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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 SUBCOMMITTEE
OF THE
HOUSE ARMED SERVICES COMMITTEE
ON
RECRUITING, RETENTION AND COMPENSATION
OVERVIEW HEARING
26 FEBRUARY 2008**

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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 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*.