

Prepared Statement

of

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

Before the

House Armed Services Personnel Subcommittee

on

“Overview of Recruiting, Retention, and Compensation”

February 26, 2008

MILITARY PERSONNEL POLICIES

Active Duty Recruiting.

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

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

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

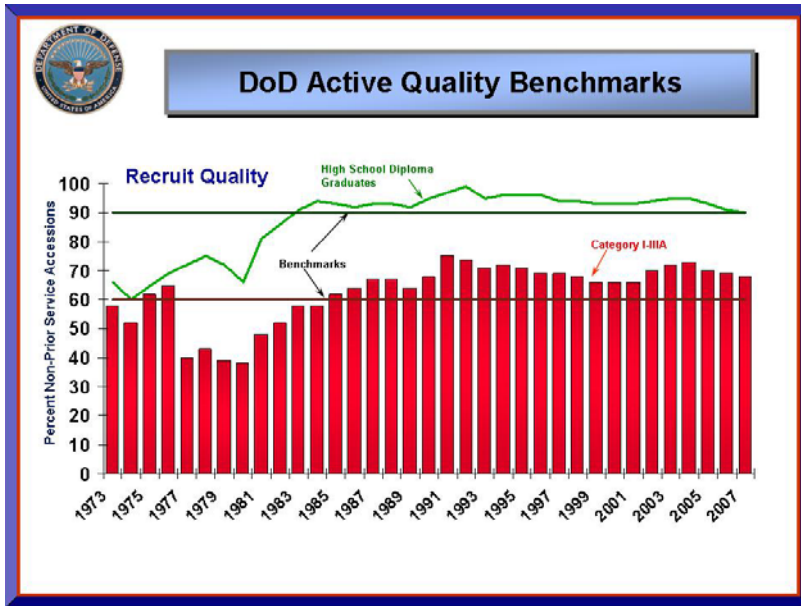
Aptitude test scores are used to select recruits who are most likely to perform satisfactorily in training and on the job. All military applicants take a written enlistment test, the Armed Services Vocational Aptitude Battery (ASVAB). One component of that test is the Armed Forces Qualification Test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

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

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

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

Figure 1. DoD Quality 1973-2007



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

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

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

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

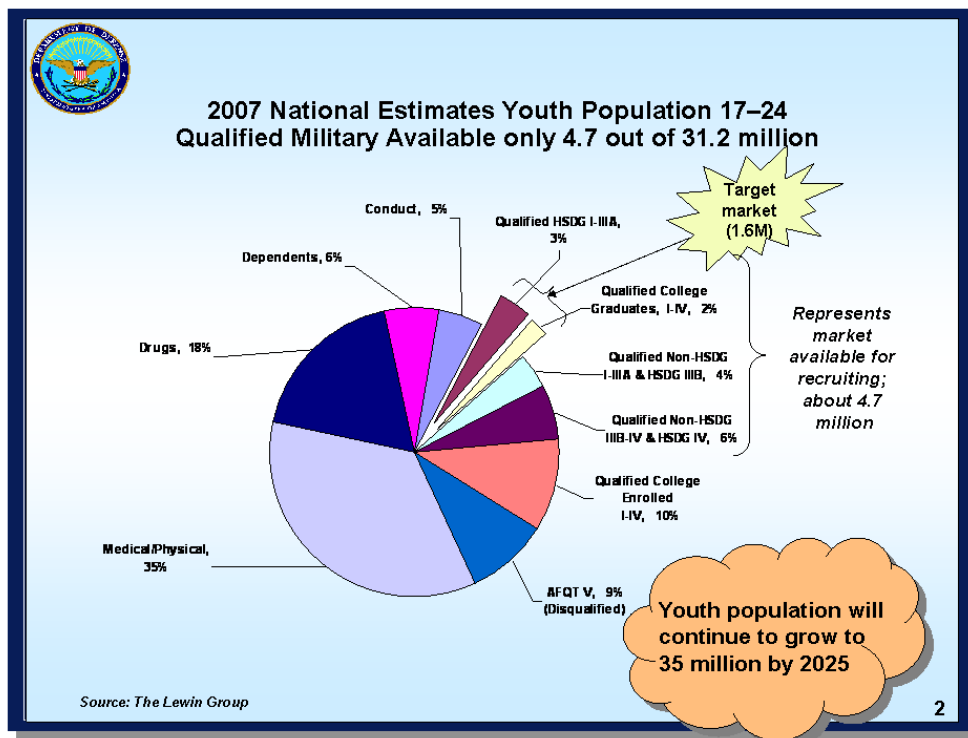
We should not lose sight of the fact that, although the youth population is large, a relatively small proportion of American youth is qualified to enlist when we consider other factors besides education and aptitude. It is an unfortunate fact that many of the contemporary youth population are currently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

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

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

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

Figure 2. Qualified Military Available, 2007 Estimate



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

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

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

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

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

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

Active Duty Retention.

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

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

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

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

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

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

Table 2. FY 2008 Active Duty Enlisted Retention Through January

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

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

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

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

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

Shaping the Force.

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

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

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

Force Development.

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

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

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

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

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

Reserve Component Recruiting and Retention

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

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

Military Compensation

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

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

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

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

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

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

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

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

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

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

Defense Travel Management Office.

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

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

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

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

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

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

DoD Disability Evaluation System.

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

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

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

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

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

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

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

RESERVE AFFAIRS

National Guard and Reserve Forces.

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

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

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

Utilization.

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

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

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

Mobilization Policies.

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

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

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

Rebalancing.

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

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

Personnel Management.

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

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

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

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

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

Training, Readiness and Equipping.

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

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

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

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

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

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

Equipping Strategy.

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

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

Families, Healthcare and Employers.

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

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

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

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

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

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

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

Commission on the National Guard and Reserves.

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

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

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

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

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

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

CONCLUSION

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

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

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

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

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