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ARMED SERVICES COMMITTEE

STATEMENT OF

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(MANPOWER, PERSONNEL, TRAINING & EDUCATION)

BEFORE THE

SUBCOMMITTEE ON MILITARY PERSONNEL

OF THE

HOUSE ARMED SERVICES COMMITTEE

ON

RECRUITING, RETENTION AND END STRENGTH OVERVIEW

3 MARCH 2009

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INTRODUCTION

Chairman Davis, Representative Wilson, and distinguished members of the House Armed Services Committee, it is a pleasure to have the opportunity to review the U.S. Navy's recruiting and retention efforts as well as end strength projections for this year.

Navy continues to experience success in recruiting and retention and we expect that success to continue. The tone of the force remains positive. Sailors and their families continue to express satisfaction with the quality of their service, education benefits, health care, and compensation. To continue supporting the Fleet and the joint force, we remain committed to providing the right person with the right skills, at the right time, and at the best value while ensuring the welfare of our Sailors and their families. To meet this commitment, our efforts must enable us to be:

- Competitive for the best talent in the nation
- Diverse
- Responsive to the joint warfighter
- A learning organization
- A leader in human resource solutions.

As we transition from a period of drawdown and begin to stabilize our end strength, we are taking the opportunity to review our policies and undertake initiatives emphasizing performance. Due to increased retention, sustained success in recruiting, and reduced attrition

we anticipate ending the fiscal year within two percent above our authorized end strength of 326,323.

Our stabilization efforts are directed at sustaining a high quality force to meet the demands of the Navy's Maritime Strategy and the joint warfighter, while at the same time being able to respond to new mission areas. Our efforts to stabilize the force are guided by the following principles:

- Attract and recruit our Nation's best and brightest
- Retain the best Sailors with the right skills
- Target incentives to retain critical skill ratings
- Balance the force based on seniority, experience, and skills matched to projected requirements
- Focus on performance and safeguard the careers of our top performers
- Provide the Fleet and joint force stable and predictable manning.

RECRUITING

To date, Navy has been successful in attracting and recruiting high-quality Sailors to its officer and enlisted ranks. Building on our accomplishments in Fiscal Year (FY) 2008, we are positioned for continued success through FY09.

Enlisted

Navy met its enlisted active and reserve recruiting goals for 21 straight months through January 2009. This fiscal year, we have met our active and reserve goals each month, and our Delayed Entry Program (DEP) is 89 percent full as of 1 February 2009. We are exceeding quality standards in all recruit categories: 94.4 percent will have high school diplomas—four percent above the Department of Defense (DoD) standard; and 70.6 percent will meet Test Score Category I-IIIA standards—10.6 percent above DoD standards.

Active and Reserve Component Accessions and Quality

	FY08			FYTD 09 (as of 1 Feb 2009)		
	ATTAINED	**GOAL**	**%**	**ATTAINED**	**GOAL**	**%**
Total Active	38,485	38,419	100.2%	11,266	11,266	100%
Total Reserve	9,134	9,122	100.1%	2,633	2,596	101.4%
HSDG*	35,834	90%	94.4%	11,475	90%	94.4%
TSC I-IIIA**	27,907	60%	73.5%	8,974	60%	73.8%

*HSDG – High School Diploma Graduate **TSC – Test Score Category (Aptitude Level)

We are focusing efforts where recruiting challenges remain. My top enlisted recruiting priorities are:

Nuclear Ratings. During FY08, Navy met its recruiting goals for enlisted nuclear ratings, achieving 100.6 percent of goal. This fiscal year we have met all monthly nuclear rating recruiting goals and are on track to achieve this year's target. Based on current trends, we increased our FY10 nuclear enlisted recruiting goal to offset future shortages. This will enable us to better meet enlisted manning needs as the nation's economy recovers. We continue to rely on the enlistment bonus as the primary incentive to meet our nuclear accession targets.

