

**RECORD VERSION**

**STATEMENT BY**

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**BEFORE THE**

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COMMITTEE ON ARMED SERVICES  
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**PERSONNEL OVERVIEW**

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**Record Statement of**  
**Assistant Secretary Army for Manpower and Reserve Affairs**  
**and the**  
**Deputy Chief of Staff for Personnel**  
**United States Army**

Mr. Chairman and members of the Subcommittee, on behalf of the soldiers and civilians of the United States Army, we appreciate the opportunity to testify before you today. As you know the Army is facing serious challenges in recruiting and in retaining certain critical skills, which has an impact on the proper manning and readiness of the force. Our Army is highly capable of accomplishing its various missions around the world, but manpower realities are making this more difficult than before. One of the Army's top challenges for the upcoming years is end strength management and its components: recruiting, attrition, and retention. Today, we would like to discuss these items in a broader context of maintaining end strength in a changing environment.

**Active Army End Strength**

The Army finished fiscal year 1998 with an active end strength of 483,880, approximately 3700 below the Congressional floor of 487,575. Fiscal year 1999 Congressional guidance requires the Army to achieve an end strength of 480,000. However, due to the fiscal year 1998 shortfall, higher loss rates, and lower accessions, our most recent end strength estimate for fiscal year 1999 (as of 9 Mar 99) is 475,000.

The Army's programmed end strength for fiscal year 2000 through 2004 is 480,000. Since we will in all probability end fiscal year 1999 below end strength, accessions for fiscal year 2000 will need to be increased to make up this difference. Our

latest forecasts for FY 2000 show enlisted accession requirements increasing to approximately 84,700, a 24% increase, and officer accessions requirements increasing to 6,400, a 3% increase. Assuming we achieve an end strength of 480,000, forecasts for years 2001-2004 put the required number of enlisted accessions at 84,000, 82,000, 83,500, and 86,000, respectively to maintain an end strength of 480,000. Officer accessions will remain at 6,400 per year for the same period.

## **The Recruiting Mission**

In past years, the Army has been successful in attracting high quality young men and women to serve. However, the Army of today faces stiff competition. Our sister services, the private sector, and institutions of higher education are also aggressively recruiting the same high quality young people we need to defend the nation. Recruiting is more than just numbers and percentages; it is the core of readiness. Without an adequate supply of quality recruits, the All-Volunteer Force, now 26 years old, will not be able to sustain the world class force we know today.

Fiscal Year 1998 was a difficult year for Army recruiting. We fell short of our 72,550 active recruiting mission by accessing only 71,753 or 98.9% of mission. It took a concentrated effort through the end of the year to accomplish that 98.9%. This effort left little time to build the volume of applicants for the fiscal year 1999 Delayed Entry Program (DEP). We entered FY99 almost 9,000 short of our 35% DEP goal for the new fiscal year. We must maintain 35% of annual accessions to manage the flow of applicants to the training base. The FY99 DEP shortfall was greater than in previous years. The good news is that we met all quality goals in fiscal year 1998 for the Active Component and United States Army Reserve.

The fiscal year 1999 enlisted accession mission will be the most challenging in over a decade. The Active Component must write 84,000 new contracts to cover the 74,500 accession requirement and build an adequate DEP to start fiscal year 2000. The USAR must access 52,000 and the Army National Guard must access 56,958.

Through February 1999 we have missed our Active Army accession requirements by 3821, and could miss our annual accession mission by 6,000. To date, we have missed our USAR mission by 3,960 and could miss the annual mission by 10,000. In spite of the recruiting shortfall, we are still meeting our quality goals for non-prior service accessions: at least 90% high school diploma graduates (HSDG); at least 67% Armed Forces Qualification Test (AFQT) Test Score Category (TSC) I-III A, and no more than 2% TSC-IV. However, as our current volume shortfalls suggest, it is becoming increasingly difficult to maintain these marks and achieve the aggregate volume mission. We are looking for ways to expand the recruiting market in cost effective ways.

