

**Prepared Statement**  
**of**  
**The Honorable David S. C. Chu**  
**Under Secretary of Defense (Personnel and Readiness)**  
**Before the**  
**House Armed Services**  
**Subcommittee on Military Personnel**  
**“Overview of Recruiting and Retention”**  
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## **INTRODUCTION**

Mr. Chairman and members of this distinguished Subcommittee, thank you for the opportunity to be here today.

Recruiting and retention remain solid, despite a difficult recruiting market. Today, I will review with you the current status of military recruiting and retention and discuss some of the current initiatives we are working with the Services to address the challenges. We gratefully acknowledge the Subcommittee's support during these challenging times to facilitate our success in both recruiting and retention.

When we face challenges, we carefully monitor the situation and take measures to resolve problems. We continually review compensation packages to ensure that they are fair and equitable. We are committed to a competitive pay and allowances package.

### **Active Duty Recruiting and Retention**

The success of our all volunteer force begins with recruiting, and the viability of the force is assured with successful retention. An improving economy, lower support from influencers to recommend service, increased Army and Marine Corps recruiting goals, and high operations tempo continue to challenge our ability to recruit.

### **Active Duty Recruiting**

During FY 2006, the military Services recruited 167,909 first-term enlistees and an additional 12,631 individuals with previous military service into their active duty components, for a total of 180,540 active duty recruits, attaining over 100% of the DoD goal of 179,707 accessions.

While meeting our quantitative goals is important, we also need to have the right mix of 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. We typically report recruit quality along two dimensions – aptitude and educational achievement. Both are important, but for different reasons.

All military applicants take a written enlistment test called 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-III A. We value these higher-aptitude recruits because they absorb training lessons and perform better on the job than their lower-scoring peers (Categories III B-IV). These category groupings describe a range <sup>1</sup> of percentiles, with Category I-III A describing the top half of American youth in math and verbal aptitudes.

We also value recruits with a high school diploma because they are more likely to complete their initial three years of service. About 80 percent of recruits who have received a traditional high school diploma complete their first three years, yet only about 50 percent of those who have not completed high school will make it. Those holding an alternative credential, such as a high school equivalency or a General Educational Development (GED) certificate, fall between those two extremes.

In conjunction with the National Academy of Sciences, the Department developed an optimizing model that links educational attainment, aptitude, and recruiting resources to job performance. With this model we established recruit quality benchmarks of 90

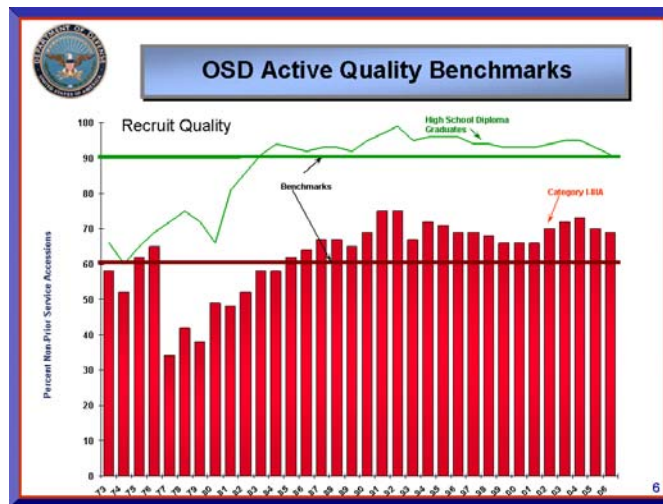
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<sup>1</sup> AFQT (Math-Verbal) Percentile: I (93-99); II (65-92); III A (50-64); III B (31-49); IV (10-30)

percent high school diploma graduates and 60 percent scoring above average on the AFQT. Those benchmarks were set by examining the relationship between 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 twenty years, the military Services have met or exceeded the Department’s benchmarks for quality active duty recruits (Figure1). The quality of new

**Figure 1. DoD Quality 1973-2006**



active duty recruits remained high in FY 2006. DoD-wide, 91% of new active duty recruits were high school diploma graduates (against the goal of 90%). This compares favorably to the national average in which only about 80% graduate from high school. On the Armed Forces Qualification Test, 69% are drawn from the top half of America's youth (versus a desired minimum of 60%).

Through January, FY 2007 all Services have met or exceeded numerical recruiting objectives for the active force. Army achieved 22,213 of its 20,350 recruiting

goal, for a 109% year-to-date accomplishment (Table 1). The active Army did miss one of its quality benchmarks, falling short of recruits with a High School Diploma.

