

**DEPARTMENT OF THE AIR FORCE**

**PRESENTATION TO THE COMMITTEE ON ARMED SERVICES**

**SUBCOMMITTEE ON PERSONNEL**

**UNITED STATES SENATE**

**SUBJECT: RECRUITING AND RETENTION**

**STATEMENT OF: LIEUTENANT GENERAL DONALD L. PETERSON**

**DEPUTY CHIEF OF STAFF, PERSONNEL**

**UNITED STATES AIR FORCE**

**24 FEBRUARY 2000**

## **INTRODUCTION**

Mr. Chairman and members of the Military Personnel Subcommittee, it is a great honor to return this year to represent the men and women of the United States Air Force in reporting the status of our recruiting and retention efforts and initiatives. The Air Force depends on highly trained men and women with skills honed over years of experience. We must recruit and retain high quality people, dedicated to meeting our national objectives. We require highly technical skills and performance and are committed to recruiting high quality people. Our people meet the challenge. Our Air Force men and women are indeed our most critical resource.

Today, over 11,000 Air Force active duty and reserve men and women are deployed around the world and another 76,000 are forward based on permanent assignment. They are carrying out the mission, doing whatever it takes for our country—working long hours, often separated from their families, and put forth that extra effort every time it's needed. To get to this level of global support and commitment, we must work hard and smart while maintaining agility in our recruiting and retention efforts and initiatives. Recruiting and retention are interwoven, ever balanced on a myriad of factors, and must be viewed interdependently. Recruiting impacts retention and retention impacts recruiting. We are committed to making every effort to maintain the intricate and balanced recruiting and retention relationship in order to sustain a force ready to meet the needs of the Nation.

## ***Recruiting Impacts Retention***

### **RECRUITING**

Today, our recruiters face one of the most difficult environments we have encountered since the beginning of the All-Volunteer Force. Because we depend heavily on highly technical skills honed over years of experience, we seek to recruit the very best, and then retain a large portion of them for a career. For the first time since 1979, and only the second time since the inception of the All-Volunteer Force, the Air Force missed its annual recruiting goal. While we accessed more airmen (32,068) in FY99 than in each of the previous 6 years, we fell short of our FY99 recruiting goal by 1,732, accessing 95% of the FY99 goal of 33,800. Furthermore, while our Delayed Enlisted Program (DEP) bank should normally be 43% filled entering a new fiscal year; we entered FY00 with the bank only 32% full. Experience tells us that such a DEP shortfall at the beginning of the fiscal year indicates our recruiters have a steep climb to meet this year's recruiting goal of 34,000.

Enlisted Accession History/Projection									
FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99*	FY00*
30000	35100	31500	30000	31000	30700	30200	31300	32068	34000

\* Lower than projected retention/accessions increased FY99 goal by 2,300 to 33,800; FY00 goal further increased to 34,000

**Table 1**

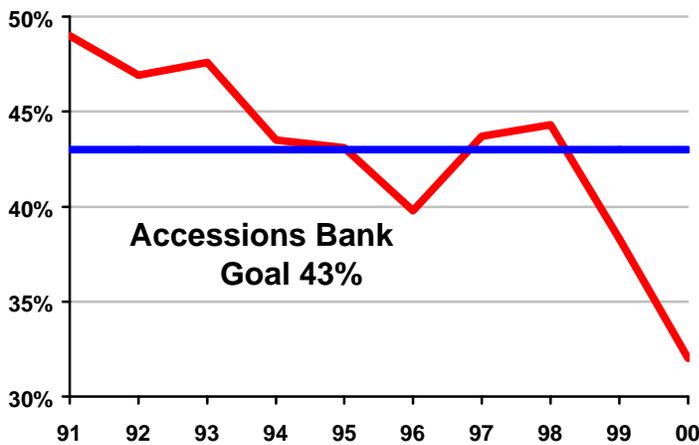
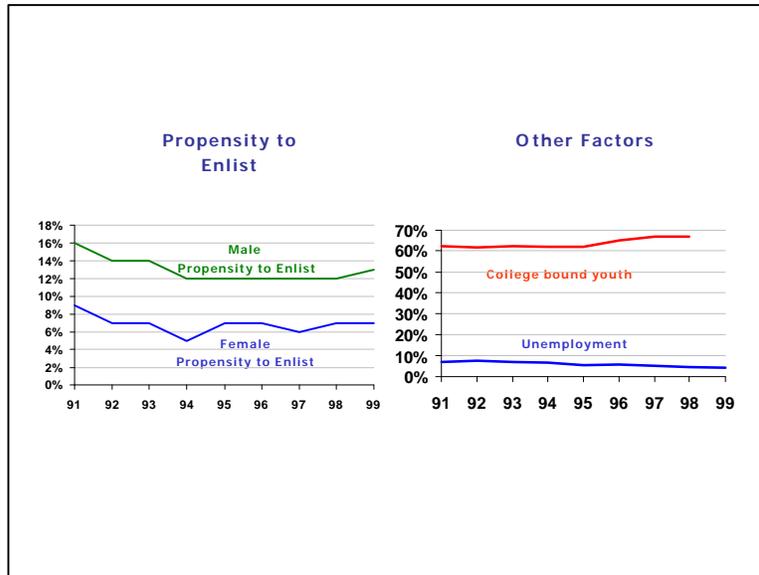