We know there is real value in service in the Armed Forces, but to be competitive in the recruiting market, the Army needs to have the compelling incentives to make service to our country an attractive option. Our enlistment and commissioning incentives not only generate market interest, but also allow us to complete the sale for critical skills at the time we need them. We implemented the changes made possible by the enhanced Army College Fund, which raised the maximum combined educational benefits of the Montgomery GI Bill and the Army College Fund from \$40,000 to \$50,000. We are also offering the Army College Fund at higher levels to a wider range of skill training options. We instituted an additional, one-time \$3,000 seasonal bonus to

those HSDG TSC I-III B applicants who agree to ship by the end of May 1999. This bonus is in addition to others available to HSDG TSC I-III A applicants who enlist in specific specialties. The Army implemented an expanded prior service selective reenlistment bonus to bring additional recently- released soldiers back into the Army in critical specialties. We instituted a new, more contemporary television advertising campaign in October 1998 designed to target our candidate population more directly. To help meet mission we are assigning 200 hand-picked Corporals and Specialists, as part of a new Young Recruiter Program.

The Army appreciates your continued support for these programs and also your support for improving the quality of life of our recruiting force. We are encouraged by the Administration's plan to increase military pay and benefits and by the tremendous Congressional interest. We believe these efforts will not only improve quality of life and retention, but will also enhance our recruiting capabilities, making us more competitive with private sector employers and higher level education. The Army offers tremendous opportunities to America's youth. Soldiers return to America's communities better educated, more mature, and with skills and resources that prepare them for productive and prosperous contributions in their communities.

## **Attrition**

We continue to be concerned about first-term attrition rates, which we further manage in two components: attrition of recruits while in Initial Entry Training (IET); and attrition after assignment to units through the 36<sup>th</sup> month of military service. In the last five years, first-term attrition has crept up from 33% of new recruits from the service, to 38.5%. The percentage of recruits dropping out of IET has crept up from 14 to 18%. We

view this primarily as a result of our increasing the rigor in Basic combat training and, therefore, as a leadership challenge. We have taken several initiatives to retain as many of these qualified recruits as possible. We have added an additional week to IET this year in order to better inculcate values training into our new recruits, and believe that this will ultimately help strengthen the quality of our force. It costs about thirty-five thousand dollars to recruit and bring a soldier through IET. Replacing these soldiers increases the requirement for recruiting cadre, drill sergeants, and support facilities. In troop units, soldier attrition exacerbates personnel shortages and degrades personnel readiness.

## **Enlisted Retention**

The Army Retention Program operates in an equally challenging environment. The objectives of our retention program are focused on sustaining a trained and ready Total Army and include:

- Reenlisting highly qualified soldiers, consistent with Army needs,

- Enlisting or transferring qualified transitioning soldiers into a Reserve

Component unit based on the soldier's qualifications and unit vacancy requirements,

- Achieving and maintaining Army force alignment by reenlisting qualified soldiers in critical/required skills, and

- Obtaining maximum command involvement at every echelon of command.

Maintaining a viable retention program is critical to the sustainment function of the Army's personnel life cycle. Given current budget constraints, our retention efforts demand careful management to ensure the right skills and grades are retained at levels that keep the Army ready to fulfill its mission world-wide.

Retention plays an even greater role in sustaining manning levels when faced with the challenging recruiting environment in which we find ourselves. There is no better example of the delicate balance among recruiting, attrition reduction, and retention efforts than this fiscal year. Potential recruiting shortfalls early in the fiscal year caused us to revisit our annual retention mission. Facing the very real prospect of missing end-strength, we increased the retention mission from approximately 63,000 to just over 65,000. This mission will be accomplished through a concerted effort between commanders and field retention personnel, enabling the Army to mitigate some recruiting shortfalls.

Fiscal year 1998 results indicate that the Army's active component reenlisted slightly over 63,000 soldiers, which exceeded our annual 62,100 mission. Through the end of February of fiscal year 1999, the Army has reenlisted 28,579 soldiers against an objective of 26,920. Our Reserve Component transition efforts during fiscal year 1999 have also been successful through the end of February 1999. We transferred 4,897 active duty soldiers into Reserve Component units against an objective of 4,800.

