

STATEMENT OF  
THE HONORABLE  
CAROLYN H. BECRAFT  
ASSISTANT SECRETARY OF THE NAVY  
(MANPOWER AND RESERVE AFFAIRS)  
BEFORE THE  
PERSONNEL SUBCOMMITTEE  
OF THE  
SENATE ARMED SERVICES COMMITTEE  
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CONCERNING PERSONNEL OVERVIEW

Mr. Chairman and distinguished members of the Committee, I  
am pleased to appear before you today to testify on behalf of

the outstanding men and women of our Navy and Marine Corps Team. My office has policy oversight for all our personnel -- active duty, reserve and civilian -- who comprise our Total Force. This responsibility extends from the recruitment of our future forces, through training, retention, career oversight management, and quality of life initiatives, to health care and ensuring we provide the appropriate benefits to our retirees.

Without question, our people are our most important asset. You have heard that numerous times from many different sources in all Services -- and it's true. We have the finest Armed Forces in the history of this country. To maintain that quality Sailor and Marine now and in the future, we must provide for their personal and professional growth, the ability for them to support their families, an environment safe from discrimination and harassment, some type of stability in their lives, and ensure their health, welfare, and quality of life needs are being met.

America's naval forces are combat-ready largely due to the dedication and motivation of individual Sailors, Marines, and civilians. Recruiting, developing and retaining quality people are vital to our continued success and are among the Department's biggest challenges. Meeting these challenges is

essential to long-term effectiveness. We must continue to put a premium on recruiting, retaining, and training the best people our country has to offer.

### **RECRUITING AMERICA'S BEST AND BRIGHTEST**

At the end of FY98, the Navy's end strength was 381,502 active duty personnel and 94,294 reservists. Active duty and reserve Marines numbered 173,142 and 40,842, respectively. The downsizing of the early/mid-1990s is nearly complete, and the Department of the Navy is working to ensure that the nation's youth are aware of the diverse and rewarding career possibilities that naval service offers to America's best and brightest. Naval service stimulates and challenges young people while providing a solid foundation of "high-tech" training, life skills, and leadership experience at a relatively early age. Although the Navy and Marine Corps both met officer and enlisted recruiting goals for their respective Reserve forces, recruiting remains a challenge for the active duty Navy forces. Increasing college attendance, historically low unemployment, and prolonged economic growth all combine to compete with military recruiters for the limited pool of qualified enlistees.

The Navy experienced a recruiting shortfall of 6,892 Sailors in FY98. FY99 is equally challenging with the same competitive factors. In response, we developed a strategy to address this environment and help avoid an accession shortfall in FY99. First, we boosted the number of recruiters by 25 percent, from 3,600 in 1998 to over 4,500 this month. Next, our robusted advertising campaign emphasizes that the Navy represents a great career opportunity. We have further empowered our recruiters by increasing recruiting incentives, including Enlistment Bonuses, Navy College Fund, and bonuses specifically targeted to attract general detail (GENDET) Sailors. Likewise, we included a legislative request to increase the maximum enlistment bonus from \$12,000 to \$20,000, which should help attract enlistees in FY00. Navy has also used shorter-term enlistment contracts to attract young people who may not be ready to make a long-term commitment. These shorter commitments will get Sailors into the Fleet to evaluate the many benefits Navy has to offer before deciding whether Navy is the right career choice for them.

Although a high school diploma is an important validation of ability to succeed, it is not the "be-all" or "end-all" of a potential recruit's measure of worth. Consequently, the Navy increased the maximum allowable enlistment percentage of non-

High School diploma graduates (NHSDGs) from five percent to the DoD limit of 10 percent earlier this year, though all of these individuals must test in the upper categories. This initiative authorizes the recruitment of up to an additional 2,600 boot camp entrants when their work experience and above average test scores identify them as "Proven Performers" and justifies their admission.

Our overall strategy appears to be working. FY99 remains a challenge, but Navy has made goal for the first five months of FY99. Despite the impact of a strong civilian economy, the Marine Corps met all of its recruiting goals in FY98 and is continuing its success in FY99, extending an unbroken string of recruiting success – both in quantity and quality – to 43 consecutive months. To continue recruiting quality men and women, the Marine Corps maintains an effective and award-winning advertising program. As young Americans grow less inclined toward military service, new approaches and more resources must be applied to recruiting. To generate awareness and quality recruiting leads, and to make the Marine Corps more attractive, the Marine Corps expanded the use of high-profile marketing opportunities. The Marine Corps is also developing an Internet-based system to bolster both initial and follow-up recruiting

effectiveness. Likewise, a CD-ROM product is under development that gives comprehensive Military Occupational Speciality information to help recruits make informed career decisions before departing for boot camp.

## **RETENTION**

Caring for Sailors, Marines and their families is central to personnel retention and the overall readiness of the Navy-Marine Corps team. Quality of life, family separation, pay disparities with the civilian community, lower advancement opportunity, and a strong civilian economy adversely affect retention of Navy and Marine Corps personnel.

### **Enlisted Retention**

Overall, enlisted first-term retention during 1998 was approximately 32% for the Navy, which is about 6% below the retention level necessary to support a steady-state Navy force level. For FY99, Navy enlisted retention through February stands at 28% for first-term, 43% for second-term and 46% for third-term. These compare with steady state goals of 38%, 54%, and 62% respectively. Overall enlisted first-term retention for

the Marine Corps was 21.6%, which is the minimum rate to sustain the Marine Corps force structure.

Navy is pursuing a combination of initiatives, such as the requested increase in the Selective Reenlistment Bonus (SRB) from \$45,000 to \$60,000 to boost retention figures. The Navy's ongoing commitment to adequately fund the personnel account addresses lingering concerns about timely permanent change-of-station moves, bonus payments, and advancement opportunities. In addition, the Chief of Naval Operations' initiative to reduce the inter-deployment personnel tempo will give Sailors more time at home. Finally, the President's pay and compensation TRIAD and special incentive pays and bonuses are important factors in our efforts to stem the tide of declining accessions and insufficient retention.

### **Officer Retention**

During the past few years, reduced force levels partially offset the adverse impact of Navy officer community shortages which, nonetheless, were exacerbated by high-tempo worldwide operations. While the Marine Corps is meeting its end strength requirements now and will for the foreseeable future, retention in aviation specialties is a concern. In the Navy, retention in

all warfare officer areas remains a concern. Inadequate Navy retention only increases the personal sacrifices demanded of our remaining people as sea tours are lengthened due to personnel shortfalls and increasing operational requirements and commitments. Retention must be improved to meet officer manning requirements, particularly in surface warfare, special warfare, nuclear power, and Navy and Marine Corps aviation.

