are they as they are, and in a developing situation, how should we keep reexamining the validity of those standards. The present standards, as I know you appreciate, come out of the 30-some year experience with the volunteer force. That is a different situation from a conscript.

We discovered fairly early on that one of the key issues is retention, because we want a more senior, more experienced force. We found, and we have tried a variety of different indicators, but we found one of the best predictors of the individual's willingness to stick with a military choice, through the first term of service especially, is the possession of a high school diploma.

Separately, thanks to experiments done in the 1980's, experiments in which we sent people down, for example, in the case of the Army, in front of patriot consoles, and tested their ability to respond to simulated events that would in fact replicate what they do in the field, we found that there is a continually increasing payoff to the score on the Armed Forces qualification test. It doesn't flat out, doesn't fall off, just keeps going up. So you would like that set of scores to be as high as possible.

That all said, the more you want to drive to the very top of the ability distribution, the more you are increasing the compensation needs of the Department. There is a balance here. There is also a secondary issue. Some people do not do well on paper and pencil tests, and the Armed Forces Qualification Test (AFQT) is a paper and pencil test. Most of our tasks are actually physical in nature. So it is not a complete predictor of performance.

The National Academy of Sciences was asked to advise the Department in the 1990's about how do we strike a balance among these criteria: Measures of stick-to-itiveness, motivation perhaps is another way you might phrase it, versus measures of ability, and the cost of same. Out of that experience came our contemporary standard that we would like to see new non-prior service enlistees all have a high school diploma. Ninety percent. Some allowance for various other situations that might be out there where people don't earn a diploma. We are not trying to be overly rigid about this.

Sixty percent should score above average on the Armed Forces Qualification Test, and as the statutes provide, we do not enlist from the lowest 10 percent on the Armed Services Qualification Test. And the further standard that was imposed is that we would limit to 4 percentage points those who score between the 10th and the 30th percentile, the so-called Category IV. We have had experience with that in the draft as well in terms of these standards, which informs the AFQT findings specifically.

We also have, as you indicated in your question about the waivers, a broad set of screening questions. We want to know when we are enlisting in the Armed Forces. We asked them rather intrusive questions about their personal life, including have they ever tried drugs. We set fairly high standards. If you say yes, I did, and in the case of Marine Corps, I think it's just once, it requires a further

review. One of the reasons is we acquire the highest number of so-called waivers. Perhaps waiver is not the right word. This is a positive response on a screening question. I think the Army allows you to say twice, and then it says we want a review of this particular case.

Those are important reviews. The fact that the incidence has risen in the case of the Army and Navy doesn't necessarily mean we have lower quality. We have to be sensitive to what is the background rate of behaviors among American youths. So if you see an increase as we have at various times in history in drug experimentation, you are going to see a higher rate of people saying yes.

The Army has now done some research, and I will defer to General Rochelle on this issue, and I really think this is where we ought to be focused, on what is the actual performance of people to whom we have given what we call a waiver. My understanding of the result is that on average performance is equal to perhaps slightly better than actually the rest of the population. That might seem counterintuitive at first. But after you reflect, I think it is persuasive. After all, these people honest enough to answer these questions accurately, that is one issue out there. We do test for drug usage as well, I might add. Second, they pass through a stronger filter than has everybody else. We look more deeply into their background.

So, yes, it is something to watch very carefully. We are constantly asking ourselves could we do better. And I want to specifically mention two pilots the Army is carrying on. One is an Assessment of Recruit Motivation and Strength (ARMS) test, looking at the physical fitness issue. Not entirely clear that our measures of weight are the right way of judging your fitness. And so the Army has a set of physical tests it can administer instead and enlist under those standards. We will track those people for several years and see how they do.

Likewise, we are looking at the question of is there a set of indicators that could be a substitute for the diploma as a predictor of first term attrition. That is the so-called Tier Two Attrition Screen that we are using today. We set aside a certain portion of Army enlistments we will run for several years before we conclude yes or no. I think you need to run it for at least three years to get a good sense of is this working.

Just to sum up, we think the standards set are the right standards. We are constantly reexamining whether they are the best standards, the best predictors to use, because there are some costs, particularly on the front, to that standard. And we do know this is a major inhibition in terms of recruiting as high a fraction of Hispanic youth as we would like to see in the military today.

Mr. MCHUGH. Thank you, Madam Chair.

Mrs. DAVIS. Thank you. Perhaps we will want to return to this later on.

Mr. Murphy.

Mr. MURPHY. Thanks, gentlemen, for your service to our country. General Newton, I welcome you. My brother is actually about to deploy overseas in the Air Force, he is a Major, this weekend. Keep doing a great job. We appreciate it.

Gentlemen, I spoke before last year when you testified and I talked about after I came back from my first deployment when I was in active duty how I helped with the recruiting efforts up at West Point and then up in New York. I am concerned though about what the chairwoman said about the supplemental.

As you know, we gave the money, the $3.8 billion, which was in the base, but then $1.8 billion for the supplemental. I know last year in the testimony I mentioned it to all of you about my concerns with the supplemental. I happen to be one of those Blue Dog Democrats, fiscal conservatives, and I want to make sure we are wrapping our arms around the budget and cutting out fraud, waste, and abuse.

But I was told last year and the testimony was by the Marine Corps, who said it was their goal to have everything in the baseline by fiscal year 2008, and the Army said it was going to be their goal to get as much in the base budget as possible.

I just think that there is an excessive reliance on this supplemental spending. And I know that was against what the pledge was originally with the new Secretary of Defense. I just want to make sure that we correct this. I am happy that, General Rochelle, you said by fiscal year 2010. That is terrific.

Are there specific instances that not having a predictability of what recruitment funding is going to be, how it hurts your efforts to recruit. And if you could all describe that, I would appreciate it.

Dr. CHU. Let me defer to my colleagues. I do think the Department is very sensitive to the need to execute well on recruiting programs. We report monthly to the Secretary of Defense in some detail where do we stand. I know the Secretary of the Army has made a practice of a deep dive into the recruiting matters.

We know we are being held to account, and that we have partnered with our financial colleagues to make sure that there is enough cash on hand to execute where we will not be hobbled by this structure.

Mr. MURPHY. Dr. Chu, before they comment, in your testimony, I copied down, it says when you have these in the baseline budgets and not rely on the supplemental, that it is easier for you to move forward. But you also mentioned and said it is above your pay grade. You say you report once a month.

Dr. CHU. The President's budget request is the President's budget request. It is the product, as you appreciate, of everyone's advice as to how we should move forward both substantially and in terms of a financing vehicle. The supplemental issue is essentially a financing issue, not a matter of our intent.

What I would underscore in terms of execution is we all understand that we need to use money in a variety of accounts to assure recruiting and retention within the appropriation purpose statutes, et cetera, I should rush to emphasize. But we need to use the monies available to ensure that recruiting stays on the right path. We have an energetic conversation with our financial colleagues to make sure that happens.

That all said, that all said, that is an additional effort. That means more liaison, more care, more focus. It would, of course, from our perspective as the manpower community, it would be easier to have it in the base budget. That is certainly true. However,

we are executing well with the structure we have. As General Rochelle testified, the Army is moving to put more in the base budget. I think the Department as a whole is moving to put more of the ongoing program in a base budget as a strategic matter. It will not all happen in one year.

Mr. MURPHY. Is it accurate to say that you are moving toward that and your higher chain of command is not moving toward having it in the base budget?

Dr. CHU. That would not be fair at all. The higher chain of command understands we have to put more in the base budget. It won't all happen at once. There is excess demand to go in the base budget. That is the truthful situation.

Mr. MURPHY. But, Dr. Chu, who in the Department of Defense cannot foresee there is going to be recruitment challenges? We have all known about the recruitment challenges that we face. We all know about what was already mentioned earlier. Who couldn't foresee challenges?

Dr. CHU. We all know it is a challenging recruiting environment. This is a question of how is it financed, not what are we proposing to do. A most useful step at this juncture would actually be the prompt enactment of the second half of the global war on terror funding for fiscal 2008. That is where we really to focus now, not how did the budget originally get presented.

Mr. MURPHY. That is the easy solution. There is no one on this committee that doesn't support the military and want to give you every single dime we can give you. I think the rub is, Dr. Chu, would be every single year we ask you to give us the projections for the year, what you need, anticipating where the challenges are going to come from, and anticipate that so we can have the hearings and have the proper oversight that we need to do, and we ask this year after year, and we are not getting it.

Dr. CHU. I think we have provided that. I think had the global war on terror funding tranche been all appropriated at once, earlier on, we wouldn't be having this conversation.

Mr. MURPHY. There is a rub though, Dr. Chu, with $3.8 billion, which was in the base, and an additional $1.8 billion, almost 50 percent more in a supplemental.

Dr. CHU. That request was forwarded early to the Congress. It is now for the Congress to act.

Mr. MURPHY. Through a supplemental, Dr. Chu.

Dr. CHU. Absolutely correct.

Mr. MURPHY. So if I could ask the specific departments. If you can just give me, so I can understand better, where this rub hurts you as far as where you can't foresee the challenges when you don't have the funds up front in the base.

Admiral HARVEY. Sir, in the Navy we have a base of about $217 million, with about $120 million that comes in the supplemental. What I have done with the folks who control the actual flow of the dollars, another organization, we laid out in our annual program and I said I am executing on the assumption that I will have this money. And so the agreement we have had is that among equals and claims on the supplemental dollars, that the money comes my way first to maintain the essential people programs; in this case,

the recruiting programs. So I operate as if I have the full amount in hand.

We lay it all for advertising that is trying to counteract the drastic drop in propensity that has occurred over the last five years. So we lay out our plan and operate on the assumption that the money will be forthcoming when we need it.

Mrs. DAVIS. Mr. Murphy, I know you have gone over your time. This is always difficult because we actually do want to hear from all of you. I am going to go ahead. If there are any very specific comments, we will go ahead and hear that and perhaps come back later on and that. Ms. Drake has a question, I know. Any specific example or concern that comes to mind that you really want to relate?

Okay. Ms. Drake.

Mrs. DRAKE. Thank you, Madam Chairman.

First of all, Admiral Harvey, I want to congratulate you on shooting down the satellite.

Admiral HARVEY. I had a little help on that one, ma'am.

Mrs. DRAKE. Well, and the young man's name was Andrew Jackson. I thought that was interesting, too.

When we were briefed on that there was a lot of doubt in our minds about, number one, would we be able to do it, would it take three tries, and really the consequences if it were to land in a populated area. That just shows we do have the best fighting force in the world, the best trained, the best equipped, and we are very proud of what you were able to do.

Admiral HARVEY. Thank you, ma'am.

Mrs. DRAKE. A couple of things. First, Dr. Chu, I just want to ask you a little bit about our Special Operations Forces, especially with the focus on them now, their high operational tempo. If you could speak to us on recruitment and retention, and if you think you have the tools in place to be able to do what we recognize we need to do there.

But I would also like to ask you in regards to the last question, because I have sat here on the committee before and it appeared to be clear to me that a decision has been made to fund our military, number one, through a base budget, and number two, through a supplemental, because it would be easier for you to identify needs and what we need rather than just you trying to anticipate for an entire year and not being able to hone in.

So from the tone of the last question, I am curious. Has something changed, or is that something Congress would need to change if we decided we didn't want to continue supplemental funding? My understanding on it is it is sort of a decision prior to me coming to Congress that we would fund in a double step to be more specific and targeted on how much the military needs to accomplish our goals.

Dr. CHU. Thank you for both questions. Let me start with the bottom line issue that you raised on the Special Operations Forces, do we have the tools we need? I think the short answer is yes; particularly with recent changes we think we have the instruments that will ensure continued success.

We did use the tools that you have given us starting about three years ago in a different way than we had before. I particularly ap-

preciate therefore the actions in the fiscal 2008 authorization bill that gave us more latitude on this front. That specifically is the energetic use of the critical skills retention bonus at late stages of the career. We have found with the special operations community, because in several of its lanes people come to that area of specialization later in their careers, we want to keep people beyond 20 years of service. So we have broken new ground by offering significant retention incentives for people to stay beyond 20 years. That is a first in the Department.

My conversations with both General Brown and Admiral Olson suggest that it is succeeding. It is doing what we wanted to do in retaining experienced special operations personnel beyond where they might normally have taken a retirement.

On the recruiting front, again, I think your willingness to enlarge the size of the recruiting bonus is very helpful. I think as far as special operations personnel are concerned, one of our issues has been the successful completion of training rate. The Navy I know has specifically worked on this because it has been an issue in the SEAL community. I defer to Admiral Harvey on that matter.

On the supplemental issue, you are absolutely correct that early in this conflict the Department did seek to put more money in the base, and was advised by the Congress, there was some to and fro really with the appropriations community, now the preference, including for the reasons that you outlined, ought to be put more related costs in the supplemental. Of course, we view a substantial part of the recruiting premium we need to pay as being related to the current conflict and its effect on propensity to serve and the attitude of influencers.

There has been, one can only characterize it, as an energetic dialogue at the Secretary of Defense level between the Department and the Congress about what is the right balance. I do think over time, as we have testified, the Department believes we ought to put more of the ongoing program in the base. How much, for exactly the reason you raise, I think has yet to be determined.

Mrs. DRAKE. Thank you very much. Thank you, Madam Chairman.

Mrs. DAVIS. Mr. Wilson.

Mr. WILSON. Thank you, Madam Chairman. And thank all of you for being here, Mr. Secretary, Generals, Admiral. I really want to thank you because it is my view that the opportunities that you provide for young people are unparalleled, and I say this as a veteran myself of 31 years. I have four sons who have served in the military; two who have served in Iraq. By having military service, I know I, I know they, have received the best of education. And, Admiral, I do have a graduate of the Naval Academy.

I just am grateful for the educational opportunities, the travel opportunities, the opportunity to meet people within the military, out of the military, to have lifelong friends. People are very capable and patriotic. You are providing that opportunity.

I also know this because I represent the bases of Fort Jackson, very proud of Parris Island, General, and I am very proud of the Marine Air Station, Beaufort Naval Hospital. When we visit these facilities, when we visit our troops overseas in Iraq, Afghanistan,

around the world, we go and maybe inspire them, but they inspire us. So, again, thank you for the opportunities presented.

I do have an interest, Secretary Chu, that you just touched on in regard to retention by way of maintaining the wonderful people who serve in the Guard and Reserve. There has been a real question about the age of retirement. Currently it is 60. There are different proposals that I have supported that it would go straight to 55 due to the seamless nature of the Active forces and Guard and Reserve.

Additionally, I have supported, and you touched on it, and that is persons who serve over 20 years, that for every 2 years that they serve there would be a reduction of 1 year from the time of retirement. Additionally, there has been an effort, which was partially successful last year, and that is to reduce the age of 60 by the period of deployment. The opportunity has now been created where it can be reduced. Unfortunately, it was proactive rather than retroactive for the conflict that we are in.

Indeed, we all, both political parties here, want to assist you with the success that you have had in recruiting and retention. But what would be your comments about how can we help you reduce the retirement age for Guard and Reserve?

Dr. CHU. Sir, thank you for raising that issue. I know it has been a matter of great concern to the Reserve community for some years. I will be plain. The Department has not been enthused about proposals to lower the age at which Reserve members would be eligible for an annuity from age 60. Our calculation, supported by a lengthy study by the RAND Corporation, are that it would actually reduce overall retention in the Reserve, and not increase it.

That all said, the chairwoman in her opening remarks did raise what is really the fundamental issue, just the whole retirement program, Active and Reserve, in the right place as we go forward in the 21st century. It is a very fundamental question. I am not saying that we have endorsed that proposal in the Department. I do think it is the meritorious subject of an extended debate. It is a subject that the second volume of the Quadrennial Review of Military Compensation (QRMC) now ongoing will take up. I would hope we put any further changes to Reserve time into that, rather than trying to debate it separately.

I think there is a real risk if you take just a piece of the retirement system, because it is so essential to how careers are shaped militarily, and start changing it. You will have a number of unintended adverse consequences that will require new Band-aids to fix. So if we are going to deal with retirement, we ought to deal with it in a holistic way, not a piece at a time.

Mr. WILSON. Well, as you look at it, I am somewhat astounded that the researchers came to the conclusion they came to because, knowing my colleagues who have served or are serving, it would be such a great incentive for them to remaining longer. These are trained personnel, dedicated, physically capable.

It is just a real gold mine, Madam Chairwoman, of persons who want to serve, and what a great incentive to provide them with a retirement program similar to the Active forces.

Again, thank all of you for the opportunities that you provide to the young people of our country. I yield the balance of my time.

Mrs. DAVIS. Thank you.

Ms. Shea-Porter.

Ms. SHEA-PORTER. Thank you. I thank you all for being here and for your service.

I do have some concerns, and I want specifically to concentrate on what is happening to the Army right now. Dr. Chu, I listened to your testimony and you said that these recruits who are below the level that we normally recruited just 4 short years ago, for example, in 2004, 92 percent of the recruits were high school graduates. We are now down to what I consider to be a worrisome 79 percent.

Even more troubling for me is the number of new recruits who fall in Category IV, the lowest mental category that we can accept them in. That has increased, I think, an astounding amount. It went from one-half to four percent in a period of a few years. My worry here is your comment that they are actually in many instances, I am putting my word in, out-performing those who have high school diplomas and those who have scored in a higher mental category. You say it is counterintuitive, but it seems to be happening. Could you explain that to me, please?

Dr. CHU. First of all, let me clarify, Madam. Thank you for raising these important issues. My comments about performance are based on the Army study. I would hope we do more work of this kind that looked at the high school diploma credential. One thing I would emphasize, this is something we in the Department often gloss over as well. We set the standard that everyone has to be a high school graduate. Whether that is by a diploma or by a GED is the issue for attrition purposes. That is the matter I was speaking to. The standard of 90 percent, and we were above 90 percent in the Army a few years ago, having a high school diploma is a standard set for motivation because it predicts attrition.

The Armed Forces Qualification Test issue is a wholly different matter. Yes, the proportion in mental Category IV, when was the 10th to 30 percentile, has risen, but it has risen to our standard. In other words, our norm was no more than four percent, for a variety of reasons that we have set.

I do think we have to keep the whole quality issue in a broad historical perspective. I have had the privilege of watching the volunteer force since its inception. In its early years we had much higher, as much as half of the Army's non-prior service enlistees were in mental Category IV. So we have been in a different place. The change from one-half percent to four percent is not by historical standards all that significant.

Yes, I think the Army has pursued a skillful strategy as I look at its challenging recruiting environment. If it needs to take risk, and it has taken some risk, as General Rochelle effectively testified, it is better to take risk on the attrition factor, because we can work on that issue, rather than on the AFQT quality indicator as a measure of underlying ability. So we will take the person with better AFQT scores even if he or she doesn't have that high school diploma.

We do insist, we do insist that that person pass the GED, which is a national standard and in fact, you might argue, a better way of ensuring the person really has gotten to the place he or she

wants to through his or her high school. So everyone is a high school graduate, whereas only 80 percent of the country can claim that.

Ms. SHEA-PORTER. It does seem to me that if we are accepting people in the lowest mental category, and it is a pretty dramatic increase in the past four years, I don't think it is fair to compare it to historical levels because isn't the equipment more complicated, aren't the requirements of a soldier more complicated now, the technology is at a higher level? Is this a fair comparison?

Dr. CHU. It is not the lowest mental category by statute, and we observe that statute faithfully. We do not recruit from the lowest 10 percent points. That is mental Category V. That has been a longstanding statutory prohibition.

Ms. SHEA-PORTER. The lowest one that you can access?

Dr. CHU. Statutorily.

Ms. SHEA-PORTER. The lowest you are allowed to access?

Dr. CHU. There is always an issue out there of people who don't test well. They may be dyslexic, for example.

Ms. SHEA-PORTER. I understand that. But I don't believe that level has changed dramatically in four years, so there is a problem.

Dr. CHU. I don't call it a problem, Madam. I do think the larger issue here, and General Rochelle and my colleagues spoke to it in their testimony, the larger issue is: Is the country willing to argue that its best young people ought to step forward for military service? Our unfortunate reality is that fewer, as we phrase it, influencers are willing to do that these days.

Ms. SHEA-PORTER. That is another debate for another day.

Dr. CHU. But that is the solution, Madam.

Ms. SHEA-PORTER. I would like to ask you while I am still using my time, please, about moral waivers. Could you tell me exactly what are you giving moral waivers for, and what percentage of people right now are coming into the Army with moral waivers?

Dr. CHU. Let me ask General Rochelle to speak to the Army's moral waiver percentage, if I might. The overall picture of all types, medical, moral, et cetera, is, if I recall these numbers correctly, up in the case of the Army and the Navy all across the last four-year period, 2003–2007, down in the case of the Marine Corps and the Air Force. You have got different trends in the different military services.

Moral waivers basically have to do—a lot of them have to do with drug experimentation. Have you ever used illicit drugs? That is a question answered by many Americans these days, and we require review if you admit such usage. They may involve have you had any brush or contact with the criminal justice system. Most of those are for arrests, not convictions. Most of those are for arrests, not convictions. They also deal with convictions for misdemeanors, not for felony offenses.

Mrs. DAVIS. Do the services have those numbers available, and perhaps we can get those for the record.

Ms. SHEA-PORTER. Thank you.

[The information referred to can be found in the Appendix beginning on page 155.]

Mrs. DAVIS. Dr. Snyder.

Dr. SNYDER. Thank you, Madam Chairman. I think my microphone is working. It kind of fell here on the desk a bit ago.

I will only make two or three quick comments and two or three questions. Dr. Chu, I appreciate your discussion both now and a while ago about the issue of waivers. I think you made a comment some people probably should not be considered a waiver, it is more just a serious look at folks. As you know, and everybody on this committee knows, this is a tension in terms of how you evaluate people, and we don't want that tension to go away. I haven't heard anybody say anything wrong on either side here. You want us to keep talking about quality and help you get the quality you want. On the other hand, we don't want you to be unfair to people that could have good military service. So this tension is not going to go away. But I appreciate your discussion.

I do want to make the comment, Admiral Harvey, that missile that shot down the satellite was put together by the good people of Camden, Arkansas. So they were very proud of your shoot-down also.

Admiral HARVEY. A team effort every step of the way.

Dr. SNYDER. Just one question about the issue of budget that I think began by Chairwoman Davis. It came out when Secretary Gates testified that Mr. Spratt pointed out that the President's projected budget actually in real dollars goes down over the next several years. Well, nobody thinks that is going to happen. The Marine Corps is going to have more personnel, the Army is going to have more personnel, the Air Force wants more personnel. The number is going to go up. We all know that. What is going to happen is this is a way to punt this to the next Administration.

I think, General Rochelle, your comment about we are all planning on this being in fiscal year 2010, you know, we can go back years here when Mr. Hefley was talking about, before he left, about the need to have more and more of the budget of your needs in the baseline budget, but it hasn't gotten done. Now we are going to start a period in the next Administration. I don't think there is any mystery what is going on here. I think the next Administration will deal with it. But it allows the current deficit numbers not to look so bad.

My questions I wanted to ask are first to you, General Newton. In page two of your written statement, and I am sorry I wasn't here for your opening statement, I was at a Veterans' Affairs meeting, you say, quote, that the Air Force undertook significant personnel reductions to generate billions of dollars to reprogram toward recapitalizing and modernizing essential air space and cyber systems congruent with our three mission priorities. The impact on our warfighting airmen has been significant. We have been compelled to make some very difficult choices with respect to our people. And you go on from there.

We can always say we have difficult choices, and military people always step forward. I am concerned. I would like an articulation both right now but then in written form, what are those difficult choices. Last week we went to the ribbon cutting for a wonderful new child care center that we all worked on getting funding. There is a waiting list on all kinds of bases. So what is going to happen? There is not the personnel to staff the full child care center. They

have a waiting list for military families that want to get in the center, but the staff is not there to—the facility is there, they have got toys, they have got cribs, but because of these personnel reductions. So we now say we are now compelled to make difficult choices. We are screwing some kids. That is a difficult choice.

What other facilities are like that? What are these difficult choices that are being made?

General NEWTON. The difficult choices I was referring to have to do with mission effectiveness. You hit on one: effective child care and not only how we equip but also provide men and women to serve in our child development centers (CDC). Yes, it is a quality of life issue. But it is also a mission effectiveness issue. In fact, it is the number one quality of life issue among our enlisted men and women who are serving today.

Dr. SNYDER. As some of you know, even with this old gray head, my wife and I have a 21-monther and we battle this stuff all the time with child care centers. If one of us are pulled out for 6 months or 12 months and sent 10,000 miles away, child care becomes difficult real fast. What else is going on here? This is very concerning, is it not?

General NEWTON. Yes, sir. In fact, as I previously articulated, our mission within the child development centers are very important to us because, if anything, it is the demographics of our Active duty men and women who are serving and not necessarily just in the garrison but in much more expedition in the Air Force, which kind of compounds the issue as well.

We made a conscious decision in terms of rather than deferring modernization recapitalization of our equipment and our capabilities, we made a really tough decision a couple of years ago to pay for that recapitalization modernization of our equipment. That is why we reduced our end strength of approximately 40,000.

The specific issue, however, you are referring to is not necessarily Active duty men and women serving in the child development centers but our ability to hire civilians in order to work in the CDCs. That is what I have discovered in my just brief couple weeks in my current duties. There is a backlog in our United States Air Force in terms of being able to bring on board civilians. I am taking an active role, and I would take for the record and perhaps even address what we are doing at Little Rock. But it is very much on my scope in terms of making sure that we provide and are effectively enabling to bring on civilians in capacities such as child development centers and elsewhere.

Dr. SNYDER. My time is up. When this discussion came up several years ago of cutting personnel, nobody said oh, by the way, we are going to build brand new wonderful child care centers and then not staff them in order to build fighters. That was not how this was presented to us.

Mrs. DAVIS. Thank you. Mr. Jones, I wanted to thank you particularly for the trip to Camp Lejeune yesterday. We enjoyed you being our host. Certainly child care issues were important, and discussed, and I think we came away feeling a little sorry that we have not been able to do what we need to do, and particularly at Camp Lejeune that was a big issue. So, Walter, thank you.

Mr. JONES. Madam Chairman, thank you. I would say, General Coleman, I was humbled and honored that this committee, many members came down to Camp Lejeune. I dictated a letter to General Dixon today and told him how proud I was and humbled to be able to say that Camp Lejeune is in the Third District of North Carolina. It was very impressive.

As the chairman said, Mrs. Davis, we had a great, informative six, seven, eight hours down at Camp Lejeune, and we interacted with the Marines and talked about family issues. I wanted to just say thank you again.

Admiral, one of the questions that kept coming up yesterday, and I know that there is no easy answer to the issue of psychologists and psychiatrists, but it was said over and over yesterday, sometimes directly and sometimes indirectly, that many of our men and women who are serving in Afghanistan and Iraq, the numbers coming back with some form of Post-Traumatic Stress Disorder (PTSD) is, from a percentage point of view, maybe even greater than Vietnam. In addition, the family situation, the need for counseling.

I know that the Navy is doing everything they can. You cannot get as many psychiatrists or psychologists who have been in uniform overseas. It would be a wish that maybe it was that way, to be able to sit down with a soldier or Marine and talk about their situation. But it doesn't happen that way. We have got to have those who come out of college, those who are professionals, contract type arrangements.

If it is true at Camp Lejeune, it is true at every military base. I will go to you since Camp Lejeune is the base we visited yesterday, but the issue of how are we going to provide the adequate mental health to our men and women in uniform and their families. I know you don't have a crystal ball.

Admiral HARVEY. I don't have a crystal ball, but I have been able to use the tools that were provided in the authorization bills in 2007 and 2008 that have significantly increased the activity that we are seeing from coming out of the medical schools, dental schools, and the like. We haven't turned that into results yet, but those tools have changed the game for us in terms of the recruitment piece, at which we had been missing the mark for about the last four to five years as the war picked up. So recruiting, number one, has been extraordinarily challenging. It is my number one recruiting priority. But I have got tools now that I am beginning to see are having an impact.

The other piece of this is what we have learned in terms of what the servicemen and women, in particular, who they want to talk to. You talk about the contract hires. Certainly that is what we are using to fill the gaps that exist. I am at 78 percent manning right now in psychologists across the Navy, and about 98 percent in psychiatrists, and 96 percent in social workers. I am responsible, and we provide obviously to the Marine Corps, as you saw yesterday.

Also, we have learned that the young men and women are not satisfied with simply talking to a contract person. Unless you have been there, done that, got the T-shirt, then they have great doubts as to the quality of the conversation that they have to have. Now we are also doing this servicewide screening on all returnees for PTSD and the required follow-up. That is six months, one year and

two years. So while we have been learning, we have also expanded the population of those we are trying to reach and who have to be reached with quality care just for the checkup. At the same time, it has been very challenging to recruit them.

I do note that we have significantly reduced our loss rate of these individuals. The psychologists and psychiatrists have been carrying quite a load in the last four to five years. For a while there I was really getting concerned that we were unable to bring in enough even to maintain a steady state level. But we have seen the loss rate come down gradually over the last couple years. Again, the tools you have given us to sustain the medical force have been exceptionally helpful in that regard.

So it is a full court press, sir, and you have correctly identified, it is a shortfall we have got. It is number one on our scope. We have tools that make sense, that can compete. But I just noticed today on the cover of *USA Today* we talked about the shortage of surgeons across the country, and particularly in rural areas. It is symptomatic of where we are in the Nation and what we have to compete with to provide the required counseling services to the men and women.

So the situation is certainly as you saw it. But I am hopeful, sir, that we are going to make a turn in that and sustain an effort that will bring us to the manning levels we need to be to provide the care we have to provide.

Mr. JONES. Admiral, would it be possible, maybe after Easter, if my staff and I could get a briefing on this recruitment effort and how you feel like it is today and how you see it?

Admiral HARVEY. That is a great time. January, February, and March is when all the acceptances and all the issues come out and we will find out just what our scorecard is. That is a great time. We will be at your disposal to provide you all this information.

Mr. JONES. I would appreciate that very much.

Mrs. DAVIS. Really as a follow-up to that issue, I think we were very concerned, and we know that there is a national problem here as well, but it certainly affects men and women who are serving and the inability to have professionals available. What is interesting is that in many ways I think they were suggesting that we don't always need to rely on professionals. They should be there to back up with a host of—in a host of ways, certainly to be able to prescribe. But the mentoring that can go on is very critical as well.

I think we need to be perhaps doing more to capture those individuals who have a great aptitude to work with their fellow military colleagues and comrades and to be able to perhaps develop their own skills in this area, which could be extremely beneficial and perhaps help with their education and to go on and do something that they hadn't planned certainly to do in their careers but in fact they may be well suited for that and be able to contribute a great deal.

I wanted to just turn to one of the reasons that we are having this problem of course is because of the continuing stress on Army personnel and their families and the continuation of the 15-month tours and in the combat zone. We know this is no secret. Army Chief of Staff General Casey has repeatedly reflected the increase in discipline, divorce and suicide rates, the erosion of recruit qual-

ity and junior officer retention rates that all combine to create alarm, I think, in terms of what is happening for our service members.

It is interesting, in the *U.S. News and World Report* it was quoted that Congress tends not to ask tough questions because we are afraid that if we do so we would be accused of not supporting our troops. Clearly, the intent is to find out how we can do this better.

And so I would like to ask you, Secretary Chu, what you believe is the current status of efforts to reduce the 15-month tour in Iraq for Army personnel. What is happening? General Rochelle, I know you also were concerned about the stress on the force. Could you give us an assessment of how close we are to doing serious long-term damage to the Army?

Dr. CHU. Madam chairman, thank you for those questions. First of all, let me ask for the name of the *U.S. News and World Report* reporter because I would like to challenge the proposition Congress doesn't ask tough questions, specifically many of these such questions.

On your issue of when can the Department, as General Casey very much wants to start backing away from 15-month tours. This depends, as I know you and the members appreciate, on the balance, are three factors: first, are we successful in growing the Army and Marine Corps so we have more capacity for deployed forces; deployed ground forces specifically. Second, will the demands in Iraq particularly stay at the levels they now are, or lower. In other words, can we continue down to the 15 brigade level, 15 Army brigade level, which is the goal, and stay at least at that level, if not south of that level, as the Secretary has said repeatedly that he hopes we can get. And third, are there any other contingencies around the world that will demand more ground forces to upset the calculations of the first two.