There are concerns, however, because retention is becoming more difficult in some critical skills. Support skills, such as specialties that require foreign language proficiency, signal communications, and maintenance, present a major challenge. Although retention in the aggregate is healthy, we are very concerned that retention in these highly specialized skills has been declining.

To achieve retention missions, we focus our attention on first term and mid-career soldiers. It is within these categories that the foundation for the career force is built. Our efforts to retain high quality first term soldiers are rewarded by establishing a strong base

of junior noncommissioned officers who lead our young soldiers and mid-grade NCOs. In this area, we are meeting expectations.

On the other hand, retirement eligible soldiers who are still retention eligible are leaving at higher rates than projected. This is attributable to a strong economy and good employment opportunities. As we conclude the drawdown and begin maintaining manning levels at a steady state, we expect retention rates to continue at these present levels. To date, the Army is keeping these soldiers in adequate numbers to sustain readiness due, in large part, to our existing incentive programs and continued involvement of concerned leaders at all levels.

The success of the retention program as a component of our personnel readiness equation continues to rest squarely on the shoulders of unit commanders, leaders, and retention professionals throughout America's Army.

## **Officer Retention**

We anticipate finishing fiscal year 1999 at our Officer Budgeted End Strength of 77,800. We closely monitor officer retention rates, and we are specifically concerned about retention of Captains. In the aggregate, post-draw down (1996-1998) Captain loss rates are slightly lower than pre-draw down (1987-1988) loss rates. However, after subtracting out programmed and promotion non-select losses, the post-draw down Captain loss rates are slightly higher than we experienced pre-draw down.

Factors impacting Captain retention are not new to us. The junior officer standard of living has slipped into the lower, middle-income class. Additionally, junior officers today experience more family separations, unaccompanied tours and deployments, a greater degree of spousal income loss, and more frequent moves, (approximately every

two years) than those in previous years. We anticipate that initiatives associated with REDUX and pay table reform will serve to mitigate the concerns regarding standard of living.

We are able to meet current and projected Active Component Lieutenant accession requirements through our commissioning sources (Reserve Officer Training Corps (ROTC), United States Military Academy (USMA), Officer Candidate School (OCS), and United States Army Recruiting Command (USAREC)). However, limited resources for ROTC are accentuating declines in Reserve lieutenant accessions. ROTC faces a challenge in meeting its accession goals for this fiscal year and will face similar difficulties in meeting its FY 00 mission. Therefore, we have increased the OCS mission from 350 to 550 for this fiscal year and beyond, as well as provide additional FY 99 funds for ROTC scholarships and advertising, to offset the possible ROTC shortfall.

In addition to the accession focus, we have been promoting to Captain at or above the DOPMA goal of 95% since fiscal year 1995, and are currently promoting all fully qualified Lieutenants to Captain at the minimum time authorized by DOPMA, 42 months. In addition, we instituted a fiscal year 1999 Captain Recall Program.

With regard to warrant officers, the Army is currently short 104 Apache pilots. Last year's Army initiatives improved warrant officer Apache pilot strength from 925 to the current inventory of 955 out of a total requirement of 1,060. In fiscal year 1999, these retention initiatives have been expanded to include:

- (1) A call-to-active-duty for prior service aviators. Currently, 111 such aviators are serving on active duty; in fiscal year 1999 we anticipate recalling an additional 60.

- (2) Selective continuation for Apache pilots twice non-selected for promotion. Fifty-one Apache pilots are now serving on active duty in selective continuation status; during this fiscal year approximately 20 more will be added.
- (3) An increase in Apache pilot aircraft qualification training from 100 to 140 during fiscal year 1999.
- (4) An approval for fiscal year 1999 Aviation Continuation Pay (ACP) for AH-64 (Apache) pilots. We are in the process of accepting fiscal year 1999 applicants for the program, and anticipate an 85% take rate by the 450 eligible pilots (approximately 385).

Finally, we are currently studying how we can more efficiently structure and station our pilot inventory. We are confident that implementing these initiatives will not only reduce AH-64 pilot attrition but also enable the Army to better meet its pilot requirements.