Although the Army is slightly below the desired number of recruits scoring at or above the 50<sup>th</sup> percentile on the AFQT, we look for the Army to achieve the DoD benchmark by the end of FY 2007.

**Table 1. FY 2007 Active Duty Enlisted Recruiting Through January**

Active Duty Enlisted Recruiting (Through January)	Quantity			Quality	
	Accessions	Goal	% of Goal	% High School Diploma Graduate (HSDG); <i>DoD Benchmark = 90%</i>	% Scoring at / above 50th Percentile on AFQT (Categories I-III A); <i>DoD Benchmark = 60%</i>
Army	22,213	20,350	<b>109.2%</b>	80.4%	<b>58.2%</b>
Navy	10,198	10,198	<b>100.0%</b>	93.0%	<b>72.4%</b>
Marine Corps	9,902	9,661	<b>102.5%</b>	94.7%	<b>66.9%</b>
Air Force	9,038	9,038	<b>100.0%</b>	98.0%	<b>79.4%</b>
<b>Total</b>	<b>51,351</b>	<b>49,247</b>	<b>104.3%</b>	<b>90.3%</b>	<b>68.5%</b>

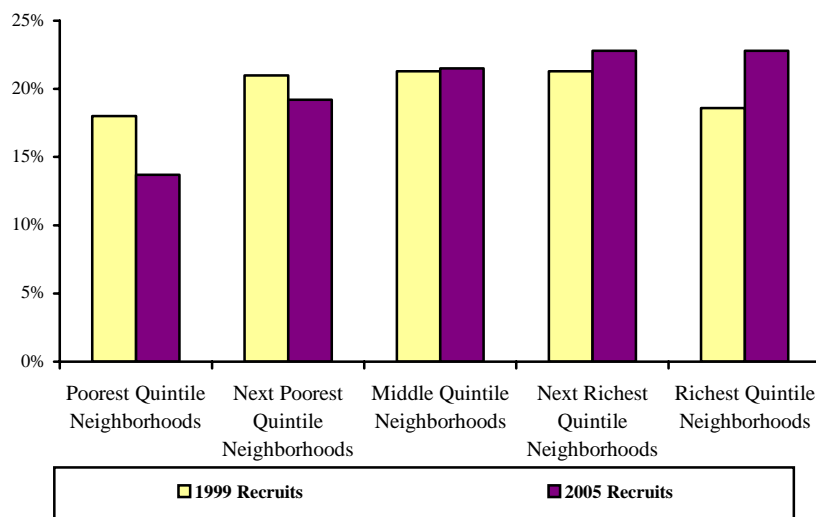
We should not lose sight of the fact that, although the youth population is large, a relatively small portion of American youth is qualified to enlist. It is an unfortunate fact that many of the contemporary youth population are currently ineligible to serve. Some are medically disqualified (with obesity a large contributing factor), others have moral/criminal issues, or cannot meet our education and aptitude standards.

While we are optimistic that all Services will make their numerical recruiting mission, the Army is aggressively attacking any potential shortfall in quality through several avenues: (1) maintaining a high number of active duty recruiters; (2) focusing on incentives, with substantial enlistment bonuses and the Army College Fund; (3) targeting advertising, focusing on influencers, particularly parents; and (4) continuing market

expansion programs, an example of which is, the Assessment of Recruit Motivation and Strength (ARMS)—that requires some otherwise unqualified overweight applicants to take an additional psychological screen and fitness test to determine likelihood of enduring military training.

Despite the success of our volunteer military, some call for a return to conscription. They claim that today's military recruits come disproportionately from the poor, the unemployed, the uneducated, and the minority populations. Data show the contrary. Most recruits come from middle income families, with far more recruits drawn from higher-income households than poorer households. Since 1999, we have seen a significant increase in the number of recruits from higher income families (Figure 3). Furthermore, data show that recruits do not come from the ranks of the unemployed, that they are more educated than their civilian peers, and that they are not disproportionately from minority populations.

**Figure 3. Socio-Economic Neighborhoods of New Recruits**



Source: The Heritage Foundation

Some have asserted that African-Americans sustain the greatest proportion of casualties in Operation Iraqi Freedom. That is not correct. As of February 2007, African Americans represented about 19 percent of the force, yet accounted for 10 percent of deaths and 8 percent of the wounded (Caucasians accounted for 67 percent of the force, but suffered 74 percent of deaths and 73 percent of the wounded). The corresponding numbers for Hispanics were 10 percent of the force, 11 percent of the deaths, and 6 percent of the wounded. These patterns are simply an outcome of the occupational choices young people make. African Americans, for example, preferring skills offering training easily transferred to the civil sector, generate a modest overrepresentation in the health care field. The choices members of an All-Volunteer Force make are up to them.