**Surface Warfare.** Despite a large reduction in the number of ships since the Cold War "high-water mark" in the mid-1980s, the Surface Warfare Officer (SWO) community is experiencing difficulty retaining enough senior lieutenants and junior lieutenant commanders to meet department head requirements. Current retention in the SWO community is 25% against a manning retention requirement of 38%. To reverse the SWO retention trend, Navy leadership is addressing waterfront quality-of-life concerns and has proposed Surface Warfare Officer Continuation Pay. This initiative would pay surface warfare-qualified officers up to \$50,000 to remain in the community through their tenth year of commissioned service.

**Special Warfare.** Historically, officer retention in Naval Special Warfare (NSW, commonly referred to as SEALs -- for Sea, Air, Land forces) was among the highest in the Navy. Since 1996, however, the annual resignation rate has risen



dramatically. The SEAL retention rate at the critical seven-year point has fallen to 58.2% from historical levels of greater than 80%. The Navy is attempting to address SEAL junior officer retention problems with several incentives including a proposal for NSW officer continuation pay (targeting officers with 6-14 years of service) and proposed legislative relief from the restriction on drawing more than one Hazardous Duty Incentive Pay. Additionally, the Naval Special Warfare community leadership is conducting a thorough evaluation of its organization in an effort to reduce personnel tempo, improve job satisfaction, develop a mentoring program, and expand postgraduate education opportunities.

**Nuclear Power.** The success of the Naval Nuclear Propulsion program is a direct result of quality people, rigorous selection and training, and high standards.

FY98 retention was 27% for submarine officers and 21% for nuclear-trained surface warfare officers. Currently, this is adequate because of our post-Cold War downsizing. However, nuclear officer accessions and retention remain below the required level needed to sustain the future force structure. Retention rates must improve to 38% for submarine officers and 24% for nuclear-trained surface warfare officers by FY01 to meet

steady-state manning requirements. In its present form, the Nuclear Officer Incentive Pay program remains the most cost-effective means of meeting current and future manning requirements. The authorization requested to extend the program and increase pay limitations will provide the Department of the Navy with sufficient program flexibility to address current and future retention challenges.

**Aviation.** Navy pilot retention decreased to 39% in FY97 and further declined to 32% in FY98. This trend is expected to continue for the foreseeable future, and pilot retention already falls short of the 35% aggregate level required to fill critical department head and flight leader positions. Naval Flight Officer retention is also declining, with aggregate retention in early 1999 at the minimally acceptable level of 38%. While continuation of mid-level officers represents our greatest aviation retention challenge, there has also been an increase in resignations of more senior aviators, particularly due to intense competition from private industry. The Marine Corps is also experiencing aviation retention challenges, especially for fixed-wing aviators.

The Navy has developed compensation proposals to address Service-specific retention shortfalls and regain the high ground

in the retention battle. We are seeking greater flexibility under Title 37 to develop new compensation programs and more efficiently apply limited resources where and when they are needed. Aviation Career Continuation Pay (ACCP) is one such initiative. Tied directly to force structure, ACCP would meet the retention challenge at every critical point throughout an aviation career by rewarding aviators for superior performance and increased responsibility. This proposal is currently at OSD for formal service comment prior to submission.

## **PAY AND COMPENSATION**

Maintaining a competitive, comprehensive military compensation package is critical to meeting our recruiting and retention goals. These goals are becoming increasingly difficult in the face of a flourishing economy, record low unemployment, and a decreasing propensity to serve in the Armed Forces. Exit surveys and a Navy Personnel Pay Survey of approximately 4,000 Sailors completed in January 1999 show that our Sailors and Marines are increasingly concerned about the disparity in compensation between the military and the private sector. Regardless of the challenges awaiting us in the new millennium, a strong course change is required now if we are to

avoid severely impacting the readiness of our Navy and Marine Corps.

### **The Pay Triad**

The Department of the Navy fully supports the President's pay and compensation Triad. The plan provides for a 4.4 percent basic pay raise, pay table reform with targeted raises up to 5.5 percent above the basic pay raise, and amendment to the Military Retirement Reform Act of 1986 (REDUX) to restore 50 percent of basic pay at completion of 20 years. All three elements are integral to recruiting and retention success. For example, on the Navy Personnel Pay Survey, the majority of our enlisted members indicated that both basic pay and retirement were important considerations in their decision on whether or not to stay in the Navy, with retirement increasing in importance relative to proximity to retirement eligibility.

### **Special Pay and Bonuses**

The Triad is critical to addressing broad recruiting and retention concerns, but additional efforts are required to ensure adequate retention in many of our undermanned, highly skilled warfare specialties. Special and incentive pays and bonuses have historically been an effective way to target specific skill shortages. Several proposals concerning these

pays are currently under review by the Office of Management and Budget. They are designed to work in tandem with the pay and retirement package. This year, we are seeking increases in the maximum authorized levels for the Enlisted Bonus and Selective Reenlistment Bonus to help address our recruiting and retention shortfalls. As discussed previously under retention, the Department of the Navy is also seeking two new continuation bonuses to improve retention within unrestricted line communities, one for our Surface Warfare Officers, another for our Special Warfare Officers. In addition, we are seeking an increase in the authorized maximum for Nuclear Officer Incentive Pay and legislative flexibility for Aviation Continuation Pay. These special and incentive pay authorities are a critical part of the total compensation package for targeted job skills and experience levels.

It was a pleasure to testify before this subcommittee several weeks ago on pay and retirement issues. Thank you for your prompt action in addressing the Department's concerns.

## **TRAINING**

The Department needs a potent Navy-Marine Corps team capable of responding to increasingly diverse and sophisticated

operating environments. Tomorrow's force must be adaptable and extremely capable. Potential scenarios include decentralized operations, smaller crews, increasingly sophisticated and lethal weapon systems, and unpredictable environments. This demands a highly trained, broadly educated, and exceedingly proficient core of individuals molded into cohesive teams to perform a wide variety of missions. Intensive training and education are central to achieving and maintaining such a force.

The Naval Services are committed to training that emulates the operational environment and instills the warrior's ethos of teamwork, endurance, sacrifice, and dedication. In this regard, the Department of the Navy is instituting fundamental changes to the way we train by focusing on the following objectives:

- reducing the infrastructure cost of training and education;
- increasing personnel readiness; and
- making training an ongoing priority for every Sailor and Marine.

Our current training infrastructure is being modernized and made more efficient to take advantage of a host of new technologies. Investments in these training technologies, focused curricula, modeling and simulation, and a shift toward increased training in an operational setting will better support the preparation of today's Sailor and Marine. The net results will be an enhanced

ability to teach a broad foundation of knowledge, an increased speed of learning, greater technical proficiency, improved realism of training scenarios, access to special situational knowledge, and focused remediation in order to minimize attrition.