Chart depicts percent in DEP Bank by FY  
**Figure 1**

## Recruiting Environment

Environmental factors pose the most intense recruiting hurdles we have experienced in our history. The propensity to join the Air Force has been relatively stable over the last 5 years (13% for men and about 7% for women) after declines in the early 1990s. As a back drop to this, we are experiencing the longest sustained economic growth period in our Nation's history that shows no sign of slowing down. The job market is strong, especially in the high-tech industries—the Air Force's biggest competitor. Unemployment in January 2000 hit an all time low ratio of 4.0%. Additionally, the percent of college bound youths has increased to 65%, further reducing the number of potential recruits.



**Figure 2**

While accession targets have increased and challenged our recruiters, they continue to work to maintain the quality standards of our recruits. Last year over 99% of our recruits had high school diplomas and 76% of our new recruits scored in the top half of the Armed Forces Qualification Test. This surpassed the DoD benchmark of 60% but fell short of the Air Force standard of 80%.

To help meet the growing challenge for new recruits and proactively frame our future recruiting efforts, the Air Force conducted a top-to-bottom recruiting and accession review. At the direction of the Under Secretary of the Air Force and the Vice Chief of Staff of the Air Force, a Recruiting Working Group convened in October and December 1999. The Recruiting Working Group, a senior level “brain trust,” addressed recruiting and accession issues from “cradle to grave.” Focus Groups of delayed enlistees, recent Basic Military Training graduates, media, community leaders, parents, teachers, and students provided input for initiatives to improve Air Force recruiting processes. As a result of this review, we have developed a multifaceted plan including

more than 120 proposals across a broad spectrum of recruiting and accession programs. We are currently implementing these proposals to combat the recruiting shortfall. Funding increases of \$8M in FY00 and \$20M in FY01 have already been designated to: expand our recruiting force; step up marketing and advertising; broaden awareness of the Air Force; and field more enlistment incentives.

## **Recruiting Initiatives**

The Air Force is expanding its recruiter force to ensure we have enough recruiters—front line ambassadors—in the field. Air Force recruiters are outnumbered by our Sister Services almost 13 to 1, signifying that every recruiter in the field is very important. We have increased recruiter production to fill our existing billets. Our recruiting manning improved throughout FY99 (985 total) putting our recruiters at 97% manned—over 1,168 today. We are targeting 100% manning (1,209) of our recruiters by April 2000. Improved manning resulted from expanding Recruiter School class size, adding three classes to the FY99 schedule, and increasing in the number of Air Force specialties which released volunteers to become recruiters. We will continue our thrust through CY00 to increase recruiters by an additional 300 for a total of 1,450 by April 2001 and pursue increasing recruiter manning even further. In FY01 we will invest approximately \$8M in new facilities and support equipment for recruiters.

We are stepping up our marketing and advertising efforts. The recruiting advertising budget is a key element in solving our recruiting challenges. In the past, the Air Force successfully recruited high quality people without intense marketing strategies. Today's strong economy offers other attractive options for the high quality people we are endeavoring to recruit. Thus, in 1999, for the first time in our history, we

have budgeted for prime time television advertising. It is critical that our advertising budget keeps pace with rising costs in a competitive market. Through paid television and in-system high school television advertising, radio, theater, magazines, internet, interactive CD-ROMs, and targeted base-level and regional influencer tours, we seek to increase awareness among today's youth and their influencers that Air Force service is a rewarding, challenging, and viable option. The Air Force spent \$54M in FY99 to purchase paid television advertising time for ads to run during FY99 and FY00. For FY00, we have allocated a total advertising budget (including television) of over \$65.4M and plan to invest \$59.2M in FY01 to continue to expand our Air Force image. Our television advertising budget is \$37M for FY00 and \$37M for FY01.