We are hopeful that we can get to this goal at an early date, but I think it would be rash to make any promises at this juncture.

General Rochelle.

General ROCHELLE. Madam Chairman, thank you so much for the question and the opportunity to comment. I would like to come back and start if I may with a comment made by Representative Jones, and that is with respect to the need for medical and, most especially, behavioral health professionals. As my good friend and colleague has already stated, we are nationally on the brink of what I would consider to be, personally, nationally on the brink of disaster with medical health professionals, as a rule. I would commend to anyone to read the book "Will the Last Physician Turn Out the Lights." It is enough to really scare you.

To your question how close are we, we are asking ourselves that question, and we don't know the answer just yet, because it is not quite as clear as pointing to a statistic, nor quite as clear as pointing to a single metric of the many that we track and monitor: Divorces, separations, obviously attempted suicide, suicides, and the like, all of which alarm us greatly. It is not that simple, nor is it as simple as comparing to Vietnam, because our abilities today to identify individuals who are at risk far surpasses any capability we

had back in the sixties and seventies. So we are better able to identify at-risk soldiers and address their needs.

Our families are telling us that 15 months deployment, way too long. Our soldiers are telling us that as well. In addition to that, they are also telling us that 12 months back following, or less, 12 months back following a 15-month deployment is simply not enough. So we are in a bit of a quandary, and it is our challenge and our commitment to answer the combatant commanders' requirements for trained and ready forces. That is our obligation to the Nation.

So how close are we? Again, we are asking ourselves that question. My only concern, frankly, is that as history has shown, and it has shown it in the Army in the past, we may have crossed that point before we realize it, and we are trying desperately not to have that happen.

Mrs. DAVIS. Thank you. My time is up. I just wonder, very quickly, General Coleman, when will you know that the force has been pushed too hard, before their lines are crossed?

General COLEMAN. Ma'am, I think in the items that you spoke of, I think we would see it in a great increase in domestic violence. I think we would see it in suicides, I think we would see it in unauthorized absences (UAs), I think we would see it in desertion. The Marine Corps has not seen that yet. We were, and it is our ethos, we were always a 6-month deployment and an 18-month back, and that was based a lot on our sister service, the Navy.

In the beginning of this fight, then Commandant General Hagey was pushed toward a we will deploy for 12 or 15 months, and we held off on that. I think the seven-month, for most of our Marines, and most Marines go out for seven months and we try to get them back for at least seven. We try for a two to one dwell. So we are not there yet, ma'am, and we are very thankful for that.

Mrs. DAVIS. Thank you. Mr. McHugh.

Mr. MCHUGH. Thank you, Madam Chairman. We have heard a little bit today about health care, mental health care in particular. But switching to the broader issue. Certainly that has been a topic of discussion in previous hearings. We have seen in the national media lately some stories with respect to frustrated members of the services as they try to work their way between the DOD disability system and the Veterans Affairs (VA) system. The President, as far as my understanding goes, totally endorsed Dole-Shalala, the commission reports. We have heard repeatedly about how the distinction between medical retirement and medical separation employed in the VA and the DOD systems is patently unfair. General Schoomaker appeared before the committee just a couple of weeks ago and spoke about that fundamental problem.

So, Mr. Secretary, where are we with the implementation of Dole-Shalala, and I would say particularly with respect to eliminating those distinctions in the medical separation versus medical retirement?

Dr. CHU. As you know, sir, and I think if we are raising this issue, the President's State of the Union Message did call for the enactment of the full Dole-Shalala set of recommendations, and did submit legislation last fall to that end, and has advocated for it, and we continue to advocate for it. We would like to see the central

element of Dole-Shalala, which would address exactly this issue, why do we have under the statutes separate systems, we would like to see that issue addressed. We would like to see early enactment of those central provisions.

We recognize some of them are controversial with the veterans service organizations. But I do think as a country we would be far better off if we get to that conclusion so there is a single system. Dole-Shalala, as you appreciate, would simply have those leaving military service by reasons of medical unfitness all be retired under a simple system and that the question of compensation and getting forward with your life would be the Veterans Affairs Department lane, and they would operate that more or less exclusively instead of it being a hybrid as we now have.

Within what we can do under current statute, we have inaugurated, and the first cases have been reviewed, a single examination system to the Department of Veterans Affairs (DVA), meaning VA does the exam, and does it to its standard. We take its ratings and use them under the current statute for the medical unfitness percentage that DOD must by law apply. Early returns from that pilot are very encouraging. It should be faster for the prospective veteran. It should be easy to navigate. The Secretary has asked that we, as soon as we are confident about its features, that we start proliferating it beyond the National Capital Region which it now applies. But it all performs under current statutes. We would be eager to see Congress enact the remaining portions of the Dole-Shalala agenda, really this central set of provisions that deals with the hybrid we have today and creates a more thoughtful system for the future.

Mr. MCHUGH. My understanding is that the pilot program can be expanded to test a fully integrated system. Is that your understanding?

Dr. CHU. We fully anticipate expanding the pilot program, which is a single exam program, to our disability evaluation system nationwide. We do want to make sure that it all works correctly; the procedures, the administrative aspects are in place before we do it.

Mr. MCHUGH. But my point is, and I may be mistaken here, and if someone wants to correct me, I stand ready to have that occur, but the difference between the medical separation and medical retirement is a key issue.

Dr. CHU. It is.

Mr. MCHUGH. That does affect or does require a legislative solution at the end of the chain. But you are looking at harmonizing those in the pilot?

Dr. CHU. We are in the process of harmonizing those as much as we can in the current statutes. The key element is a single exam so we don't have different ratings for the two agencies for the same condition. So going forward in the pilot and eventually nationwide, one rating. So a bad knee, the VA decide that is 20 percent disability; we just accept that number and implement the current statute. What it does not give us, and that is why we need the statute change, is a truly integrated system as the Dole-Shalala system would create.

Mr. MCHUGH. Madam Chair, this would be a question I guess for us, because I think Dr. Chu would answer it in a pretty obvious

way, we may want to look at extending them an additional amount of limited authority to fully, totally integrate, including taking it a step beyond the limits that the Secretary has just suggested as we go forward.

Thank you, Mr. Secretary.

Mrs. DAVIS. Mr. Jones.

Mr. JONES. Madam Chairman, thank you.

Well, first to General Rochelle. Thank you for the suggestion of the book. I have written it down. I would like to suggest a book to you that I think you would find very interesting. "Day of Reckoning," by Pat Buchanan. Anyone that reads this book I think will fully understand, based on his excellent knowledge of history and facts, I think they will find this book very interesting as it relates to the present and the future and why we are having so many problems trying to fund some of these programs and the military is having problems just trying to meet its need to fight the war on terrorism.

Dr. Chu, a couple of questions. One is, can you provide for this committee the deployment record of the 3,200 Marines that are going to Afghanistan?

Dr. CHU. I can, sir, yes, sir.

Mr. JONES. I would appreciate that for the committee, and certainly my staff and I would appreciate it.

Dr. CHU. Sir, you mean the prior deployment record?

Mr. JONES. Right. Whatever their prior record.

Dr. CHU. How long before and how long back. We can do that.

[The information referred to can be found in the Appendix beginning on page 157.]

Mr. JONES. Dr. Chu, last year Congressman Edwards and I put in a bipartisan bill to stop any type of increases on the TRICARE participants. I realize that you and others are grappling with some very, very difficult times, as we are as a Nation and we are as a Congress. I am going to make more of a statement than a question after I ask about the 3,200 Marines. I don't know how this country and how the Congress can, quite frankly, do what is necessary to fight for the American people until we get a handle on our priorities in this country.

The Constitution does require that we have a strong military. That is a given, I think. In Buchanan's book he makes a profound statement that is going to lead to another statement I am going to make. He says that, in the history of the world, that any great nation that has to borrow money from other governments to pay its bills, will not long be a great nation.

That is where we are as a Nation. I am not getting into the policy of Iraq, whether we should or should not. Let's make that clear. There definitely is a fight in Afghanistan that is justified. But my point of this is that I want to ask you not as a Secretary of Defense Personnel but ask you as an American citizen, take off your DOD hat, is it a great concern to you that our Nation has to borrow money? And let me give an example, we owe China, now China and Hong Kong, we owe them $440 billion in debt. I am not asking you as a professional in the Department of Defense, but as an American taxpayer, as I am, not a congressman, but a taxpayer, does this bother you?

Dr. CHU. Sir, you raise a very fundamental question. I think the issue is not so much where the borrowing occurs but the extent to which the Nation has offered a larger set of commitments to its population than are likely to be easily financed as we go forward. I think that is merely the big budget issue in our country today and for the next 10 years, the promises we have made to the nonworking generation. That is Social Security, that is Medicare, military retirement, health care for military retirees, pensions for civil servants. They will take several percentage points more of the Gross Domestic Product than the Federal Government currently spends. No one thinks that is sustainable. The big issue is how do we deal with it as a country.

That is why in our narrow lane we try to take a first step with the TRICARE program, and that is why we welcomed what you directed last year, this Task Force on Defense Health Reform. I am very grateful to Congressman McHugh and Chairwoman Davis for actually sitting down and listening to Dr. Wolenski, the co-chair of that group, give her report. We are not necessarily advocating that as the unique solution, but I think it has identified a set of steps that we ought to as a country and you in your committee's jurisdiction ought to consider.

I think we need to start that journey to bring these various entitlement programs under a degree of control that allows us to offer to the nonworking generation the benefits it ought to have. We want to honor the spirit of those promises. We may not be able to do everything exactly as we do it today, and that is really the essence of the quarrel we have had the last several years about the TRICARE fees issues.

Mr. JONES. Madam Chairman, my last point, I said this to Secretary Gates, who we have great respect for. The sad thing is and the frustration to those of us on this committee, and the frustration more so than even we, is the American people. The American people read the same papers that we read. And as I said to Secretary Gates, who I have great respect for, two weeks ago, *USA Today,* and this has just frustrated me to death and I went to the American Legion in North Carolina last week and I held this paper up. Our allies, primarily the Middle East, has paid only 16 percent of their pledge to help rebuild Iraq. In other words, they have paid $2.5 billion out of a pledge of $15.8. Good old Uncle Sam has already paid $26 billion to help rebuild Iraq, and obligated another $16 billion.

So there the Middle East is getting richer and richer and their kids are not dying in Iraq or Afghanistan, but primarily Iraq, and therefore here we are footing the bill for a country that we are paying every time we pump gas in our cars. And the American people are frustrated. I know you are frustrated, and I am not even speaking for you. You cannot do what you need to do when we can't even get our allies to pay their bills.

That is not a statement to you, sir, personally. It is my frustration on behalf of the people of the Third District and the military in this country. Thank you.

Mrs. DAVIS. Thank you.

Ms. Shea-Porter.

Ms. SHEA-PORTER. Thank you.

Dr. Chu, I had some problem with the word "nonworking" generation. They are called retired because they worked. So I think when you frame a debate as nonworkers, it suggests possibly that there are people just kind of taking from the system. So I just wanted to say that as somebody who worked with elders for many years. I prefer to call them retired. They built this country.

Dr. CHU. I wouldn't in any way want to denigrate their efforts.

Ms. SHEA-PORTER. I know that. I want to say that because the phrase sort of struck me wrong, and I am sure you didn't intend it that way, but it sounds like we have people who did not work. So I want to call them retirees.

Anyway, what I really wanted to ask you about was I had an opportunity to listen to military spouses a week ago and they had a long list of issues that they were struggling with, not the least of, the small but actually critical insults such as if their spouse is overpaid, then they have to return it from the check so quickly that the family feels this terrible impact instead of staging it over a period of time. There were lots of things like that this were really upsetting them.

I listened to what you said about the problem seems to be the influencers are keeping people from going into the military. I think really that the people are reacting to what is happening right now in the military and in this country. The influences are not the problem, the problem is obviously deeper and they are just reacting to that.

I would like to say that what I just heard Congressman Jones state is certainly what I am hearing in my district as well. I am from a military family. I was a military spouse. I am eternally grateful for those who stand there in our defense. But there are some problems we need to address, and we can't blame it on elsewhere. We have to look and see what is going wrong. I think the questions about Iraq and our Middle East policy are having a real strong and negative impact.

To that end, I would like to ask you, General Rochelle, please, if you would comment about what is happening for retention for West Pointers right now. I know that you have been struggling with losing some of them. I would like to ask you why in your opinion they are leaving at this point.

General ROCHELLE. Happily, Congresswoman. The military academy graduates have traditionally left at a rate that is a little bit higher than we would like, given the investment that we make and the Nation makes in them. We are now seeing, however, an ever so slightly, and I want to emphasize ever so slightly, a higher rate of departure in certain classes from the military academy, primarily the class of 2000, which was the class that was on active duty, either fully trained as a young officer, or near fully trained as a young officer, and then of course deploying from 2001 and beyond.

On balance, however, across all classes and sources of commission, Officer Candidate School, Army Reserve Officer Training Corps (ROTC) scholarship and nonscholarship, we are seeing a sustained 10-year average retention rate among our officers. Now I come back to the fact that there are blips that cause me personally and others some concerns, but nothing near crisis yet.

I will also conclude by saying that we are grateful to the Congress for the authority to expend the critical skills retention bonus for young captains for the first time in the history of our Army. I believe that that is going to be very critical for us going forward. We are dealing with a generation of young officers who, as the chairwoman commented in her remarks, not unlike our young enlisted soldiers, are very bright, have options, and especially in an economy as we are experiencing today, notwithstanding challenges in the economy as well.

Ms. SHEA-PORTER. Thank you. Could you also please tell me about the stop loss policy in effect? How many soldiers have been impacted at this point, and when do you expect that to end?

General ROCHELLE. We are studying stop loss and would like to be able to conclude it as quickly as we can. Let me put it into scope for you. At any point in time if you look across the total Army, and that is Active, Guard and Reserve, and that is 1.1 million individuals, the total number of individuals stop-lossed is never more than 10,000. And the average in the last 3 years is 8,000 or below. Today, it is 7,600.

Ms. SHEA-PORTER. What impact do you think that is having on morale?

General ROCHELLE. Well, it is obviously at the individual level having an impact. We would like once again to, demand notwithstanding, we would like to eliminate stop losses as quickly as we possibly can. We are looking at options to do just that.

Ms. SHEA-PORTER. Thank you. Once again, I would like to state that we know the stress on these men and women in the military, and we are very, very grateful for what they do. Thank you.

Mrs. DAVIS. Mr. Kline.

Mr. KLINE. Thank you, Madam Chairman. I apologize, gentlemen, for my absence. As you know very well, veterans of many hearings here, we come and go, shuttle in between hearings and sometimes floor activity, although this morning I don't think there is any floor activity. But we have had multiple hearings.

A couple of questions. One, General Coleman, how are recruiters in Berkeley doing these days?

General COLEMAN. Thank you for that question, sir. They are doing well. The morale is extremely high, and out of a bad situation the Marine Corps has done well. They upheld themselves to the high standards that you and other Marines would love to see them uphold themselves to, sir.

Mr. KLINE. I knew they were. Thanks, General. I think it is appalling what has happened from the city council in Berkeley. But I never doubted for a minute that the Marines would hold up well.

Dr. Chu, we talked briefly before the hearing about the yellow ribbon reintegration program. As you know, it has been a program very near and dear to my heart. We worked on it very hard. I am very proud of the work that Major General Shellito, the Adjutant General (TAG) in Minnesota and all the fine folks out there have done, and frankly, members of the Guard particularly, but the Reserve component in general in States across the country. And we put language in the bill, in the NDAA, which you and I talked about, that puts your office as the executive agent, as the office in charge.

So a couple of questions I want to get here for the record. One, there is a letter from Lieutenant General Blum, which was to you, talking about the implementation of that program, and in it he estimates the annual cost of the program to be approximately $73 million, of which $23 million will fund a national network of transition support workers. I think the other $50 million, he doesn't specify it in this letter, is essentially to pay for the drill pay, if you will, of the members of the National Guard when they are called back for this training. Does that $73 million sound right to you? Are you familiar with that?

Dr. CHU. Sir, our preliminary estimates are that it will cost somewhat more than that. I don't want to commit to a figure at this juncture. But I do want to emphasize that we are committed to implementing the statute in the spirit in which it was passed. I do think we can use, as the statute allows us to, some of our existing programs, bring them together in a cohesive way, but also create new structures so we do reach out to our service personnel, especially our Reserve personnel, Guard and Reserve, in a better way than we have been able to do in the past.

So we are on track, in my judgment, to stand up an office as the act directs, to secure resources, which we will be taking out of the second half of the global war on terror funding vehicle. We have discussed that with the Comptroller, who has given her pledge on that front in order to get this going in a timely and effective way.

Mr. KLINE. Okay. I appreciate that very much. I just think it is such an important program, and it really needs to work. While I am not familiar with your plans to combine programs, I think you had some family services activities and so forth, and certainly there needs to be some latitude in moving funds. I am very, very intent that we not water down in any way, and I don't believe that is the case, but we need to be wary of that, that as you combine programs, you may inadvertently water down one or the other. I am particularly concerned about this one because as we have looked at these men and women in the Reserve component when they have come back and they haven't had the facilities, the infrastructure of the Active component, it has become very clear that we need to make an extraordinary effort to take care of them.

You and I have differed on whether that should be mandatory or not. We have now made it statute. I think that is the right thing to do, and I very much appreciate your willingness to step up in your role as executive agent, your office, to make sure this happens, and we will continue to work with you on that.

Thank you, Madam Chair. I will yield back.

Mrs. DAVIS. Thank you. Dr. Snyder.

Dr. SNYDER. Thank you. Of course, Dr. Chu, this is a good example of we all want something in the baseline budget until it is something we want, and then we are proud that you can do it out of the supplemental. I think it does make sense because this is something that is a set program in time. I was going to ask about that, too, because in your written statement you say the Department is fully committed to implementing this program and my understanding was you were looking for funding in the supplemental.

Gentlemen, I want to come back to this issue about child care. I think the numbers at the Little Rock Air Force Base, with the

new building that we just opened, they have a capacity of 335 kids total between their facilities on base. But because of personnel cuts they can only handle 237 children, which is just a little bit under 100 kids, although that varies, on the waiting list. I don't want to just fix the Little Rock Air Force Base problem. I think it is a systemwide problem. So I hope you will get back to us in written form. You used the word impact has been significant, and difficult choices. I would like to know where specifically child care, gymnasiums, youth programs, counseling, where is it that you think there has been negative impact and difficult choices made in the Air Force, and take it in detail.

General NEWTON. Let me take that for the record. Again, I will say though, it is something I have got my focus on because it is not like you intimated, not just at Little Rock Air Force Base.

Dr. SNYDER. It is not just in the Air Force either.

General NEWTON. Across the Air Force we have challenges in how we provide civilian support to our child development centers, who principally man the CDCs.

Dr. SNYDER. I know there are appropriated and nonappropriated staff slots.

General NEWTON. I would be delighted to get the details back to you on that.

[The information referred to can be found in the Appendix beginning on page 155.]

Dr. SNYDER. Dr. Chu, and this may be a question you just want to say you don't have an opinion, this whole issue of interagency reform has been increasingly talked about for some time, I think both in the Department and amongst the think tankers there has been discussions about it. If we had everything the way that you, Dr. Chu, thought they ought to be in terms of adequate staffing for the State Department, adequate staffing for United States Agency for International Development (USAID), the kind of redundancy the civilian side of government needs to be able to have people available to go overseas, would that have—if that had been all set up like seven, eight years ago, do you think or have an ability to render an opinion about whether you think that that would have cut down on the needs of personnel, military personnel that we need to have both in Afghanistan and Iraq today?

Dr. CHU. My view is it is less an issue of numbers than an issue of preparation. We have begun to implement, I am delighted to say, the President's Executive order direction on creating a national security professional development program, in which a key element is addressing just this issue: Are the staff of the different Cabinet agencies prepared to deal effectively in what some like to call an integrated environment, or bring several agencies together, whether that is here in the United States to deal with a homeland issue, or overseas in Iraq, Afghanistan, Africa, whatever.

We had early stages in this. It will involve, I am delighted to say, deliberate investments in our civilian staff in the United States Government. That is not something I would argue we have done to the level we should in the past. So we are very much heartened by this initiative in terms of the opportunity it offers.

The change will not occur overnight, I acknowledge. Within Defense we have taken a first step in this direction by how we have

thought about staffing the African command. We made a deliberate effort from the beginning to engage the staff of other Cabinet agencies to reach out to them to offer to pay for the slots. So this is not an issue of our trying to get a free ride from somebody else. And this is to be both senior and mid-grade personnel.

I am pleased to say we already have recruited several senior executive service level personnel from other Cabinet agencies to serve as the leadership. In fact, the Deputy Commander for Political and Military Affairs essentially is an ambassador from the State Department, career Foreign Service officer, distinguished lady with a great background on the continent, and is going to bring extraordinary leadership to that effort.

Dr. SNYDER. Several years ago, when the 39th National Guard Brigade was activated and served a year in Iraq, when everyone showed up, reported, about a third of them were not medically fit. We got them going down to bases and we figure we are better off not doing that so we have changed those processes around. As you know, they have been mobilized again and some in fact are already overseas, the advance folks. But when they showed up, we had about the same number that were not medically fit for deployment again. I think a lot of it is dental and some other issues.

Do you have any thoughts about how we might address those issues in a prospective manner? Because I think most of us think these folks are showing up every month or two weeks in the summer and then somehow their medical needs are not being dealt with. Do you have any thoughts on this in terms of a DOD proposal? You have been around a while. Do we need to be approaching this and looking in some more dramatic way of addressing these issues?

Dr. CHU. I think on the dental issue, I think some were less dental than immunizations and other matters of that sort. But on dental issues specifically, I think there are two actions we are undertaking. First, short-term, bringing dental services to the unit. So the other three brigades used dental vans, mobile vans, in which we at training assemblies brought the van to the unit, said you got an issue, we will take care of it. They got their dental readiness way up there in the 90 percent range. Second, we have to advocate more strongly to our Reserve personnel, and we are doing that within Defense, but we value your help because you speak to the units in the hometowns directly. You can be effective in a way we cannot.

We offer to the Reserves a dental insurance program. Our regret is most people don't sign up for it. I have even had very senior Reserve officers say yes, I waited until the active duty call came because then it is all on your tab, not mine. It is not expensive insurance, a decent policy. I think we need to get our people to take it and use it.

We are setting the standard by demanding more inspection by Reserve covered units of where are they in terms of dental readiness. I hope over time that would solve the problem. Short-term though, the answer is the mobile vans the other brigades have used.

Dr. SNYDER. Thank you.

Mrs. DAVIS. Thank you, Dr. Chu. I think we probably don't need one final round. If I could take my question, I appreciate it.

Dr. Chu, you touched briefly in response to a question by Mr. Wilson on the retirement system, and that we need to look at that not just for the Guard, to look at any changes, but we need to look at it holistically. Certainly the National Guard and Reserve released their report reflecting the fact that we need to perhaps envision a new system that would reduce reliance on defined benefits and mandatory service in favor of early vesting, increased use of thrift savings plans, gate-paid bonuses to attract personnel to remain on active duty.

Are we at a point when we should be taking a look at whether we should design this system that would reflect what they consider in their commission report certainly a 21st century workforce?

Dr. CHU. I think this is a big issue in front of the defense establishment. We welcome further dialogue with the subcommittee, the full committee on this matter. There are vastly different opinions about whether or not changing it is a good idea. We have worked for the better part of 50 years with the current system. It works well from the perspective of many of my colleagues who have to actually run the personnel establishments of the individual military services. So I suspect a first answer from anyone would be ain't broken, don't fix it.

On the other hand, on the other hand, the report of the Commission on National Guard and Reserve was actually mentioned in a report of a panel that Secretary Rumsfeld appointed, which observed that one of the injustices in our system is only eight percent of the enlisted force that starts out ever reaches retirement. So this is not a benefit that most people enjoy. And shouldn't we think about rebalancing this benefit in a manner using some of the tools that you described. But that is a big change to the system, not one I think you should undertake lightly or quickly. We will develop the second volume of the mandated Quadrennial Review of Military Compensation to this subject, not to recommending an answer, but to outline the issue and how much you think about alternative systems, of the effect of gate pay in lieu of the annuity now the case as large and undefeated as it is now.

You have given us authority in the last several years and we are using that authority to allow military personnel to deposit in the thrift savings programs. I am delighted that a high fraction of military families do report they are saving something out of their paycheck. That is the first step to a better financial future for them, and we will next month celebrate—I am sorry, two months from now celebrate the Military Saves Week, as we have done in the past.

The change to the retirement system is not a small step and there would have to be an extensive dialogue about the pros and cons and wisdom of doing so, and careful empirical work on what the effect would be, will we attain the goals that are set out.

Mrs. DAVIS. I think we would recognize that is not something that we can do easily here in a session or certainly at the end of a session. It would take a broader look. I would assume then in all the services perhaps there is different perspective on how we approach this as well. It is an important conversation.

If I may again, quickly, as you know, and I have raised this issue before when we talk about recruiting and retention, is the one of don't ask, don't tell. I think there are roughly, when this is raised, discharge of about 11,000 qualified service members under this. When that issue was raised, we suggest that well, over time it is really not that large a number. But I think there have been some estimates that we would have more qualified male applicants, as many as perhaps 41,000, who would seek to enter the Armed Services, and perhaps even 2,500 more would be retained.

Given the issues around retention and recruitment goals, would repealing that law make a difference in this area, do you think, aside from a number of other issues that are addressed? But in terms of numbers, have you evaluated this?

Dr. CHU. Madam Chairman, as you know, it is a statutory matter. The Department carries out the statute as Congress has enacted it. I think most testaments of any change in supply of personnel are small, quite small in number. I have not heard the 41,000 figure. Sounds like a cumulative number of some kind. It is an issue that is socially derisive in our country at large to speak plainly about it. I do think in the period in which the military is challenged on many fronts, and we have heard that discussed this morning, and not clear to me that this is an additional issue you want to ask the military to address. But that is ultimately the Congress's call.

Mrs. DAVIS. I appreciate that. And I know that in conversations it is raised and I think that we will probably continue to raise it for some time.

I want to thank you all very much for your testimony today. I think we have had a good discussion, and we will continue to look at a number of these issues. What we want of course is to have you have, to have the services have the ability to recruit, retain, and to take care of our military and their families in the best way possible. And we will continue to work on that.

[Whereupon, at 12:10 p.m., the subcommittee was adjourned.]

A P P E N D I X

FEBRUARY 26, 2008

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

FEBRUARY 26, 2008

Opening Statement Chairwoman Davis
Hearing on Recruiting, Retention, and Compensation
Overview
February 26, 2008

Today the Subcommittee will turn its attention to recruiting, retention, and compensation programs—three essential building blocks of military manpower. This is a very challenging recruiting and retention environment and we believe that a relatively low unemployment rate, a protracted war on terrorism, a decline in propensity to serve, and a growing disinclination of influencers to recommend military service will cause the environment to remain difficult during fiscal year 2008 and in the years that follow.

As you might expect, the Subcommittee is concerned about the need to achieve the number of new recruits needed to meet mission requirements, particularly now that we are engaged in adding forces to both the Army and the Marine Corps.

In terms of the narrow objective to simply meet the number requirements, the armed services and their National Guard and Reserve components were remarkably successful during fiscal year 2007 and during the first four months of fiscal year 2008. However, those recruiting and retention successes continue to be accompanied by sacrifices in recruit quality and increasing costs. The Subcommittee has become increasingly troubled that the erosion of recruit quality over an extended period will result in long-term consequences for force management and leadership development. For a number of years, the

Subcommittee has also expressed concern about the increasing reliance of recruiting and retention programs on emergency supplemental funding. This trend contributes to the steadily increasing costs because fragile recruiting and retention programs require strategic planning and timely execution. We seem destined to learn again and again that these programs cannot be optimally managed with supplemental funding inserted at the 11th hour.

The Subcommittee was not alone in observing that recruit quality has suffered and that the cost of maintaining the all volunteer force has increased. Representatives of the Commission on the National Guard and Reserves have cited these trends when justifying their conclusions that the current personnel management model and retirement system is not competitive in the employment marketplace, cannot be fiscally sustained, and must be reformed.

The Subcommittee is anxious to discuss these issues with our witnesses.

Mr. McHugh, did you have an opening statement.

Let me introduce our panel.

Honorable David S. C. Chu
Under Secretary of Defense for Personnel and Readiness

Lieutenant General Michael D. Rochelle, USA
Deputy Chief of Staff, G-1, Headquarters, U.S. Army

Vice Admiral John C. Harvey, Jr., USN
Chief of Naval Personnel, Department of the Navy

Lieutenant General Richard Y. Newton III, USAF
Deputy Chief of Staff, Manpower, Personnel, and Services, Headquarters, U.S. Air Force

Lieutenant General Ronald S. Coleman. USMC
Deputy Commandant for Manpower and Reserve Affairs, Headquarters, U.S. Marine Corps

General Newton, I believe this is the first opportunity you have had to testify before the Military Personnel Subcommittee after assignment to your current position. Welcome!

Opening Remarks – Rep. John M. McHugh
Military Personnel Subcommittee Hearing
End Strength, Recruiting and Retention Overview
26 February 2008

There is no tougher challenge in the Armed Forces than sustaining and growing the all-volunteer military. Our witnesses today are largely responsible for the on-going success in recruiting and retaining that force and I want to publicly state my admiration for their competence, professionalism and dedication.

Dr. Chu and Admiral Harvey, your times at the helms of the DOD and Navy personnel ships, so to speak, are winding down. And while I cannot promise that this will be your last time to appear before the subcommittee, this may be my last opportunity to publicly thank you both for your excellent service in your current roles and wish you the best for the future.

General Newton, this is your first appearance before us. We welcome you.

There have been in the last year or so a fair number of experts who have asserted that the experiences of Iraq and Afghanistan have broken the Army, and as one newspaper headline recently concluded: "Deployments

strain Army recruiting and retention." (USA Today, 20 February 2008).

The evidence often cited for the Army being broken focuses on the Army's not meeting some DOD quality standards for new recruits, the increased use of conduct and medical waivers and the higher numbers of Category 4 recruits being enlisted.

I will be the first one to agree that the Army and all the Armed Forces are severely challenged by the demands of the wars in Afghanistan and Iraq. On the other hand, I know from first hand observation that neither the Army nor the Marine Corps, nor any of the services for that matter, are broken. In many respects the men in women of today's military are the most proficient and capable warriors in our nation's history. That said, I share the concerns of many about the new recruits who do not meet the time-tested DOD quality standards.

What I don't know at this point, and would like to hear from our witnesses about, are the implications of not meeting those DOD quality standards, and what, if anything, we should do about it.

General Coleman, before closing, I want to acknowledge the Marine Corps' efforts to revise and reform its casualty notification system. As you recall, following the subcommittee hearing last year, it became apparent that the existing system was not working as it should. I trust the changes made will support the Marine Corps, its Marines and their families in a much improved way.

I join you, Madame Chairwoman, in welcoming our witnesses and look forward to their testimony.

Prepared Statement

of

The Honorable David S. C. Chu
Under Secretary of Defense (Personnel and Readiness)

Before the

House Armed Services Personnel Subcommittee

on
"Overview of Recruiting, Retention, and Compensation"

February 26, 2008

MILITARY PERSONNEL POLICIES

Active Duty Recruiting.

Never in the history of the All-Volunteer Force have our armed forces faced as challenging a recruiting environment as they have during the past several years. First, the Global War on Terrorism (GWOT) has placed unprecedented demands on the Services as our volunteer military is now into its seventh year of a protracted war in Iraq and Afghanistan. Second, youth willingness to serve, the heart of our All-Volunteer Force (AVF), has declined and influencers of youth (e.g., parents, teachers) are less likely to recommend military service today than in recent years. Third, the economy has remained strong and labor markets tight. Unemployment (currently at 4.9 percent) is relatively low by historical standards, and earnings are up – providing youth with lucrative post-secondary high school choices. Fourth, recruiting goals for the Army and Marine Corps have increased as they grow their forces.