### **Basic Training**

Initial training for officer and enlisted personnel must provide the basic elements of leadership and personal responsibility, as well as prepare them to handle increasingly diverse operational environments – from Arctic and desert wastes to urban "canyons" and labyrinths. The focus on building strong foundations in character, integrity, and leadership during recruit training and initial officer training lies at the heart of a career-long continuum of education. Decentralized operations, increasing weapons lethality, and complex and varied environments require innovative and resourceful individuals capable of making timely, effective decisions under pressure. The updated Battle Stations in Navy recruit training and the Crucible in Marine Corps recruit training are dedicated to instilling a common set of Core Values, overcoming mental and physical challenges, and fostering unit cohesion and teamwork. Battle Stations and the Crucible were specifically designed to

provide a defining moment in the transformation of young men and women into Sailors and Marines.

Navy and Marine Corps basic training is designed to best meet the needs of their respective operational environments and missions - to train as they fight. The Navy conducts basic training in a gender-integrated manner to best prepare recruits for the integrated shipboard environment, while the Marine Corps is gender-segregated. The Department of the Navy believes strongly that each Service should retain the flexibility to structure its training to satisfy the specific and sometimes unique needs of that Service.

### **Advanced Military Education**

Integration of Professional Military Education (PME) and leadership training with tactical and strategic warfare education throughout an officer's career is essential in meeting the Department of the Navy's mission. Providing advanced education opportunities for Navy and Marine Corps officers is critically important as the Services transition to more complex network centric warfare and operational maneuver doctrines and supporting tactics, techniques, and procedures. Education in strategic, operational, and tactical levels of warfare is being strengthened to prepare officers to integrate their



understanding of the wide range of 21<sup>st</sup> Century naval warfare. Expansion of off-campus professional military education opportunities, development of distributive learning options for graduate education, and modernization of advanced education labs and libraries increase flexibility in critical education areas for tomorrow's leaders. Implementation of the new Operational Planner course at the Naval War College highlights the Navy's commitment to producing astute tacticians and leaders. Furthermore, the Navy has implemented its Foreign Area Officer (FAO) program, which combines formal education with overseas assignments in an effort to develop a cadre of regional experts. These area specialists are essential to furthering the nation's engagement strategy.

The Marine Corps Total Force Distance Learning program is forging a worldwide network of satellite campuses to make continuing education accessible for everyone. The Marine Corps University (MCU) improved its approach to PME through distance learning by establishing the College of Continuing Education (CCE) in 1997. Employing the higher education resources of the MCU, the CCE improves traditional correspondence-based distance education programs in conjunction with the Marine Corps Institute, while leveraging multimedia technology, such as the Marine Corps Satellite Education Network, to improve course

delivery. Additionally, the Marine Corps makes extensive use of programs like the MAGTF Staff Planning Program (MSTP). MSTP is an instructor and evaluation cell that travels to respective Division-equivalent and above commands to train and educate commanders and their staffs in operational planning and execution.

## **RESERVES**

The Naval and Marine Corps Reserve are more relevant in the Total Force than at any time in recent history. They are an integral part of the Department of the Navy's day to day operations. At any given time, Naval and Marine Corps reservists are hard at work, either in their own right doing missions wholly allotted to the Reserve Component, or fully integrated with their active counterparts. All of our forces have come to appreciate the roles and instrumental positions the reserves of today have assumed. This reliance is another indicator of the Department of the Navy's recognition of the need to more completely utilize our resources, as well as the Active Component's acknowledgment of the value of today's reservists. I believe we now have a composite force that can meet operational support requirements. Although today's force

of citizen Marines and Sailors is the smallest in recent history, it has become the most able.

For FY00, the Naval Reserve will be reduced to 90,288, and I expect only minor adjustments to this as we stabilize to an appropriate mix of force structure and personnel. This is in consonance with Active Component reductions, and better reflects the overall requirements of the Naval Service. The Marine Corps Reserve, pursuant to the QDR, drew down to 40,842 during FY98 and will continue the reduction to 40,018 in FY99, on the way to achieving an end strength of 39,000.

### **Contributory Support**

The concept of Contributory Support is official Department of Defense policy. It established a new way of life in the Navy in which reserve billets are not necessarily tied to mobilization, but to accomplishing the Navy's mission today. Our reserve forces are not only a "force in readiness" but also a "force in use." Across the globe, reservists are answering the country's call in these demanding times, and are providing the active forces with invaluable and historically high levels of augmentation and OPTEMPO relief. This bilateral utilization of ready and trained assets effectively ends the "mobilization only" paradigm about reserves and recognizes another facet of

the forces at hand. As a result of this paradigm shift, the overall readiness and cost effective use of the Navy and Marine Corps' Total Force team has dramatically improved. The Navy's Commanders, and especially the CinCs, are united in their view that reserve support is vital in sustaining and performing the Navy's mission. Our Reserves are fully engaged and Contributory Support has become one of their preeminent missions. A representative example of Naval and Marine Corps Reserve support is summarized below:

- Naval Reserve Force (NRF) ships continued to provide worldwide support to the Active Component in real world contingencies and multi-national exercises. For example, NRF ships help OPTEMPO for Active ships by participating in counter-narcotics operations, UNITAS, and Great Lakes cruises.
- Naval and Marine Corps Reserve forces participated extensively in counter-narcotics operations. Marine reservists were responsible for 50% of the Marine Corps effort.
- Naval Air Reserve squadrons provided 100% of the Navy's adversary support and intra-theater organic airlift, including continuous detachments in Sigonella, Sicily, and Atsugi, Japan.

- Marine Corps reservists provided nearly 800 man-years of support in FY98. Participation in exercises such as "Strong Resolve" and "Cope Thunder" continue to account for much of this support, but support of operations increased with Marine Reserves deployed to Panama for the SOUTHCOM security mission and others recalled under Presidential Selected Reserve Callup (PSRC) for support of "Operation Joint Guard" and "Anvil II/Desert Thunder."
- Reserve Maritime Patrol squadrons provided year-round coverage of three forward deployed aircraft and three aircrews primarily contributing toward the national "War on Drugs" effort.
- Portions of the Naval and Marine Corps Reserve participated in Secretary of Defense funded civil-military programs that not only increased readiness, but helped the community.

To facilitate future support efforts, the readiness and modernization needs of the Naval and Marine Corps Reserve must continually be addressed and reviewed.

## QUALITY OF LIFE

The Navy and Marine Corps communities offer Quality Of Life (QOL) programs that are an integral part of the career benefit package. These Quality Of Life benefits continue to be key elements in the recruitment and retention of the All-Volunteer Force, and we believe that money spent in these areas has a high return on investment.