### **Army Career and Alumni Program (ACAP)**

The Army's program that delivers transition and employment assistance to our separating soldiers and their families is called ACAP and is truly an Army success story. The ACAP program continues to prepare soldiers and family members to make effective and efficient transitions to civilian communities. Since inception in 1991, ACAP has provided services to nearly 900,000 clients. ACAP provides separating soldiers a detailed understanding of transition benefits available prior to and after leaving military service. Our soldiers normally join the Army right out of school and have no experience in finding employment, which gives their peers an advantage in the mid-career job

search. The Army has made an institutionalized commitment to provide soldiers with job search training to level the playing field.

Not all Army technical skills and training have application in the private sector. While technical skills do not always translate one-for-one to civilian jobs - - basic leadership, organization, and management skills do prepare our soldiers for success in the private sector. Our ACAP counselors concentrate on translating those soldiers' skills to civilian language. They teach the job search process with special emphasis on writing effective and competitive resumes. They prepare soldiers for employment interviews, and in the art of negotiating salaries. Our counselors keep pace with current trends in the labor market, providing our soldiers with an edge for success.

The Army believes a link exists between an effective transition program and recruiting. New veterans have a direct impact on friends and relatives considering military service. Successful veterans are the Army's best recruiting advertisement. Knowledge of this program has made a difference to soldiers- not only to those who use this program, but also to those who continue to serve in the military. Serving soldiers are more dedicated to the Army as a result of the positive effect this program has on their departing fellow soldiers. They know that we have incorporated transition in the personnel life cycle functions, ensuring that ACAP will be available when it is their turn to leave.

The recently announced report by the Congressional Commission on Servicemembers and Veterans Transition Assistance provided a full menu of recommendations on transition programs and other issues. We hope that the Congress would look favorably on these particular recommendations by funding the recommended

changes to allow the Army to provide the type of transition services our soldiers need and deserve.

## **Military Compensation and Retirement**

Military Compensation is currently the number one concern for our soldiers, family members, and retirees.

We believe there are three elements of compensation: Core, Quality of Life, Intangible Incentives. First and our primary focus is the core element, which encompasses aspects of compensation to which a soldier ascribes a direct dollar value. The second is the Quality of Life (QOL) element inherent in the military lifestyle that provides the benefits that keep the soldier's family in the military. The last element is the intangible incentive element focusing on recognizing an individual's contributions to our organization.

Each element must be successfully integrated within our Human Resources long-range strategy to provide a total compensation package that achieves the Army's manning requirements through recruiting, retaining, and motivating quality people.

### **CORE ELEMENT**

A balanced Compensation program will enhance our ability to sustain a quality force into the 21st Century. It will improve basic pay raise levels, reform the basic pay table - emphasizing promotion over length of service - enhance soldier and family quality of life, restore the value of retired pay for post-July 1986 entrants, and ensure that opportunities and hardships are equitably distributed.

Our highest compensation priorities--restoring basic pay comparability; reshaping the pay tables; and restoring retirement pay, are called the Compensation Triad.

All three legs of the Compensation Triad fall within the purview of the core element of compensation.

Restoring the value of pay is the first leg of the Compensation Triad, and continues to be among the highest priorities for the Army. We appreciate your continued support for the maximum allowable pay increases for our men and women who serve in uniform. Given sufficient resources we would like to provide soldiers raises that provide comparability with the average American worker. This is essential if we are to reverse the recruiting and retention problems we are now facing. We are seeking an across-the-board 4.4 percent pay raise effective 1 January 2000, and across-the-board 3.9 percent increases in the remaining four years of the Five-Year Defense Plan (FYDP). The intent is to progressively close the perceived pay gap.