Despite these challenges, the Services have met, and continue to meet, their recruiting goals – thanks to significant legislative initiatives and new authorities granted by Congress, and the hard work of the recruiting commands and recruiters in the field. During FY 2007, the Active duty components recruited 166,302 first-term enlistees and an additional 14,870 individuals with previous military service, attaining over 100% of the DoD goal of 180,377 accessions.

While meeting our quantitative goals is important, we also need to have the right mix of recruits – recruits who will complete their term of service and perform successfully in training and on the job. The "quality" of the accession cohort is critical, and we have long reported recruit quality along two dimensions – aptitude test scores and educational attainment. Both are important, but for different reasons.

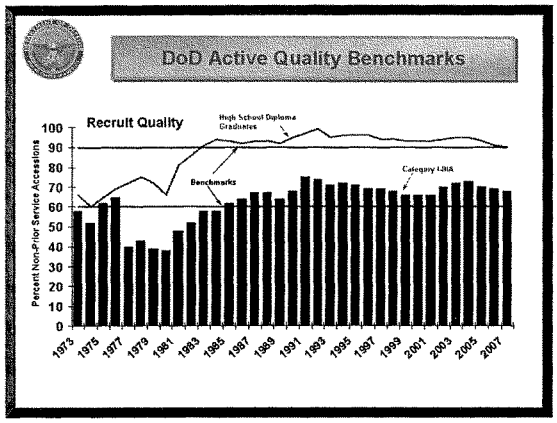
Aptitude test scores are used to select recruits who are most likely to perform satisfactorily in training and on the job. All military applicants take a written enlistment test, the Armed Services Vocational Aptitude Battery (ASVAB). One component of that test is the Armed Forces Qualification Test (AFQT), which measures math and verbal skills. Those who score above average on the AFQT are in Categories I-IIIA. We value these higher-aptitude recruits because they do better in training and perform better on the job than their lower-scoring peers (Categories IIIB-IV).

We also value recruits with a high school diploma. The high school diploma has long been the best single predictor of successful adjustment to military life. About 80% of recruits with traditional high school diplomas complete their first three years, while only about 50% of those without a traditional diploma do so. The first-term attrition of those holding an alternative educational credential, such as a high school equivalency or a General Educational Development (GED) certificate, falls between those two statistics. In short, enlisting youth with traditional high school diplomas is a good investment. Studies have estimated the attrition at over $50,000 for each person who leaves service early.

In conjunction with the National Academy of Sciences, the Department reviewed how best to balance educational attainment, aptitude, recruiting resources, and job performance. With an optimizing model, we established recruit quality benchmarks of 90% high school diploma graduates (HSDG) and 60% scoring above average on the AFQT. Those benchmarks are based on the relationship among costs associated with recruiting, training, attrition, and retention, using as a standard the performance level obtained by the enlisted force cohort of 1990 — the force that served in Desert Shield/Desert Storm. Thus, the benchmarks reflect the aptitude and education levels necessary to minimize personnel and training costs while maintaining the required performance level of that force.

For over 20 years, the Services have met or exceeded the Department's quality benchmarks for Active duty recruits (Figure 1). Although the Army missed its HSDG benchmark in 2007, DoD met its overall goal: 90% of Active duty new recruits were high school diploma graduates. This compares favorably to the national average in which about 70% to 80% graduate from high school with a diploma. In addition, DoD exceeded its aptitude quality benchmark, with 68% of new Active recruits scoring at the top half of the AFQT, well above the DoD benchmark of 60%.

Figure 1. DoD Quality 1973-2007



Fiscal Year 2008 active duty recruiting efforts are positive to date. Through January, all Services met or exceeded numerical recruiting objectives for the active force, and the Army achieved 18,829 of its 18,600 recruiting goal, for a 101% year-to-date accomplishment (Table 1). However, the active Army fell short of the HSDG goal, accessing 82% recruits with a high school diploma versus the standard of 90%. Although the Army accessed 58% of new recruits who scored at or above the 50th percentile on the AFQT – slightly below the DoD benchmark of 60% – we expect the Army to achieve this DoD benchmark by the end of FY 2008.

Table 1. FY 2008 Active Duty Enlisted Recruiting Through January 2008

	Quantity			Quality	
AC Enlisted Recruiting (Through January)	Accessions	Goal	Percent of Goal	% High School Diploma Graduate (HSDG); *DoD*	% Scoring at / above 50th Percentile on Armed Forces Qualification

				Benchmark = 90 percent	Test; *DoD Benchmark = 60 percent*
Army	18,829	18,600	**101%**	**82%**	**58%**
Navy	10,067	10,067	**100%**	**94%**	**73%**
Marine Corps	11,113	10,740	**103%**	**94%**	**65%**
Air Force	9,263	9,263	**100%**	**99%**	**78%**
DoD Total	49,272	48,670	**101%**	**92%**	**68%**

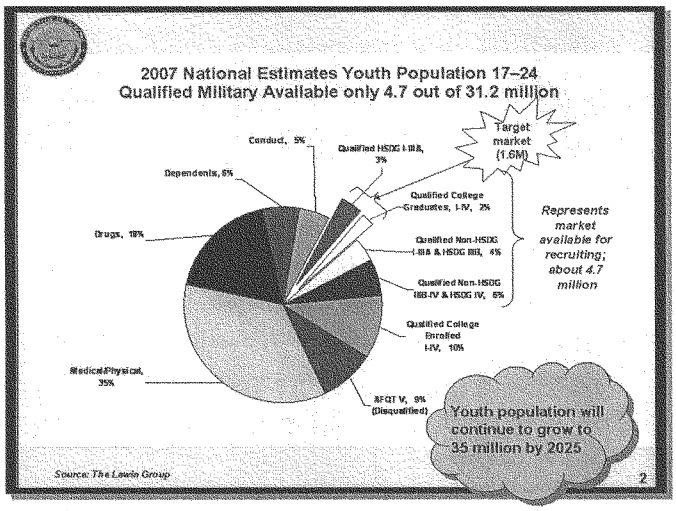
We should not lose sight of the fact that, although the youth population is large, a relatively small proportion of American youth is qualified to enlist when we consider other factors besides education and aptitude. It is an unfortunate fact that many of the contemporary youth population are currently ineligible to serve. About 35% are medically disqualified (with obesity a large contributing factor), 18% abuse drugs and alcohol, 5% have conduct/criminal issues, 6% have dependents, and 9% are in the lowest aptitude category (Figure 2). Another 10% are qualified, but attending college. That leaves less than 5 million – or about 15% of the roughly 31 million youth ages 17-24 – that are available to recruit (25 percent including those in college).

Our recruiting success has not come easily. It has been the result of long hours and hard work by the 15,000 dedicated and professional military recruiters. These recruiters often stand as the sole representative of our military forces in local communities, and they have my most sincere respect and gratitude.

Equally important has been the unwavering support from the Congress, for our recruiting efforts. Throughout my time in this office, you have assisted us with authorities and programs that have helped the Services to expand the recruiting market in responsible ways.

We appreciate your assistance expanding military recruiter access to high schools. The No Child Left Behind (NCLB) Act of 2001 opened the doors for military recruiters

Figure 2. Qualified Military Available, 2007 Estimate



to provide information on military service opportunities to juniors and seniors in over 22,600 high schools nationwide. Through the enforcement of these laws, the Services report that all high schools have complied with the provision of student directory information to military recruiters, who, in turn, provide information to young people about the opportunities and nobility of military service.

The establishment of a National Call to Service program has been very helpful. This shorter-than-normal, 15-month enlistment option allows us to offer military service options to youth who, due to the length of traditional enlistment terms, would choose not to serve. Over 9,000 young Americans have enlisted under this option.

The new $2,500 bonus for those transferring between Armed Forces components has been a helpful incentive in getting members to transfer from one Service to another and serve a minimum of an additional three years. This program has helped the Army access over 1,500 new soldiers from other Services that otherwise may have left the military – saving over $50,000 in recruiting and training costs per experienced transferee.

We also thank you for helping us to increase the maximum age for enlistment. This has expanded the recruiting market by raising the maximum age for enlistment in a Regular Component from 35 to 42 years.

In addition, we appreciate the new accession bonus for Officer Candidate School (OCS). Creating a new officer through either the Service Academies or Reserve Officer Training Corps is a four-year process. The Services use OCS not only to produce a portion of their new officers annually, but in times of growth, this valuable program provides a surge capacity that cannot be duplicated. The accession bonus provides the Services an incentive to attract recent college graduates for these programs – particularly important as we grow the force in the Army and Marine Corps.

Most important, you provided us the opportunity to conduct the *Army Recruiting Demonstration Program*. This authority is permitting the Army to test innovative marketing and incentive programs in support of recruiting efforts not otherwise permitted in law, and we plan to work with you to expand this initiative to the other Services for the purpose of addressing the continuing challenges in the recruiting and retention environment.

Active Duty Retention.

Retention programs help shape the force to ensure we have the right numbers and mix of active duty personnel with the right experience. This is particularly challenging during this era of changing force structures. Thus, we thank you for your substantial assistance over the past several years in obtaining new and enhanced programs and authorities for the Military Departments to encourage military personnel to remain in Service.

Notably, the FY 2006 NDAA increased the maximum reenlistment bonus from $60,000 to $90,000, and it expanded eligibility for the bonus from 16 to 20 years of active duty, and 18 to 24 years of service. It also amended the critical skills retention bonus (CSRB) authority to include Reserve component members and members assigned to high priority units. The amended

statutory authority for the CSRB established eligibility to Reserve component members with a designated skill or who volunteer to serve in a designated high priority unit, not to exceed $100,000. It also established an exception to allow members in designated Special Operations Forces and nuclear critical skills to receive a CSRB beyond 25 years of service; and we appreciate your extending that authority to all qualifying members in the FY 2008 NDAA. The incentive bonus for transfer between Armed Forces and the increase in the maximum amount of the bonus for such transfer – from $2,500 to $10,000 – all have been very helpful. Finally, authorizing pay and benefits to facilitate voluntary separation of targeted populations of Service members have proven invaluable.

For almost seven years – since 9/11 – retention has remained relatively strong in the active duty force. The Marine Corps and Army met or exceeded their overall reenlistment goals each year, while the Air Force and Navy did relatively well, they did not always meet all retention goals, which were often complicated by force shaping goals. Both Services have adjusted their retention bonus programs to target deficient skills better.

In FY 2007, all four active duty Services met or exceeded their aggregate reenlistment targets. The Marine Corps surpassed its overall aggregate reenlistment mission (110%), exceeding its FY 2007 targeted end strength by a comfortable margin. The Air Force fell short of its Zone B (mid-career) reenlistments mission and will use the Selective Reenlistment and CSRB programs to maximize mid-grade retention in FY 2008. The new, expanded CSRB authorities are helping to provide the Services with additional flexibility to better target specific critical skills for retention.

Through January 2008 (Table 2), the Army, Navy, and Marine Corps exceeded their retention missions. The Air Force is fairing well in Zone B and has recently adjusted its retention bonus programs in order to counter some challenges in Zones A (initial) and C (career). Force shaping efforts within the Air Force, along with its FY 2008 funding priorities, could complicate Air Force's overall retention effort.

Table 2. FY 2008 Active Duty Enlisted Retention Through January

	Reenlisted	Mission YTD
Army		
- Initial	10,794	9,292
- Mid Career	8,572	7,158
- Career	6,272	5,195
Navy		
- Zone A	4,242	4,425
- Zone B	3,039	3,106
- Zone C	1,833	1,767
Marine Corps		
- First	6,156	3,169
- Subsequent	7,137	2,708
Air Force		
- Zone A	4,509	5,187
- Zone B	2,422	2,376
- Zone C	1,793	2,014

As always, our retention efforts ultimately support the delivery of experienced performers to higher ranks. In recent years, the grade proportions have shifted upward slightly as we

continue to field weapon systems and units with fewer lower-grade positions, and we greatly appreciate the new FY 2008 NDAA authorities – the increase in authorized strengths for Army officers on active duty in the grade of Major; the increase in authorized strengths for Navy officers on active duty in the grades of lieutenant commander, commander, and captain; and the increase in authorized daily average of the number of members in paygrade E-9 – that will facilitate our adjustments to these grade structure changes.

The Army continues to us Stop Loss; as of December 2007, the Army Stop Loss program affected less than half of one percent of the total force (7,404 Active, 1,370 Reserve, and 2,027 National Guard soldiers). The active Army Unit Stop Loss program takes effect 90 days prior to unit deployment or with official deployment order notification, if earlier, and remains in effect through the date of redeployment to permanent duty stations, plus a maximum of 90 days. Reserve component Unit Stop Loss begins 90 days prior to mobilization, or with the official mobilization alert deployment order notification, if later, and continues through mobilization, and for a period up to 90 days following unit demobilization. The Army shares the Secretary of Defense's goal of minimizing the use of Stop Loss.

The retention of Army company grade officers (lieutenants and captains) must be significantly enhanced to meet new force requirements. Although the FY 2007 company grade loss rates were 8.1% – below the historical average of 8.5%, and well below the pre-9/11 loss rates of 9.1% – the Army increased to 98% its promotion rate to captain in order to meet its growth demand. Additionally, the Army implemented an innovative incentives program that offers captains in specified year groups a "menu" of incentives. Officers may choose from five different programs, which include up to a $35,000 bonus or graduate school, in return for an additional three-year service commitment.

Shaping the Force.

We are balancing our end strength needs – increasing where we must, decreasing where it makes sense. To that end, the permanent end strength increases of the Army and Marine Corps focus on combat capability, while continued planned reductions from transformation efforts in the Active Air Force and Navy manpower programs, and the Navy Reserve, balance risk with fiscally responsible manpower program decisions.

To support these programmed strength reductions, we developed an integrated package of

voluntary separation incentives and coupled these with the targeted incentive authority the Congress recently provided, allowing us to offer monetary incentives to shape the Services by offering incentives to non-retirement eligible officer and enlisted personnel in specific grades, skills, and year-of-service cohorts. We plan to continue the judicious use of these tools to ensure our forces meet readiness needs and are effective, flexible, and lethal.

Force Development.

Over the past year, we embarked on the second leg of a journey that began over two decades ago with the enactment of the Goldwater-Nichols legislation. This continuing journey, empowered with special authorities contained in the FY 2007 NDAA, allowed the Department to recognize joint experience whenever and wherever it occurs in an officer's career. Implementation of these authorities helps build an officer corps with the critical competencies required for counter-insurgency warfare, peace making/keeping, and nation building.

The Department is implementing a Joint Qualification System that is a true total force system. Reserve Component officers, full partners in this system, have the opportunity for the first time to have their joint experiences recognized and earn the same qualifications as their Active Component counterparts.

Joint officer management is not the only area of significant improvement for the officer corps. Mandatory retirement age limitations, with origins dating back over 150 years, were amended to account for increased longevity and, as a result, valuable military experience was retained across the Department of Defense. The Department also redoubled efforts to develop a credible and sustainable cadre of senior military intelligence leaders by working with the Director of National Intelligence to create a viable National Intelligence Structure and to provide general and flag officers to fill critical positions in each major intelligence organization.

Now, as we look to the future, the next steps are clear; we must capitalize on the momentum gained and deliver general and flag officer management systems that seamlessly integrate with the changes to joint officer management. The numerous controls put in place over the years to address a myriad of issues must be reassessed. The statutory framework supporting the management of our senior leaders must be at least as flexible as that of the joint officer management system and the Senior Executive Service. We need the flexibility to develop general

and flag officers with competencies and experience necessary to lead and counter emerging threats. We intend to work diligently with the Congress on this subject.

Reserve Component Recruiting and Retention

With the initial mobilization of Reserve component members for the Global War on Terrorism, the Department established a policy of judicious and prudent use of the Reserve Components in order to sustain them during the war. We continue to assess the impact of mobilization and deployments on the National Guard and Reserve, and adjust policies as needed to sustain a strong Reserve force. The most recent change occurred last January, when Secretary Gates published a new utilization for the force.

It is evident that Reserve component contributions to the war effort are significant, with almost 600,000 Selected Reserve members mobilized in support of GWOT operations since September 2001. This represents about 44% of the 1.3 million who served in the Selected Reserve during that period. These data do not include the 14,500 members of the Individual Ready Reserve (IRR), who have been mobilized during the past six and a half years. The use of the IRR is modest compared to Operation Desert Storm, when we mobilized 30,000 Individual Ready Reserve (IRR) members.

Military Compensation

The current administration, with your support, has improved overall compensation significantly, helping the Department sustain our highly skilled All-Volunteer Force.

Since 2001, as a direct result of the close cooperation between the Department and the Congress, average basic pay has increased 32% and housing allowances by nearly 70%, eliminating out-of-pocket housing costs. Together, we have more than doubled hardship duty pay, provided Combat-Related Injured Rehabilitation Pay, established traumatic injury protection insurance, and increased the maximum for Servicemen's Group Life Insurance to $400,000, as well as increasing the Death Gratuity from $6,000 to $100,000. The increases to Family Separation Allowance and our Hostile Fire/Imminent Danger pays were made permanent, and our military members are now able to participate in the Federal Thrift Savings Plan.

The Department continues its strong commitment to provide a secure standard of living to those who serve in uniform by requesting a 3.4% increase in military pay for all Service

members in the FY 2009 budget. This increase is equal to the amount required in current law and matches earnings increases in the private sector as measured by the Employment Cost Index.

To better manage our force, you established critical skills retention bonuses and increased enlistment and reenlistment bonuses from $12,000 maximum to $40,000, along with establishing, and later increasing, Assignment Incentive Pay. These tools are flexible and allow precise targeting to help us sharply focus on specific needs, rather than casting a wide net.

To further refine our tool set, the Tenth Quadrennial Review of Military Compensation (QRMC) initially focused on consolidating special pays, bonuses, and recruiting and retention incentives into fewer, broader, and more flexible authorities which you have adopted. I will be sending the first volume of the QRMC report to you shortly. By consolidating over 60 separate pays into eight broad pay categories, the Department now has increased flexibility to target specific skills, and the quantity and quality of personnel filling those positions.

One of our remaining tasks is to rebalance compensation for our single military personnel. Based on recommendations from the QRMC, the Department set the "without dependents" Basic Allowance for Housing rate to a minimum of 75% of the "with dependents" rate. The Department will review the QRMC report and determine if additional improvements are warranted.

The QRMC helped the balance of entitlements and discretionary bonuses and incentive pays. We are convinced that the expansion of entitlements, and the creation of new ones that do not directly and measurably improve recruiting, retention, or readiness in a manner commensurate with their cost, should be discouraged. Rather, the Department requests the Congress provide for more discretionary funds in special and incentive pays. Currently, those pays account for only 4% of the Military Personnel account.

In a separate effort, and as follow-on to a 2001 comprehensive report to Congress on the Uniformed Services Former Spouses Protection Act (USFSPA), the Department is also requesting Congressional support for a balanced package of proposed improvements for military members and former spouses, and to streamline the efficiency of administering accounts. Our USFSPA proposals are grouped into four major areas: 1) retirement pay; 2) Defense Finance and Accounting Service (DFAS) improvements; 3) procedural improvements; and 4) Survivor Benefit Plan (SBP). Proposals include initiatives to prohibit court-ordered payment of retired pay prior to retirement; compute divisible retired pay based on rank and years of service at

divorce; allow direct payments from DFAS in all cases (not just cases with more than 10 years of marriage); and allow split of SBP between former and current spouses.

Defense Travel Management Office.

The Defense Travel Management Office (DTMO) was established in February 2006, to consolidate and synchronize disparate, stove-piped and independent commercial travel programs within the Department. The DTMO provides oversight for commercial travel management, travel policy and implementation, travel card program management, training, functional oversight of the Defense Travel System (DTS) and customer support, and has embarked on several major efforts to improve oversight and services for Defense travelers. In March 2007, we received a report containing recommendations resulting from a congressionally mandated, independent study of the Defense Travel System (DTS). This study concluded that the Reservation Refresh version of DTS, which was deployed in February 2007, provides lowest-cost routing, improves system usability, and allows travelers to access a more complete airline flight inventory. The study's authors, from the Institute for Defense Analyses (IDA), concluded that there is no basis to abandon the DTS in favor of another travel system or process. The Department has accepted all recommendations from this important study and we are committed to implementing them.

We established enterprise partnerships and a governance structure for Defense Travel and are developing a Travel Enterprise performance management program.

To improve customer support, we conducted a comprehensive review of existing travel training programs and enhanced our training programs by establishing 23 distance learning modules we will implement this year. We established a Travel Assistance Center to provide help to all Defense travelers. Currently, the Navy, Marine Corps, Defense Agencies, and the After Hours Recruit Assistance program have transitioned to this support concept; in addition, the Army and Air Force will begin using it this calendar year. We also conducted the first DTS Customer Satisfaction Survey, using the Department's "Quick Compass" survey vehicle, and collected feedback on various aspects of Defense Travel via Interactive Customer Evaluation tool (ICE).

In September, another key milestone for Defense travel was attained when the DTMO awarded an Indefinite Delivery/Indefinite Quantity contract for worldwide Commercial Travel Office (CTO) services. For the first time, the Department is leveraging an integrated

management approach to standardize CTO requirements, establish consistent standards of service, and ensure consistent levels of service for the traveler.

The coming months will bring even greater improvements in oversight and customer service for Defense travel. My office is partnering with the General Services Administration (GSA) and the State Department to conduct a comprehensive review of Federal and Department travel policies. This comprehensive review provides an excellent opportunity to ensure policies are modernized, simplified and understandable by travelers and managers across the Federal Government. The Department recently selected Citibank to provide government travel charge card services under the SmartPay® 2 master contract administered by the GSA for implementation across the Department in November 2008. This transition will affect more than 1.2 million Defense personnel who have travel charge cards.

DoD Disability Evaluation System.

In honor of the men and women of our Armed Forces, the citizens of the United States have a long and proud history of compensating Service members whose opportunity to complete a military career has been cut short by injuries or illnesses incurred in the line of duty. Congress mandated the development of a system of rating disabilities in 1917. Over time, that system has been further refined to the benefit of Service members and their families. The Career Compensation Act of 1949 formalized the code the Military Departments utilize today.

In addition to DoD disability compensation, former Service members may be eligible for disability compensation through the Department of Veterans Affairs (VA) for service-connected disabilities and for VA pension for veterans who are permanently and totally disabled and meet certain income requirements. The key difference between the DoD and VA disability compensation systems is in the nature of the disabilities that are rated. The Military Services award disability ratings only for medical conditions which make the individual unfit for continued military service, with the intent of compensating for the loss of a military career, whereas VA awards ratings for service-connected disabilities, to compensate for the average loss of earning capacity. Military disability ratings are fixed upon final disposition, while VA ratings can vary over time, depending on how a person's condition progresses.

The process of transition from Service member to Veteran has been fraught with duplicative and sequential steps requiring time and effort to navigate.

The Department was informed over the last year by the thorough and thoughtful reports of the Task Force on Returning Global War on Terror Heroes, the Independent Review Group, the President's Commission on Care for America's Returning Wounded Warriors (Dole/Shalala Commission), the Veterans Disability Benefits Commission (Scott Commission), and the DoD Task Force on Mental Health. We have reviewed these reports and, where possible, are making changes within policy and where supported by legislative revisions.

A fundamental goal of our efforts is to improve the continuum of care from the point-of-injury to community reintegration. To that end, in November 2007, a DoD and VA collaborative DES Pilot was implemented for disability cases originating at the three major military treatment facilities in the National Capitol Region (Walter Reed Army Medical Center, Bethesda National Naval Medical Center, and Malcolm Grow Medical Center).

The DES Pilot is a Service member-centric initiative designed to eliminate the often confusing elements of the current disability processes of our two Departments. Key features include a single medical examination and a single-source disability rating. A primary goal is to reduce by half the time required for a member to transition to veteran status and receive VA benefits.

To ensure a seamless transition of our wounded, ill, or injured from the care, benefits, and services of DoD to the VA system, the Pilot is testing enhanced case management methods, identifying opportunities to improve the flow of information, and identifying additional resources for Service members and their families. VA is poised to provide benefits to the veterans participating in the Pilot as soon as they transition out of the military. .

RESERVE AFFAIRS

National Guard and Reserve Forces.

In recent years we have seen an unprecedented reliance on the Reserve components (RC) – since 9/11, over 623,000 Reserve component members have been mobilized; of that number 164,000 have served more than once. Looking at recent trends, and looking to the future, it is clear that we have left behind the old model of "maybe once in a lifetime mobilization". Recognizing that transformation, this administration has presided over the largest set of changes in policy and statute, arguably since the inception of the all-volunteer force, to transform the Guard and Reserve from a purely strategic force to a sustainable reserve force with both operational and strategic roles.

The Department began this transformation in 2002 with the publication of "Reserve Component Contributions to National Defense," as part of that year's Quadrennial Defense Review. That document provided the seminal intellectual foundation for transitioning to an Operational Reserve, proposing new ideas for building force capabilities and creating flexibility in force management to sustain an all-volunteer Operational Reserve. The proposals addressed included changes to active/reserve force structure, potential roles and missions in overseas conflicts and in homeland defense, and a new approach to personnel management entitled "continuum of service."

Since that time, with the support of Congress, legislation was enacted and we implemented numerous initiatives that facilitated the successful transition to an Operational Reserve. Although we have clearly accomplished much, we still have much to do. The following will briefly summarize the considerable progress that has been made and efforts that are continuing.

Utilization.

When I started my tenure as the Under Secretary, the Department had inherited an active/reserve force structure that was not designed for the extended conflict of the kind we now face. The military was designed to maximize immediate combat power in the active force while using reserve components as a repository for capabilities needed in the later phases of major theater war, combat augmentation and combat support/combat service support (CS/CSS), such as military police, engineers, and civil affairs.

In the 1990s, force downsizing, along with reduced budgets and rising operational tempo, spurred an increase in the use of the RCs, particularly in CS/CSS. Demand for these skills has sky-rocketed in the current conflict, to include Reserve component combat power, and the Guard and Reserve have proven essential to success in the conflict.

As events unfolded following the attacks of September 11, 2001, we recognized this increasing reliance would require a different kind of Reserve component with changed expectations and policies. Our policies on mobilization, force structure rebalancing, personnel management, training, readiness, equipping, and family and employer support have changed significantly during what is now the largest mobilization of the Guard/Reserve since the Korean War—in a war that has lasted longer than World War II.

Mobilization Policies.

We authored mobilization policies that institutionalized judicious use as the core principle of Reserve component utilization to include the latest mobilization policy issued by the Secretary on January 19, 2007. This document is the underpinning of predictability (one-year mobilization, 1:5 utilization) for the Operational Reserve, and it is widely supported by military members, families, and employers alike. In addition, we set a standard of notifying members a minimum of 30 days prior to mobilization. We routinely exceed this goal, now providing alerts to units one year or more in advance. We now foresee notifying units up to two years prior to mobilization. We have streamlined the mobilization process. These and other changes have sustained the Reserve components during a period of extensive mobilizations. Our success is reflected in recruitment and retention of Reserve component members. (The six DoD Reserve components combined achieved 108% of their recruiting goals in the first four months of FY08, and attrition during the last six years—the global war on terrorism years—has been lower than the previous ten years.) Clearly, the changes in compensation and benefits that recognized the increased operational role of the Guard and Reserve, as well as the pride guardsmen and reservists take in serving their country in these challenging times, are major factors in these achievements. And it is also fairly evident that our policies needed to evolve to sustain a reasonable level of utilization of an Operational Reserve force. The principles established in January 2007 that now guide this utilization appear to be serving us well:

- Involuntary mobilization for members of the Reserve forces will be for a maximum one year at any one time
- Mobilization of ground combat, combat support and combat service support resources will be managed on a unit basis
- The planning objective for involuntary mobilization of Guard/Reserve units will remain a one year mobilized to five years demobilized ratio and we will move to the broad application of 1:5 as soon as possible
- The planning objective for the active force remains one year deployed to two years at home station
- A new program was established to compensate or incentivize individuals who are required to mobilize or deploy early or often, or to extend beyond the established rotation policy goals
- All commands and units have been directed to review how they administer the hardship waiver program to ensure they are properly taking into account exceptional circumstances facing military families of deployed Service members
- Use of Stop Loss will be minimized for active and Reserve component forces

Our policy has set the standard for judicious and prudent use, provides predictability, and ensures Reserve component members are treated fairly, and allows for their individual circumstances to be taken into consideration.

Rebalancing.

Using personnel data to analyze utilization of individual service members by occupation and skill from 9-11 to the present, we have instituted policies and practices that significantly improve how we manage people to ensure the burden is shared more equally across the force and to alleviate stress on the force. We found which skill sets were in much higher demand and those that were not. Some were weighted so heavily toward reserves that it put RC members in jeopardy of repeated, extensive mobilization. New force management approaches were developed to achieve a better allocation and mix of capabilities in our active and Reserve components to meet the demands of the global war on terrorism and sustain an Operational Reserve.

Over the past five years, we developed a rebalancing effort in the Services that initially transitioned 89,000 billets in less-stressed career fields to more heavily used specialties—such as Military Police, Civil Affairs, and others. As of this year, we have rebalanced about 106,000 billets and working with the Services, they have planned and programmed an additional 99,000 billets for rebalancing between FY 2008 and 2012. Although the amount and type of rebalancing varies by Service, key stressed capability areas include: Engineers, Intelligence, Special Operations, Military Police, Infantry, Aviation, Space and Combat Air Superiority. By 2012, we expect to have rebalanced about 205,000 billets. Rebalancing is a continuous and iterative process. The Department will continue to work closely with the Services as they review and refine their rebalancing plans to achieve the right mix of capabilities and alignment of force structure. This will greatly help reduce stress and support the Operational Reserve by providing a deeper bench for those skills that are in high demand. However, easing the stress on the force is more than just rebalancing the military.

Personnel Management.

At the outset of the conflict, it also became clear that many of our Reserve personnel management policies and practices were too rigid and inflexible. We knew that we could employ better practices in managing personnel.

One of our signature initiatives is transforming personnel management to create a "continuum of service." This approach provides greater opportunities for reservists to volunteer for extended periods of active duty and additional flexibility in managing reserve personnel. It offers innovative accession and affiliation programs to permit individuals with specialized skills to contribute to military mission requirements. This supports the Operational Reserve because it widens the aperture considerably in how people can serve. Working with the members of this Committee and your staffs yielded many legislative proposals related to the continuum of service, the cornerstone of our efforts.

Reserve Affairs has been leading a continuum of service working group to collaborate with the Services to make the changes necessary to Department policy and legislation to improve the continuum of service for all Services. The record shows that between 2002 and 2007, over 164 separate legislative changes directly affecting reserve personnel management were enacted, establishing the statutory basis and support for the transition to the Operational Reserve.

Together, the Congress and the Department established a new personnel strength accounting category, "reservists on active duty for operational support," which permits RC members to serve up to three years out of four on active duty, without counting against active duty strength or grade ceilings, and always being treated as reservists for promotion purposes. Legislative accomplishments also include elimination of perceived and real limits on service for reservists; (179 days before a member counts against limits of Reservists serving on active duty) artificial eligibility thresholds (140 days on active duty) to qualify for the same housing allowance as active duty members receive, and TRICARE Prime; expansion of critical skill and other bonuses for reservists; and access to a world-class medical benefit (TRICARE) for Selected Reserve members and their families, regardless of the duty status of the member.

We have work left to do, particularly with some of our educational assistance programs, and in our continuing efforts to remove impediments and barriers to transitioning Reserve component members between reserve and active service. But we have made tremendous progress in cementing the underpinnings of the Operational Reserve with a manpower management system vastly different than the one that supported once-in-a-lifetime mobilization. One of our final steps will be implementation of the Defense Integrated Military Human Resources System (DIMHRS), which beginning this year will provide transparent, single-system personnel management.

Training, Readiness and Equipping.