My office, in concert with the Navy and Marine Corps, has made a commitment to an ongoing effort to identify baseline QOL standards and to resource QOL programs to meet those standards. In 1995, we completed a comprehensive assessment of non-housing QOL programs and identified a significant disparity between installations and regions in terms of the level and quality of QOL services provided for our servicemembers. In the intervening years, the Department has developed and updated individual Master Plans for each non-housing QOL program and has established minimum program and funding standards, with the over-arching goal of providing more equitable QOL benefits from location to location. These Master Plans have been used in the planning, programming and budgeting process to justify and defend the resources needed to preserve the funding for these programs.

## **Regionalization**

As reflected in the individual QOL Master Plans, our strategic goal is to provide an acceptable level of basic QOL services to all servicemembers and their families, regardless of duty assignment. Besides developing the individual QOL program standards and resourcing our programs to meet those standards, there are currently two other means we are using to achieve this goal. The first is our regionalization initiative.

Regionalization efforts are on-going in many Navy fleet concentration areas such as Jacksonville, Pensacola, San Diego, Seattle, Pearl Harbor and Japan. The primary goal of regionalization is to reduce the number of claimants providing base services in a region to one, eliminate duplicative functions and realize efficiencies gained through a single regional commander. Regionalization will foster equity of QOL programs and services from installation to installation within that region, as well as between regions.

## **LIFELines**

The LIFELines initiative is the second key vehicle to provide an acceptable level of QOL services to all servicemembers and their families regardless of duty location. LIFELines is a joint military services partnership for QOL

support services delivery using two forms of electronic communications -- the Internet and television broadcasting. By leveraging the power of partnerships and modern telecommunication technologies, LIFELines and its partner organizations are bringing a full range of QOL support services, information, distance learning, reinvented QOL business practices and other QOL resources to eligible personnel -- at sea, ashore and in remote and isolated locations -- 24 hours a day, seven days a week.

Both the QOL Broadcast Network and the QOL Mall were opened to the public via the Internet on January 27, 1999 at [www.lifelines4qol.org](http://www.lifelines4qol.org). More than "just a nice website," LIFELines is a comprehensive, multi-media "Smart Access" delivery system that will provide a full range of QOL support services. Not only can users find valuable information about QOL programs, they are also able to perform electronic transactions, receive online training or counseling, "ask an expert" about a QOL issue, and perform other interactive functions. Although currently in the beginning stages of construction, the LIFELines QOL Mall (on the Internet) and the LIFELines QOL Broadcast Network (teleconferencing, satellite broadcasting and cable television) are already helping overcome traditional barriers to QOL support services delivery including



transportation, child care, work schedules, geography, privacy concerns and the stigma sometimes associated with seeking help.

Presently, LIFELines has six major partner organizations (Navy, Marine Corps, Coast Guard, DoD QOL Executive Committee, Navy-Marine Corps Relief Society, and the Immigration and Naturalization Service). Although originally spearheaded by the Department of the Navy, LIFELines is expected to expand beyond these partnerships to provide the DoD Total Force -- active duty, reserves, retirees, civilians, and family members -- with equal access to high quality QOL services regardless of duty location. Much of the information contained in the QOL Mall will also be available and useful to the general public, and the Department is proud to share this exciting initiative with the American people.

#### **Morale, Welfare and Recreation (MWR)**

We have made significant strides in the past few years in the delivery of our MWR programs and services to our people. In the FY98 President's Budget, we significantly increased funding to help meet DOD Category "A" and "B" appropriated funding standards, improve fitness centers and expand shipboard recreation and computerized library programs for every ship. Navy's funding lines in these areas remain strong through the

Future Years Defense Plan (FYDP). This increase in appropriated dollars for MWR projects has resulted in direct improvements in the quality of equipment, facilities, and staffing of many of our MWR activities. It has enabled us to pursue new program initiatives like "Cinema at Sea," which brought "movie call" back to the fleet with wide-screen "state of the art" video projection units, that our Sailors afloat can enjoy together. While the Marine Corps has continually made progress towards meeting their funding goals, a need still exists to close the gap.

Across the Navy and Marine Corps, we are emphasizing our fitness, intramural sports, Single Sailor/Marine, and high-adventure outdoor recreation programs to promote unit camaraderie and provide viable alternatives to alcohol and substance abuse. We are also implementing customer service training programs to improve the delivery of our programs to Sailors and Marines. These initiatives should place MWR on course to reach a high quality standard by the end of the FYDP.

### **Child Development Services**

The Military Child Care Act of 1989 has produced an excellent and affordable child care system for our Navy/Marine Corps families. Because of the level of quality and

affordability, however, meeting the high demand for child care with an inadequate capacity continues to be a primary challenge. In 1995, DoD selected Navy as the Executive Agent to test the viability of outsourcing child care services. Working with the Department of Labor and our own General Counsel, we have overcome regulatory impediments and now have contracts to "buy down" or subsidize rates paid by military members in top quality civilian child care centers. This test program is in various states of execution in the fleet concentration areas of Norfolk and Jacksonville. We are also enlarging our Family Child Care program to include spouses living in off-base housing. In our test areas, we are using appropriated funds for direct cash subsidies to Family Child Care providers to ensure affordability for parents and to incentivize child care providers. Over the past year, we completed a Commercial Activity study in the San Diego region that included ten Navy and two Marine Corps bases. The study concluded that it was more cost-effective to operate the internally managed government program than to use the private sector. We believe we successfully achieved the primary goal of this study, which was to expand capacity within available resources without sacrificing quality. All these initiatives seek to deliver high quality, cost-effective child care services to our DoN families.

### **Single Sailor/Marine Program**

In the past, our efforts to meet the QOL needs of our single Sailors and Marines were often indistinguishable from our efforts to assist our married personnel and their families. However, we have learned that the needs of our single servicemembers are frequently quite different from those of their married counterparts, and that meeting those needs can often play a key role in the single servicemember's job satisfaction, morale and retention. As a result, we are now working on several initiatives that focus specifically on the single Sailor/Marine. These initiatives include implementing "Right Start," a program designed to teach leisure and social skills development for new Navy personnel; establishing the Single Marine program at all 18 installations in FY99; and equipping every Navy ship and submarine with Learning Multimedia Resource Centers and top-quality recreation and fitness equipment. This past year we also opened a "student union" prototype for our single Sailors at Naval Training Center Great Lakes. This facility provides a myriad of leisure, social, and educational opportunities for our predominately first-term Sailors. We remain committed to seeking out and providing quality programs geared towards the single Sailor/Marine.