The Services commissioned to active duty 15,449 officers in FY 2006, with Navy and Marine Corps meeting their numerical commissioning requirements. The Army and Air Force finished with shortfalls of 5% and 9% respectively, primarily concentrated in a few medical specialties. In FY 2007, active duty officer accessions are on track in all Services for overall numeric success, although medical specialties continue to present recruiting challenges.

### **Active Duty Retention**

Overall, in FY 2006 we exceeded active duty retention goals across the board. The Army, Air Force, and Marine Corps met FY 2006 active duty retention goals in every category. The Navy retained in high numbers at the outset of the year, but a focus on physical fitness test performance led to an increase in disqualification among first-term sailors later in the year. Navy is on a planned, controlled path to reshape the force and will continue to monitor carefully zone behavior by skill set.

For FY 2007, active duty retention continues on track (Table 2). The Army, Air Force and Marine Corps met or exceeded their overall active duty retention missions, although Army lags in the Mid-Career category. Historically, Army begins the year slowly and finishes strong; thus we are predicting that Army will meet its reenlistment goals in all categories, including Mid-Career, for FY 2007.

While Navy numbers remain below monthly goals in Zone A, Navy is on a controlled path to reshape the force and will continue to carefully monitor zone behavior by skill set and take necessary actions as required to meet reenlistment goals. We are predicting that Navy will meet its goals in all zones for this fiscal year.



**Table 2. FY 2007 Active Duty Enlisted Retention Through January 2007**

Active Duty Enlisted Retention	Reenlisted Thru Jan 07	Mission
Army		
- Initial	10,367	8,185
- Mid Career	6,447	6,967
- Career	5,004	4,823
Navy		
- Zone A	4,187	4,832
- Zone B	3,340	3,482
- Zone C	1,836	1,730
Air Force		
- Zone A	5,738	5,700
- Zone B	3,342	3,475
- Zone C	2,017	2,100
Marine Corps		
- First	5,111	2,032
- Subsequent	2,862	2,154

Of course our retention efforts ultimately support the delivery of seasoned 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. This will require legislative change to adjust some of our enlisted and officer grade structures. Concurrently, the Department seeks expanded demonstration authority to allow us to try new manning concepts, and prove their merit, as an important antecedent of permanent legislative change.

The Army is the only Service currently using Stop Loss. As of December 2006, the Army Stop Loss program affected less than half of one percent of the total force (7,072 Active Component, 1,603 Reserve, and 2,036 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 official mobilization alert deployment order notification, if later, and continues through mobilization, and for a period up to 90 days following unit demobilization. The Secretary has directed that we minimize the use of Stop Loss.

### **Reserve Component Recruiting and Retention**

There has been considerable discussion about the stress that the Global War on Terrorism (GWOT) places on the Reserve Components. A repeated question is: What levels of utilization can the National Guard and Reserve sustain while still maintaining a viable reserve force? Recognizing that the GWOT might last for a number of years, the Department established early a strategic approach to ensure the judicious and prudent use of the Reserve Components in support of the war effort. We will continue to assess the impact of mobilization and deployments on the National Guard and Reserve, and adjust our policies as needed to sustain a strong Reserve force.

Almost 550,000 Selected Reserve members have served in support of GWOT operations since September 2001, representing about 42% of the 1.3 million who served in the Selected Reserve during that period. But a more relevant examination of National Guard and Reserve mobilization is in terms of today's force – those who are currently

serving in the force. Of the 831,108 Reserve Component members who are currently serving in the Selected Reserve, 390,466 have been mobilized between September 11, 2001 and December 31, 2006 – representing 47 percent of the current force

These data do not include the Individual Ready Reserve (IRR) force, which has been used modestly, especially when compared to Operation Desert Storm, when we mobilized 30,000 Individual Ready Reserve (IRR) members. In the past five plus years, we have mobilized only 14,500 IRR members.