Our reserve forces, which now have more combat veterans than at any time since World War II, are the best-equipped and best-trained that our nation has ever had. We recognized the old mobilization/training model for a strategic reserve of "mobilize, train, deploy" would not work in a world requiring a more agile and quick response to rapidly developing operations. We have transformed from this old model to a new mobilization/training model of "train, mobilize, deploy." Your help in crafting the FY 2005 NDAA authorizing the mobilization of reservists for individual training, makes unit post-mobilization training more efficient.

During pre-mobilization, units certify individual medical, dental and administrative readiness and certify certain individual and theater specific skills in order to minimize time at the mobilization station to maximize BOG. The standardization of processes, procedures and applications for units at home station will allow the transfer of certification documentation to the

mobilization station and significantly reduce the need to recertify pre-mobilization processing and training.

Training transformation is a dynamic and constantly evolving process that will ensure all individuals, units and organizations of the Total Force receive the education and training needed to accomplish tasks that support the combatant commanders. The combination of web-based technologies and distance-learning methodologies are cost-effective alternatives to sending individuals away to resident courses and units off to live-training events. In many cases, units can train at their home stations and individuals can complete required courses on their home computers. While these training technologies can never completely replace the need for some forms of face-to-face education and training, they do help reduce post-mobilization time spent preparing for deployment overseas by allowing individuals and units to complete more pre-deployment requirements before they mobilize. Likewise, Innovative Readiness Training allows units and individuals to carry out training that improves their mobilization readiness while at the same time undertaking projects that serve the larger community.

We are also looking at increased Active/Reserve component (AC/RC) integration to improve Reserve component availability to the warfighter as a critical step in the continuing evolution of the Operational Reserve. Integration of the Active and Reserve components support the Department's transformation to a capabilities-based force that will help relieve stress on the force. Integration will increase warfighter capability, facilitate equipment utilization, and provide a method to increase deployment predictability.

Furthermore, we have supported the development of force-generation models by the Services, which ultimately provide predictability for an Operational Reserve force, accompanied by a training and equipping strategy that will provide more first-line equipment to be positioned in the reserves and which will also allow more training be conducted in the pre-mobilization phase at home station. We have achieved major progress in programming funds and equipping our Reserve components for an operational role. We are progressing in changing equipping priorities to align better with Service force generation models and to raise the importance of homeland defense in equipping considerations.

Equipping Strategy.

The Reserve Components s of each Military Department need to be properly equipped not only when deploying, but in order to stay trained. The design of the RC equipping strategy is envisioned to procure and distribute equipment to maintain a degree of readiness that is responsive to the combatant commanders' request while sustaining capabilities to respond when called upon here at home. The strategy also must take into account the Department's support to state Homeland Defense (HLD) missions, while maximizing equipment availability throughout the force.

The Department's goal is to analyze what and where the greatest needs lie and design and achieve the strategy that is the best fit for today's Operational Reserve—rather than relying on an outdated equipping strategy for a purely strategic reserve force. Major changes in current thinking as well as new concepts are needed for equipping the RC force. Focusing on availability, access, and transparency in distribution of equipment and resources must be paramount. The Department's ultimate goal is to fully equip units using a transitional approach designed to provide an equipped, trained, and ready force at various stages of a Service's rotation• policies, while factoring in our Homeland Defense mission.

Families, Healthcare and Employers.

During this time of transition to an Operational Reserve, we recognized that support of families and employers is vital to success. The Department has devoted substantial resources and efforts toward expanding the support for our families. The challenge is particularly acute for widely-dispersed reserve families, most of whom do not live close to major military installations. Thus, we have developed and promoted Web sites and electronic support for families, have promoted use of the 700 military family service centers for all Active, Guard and Reserve families to provide personal contact, and have hosted and attended numerous family support conferences and forums. Reintegration training and efforts to support members and families following mobilization, particularly for service in the combat zones, are vital. The reintegration program in Minnesota forms a basis for the Yellow Ribbon Reintegration Program for all Guard and Reserve members required in this year's National Defense Authorization Act (NDAA). The Department is fully committed to implementing this program, which will provide Guard and Reserve members, and their families, the support that will help them during the entire deployment cycle—from preparation for active service to successful reintegration upon return to

their community and beyond. We are moving quickly to stand up an interim Office for Reintegration Programs, which will operate until permanent staff, facilities and required resources are determined. We will continue to work with State Governors, their Adjutants General, the State family program directors as well as with the Military Services and their components to ensure an integrated support program is delivered to all Guard and Reserve members and their families.

The Defense Management Data Center (DMDC) is creating a website for reserve personnel to check the status of all of their benefits. This website is in the final stages of approval and should go live in the very near future.

The Department has fully implemented the TRICARE Reserve Select (TRS) program, which offers an affordable healthcare program to all Selected Reserve members and their families (unless they are covered under the Federal Employee Health Benefit Program). This is a valuable benefit that our members and their families appreciate. The transition from the three-tiered TRS program to the comprehensive program authorized in the John Warner National Defense Authorization Act for Fiscal Year FY 2007 has been very smooth and we continue to publicize this much improved benefit.

We implemented a policy requiring Reserve component members to complete a periodic Health Assessment annually. In addition, Guard and Reserve members complete a pre-deployment health assessment to identify non-deployable health conditions and a post-deployment health assessment to identify deployment related conditions prior to releases from active duty. Those members identified with health related conditions post-deployment are provided evaluation and treatment.

Because health and adjustment concerns may not be noticed immediately after deployment, a Post Deployment Health Reassessment (PDHRA) is provided within 90 to 180 days after redeployment to address mental health and physical health concerns that may develop. The PDHRA is designed to identify conditions that emerge later and facilitate access to services for a broad range of post-deployment concerns. Establishing the Yellow Ribbon Reinforcement Program across all Guard and Reserve units and commands will facilitate identifying symptoms and conditions, and ensuring members receive the care and treatment they need and deserve. The support for employers over the past six years mirrors the increased support for families. We doubled the budget of the National Committee for Employer Support of the Guard and Reserve

(ESGR). We developed an employer database which identifies the employers of Guard/Reserve members, expanded the ESGR state committees and their support (over 4,500 volunteers are now in these committees) and are reaching out to thousands more employers each year. The Freedom Awards program and national ceremony to recognize employers selected for this award has become a capstone event, in which the President has recognized in the Oval Office in each of the past two years the annual Freedom Award winners (15 recipients per year from more than 2000 nominees). Never in the history of the Guard and Reserve have families and employers been supported to this degree and they appreciate it, as this effort is critical to sustaining an Operational Reserve.

Commission on the National Guard and Reserves.

The Commission tendered a report in March 2007 evaluating the "National Guard Empowerment Act" as directed by the Congress. The Secretary responded quickly to the recommendations of the Commission and directed development of plans to implement the Commission's recommendations. Of the 22 plans developed:

- Eight are complete or now embedded in DoD processes
- Nine have met their objective of producing directives, memoranda, recommendations, or policies, and are progressing through the staffing process
- Work is on schedule for the five remaining plans that have longer implementation objectives

We have completed a preliminary review of the Commission's final report and we are pleased that the Commission supported two of our major strategic initiatives—an Operational Reserve and the Continuum of Service. We disagree, however, with the Commission's views on the Department's ability to respond to homeland operations. . And I was disappointed that the Commission downplayed the many, significant changes that the Department and Congress have made to facilitate the transition to an Operational Reserve and institutionalize the Continuum of Service. Much has already been accomplished.

We will conduct a comprehensive review of the Commission's recommendations and propose courses of action for the Secretary to consider.

Because our Reserve components will be asked to continue their role as an operational force, we are developing a DoD Directive to provide the framework for an Operational Reserve in a single document. The National Guard and Reserve continue to be a mission-ready critical element of our National Security Strategy.

Working together, we can ensure that the Reserve components are trained, ready and continue to perform to the level of excellence they have repeatedly demonstrated over the last six and a half years.

CONCLUSION

The health of our all-volunteer force is best measured by the opinions of its members. Eighty percent of Active duty members believe they are personally prepared, and two-thirds believe their unit is prepared, for their wartime jobs. These views have held steady from the start of Operation Iraqi Freedom (March 2003) through the latest survey (August 2007). Although deployments can place a strain on Service members and their families, two-thirds of members deployed since the start of Operation Iraqi Freedom indicated that access to the Internet and e-mail while away have greatly improved their quality of life. In terms of compensation, more than two-thirds of Service members reported being financially comfortable in April 2007, and four-fifths indicated saving a portion of their household income. In August 2007, more than two-thirds of Service members were satisfied with their medical (69%) and dental (76%) benefits. Overall, in August 2007, 56% of Service members indicated they are likely to stay on Active duty. Based on research using prior surveys, 90% of Service members who indicate they are likely to stay actually do stay. Therefore, we feel confident that almost three-fifths of our current Active duty force will stay in the military.

After declining decreases between May 2003 and November 2004, Reserve retention intentions have stabilized and are currently at 69%. Reports of family support to stay in the National Guard/Reserve have also stabilized. The June 2007 survey indicates that approximately two-thirds of members say they have not been away longer than expected; average nights away actually decreased from June 2006. Results from this survey also show that roughly three-quarters of Reservists working for employers consider them to be supportive of their military obligations. Where employment problems have occurred and Reservists have sought assistance, roughly two-thirds turned to Employer Support of the Guard and Reserve (ESGR). Of those who contacted ESGR, 62% reported they were satisfied with the manner in which their request for assistance was handled.

In the past year, we also fielded special surveys to spouses so we could fully understand the impact of deployments on the family. Results indicate that 61% of Active duty spouses and 75% of Reserve spouses support their husband or wife staying in the military. These results are encouraging, as spouses' reports of their support are even higher than members' assessments of

spouse support. We plan to continue fielding regular surveys of spouses to better understand the issues facing today's military families.

We continue to have a dynamic, energetic, adaptable all volunteer Total Force. With your help we are confident we can sustain that Total Force. These volunteers have performed magnificently under the most arduous and perilous of circumstances. They have not failed us; we must not fail them.

STATEMENT BY

LTG MICHAEL D. ROCHELLE

DEPUTY CHIEF OF STAFF, G1

UNITED STATES ARMY

BEFORE

PERSONNEL SUBCOMMITTEE

HOUSE ARMED SERVICES COMMITTEE

THE HOUSE OF REPRESENTATIVES

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Chairwoman Davis, Distinguished Members of this Committee, thank you for the opportunity to talk today on behalf of America's Army. As you know, our Army is out of balance as we enter the seventh year of the Long War. Demand for forces exceeds our capacity to supply them on a sustained basis. As a result, our Soldiers and their Families in both the Active and Reserve Component have endured repeated, lengthy deployments and the countless stressors that accompany the many sacrifices they have made. In spite of this, and facing an uncertain future, they remain committed to serve. We have no greater heroes than America's most precious resource – our Soldiers. These Soldiers and their Families, backed by our Civilian Workforce, represent the very best of American values and ideals. While we may be out of balance, we are not broken, a fact we can attribute to the inspiring resilience and dedication of these American heroes. The Army leadership is committed to their well-being, consistent with their quality of service and many sacrifices.

The Army's number one priority is restoring balance to the All-Volunteer Force, while supporting the National Security Strategy. Restoring balance requires that we grow the Active Army by 65,000, to 547,400, by the end of FY10. Restoring balance also requires that we grow our Reserve Component force, with the Army National Guard and Army Reserve adding 8,200 and 1,000 Soldiers, respectively to their endstrengths. We must do this if we are to continue to effectively support current military operations, while transforming the Army to meet the needs of the Combatant Commanders in a dynamic and lethal security environment. We must reduce deployment lengths from 15 months, increase time spent at home-station between deployments, and provide predictability across all Components, if we are to relieve the considerable stress placed on our Army, our Soldiers, and our Army Families.

Though facing national-level challenges, we remain committed to sustaining [growing] the best trained, best led, best equipped Army in the world. While facing a number of manpower challenges, these factors have not decreased the resolve, nor the quality, of the American Army.

The Army is also dedicated to caring for Soldiers and Families who have borne the burden of battle. The Army must have timely resourcing to ensure we are able to match the quality of life offered to Soldiers with the quality of the tremendous service they provide the Nation. Through initiatives like the Army Soldier Family Action Plan, the Army Wounded Warrior Program, improvements to the Physical Disability Evaluation System, and providing Soldiers with critical skills the ability to transfer portions of their Montgomery GI Bill benefits to dependents, the Army is working hard to care for Soldiers and Families. We are indebted to Congress for your tremendous support and leadership – they have been instrumental to the considerable progress made on behalf of these American heroes. With your continued support, we will further improve our programs and develop meaningful, effective new programs for the benefit of the entire Army community.

Grow the All Volunteer Force

For the first time since the inception of the All-Volunteer Force, America is recruiting and retaining its military during a period of protracted combat. With the help of Congress and the support of the American people, the Army has accomplished its recruitment and retention milestones. However, growing the All-Volunteer Force will not be without challenges.

Wartime recruiting is challenging. It is made even more challenging by a declining eligible population. Fewer than three out of ten of America's youth are fully qualified to serve in our Nation's military due to

medical, conduct, or aptitude disqualifications. Many 17-24 year old men and women may want to join the Army, but are not actively recruited because they have disqualifying physical conditions, have committed crimes, or do not have a high school diploma.

For example, the rate of obesity among youth tripled since 1980. Today, up to 19 percent of the Nation's 6-19 year olds are overweight.

The Nation's high school graduation rate is only 70 percent. For minorities, the graduation rate falls to 50 percent and, for youth living at or below the poverty level, the rate drops to an alarming 30 percent.

These lower capacities among our Nation's 17-24 year old population are not only an Army recruitment issue - - they are a national crisis. Fixing these problems will require concerted, long-term National commitment. We simply cannot afford for the American public to become complacent.

To help meet these challenges, we developed a program called the Assessment of Recruit Motivation and Strength (ARMS) test. This test allows those who pass the physical test, but are a few percentage points over Army accessions body-fat standards, to serve in the Army. To ensure quality, participants must lose the weight within one year from the time they ship to Basic Combat Training. For FY06 and FY07 combined, over 2,500 recruits entered the Active Army under this program, a significant boost to our recruiting efforts.

Another initiative is the Army's Prep School, which will provide high quality youth the opportunity to complete their GED prior to commencing Basic Combat Training. Fort Jackson, South Carolina will be the location for the pilot program beginning in 3rd Quarter, FY08, with expansion dependent upon analysis of the pilot's success and through-put capacity.

Concerns regarding graduation rates, rising rates of obesity, and incidents of misconduct requiring administrative review notwithstanding, young millennials, as they are referred to, continue to answer the Nation's call.

Despite the toughest recruiting and retention environment ever faced by the All-Volunteer Force, the Army's accomplishments in these areas are noteworthy. Two key accomplishments are worth highlighting: (1) the Army recruited more than 170,000 Soldiers in Fiscal Year 2007, and (2) the recruiting and retention success enabled America's Army to grow its combined endstrength by almost 49,000 Soldiers. By making prudent use of the incentive authorities granted by Congress, the Active Component and Army Reserve exceeded their respective recruiting objectives of 80.000 and 26.500 in FY 07, while the Army National Guard achieved 96.6 percent of its 65,115 Soldier objective before reducing recruiting effort to remain within mandated endstrength limits.

The propensity for America's youth to serve in our Nation's All-Volunteer Force is at its lowest point since the Army began surveying such metrics. Their willingness to do so depends on a demonstrated commitment on our part to reward the sacrifices of those who willingly accept this responsibility – one that so many others either cannot, or choose not to, perform.

To ensure that military service remains an attractive career option, the Army continues to shape its recruiting efforts through a mix of innovation, incentives and bonuses. We again thank Congress for providing the necessary funding to support and sustain our recruitment efforts.

The Army Advantage Fund is a pilot program launched on February 4, 2008 in Albany, Cleveland, Montgomery, San Antonio, and Seattle; it

has already produced 17 high quality enlistments. The prospects for widening the pilot in the near future are excellent.

Just as crucial as recruitment is the retention of trained, highly skilled Soldiers in the Army, and bonuses have been a strong incentive for Soldiers to reenlist. The Army Retention Program adjusts to meet the needs of the Army to ensure that the right Soldiers with the right skills reenlist to meet Army manpower requirements.

Army retention continues at very high levels, reflecting the commitment of Soldiers and the quality of Army leaders. Even while engaged in persistent conflict, the Army surpassed its retention goals each year since 2002. This continued success is directly attributed to the talented men and women in the Army who provide "boots on the ground" around the world. It is important to note that their success would not be possible without great leadership, the backing of their Families, and the tremendous support provided by Congress. The Active Army retained 69,777 Soldiers in FY07, finishing the year at 112 percent of mission. The Army Reserve finished the year achieving 119 percent of mission and the Army National Guard finished at 100 percent of mission.

To achieve overall manpower levels in FY08, the Active Army must retain 65,000 Soldiers, the Army Reserve must retain 14,946 Soldiers, and the Army National Guard must retain 31,889 Soldiers. Current indicators show the Army on track to meet its retention mission for FY08. As of the end of January, the Active Army achieved 118 percent of its year-to-date mission, the Army Reserve achieved 103 percent of its year-to-date mission, and the Army National Guard achieved 113 percent of its year-to-date mission. A robust bonus program has been essential in enabling the Army to meet required retention goals.

Careful and deliberate adjustments are made to bonus levels to target retention of Soldiers in critical skills and grades. Retention of combat experienced veterans is imperative to future readiness. The deployed reenlistment bonus targets Soldiers assigned to units in Iraq, Afghanistan, and Kuwait. Recently deployed units, or units currently deployed to these areas of operations, have reenlistment rates ranging between 110-120 percent of their annual goals. General Petraeus presided over a single reenlistment ceremony for 600 troops who reenlisted in Baghdad on Independence Day this past year. More than 100 Army Reserve Soldiers gathered January 18, 2008, at the Al Faw palace at Camp Victory, Iraq, to reenlist during a ceremony marking the 100th anniversary of the Army Reserve. Currently, 50 percent of all reenlistments occur in the deployed theater.

The Army implemented a pilot program in 2006 to allow reenlisting Soldiers with critical military skills to transfer their MGIB benefits to their spouses. Based on the feedback received from Soldiers, we expanded the pilot in November 2007 to include transfer of benefits to their children. Reaction from Soldiers indicates that these benefits contributed to their decision to reenlist. We are still in the assessment phase of this pilot.

Quality of the force

While the Army met recruiting quality marks mandated by law, we did fall short of the Department of Defense goal to have 90 percent of our new recruits enter with a high school diploma. The Army looks at quality as more than DoD quality marks and, therefore, each Soldier we enlist with a waiver is thoroughly screened before being approved for entry. We have seen increases in waivers over the past few years and remain vigilant in our screening process. Our 2007 study of waivered Soldiers, as compared to non-waivered Soldiers from 2003 to 2006, showed that the waivered Soldiers performed comparably. Feedback from commanders in

the field continues to support this analysis. We do not envision the quality of the force or future readiness of the Army suffering as our goal remains focused on DoD quality benchmarks.

Army Officer Corps

The Army's greatest challenges in officer manning are the sudden and rapid growth of officer requirements, the conversion to new modular formations, and the transition in Reserve Component employment from a strategic to operational reserve. The Army will grow over 9,000 new officer billets from FY07 to FY 10 in the Active Component alone, with over 6,000 of those at the grades of Captain and Major. Combined with the long-standing Reserve Component shortages, our officer production capability remains challenged. It will take several years for the Army to balance competing requirements and fully fill its officer corps. We are launching a strategic review of commissioned officer requirements, production sources, policy and legislation to set the conditions for future success, as recommended by the recent Government Accounting Office report.

Officer retention is a critical component of ensuring our officer corps is adequately manned to meet these increasing requirements. While FY07 officer attrition in the Active Component was lower than the historical average, we must reduce attrition even further to meet increased officer requirements by FY11. To address these challenges, the Army implemented a number of measures to maximize growth in the officer corps. Accessions have increased from all traditional commissioning sources. Additionally, with cooperation from our Sister Services, we have added highly qualified officers from the Air Force, Navy and our Army Reserve Components. Those efforts have produced almost 1,500 additional commissioned officers for the Active Army.

The Army also instituted an unprecedented Army Captain's Critical Skills Retention Bonus (CSRB) Retention Menu of Incentives Program. This program has guaranteed retention of more than 12,689 captains thru FY10, nearly 90 percent of our goal of 14,184 captains retained from the eligible captain year groups. After review of the initial phase of this program, the Army plans to initiate a second phase of the Incentives Program beginning in the second quarter of FY08 that will add additional captain year groups. The Office of the Secretary of Defense (OSD) recently approved a similar program for a range of Reserve Component captain specialties that should substantially increase officer retention in critical specialties required in the Reserve Component.

The Army increased officer accession missions for FY08 and beyond to meet requirements for Captains and Majors by FY11. USMA, ROTC, and OCS will increase production, with heavy short-term emphasis on OCS due to its short lead-time. A pre-commissioning incentives program targets high-performing USMA and ROTC cadets to select their branch, posting, or graduate education, up front, in exchange for an additional three-year service obligation. This program ensures improved retention at critical career decision points in FY10 and beyond and, since its inception in 2006, has guaranteed the retention of nearly 3,000 additional officers from year groups 2006 and 2007. We anticipate an additional 1,500 officers in year group 2008 will participate in this program.

Incentives & Enlistment Bonuses

Incentives and bonuses are effective tools to open the door to the possibility of military service, but going through the door requires the vision of serving a greater good. During his recent appearance before the Senate Armed Services Subcommittee on Military Personnel, Major General Bostick, the Commanding General of the United States Army Recruiting Command, said, "No amount of money would be enough to

convince them [America's Soldiers] to continue to serve if they did not believe in what they were doing." Once men and women become Soldiers, they realize the significance of what they volunteered to do for their country, their Families and themselves. The incentives and bonuses serve, in a small way, to reinforce their choice and the Army, our Soldiers and their Families are indebted to Congress for your invaluable, continued support in this crucial area.

Army Civilian Workforce

Only through the integrated efforts of Army Civilians and Soldiers can the Army accomplish its assigned missions and make the most effective use of resources. The Army Civilian Workforce offers vital support to our Soldiers and Families in this era of persistent conflict. Short of actual combat, Army Civilians share full responsibility for mission accomplishment by delivering combat support and combat service support - at home, abroad, and on the battlefield. More than ever, Army Civilians are an absolutely invaluable component of readiness.

Currently, the Army's Civilian Corps is over 265,000 strong, over 3,500 of whom are serving in harm's way in the U.S. Central Command Area of Operations.

Army Civilians also serve the Nation in myriad non-combat Army missions such as maintaining waterways and flood control, domestic emergency response, and scientific research. They work in over 550 different occupations, with the highest concentrations in logistics, research and development, and base operations functions.

Army Diversity

Diversity in America's Army assures that the Army remains relevant to the Nation and the demographically evolving American society it serves. Diversity of culture, language, gender, race, and ethnicity, as well as diversity of thought, contribute materially to the Army's unmatched war-fighting effectiveness. Further, a richly diverse force serves as a strategic hedge against uncertainty in an increasingly unpredictable global security environment. The Army established the Army Diversity Task Force in November 2007, which is led by a general officer. Reporting directly to the Secretary and the Chief of Staff, the Task Force will conduct a holistic review and assessment of diversity programs and progress for military and civilian components of the Army, as well as the adequacy of the resources currently available to achieve the Army's diversity vision. An inclusive environment will underpin efforts to build and sustain the workforce needed for the 21st Century environment.

Caring For Soldiers and Families

The well-being of our Soldiers, Civilians and their Families centers on life domains such as standard of living, health, career, community life, and personal and family life. A strong sense of well-being across these life domains enables our Soldiers, Civilians and their Families to focus on performing and supporting the Army's mission while improving a quality work-life balance. Identifying those life domain areas that are out of balance serves as a platform from which to base policy and strategy decisions in order to restore balance and sustain the All-Volunteer Force.

We, as an institution, are deeply committed to providing for the well-being of the force. These life domains define the Army's ability to influence institutional outcomes of recruiting, retention, readiness and

morale. We are leading the effort in building a comprehensive system of subjective and objective metrics and analytics to monitor potential stress and health of the force indicators that affect Soldiers and Army Families. This process will serve as a key element of the Well-Being Index that will assist the Army in its efforts to restore balance of the force.

Our objective is to provide leaders a greater depth of understanding upon which to base policy and strategy decisions; develop a clearly defined multi-component Human Capital Strategy; strengthen the Army's ability to recruit and retain the right human capital; and reinforce the commitment of our Soldiers to serve in the All-Volunteer Army.

The Army is committed to continual combat readiness, but certain stressors can inhibit the personnel readiness of the Army. The Army continuously monitors data that provides indicators of the Well-Being of Soldiers, Families, and Civilians. Data shows that Soldiers and Families are feeling strained by this era of persistent conflict. The Army is committed to providing an environment that mitigates the effects of the stress they experience. We will ensure that Soldier and Family programs meet the needs of our people.

The Army remains committed to eliminating incidents of sexual assault from our ranks. Sexual assault is contrary to Army Values and degrades our readiness -- it has no place in our Army. We continue to lead the effort to refine and improve a comprehensive sexual assault prevention and response program. This program serves as a key element of each Army leader's responsibility to create a climate that minimizes sexual assault, encourages victims to come forward, and takes appropriate action against offenders.

While a number of trends remain steady or show a decline, there are some areas of great concern to Army leaders. One area of continuing

concern is the increasing number of suicides and attempted suicides. The loss of any Soldier is a tragedy, and we remain dedicated to suicide prevention. A General Officer Steering Committee is reviewing the Army Suicide Prevention Program with a focus on better integrating and strengthening our efforts to decrease the current trend. This is a multi-disciplined approach that includes Army researchers, behavioral health professionals, legal professionals, law enforcement professionals and chaplains. Central to the program are actions begun in 2007 to reduce the stigma associated with seeking help for mental health issues. We are also reinvigorating in small unit leaders and teammates the responsibility to be proactive in identifying issues and behaviors that may signal suicidal behavior.

The Army Chaplain Corps' "Strong Bonds" Training Program is expanding to reach more Soldiers and Family members to develop relationship-building skills intended to reduce failed relationships, the leading stress factor associated with completed suicides. The Army's Medical Command is recruiting and hiring additional behavioral health providers, and screening all Soldiers for possible mental health problems during Initial Entry Training, as well as during pre- and post-deployment health assessments. In addition, commanders have continued to emphasize Battlemind Training, which is designed to build resiliency for Soldiers and Families.

Our plan for providing comprehensive mental health support to our Soldiers includes continuing to expand our capacity for behavioral health treatment, and improving the continuity of care between medical facilities and providers, to include Veterans' Administration treatment facilities for Reserve Component Soldiers. Future steps include the development of an action plan utilizing core strategies in developing life-coping skills, maintaining constant vigilance, encouraging help-seeking behaviors,

reducing stigma, maintaining constant surveillance of behavioral health data, and integrating and synchronizing unit and community programs.

The long-standing Army Family Action Plan (AFAP) is a bottom-up system that also provides a means for Soldiers and their Families to inform leadership about what is working, what is not working, and what might be done to make improvements. As a result of AFAP input, service members' group life insurance benefits increased, family support groups have been institutionalized, and new programs for single Soldiers have been introduced.

We are strengthening programs and services so that the well-being of our men and women remains at the forefront of Army life. These programs address personal issues around substance abuse, suicide prevention, and sexual assault as well as personnel issues involving diversity, safety, occupational health, equal employment opportunity and comprehensive deployment cycle support.

Congressional assistance

Recruiting, retaining and providing for the well-being of the best Army in the world requires a significant commitment by the American people. The Army is grateful for the continued support of Congress for competitive military benefits and compensation along with incentives and bonuses for Soldiers and their Families and the Civilian Workforce.

Congress recently authorized pay raises sufficient to provide 3.5 percent increase in compensation for Soldiers for FY08. The Army is programming a 3.4 percent pay raise for FY09 and would appreciate Congress' support in this plan.

The Army also thanks Congress for new ability to consolidate special pay, incentive pay and bonuses authorities which will give the Army the necessary flexibility to direct programs at specific needs, such as a Warrior Pay program to pay Soldiers who are frequently deployed.

I would like to emphasize that your tremendous support has proven, and will continue to prove, absolutely essential to Army readiness. From recruiting and retention piloting authorities, to funding directed at caring for Soldiers and Families, your yeoman efforts serve as a catalyst for success – be it on the battlefield, or at home stations across the Army. We are Growing and Transforming the Army in a period of prolonged war. We will do so with young men and women of the highest caliber whose willingness to serve portends an immeasurable aspect of quality and commitment. We look forward to meeting the challenges ahead with your continued leadership and support for the Army.

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HOUSE ARMED SERVICES COMMITTEE

STATEMENT OF

VICE ADMIRAL JOHN C. HARVEY, JR., U. S. NAVY

DEPUTY CHIEF OF NAVAL OPERATIONS

(MANPOWER, PERSONNEL, TRAINING AND EDUCATION)

AND

CHIEF OF NAVAL PERSONNEL

BEFORE THE

MILITARY PERSONNEL SUBCOMITTEE

OF THE

HOUSE ARMED SERVICES COMMITTEE

ON

RECRUITING, RETENTION AND COMPENSATION

OVERVIEW HEARING

26 FEBRUARY 2008

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE ARMED SERVICE COMMITTEE

United States Navy Biography

Vice Admiral John C. Harvey, Jr.
Chief of Naval Personnel
Deputy Chief of Naval Operations
(Manpower, Personnel, Training & Education)

Vice Admiral Harvey was born and raised in Baltimore, Md. He received his commission from the U.S. Naval Academy in 1973 and immediately commenced training in the Navy's Nuclear Propulsion program.

Vice Adm. Harvey has served at sea in *USS Enterprise* (CVN 65), *USS Bainbridge* (CGN 25), *USS McInerney* (FFG 8), as Reactor Officer in *USS Nimitz* (CVN 68), and as Executive Officer in *USS Long Beach* (CGN 9). He commanded *USS David R Ray* (DD 971), *USS Cape St. George* (CG 71) and Cruiser-Destroyer Group Eight/*Theodore Roosevelt* Strike Group. Vice Adm. Harvey has deployed to the North and South Atlantic; the Mediterranean, Baltic and Red Seas; the Western Pacific, Indian Ocean, and the Arabian Gulf.

Ashore, Vice Adm. Harvey has served at the Bureau of Naval Personnel (two tours), as the Senior Military Assistant to the Under Secretary of Defense (Policy), as Director, Total Force Programming and Manpower Management Division (OPNAV N12), and as Deputy for Warfare Integration (OPNAV N7F).

On 22 November 2005, Vice Adm. Harvey assumed duties as the Navy's 54th Chief of Naval Personnel. He serves concurrently as the Deputy Chief of Naval Operations (Manpower, Personnel, Training & Education).

Education: Phillips Exeter Academy, 1969
U. S. Naval Academy, BS in Political Science, 1973
John F. Kennedy School of Government, Harvard University, MA in Public Administration, 1988.

INTRODUCTION

Chairwoman Davis, Representative McHugh, and distinguished members of the Military Personnel Subcommittee, thank you for providing me with the opportunity to appear before you to present an overview of Navy's recruiting, retention and compensation programs.

I want to express my deep appreciation for your support of the many new and enhanced authorities to support Sailors and their families included in the National Defense Authorization Act for Fiscal Year 2008. I am particularly pleased you included DOPMA Control Grade Relief and an increase in senior enlisted strength authorization, which will prove essential to our ongoing efforts to properly size and shape the Navy Total Force of the future.

During testimony last year, I informed this subcommittee of our challenge to sustain core capabilities and readiness, while simultaneously building the future naval fleet and developing a workforce capable of operating, fighting and leading in a variety of challenging environments. Demands on the Navy Total Force are growing, and our ability to deliver Sailors with the skills required to meet those demands is becoming increasingly challenging in an austere fiscal environment and ever more-competitive recruiting and retention marketplace.