Special Warfare/Special Operations. We achieved Naval Special Warfare/Special Operations aggregate and individual goals (Explosive Ordnance Disposal, Diver, Special Operator, Special Boat Crewman) for the first time in FY08. We have continued that success, attaining 100 percent of all four ratings each month this fiscal year. We have established special recruiting programs and an introductory physical conditioning course in our recruit training center to improve our success rate at Basic Underwater Demolition/SEAL (BUDS) training. We are beginning to see positive results from these efforts.

Combat Operations Support. We experienced continued success in FY08 and are on track to achieve our FY09 goals. Combat operations support ratings include intelligence, information warfare, and Seabee ratings, and are vital to providing critical skills in support of joint operations around the world.

Combat Operations Support Accessions

	FY08			**FYTD 09 (as of 1 Feb 2009)**		
	ATTAINED	**GOAL**	**%**	**ATTAINED**	**GOAL**	**%**
Active Accessions	6,565	6,463	101.6%	3,150	3,153	99.9%
Reserve New Contracts	9,134	9,122	100.1%	2,633	2,596	101.4%

Officer

In FY08, Navy attained 104 percent of active component general officer (Officer Candidate School) goal, which included a mission increase of 40 percent over the FY07 target. Reserve component general officer programs also saw significant improvement, finishing FY08

at 105 percent versus 51 percent in FY07. While we achieved overall active and reserve medical officer recruiting goals for the first time in five years, we did not reach our goals for Dental Corps officers (89 percent). We expect success in FY09 and have increased three of four medical officer recruiting targets to offset existing shortfalls, though we will be challenged to meet our goal for direct commissioned medical officers.

Active and Reserve Officer Accessions

	FY08			FYTD 09 (as of 1 Feb 2009)		
	ATTAINED	**GOAL**	**%**	**ATTAINED**	**GOAL**	**%**
Active General Officer*	1,276	1,270	100%	888	1,407	63%
Reserve General Officer*	1,062	1,012	105%	475	974	49%
Active Medical Officer**	713	685	104%	357	840	43%
Reserve Medical Officer**	259	192	135%	104	279	37%

*Does not include accessions from the United States Naval Academy or Naval Reserve Officer Training Corps. **Medical Officer includes Medical Corps, Nurse Corps, Dental Corps, and Medical Service Corps.

My priorities for officer recruiting are:

Health Professionals. To support the increased demand for health professionals in support of combat operations, we have implemented a multi-faceted approach. This includes:

- Increasing Critical Wartime Skills Accessions Bonus (CWSAB)
- Increasing incentive and retention pays for critical healthcare specialties
- Increasing the monthly stipend for medical and dental Health Professions Scholarship Program (HPSP) recipients

- Exploring a one-year pilot program to access qualified legal non-immigrants
- Expanding the Defense Health Program's Health Professions Loan Repayment opportunities for critical medical specialties.

As of 31 January 2009, we have attained 43 percent of the FY09 active medical officer recruiting goal and 37 percent of the reserve goal, positioning Navy to meet or exceed all active and reserve medical officer goals in FY09.

Diversity. In our desire to remain competitive for the best talent in the nation, we continue leveraging relationships with key influencers and science, technology, engineering, and mathematics (STEM)-based affinity groups. We have made great strides expanding Naval Junior Reserve Officer Training Corps (NJROTC) into highly diverse markets. We will add 20 new NJROTC units resulting in a total of 646 participating schools in the coming year, providing opportunities for approximately 2,500 more cadets. Additionally, we are expanding our Naval Reserve Officer Training Corps (NROTC) program.

RETENTION

The current national economy, coupled with the comprehensive benefits and compensation of military service, have resulted in higher retention and lower attrition than predicted for this fiscal year. In FY08, active enlisted retention was approximately one percent above projections and there were 4,221 (14 percent) fewer enlisted attrition losses than

anticipated. We also experienced higher retention rates across the officer force. These patterns have accelerated into this fiscal year.