### **Reserve Component Recruiting**

Even with the stress of mobilization and the other elements in this challenging recruiting environment, the DoD Reserve components reversed the downward trend of the preceding three years and, cumulatively, achieved 97% of their fiscal year 2006 recruiting objectives --- a significant increase over the 85% achievement in FY 2005. Two of the six DoD Reserve components exceeded their recruiting objectives – the Marine Corps Reserve and the Air Force Reserve. The Army National Guard and Air National Guard came close to making their goals, achieving 98% and 97%, respectively. The Army Reserve fell short by 1,653 (achieving 95%), and the Navy Reserve fell short by 1,458 (achieving 87%). The improved recruiting results compared to the previous three years, coupled with low attrition, have helped the Reserve components achieve a better end strength posture.

We see fiscal year 2007 as another challenging year for reserve recruiting. But the Reserve components have undertaken many successful initiatives to mitigate the challenges. These seem to be paying off. During the first quarter of fiscal year 2007,

four of the six DoD Reserve components met or exceeded their recruiting objectives (Table 3).

We also continue to monitor the quality of our recruits against the DoD benchmarks. We see no decline in the quality of young men and women being recruited today. They remain America’s finest. Changes authorized to the Reserve enlistment and affiliation bonuses should help continue this positive trend.

**Table 3. Reserve Component Recruiting Performance through January 2007**

	Quantity			Quality	
	Accessions	Goal	% of Goal	% High School Diploma Graduate (HSDG); <i>DoD Benchmark = 90%</i>	% Scoring at / above 50th Percentile on AFQT (Categories I-III A); <i>DoD Benchmark = 60%</i>
Active Duty Enlisted Recruiting (Through January)					
Army National Guard	21,598	19,162	<b>113%</b>	<b>93%</b>	<b>58%</b>
Army Reserve	8,672	9,213	<b>94%</b>	<b>90%</b>	<b>58%</b>
Naval Reserve	2,777	3,149	<b>88%</b>	<b>93%</b>	<b>73%</b>
Marine Corps Reserve	2,657	2,594	<b>102%</b>	<b>95%</b>	<b>71%</b>
Air National Guard	3,201	2,926	<b>109%</b>	<b>98%</b>	<b>75%</b>
Air Force Reserve	2,263	2,211	<b>102%</b>	<b>99%</b>	<b>70%</b>

There is less encouragement today from parents, teachers, and other influencers to join either the active or reserve forces. In addition, fewer individuals are separating from the active components. These factors, coupled with a strong economy and lower unemployment, adversely affect reserve recruiting.

The Army is aggressively attacking any potential shortfall in Reserve Component recruiting through three avenues of approach: (1) extension of the quick ship bonus and improvements in the Reserve Partnership Councils, (2) stronger incentives, with

increased enlistment bonuses for both prior service and non-prior service recruits, and (3) increased advertising expenditures, including targeted advertising to parents and influencers. Your support of these efforts is essential.

### **Reserve Component Retention**

The percentage of reenlistment goal achieved increased in FY 2006 to 104%, up from 100.1% in FY 2005. This fifth straight year of increase reflects the positive trend that we believe will continue in fiscal year 2007.

Measuring all losses, regardless of reason, from the Reserve components, we are pleased to report that enlisted attrition remained below established ceilings for fiscal year 2006, also a very positive trend. As a matter of fact, the composite (officer + enlisted) attrition rate of 18.4% was the lowest it has been since FY 1991. Through the first quarter of FY 2007, enlisted attrition is on track to remain below ceilings established by each Reserve component. We are closely monitoring retention/attrition, particularly for those members who have been mobilized and deployed to support operations in Iraq and Afghanistan.

**Table 4. Reserve Component Attrition through December 2006**

<b>Selected Reserve Enlisted Attrition Rate (in percent)</b>	<b>FY 2000 YTD (Dec 99)</b>	<b>FY 2004 YTD (Dec 05)</b>	<b>FY 2007 YTD (Dec 06)</b>	<b>FY 2007 Target (Ceiling)</b>
Army National Guard	5.44	4.17	4.70	<b>19.5</b>
Army Reserve	6.50	4.69	5.27	<b>28.6</b>
Navy Reserve	3.91	7.92	7.28	<b>36.0</b>
Marine Corps Reserve	7.15	5.11	6.46	<b>30.0</b>
Air National Guard	3.05	2.62	2.50	<b>12.0</b>
Air Force Reserve	5.73	3.33	4.22	<b>18.0</b>
DOD	5.33	4.38	4.78	<b>NA</b>

## **The Way Ahead**

Recruiting and retaining the right people in the right skills in the right number has always been a challenge and continues to be our challenge today. None of this comes easily, and Congressional support continues to be...critical. We appreciate the new authorities to support recruiting you provided in both the FY 2006 and 2007 National Defense Authorization Acts, especially the Demonstration Authority authorized for the Army. The authority allows the Army to experiment with programs that may enhance its recruiting efforts. It will also provide data to determine this utility of expanding such authority in the future.