I expressed that recruiting, personnel management, training and compensation systems which served us well in the past, would not be sufficient to deliver the workforce of the future. Sustaining the all-volunteer force through recruiting, developing, retaining and taking care of this nation's best and brightest young Americans is my primary responsibility and most solemn obligation. Upon taking the helm of the United States Navy, Admiral Gary Roughead established a goal that Navy be recognized as a top 50 employer during his tenure as Chief of Naval Operations. The first step toward accomplishing this goal is to align the life and career goals of our people with the mission requirements of our Navy – current and future - in a way that provides the greatest opportunities for personal and professional development. Achieving this view of our future for sustaining the high quality all-volunteer force entails providing a robust pay and benefits package, professional and personal fulfillment and affirmation of the value we place on Sailors, their families, and their selfless service to our country.

During Congressional testimony last year, I highlighted three key priorities that were the focus for our efforts:

- Navy Total Force Readiness
- Sizing, Shaping and Stabilizing the Navy Total Force
- Strategies for the Future Navy Workforce

I want to set the stage for my testimony this year by taking a brief look back at each of those areas:

NAVY TOTAL FORCE READINESS

To support Navy's mission and sustain combat readiness, we focused on elements of readiness subjected to risk by impending recruiting and retention challenges, community health issues, and barriers to individual readiness and family preparedness.

In 2007, recruiting and retention efforts focused on communities experiencing the most stress associated with the Global War on Terror (GWOT):

- Naval Construction Force (Seabees)
- Naval Special Warfare and Special Operations (NSW/SPECOPS)
- Health Professionals

While we are pleased to report significant progress in improving in Seabees/NSW/SPECOPS recruiting over the past year, our highest priority this year, and where I may need further help, is with Health Professionals.

We implemented improvements in our Individual Augmentee/GWOT Support Assignment (IA/GSA) process by developing a better understanding of the shift from an emerging to an enduring requirement. We established an effective management plan and process for assigning Sailors to these critical positions, including a more integrated total force approach, and dramatically improved support for Sailors and families before, during and after deployments. IA/GSA Sailors also earn points towards advancement and officers are awarded appropriate joint credit.

We made great progress in all areas of Sailor readiness and family preparedness, focusing on issues of greatest concern, such as support to injured Sailors, fitness, education and professional development, personal financial management, child and youth programs, and sea-shore rotation.

We established a Special Assistant to the CNO to develop and implement a coherent and complete plan of action to sustain effective casualty care for all our Sailors and their families. This plan will incorporate, at a minimum, all required elements of the recently enacted "Wounded Warrior Act."

SIZING, SHAPING AND STABILIZING THE NAVY TOTAL FORCE

Extensive work has been invested in recent years to validate Navy's proper force size, through a capability-based analysis of current and future force structure and warfighting requirements associated with a 313-ship, 2813-aircraft-Navy. That analysis also took into account present and projected GWOT requirements. The outcome was an optimized steady-state Active Component (AC) end strength requirement of 322,000, which we anticipate reaching by 2013.

In June 2007, a Reserve recruiting and retention cross-functional team was stood up to address the challenges of resourcing the Reserve force. In conjunction with United States Fleet Forces Command (USFFC), this team is conducting a review of overall Reserve capabilities based on AC requirements. Selected Reserve end strength of 68,000 is about right, but this analysis will build upon the work of the 2003 Zero-Based Review of the Reserve force and may further refine that number.

Having identified the required force size, we shifted our primary focus to "*FIT*", which entails force shaping (getting the right Sailors in the right positions at the right time) and stabilizing (establishing a flexible and adaptable personnel management system that proactively responds to changing war-fighting requirements). Our goal is to build upon last year's efforts with greater emphasis on those areas most critical to our role in supporting the Maritime Strategy – delivery of training, focus on jointness, language skills, regional expertise and cultural awareness, and continued Active Reserve Integration efforts, particularly in leveraging Reserve capabilities when sourcing GWOT assignments.

Although the Navy manpower management system is flexible and capable of responding to changes in manpower requirements and force structure, recruiting and developing Sailors takes time and necessitates the best alignment of Sailors to the mission they are required to perform. Accordingly, Navy is developing a demand-based personnel system to better link Fleet requirements to training resources and pipelines necessary to fulfill a unit's mission.

WHERE WE ARE TODAY – SUSTAINING THE ALL VOLUNTEER FORCE

STRATEGIES FOR THE FUTURE NAVY WORKFORCE

The *Strategy for Our People (SFOP)* provides the framework through which we will continue to shape our workforce into a diverse Navy. Our Navy has undergone tremendous change over a relatively short period of time, not only in terms of expanding non-traditional missions, in the way that we operate, fight and lead, or in regard to force structure changes, but certainly from a personnel standpoint. The numbers of active-duty and Selected Reserve Sailors has steadily declined since 2002, in part due to our shift to more technologically advanced, less manpower-intensive platforms and weapons systems. Despite the technological advances, maintaining the right balance between people and warfighting capabilities will continue to prove challenging in an increasingly constrained fiscal environment. As we move to a leaner, more sea-centric, and technologically advanced force, we must increase our focus on investing in our most valuable asset – our people.

READINESS

By incorporating lessons learned from past experiences, Sailors and their families are better prepared today for the range of operations they're asked to support. Navy Fleet and Family Support centers world-wide are improving support for families of

deployed Sailors, as well as supporting them during disasters such as the 2007 San Diego fires.

As GWOT Support Assignment (GSA) detailing is new for most Sailors and their families, Navy continues to tailor deployment services and support to the unique situations of IA Sailors and families. IA Sailor, family and command handbooks are posted on the Web and provide comprehensive information on GSA deployment preparation, readiness and reunion issues. Fleet and Family Support Centers and Command Ombudsmen distribute a monthly GSA Family Connection Newsletter to GSA families.

Additionally, Navy improves Sailor readiness and family preparedness through a number of Morale, Welfare and Recreation (MWR) programs, Quality of Life programs and services assessments, fitness development, and family financial readiness education.

- **Physical Readiness** is being institutionalized across Navy through the "Culture of Fitness" program, which focuses Sailor and command attention on the entire scope of healthy and physically fit Sailors.

- **Liberty Programs** are offered to Sailors in alcohol and tobacco-free Liberty Centers, which serve as "family rooms" that promote camaraderie among single and unaccompanied Sailors, while providing healthy recreation alternatives.

- **Sailor and Family Assessments** solicit feedback from Sailors, families and command leaders on Navy life, programs and services, which lead to program changes focused on providing an optimal level of support.

- **Family Financial Readiness** is important to mission readiness and improves retention. Navy provides educational programs tailored to family members and teens. We have also implemented a career life-cycle-based training continuum that directs when, where, and how Sailors receive specific Personal Financial Management (PFM) training.

SHAPING AND STABILIZING THE FORCE

Efforts to align the career goals of Sailors, through learning and development, with Navy's mission requirements, are at the core of shaping the force. Stabilizing the force cannot be accomplished without changing programs, practices, policies and laws, in ways that promote improved life-work balance. We must align the life and career goals of Sailors with the mission requirements of the Navy in order to sustain warfighting readiness; and ensure we deliver the Sailor required to operate, fight, and lead the Fleet of the future.

We know IA/GSA requirements will remain for the foreseeable future, and as such, we established long-term support processes. Additionally, the *Cooperative Strategy for 21st Century Seapower* calls for new capabilities and capacity. We will leverage the Reserve Component to meet these demands; develop an enduring cultural, historical, and linguistic expertise in our Total Force, and further our efforts to maximize Navy's contribution to the global operations.

INDIVIDUAL AUGMENTATION (IA)/GWOT SUPPORT ASSIGNMENT (GSA) DETAILING

Significant progress has been made in filling IA requirements, particularly in high demand skill sets. In many cases, Navy identified skill sets resident in lesser-stressed communities and fulfilled requirements with alternate sourcing. This flexible response, coupled with effective strategic communications to the Fleet, reduced some uncertainty of repeat IA deployments and helped provide predictability and stability for Sailors and their families.

Through GSA Detailing, we are filling the majority of joint warfighting requirements by our mainstream assignment processes. Sailors now have increased influence over when they choose to do an IA, improved management of their careers, and longer "lead times" for preparation, improving Sailor readiness and family preparedness for these long deployments.

GSA Sailors receive Permanent Change of Station orders to San Diego or Norfolk and TEMDUINS orders for all training and movement. PCS orders allow for moving dependents to Fleet concentration areas with significant support services and infrastructure. Advancement boards will continue to stress the value of GSA and IA tours. Other benefits include advancement points, flexible advancement exam options, and joint credit. Execution of GSA detailing requires the merger of two systems currently operating in parallel – GSA and the Individual Augmentation Manpower Management (IAMM) systems. Placing GWOT billets and IA requirements into the normal detailing process will improve unit manning stability. Navy Personnel Command and USFF will collaborate to balance Fleet readiness and GSA requirements. Until GSA detailing is fully implemented, USFF will continue to fill a portion of IA requirements through IAMM. The short-term goal of GSA detailing is to create an environment where GSA assignments are the normal business practice and IAs are the exception.

In support of Central Command, we have more personnel ashore than afloat. Today, over 14,000 Sailors support OIF/OEF staffs and missions ashore, while over 12,000 Sailors afloat in Central Command are performing their traditional Maritime Missions. As of 2007, we have deployed or mobilized 62,811 Sailors (17,435 AC/45,376 RC) as IAs since Operation ENDURING FREEDOM in 2001. Almost 75 percent of IAs are employed using core Navy competencies, such as electronic warfare, airlift support, cargo handling, maritime security, medical support, explosives engineering, and construction. This additional commitment of providing IAs comes at a

cost – we are carefully monitoring the strain on our PCS and TEMDUINS accounts to ensure we can execute core Navy and GWOT missions while also fostering the necessary development of our people. There is also a "cost" in terms of filling GWOT Support Assignments by removing Sailors from their primary assignments. Currently, 8000 Active Duty Sailors are on these assignments, requiring others to ensure their duties in the affected commands are carried out.

ACTIVE - RESERVE INTEGRATION (ARI)

Through ARI, Navy is increasing its overall capability and readiness. We continue to blend units in many communities, including Intelligence, NSW/EOD, Medical Support, Helicopter Combat Support, Riverine, Maritime Expeditionary Security Force and Naval Construction Battalions (Seabees), as well as surface and aviation warfare. We are working on developing methods to smooth the transition between components. One of our key Task Force Life Work initiatives is implementing an AC/RC "On/Off Ramp" concept, which may require legislative relief.

Personnel planning, in support of GWOT, includes a sustainable operational Reserve force with capacity to support current operations, while maintaining a strategic Reserve capability. Additionally, Reserve Sailors are now aligned with Navy region commands to better support a Total Force response to Homeland Defense/Security and natural disaster requirements. We are also more closely aligning AC/RC medical care and medical case management policies and practices. Caring for Sailors mandates a Total Force approach that will ensure Sailors receive the best possible medical care.

DIVERSITY CAMPAIGN PLAN

In the past year, we focused on implementing the CNO's Diversity Concept of Operations CONOPS. We stood up the Diversity Directorate, growing from an office of three to its present size of near 20. The Diversity Directorate made great strides in working to improve diversity in our Navy. The CONOPS called for focus on five key areas: accountability, outreach, training, mentoring, and communication.

We initiated an accountability regimen that identified areas Navy Enterprises and Communities can leverage to ensure the Navy's talent is promoted and retained. In taking a snapshot view of their diversity, the Enterprises and Communities were able to identify baseline diversity statistics, potential negative or positive trends, and areas for potential focus or study. Four Enterprises completed their initial review and briefed the CNO, while the remaining Enterprises and communities are on deck this year. Once we have completed the initial round of reviews, we will go back annually and revisit the review, following up on how the Enterprises and communities have worked to meet the challenges and goals outlined in their initial accounting.

As part of the initiative to spread the word of Navy education and career opportunities, we worked to create a focused, sustained outreach program with identified individuals and affinity groups, such as the National Society of Black

Engineers and the Society of Hispanic Professional Engineers. Additionally, we encouraged increased Flag level and junior officer and enlisted participation in the two Navy-affiliated affinity groups, the National Naval Officers Association and the Association of Naval Service Officers. These groups are instrumental in maintaining and retaining our diverse Navy force, particularly through their mentoring and professional development efforts.

We created a Navy-wide mentoring culture by developing a consistent framework that will ensure all Sailors have mentors and mentoring networks. Our draft mentoring instruction is currently in circulation with officer and enlisted leadership.

From E-1 to O-7, we provide detailed training curricula to institutionalize the importance of diversity in the Navy. At every level of the Navy's training continuum, we emphasize the benefits of a diverse organization and how those benefits relate to our core principles.

And finally, none of these efforts would be effective without a strategic communication plan to deliver a concise, consistent, and compelling message on diversity to both internal and external audiences. In the past year, we layered our communications by distributing the diversity message through a variety of internal media. We are also working to increase our success stories through external media; including those most important to members of the diverse affinity groups with whom we have developed relationships.

MILLENNIAL GENERATION VALUES

We are quickly learning that the one-size-fits-all personnel policies we have in place today won't work in the future. The young men and women of the Millennial Generation, those junior Officers and Enlisted under the age of 24, expect to change jobs or career fields multiple times over their life and expect a life-work balance that allows them to serve as well as explore outside interests and attend to personal and family needs. Their career paths, pay, and benefits must evolve to a more flexible system that supports mid-career off and on-ramps, part-time service and temporary sabbaticals.

Inflexible Navy careers and the adverse impact to quality of life, particularly among junior Sailors, is borne-out in recent survey data. Sixty-percent of respondents on a 2005/06 survey of Surface Warfare Officers (SWO) reported the ability, or lack thereof, to start a family or plan personal activities significantly influenced their decision to leave active duty. Of those who decided to make Navy a career, only 26 percent reported the current SWO Continuation Pay was a strong influence on their decision. Additionally, as of the beginning of December 2007, retention of SWOs in Year Group 2002 was at 19.4 percent, against a goal of 33.3 percent. In a 2006 Naval Aviation Survey, 49 percent of female officers said that to be successful in the aviation field they have to choose their career over marriage, and 71 percent said to be successful they have to choose their career over having children. However, many of the things that are

important to women in the workplace are proving to be important to both the men and women of the Millennial generation – family, stability, a true sense of fulfillment and value from their work. Continuing retention challenges demonstrate a need to develop new and different ways to influence long-term retention decisions.

Military service is not often first among career options Millennials consider. Today's influencers, most of who have never served in the military, are often not inclined to steer Millennials toward a military option. We are responding to this challenge by meeting Millennials on their terms, appealing to their search for something more, their sense of service, their spirit of volunteerism and their interest in the world around them. The Navy must recognize and respect generational traits to ensure it appeals to and competes with the best of industry for the talent we seek to recruit and retain. Initiatives such as the Navy's Diversity Campaign and Task Force Life Work will help us achieve that goal. Our focus in the next several years is building a menu of retention options for our changing work force and striving to capitalize on the diversity and differences of our Navy Total force to ensure our Navy is a family-friendly "Top 50" place to work.

BUILDING A PATH TO THE FUTURE

This nation commits our greatest talent and good will toward achieving peace and freedom for a better future, at home and abroad. The readiness we've attained, and global leadership role we hold, in warfighting, diplomacy, maritime security and humanitarian assistance, are all dependent on the honor, courage and commitment of the men and women in our all-volunteer total force. To maximize their potential and provide the most ready force to the fleet and joint warfare commanders, we will continue to improve upon our personnel systems, policies and development tools. Our investment will offer greater life-work balance; place the right Sailor in the right job at the right time, and prepare our 21st Century leaders to operate adeptly in our dynamic global environment.

ACHIEVING FIT

The concept of FIT is centered on the idea of delivering the right Sailor to the right job at the right time. "Right Sailor" is defined as an individual with the proper mix of knowledge, skills and abilities to match the demands of the assignment – the "right job." The timing element refers to both the timeliness of that Sailor arriving in the position to support the operational unit's schedule, and the right point in the Sailor's career to provide the seniority and leadership required. We must assign Sailors to positions that draw from and enhance their talents and strengths, and emphasize continued professional growth and development, through learning and experience. Achieving FIT means we enhance their development in stages that align to career milestones, affording them the opportunity to progress and remain competitive for advancement and promotion. Over the next year, we will continue to focus our efforts to achieve FIT by:

- Developing our people, through learning and experience, in a way that fulfills the promise of our people and aligns their careers aspirations with Navy commitments
- Meeting our recruiting and retention challenges by modifying our programs, policies, and incentives to meet the life and career goals of our people, providing an appropriate balance between the two, while meeting the mission requirements of the Navy

Achieving FIT -- Development of our People

Training and education are the critical enablers to developing the knowledge, skills and abilities of our Sailors. In accordance with the Maritime Strategy, we will focus our efforts on delivery of training, emphasis on joint management, development and training continuum, graduate education programs, and implementing Navy's *Language Skills, Regional Expertise and Cultural Awareness Strategy.*

Train to Qualify

Navy ships must be designed and developed based on capability requirements, a sustainable Concept of Operations, robust Human Systems Integration, and sound Acquisition Strategies. These upfront deliverables drive the analysis to properly operate and maintain ship systems. In May 2007, the Vice Chairman, Joint Chiefs of Staff, approved a Systems Training Key Performance Parameter (KPP) establishing training thresholds and objectives for appropriate acquisition programs. The new KPP ensures performance standards and training are developed based on Personnel Qualification Standards, Navy Mission Essential Task Lists, and Objective Based Training. The Littoral Combat Ship (LCS) is one of the first programs to use the Systems Training KPP.

The LCS Program makes use of many other concepts that pose new challenges, as well as presenting many opportunities to improve the effectiveness and efficiency of the Surface Force. The Navy's Cooperative Maritime Strategy identifies a total requirement of 55 LCS ships in the 313-ship Navy Shipbuilding Plan. Maintaining readiness and sustaining operations on these ships requires improved manpower, personnel, training, and education solutions.

The LCS Train-to-Qualify (T2Q) training methodology sets in motion a challenging new training paradigm for the Surface Force critical to supporting the LCS manning, readiness, and sustainment. The training methodology is conducted in an off-ship training environment that trains an individual in the knowledge, skills and abilities required to competently perform basic tasks associated with specific shipboard watch stations or positions. Training delivery methods include some combination of classroom instruction, computer-based lessons, live and virtual simulations, and live evolutions, in port and, where appropriate, at sea. Delivery is conducted in both individual and team training environments and focuses on achieving qualification and proficiency prior to reporting on the ship.

Sailors are prepared to join an LCS core or mission package crew via billet training tracks that satisfy the required knowledge, skills and abilities. Sailors' previous schools and qualifications are examined to avoid redundant training and tailored to fill in the gaps.

Navy Learning and Development Strategy

During the last year, a series of reviews were conducted to ensure our learning and development strategy for Sailors would support not only the Cooperative Maritime Strategy, but be fully integrated with Navy's *Strategy for Our People*. Our goal was to look objectively at the impact of changes made in how we prepared our Sailors for their Navy careers over the last five years, a period referred to as the Revolution in Navy Training. Tasks consisted of:

- A review of changes made to learning strategies
- A review of training organizational alignments
- Evaluation of learning technology acquisitions
- Benchmarking ourselves against projected advances in learning within industry, academia, and our sister Services

The results verified efforts our Navy learning organization is undertaking and we have made minor adjustments to learning organizations and investment strategies for the future.

We are well-positioned to train and prepare our Sailors for the new technologies and platforms they will be tasked to operate, fight, and maintain in the future. The accelerating rate of technology insertion and new platform acquisition drives our manpower and training organizations to continued close collaboration with all Navy Enterprises to ensure our learning strategy remains fully-integrated and resources are optimized to support current and future Fleet training readiness. Investments in new learning technology and delivery systems will fully support the professional development of our Sailors necessary to man the future Fleet and further our efforts to become a competency-based Total Force.

Joint Management, Development, and Joint Training Continuum

Navy remains committed to the Chairman's vision for Joint Development in both the officer and senior enlisted communities across the Total Force. In 2007, we began developing an action plan for Joint Development, which will improve how we plan, prepare and assign Navy leaders to joint positions in a way that maximizes Navy's contribution to joint, interagency, and multi-national coalition partners.

Joint Qualification System (JQS). Authorities enacted by the John Warner National Defense Authorization Act of 2007, provided us with the first significant updates to the Goldwater-Nichols Act in over 20 years. Last August and September,

the Joint Staff conducted Experience Review Panels under the new JQS, recognizing the changing nature of jointness and allowing the services to increase the pool of O-6s eligible for promotion to Flag via the new experience path. We are working diligently with DoD to continue implementing the JQS and to extend jointness to our Reserve force.

Joint Training Continuum / Professional Military Education (PME). The Navy continues its emphasis on professional military education (PME) designed to prepare its leaders for challenges at the tactical, operational and strategic levels of war. During the last year we met several key milestones in implementing the Navy's PME Continuum with its embedded JPME for E-1 through O-8. We conducted two flag-level courses to prepare future 3-star officers to serve effectively as Maritime Component Commanders for Joint Force Commanders. One of those courses was a Combined Course with flag officers from our partner nations in the Pacific Command. The course was designed to develop and deepen relationships to meet regional challenges and advance understanding of security issues facing the participating nations.

The Naval War College successfully completed its first academic year with the disaggregated intermediate and senior-level courses which was approved by CJCS for JPME phase II. Officer student throughput for the senior and intermediate-level courses, resident and non-resident, increased with significant numbers of graduates immediately assigned to follow-on joint duties in accordance with established assignment policies. All of these efforts directly contribute to Navy's continued development at the operational-level of war.

The Primary PME Course for junior officers (O-1 to O-3) and Chiefs (E-7 to E-8) completed its first year with an enrollment of about 10,000 Sailors. In January 2008, the Navy implemented the PME Continuum by launching the Introductory PME Course for Sailors (E-1 to E-4) and the Basic PME Course for leaders in the grades of E-4 to E-6. With the complete fielding of the Continuum, PME will become an important element of assignment and career progression for all Sailors, officer and enlisted. The Navy will continue to use resident and distance learning options to provide the capability and flexibility to prepare Total Force leaders - military and civilians - for the operating environments of today and the future.

Education Strategy

In 2007, we completed the second in a series of studies on graduate education within the Navy. Our examination yielded some valuable insights into the role, timing and content of education as a key enabler of the Total Force. In 2008, we will apply those insights to the development of a strategy that addresses graduate education requirements to support successful execution of our joint and maritime missions. At the core of the Education Strategy will be an emphasis on the knowledge elements delivered through graduate education that will enable the Total Force to maximize its effectiveness. When coupled with the ongoing work on the Learning and Development Strategy and the PME Continuum, the Education Strategy will help Navy deliver

enhanced capability to meet the challenges laid out in the Cooperative Maritime Strategy.

Language Skills, Regional Expertise and Cultural (LREC) Awareness Strategy

As we have seen in our recent missions with USNS COMFORT in Latin America and the USS PELELIU Pacific Partnership in Southeast Asia, our effectiveness overseas is as dependent on our ability to comprehend and communicate as it is on firepower and technological superiority. Facility with languages, expertise in regional affairs, and broad awareness of foreign cultures is essential to effective interaction with our diverse international partners and emerging friends. These competencies are key to theater security cooperation, maritime domain awareness, humanitarian efforts, and shaping and stability operations; they are crucial to intelligence, information warfare, and criminal investigations. They are a prerequisite to achieving the influence called for in the Maritime Strategy.

January 2008, we promulgated Navy's *Language Skills, Regional Expertise, and Cultural Awareness Strategy* – a plan that aligns and transforms LREC across the Navy Total Force. The LREC Strategy galvanizes the following efforts:

- **The Foreign Area Officer (FAO) Program** has been reconstituted as a community restricted line community. FAOs will augment Navy Component Commands, forward-deployed Joint Task Forces, Expeditionary and Carrier Strike Groups, American embassies, and coalition partners. At full operational capability, Navy FAOs will number 400. To date, 138 have been identified with selection boards convening twice each year to select more.

- **The Personnel Exchange Program (PEP)** is being realigned for consistency with theater engagement strategies of Navy Component Commanders. PEP billets with some of our traditional allies will be redistributed to support new relationships with emerging partners. The program will be made more competitive and career enhancing, particularly for commissioned officers. As theater security cooperation is indeed a core Navy mission, PEP is an essential ingredient in global and theater engagement strategies.

- **Language Instruction.** We are increasing language instruction for non-FAO officers at the Defense Language Institute (DLI). Beginning in FY-08, OPNAV programmed 100 seats per year for officers in non-FAO designators. Officer Community Managers at the Navy Personnel Command (NPC) now have greater flexibility to incorporate DLI training into the career paths of officers whose duty assignments require facility with a foreign language.

- **Foreign Language Skills Screening.** We continue to screen for foreign language skills at all Navy accession points and ensure the information is captured in personnel databases. The data allows us to identify and track these skills for operational purposes. As I reported last year, we executed a one-time

Navy-wide self assessment of language capacity in 2006, which yielded unprecedented visibility on this increasingly critical capability. When we re-base-lined our data in July 2007, we counted over 143,000 individual assessments (not people – some people are fluent in more than one language) of proficiency in more than 300 separate languages and dialects. As expected, approximately half the capability is in Spanish with large populations of French, German and Tagalog; however, exceptional capability – much of it native – is in obscure, less commonly-taught languages from remote areas of the world. These bi- and multi-lingual Sailors are a valued capability woven into the fabric of the force.

- **Foreign Language Proficiency Bonus (FLPB)**. We continue to enhance the FLPB to incentivize the acquisition, sustainment, and improvement of skill in strategic languages. Formerly restricted to the Navy's crypto linguists and others serving in language-coded billets, FLPB eligibility has expanded dramatically to include Sailors and officers with qualified (i.e., tested) proficiency in critical languages, irrespective of billet. Consistent with NDAA FY-07, we modified our policies to pay incentives at lower proficiency for Sailors engaged in special or contingency operations. Eligibility is contingent upon successful completion of the Defense Language Proficiency Test.

- **Navy Center for Language, Regional Expertise and Culture (CLREC)**. Through the Center for Information Dominance (CID) in Pensacola, we continue to expand language and culture training support to an increasing number of Fleet constituents. Conceived in February 2006, CID CLREC started as a clearing-house for LREC-related training, but has gradually expanded its portfolio to include development of individual country and regional studies tailored to Fleet operations. CID CLREC developed collaborative relationships with Naval War College, Naval Postgraduate School and the U.S. Naval Academy, as well as with the Defense Language Institute (DLI), in Monterey, and the language and cultural centers of our sister services. These cooperative relationships yielded promising results to date, including dedicated pre-deployment training to the three Riverine Squadrons which have or are deploying to Iraq, as well as the aforementioned support to both USNS Comfort and USS Peleliu in 2007.

- **LREC Instruction**. We continue to provide LREC instruction to the Total Force. Naval Postgraduate School's (NPS) Regional Security Education Program (RSEP) embarks NPS and U.S. Naval Academy faculty and regional experts in Navy strike groups to deliver underway instruction in regional threats, history, current affairs and cultural/religious awareness. Similarly, Naval War College (NWC) continues to develop integrated regional content in its resident curricula, and developed Professional Military Education (PME) modules containing regional content available both in resident and in non-resident venues, including on-line.

Achieving FIT – Meeting the All-Volunteer Force Recruiting Challenges

During 2007, Navy executed a focused, integrated active/reserve recruiting effort, attaining 101 percent of active enlisted accession goals and 100 percent of reserve enlisted affiliation goal. Officer recruiting, however, fell short obtaining 88 percent of the active component goal and 52 percent of the reserve component goal.

Our goal is to position the Navy as a top employer, in order to gain a competitive edge in the market and provide our people the appropriate life/work balance, not only to attract and recruit them, but to retain them. Retention will be defined as providing the opportunity to transition between types of naval service (active, reserve, civilian, or contractor support). We aim to provide a continuum of service to our people, affording our Navy the maximum return on our most valuable investment. This year, we will focus our recruiting and retention efforts in the areas that pose the greatest risk and challenge to our ability to sustain the all-volunteer force.

Medical Recruiting

As mentioned earlier, meeting Medical program recruiting goals is our highest recruiting priority for 2008. While overall manning levels within the Medical Department are improving, we continue to face retention challenges in physician critical specialties of which many require 3-7 years of specialty training beyond medical school. We currently face manning shortages of medical professionals. Dental Corps is manned at 89% (1007 inventory vs. 1127 billets) with 70% of our junior dentists leaving the Navy at their first decision point. The Medical Service Corps is currently manned at 91% (2293/2512) and while overall Nurse Corps manning levels appear sound (94%) the Navy has experienced relatively high attrition in the junior officer ranks (O-2/O-3). While recruiting medical professionals has historically been a challenge, it is it becoming increasingly difficult for several reasons:

- There is an increasing shortage of health care professionals in the civilian sector
- The number of students attending medical schools has increased at a much slower pace the past three decades as compared to the overall population growth of the United States and the requirement for medical professionals to support that growth.
- The demographics of the medical school students have changed with females now making up more than 50% of the students attending medical school.
- New financial scholarships in the civilian sector have made military scholarships less attractive.
- Potential recruit concerns derived from the OIF/OEF

While the recruiting of medical professionals has improved in 2007 from previous years, Navy still attained only 82 percent of the Active Component medical specialty mission and 57 percent of the Reserve Component medical goals. To combat the

recruiting challenges and continue supporting the increased demand for the OIF/OEF, we implemented the following:

- Increased accession bonuses for the Nurse Corps and Dental Corps
- Initiated plans for a Medical Corps accession bonus
- Funded a critical skills accession bonus for medical and dental school Health Professions Scholarship Program (HPSP) participants
- Increased the stipend for HPSP students, as well as Financial Assistance Program participants
- Expanded the critical skills wartime specialty pay for RC medical designators
- Recently implemented a Critical Wartime Skills Accession bonus for Medical and Dental Corps.
- Implemented Critical Skills Retention Bonus for clinical psychologists.

Enlistment Bonuses

Our incentive programs were a key component of our enlisted recruiting success in 2007. The enlistment bonus continues to be our most popular and effective incentive for shaping our accessions. The authority to pay a bonus up to $40,000 made a significant contribution to our Navy Special Warfare and Navy Special Operations recruiting efforts. Likewise, our RC success would not have been possible without the availability of enlistment bonuses.

Education Incentives

Tuition assistance remains a powerful enlistment incentive- offering the opportunity to pay for college while serving. The Navy College Program Afloat College Education (NCPACE) provides educational opportunities for Sailors while deployed. The Navy College Fund, another enlistment incentive, provides money for college when a Sailor decides to transition to the civilian sector. In 2007, we initiated a pilot program, called Accelerate to Excellence, which pays recruits who attend community college while in the delayed entry program before boot camp then continue school through their initial skills training, culminating in a rating specific Associate's Degree. Lastly, our Loan Repayment Program allows us to offer debt relief of up to $65,000 to recruits who enlist after already earning an advanced degree.

Achieving FIT – Meeting the All-Volunteer Force Retention Challenges

The dynamics of retention have shifted from the behavioral patterns of previous generations who valued long-term commitments to a new generation, most of whom expect to change employers, jobs and careers several times in their working life. Our Sailors have more choices available to them now than ever before. They expect innovative and flexible compensation policies, a commitment to continuing education, and professional development opportunities. Despite a weakening economy, there will be increased competition for our nation's best talent. Retaining our Sailors will continue

to be challenging due to comparable compensation and benefits offered by industry balanced with the sacrifices and commitments we ask of our Sailors.

To address these challenges we are aggressively pursuing the use of tools that allow us to manage our people to achieve four desired outcomes: predictability, stability, personal and professional growth, and satisfying real work. To achieve these outcomes, with the goal of promoting a "Stay Navy" message, we are considering alternative manning solutions, providing our Sailors with professional credentialing opportunities, exploring initiatives that support the life/work balance our people desire, and providing greater Sailor and family support.

Sea Shore Flow

Last year, I testified the Navy was becoming increasingly sea-centric and that the Navy's first priority was to man sea-duty and front-line operational units. As we continue to assess the size and shape of the Navy workforce that will be required to meet future capabilities, it has become evident that one of the key variables to effective management of Sailors is to determine the optimal sea-shore rotation periodicity. To that end, we stood up the Sea Shore Rotation Working Group comprised of representatives from throughout the Navy with significant senior enlisted representation. The working group was charged with conducting a comprehensive review and overhaul of the current plan, to ensure that we man the Fleet with the right Sailor, in the right job, at the right time.