## **Exchange Operations**

The Navy and Marine Corps exchange operations continue to provide an important non-pay benefit through the provision of nonappropriated fund support for MWR programs and goods and services at less than commercial rates. Under pressure from competing commercial retail providers, each of our exchange systems is undergoing significant retooling and internal restructuring. The Navy Exchange System, for example, has dedicated approximately \$65 million in nonappropriated funds to modernize their Automated Data Processing operations to include standard electronic point-of-sale, distribution and inventory systems. The Marine Corps has newly built or recently refurbished all but one of their main exchanges and continues to move forward in upgrading their Automated Data Processing systems. Both exchange systems are continually rolling out new initiatives to improve their operations and support our personnel. For example, the Navy Exchange has established a contract that provides phone service for personnel at sea that only costs one dollar per minute. The ability to stay in touch with loved ones has been a tremendous morale booster. The Marine Corps Exchange has increased training by 300 percent over the past three years. Included in these efforts are establishment of a leadership training continuum for managers

and a world class customer service training program for all personnel.

These self-improvement efforts are occurring simultaneously with a larger effort by the Services to conduct a comprehensive review of our collective exchange systems. This review, which we refer to as "The Due Diligence Study", will provide recommendations as to how we can provide the best possible service to our patrons, operate most efficiently and continue to provide nonappropriated fund support to our MWR programs. We expect the study to be completed in the April/May 1999 time frame and look forward to sharing the results with Congress.

### **Voluntary Education**

The Department needs to recruit and retain quality people and offer them something that will make them choose the Navy and the Marine Corps over civilian sector employment. One of the best ways we can attract -- and keep -- personnel is by providing them with educational benefits. Recruit surveys consistently show that assistance in obtaining further education is a top reason for enlisting. An important Center for Naval Analyses study also showed that Sailors who participate in Voluntary Education programs while on active duty had significantly higher reenlistment rates than those who did not.

In recognition of these facts, we have placed greater emphasis on enhancing our Voluntary Education program components and to standardizing the program so that Sailors and Marines can be assured of a basic level of services no matter where they are assigned throughout the world. For example, in FY98 we supported the Department of Defense implementation of a standardized Tuition Assistance policy, which for the first time ensured that all servicemembers sitting in the same classroom will pay the same out-of-pocket cost for their coursework. This builds on our earlier efforts to standardize Tuition Assistance within the Navy and Marine Corps and sends a message to our people that we are committed to providing an adequate level of resources for Tuition Assistance.

The Navy and Marine Corps have also been committed to expanding educational opportunities for our deployed personnel through a mix of traditional and distance learning initiatives. The Navy has expanded the Program for Afloat College Education (PACE), which provides college courses through both traditional classroom and distance learning for deployed and remotely-stationed personnel. Funding exists to ensure that PACE can be available on all ships, deploying units and selected remote sites, 365 days a year. The latest PACE contract also expanded

the program to provide delivery of upper-division and graduate level courses, and to include additional delivery systems such as video teleconferencing and the Internet. This expansion means that all deployed Sailors will have virtually the same opportunity to work on a college degree as shore-based personnel. The Marine Corps is providing a similar opportunity for its people through the expansion of the Marine Corps Satellite Education Network (MCSEN), a two-way video and audio connection where instructors can provide "real time" two-way instruction to students at multiple sites simultaneously. With MCSEN, Marines can continue their education without interruption even if they are transferred to a new duty station or have temporary duty assignments away from home.

The Center for Naval Analyses (CNA) study also showed that approximately 30 percent of enlisted Sailors do not have the grounding in basic academic skills such as reading, writing, and mathematics necessary to be ready for college work. In response, the Navy and Marine Corps have sharply increased their commitment to providing academic skills improvement for this population. Following two very successful Academic Skills Learning Center (ASLC) pilot programs at Little Creek, Virginia and Jacksonville, Florida, the Navy is halfway towards its goal to open a total of 52 ASLCs worldwide by 2001 to meet the basic



educational needs of our Sailors and Marines, including their adult family members assigned to overseas locations. The Marine Corps offers Academic Skills courses for their Marines through the MCSEN. In addition to the reading, writing, and mathematics coursework that is currently being offered, basic science and workplace skills have also been added to the ASLC curriculum. Academic skills modules have also been placed on PACE so that shipboard Sailors can benefit from academic skills improvement as well. We are finding that this increased emphasis on academic skills improvement is a real success story. The Center for Naval Analyses study found that academic skills participants are more likely to cross-rate to more demanding ratings and more likely to reenlist than their counterparts who did not participate in academic skills improvement. Sailors who use the ASLCs are gaining an average of seven grade levels in language arts, three grade levels in reading and over four grade levels in mathematics.

We already are starting to see an increased demand for access to education due to these program enhancements and standardizations. We are continuing to look for other ways we can better standardize and organize the existing components of the Voluntary Education program to make it even easier for Sailors and Marines to get a degree. We expect that these

combined efforts will ultimately reap dividends in both recruitment and retention of quality personnel, as well as in the increased readiness of a more effective, productive and flexible workforce.

### **Retiree Issues**

Our commitment to our people does not stop once they have taken off the uniform and left the service. The Secretary of the Navy's Retiree Council is a long-established vehicle that we use to take the pulse of the retiree community. The Retiree Council is composed of 22 retired Navy and Marine Corps members who are selected to reflect the diverse make-up of the retired community. Once a year, they meet in an annual session to consider issues of importance to the entire Navy and Marine Corps retiree community. At the end of their week in Washington, the Council issues a report to the Secretary that contains specific recommendations for action. In the past, the Council has asked for our advocacy on important issues such as COLA equity and maintaining the integrity of retired pay, Medicare subvention, elimination of source taxes, and the establishment of retiree-funded dental insurance. We have consistently supported them on these issues and many others, some of which, such as establishing dental insurance and eliminating source taxes, have met with success.

Improving the access to medical care for our over-65 Medicare-eligible beneficiaries continues to be a major concern of our retirees. This issue will be discussed in greater detail in the Health Care portion of this statement.

### **Family Service Centers**

Our 62 Navy and 19 Marine Corps world-wide Family Service Centers (FSCs) are a source of major support for single and married service members and their families. Staffed with over 2,000 dedicated counselors, community information and referral specialists, and life skills educators, FSCs provide support services that help service and family members prevent and deal effectively with various types of crises. Depending upon circumstances, these crises can include suicide, sexual assault and rape, family violence, personal financial matters, unemployment, parenting difficulties, relationship problems, and mass casualty scenarios.

Family Service Centers also help single and married service members and their families prepare for and cope with military mobilizations, deployments, separation, relocation, and major life transitions. By providing information, training and assistance on such topics as family care plans, allotments,

family support groups, Ombudsmen and Key Volunteer services, sponsorship, "smooth moves," cultural adjustment, deployment support, and community resources and activities, service and family members can become more self-sustaining and satisfied with their overall quality of life.