In the reserve force, we anticipate higher retention and fewer losses than planned in both the enlisted and officer populations. Current policies and adjusted enlisted prior service accessions will help to minimize over-execution. Our goal is to finish the fiscal year with a stable, balanced inventory of reserve Sailors matched to fleet demand.

Active Navy Enlisted Retention

Active Navy Retention	FY08 Achievement				FY09 Achievement (as of 3 Jan 2009)			
	Reenlisted	Mission	FY08	FY08 Goals	Reenlisted	Mission	FYTD	FY09 Goals
Zone A (0-6 yrs)	13,005	12,700	102.4%	12,700	3,481	3,174	110%	13,300
Zone B (6-10 yrs)	8,358	8,500	98.3%	8,500	2,863	2,735	105%	9,400
Zone C (10-14 yrs)	5,147	5,000	102.9%	5,000	1,721	1,601	107%	6,000

Control Grade Officers. Though officer retention rates have generally increased, there remain select shortfalls in the control grades (O4-O6). Commander (O-5) and lieutenant commander (O-4) inventories are below requirements; though, for the first time in many years, Unrestricted Line (URL) captain inventory exceeds officer programmed authorizations (OPA). Special and incentive pays and quality of life initiatives remain the primary tools to reduce these shortfalls.

Active Control Grade Inventory versus OPA

	Unrestricted Line		Restricted Line and Staff	
Rank	**Inventory**	**FY09 OPA***	**Inventory**	**FY09 OPA**
O6	1,395	1,361	1,808	1,877
O5	2,930	3,046	3,559	3,653
O4	4,280	4,461	5,203	5,702
Total	8,605	8,868	10,570	11,232

Health Professionals. Medical community loss rate trends improved in FY08. While incentives and bonuses have contributed to reduced loss trends, select subspecialties continue to require attention. These include: dentistry, clinical psychology, social work, psychiatry, general surgery, and perioperative nursing. Special and incentive pays are critical to retaining these professionals.

Medical Community Loss Rates

Community	FY05	FY06	FY07	FY08
Medical Corps	10.4%	9.6%	10.2%	8.2%
Nurse Corps	9.8%	11.4%	10.0%	9.2%
Medical Service Corps	10.2%	10.2%	9.4%	9.0%
Dental Corps	13.0%	14.3%	14.7%	10.7%

Tone of the Force

The tone of the force is positive. We poll extensively and track statistics on personal and family-related indicators such as stress, financial health, and command climate, as well as Sailor and family satisfaction with the Navy. The results indicate that Sailors are satisfied with the morale of their command, leadership, education benefits, health care, and compensation. Despite the current economic situation, the majority of our Sailors are not experiencing severe financial stress. Results of our January 2009 Financial Health Quick Poll reveal that 82 percent of officer and 54 percent of enlisted rate their personal financial situation as "excellent" or

"good," compared to 41 percent in the U.S. population[1]. For those who reported experiencing financial stress, housing-related expenses were the primary concern.

Suicide Prevention. We continue our efforts at suicide prevention through a multi-faceted system of communication, training, and command support. Our approach is to foster resilience among Sailors; identify and mitigate stress reactions that can lead to increased potential for suicide; and create an environment supportive of good psychological health, in which stress and other suicide related factors can be more openly recognized, discussed, and addressed.

While Navy's calendar year 2008 suicide rate of 11.6 per 100,000 Sailors is slightly above the 2007 suicide rate, it is significantly below the national rate for the same age and gender demographic of 18.8 per 100,000 individuals[2]. We continue to develop and enhance programs removing the social stigma of seeking help, targeting substance abuse prevention, personal financial management, positive family relationships, physical readiness, and family support programs—all of which reduce stress on individuals.

Sailor and Family Support

Our programs are designed to enhance career flexibility and improve overall life-work integration, supported by a comprehensive "continuum of care" that meets the full spectrum of needs for Sailors and their families from accession to retirement.

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[1] October 15, 2008 Pew Research Center for the People and the Press Survey Report (p.2).
[2] Data based on the Center for Disease Control's National Vital Statistics Report "Deaths: Final Data for 2005." Normalized rate calculated by the Navy Health Research Command.