Today, it is a pleasure to inform you that we made substantial progress in finding solutions that optimize our enlisted career paths. We developed an evolutionary method, known as Sea-Shore Flow, for determining sea tour lengths for our Sailors. Sea-Shore Flow provides the optimal balance of sea and shore duty throughout a Sailor's career; improves Fleet manning; and gives Sailors more career choices for professional and personal development with improved geographic stability. This year we intend to revise the Navy policy that currently sets sea tour lengths based solely on a Sailor's pay grade to a policy that sets sea tour lengths based on the optimal Sea-Shore Flow career path for each enlisted community. In some cases this may mean shortening sea tour lengths in order to achieve a better FIT in the Fleet. In other cases, a market-based rotation system that rewards Sailors for self-selecting more time at sea, through monetary incentives like Sea Duty Incentive Pay (SDIP), and non-monetary incentives like guaranteed geographic stability, may be more effective.

Although sustaining a more sea-centric military workforce will be more costly, the policy is based on optimal Sea-Shore Flow career paths, coupled with a market-based rotation system that leverages incentive programs will minimize those costs, improve Fleet manning, and enhance each Sailor's life work balance.

Navy Credentialing Opportunities On-Line (COOL)

Since June 2006, the Navy embraced licensure and certification as a key means of helping Sailors apply their military training and work experience in attainment of industry-recognized credentials. We conducted extensive research to link the Navy's ratings, jobs, and occupations to civilian jobs and applicable civilian licenses and certifications. We found that 100 percent of the Navy's enlisted workforce has applicable civilian credentials. This program is available to over 300,000 enlisted Active and Reserve Sailors.

The Navy COOL web site (https://www.cool.navy.mil) provides Sailors, counselors, family members, veterans, prospective Navy applicants, and employers with comprehensive information about certification and licensure relevant to Navy Ratings, jobs, and occupations. It helps Sailors find civilian credentialing programs best suited to their background, training, and experience; and to understand what it takes to obtain a credential and to identify resources that will help pay credentialing fees.

Clear "side benefits" of credentialing can also be seen in the use of Navy COOL for recruiting (on-ramp), continuum of service (retention), and ultimately transition (off-ramp). The recruiting workforce integrated Navy COOL as part of its training and sales strategy. Anecdotal evidence has shown that use of Navy COOL in recruiting directly increased conversion of new contracts and led to higher Delayed Entry Program retention.

Though retention metrics have not yet been established (funding of credentials began Oct 07), Navy COOL and credentialing is expected to positively impact retention of the workforce. To be eligible for Navy-funded credentialing, the Sailor must have a minimum of 1 year remaining in service. This provides the Navy with at least one year use of enhanced Sailor skills and knowledge, and time for the Sailor to decide to re-enlist to obtain further credentialing opportunities. As a transition tool, Navy COOL provides the Sailor valued information in translating their military training and work experience to the civilian workforce.

COOL web site usage has been high. There have been over 16 million hits since the web site was launched in June 2006, with visitors reviewing the site in excess of nine minutes per visit. Since the authorization to fund for credentialing exams began in October 2007, over 97.4 percent of Sailors completing civilian exams have passed and been certified, compared to a civilian pass rate of around 80 percent. The evidence is clear, Sailor credentialing is not only successful, but is also meeting the goals and desires of the Sailor and Navy.

Task Force Life Work (TFLW) Initiatives

We experienced some success through the use of monetary retention incentives such the Selective Reenlistment Bonus (SRB); however, monetary incentives do not always produce the desired retention effects among some population segments in

certain specialties or skills. For example, female Surface Warfare Officers (SWOs) and female aviators retain at only half the rate of their male counterparts, despite the existence of robust retention bonus programs in these communities. Because female SWOs comprise more than 25 percent of the SWO community, insufficient retention among this segment of the population has led Navy to explore alternative incentives as a means of achieving required long-term retention goals.

On/Off Ramps. This proposal would provide temporary authority to the Navy to test an alternative retention incentive allowing Sailors in a demonstration program to take an "intermission" in their careers not to exceed three years, to attend to personal matters (family issues, civic duties, advanced education, etc.) and then return to active duty service. During the "intermission" participants would not be eligible to receive active duty pays and allowances; however, they would be eligible to continue receiving certain active duty benefits (medical/dental care, access to commissary, exchange, MWR facilities, and child care, etc.).

Expanded Education Benefits Initiative. The Navy has operated educational programs in the past that allowed enlisted Sailors to attend school for up to two years in lieu of a shore tour to complete an associate or bachelors degree, but those programs were incorporated into the Seaman-to-Admiral program in the late 1990s. As a result, the only full-time college programs were commissioning programs; therefore, Sailors who desired to remain enlisted could not benefit from this valuable program. In addition to Tuition Assistance and NCPACE, the Advanced Education Voucher (AEV) program provides educational assistance for senior enlisted to earn a bachelor or masters degree in an off-duty status. In the next year, we will consider the benefits of several education programs specifically targeting the enlisted Sailor, similar to the discontinued Enlisted Education Advancement Program (EEAP), and create a "Mini-EEAP", whereby Sailors could take six months or a year between assignments, to complete their degree.

Improved Sailor and Family Support

We continue to provide our Sailors and their families with a myriad of benefits – housing, health care, deployment support, child care, family employment support, education, and efforts to improve geographic stability. Below is an overview of the Sailor and family support programs and initiatives we will focus on this year.

Housing is a key element of the quality of life of our Sailors and their families by providing suitable, affordable, and safe housing in the community, in privatized or government owned housing, or in the community.

Navy successfully privatized 95% of its CONUS/Hawaii family housing units and recently awarded two unaccompanied housing privatization projects. The unaccompanied housing projects were the first for the Department of the Defense.

The first Unaccompanied Housing Privatization project site, Pacific Beacon, in San Diego will feature four, eighteen-story towers with 941 dual-master suite

apartments. Two Sailors will share an apartment, with their own master suite, walk-in closet, and private bathroom. The apartments will have eat-in kitchens, in-suite washers and dryers, living rooms, and balconies. Sailors will enjoy the comfort, style, and privacy of a place they can proudly call home.

Navy also executed approximately $40 million in Major Repair projects in Japan, Guam, Northwest Region, and Guantanamo Bay. Our goal to eliminate inadequate housing by FY07 was realized by having all contracts in place by October 2007.

Our Sailors and their families appreciated these improvements as reflected in the Annual Resident Satisfaction Survey, which showed high satisfaction levels with Navy housing.

Navy is also implementing the Homeport Ashore initiative by ensuring shipboard Sailors have the opportunity to live ashore when in homeport. Eleven projects at eight locations were programmed from FY02 - FY08. The final projects to complete this initiative were approved at Naval Base Kitsap Bremerton, WA for FY08 with occupancy by FY10.

Sailor Care Continuum. The Navy has a long and proud history of providing outstanding support for all Sailors who are wounded, ill, and injured. Sailors receive both clinical and non-clinical care through established programs. Medical care is coordinated by Navy Medicine while non-medical support is provided through Sailors' parent commands and the Naval Personnel Command with the goal of reintegrating a wounded, ill or injured Sailor with their Command, their family, and their community at the earliest possible opportunity.

Based on our experiences in OIF/OEF, we see a different mix of injuries than we've seen in the past. These injuries often involve complex medical issues that require closer coordination of support for members and families. Each Sailor's situation is different and their support must be tailored to meet their unique needs.

In an effort to ensure we are meeting these obligations, we recently examined how we can best close any seams that exist between our current organizations and processes as well as applying new resources to those Sailors and families in the most demanding cases -- the severely and very severely injured.

One group that we focused renewed attention on was those Sailors and their families who are our severely wounded, ill, and injured. The Navy's commitment is to provide severely injured Sailors personalized non-medical support and assistance; to better guide them through support services and structures. This is accomplished through addressing the non-medical needs and strongly reinforcing the message that they, our heroes, deserve the very best attention and care of a grateful nation. These individuals and their families often have the greatest need for tailored and individualized attention in order to deal with personal challenges from the time of injury through transition from the Navy and beyond.

SAFE HARBOR staff establishes close contact, with each severely injured Sailor, as soon as he or she is medically stabilized after arriving at a CONUS medical treatment facility. SAFE HARBOR Case Managers are located at major Navy medical treatment centers as well as the VA Poly-trauma Centers at Tampa, Florida and Palo Alto, California and Brooke Army Medical Center, San Antonio Texas. Typical assistance provided includes: personal financial management including financial assistance referral and waiving of debt, member / family member employment, permanent change-of-station (PCS) moves, assisting with non-medical attendant (NMA) orders for assisting attendants, post separation case management, expediting travel claims, and assisting with VA and Social Security benefits and remedying personnel/pay issues.

The Navy's SAFE HARBOR program, which was established in late 2005, was initially stood up to provide these services for those Sailors severely wounded, ill, and injured as a result of OEF/OIF operations but would not turn any severely wounded, ill, and injured Sailors away. In January 2008 we formally acknowledged the entire population and have expanded Safe Harbor's mission. This will increase the potential population to about 250 Sailors, with about 169 of these in the current population. SAFE HARBOR Case Managers' role has also been expanded to provide a far more active engagement to include interactions with the new Federal Recovery Coordinators. Overall we believe these changes will allow us to continue to provide the individualized non-clinical care that each of these individuals and their families deserve.

Other important initiatives involve support for those individuals who are assigned to or volunteer for a GWOT support assignment (individual augmentation). We improved our processes for screening, training, and family support at our Fleet and Family Service Centers (FFSCs), Navy Operational Support Centers (NOSCs), and Navy Mobilization Processing Sites (NMPSs). Our Warrior Transition Program (for returning Sailors and their families) is just one of the many initiatives working at a local level.

Additionally, in collaboration with other key stakeholders, we're enhancing the Navy's Operational Stress Control continuum. Navy's continuum serves to address the increasing challenges that military personnel currently face caused by the immediate and cumulative effects of the stresses of Navy life, especially the type of operational stresses encountered in all forms of deployments. The continuum is part of the Navy's overall psychological health construct and applies to all Sailors who serve.

The objectives of the Operational Stress Control program are to: improve force-wide psychological health, mission readiness, and retention; reduce stigma associated with stress and stress control; foster cultural change; eliminate redundancy and gaps across and within organizations; and address all aspects of psychological health, to include substance abuse, depression, and suicide prevention.

The Navy is currently promoting and implementing a number of initiatives to enhance the current Operational Stress Control program. These include: (a) development of a more robust outreach, screening, and assessment capability; (b) establishment of doctrine and a concept of operations to promote a common understanding and build consensus among stakeholders, including leadership, trainers, health care providers, researchers, and other care providers; (c) a comprehensive and integrated continuum of training and education for Sailors, leadership, communities support, and families.

Extended Child Care Initiative. In a continued effort to offer quality child care and youth programs to Navy families, Navy launched extended child care, youth fitness, and School Transition Service (STS) initiatives.

Navy has begun an aggressive child care expansion plan, which includes adding 4,000 new child care spaces within the next 18 months, construction of 14 new Child Development Centers (including facilities open 24/7), commercial contracts, and expanding military certified home care. In addition, Navy is converting 3,000 existing 3-5 year old child care spaces into infant-2 year old spaces to meet the greatest demand, children under the age of 3. Combined, these initiatives will reduce the current waiting time for child care of 6-18 months down to less than 3 months Navy-wide with first priority given to single military parents.

To assist parents and children with the challenges of frequent deployments, an additional 100,000 hours of respite child care will be provided for families of deployed service members.

In efforts to combat youth obesity, the Navy implemented a new world-wide youth fitness initiative called "FitFactor," as a means to increase youth interest and awareness in the importance of healthy choices in life.

Navy School Transition Services (STS) is addressing the many transition/deployment issues facing Navy children. STS consists of a variety of programs and initiatives that provide strategies and resources for installations, school districts, and parents to address the changes associated with transitioning between school systems and during deployments in support of the Navy expeditionary mission.

Family Employment Support Initiative. Navy launched a Family Member Employment Program to create opportunities for family members to manage their careers and achieve life goals, specifically in improving family finances, providing spouses with improved employment opportunities and improving their ability to pursue portable careers. We are implementing standardized short-term employment programs to provide new military spouses initial skills development to improve employment marketability. Through collaboration with the Department of Labor, we are expanding mobile career opportunities so our spouses may find jobs quicker when their Sailor executes permanent change of station moves. To promote hiring of spouses in the

private sector, we are developing a nationwide marketing campaign to promote the military spouses' skills as solutions to corporate demands.

Montgomery GI Bill (MGIB) Benefit Initiative. Education benefits are a key component of the incentive package used by the military to attract and retain quality Service members. From our Task Force Life Work visits to the Fleet, education benefits, specifically the MGIB, are viewed by Sailors as akin to health benefits - as a fundamental benefit that should be available to all Sailors and transferable to their family members.

We fully support legislation that would expand the ability of service members to transfer their Montgomery GI Bill (MGIB) to their dependents.

Geographic Stability. Our Geographic Stability Working Group is leading the effort to develop implementation strategies for increased geographic stability throughout the Fleet. Improving geographic stability during a time when the Navy is transitioning to a more sea-centric force has its challenges; however it is a critical issue that consistently remains at the top of the list for "reasons why people leave the Navy."

While cultivating a diverse background in multiple operational theaters will remain important to ensuring mission readiness, we also recognize that geographic stability allows members to establish support networks which permit Sailors to be successful everyday. In a time when dual military couples and single parenthood rates are rising at the same time as our operational commitments, it is critical we support healthy family dynamics – geographic stability is an important part of this.

Part of the solution is ensuring viable shore tour opportunities in sea-centric locations, many of which we have "civilianized" in recent years. While we are attempting to "buy back" some of those billets, we are also looking towards more creative solutions like the Enlisted Education Advancement Program whereby a Sailor can pursue advanced education in lieu of a traditional shore tour while also exploring the possibility of "virtual commands" as part of our large scale telecommuting effort which has recently gained much popularity among the Fleet.

Sea Warrior Spiral 1. We continue to make significant progress towards providing our Sailors with an integrated and easy to use system of Navy career tools that allow them greater personal involvement in managing their careers.

During the past year we continued the programmatic rigor necessary to develop Sea Warrior as a program of record for POM-10. In 2007, we fielded the first version of the Career Management System (CMS) with Interactive Detailing. This new system has the functionality of allowing Sailors ashore to review their personal and professional information, view available jobs, and submit their detailing preferences through their career counselors. The next step in this evolution is to provide the same functionality to Sailors on ships. This portion of the system has been tested in the laboratory and is currently in the process of being installed and tested on a selected group of ships.

The successful development and testing of these increments of additional functionality to the CMS system are the first steps in achieving our vision of enabling all Sailors to review available jobs and submit their own applications for their next assignment by June of 2009.

Retention of O-6s. There has been significant growth in demand for control grade officers, particularly for our seasoned O-6s. At the same time, we are experiencing a shortage of inventory of these senior officers. In addition to aggressively employing existing retire/retain authority to allow high-performing O6s to remain on active duty, we have taken aggressive steps to understand the considerations behind officers' decisions to stay on active duty past the 25 year point. Recent surveys indicate that retention among URL Captains is largely driven by 3 factors: family stability, financial concerns (a leveling off or reduction of pay and retirement benefits compared to civilian opportunities), and job satisfaction. We are exploring a variety of monetary and non-monetary incentives to encourage more senior officers to make the choice to "stay Navy" past the 25 year point. For example:

- To incentivize retention, we may offer a Captain a single long tour option or a "bundled detail" to cover two tours. This addresses two common concerns of those in senior ranks: the desire for family and geographic stability to accommodate a spouse's career and older children attending high school or college.

- For officers beyond the 25 year point, we are developing several initiatives to address specific financial concerns. We are exploring financial mitigation for those who may choose a geographic bachelor tour as a way of providing geographic stability for the family. In addition, the loss of most career incentive pays at the 25 years of commissioned service point makes retirement and transition to a civilian career more attractive than continued service. Accordingly, we will pursue specific bonuses selectively targeted to high-demand senior officer designators. Other initiatives include assignment to adequate, available quarters, or periodic funded travel back to the family's location, in return for a commitment to serve a 2-3 year geographic bachelor tour.

- To leverage the power of job satisfaction as a retention incentive, we are exploring detailing processes to provide our senior officers with opportunities for increased responsibility and a heightened sense of value and worth at the executive level. We are striving to enhance our approach to managing the careers of Captains that don't screen for Major Command (approximately 60% of the cohort) and those who are post-major command. Many highly skilled, experienced officers who reach these career points perceive that their upward mobility and career options have stalled, and are thus more likely to choose to transition to the civilian sector. Establishing a tier of billets that capitalize on a senior Captain's experience and leadership abilities by

providing meaningful, challenging positions may serve as an incentive for retention to the 30 year point.

- Enhancing the ability of our senior RC officers to achieve Joint designation is critical to retaining our control grade talent, and we are aggressively implementing a plan to make this process executable and easily understood, without compromising the spirit or integrity of Goldwater-Nichols.

NEXT STEPS

We have made great strides in enhancing Navy's military personnel readiness over the past few years, and this committee has been unwavering in its support for our manpower, personnel, training and education goals.

MEETING NAVY RECRUITING CHALLENGES -- HEALTH PROFESSIONS

As we continue to tackle tough recruiting and retention challenges among the health care professions, we ask for your continued strong support for the kinds of flexible tools required to better compete with the private sector for highly-trained medical professionals and students. Specifically, we anticipate continuing challenges in recruiting into clinical specialties of the Medical Service Corps; to the Nurse Candidate program; Registered Nurses accepting a commission as a naval officer; and in offering a sufficiently attractive loan repayment program for Reserve Component health care professionals. We expect this challenge to be further exacerbated by enactment in the FY08 NDAA of a moratorium on military-to-civilian conversions within the health professions and requirement to restore certain previously converted or deleted end strength. Compelled to move forward without this critical force shaping tool, the number of health care professionals we will have to recruit and retain will increase among skill sets for which we have achieved full readiness even under the reduced requirement made possible by military-to-civilian conversion authority. We are fully committed to ensuring that we carry out force shaping in the health professions in a manner which protects the integrity of the access and quality of care for Sailors and their families and Navy retirees. We urge Congress reconsider its decision in imposing this moratorium and the requirement to restore converted billets that are not encumbered by civilian employees by September 30, 2008.

OUTREACH TO RECRUITING INFLUENCERS

As mentioned earlier, the Millennial Generation is motivated by different stimuli than their predecessors. Military service is often not considered when evaluating their career options. Today's influencers, most of whom never served, are often not inclined to steer the Millennials toward a military option. I ask that when you meet with your constituents, and interest groups that play a role in influencing the decisions of today's youth, please highlight the importance of service and the many outstanding opportunities available through service in the United States Navy. The impact of hearing this important message from Members of Congress will certainly go a long way

in persuading parents, teachers, guidance counselors, coaches, and other influencers to encourage the young men and women of the Millennial generation to at least consider serving in the United States Armed Forces.

CONCLUSION

Again, on behalf of all active and reserve Sailors and their families, DoN civilians, and contractors who support the Navy – I want to thank you for your staunch support of our policies, programs and plans, and the 2008 National Defense Authorization Act.

Because of your leadership, our Sailors, DoN employees and contractors are more organized, better trained and equipped than at any time I can recall in my career. In short, they're ready to win in battle, protect our sovereign soil and to use their skills to help others in crisis.

Throughout my career, and especially in my role as Chief of Naval Personnel, it's been my goal to set in place policies and programs that reorganize our people as the principle means by which our Navy accomplishes its mission.

Today, our training curriculums and methods of delivery ensure the continued professional development of our people and are aligned with fleet requirements, both in terms of the number of Sailors we deliver to the waterfront and the development of their skill sets, so that we will achieve FIT in our smaller, more sea-centric force, today and in the future.

We will continue to balance the requirements of our afloat commands and those of the Combatant Commanders to meet both enduring Navy missions and Joint warfighting augmentee responsibilities. A major step forward, our GSA IA detailing process, implemented in 2007, rewards volunteerism and instituted predictability and stability for our Sailors and their families, as well as Navy commands. Establishing this was critical to the long-term goal of keeping our talent in the Fleet. I'm proud to say, our process and support systems are in place and working to meet the warfighting requirements and the personal goals of our people.

Our pays and benefits, continue to keep pace with the civilian sector, and I thank you for that significant and impactful investment. With today's low unemployment rate and low-propensity to join the military, due to the ongoing war, we must be competitive with the civilian work environment, in order to attract 21st century leaders to serve.

I'm confident that the policies and programs we have in place today, and our ongoing initiatives in diversity, life-work balance, family readiness and the continuum of medical care, will improve upon what we know already to be a highly desirable organization in which to work. Our goal, however, is not only to be desirable, but to be among the best organizations - unmistakably a "Top 50 Employer" – one that every young Millennial, regardless of race, gender, socioeconomic or cultural background

wants to affiliate with, contribute to and defend, because of what we recognizably value – our people.

This goal will keep our service on pace to continue to attract the best our nation has to offer. The professional challenges, opportunities and rewards our Sailors and DoN Civilians experience, along with the quality of life and service that our Sailors and their families deserve, will retain those high-performing patriots in our Nation's Navy, and keep us ready to "defend against all enemies, foreign and domestic."

In the end, our ability to maintain this readiness and achieve our vision is only made possible by having your support and that of the American public, so again I thank you for that. The authorities you afforded us along with the budget necessary to realize these plans and initiatives, enables our people to serve confidently. On behalf of the more than 550,000 Sailors and their families, Civilians and contractors, thank you for your leadership and confidence, upon which we rely to achieve our vision for a *Cooperative Strategy for 21st Century Sea Power*.

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE SUBCOMMITTEE ON MILITARY PERSONNEL

COMMITTEE ON ARMED SERVICES

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: OVERVIEW OF RECRUITING, RETENTION, AND COMPENSATION

STATEMENT OF: LIEUTENANT GENERAL RICHARD Y. NEWTON, III
DEPUTY CHIEF OF STAFF, MANPOWER AND PERSONNEL
UNITED STATES AIR FORCE

FEBRUARY 26, 2008

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

BIOGRAPHY

UNITED STATES AIR FORCE

LIEUTENANT GENERAL RICHARD Y. NEWTON III

Lt. Gen. Dick Newton is the Deputy Chief of Staff for Manpower and Personnel, Headquarters U.S. Air Force, Washington, D.C. General Newton serves as the senior Air Force officer responsible for comprehensive plans and policies covering all life cycles of military and civilian personnel management, which includes military and civilian end strength management, education and training, and compensation and resource allocation.

Born at Forbes Air Force Base, Kan., General Newton hails from an Air Force family and graduated from the U.S. Air Force Academy in 1978. His command assignments include the first B-2 squadron, a B-1B operations group and a B-52 wing. He served at Headquarters U.S. Air Force as a planner and then executive officer in the office of the Deputy Chief of Staff for Plans and Operations, and later as the Deputy Director for Strategic Plans and Future Systems in the Office of the Deputy Chief of Staff for Personnel. His joint assignments include Deputy Director for Information Operations and Deputy Director for Global Operations in the Operations Directorate of the Joint Staff, followed by duty as the Director, Plans and Policy, U.S. Strategic Command. Most recently he served as the Assistant Deputy Chief of Staff for Operations, Plans and Requirements, Headquarters U.S. Air Force.

General Newton is a command pilot with more than 2,900 flying hours in a variety of aircraft, including the B-2, B-1B, B-52 and T-38.

EDUCATION
1978 Bachelor of Science degree in history, U.S. Air Force Academy, Colorado Springs, Colo.
1983 Master of Arts degree in management, Webster University, St. Louis, Mo.
1991 Air Command and Staff College, Maxwell AFB, Ala.
1996 Master of Science degree in national security strategy, National War College, Fort Lesley J. McNair, Washington, D.C.
2000 National Security Management Course, Maxwell School of Citizenship and Public Affairs, Syracuse University, N.Y.
2004 National Security Leaders Course, The Maxwell School, Syracuse University, N.Y.
2005 Executive Program for Russian and U.S. General Officers, John F. Kennedy School of Government, Harvard University, Cambridge, Mass.
2006 Joint Flag Officer Warfighting Course, Maxwell AFB, Ala.

ASSIGNMENTS
1. July 1978 - November 1979, student, undergraduate pilot training, Laughlin AFB, Texas
2. November 1979 - September 1983, T-38 instructor pilot and assistant wing executive officer, 47th Flying Training Wing, Laughlin AFB, Texas

LIEUTENANT GENERAL RICHARD Y. NEWTON III

3. September 1983 - October 1984, Air Staff training assignment, Headquarters U.S. Air Force, Washington, D.C.
4. October 1984 - December 1987, B-52G aircraft commander, instructor pilot and flight examiner, 379th Bomb Wing, Wurtsmith AFB, Mich.
5. December 1987 - May 1989, planner, Strategic Offensive Forces Division, Headquarters U.S. Air Force, Washington, D.C.
6. May 1989 - July 1990, assistant executive officer, Deputy Chief of Staff for Plans and Operations, Headquarters U.S. Air Force, Washington, D.C.
7. July 1990 - June 1991, student, Air Command and Staff College, Maxwell AFB, Ala.
8. June 1991 - August 1993, B-1B aircraft commander, instructor pilot, flight commander and squadron operations officer, 28th Bomb Wing, Ellsworth AFB, S.D.
9. August 1993 - August 1995, Commander, 393rd Bomb Squadron, Whiteman AFB, Mo.
10. August 1995 - June 1996, student, National War College, Washington, D.C.
11. June 1996 - July 1997, Chief, Initiatives Branch, Deputy Director for International Negotiations, Strategic Plans and Policy, the Joint Staff, Washington, D.C.
12. July 1997 - July 1998, Chief, Long Range Policy Planning cell, then executive officer to the Director, Strategic Plans and Policy, the Joint Staff, Washington, D.C.
13. July 1998 - January 2000, Commander, 28th Operations Group, Ellsworth AFB, S.D.
14. February 2000 - December 2001, Commander, 5th Bomb Wing, Minot AFB, N.D.
15. December 2001 - August 2002, Deputy Director, Developing Aerospace Leaders Support Office, Deputy Chief of Staff for Personnel, Headquarters U.S. Air Force, Washington, D.C.
16. August 2002 - August 2003, Deputy Director, Strategic Plans and Future Systems, Deputy Chief of Staff for Personnel, Headquarters U.S. Air Force, Washington, D.C.
17. August 2003 - April 2004, Deputy Director for Information Operations, Operations Directorate, the Joint Staff, Washington, D.C.
18. April 2004 - July 2005, Deputy Director for Global Operations, Operations Directorate, the Joint Staff, Washington, D.C.
19. July 2005 - July 2006, Director, Plans and Policy (J5), U.S. Strategic Command, Offutt AFB, Neb.
20. July 2006 - January 2008, Assistant Deputy Chief of Staff for Operations, Plans and Requirements (A3/5), Headquarters U.S. Air Force, Washington, D.C.
21. January 2008 - present, Deputy Chief of Staff for Manpower and Personnel (A1), Headquarters U.S. Air Force, Washington, D.C.

FLIGHT INFORMATION
Rating: Command pilot
Flight hours: More than 2,900
Aircraft flown: B-2, B-1B, B-52G/H and T-38

MAJOR AWARDS AND DECORATIONS
Defense Superior Service Medal with two oak leaf clusters
Legion of Merit
Meritorious Service Medal with silver oak leaf cluster
Air Force Outstanding Unit Award with "V" device and three oak leaf clusters
Combat Readiness Medal

EFFECTIVE DATES OF PROMOTION
Second Lieutenant May 31, 1978
First Lieutenant June 1, 1980
Captain June 1, 1982
Major March 1, 1988
Lieutenant Colonel March 1, 1992
Colonel Oct. 1, 1996
Brigadier General Aug. 1, 2003
Major General May 26, 2006
Lieutenant General Jan. 7, 2008

(Current as of January 2008)

Introduction

Madam Chairwoman, Congressman McHugh, members of the committee, thank you for this opportunity to discuss our efforts to ensure we recruit, develop, and retain high quality Airmen for the world's most respected air, space and cyberspace force. Our Airmen have been continuously deployed and globally engaged in combat missions for over seventeen straight years—since the first F-15 touched down in Saudi Arabia in August 1990. Today, Airmen are fully engaged in the interdependent joint fight and stand prepared for rapid response and conflict across the globe as our nation's sword and shield.

Our priorities are clear: winning today's fight; developing and caring for our Airmen and their families; preparing for tomorrow's challenges. Today's confluence of global trends already foreshadows significant challenges to our organization, systems, concepts, and doctrine. We are at an historic turning point demanding and equally comprehensive revolution. The future strategic environment will be shaped by the interaction of globalization, economic disparities and competition for resources; diffusion of technology and information networks whose very nature allows unprecedented ability to harm, and potentially, paralyze advanced nations; and systemic upheavals impacting state and non-state actors, and thereby, international institutions and the world order.

Due to increased operations, maintenance, and personnel costs, we have been forced to self-finance the centerpiece of future dominance—a massive and critical recapitalization and modernization effort for our aging air and space force. Budgetary pressures forced difficult choices to ensure that the Air Force would maintain the right balance across our personnel, infrastructure, readiness and investment portfolios.

The Air Force undertook significant personnel reductions to generate billions of dollars to reprogram towards recapitalizing and modernizing essential air, space, and cyber systems, congruent with our three key mission priorities. The impact on our warfighting Airmen has been significant. We have been compelled to make some very difficult choices with respect to our people. Fewer platforms that require fewer operators and maintainers are part of the equation. We are taking a hard look at all our processes and streamlining our organizations. At the same time, we want to improve the training and professional development of our Airmen.

However, maintaining a Required Force of 86 modern Combat Wings will also be significantly impacted by current programmed reductions in Air Force end strength. The Air Force has submitted a report to Congressional defense committees on Total Force end strength requirements due to new and emerging missions. This report identifies our Total Force end strength requirement of 681.9K in FY 09 growing to 688.5K by FY 15 to operate, maintain, and support a Required Force of 86 modern Combat Wings and how the AF will fund these requirements.

Recruiting

As we prepare for an uncertain future, we are transforming the force to ensure we are the right size and shape to meet emerging global threats with joint and battle trained Airmen. We are becoming a smaller force, with a critical need for specific skills. In order to dominate in the domains of Air, Space and Cyberspace throughout the 21st Century, we must recruit, develop, and organize America's diverse and brightest talent for the complex, multinational, and interagency operations of the future.

Our recruiting force has met their enlisted recruiting mission through persistence and dedication. Since 2000, the Air Force has enlisted 258,166 Airmen against a goal of 254,753 for 101 percent mission accomplishment. For Fiscal Year 2008, the active-duty requirement is 27,800 and 9,258 new Airman have accessed up to this point with 9,461 waiting to enter Basic Military Training. We're on track to meet our goals. To date for Fiscal Year 2008, we've accessed 100% of our active duty goal, and accessed 100% and 114% of our Reserve and Guard accession goals, respectively.

The United States Air Force Recruiting Service continues to find the right person, for the right job, at the right time and this is clearly evident in our most critical skills. Recruiting Service has filled every requirement for Combat Controller (CCT), Pararescue (PJ), Tactical Air Control Party (TACP), Survival, Evasion, Resistance, and Escape (SERE), Fuels systems, Security Forces, Armament Systems, Munitions Systems, Utilities and Linguists since 2001. This has been accomplished through hard work and the significant assistance of the U.S. Congress. Recruits who choose to enter these career fields are offered an Initial Enlistment Bonus (IEB) ranging from $1.5K to $13K, depending on the job and length of enlistment. No other enlistment bonuses are offered.

The Air Force Reserves exceeded its recruiting goals for the seventh consecutive year in FY07. However, BRAC, Total Force Initiative and PBD 720 cuts will pose significant challenges in 2008. Aggressive measures will be needed to stand up new missions at Pope, MacDill and Elmendorf AFBs. While we've benefited from active duty Force Shaping initiatives we anticipate tougher days ahead as the prior service recruiting pool will be smaller forcing us to rely more heavily on non-prior service (NPS) individuals. Competing for the NPS pool against other reserve and active duty

components that may have more attractive bonus packages will add to recruiting challenges. Funding for advertising and bonuses will play a key role in meeting manning requirements.