Second, to enable us to retain more of our most highly skilled non-commissioned officers, warrants and company grade commissioned officers, we are proposing the most substantial reform of the basic pay table since its redesign to support the All-Volunteer Force. Pay table reform is the second leg of the Compensation Triad. Our proposal will begin to reshape a pay table that has reduced the incentive for promotion due to past across-the-board pay increases. Those with more education and training have increasingly attractive alternatives to continued military service. Their experience and leadership, once lost, cannot be replaced in the short term. Today members receive a pay raise when promoted or when their time in service results in a longevity step increase. However, we intend to begin reforming the pay table in fiscal year 2000 to recognize education, skill, experience, and performance through targeted pay raises of up to 5.5

percent effective 1 July 2000. We are convinced these changes will make our basic pay system a more effective retention and force shaping tool than it is today.

Third, we are addressing retirement system restorations. This is the third leg of the Compensation Triad. The Military Retirement Reform Act of 1986, REDUX, was designed to encourage retention beyond 20 years of service by lowering the annuity at 20 years from 50 to 40 percent and increasing the value of each additional year of service out of thirty years by 3.5 percent. At that point, retired pay after 30 years of service attains at 75 percent of basic pay. The differences in retirement benefits between our career soldiers and our current mid-career and first-term soldiers continue to be perceived as inequitable. This perception is expected to drag down retention as soldiers under the new system enter the career decision window. Members who entered service, possibly days after a member of similar skills and rank, continue to ask why their retirement pensions are worth 20% less than those of soldiers who can retire under the pre-REDUX system. We are proposing returning the 20-year retirement point multiplier to 50% of base pay with a 2-1/2 percentage points increase for each additional year of service through thirty years. This will place all members entering service after July 1986 on an equal footing with current career soldiers in this regard.

## **QUALITY OF LIFE**

The second of the compensation elements is Quality of Life. America's Army is the world's best, comprised of many of America's finest young people. We must continue to maintain Quality of Life (QOL) for our soldiers, family members, and retirees within our top priorities. Quality of Life must be viewed as an important aspect of readiness and that must be reflected in resourcing decisions. It remains true today that about half of our

officers and a good portion of our enlisted force are themselves the children of career military. Investment in QOL is therefore an investment in our next generation of soldiers. We need your continued support to fund our physical fitness and childcare centers, libraries, schools, morale, welfare and recreation (MWR) centers and programs, Army Career and Alumni Program (ACAP), and other soldier and family support activities. Soldier barracks must continue to be renovated or replaced with safe, modern, easily maintained facilities that reflect our Nation's support for its soldiers'. We must maintain the quality of today's soldiers as we continue to have the ability to attract and retain the best of America's sons and daughters. Fair and adequate compensation and a decent quality of life are what our soldiers and their families deserve, and that is no less than what it will take to attract and keep them.

## **INTANGIBLES**

The third compensation element is intangible benefits. We know that intangible benefits are essential to properly recruit and retain the force and to retain the families. Soldiers are taught that their leaders will trust them and take care of them. Leaders are taught to provide opportunities to maximize soldier potential to "Be All They Can Be." Such opportunities include appropriate funding and educational program availability for soldiers working toward post-secondary and advanced degrees. The military reaps great benefits from motivated soldiers who continue to strive toward educational self-improvement.

Soldiers understand that their profession requires them to make uncommon sacrifices. These include short notice deployments, holidays spent away from family and friends, and routine assignments to dependent-restricted locations. Soldiers willingly

accept these sacrifices, as long as they perceive an equitable distribution of hardship across the entire force and with an expectation of opportunities for tour stabilization when the Army mission allows. Inordinate lengths of separation are particularly wearing on both soldiers and their families, and must be equitably distributed across the force. We must work on these intangibles to enhance stability, to reduce uncertainty, to make the Army a place where soldiers want to serve and want to raise families.

## **Military Retirees**

Army retirees play a vital role in assisting America's Army in remaining a trained and ready, full spectrum force. They serve as our best ambassadors in the local communities. Their devotion to duty, honor, and country cannot be marginalized. The Army remains committed to ensuring a stable retirement program for those currently serving and to providing maximum benefits to those who have previously served.