Life-Work Integration. The FY09 National Defense Authorization Act (NDAA) authorized 10 days of non-chargeable paternity leave for married service members whose wives give birth to a child on or after October 14, 2008. We are appreciative of Congressional support for this legislation and anticipate over 15,000 Sailors will benefit from this entitlement each year.

Additionally, the FY09 NDAA provides Service Secretaries the authority to test the effectiveness of an alternative career retention option in fields where monetary incentives alone have not produced the desired retention results. We have learned that flexibility is one of the keys to retaining our younger Sailors. In an effort to enhance career flexibility, Navy is piloting a Career Intermission Program, allowing 20 officer and 20 enlisted members annually to transfer from active duty to the Individual Ready Reserve (IRR) for up to three years.

In addition to the Career Intermission Program, other Navy initiatives include telework, compressed work schedules, and a virtual command program, which provides an opportunity for a small initial group of officers to maintain geographic stability. Leveraging current technology, these options enable us to provide Sailors and their families with increased predictability and stability while providing improved quality of life. We are assessing the feasibility of implementing other programs designed to increase flexibility of choice within traditional career paths. We believe that innovative, flexible career paths will provide increased retention by complementing monetary incentives.

Continuum of Care. Navy's "continuum of care" is a network of services and caregivers that ensures Sailors, whether they are healthy or become wounded, ill, or injured, receive the highest quality care. We continuously evaluate and improve policies and programs associated with the continuum of care to be certain they are meeting their intended objectives. Our continuum of care spans all aspects of individual medical, physical, psychological, and family readiness. Navy Safe Harbor, Navy's Operational Stress Control Program, Deployment Health Assessments, the Warrior Transition Program, and the Returning Warrior Workshop are critical elements of this continuum.

Over the past year, Navy Safe Harbor has expanded its mission to non-medical support for all seriously wounded, ill, and injured Sailors and their families, increasing its capabilities with the establishment of a headquarters element to support Recovery Care Coordinators and Non-medical Care Managers covering 15 locations. With these changes, Safe Harbor's enrolled population has increased from 145 to 330. Safe Harbor is providing recovering Sailors a lifetime of individually tailored assistance designed to optimize the success of their recovery, rehabilitation, and reintegration activities.

Navy's Operational Stress Control (OSC) program provides a comprehensive approach designed to address the psychological health needs of Sailors and their families throughout a career. It is a program that is supported by Navy Medicine and promotes psychological health while reducing the stigma associated with requesting help. To date, Basic OSC Awareness Training has been provided to over 7,300 Sailors at various venues across the country. Formal

curriculum at key nodes of training throughout the career of a Sailor (from accession to flag officer) will be developed and delivered this fiscal year.

The Warrior Transition Program (WTP) was established in Kuwait and provides a place and time for individual augmentees (IA) to decompress and transition from a war zone to life back home. The WTP includes small group discussion facilitated by accredited professionals and focuses on combat and operational stress, gear return, and fleet and family support center briefings. Trained providers include two chaplains and two psychiatric registered nurses. Since January 2008, over 320 classes with over 7,100 returning IAs have taken place. Additional Mobile Care Teams are being developed to deploy to Iraq and Afghanistan to provide a means of reaching out to IAs during mid-tour.

The Returning Warrior Workshop (RWW) is a vital reintegration event that provides support for both active and reserve Sailors and their families. The RWW is designed to identify problems, encourage members to talk about their experiences, direct family members to resources, improve the mobilization/demobilization process, and honor the sacrifices of Sailors and their families. The RWW is an important first step in the demobilization and reintegration process for the Total Force and their families. Since January 2007, over 1,000 service members and 800 family members have attended one of 16 RWWs throughout the country. An additional 33 RWWs are scheduled through July 2010.