The majority of our officer programs have also met with mission success, with the exception of medical recruiting. Last year the Air Force recruited just under half of its target for fully qualified healthcare professionals. Broken down by specialty, we recruited 68 doctors (17.4% of target), 45 dentists (25.5%), 222 nurses (62.5%), 125 biomedical scientists (62.8%), and 34 medical administrators (97%). These significant challenges exist due to lucrative, private sector salaries, which are continuing to rise. Currently, the Air Force's Medical, Dental and Nurse corps have significant manning challenges that are a directly attributable to recruiting and retaining these personnel. These challenges are made all the greater because the Air Force has deployed over 8000 medical officers in support of the Global War on Terror (GWOT) since 2001. Since 9/11, Air Force Recruiting Service (AFRS) and Air Force Medical Service (AFMS) have been working together to implement innovative ways to address our shortfalls in medical recruiting, to include increasing the number of available health professions scholarships and developing a "Career Field Champions" network of medical professionals to assist with our recruiting effort.

Retention

In Fiscal Year 2007, we continued to manage and shape the force across and within skills. Maintaining acceptable retention levels through targeted programs continues to be critical to this effort. Force shaping ensured active duty end strength met our longer term requirements.

For FY07, active duty Air Force officer retention finished 11% above goal (excluding force shaping losses), while enlisted retention fell below goal (92.7% of goal), still within acceptable margins. The AF Reserve fell short of its enlisted retention goal by 3%, attaining 97% and was .2% shy of the officer retention goal, attaining 99.8%. The ANG met their overall officer and enlisted retention goals for FY07. Even with these successes, some enlisted specialties in the active Air Force did not achieve their overall retention goal, including Air Traffic Control, Mid East Crypto Linguist, Structural Civil Engineering, and Pavement and Construction Equipment Vehicle Operations, and Contracting.

Our most critical warfighting skills require a special focus on retention to maintain combat capability due to critical manning and the demands of increased operations tempo placed on career fields including Pararescue, Combat Control, and Explosive Ordnance Disposal. Budget support for retention programs is critical to effectively manage the force and preserve needed warfighting capability. These programs are judiciously and effectively targeted to provide the most return-on-investment in both dollars and capability.

Retention rate in the Air Force Reserves is also becoming a concern although we missed our goal in FY07 by only a slight margin (99.8%). However, this marked the second year in a row that we didn't reach our AFRES retention targets. We've seen an increase in the turnover rate via gradual decreases in First Term and Career Airmen reenlistments over the last three years with reenlistments dropping nearly 10 points. We believe this is partly due to fallout from BRAC and PBD 720, but will monitor closely to

identify opportunities to influence our Airmen's behavior as they reach key career decision points.

The Air Force's ability to retain experienced healthcare personnel past their initial commitment has declined—compounding our recruiting challenges. The retention at the 10-year point is ~ 26% for physicians, ~18% for dentists, ~34% for nurses, ~36% for biomedical sciences officers and ~52% for administrators. The Air Force continues to develop both accession and retention incentives to ensure the right mix of health professionals.

Our warfighting Airmen are committed to serving, including those experiencing high deployment rates. Combatant Commander (COCOM) requirements and the GWOT levy a high demand for pilots, navigators, intelligence, civil engineers, and security forces officers as well as enlisted Airmen in aircrew, special operations, intelligence, vehicle operators, civil engineering, and security forces. Despite an increased operations tempo and deployment rate, the Air Force continues to achieve acceptable retention levels across the officer and enlisted force.

Finally, we understand that support to families is a critical part of retention. Working together with their spouses and families, Airmen make a decision to stay in the Air Force based on many factors, one of which is the quality of life they and their families deserve. With a strategic plan that highlights the importance of "Taking Care of People", Air Force recognizes that families are vital to retention.

Force Development

As part of our Air Force Transformation, we are reviewing and synchronizing our development efforts to realize efficiencies in how we utilize developmental tools --

educational, training or experiential -- to produce Airmen (military and civilian; officer and enlisted; active and reserve). We're dedicating resources to ensure our "most important weapon system" is prepared to deliver Air, Space and Cyberspace power wherever and whenever it is needed. Synchronized, deliberate development relies on a common language, a common framework and enduring processes. We are finalizing this common language and framework by publishing our Institutional Competency List and Continuum of Learning framework. Next, we must review our developmental processes to ensure they describe requirements, align programs, and link investments with outcomes. As an example, we eliminated redundancies in legacy ancillary training reducing training time to 90 minutes per Airman ultimately saving 8 hours, per year, per Airman, for a total of over 6 million AF work-hours per year.

We are synchronizing processes to meet requirements for the skills Airmen need in an expeditionary environment. Starting in 2011 we'll send select Airmen to the Common Battlefield Airman Training course to enhance the expeditionary skills they learned in Basic Military Training. We are teaching Airmen self aid and buddy care so they can take care of each other when their bases take mortar fire or when teams come under fire while performing their duties "outside the wire." We've established a Center of Excellence for Expeditionary Ground Combat to ensure our pre-deployment training is responsive to the changing tactics and techniques used by our enemies in the AOR. We are extending Basic Military Training to 8.5 weeks, to teach Airmen skills to defend an Air Base and to operate in the expeditionary environment of the 21st Century.

We established the Air Force Culture and Language Center at Maxwell AFB, AL, unique in its mission to develop expeditionary Airmen by synchronizing education and

training across our Professional Military Education Schools and deployment training venues. We are teaching language training and enhancing regional studies at our Air Command and Staff College and Air War College. We've also implemented regional studies at our Senior NCO Academy, NCO Academy, and Airmen Leadership Schools. We are consolidating Air Force Specialty codes to provide broader skill sets and enabling flexibility in GWOT and support of COCOM missions.

We have also placed a great focus on culture and language training at our officer accession sources, with the objective of developing officers with acute cultural understandings, able to forge partnerships and alliances. A majority of Air Force Academy and ROTC Cadets are enrolled in foreign language education and are now able to participate in study abroad programs, not only at foreign military academies but also local universities. One force development strategy is to target foreign language speakers, primarily focusing on AFROTC detachments that sponsor foreign language programs. Currently, we have 54 cadets enrolled as Language Majors, with another 629 scholarship cadets majoring in technical degrees and taking languages as an elective. Another 100 cadets annually participate in foreign culture and language immersions in countries of strategic importance. Beginning with cadets contracted in August of 2006, AFROTC scholarship cadets majoring in non-technical degrees must now complete 12 semester hours of foreign languages. Further, USAFA cadets who are technical majors are taking 6 semester hours in a foreign language and non-technical majors are taking 12 semester hours in a foreign language.

Conclusion

Today's Airmen are doing amazing things to execute the Air Force mission, meet Air Force commitments, and keep the Air Force on a vector for success against potential future threats in an uncertain world.

We are ready and engaged today, but we must continue to invest to ensure tomorrow's air, space, and cyberspace dominance. Our aim is to improve capability while maintaining the greatest combat-ready force in the world. We will accomplish this through dedication to my five focus areas: Manage end strength efficiently to maximize capability; Recruit and retain the highest quality Airmen; Maximize Continuum of Learning throughout Airman life cycle; Continue focus on Quality of Life programs for Airmen and their families; And maximize efficiencies of business processes through evolving IT solutions.

The Air Force is often first to the fight and last to leave. We give unique options to all Joint Force commanders. The Air Force must safeguard our ability to: see anything on the face of the earth; range it; observe or hold it at risk; supply, rescue, support or destroy it; assess the effects; and exercise global command and control of all these activities. Rising to the 21st Century challenge is not a choice. It is our responsibility to bequeath a dominant Air Force to America's joint team that will follow us in service to the Nation.

We appreciate your unfailing support to the men and women of our Air Force, and I look forward to your questions.

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THE HOUSE ARMED
SERVICES COMMITTEE
MILITARY PERSONNEL
SUBCOMMITTEE

STATEMENT

OF

LIEUTENANT GENERAL RONALD S. COLEMAN

DEPUTY COMMANDANT FOR MANPOWER AND RESERVE AFFAIRS

UNITED STATES MARINE CORPS

BEFORE THE

MILITARY PERSONNEL SUBCOMMITTEE

OF THE

HOUSE ARMED SERVICES COMMITTEE

CONCERNING

RECRUITING, RETENTION & COMPENSATION

ON

FEBRUARY 26, 2008

NOT FOR PUBLICATION
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MILITARY PERSONNEL SUBCOMMITTEE

Lieutenant General Ronald S. Coleman
Deputy Commandant for Manpower and Reserve Affairs

Lieutenant General Ronald S. Coleman is the Deputy Commandant for Manpower and Reserve Affairs.

General Coleman joined the Navy in April 1968 and was discharged upon his return from Danang, Republic of Vietnam in June 1970. Upon graduation from Cheyney State University in 1973, he was commissioned a Second Lieutenant in December 1974. Following the Basic School in 1975, he reported to Camp Lejeune with 2d Marine Regiment and served as the Regimental Supply Officer, Platoon Commander, and S-4A.

In November 1977, he transferred to 3d Force Service Support Group, Okinawa, Japan, and deployed with Landing Support Unit Foxtrot.

In November 1978, he reported to Officer Candidate School and served as the S-4, Supply Officer, Candidate Platoon Commander and Director, Non-Commissioned Officer School. He attended Amphibious Warfare School during the 1981-82 academic year and was then transferred to HQMC Officer Assignment Branch, and served as a company grade monitor and Administrative Assistant to the Director, Personnel Management Division. In August 1985, Major Coleman was assigned as an Instructor at Amphibious Warfare School. In 1987, he attended the Marine Corps Command and Staff College.

In 1988, he returned to Okinawa and served as the Operations Officer, 3d Landing Support Battalion; Executive Officer, 3d Maintenance Battalion; and Commanding Officer, Combat Service Support Detachment 35, Contingency Marine Air Group Task Force 4-90.

In June 1991, he reported to HQMC and served as the Logistics Project Officer and Head, Maintenance Policy Section, Installations and Logistics Branch. He was promoted to Lieutenant Colonel in May 1992.

In June 1993, he assumed duty as Commanding Officer, 2d Maintenance Battalion, 2d Force Service Support Group, and in December 1994, was reassigned as the Group Deputy Operations Officer. In August 1995, he reported to the Industrial College of the Armed Forces, National Defense University.

In 1996, he reported to the Pentagon in the Logistics Directorate J-4, as Deputy Division Chief, Logistic Readiness Center.

He was promoted to colonel in July 1997 and returned to Camp Lejeune in 1998 for duty with the 2d Marine Division as the Assistant Chief of Staff, G-4. In April 1999, he deployed to the Balkan Region and served as J-4, Joint Task Force Shining Hope. He assumed command of 2d Supply Battalion in July 1999. In June 2001 he reported to HQMC as the Assistant Deputy Commandant Installations and Logistics (Facilities) and was promoted to brigadier general in November 2002.

General Coleman reported to 2d Force Service Support Group in June of 2003 and deployed in support of Operation Iraqi Freedom as Commanding General Special Purpose MAGTF until November 2003. He deployed again from February 2004 until June 2004 as Commanding General, Combined Joint Task Force Haiti, in support of Operation Secure Democracy.

General Coleman was assigned as the Director, Personnel Management Division on 1 July 2005 and was frocked to Major General in May 2006.

On 29 September 2006, General Coleman was assigned to his current position and appointed to the rank of Lieutenant General.

Chairwoman Davis, Congressman McHugh, and distinguished Members of the Subcommittee, it is my privilege to appear before you today to provide an overview of your Marine Corps personnel.

Introduction

We remain a Corps of Marines at war with over 31,200 Marines deployed to dozens of countries around the globe. The young men and women who fill our ranks today recognize the global, protracted, and lethal nature of the challenges facing our Nation, and their dedicated service and sacrifice rival that of any generation preceding them.

Thanks to you, Marines know that the people of the United States and their Government are behind them. The continued commitment of Congress to increasing the warfighting and crisis response capabilities of our Nation's armed forces and to improving the quality of life of our Marines and their families is central to the strength that your Marine Corps enjoys today. The Nation is receiving a superb return on its investment in the world's finest expeditionary force.

We know the future will remain challenging, but I am confident that with your continued support, your Corps will remain the Nation's force in readiness and will continue to fulfill its congressionally mandated mission of being *the most ready when the Nation is least ready.*

Right-size our Marine Corps

Active Component End Strength. To meet the demands of the Long War and other crises that arise, our Corps must be sufficiently manned, trained, and equipped. To this end, the Marine Corps plans to grow its personnel end strength to 202,000 Active Component Marines by Fiscal Year 2011. This increase will enable your Corps to train to the full spectrum of military operations and improve the ability of the Marine Corps to address future challenges. This

growth will also enable us to increase the dwell time of our Marines so that they are able to operate at a "sustained rate of fire." Our goal is to achieve a 1:2 deployment-to-dwell ratio for all of our active forces - for every seven months a Marine is deployed, he or she will be back at home station for at least fourteen months.

Our success in the first phase of this growth – 184,000 Marines by the end of Fiscal Year 2007 – is a great first step toward our ultimate end strength goal. Overall, we ended Fiscal Year 2007 with an Active Component end strength of 186,492 Marines. And we fully expect to meet our second goal – 189,000 Marines - this fiscal year.

Funding. The Marine Corps greatly appreciates the increase in authorized end strength to 189,000 recently passed in the Fiscal Year 2008 National Defense Authorization Act. As you know, we are funding the end strength in excess of 180,000 through supplemental appropriations. For Fiscal Year 2009, we note that all costs of military personnel are included in the baseline budget.

Compensation. As you know, the vast majority of our personnel budget is spent on entitlements, including compensation. Compensation is a double-edged sword in that it is a principal factor for Marines both when they decide to reenlist and when they decide not to reenlist. Private sector competition will always seek to capitalize on the military training and education provided to our Marines. Marines are a highly desirable labor resource for private sector organizations. Competitive compensation authorities aid the Marine Corps in targeting specific areas and provide the capability to access, retain and separate as needed. The extensions of special and incentive pay authorities have demonstrated your continued support of the Marine Corps and its endeavor to reach our ultimate end strength goal. We appreciate the continued

support of Congress in the creation of flexible compensation authorities which afford the Marine Corps with tools that allow us to shape your Corps for the 21st Century.

Military-to-Civilian Conversions. Military-to-civilian conversions replace Marines in non-military-specific billets with qualified civilians, enabling the Corps to return those Marines to the operating forces. Since 2004, the Marine Corps has returned 3,096 Marines to the operating force through military-to-civilian conversions. We will continue to pursue sensible conversions as this will aid in our deployment-to-dwell ratio goals for the force.

Reserve Component End Strength. Our deployments in Iraq and Afghanistan have been a Total Force effort – our Reserve forces continue to perform with grit and determination. Our goal is to obtain a 1:5 deployment-to-dwell ratio within our Reserve Component. As our active force increases in size, our reliance on our Reserve forces should decrease – helping us to achieve the desired deployment-to-dwell ratio. Our authorized Reserve Component end strength remains at 39,600 Selected Reserve Marines. As with every organization within the Marine Corps, we continue to review the make-up and structure of the Marine Corps Reserve in order to ensure the right capabilities reside within the Marine Forces Reserve units and our Individual Mobilization Augmentee program across the force.

Recruiting

Our Recruiters continue to make their recruiting goals in all areas in support of our total force recruiting mission. This past year, our recruiting mission was increased as part of a series of milestones to "grow the force" and build an active component 21st century Marine Corps with an end-strength of 202,000. Our focus in Fiscal Year 2008 is to continue to recruit quality men and women into our Corps as we expand our ranks.

To meet the challenges of the current recruiting environment, it is imperative that we maintain our high standards both for our recruiters and those who volunteer to serve in our Corps. The Corps must continue to be comprised of the best and brightest of America's youth. We must also remain mindful that the Marine Corps needs to reflect the face of the nation and be representative of those we serve. Our image of a smart, tough, elite warrior continues to resonate with young people seeking to become Marines.

The Marine Corps is unique in that all recruiting efforts (officer, enlisted, regular, reserve, and prior-service) fall under the direction of the Marine Corps Recruiting Command. Operationally, this provides us with flexibility and unity of command in order to annually meet our objectives. In Fiscal Year 2007, the Marine Corps achieved 100 percent of the enlisted (regular and reserve) ship mission (accessions). Over 95 percent of our accessions were Tier 1 high school diploma graduates and over 66 percent were in the I-IIIA upper mental group testing categories. In short, we accomplished our recruiting mission achieving the Commandant's standards and exceeding those of the Department of Defense (DoD). To meet the Marine Corps' proposed end strength increase, annual total force accessions missions will steadily grow from 40,863 in Fiscal Year 2007 to over 46,000 in Fiscal Year 2010. Fiscal Year 2008 total force accessions mission is 42,202. As of 1 February 2008, we have shipped (accessed) 12,597 applicants, representing 104 percent of our total force mission fiscal year to date. Although recruiting is fraught with uncertainties, we expect to meet our annual recruiting mission this fiscal year, to include our quality goals. Additionally, we continue to achieve our contracting goals for this fiscal year which ensures we have a population of qualified individuals ready to ship to recruit training as we enter Fiscal Year 2009. Achieving this success, as always, is dependent on your support for our enlistment incentives. We thank you for this support.

Our Officer Selection Teams were also successful in Fiscal Year 2007, accessing 1,844 Second Lieutenants for 101 percent of their assigned mission. In Fiscal Year 2008, we are continuing efforts to increase the population of Officer Candidates and commission second lieutenants commensurate with our force structure and the growth in end strength. To assist our Officer Selection Officers in meeting their Officer accession missions, we have implemented new programs, such as the College Loan Repayment program, in order to attract prospective candidates and remain competitive in this difficult recruiting environment.

For the Reserve Component, the Marine Corps achieved its Fiscal Year 2007 reserve enlisted recruiting goals with the accession of 5,287 non-prior service Marines and 3,591 prior service Marines. As of 1 February 2008, we have accessed 1,484 non-prior service and 1,660 prior service Marines, which reflects 36 percent of our annual mission. Again, we expect to meet our reserve recruiting goals this year. Officer recruiting and retention for our Selected Marine Corps Reserve units is traditionally our greatest challenge. The Officer Candidate Course-Reserve (OCC-R) introduced in 2007 is helping to address this issue, and we anticipate commissioning 50 to 75 second lieutenants in the Reserve this year. Under this program, individuals attend Officer Candidates School, The Basic School, a Military Occupational Specialty school, and return to a reserve unit to serve. When coupled with the selected reserve officer affiliation bonus, we believe we have established a valid method to address the challenge.

Retention

Retention is the other important part of building and sustaining the Marine Corps. As a strong indicator of our forces' morale, the Marine Corps has achieved unprecedented numbers of reenlistments in both the First Term and Career Force. When examining mental, educational and physical components as quality measures, the Center for Naval Analyses found that the first term

force has improved steadily over the last 8 years and the best Marines continue to demonstrate a higher propensity to reenlist than separate. The expanded reenlistment goal, in which we sought to reenlist over 3,700 additional Marines, resulted in the reenlistment of 31 percent of our eligible first term force and 70 percent of our eligible career force — compared to the 22 percent first term and 65 percent career force reenlistments in Fiscal Year 2006. This achievement was key to reaching the first milestone in our end strength increase – 184,000 Marines by the end of Fiscal Year 2007 - while still maintaining quality standards.

For Fiscal Year 2008, our retention goals are even more aggressive to achieve an end strength of 189,000, but we fully expect to meet them. As of 15 February 2008, we have achieved 6,395 First Term Alignment Plan (FTAP) reenlistments, or 69 percent of the 9,507 goal. Equally impressive, we have achieved 7,331 Subsequent Term Alignment Plan (STAP) reenlistments, or 90 percent of the 8,124 goal. Altogether, we have achieved 13,726 total reenlistments, or 78 percent of the combined goals.

Our continuing retention success will be largely attributable to several important, enduring themes. First, Marines are motivated to "stay Marine" because they are doing what they signed up to do — fighting for and protecting our Nation. Second, they understand our culture is one that rewards proven performance and takes care of its own.

There is no doubt that your Marines' leadership and technical skills have rendered them extremely marketable to lucrative civilian employment opportunities. To keep the most qualified Marines, we must maintain Selective Reenlistment Bonus (SRB) funding. In Fiscal Year 2007, the Marine Corps spent over $425M in SRB and Assignment Incentive Pay (AIP) to help achieve our end strength increase. With a reenlistment mission of 17,631 in Fiscal Year 2008 — compared to an historical average of 12,000 — the Marine Corps expects to invest $536M in

reenlistment incentives. This aggressive SRB plan will allow us to retain the right grades and skill sets for our growing force — particularly among key military occupational specialties.

I am happy to report that the Marine Corps continues to achieve our goals for officer retention. We are retaining experienced and high quality officers. Our aggregate officer retention rate was 91 percent for Fiscal Year 2007, which is above our historical average. Current officer retention forecasts indicate healthy continuation rates for the officer force as a whole.

Concerning our reserve force, we satisfied our manpower requirements by retaining 76 percent in Fiscal Year 2007, the sixth consecutive year above our pre-9/11 historic norm of 71 percent. For the current year, reserve officer retention has thus far remained above historical norms. Enlisted reserve retention is currently lower than has been seen in the last two years, and is being monitored very closely. It is important to note that increased opportunity for prior service Marines to return to the active component is affecting reserve retention rates. Additionally, higher planned retention in the active component is reducing the number of personnel transitioning into the Selected Marine Corps Reserve. For these reasons we appreciate the increased reenlistment incentive provided in the Fiscal Year 2008 National Defense Authorization Act.

Marine Corps Reserve

This year marks the seventh year that our reserve component has augmented and reinforced our active component in support of the Long War. Thanks to strong Congressional support, the Marine Corps has staffed, trained, and equipped its Reserve to respond to crises around the world. Our Reserve Component possesses capabilities to fight across the full

spectrum of conflicts to support our Marine Air Ground Task Forces. As of 1 February 2008, there have been 56,275 Reserve activations since 9/11.

The Marine Corps Reserve continues to recruit and retain quality men and women willing to serve in our military and help our nation fight the Long War. These men and women do so while maintaining their commitments to their families, their communities, and their civilian careers. The development of our Long War Force Generation Model has greatly improved our ability to provide our Reserve Marines with advance notification of activation. More than 6,100 Reserve Marines are currently on active duty with nearly 5,000 serving in reserve ground, aviation and combat support units, while over 1,100 serve as individual augments in both Marine Corps and Joint commands. Eighty-four percent of all mobilized Reservists have deployed to the CENTCOM area of operations. To support ongoing mission requirements for Operation Iraqi Freedom (OIF), the Marine Corps Reserve provides approximately 18 percent of our Total Force commitment.

As previously mentioned, recruiting and retention remain a significant interest as the Marine Corps Reserve continues its support for the Long War. The increased flexibility and funding authorizations you provided in the Fiscal Year 2008 National Defense Authorization Act are valuable assets to assist in our recruitment and retention missions; they not only generate greater interest in reserve reenlistment, but also provide financial assistance during the critical period of transition from active duty to reserve service.

Healthcare remains an essential part of mobilization readiness for our reserve component. TRICARE Reserve Select has helped to ensure that our Selected Marine Corps Reserve members, and their families, have access to affordable healthcare. Increased access and

flexibility to healthcare for these families assists in alleviating one of the most burdensome challenges facing families of deploying reserve Marines.

The dedication and Reserve experience provided by our cadre of full-time support personnel has been a key to success in integrating our Total Force. Likewise, our Marine Corps Total Force pay and personnel System (MCTFS) has ensured and continues to provide a seamless continuum of service for our Reserve Marines.

The long-term success and sustainability of our Reserve Forces in both Operational Support and Strategic Reserve roles is directly related to our ability to prepare and employ our forces in ways that best manage limited assets while meeting the expectations and needs of individual Marines and their families. In an effort to ensure a well-balanced total force and address any potential challenges that may arise, we are constantly monitoring current processes and policies, as well as implementing adjustments to the structure and support of our reserve forces.

Civilian Marines

Civilian Marines continue to provide an invaluable service to the Corps as an integral component of our Total Force. With a population of over 30,000 appropriated and non appropriated funded employees and foreign nationals, Civilian Marines work in true partnership with the active duty and play an important role in supporting the mission of the Marine Corps and the Long War. Our vision for the future not only defines what the Marine Corps will offer to, but what it expects from, its Civilian Marines.

The Marine Corps strategy for achieving this vision is detailed in the Civilian Workforce Campaign Plan (CWCP) designed to create, develop, acculturate, reward and maintain an innovative and distinctive Civilian Marine workforce responsible for providing exceptional

support to the Nation's premier expeditionary "Total Force in Readiness." Marine Corps Senior Executives have been charged with overseeing implementation of the CWCP by providing developmental opportunities and career management for assigned communities of interest.

The Marine Corps is also committed to the successful implementation of the National Security Personnel System (NSPS). NSPS will assist us in achieving the goals and objectives of the CWCP by enabling us to better support the warfighter and provide a civilian workforce that is flexible, accountable, and better aligned to the Marine Corps mission. The first group of Marine Corps organizations converted approximately 1,900 general schedule civilian employees to NSPS in January and February 2007, and we just completed this month the conversion of approximately 4,200 more employees across all remaining Marine Corps organizations, including overseas and field activities. We are actively participating with the Department of Defense in the development and implementation of NSPS. Partnering with the Services, we are working to ensure our civilians are provided opportunities for training and support for successful transition to NSPS. Our goal is high operational performance while supporting successful implementation of the system.

Information Technology

Ensuring accurate, timely pay is supported by our continued efforts to transform our manpower processes by leveraging the benefits of the Marine Corps Total Force System (MCTFS), the Department of Defense's only fully integrated personnel, pay, and manpower system. MCTFS seamlessly serves our active, reserve, and retired members; provides total visibility of the mobilization and demobilization of our reserve Marines; and ensures proper and timely payments are made throughout the process. MCTFS provides one system, one record — regardless of an individual's duty status. According to the most recent Defense Finance and

Accounting Service's "Bare Facts" report, MCTFS continues to achieve a pay accuracy rate of over 99 percent for both our Active and Reserve Components. MCTFS has enabled the Marine Corps to move its pay and personnel administration to a predominately self-service, virtually paperless, secure, web-based environment. In Fiscal Year 2007, individual Marines and their leaders leveraged MCTFS' capabilities to process more than 1.6 million paperless transactions.

Taking Care of Our Marines and Our Families

Marines take care of their own – period. Never has this ethos been more relevant than during time of war. As Marines continue to perform magnificently around the globe, serving in harm's way, their dedicated families contribute to mission success by managing the home front. Oftentimes, with their contribution comes great sacrifice. We realize that families are the most brittle part of the deployment equation and it is our moral imperative to ensure Marines and families are provided the right tools to secure their family readiness.

Putting Family Readiness on a Wartime Footing. Last year, at the Commandant's direction, the Marine Corps set out to ensure our family programs have fully transitioned to wartime footing in order to fulfill the promises made to our families. Many of our family and installation support programs underwent rigorous assessments, and actions are underway to refresh, enhance, or improve family support programs in five key areas: unit family readiness programs and Marine Corps Family Team Building, the Exceptional Family Member Program, the School Liaison Officer Program, remote and isolated support, and installation and infrastructure support.

Unit and Installation Family Readiness Programs. Through our assessments, we found that our Marine Corps Family Team Building Program and unit family readiness program, the centerpiece of our family support capability, were based on a peacetime model and 18-month

deployment cycle and largely depended on volunteer support. As our deployment and operational tempo increased, we now know that we overburdened our dedicated volunteers. While our compassionate volunteers performed magnificently, the Marine Corps must take action to establish an appropriate division of labor. This will be accomplished by increased civilian staffing within our programs and the establishment of primary duty family readiness officers at the regiment, group, battalion and squadron levels. We will additionally procure technology to improve outdated processes and reduce manual functionality.

To implement and sustain our identified family readiness program improvements, the Marine Corps budget supports a $30M sustained funding increase. These improvements, currently under aggressive implementation, include:

- Formalizing the role and relationship of family readiness process owners to ensure accountability for family readiness;
- Expanding programs to support the extended family of a Marine (spouse, child, and parents (70 percent of Marines in their first enlistment are unmarried));
- Establishing primary duty billets for Family Readiness Officers (FROs) (84 civilian FROs for Regiment/Group and higher and 302 primary-duty military FRO billets for Battalion/Squadron level;
- Increasing Marine Corps Community Services and Marine Corps Family Team Building installation personnel at bases and stations (we are hiring 138 new full-time staff);
- Enhancing methods of communication between installation programs to better synergize support to individual commands;
- Refocusing and applying technological improvements to our official communication network between commands and families; and

- Developing a standardized, high-quality volunteer management and recognition program.

Warrior Family Support. Optimally, we would like to keep our families at the bases and installations when their Marines are deployed. We have found that families find better support being surrounded by others who understand the nature of deployments and the Marine way of life. Accordingly, the Marine Corps has dedicated $100M in the Fiscal Year 2008 GWOT Supplemental for Warrior Family Support.

At installations across the Marine Corps, to include remote and isolated locations, we are making quality of life program and services upgrades to include child care availability and support, playground equipment, youth sports equipment, fitness center equipment, bike paths, and facility improvements. These enhancements will further promote the sense of community required to form strong bonds among our Marine families that contribute so greatly to readiness.

Exceptional Family Member Program (Respite Care). Parental stress can be heightened for Marine families who are also caring for one or more family member with special needs. To focus on this specific need, the Marine Corps offers our active duty families enrolled in the Exceptional Family Member Program (EFMP) up to 40 hours of free respite care per month for each exceptional family member. This care is intended to provide the caregiver intermittent breaks while giving their family member(s) with special needs a nurturing and developmentally appropriate environment. We also seek to provide a "continuum of care" for our exceptional family members. In this capacity, we are implementing EFMP improvements to provide a continuum of care for EFMs that will ensure appropriate access and availability to medical, educational, and financial services. We will utilize assignment processes to stabilize the family or Marine as necessary. Finally, we will work with federal or state agencies to ensure a continuity of care for EFMs as they relocate and change duty stations.

School Liaison Officers. The education of over 41,000 school age children of Marine Corps parents is a quality of life priority. Our Marine children are as mobile as their military parents. As they relocate from duty stations, they encounter academic and extra curricular differences that directly impact learning and development achievement. To address these education challenges, we are establishing a School Liaison Officer capability at every Marine Corps Installation to help parents and commanders interact with local schools and help resolve education transition issues. This issue is especially important to our EFMs. Working with commanding officers, Marines, and families, our School Liaison Officers will seek to optimize the educational experience of elementary, middle, and high school students.

Our intent for all family support programs is to build trust between the Marine Corps and our families, enable and empower Marines and their families to advocate and seek help as need from support programs available at installations and through on-line technology, and ensure a continuum of care through the lifecycle of a Marine and his mission, career and life events.

Remote and Isolated Support. We are additionally taking action to improve quality of life at remote and isolated installations that need infrastructure or expanded programs to appropriately sustain Marines and their families. Actions underway include updating programs and services to appropriately support the needs of our Millennial Generation Marines and families who have experienced multiple deployments. We plan to conduct focus groups at installations across the Marine Corps to target these "Generation Y" Marines and families to determine their specific support requirements, particularly in view of the operational tempo. We will use the results to ensure that our program transformation meets the needs of the future leaders of your Marine Corps and generations of Marines and their families to come.

Once fully implemented, the recommendations will yield an extensive network of revitalized family support programs to sustain Marines into the future. Moreover, the enhanced family readiness programs will better empower Marines and families to effectively meet the challenges of and thrive in today's military lifestyle.

Combat Operational Stress Control. Marines train to fight. Their training includes preparedness that hardens them physically and instills mental readiness for the stressors of battle. Commanders bear primary responsibility for Combat Operational Stress Control (COSC) in the Marine Corps. They also bear responsibility for leading and training tough, resilient Marines and Sailors, and for maintaining strong, cohesive units. We teach commanders to detect stress problems in warfighters and family members as early as possible, and to effectively manage these stress problems anywhere they occur – in theater or at home.