### **Family Advocacy Program**

The Department of the Navy views family violence as a leadership issue. We expect each service member to take personal responsibility for the safety, health and well-being of his or her family members. Clearly, the abuse of family members is unacceptable and incompatible with our Core Values of Honor, Courage and Commitment. Our Navy and Marine Corps policies and leadership training reinforce this message at every level within the chain of command. The Navy and Marine Corps also require on-going leadership involvement, prevention activities, victim safety and support, offender accountability, rehabilitation education and counseling, and community accountability for appropriate, consistent responses to each violent incident.

One initiative that has reaped positive results for both the Navy and Marine Corps in preventing spouse and child abuse is the New Parent Support Program (NPSP), a highly effective home-visiting prevention education program for parents of new

babies. NPSP is located at more than 60 DoN installations. We are also teaching our leaders and community members about the scope of the family violence problem, the underlying causes of abuse and available military and civilian community resources. Finally, we continue the implementation of coordinated initiatives which integrate the efforts of family support and medical professionals, law enforcement and investigative personnel, victim advocates, chaplains, command leaders and community members in preventing and intervening in incidents of family violence.

Continued strong Congressional support for family violence prevention and response programming is greatly appreciated.

## **HEALTH CARE**

The Department of Navy is committed to delivering quality health care for our Sailors, Marines, family members, retirees and their families. Whether it is care at sea, on the battlefield, in a naval hospital, or through TRICARE, the delivery of medical care and force health protection are important to maintaining operational readiness and meeting our many and diverse missions. Quality medical care is vital to

keeping our men and women physically and mentally prepared to carry out their jobs. Health care impacts readiness, quality of life and retention. Our Sailors and Marines must know that they will be well taken care of should they require medical attention. Just as importantly, they need to know that their family members will receive quality medical care when they need it.

TRICARE - DoD's triple option managed health care program - is now fully implemented worldwide. This program continues to be an important component in meeting our commitment to providing quality medical services. Unfortunately, there have also been a number of problems. On the positive side, TRICARE has brought with it opportunities to improve access, uniformity of benefits and cost-effectiveness of our medical programs while maintaining medical readiness. TRICARE also represents a fundamental cultural change in our health benefit program and, in many respects, how our people receive their medical care. We recognize that our beneficiaries need TRICARE education so they can understand how the system works and make informed choices. We are also working with our TRICARE providers to ensure they have the right training and knowledge, since they are often in pivotal roles in advising patients about the program. All

beneficiaries need access to clear, uncomplicated information about their health benefit program.

We are working with the Assistant Secretary of Defense (Health Affairs) and the other Services to improve TRICARE and make the program improvements that are needed. TRICARE has encountered start-up problems in standing up new regions and the TRICARE Management Activity, the Services, regional lead agents, and the managed care support contractors have been working together to implement improvement initiatives. While we have been successful in correcting many of these initial problems, we continue to focus on ensuring access, network, and claims processing standards are met as well as monitoring beneficiary satisfaction with TRICARE. We must also apply lessons learned for subsequent regional contracts and implement best business practices.

Another important focus for the Department of the Navy is improving access to medical care for our over-65 Medicare-eligible beneficiaries. Last year, the Secretary of Navy's Retiree Council again expressed concern about access to health care for retirees. We are encouraged by the response to the TRICARE Senior Prime demonstration project and look forward to participating in all the recently directed congressional test

programs. These programs, as well as a recent study conducted by the Center for Naval Analyses, will help provide valuable information for assessing the full range of options for improving access to health care for these beneficiaries.

The ability to meet the demands of delivering medical care requires improvement in business practices. We continue leveraging our technology advances in the area of telemedicine to provide better access to medical facilities for patients and providers. Emphasis on prevention, wellness, education and health promotion is also paying off by reducing injuries and encouraging healthy lifestyles. We are also making changes at our medical facilities to reduce inefficiencies and streamline operations. Navy is working closely with the other Services and Department of Veteran's Affairs in integrating health care services when such changes improve our capabilities to provide quality, cost-effective health care. This focus on collaboration and partnering has proven critical in making the best use of resources and improving access to health care services.

Quality remains the cornerstone of Navy Medicine. The men and women who comprise Navy Medicine are among the most dedicated and best-trained health care professionals in the



Nation. Everyday, in locations around the world, these individuals provide state-of-the-art, quality medical care to our beneficiaries. Our innovative clinicians and researchers are making contributions that enhance the quality of our medical programs. For example, this year naval medical researchers made significant progress in developing a vaccine against malaria, as well as advances in the restoration of noise-induced hearing loss. We are committed to innovation within our system and have put aggressive programs in place that ensure the highest quality health care programs are maintained, with a renewed focus on customer satisfaction and service. We are proud of Navy Medicine and the top-quality health services provided to Sailors, Marines, family members, and retirees.

## **CHARACTER AND ETHICS/CORE VALUES**

The Department of the Navy's core values of Honor, Courage and Commitment are the guiding principles for standards of behavior in the Navy and Marine Corps. Our core values are not just about following rules and regulations, they are about doing the right thing because it is the right thing to do; about coming together as a team - treating each other with dignity and respect. Adherence to the principles of Honor, Courage and

Commitment is critical to maintaining the Department of the Navy's solid foundation of trust and leadership. Our core values are the essence of all the things that make the Navy and Marine Corps great, and we are working hard to ensure they remain at the forefront of every decision made by each Sailor, Marine and civilian in the Department of the Navy. We firmly believe that people who are trained and led by those who model core values will be inspired to achieve those same high standards of character and integrity. Our goal is for constant projection and consistent reinforcement of our core values on a Department-wide, career-long basis.

### **Equal Opportunity**

Our goal in this area remains the same: Provide all Department of the Navy personnel with the opportunity to learn, grow and achieve regardless of their race, color, religion, gender or national origin. Navy and Marine Corps leaders are committed to eradicating discrimination, as well as other forms of unethical and unprofessional behaviors that negatively impact morale or unit cohesiveness.

Department of the Navy equal opportunity programs are designed to bring all forms of unlawful discrimination, both overt and covert, to an end, thereby preserving the dignity of

each Sailor, Marine and civilian. Any form of discrimination or harassment is a threat to the morale, readiness, and welfare of an entire unit and will not be tolerated.

To assess the effectiveness of our Equal Opportunity (EO) programs we have conducted Service-wide system checks through surveys and focus groups. Differences between majority and minority accessions, promotions, educational opportunities, separations, retention, assignments, complaints, and disciplinary actions are actively tracked and analyzed to identify any disparities and determine how best to overcome them.