In addition to these programs we have been aggressively monitoring compliance with the new Deployment Health Assessment (DHA). DHA is a DoD-mandated instrument used to

screen Sailors prior to deployment and to identify health concerns after deployment with Post-Deployment Health Assessments (PDHA) and Re-assessments (PDHRA). We have enhanced policy oversight on DHA to include monthly reports to Navy leadership and a Navy-wide review of records to validate compliance is underway.

Retention through Targeted Investments

Given the change in retention and loss behavior, we are focused on stabilizing the force through a targeted investment approach—reducing or eliminating monetary incentives where they are not needed and continued investment in critical skills.

First-term nuclear operators are my number one retention priority. Currently, the Naval Nuclear Propulsion Program (NNPP) is 922 Sailors short of manning requirements across all zones, and is falling 20 percent short of required retention goals for first term reenlistments. Meeting retention goals continues to be challenging as nuclear trained enlisted are in high demand in civilian nuclear and conventional energy production, as well as other highly technical fields. We are addressing this challenge with an enhanced monetary incentive through a significant increase in the Selective Reenlistment Bonus (SRB) program, offered for a finite period. The intent is to elicit an immediate and significant increase in retention rates in skills that have shown an inelastic response to incremental increases in bonus rates. This "limited time offer" is our test of the elasticity of the demand. We will use the results to evaluate future retention initiatives.

The technical, leadership, and management expertise developed in the NNPP are highly valued in the civilian workforce. Consequently, nuclear officer retention remains a challenge. We have met our submarine officer retention goals only once in the past five years, and we expect to fall two percent short of our target in FY09. This decline has contributed to Navy's current shortage of officers with greater than nine years of commissioned service. The submarine force is currently 452 officers short of requirements to man critical billets Navy-wide. Additionally, the nuclear-trained surface warfare community continues to experience the lowest junior officer retention of any URL community. To positively influence retention, Navy aggressively uses monetary incentives authorized under the Nuclear Officer Bonus and Incentive Pay consolidated authority in title 37, U.S.C., Section 333.

END STRENGTH

Navy is currently transitioning from a posture of reducing end strength to one of "stabilizing the force." Since 2003, Navy active duty end strength declined from 382,235 to 332,228, at a rate of approximately 10,000 per year. While end strength declined, we have increased operational availability through the Fleet Response Plan, supported new missions for the joint force, and introduced the Maritime Strategy.

Navy continues to play a vital role in support of ongoing combat operations in Afghanistan (Operation Enduring Freedom (OEF)) and Iraq (Operation Iraqi Freedom (OIF)) across a wide range of mission areas, including detainee operations, training teams, provincial reconstruction teams, counter improvised explosive device (IED) missions, construction

(Seabee), explosive ordnance disposal (EOD), airfield support, public affairs, logistics, intelligence, and medical support. Today, approximately 14,100 Sailors are serving as IAs or are in the training pipeline to provide support as joint force enablers. We anticipate this demand to continue into the next fiscal year. Although Navy has traditionally sourced the IA requirement through baseline end strength, we can no longer sustain this approach without an adverse impact on readiness.

Beginning in FY10, Navy will start to reverse 2,383 previously planned military-to-civilian health profession billet conversions scheduled for FY10-FY12. The full 4,204 billet reversals and restorations will be completed by FY13.

To meet these demands, maintain required Fleet manning levels, and minimize stress on the force, the Secretary of the Navy authorized the force to over-execute end strength in FY08. Utilizing national emergency end strength waiver authority, Navy finished the year with an end strength level of 332,228, approximately one percent above our statutory end strength authorization of 329,098. We anticipate that we will finish this fiscal year within two percent above our authorized level of 326,323. As we move past this fiscal year, we expect Navy end strength to stabilize at approximately 329,000 personnel to support current Fleet manning as well as the joint force. We continue to assess our end strength posture to balance not only the number of personnel, but also the experience, skills, and seniority of the force against our projected requirements.