At the center of our COSC Program is a combat/operational stress continuum model, recommended by our Marine Expeditionary Forces Commanding Generals, that indicates that stress responses and outcomes occur on a continuum, from stress coping and readiness at one end of the spectrum, to stress injuries and illnesses at the other end. These stress responses are color-coded as green (for "Ready"), yellow (for "Reacting"), orange (for "Injured"), and red (for "Ill"). Marine leaders promote green-zone resiliency and mental readiness in their Marines, Sailors, and families, and this is done primarily through training, leadership, and unit and family cohesion. Training and education in COSC knowledge, skills, and attitudes is a priority not only for units preparing to deploy, but throughout deployment cycles, as well as in formal career schools for all Marines.

We also continue our collaboration with sister Services, the Department of Veterans Affairs' National Center for Post-Traumatic Stress Disorder, and external agencies to determine best practices to better support Marines and their families.

Casualty Assistance. Your Marines proudly assume the dangerous but necessary work of serving our Nation. They selflessly accept their mission and perform magnificently around the globe. Some Marines have paid the ultimate price, and we continue to honor them as heroes who contributed so much to our country. Our casualty assistance program has and continues to evolve to ensure the families of our fallen Marines are always treated with the utmost compassion, dignity, and honor. Our trained Casualty Assistance Calls Officers provide the families of our fallen Marines assistance to facilitate their transition through the stages of grief.

Last year, Congressional hearings and inquiries into casualty next of kin notification processes revealed deficiencies in three key and interrelated casualty processes: command casualty reporting, command casualty inquiry and investigation, and next of kin notification. These process failures were unacceptable. As soon as we discovered these process failures, we ordered an investigation by the Inspector General of the Marine Corps and directed remedial action to include issuing new guidance to commanders — reemphasizing existing investigation and reporting requirements and the importance of tight links between these two systems to properly serve Marines and their families. Additionally, effective December 2007, the Headquarters Marine Corps Casualty Section assumed responsibility for telephonic notification of the next of kin of injured/ill Marines from the commands. The Casualty Section is available 24/7 to provide status updates and support to family members. The Marine Corps will continue to monitor our processes, making every effort to preclude any future errors and ensure Marines and families receive timely and accurate information relating to their Marine's death or injury.

Wounded Warrior Regiment

In April 2007, the Wounded Warrior Regiment was activated to achieve unity of command and effort in order to develop a comprehensive and integrated approach to Wounded Warrior care. The establishment of the Regiment reflects our deep commitment to the welfare of our wounded, ill, and injured. The mission of the Regiment is to provide and facilitate assistance to wounded, ill, and injured Marines, Sailors attached to or in support of Marine units, and their family members, throughout all phases of recovery. The Regiment provides non-medical case management, benefit information and assistance, and transition support. We use "a single process" that supports active duty, reserve, and separated personnel and is all inclusive for resources, referrals, and information.

There are two Wounded Warrior Battalions headquartered at Camp Lejeune, North Carolina, and Camp Pendleton, California. The Battalions include liaison teams at major military medical treatment facilities, Department of Veterans Affairs Poly-trauma Centers and Marine Corps Base Naval Hospitals. The Battalions work closely with our warfighting units to ensure our wounded, ill and injured are cared for and continue to maintain the proud tradition that "Marines take care of their own."

The Regiment is constantly assessing how to improve the services it provides to our wounded, ill, and injured. Major initiatives of the Regiment include a Job Transition Cell manned by Marines and representatives of the Departments of Labor and Veterans Affairs. The Regiment has also established a Wounded Warrior Call Center for 24/7 support. The Call Center both receives incoming calls from Marines and family members who have questions and makes outreach calls to the almost 9,000 wounded Marines who have left active service. A Charitable Organization Cell was created to facilitate linking additional wounded warrior needs with

charitable organizations that can provide support. Additionally, the Regiment has strengthened its liaison presence at the Department of Veterans Affairs Headquarters. These are just some of the initiatives that reflect your Corps' enduring commitment to the well-being of our Marines and Sailors suffering the physical and emotional effects of their sacrifices for our great Nation.

Thank you for your personal and legislative support on behalf of our wounded warriors. Your personal visits to them in the hospital wards where they recover and the bases where they live is sincerely appreciated by them and their families. Your new Wounded Warrior Hiring Initiative to employ wounded warriors in the House and Senate demonstrates your commitment to and support of their future well-being. We are grateful to this Congress for the many wounded warrior initiatives in the 2008 National Defense Authorization Act. This landmark legislation will significantly improve the quality of their lives and demonstrates the enduring gratitude of this Nation for their personal sacrifices. I am hopeful that future initiatives will continue to build upon your great efforts and further benefit the brave men and women, along with their families, who bear the burden of defending this great country.

We are at the beginning of a sustained commitment to care and support our wounded, ill and injured. As our Wounded Warrior Program matures, additional requirements will become evident. Your continued support of new legislation is essential to ensure our Wounded Warriors have the resources and opportunities for full and independent lives.

Conclusion

As we continue to fight the Long War, our Services will be required to meet many commitments, both at home and abroad. We must remember that Marines, sailors, airmen, and soldiers are the heart of our Services – they are our most precious assets – and we must continue to attract and retain the best and brightest into our ranks. Personnel costs are a major portion of

both the Department of Defense and Service budgets, and our challenge is to effectively and properly balance personnel, readiness, and modernization costs to provide mission capable forces.

Marines are proud of what they do! They are proud of the "Eagle, Globe, and Anchor" and what it represents to our country. It is our job to provide for them the leadership, resources, quality of life, and moral guidance to carry our proud Corps forward. With your support, a vibrant Marine Corps will continue to meet our nation's call!

Thank you for the opportunity to present this testimony.

WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING

FEBRUARY 26, 2008

RESPONSE TO QUESTION SUBMITTED BY DR. SNYDER

General NEWTON. We hear from some of our field activities that financial projections for FY08 and beyond are causing hard choices. To meet some of our budget constraints, we have taken steps to close or consolidate some fitness facilities or reduce their hours of operation. We've reduced services and hours of operation in some dining facilities, and reduced services, materials and hours in some libraries. We have taken a deliberate approach to these reductions, to minimize the impact as much as possible to both home station and deployed quality of life programs for our Airmen and their families.

The Air Force has made "Taking Care of Our People" one of its top three priorities, with emphasis on ensuring the highest quality of life standards. In an October 2007 survey, 96 percent of Airmen agreed quality of life is an important enabler for their success in combat, and 67 percent believed the Air Force is committed to quality of life. As such, we know that community support programs that support both married and single Total Force Airmen will need to become more agile and capable to keep pace with a smaller Air Force that is transforming. We will continue to capitalize on the ingenuity of our Airmen and commanders to find more innovative ways to support our people. [See page 35.]

RESPONSE TO QUESTION SUBMITTED BY MS. SHEA-PORTER

Dr. CHU. The following table depicts the number and percentage of enlistments with conduct (moral) waivers for Fiscal Years 2006 and 2007: [See table next two pages.]

Distribution of Waivers by Reason for Waiver (see notes below)				
Waiver Type	Number of Waivers		Percent of Waivers	
	FY 2006	FY 2007	FY 2006	FY 2007
DoD				
Aptitude	27	21	0.10%	0.00%
Medical	11,386	12,545	24.80%	24.50%
Conduct	30,695	33,050	67.00%	64.70%
Other	3,727	5,496	8.10%	10.80%
Total	45,835	51,112	100.00%	100.00%
Army				
Aptitude	0	0	0.00%	0.00%
Medical	4,501	4,962	33.25%	29.14%
Conduct	8,129	10,258	60.05%	60.23%
Other	906	1,810	6.69%	10.63%
Total	13,536	17,030	100.00%	100.00%
Marine Corps				
Aptitude	0	0	0.00%	0.00%
Medical	5,308	5,759	23.75%	24.77%
Conduct	16,969	17,413	75.92%	74.88%
Other	74	82	0.33%	0.35%
Total	22,351	23254	100.00%	100.00%
Navy				
Aptitude	10	9	0.10%	0.11%
Medical	1,451	1,712	19.80%	20.75%
Conduct	3,502	3,288	47.80%	39.86%
Other	2,367	3,240	32.30%	39.28%
Total	7,330	8,249	100.00%	100.00%

Distribution of Waivers by Reason for Waiver (see notes below)				
Waiver Type	Number of Waivers		Percent of Waivers	
	FY 2006	FY 2007	FY 2006	FY 2007
[illegible]				
Air Force				
Aptitude	17	12	0.65%	0.47%
Medical	126	112	4.81%	4.34%
Conduct	2,095	2,091	80.02%	81.08%
Other	380	364	14.51%	14.11%
Total	2,618	2,579	100.00%	100.00%

Data through September 30, 2007

1. Number of waivers may exceed "Accessions with Waivers" (in Table 1) due to individuals receiving multiple waivers
2. Comparing waivers across Services may be misleading because waiver requirements are applied against Service-specific standards, which vary
3. The Armed Services Vocational Aptitude Battery, used in Aptitude Waivers, was renormed in FY2005
4. Marine Corps data for 2006 has changed from previous reports—data previously included Reserve data
5. Changes in the collection and reporting of Conduct Waiver data in June 2007 may make comparisons to previous years unreliable

[See page 22.]

RESPONSE TO QUESTION SUBMITTED BY MR. JONES

Dr. CHU. The 24th Marine Expeditionary Unit and the 2nd Battalion, 7th Marines are deploying to Afghanistan to meet U.S. Central Command's requirement for additional forces. Approximately 3,175 Marines will make this deployment. The chart below depicts the deployment history of the Marines that comprise these units:

USMC Personnel Deploying In Support of OEF					
	Times Deployed				Total
	0	1	2	3+	
Marines	1392	1194	492	97	3175
Percentage	44%	38%	15%	3%	100%

The dwell time, or number of days these Marines have had at home between deployments, is plotted as a graph on the attached [next] page. The graph depicts the number of days in dwell versus the number of days deployed for each Marine, with each blue diamond representing one Marine. The red line indicates the 1:1 dwell ratio, meaning that for each day deployed there has been an equal amount of time at home. The green line represents the Department's goal, which is a 1:2 dwell ratio, meaning that for each day deployed, twice as many days were spent at home. The points left of these lines represent those Marines deploying at less than the 1:1 or 1:2 deployment to dwell ratio. Those points right of the lines represent those Marines deploying at greater than the 1:1 or 1:2 deployment to dwell ratio. [See page 30.]

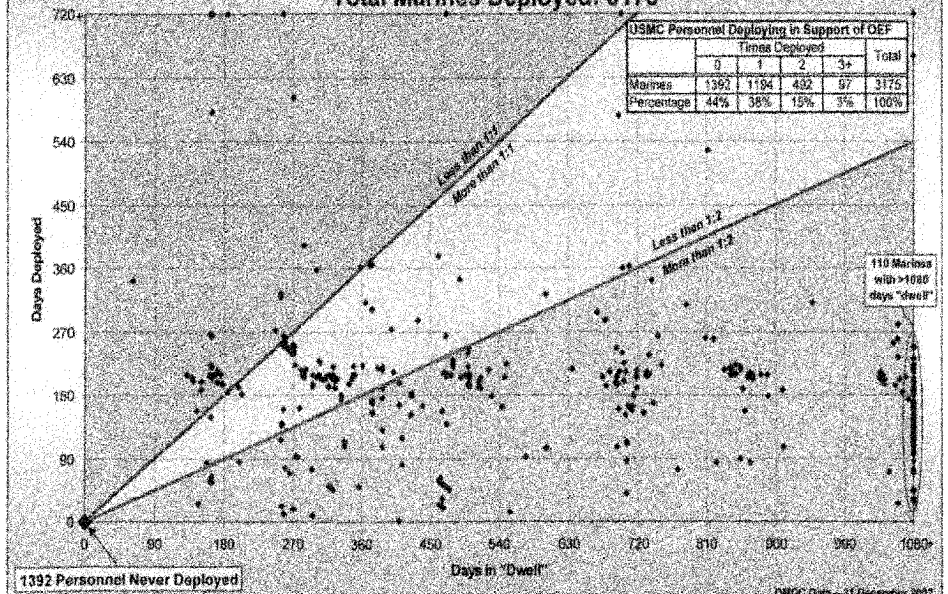
Office of the Secretary of Defense

24th MEU & 2nd Bn, 7th Marines

OEF USMC Personnel Deployment Data

Total Marines Deployed: 3175

USMC Personnel Deploying in Support of OEF					
	Times Deployed				Total
	0	1	2	3+	
Marines	1392	1184	492	97	3175
Percentage	44%	38%	15%	3%	100%



RFF 620 MOD 2 - 24th MEU & RFF 625 – 2d Bn, 7th Marines

DMDC Data – 31 December 2007
Projected to 29 February 2008

OUSD (Personnel and Readiness)

1

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

FEBRUARY 26, 2008

QUESTIONS SUBMITTED BY DR. SNYDER

Dr. SNYDER. Dr. Chu, in your testimony before the subcommittee you claimed there was evidence suggesting that recruited personnel receiving moral waivers were marginally higher performers than those who did not require waivers. Please provide the subcommittee with whatever evidence you have supporting this assertion.

Dr. CHU. In November 2007, the Army analyzed the behavior of nearly 18,000 soldiers recruited between 2003 and 2006 (6.5% of all non-prior service accessions), who were granted a conduct waiver, and compared them to those enlisted without a conduct waiver. The Army found the following:

- Recruits with conduct waivers reenlisted at a somewhat higher rate than their non-conduct waiver peers
- The waived population was promoted to E–5 faster (four months on average) than the non-waived population in the one specialty studied (Infantry—11B)
- The conduct waiver population had a higher ratio of valorous awards
- The conduct waiver population was higher quality than the non-conduct waiver population:
  - 87% versus 84% High School Diploma Graduates
  - 69% versus 65% scoring in the upper half of the Armed Forces Qualification Test (AFQT) I–IIIA
  - 0.8% versus 2.3% scoring in the lowest acceptable category, AFQT IV (well below the 20 percent of accessions as stipulated by the Congress)

Additionally, the Department commissioned research in 2004 to examine the relationship between moral character waivers and performance (attrition). While individuals who received a moral character waiver were more likely to be separated within the first 18 months of service than those who did not require a review, we also consistently found that, across the Services, attrition rates among individuals who had waivers approved at the highest authority levels (such as Recruiting Command Headquarters), were not significantly different than rates for individuals without moral character waivers. In other words, individuals who were closely scrutinized by senior officers (this would typically be individuals who needed a waiver for a prior serious conviction) and were granted a waiver, performed like those who did not require a review of their records.

Further, in order to compensate for needing a waiver, the Services often require that those individuals are high school graduates with above average scores on the AFQT. We know from other research that individuals with high AFQT scores perform better in training and on the job than individuals with lower scores.

QUESTIONS SUBMITTED BY MRS. DAVIS

Mrs. DAVIS. Dr. Chu, member associations of the Military Coalition and other veteran groups are calling for the housing authorization standards to be revised so that mid-grade and senior enlisted members may be paid basic allowance for housing (BAH) at rates that will support three bedroom single family residences. Have we reached a point where the Congress should consider changing the housing standards for mid-grade and senior enlisted service members?

Dr. CHU. The Department of Defense's 10th Quadrennial Review of Military Compensation (10th QRMC) is assessing the effectiveness of military pay and benefits in recruiting and retaining a high-quality force. In 2007, the 10th QRMC revalidated housing standards for all pay grades, including mid-grade and senior enlisted, and found that the BAH rates were within 10 percent of predicted housing expenditures for members with dependents. The 10th QRMC did not recommend any changes to the housing standards.

Mrs. DAVIS. The budget request for fiscal year 2009 provides all military personnel with a 3.4 percent across-the-board pay raise. If the 3.4 percent pay raise is adopted, fiscal year 2009 will be the first year since fiscal year 1999 that the mili-

tary pay raise has not been at least .5 percent above the level of private sector pay raises as measured by the ECI. Given that the 3.4 percent pay raise being proposed does not provide a pay raise that is greater than increases in the private sector for the first time in nine years, is this raise sufficient to recognize the stress currently being placed on the military members and their families?

Dr. CHU. The 3.4 percent basic military pay raise, equal to the increase in the ECI, keeps us competitive with the private sector, and is part of the Department of Defense's commitment to provide a secure standard of living for our most important investment—all of those who serve in uniform. The average military pay increased 32% during President Bush's Administration,[1] compared to an average increase of 24% in private sector wages and salaries, as measured by the ECI. Targeted raises throughout the Administration fully closed the pay gap as identified by the 9th Quadrennial Review of Military Compensation (QRMC). The final targeted raise in April 2007 also extended the pay table to 40 years of service, providing additional reward and incentive for longer service.

Instead of basic pay raises exceeding the ECI, the Department prefers the capability to target compensation for members who are at the greatest risk of leaving service and/or those in critical skill areas where we have the greatest need to improve retention. We prefer that any additional money go into the discretionary special and incentive pays such as Hardship Duty Pay, retention bonuses, or other allowances that can be specifically target for desired effects.

Mrs. DAVIS. Fiscal Year 2007 was the third consecutive year that the active Army had failed to achieve its recruit contract goal. Given that the active Army Delayed Entry Program (DEP) was at 9 percent at the beginning of fiscal year 2008, what is being done to improve the Army's recruit contract performance and make the DEP a useful tool?

General ROCHELLE. For the past two years, the Army has achieved its Active Component Recruiting Mission of 80,000 and is on track to succeed this year despite experiencing Entry Pool Levels of 12.4%, 15.1% and 9.2% respectively for FY 2006, 2007, and 2008. While recruit contract achievement is important, the bottom-line measure of success for Army recruiting remains accessions and the Army continues to meet this mark. Entry pool levels less than 20% increase the risk of mission accomplishment and the optimal entry pool size is 35% or greater; however, recruiting success is determined by the number of new Soldiers serving in unit formations—not the number enrolled in the Future Soldier Training Program.

The Future Soldier Training Program (FSTP), the Active Component's DEP, remains a useful tool despite its reduced size in recent years. The Army is adjusting policies and resources (e.g., increasing the size of the recruiter force, funding enhanced media outreach at both the national and local level, increasing funding of enlistment incentive programs, etc.) to ensure mission success and improve future DEP numbers. Additionally, the Army began offering the Deferred Ship Bonus—$1000.00 for each month in the FSTP paid upon completion of initial entry training—to high school seniors who enlist during the academic year and ship to training after graduating. The intent of the incentive program is to increase both the size of the entry pool and the Tier I (i.e., high school diploma and post secondary degree) recruit quality mark percentage.

Mrs. DAVIS. Of the three components of the Army, only the Army Reserve failed to achieve its end strength objective for fiscal year 2007. The Army Reserve was 10,118 short of its end strength. What is the Army doing to bring the Army Reserve end strength up to authorized levels?

General ROCHELLE. The Army Reserve continually evaluates initiatives and develops new programs in an effort to meet congressionally mandated end strength.

In fiscal year 2007, the Army Reserve implemented several initiatives to help boost its lagging end strength. At the forefront of the Army Reserve's programs was implementation of a community-based recruiting initiative called the Army Reserve-Recruiting Assistance Program (AR-RAP). AR-RAP pays a $2,000 bonus for referring other people who enlist in the Army Reserve. Fiscal year to date, the Army Reserve has 49,939 active recruiting assistants who have accessed 1,299 new Soldiers. Further, fiscal year to date, the Army Reserve retained 738 Soldiers as part of an education stabilization program and 461 captains with its Critical Skills Retention Bonus (CSRB) program. The Army Reserve also gained 475 Soldiers from the Active Component and Individual Ready Reserve with an affiliation bonus and/or 24 month stabilization from deployment.

The Army Reserve shares its recruiting mission among multiple agencies: Army Reserve Career Division, Human Resources Command and United States Army Ac-

[1] Beginning with the 6.9% pay raise on January 1, 2002. This does not include the 0.4% raise of July 1, 2001.

cessions Command. In fiscal year 2008, due to multi-agency efforts and the previous year's initiatives, the Army Reserve is realizing recruiting and retention successes. Army Reserve recruiting is currently at 102.7% of its year to date mission accomplishment. As of 7 Apr 08, the Army Reserve has seen a net gain of 5,234 Soldiers during the fiscal year. Finally, retention rates for the Army Reserve are trending ahead of projections.

Mrs. DAVIS. The budget request for fiscal year 2009 provides all military personnel with a 3.4 percent across-the-board pay raise. If the 3.4 percent pay raise is adopted, fiscal year 2009 will be the first year since fiscal year 1999 that the military pay raise has not been at least .5 percent above the level of private sector pay raises as measured by the ECI. Given that the 3.4 percent pay raise being proposed does not provide a pay raise that is greater than increases in the private sector for the first time in nine years, is this raise sufficient to recognize the stress currently being placed on the military members and their families?

General ROCHELLE. The across-the-board pay raise proposed in the President's budget is sufficient to meet our overall recruiting and retention goals. During the 9th Quadrennial Review of Military Compensation in 2004, the Department of Defense set a goal to adjust military salary to the 70th percentile when compared to similar civilian careers. We believe this goal has been achieved and now must be maintained. The 3.4 percent raise will outpace the ECI. There are other monetary/non-monetary benefits that are used to account for time in combat and shortage skills. The Army uses specific special and incentive pays to target those critical skills where we are experiencing recruiting and retention challenges, rather than raising the pay of the entire force. This is the most cost-efficient method to address our critical shortages.

Mrs. DAVIS. Three active components—Navy, Air Force, and Marine Corps—have all experienced some retention challenges within their enlisted force. The Air Force has struggled with mid-career retention for years and failed to achieve its mid-career retention objective during fiscal year 2007. During the first four months of fiscal year 2008, new challenges have appeared in the rates for first term (87%) and career (89%) reenlistments. Your service has experienced periodic difficulty meeting enlisted retention objectives that are continuing during fiscal year 2008. Although they are admittedly not significant, why does it appear to be so difficult to get these problems under control? What are your plans and have you increased retention bonuses to meet these challenges?

General NEWTON. For background, the Air Force enjoyed extremely high retention at the start of Operation Iraqi Freedom (Mar 2003) due to the swell of patriotism, temporary implementation of Stop-Loss, and a massive influx of reenlistment bonus dollars. Five years later we find that those individuals have now completed their initial commitments, are coming off initial selective reenlistment bonus contracts, are facing increased workload at home station (due to deployed airmen), have spent multiple tours deployed themselves, and are facing downsizing. These are but a few of the challenges we face in the retention business.

That said, the Air Force has met or exceeded its retention goals for Zones A (17 mo. to 6 years), B (6 to 10 years), and Zone C (10 to 14 years) from FY 2002 through March 2007. From April 2007 to December 2007 the Air Force experienced a slight downward trend in Zones B and C during which retention fell below both goal and historical average. This slight decrease in retention is not problematic as the Air Force will continue to downsize its personnel in FY09. Since December 2007, retention has stabilized but remains below goal. Note that current retention rates are holding steady at levels equal to or higher than pre-GWOT retention rates. To help arrest the downward trend in retention (as we foresee stabilizing our endstrength in the outyears), the Air Force has secured a $61.4M plus up in its Selective Reenlistment Bonus (SRB) initial pays budget for FY09. This will first be applied to our critical warfighting skills to ensure we meet our GWOT obligations.

Mrs. DAVIS. Why has the Air Force allowed these retention problems to reoccur year after year without apparently being able to find a solution?

General NEWTON. Actually, retention has not been a longstanding problem for the Air Force.

The Air Force has met or exceeded its retention goals for Zones A (17 mo. to 6 years), B (6 to 10 years), and Zone C (10 to 14 years) from FY 2002 through March 2007. From April 2007 to December 2007 the Air Force experienced a slight downward trend in Zones B and C during which retention fell below both goal and historical average. This slight decrease in retention is not problematic as the Air Force will continue to downsize its personnel in FY09. Since December 2007, retention has stabilized but remains below goal. Note that current retention rates are holding steady at levels equal to or higher than pre-GWOT retention rates. To help arrest the downward trend in retention (as we foresee stabilizing our endstrength in the

outyears), the Air Force has secured a $61.4M plus up in its Selective Reenlistment Bonus (SRB) initial pays budget for FY09. This will first be applied to our critical warfighting skills to ensure we meet our GWOT obligations.

Mrs. DAVIS. The budget request for fiscal year 2009 provides all military personnel with a 3.4 percent across-the-board pay raise. If the 3.4 percent pay raise is adopted, fiscal year 2009 will be the first year since fiscal year 1999 that the military pay raise has not been at least .5 percent above the level of private sector pay raises as measured by the ECI. Given that the 3.4 percent pay raise being proposed does not provide a pay raise that is greater than increases in the private sector for the first time in nine years, is this raise sufficient to recognize the stress currently being placed on the military members and their families?

General NEWTON. No, this raise is not sufficient to recognize the stress currently being placed on the military members and their families. However, aside from direct compensation to offset stress, there are indirect means that the Air Force uses to help to relieve stress. The availability of Child Care Centers, Airmen and Family Readiness Centers, Morale, Welfare and Recreation activities and other support systems on base offer some relief to military members who are balancing the demands of service, family, and home.

Mrs. DAVIS. Three active components—Navy, Air Force, and Marine Corps—have all experienced some retention challenges within their enlisted force. The Marine Corps, for the first time in recent memory, showed some weakness in initial term retention during fiscal year 2007 (92%). Although the career number as reported by DOD appears strong at 129 percent, a more detailed examination indicates that second term reenlistments were also short (85%). Your service had experienced periodic difficulty meeting enlisted retention objectives that are continuing during fiscal year 2008. Although they are admittedly not significant, why does it appear to be so difficult to get these problems under control? What are your plans and have you increased retention bonuses to meet these challenges?

General COLEMAN. The challenge of achieving retention is mainly due to the rapid growth in end strength and the eligible reenlistment populations. As Marines' contracts are on average four years, the current eligible population enlisted four years ago in support of a 175,000 strength Marine Corps. The quick ramp up of end strength requires a greater number of reenlistments from these low eligible populations. To achieve these higher reenlistment percentages, the total retention bonus budget has been increased nearly tenfold since 2005, and the number of occupations eligible in both the first term and career force has been increased.

Mrs. DAVIS. Why does the Marine Corps continue to report a combined total for mid-career and career enlisted retention when an existing mid-career enlisted retention problem might benefit from more exposure and closer management attention?

General COLEMAN. Although the Marine Corps accounts for mid-career and career reenlistments under a combined total, close attention is paid to the mid-career. Since 2005, retention bonus plans have placed increased focus on mid-career retention, and in 2007 internal goals were established for the mid-career. The rationale behind the combined total is a result of the founding of the Subsequent Term Alignment Plan (STAP) in fiscal year 2002. The primary focus at that time was in fact on mid-career reenlistments due to a decrease in retention around 8 years of service. At that time, more emphasis was put on mid-career retention bonuses. Over the next few years, STAP increased to provide additional focus on career force retention around 12 years of service, although only a few occupations in the career force. In 2007 and 2008, there was a robust retention bonus plan for both the mid-career and career forces.

Mrs. DAVIS. The budget request for fiscal year 2009 provides all military personnel with a 3.4 percent across-the-board pay raise. If the 3.4 percent pay raise is adopted, fiscal year 2009 will be the first year since fiscal year 1999 that the military pay raise has not been at least .5 percent above the level of private sector pay raises as measured by the ECI. Given that the 3.4 percent pay raise being proposed does not provide a pay raise that is greater than increases in the private sector for the first time in nine years, is this raise sufficient to recognize the stress currently being placed on the military members and their families?

General COLEMAN. The "gap" compares increases in basic pay to increases in the Employment Cost Index since 1982. The Congressional Budget Office, the Office of Management and Budget, and the Department of Defense all argue that this "gap" measure is faulty and, when measured appropriately, disappears. The Ninth Quadrennial Review of Military Compensation argued that the appropriate measure of the adequacy of regular military compensation (RMC) is the 70th percentile. (When RMC reaches the 70th percentile of private-sector pay, RMC is higher than the pay of seven in ten private-sector workers and lower than the pay for three in ten private-sector workers.) Targeted pay raises from 2001 to 2007 achieved this percentile

objective as RMC is now at or greater than the 70th percentile for all military members. In addition, basic pay does not include housing or subsistence allowances. If we incorporate the growth in the Basic Allowance for Housing and Basic Allowance for Subsistence into the measure (and compare the increase since 1982 in Basic Pay, Basic Allowance for Housing and Basic Allowance for Subsistence), we actually find a .5 percent "surplus" and hence no gap.

Mrs. DAVIS. Three active components—Navy, Air Force, and Marine Corps—have all experienced some retention challenges within their enlisted force. The Marine Corps, for the first time in recent memory, showed some weakness in initial term retention during fiscal year 2007 (92%). Although the career number as reported by DOD appears strong at 129 percent, a more detailed examination indicates that second term reenlistments were also short (85%). Your service had experienced periodic difficulty meeting enlisted retention objectives that are continuing during fiscal year 2008. Although they are admittedly not significant, why does it appear to be so difficult to get these problems under control? What are your plans and have you increased retention bonuses to meet these challenges?

Admiral HARVEY. The war on terrorism, Individual Augmentation assignments and an increased sea/shore ratio do create a challenging retention environment, which we continue to monitor closely. Our assessment of Navy's retention posture is that it remains strong and supports our end strength requirements. The Navy attained 98 percent of the fiscal year 2007 numeric reenlistment goal for Zone A (0–6 years) and exceeded both the Zone B (6–10 years) and Zone C (10–14 years) numeric reenlistment goals. The Navy attained at least 96 percent of the numeric reenlistment goals in each of the three zones during the first five months of fiscal year 2008.

Quality of Service for Sailors and their families remains a top priority as we continue to focus on providing adequate pay, health care, housing, proper work environments, and career-long training and education opportunities for our Sailors. The Navy uses specifically targeted retention bonuses, for example, our Selective Reenlistment Bonuses and Critical Skills Retention Bonuses, which provide us with some flexibility in retaining certain critical skills. In addition, we incentivize Sailors to 'Stay Navy' and volunteer for sea duty and other assignments with Sea Duty Incentive Pay and Assignment Incentive Pay among other pays and incentives.

Mrs. DAVIS. Why does the Marine Corps continue to report a combined total for mid-career and career enlisted retention when an existing mid-career enlisted retention problem might benefit from more exposure and closer management attention?

Admiral HARVEY. The Navy closely monitors progress toward established enlisted reenlistment goals in Zone A (0–6 years), Zone B (6–10 years), and Zone C (10–14 years). Zones B and C allow management attention for both mid-career and career enlisted Sailors. The Navy does not set reenlistment goals for Sailors beyond 14 years of service as their reenlistment rates have been greater than 96 percent during recent years.

Mrs. DAVIS. The budget request for fiscal year 2009 provides all military personnel with a 3.4 percent across-the-board pay raise. If the 3.4 percent pay raise is adopted, fiscal year 2009 will be the first year since fiscal year 1999 that the military pay raise has not been at least .5 percent above the level of private sector pay raises as measured by the ECI. Given that the 3.4 percent pay raise being proposed does not provide a pay raise that is greater than increases in the private sector for the first time in nine years, is this raise sufficient to recognize the stress currently being placed on the military members and their families?

Admiral HARVEY. The 3.4 percent across-the-board pay raise requested in the President's budget ensures basic pay remains competitive with civilian wage growth. It is equal to the amount required by law, matches earnings increase in the private sector, as measured by the Employment Cost Index (ECI), and is sufficient to meet the overall needs of the Navy.

Since 2001, as a direct result of the sustained efforts of the Congress and the Department of Defense, average basic pay has increased 32 percent. Through these efforts, in 2007, the Department achieved its goal of establishing pay equal to, or greater than, the 70th percentile of private sector pay for those of comparable age, education and experience. We continue to support pay raises that keep pace with the private sector. As compensation strategies must be flexible and adaptable to changing service needs and employment market conditions, the targeted use of bonuses and special pays remains a complementary, yet essential, tool in overcoming recruiting and retention challenges in career fields designated as critical skills.

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