The principles of equal opportunity are stressed in a number of training courses. The Navy's Leadership Continuum and Marine Corps' Leadership Development Programs are two examples of service-wide, career-long training that cover a wide range of leadership issues including equal opportunity and sexual harassment prevention, while emphasizing high standards of character and professional behavior.

The "Enhanced Opportunities for Minorities Initiative" is a significant initiative in the equal opportunity arena. The intent of this initiative is to ensure highly qualified

minorities are recruited and retained in the Navy and Marine Corps, at a rate that will result in a better reflection of the projected racial and ethnic composition of our country by the year 2025.

### **Sexual Harassment/Fraternization**

The Department of the Navy received its wake-up call on sexual harassment early. We have worked very hard to eliminate sexual harassment and related forms of unprofessional behavior. Our programs and policies emphasize that sexual harassment, fraternization, and other abuses of power are prohibited, result in decreased productivity and morale, and will not be tolerated in our Navy and Marine Corps. We view this as a readiness issue and are committed to continued vigilance in this area.

The foundation of our strategy to combat sexual harassment and other unprofessional conduct is a reaffirmation of our Core Values. We believe that a strong emphasis on maintaining the highest standards of character and ethical behavior will lead to a decrease in unacceptable behaviors and an increase in effective mission accomplishment. We are working to ensure this policy is clearly communicated to all levels of the chain of command, throughout the Navy and Marine Corps, and that each new recruit, officer and civilian employee is made aware of it soon

after reporting in. Department of the Navy efforts in this area are wide-ranging and encompass a number of initiatives which we believe are making a difference in ensuring all people are treated with dignity and respect.

The Standing Committee on Military and Civilian Women in the Department of the Navy provides oversight of policies relating to female Sailors, Marines and civilians, and makes recommendations to the Secretary to ensure optimal integration of women and effective utilization of their skills and abilities. This committee is made up of senior leaders from the Secretariat, the Navy, and the Marine Corps, and includes representation from the Defense Advisory Committee on Women in the Services.

The Standing Committee initially made 80 recommendations, 27 of which directly relate to the prevention of sexual harassment, and we have been implementing these recommendations over the past several years. Noteworthy accomplishments based on committee recommendations include the development of comprehensive sexual harassment policies for the Department and Services, enhancement of Sexual Harassment Prevention Training, the establishment of the Informal Resolution System (IRS) "Red Light/Yellow Light/Green Light" for resolving complaints, and

development of the Commanders' Handbook for investigating and processing complaints. Since 1992, we have operated the Department of the Navy toll-free Equal Opportunity/Sexual Harassment Advice and Counseling Line -- the first of its type among the Services -- which provides policy guidance, information and referral services to military and civilian command representatives, victims, and those accused of sexual harassment. Since its inception, we have received over 4,000 calls from people, most looking for policy information and guidance.

In terms of policy, we have a number of instructions that cover sexual harassment. Both the Navy and Marine Corps updated their Equal Opportunity Manuals in 1996 and are updating their manuals again this year. In 1998, we published a new SECNAV Instruction on military equal opportunity complaints processing, and our sexual harassment instruction has been revised to include policy on unlawful discrimination. The prohibition of fraternization is addressed in several directives, including Navy Regulations, the Uniform Code of Military Justice, a Navy-specific instruction and the Marine Corps Manual. Both Services conducted a review of their fraternization programs last year and continue to monitor

progress in communicating their policies clearly to all personnel.

Training is obviously one of our most effective tools in the prevention of sexual harassment and related behaviors. Our training efforts begin with new accessions and continue throughout each person's career. All new recruits, officer candidates and civilian personnel receive training in the prevention of sexual harassment within 90 days of reporting, and attend training annually thereafter. Both the Navy and Marine Corps are taking an integrated approach to address improper conduct as well as positive behavior alternatives. Together with Core Values awareness, information on sexual harassment prevention and prevention of other unacceptable behaviors such as alcohol and drug abuse is included in a number of different training courses.

Our enforcement procedures are designed to ensure that anyone who sexually harasses another will be held accountable. We also are committed to ensuring that victims of harassment feel free to report an incident without fear of reprisal, and that they are kept informed of the progress of an investigation. Appeal procedures are clear and complainants are given the opportunity to appeal their case up the chain of command.

Finally, we monitor our progress in preventing sexual harassment, fraternization and related behaviors through a number of assessment tools. The Navy and Marine Corps each conduct their own biennial surveys -- the Navy Equal Opportunity Sexual Harassment Survey (NEOSH) and the Marine Corps Equal Opportunity Survey (MCEOS) -- that provide a climate assessment on various equal opportunity issues. Current results indicate that we have made progress and are moving in the right direction, but that we must not relax our resolve to rid our Services of sexual harassment and other unacceptable behaviors. We also monitor our progress through various command inspections.

Both of our Services have conducted focus groups at a number of bases with large numbers of women assigned, in the U.S. as well as overseas, to determine if there are problems involving sexual harassment, fraternization or other unprofessional behaviors. This focus group effort has been so successful that we continue to rely on this tool as a valuable resource in monitoring the equal opportunity climate in the Navy and Marine Corps.



## **Drug and Alcohol Abuse Prevention**

We continue to make significant progress in the war on drugs within the Department of the Navy. Since we instituted our "zero-tolerance" policy, drug use in the Navy and Marine Corps has shown a steady decline. We are now focusing our efforts on alcohol abuse prevention, which remains a significant area of concern. Alcohol abuse impacts operational readiness and productivity, and is a contributing factor in incidents of assault, rape, traffic fatalities, domestic violence and suicide. Our strategy in countering alcohol abuse is aimed at deglamorizing the use of alcohol and promoting a healthy lifestyle.

The Navy's "Right Spirit" and the Marine Corps' "Semper Fit" program emphasize alcohol deglamorization, responsible use of alcohol, individual responsibility, healthy alternatives, and command leadership. "Right Spirit" and "Semper Fit" offer a comprehensive curriculum, requiring all personnel to demonstrate the same leadership, responsibility and accountability with regard to their lifestyle choices that we apply to readiness issues. The programs also provide support for Sailors and Marines who request help before they are involved in an alcohol-related incident.

The Department of the Navy's Standing Committee on Alcohol Abuse Prevention and Alcohol Use Deglamorization, established in 1996, brings together the senior military and civilian leaders of the Department to review, develop, and oversee alcohol policy and programs in support of our efforts to reduce alcohol abuse. The Committee also monitors accountability and punitive regulations and requirements.

### **Women in the Department of the Navy**

The Department of the Navy's commitment to expanding professional opportunities for women in the Navy and Marine Corps, coupled with repeal of the combat exclusion law, has resulted in the opening to women of 96 percent of all Navy enlisted ratings, 92 percent of Navy officer career fields and 93 percent of all Marine Corps officer and enlisted occupational fields.