Navy Reserve end strength has declined by approximately 20,000 Sailors from 2003 through 2008 (88,156 RC Sailors in 2003 to 68,136 RC Sailors in 2008). The anticipated steady-state end strength is approximately 66,000 in FY13. During FY08, to provide for a stable RC inventory, we implemented several force shaping measures that included a reduction in prior service accessions, as well as proactive management of Transient Personnel Units (TPUs), overmanned designators, and Sailors reaching high-year tenure. These measures proved to be effective, as the Navy ended FY08 with 68,136 RC personnel (approximately 0.5 percent above our statutory end strength authorization of 67,800).

Stabilizing the Force

As previously discussed, we have experienced higher than expected retention and fewer losses across the enlisted force. For Sailors with 10 years of service, reenlistment rates are six percent higher than the previous two years. Among those Sailors with 10 to 14 years of service, we are experiencing a retention rate that is approximately three percent higher. Overall attrition, defined as Sailors who are discharged prior to the end of their contract, has declined approximately 24 percent from the previous year. Specifically, we have seen declines in misconduct related discharges by 26 percent, medical/physical discharges by 22 percent, and training-related discharges by 12 percent. The net effect is over-manning in some specialties in certain year groups. To maintain the force balance in terms of seniority, experience, and skills we will, or plan to, take the following actions:

- Reducing FY09 enlisted accessions by approximately 3,000
- Transitioning to newly-enacted consolidated special and incentive pay authorities

- Decreasing reenlistment bonus levels for 50 percent of skill sets eligible to receive them; of these decreases, nearly half were reduced to zero
- Incorporating "Perform-to-Serve," a reenlistment review process, for select overmanned ratings (6-14 years) that forces conversion to undermanned specialties or separation
- Providing voluntary early separation for enlisted members
- Establishing greater control of conditional short-term extensions
- Allowing one year time-in-grade retirement waivers for select senior enlisted in pay grades E-7 to E-9
- Instituting an annual performance-based continuation board for E7–E9 with over 20 years of service.

In our officer corps, we are experiencing similar behaviors. From 2005-2008 overall officer loss rates remained relatively stable (8.1 to 8.43 percent); the forecasted trend for FY09 shows a loss rate of less than eight percent. Higher than expected retention has resulted in 17 of 31 communities being over manned, with most imbalances occurring in the junior officer ranks. To properly shape our officer force, we are implementing several measures:

- Reviewing records of probationary officers (those with less than six years of commissioned service) who have failed their initial warfare pipeline training or whose records are flagged for legal, physical fitness, or security clearance issues, and separate those with limited potential for future service
- Restricting the number of officers in a retire-retain status (i.e., retaining a member past statutory retirement)

- Allowing only those officers with specialized skills to withdraw a previously approved retirement or resignation request
- Allowing one-year waivers of active duty minimum service requirement in targeted communities
- Allowing one year time-in-grade retirement waivers for select officers in pay grades O-5 and O-6.

A future component of our force stabilization efforts will be to provide opportunities for Sailors to seamlessly transition between active and reserve service throughout their careers. We are working to identify legislative, financial, management, and policy barriers impeding a quick and efficient transition between components to meet changing workforce demands. One of our key initiatives is implementing a process to transition Sailors between the active component and the reserve component within 72 hours. This continuum of service approach will ultimately enhance the effectiveness of the Navy Total Force.

CONCLUSION

Our mission is to attract, recruit, develop, assign, and retain a highly-skilled workforce for the Navy. We will seek to:

- Align the personal and professional goals of our workforce with the needs of the joint force, while ensuring the welfare of our Sailors and their families
- Deliver a high-performing, competency-based, and mission-focused force to meet the full spectrum of Joint operations

- Provide the right person with the right skills at the right time at the best value to the joint force.

Our vision of a seamless Navy Total Force will ensure we are positioned to take advantage of the opportunities of today and anticipate and respond to the challenges of tomorrow to deliver manned and ready ships, aircraft, and combat operations support to the joint commanders. On behalf of all the men and women in uniform who sacrifice daily and their families who faithfully support them, I want to extend my sincere appreciation for your unwavering support for our United States Navy. Thank you.