Funding for recruiting must be sufficient to meet whatever increased goals are imposed. But resources must be allocated in a cost-effective way among advertising, educational benefits, bonuses, and recruiters in the field.

We are adjusting our numerical objectives in accordance with the recent Secretary of Defense decision that authorized the Army and Marine Corps to increase their strengths to 547,400 and 202,000, respectively, over the next 5 years.

The Army continues to pursue constructive levers, such as Force Stabilization policy initiatives; extending reenlistment window eligibility for deployed Soldiers, thus enabling full access to Army bonus programs at tax free rates; and broadening targeted special pays to influence soldiers and, most importantly, families to reenlist. The Marine Corps is actively pursuing additional steps within current law to increase retention in FY 2007.

The Department is taking advantage of a unique force restructuring development—the “Blue” services, Air Force and Navy, are reducing strength while the

“Green” service, Army, is increasing. Our “Blue to Green” program provides sailors and airmen with a unique opportunity to “Go Army” under an initiative intended to rebalance the military and preserve human capital. Sailors and airmen in skills identified as excess and are qualified to remain in Service, are given the opportunity to apply for immediate inter-service enlistment into the Army. The program has been a success – as we recently witnessed the 1,000<sup>th</sup> (675 enlisted and 325 officer transfers) Blue to Green transfer in January 2007.

The Department is also working closely with the Department of Homeland Security’s Citizenship and Immigration Service to expedite citizenship applications for resident aliens who serve honorably as members of our Armed Forces.

Fundamental in addressing these challenges is the need to resource recruiting and retention sufficiently to achieve numerical and quality goals. Funding for recruiting and retention must remain high, and the FY 2007 supplemental GWOT funding requests are critical to achieve these goals.

## **Military Compensation and Management**

In support of current recruiting challenges and to ensure desired retention, we continually review the compensation package. To that end, we seek expert reviews of some of our most important compensation policies and programs. Last year, the Defense Advisory Committee on Military Compensation reviewed matters pertaining to military compensation, examining approaches to balancing military pay and benefits and incentive structures, and made suggestions for improvements that it believes will assist us in meeting our recruiting and retention objectives. We are using the findings and recommendations of the Advisory Committee's report as a starting point for the Tenth Quadrennial Review of Military Compensation, mandated by statute.

The Tenth Quadrennial Review of Military Compensation (QRMC) was tasked to review the principles and concepts of the compensation system with particular attention to (1) the potential for consolidation of special pays and bonuses into fewer, broader, and more flexible authorities, and (2) the potential need for enactment of broader and more flexible authorities for recruitment and retention of uniformed services personnel. Currently, the large number of special and incentive (S&I) pays available dilutes the effectiveness of the pays to influence behavior, and makes the system unwieldy and difficult to administer and oversee. The degree of flexibility among the many different pays also varies. Most S&I pays are narrowly focused, with strict statutory limits on how they are disbursed. The QRMC submitted a proposal to the Department which replaces the more than 60 pays that now address relatively narrow staffing issues with eight pay categories designed to cover a broad range of personnel needs. The Department is currently developing legislation based on this proposal.



## CONCLUSION

Today's environment poses significant recruiting and retention challenges for our All-Volunteer Force. The pressures of high operational tempo, increases in Army and Marine Corps end strength in support of GWOT, and a strong economy make it challenging to achieve Army and Marine Corps recruiting goals.

Today I ask you to support us by lending us your time and your voice. We are increasing our efforts to communicate the Value of Service to the American people. Throughout our nation's history, military Service had a tremendous formative impact on many of our greatest leaders –Presidents, legislators, leaders of industry, educators.

We have developed a focused public affairs campaign aimed at bolstering patriotic impulses and the perception of military service. The ultimate objective is to reach out to parents and influencers in ways that lead them to support their sons' and daughters' decisions to serve. We hope that you will partner with us in this effort by joining our speakers' bureau to emphasize the importance, nobility, and Value of Service.

With your continued cooperation in support of the programs I have outlined, we believe the Department will meet its current challenges, ensuring the continued viability of our All-Volunteer Force.