The total number of women in the Navy at the end of calendar year 1998 was 50,792, which includes 43,076 enlisted women and 7,716 women officers. The Navy's Embarkation plan ensures a steady increase in opportunity for women on combatants while minimizing the impact to ships' crews and maintaining fleet readiness through close coordination of timing of modifications and arrival of women. The transition to mixed

gender crews is proceeding at a rate based on the available number of women Sailors and the number of ships altered to provide women's berthing. More than 10,000 enlisted women and 895 officers are now assigned to 68 combatant ships and 56 non-combatants. Additionally, women officers (no enlisted) are assigned to 29 more combatants. The number of mixed gender (officer and enlisted) combatant ships is projected to increase to 85 by the end of FY00. Women are assigned to all 12 aircraft carriers. The first women selected for command of a combatant assumed command in 1998 and women are currently in command of six combatants -- four LSDs, one FFG, and one LST.

The Navy has 503 women aviators (45 tactical pilots, 41 Naval Flight Officers (NFO) in tactical aircraft) and 167 women in aviator training pipelines, with 36 women in training pipelines for combatant aviation. Women pilots assigned to an F/A-18 squadron on board USS ENTERPRISE participated in Operation Desert Fox during which the first female Navy pilot launched a missile in combat.

The Marine Corps has 279 women officers and 3,849 enlisted women in combat-related units. Women Marine recruits are required to complete The Crucible and women Marine privates complete Marine Combat Training. Quite recently, yet another

barrier limiting the role of women in the military fell as enlisted women Marines, for the first time, shot live ammunition from heavy weapons in Marine Combat Training. The Marine Corps has 29 women aviators in combat squadrons and combat aviation training pipelines.

In both the Navy and Marine Corps, recruiting, as well as occupational and training standards, are gender neutral. A significant benefit of the expansion of professional opportunities to women has been the increased pool of qualified personnel to fill operational billets. A larger pool of assets means more flexibility for the operational commander and improved readiness to the fleet. Operational readiness is our goal, and women help us achieve it.

## **CIVILIANS IN THE DEPARTMENT OF THE NAVY**

Civilians make up about one-third of the Department's population and are valued members of the Total Force team. As we approach the 21<sup>st</sup> Century, we are redefining our business practices, including a careful look at what functions can be outsourced. In 1989, the Department of the Navy employed about 354,000 civilian workers. Today we have approximately 207,000 civilians, and expect further reductions will take us to a

civilian work force of 174,000 by the year 2005. As we change how we do business, we anticipate additional drawdowns, realignments, consolidations and closures. We will continue making maximum use of our authority to offer separation incentives and assist any and all employees who must be involuntarily separated during this process.

Through it all, we have not lost sight of the need to consider our future civilian recruitment requirements and to maintain a well-qualified civilian workforce that reflects our Nation's diversity. The Department began a series of coordinated recruitment programs throughout the country that have brought Navy and Marine Corps activities together with college and university students. Additionally, we established special residential scholars programs to expose outstanding high school and college students to our technical missions and functions.

#### **Civilian Leadership Development Program**

The Department of the Navy Civilian Leadership Development Program was established to deal with the challenges of restructuring, downsizing, technological changes, and new roles and missions. Additionally, it was designed to ensure that minorities and women are provided improved opportunities to

acquire skills and abilities to enhance their competitiveness for higher level positions. A framework was developed identifying certain competencies that are required of good leaders. Commands and activities use this as a basis for establishing formal leadership development programs. Mentoring is a key component of the program because it provides a personal display of interest and concern for the professional and personal development of the men and women entrusted to our leadership. The Civilian Leadership Board assists in developing the civilian leadership development framework and overseeing its implementation by commands and activities.

#### **Family-Friendly Workplace Initiatives**

The Department of the Navy is firmly committed to enhancing the quality of family life for our military and civilian personnel by forging a more dynamic and complementary link between their home life and their work life. Family-friendly workplace programs are an integral part of the Department's efforts to remain a competitive employer of choice in the 21st century. These programs are an essential ingredient in our quest to retain and attract the best and brightest personnel. The Department continues to be in the forefront of the Federal telecommuting initiatives. We have more civilian employees utilizing the various General Services Administration

Telecenters in the Washington metropolitan area than any other Federal agency. Many commands outside the Washington, DC, metropolitan area have also established telecommuting pilot programs.

### **Civilian Human Resources Management System Regionalization**

Streamlining the civilian human resources community within the federal government is a major objective of the National Performance Review. For the Department of the Navy, this involves restructuring headquarters and field organizations and implementing Department of Defense-mandated regionalization and systems modernization. One of the challenges we face throughout this transition is to continue providing quality civilian personnel services to our managers and employees while gaining maximum return to the Department.

We estimate that this initiative will result in a total savings to the taxpayer of approximately \$148 million between fiscal years 1997 and 2003. After fiscal year 2003, savings are projected to exceed \$40 million per year. We have established eight Human Resources Service Centers to perform Human Resources functions that do not require face-to-face contact between service provider and customer. Approximately 60 percent of the functions performed in our Human Resources Offices are being

realigned to these Human Resources Service Centers. New civilian personnel servicing efficiencies and use of the latest information technology will reduce the overall size of the civilian Human Resources community. However, we are confident that involuntary separations will be kept to a minimum through the use of time-proven methods such as voluntary attrition and the priority placement program.

This reorganization initiative is an example of breaking old paradigms and instituting new thinking in business processes, as envisioned by the National Performance Review. After extensive analysis of facts and alternatives and with continuing participation by diverse groups of stakeholders, we believe regionalization will give us the maximum return on our dollars because it eliminates duplication and standardizes human resources services.

## **CONCLUSION**

In conclusion, on behalf of our Sailors and Marines, I want to thank you again for your continuing support for our men and women in uniform, their families, our civilian support force, and all our retirees and their families.



As we conclude this millennium and ready ourselves to move into the next, I am proud to say we have the finest Fleet and Marine Forces in this country's history. They are incredibly bright, extremely dedicated, technically proficient, and morally strong. They reflect the values this country was built upon, as well as our core values. Obviously, we have not solved all of our problems, but we have made great strides, and we continue to march in the right direction. We have policies and procedures in place to deal with problems when they arise, and we will continue to refine them as we continue to learn from and improve upon our past.

I hope that you will join me in taking great pride in our naval forces, remembering that they represent an "All Recruited Force". We are fighting one of our toughest battles to recruit and retain these volunteers and your continued support is vital to our success. These young men and women represent our future, and from where I stand, that future looks very bright indeed.