The availability of quality health care remains the number one concern for retirees. Medical staff reductions and base closures have reduced space available health care to almost nonexistent. While medical care program reforms designed to provide access to quality health care are underway, continued support by the Army and Congress are vital. The implementation of TRICARE has provided some relief and the current demonstration projects to expand and improve TRICARE for Medicare-eligible beneficiary are greatly appreciated. The lack of full military medical care for all retirees, whether implied or actually promised, has left many of our retirees with the impression that they have been abandoned. We must work together to fix this.

Other issues such as Cost of Living Adjustments (COLAs) to retired pay, and maintaining commissary and post exchanges remain important aspects of retiree's quality

of life. Support for and continuation of these programs are vital as they round out the total compensation package for military retirees.

The retired community provides a valuable asset in support of the active force through volunteer work in their civilian and military communities. Additionally, we rely on our retirees to serve as adjunct recruiters. Recruiting and retaining the best young men and women the nation has to offer is becoming more difficult. Young people and their parents look to retired soldiers for information and counseling concerning military service. If potential recruits and active duty soldiers perceive that we have not kept our promises to retirees, then they question our government's commitment to keep its promises to them. Recruits and active duty soldiers are cognizant of how retired soldiers are being treated and are making career decisions based on what they observe. It is vital that we honor the promises made by our predecessors.

## **Gender Integrated Training**

Soldiers fight for each other--teamwork must develop from the very start. Gender Integrated Training fully prepares the soldier for the gender integrated Army environment. Gender Integration at the squad level in recruit training centers for non Combat Arms skills is essential to developing the skill of teamwork and helps create unit cohesion, mutual trust and respect. The common shared experience in Basic Training among soldiers in the same Military Occupational Skills (MOS) is critical to developing trust and confidence.

## **Junior Reserve Officer Training Corps**

JROTC is one of the Army's contributions to assisting America's youth to be successful students and productive adults, while fostering in each school a more

constructive and disciplined learning environment. The JROTC program makes substantial contributions to many communities and ultimately to the Nation's future. The Army JROTC program is the centerpiece of the DOD initiative concerning the Presidential Summit and our fulfillment of commitments to America's promise for youth, community service, and teen anti-drug efforts.

The focus of the Army JROTC program is reflected in its mission statement: "To Motivate Young People to be Better Citizens." The Army JROTC program complements the curricula and overall education program of America's high schools, and seeks to train students in leadership and work skills that will serve them during their school years as well as throughout their lives. Although it imposes no obligation to serve in the military upon graduation, cadets have shown a greater propensity for military service to the Nation in both the active and reserve components.

The effectiveness of the Army JROTC program is measured against the program of instruction objectives. These objectives include: promote citizenship, develop leadership, communicate effectively, strengthen self-esteem, provide the incentive to live drug free, improve physical fitness, promote high school graduation, work as a member of a team, and appreciate the military services and their accomplishments, with emphasis on the US Army. JROTC has shown to be a positive influence in promoting individual self-discipline, academic performance, class attendance, and high school graduation.

The Army JROTC consists of 1,370 units. There is a congressional cap of 3,500 total JROTC units, of which the Army allocation is capped at 1,645. There are 225 schools on the Army waiting list, against a remaining allocation of 275 possible school allocations. Current programmed funding of \$87.5 M for FY 1999 (\$91.5 M for FY

2000) supports approximately 83 percent of the Army's DoD maximum allowable number of units (1,645). It would require approximately an additional \$40M (\$33M OMA and \$7M RPA) to fully fund the Army JROTC program to its DoD limit of 1,645. The Secretary of the Army recently directed that JROTC funds be increased starting in FY00 and throughout the POM. The increase will add approximately 50 more schools, for a total of 1,420 JROTC units.

## **Closing**

Our Army today remains the best in the world. Our soldiers and their families are our most vital resource. The tremendous demands placed on them require special citizens who are highly trained, motivated with great leaders out front. They have been great soldiers and have gone where we asked them to go; their selfless service allows all our citizens to enjoy the prosperity of our great nation. We must ensure that the quality of life for our soldiers and their families remains within our top priorities. We would like to thank you for your continued support of America's soldiers and their families.

We look forward to working with you during the year and appreciate the opportunity to appear before your Committee.