Advertising Budget											
90	91	92	93	94	95	96	97	98	99	00	01
16.3	8.6	8.7	7.7	7.8	13.0	14.3	15.7	17.2	76.0	65.4	59.2

**Table 2**

Additionally, we are establishing a centralized Air Force marketing and advertising office to administer all Air Force marketing and advertising efforts. Their charter will include centralizing all marketing and advertising funding and research, expanding marketing and advertising expertise, and developing a comprehensive multi-media program. We must leverage our marketing and advertising efforts to optimize our ability to specifically attract our target audience and increase our visibility at all levels, from the broad national perspective to the local community. This office will be responsible for the recruiting advertising mission while also carrying the Air Force mission to America in an effort to educate the influencers (parents, teachers, family, etc.) of our youth about the benefits of serving their Nation.

In addition to increased advertising, we are broadening awareness of the Air Force by increasing our presence in America's local communities through JROTC. Although JROTC is a citizenship and leadership development program, nearly 45% of all JROTC graduates historically affiliate with the military. Therefore, with your support and reprogrammed funds, the Air Force is expanding the number of high school JROTC units from 609 currently to 945 by FY05. In FY01, we will also open a new Senior ROTC detachment in Alaska.

To help attract quality applicants, we are committed to developing and expanding our accession incentives. We have expanded our Enlistment Bonus Program to include 100 skills and increased the maximum bonus amount to \$12,000 for some 6-year enlistments. These increases have met with great success. Sixty-eight percent of our total eligible accessions elected a 6-year initial enlistment for FY99. Historical data and trends indicate 6-year enlistees have a higher propensity to reenlist upon completion of their initial term of enlistment. Also, as a result of the recruiting review, the Air Force will invest in a trial College Loan Repayment Program in FY01 and increase funding for critical skill enlistment bonuses in our FY00 budget.

We are targeting enlistment bonuses for the high-tech and hard-to-fill skills. In FY01 we are instituting a 6-month test for individuals with a mechanical aptitude index of 44 or higher. Individuals with a qualifying score will receive a \$3,000 bonus for a 4-year enlistment. That maximum amount could increase if the member changes to a 6-year enlistment or is selected to serve in a skill that has a higher bonus. To assist field recruiters with shipping recruits during our historically difficult months of February through May, we are authorizing an additional \$1,000 bonus. This bonus is in addition

to mechanical or electrical skill bonuses. Finally, we are allowing General Equivalency Diploma (GED) Program accessions to participate in the Initial Enlistment Bonus Program.

Another recruiting review initiative is expanding our Prior Service Program to return more experienced NCOs to duty. In FY99, we accessed 605 prior service members compared to 196 in FY98. This initiative helps man our force while adding valuable experience and leadership. We are also developing a pilot program to test a new Prior Service Enlistment incentive. As a result of our review, we have developed an Enhanced Prior Service Program that expands the number of career fields for former Air Force members who honorably served in any specialty, possess the necessary aptitude and are willing to retrain into any critically manned skill. In addition, we have also expanded the opportunities for a select number of former Sister Service members who meet our entrance criteria. Paralleling these efforts, we are investing \$2M to develop and field a prototype Prior Service Enlistment Bonus Program targeted at former Air Force members who can move into hard-to-fill or critical career fields in FY01. We recently conducted a Recruiter Mentoring Program through a Nation-wide blitz to augment production units. We sent experienced staff recruiters assigned to non-production positions to the field for a 6-week period to train, coach, and mentor with the ultimate goal of bolstering recruiting effectiveness.

The FY00 gains you provided as well as these four targeted efforts will significantly address our recruiting challenge. Additionally, we request your assistance in FY01 funding of \$31.5M for key recruiting initiatives to include enlistment bonuses and incentives; expanded advertising; minority recruiting operations and maintenance;

improving recruiter image and offices; and recruiter and marketing training. With the right number of recruiters in the field, and the right tools, the Air Force will be in a better position to achieve our objective to fully man our Expeditionary Aerospace Force with quality trained airmen to meet our global commitments. We expect these four targeted efforts, in addition to the compensation gains provided in FY00 and further assistance in FY01 funding, will have a positive impact in our ability to demonstrate the choice of an Air Force career is a meaningful and rewarding option.

### ***Retention Impacts Recruiting***

## **RETENTION**

Recruiting the caliber of men and women we need in the Air Force is the first step in building and sustaining the Air Force that will achieve the national objectives of the 21<sup>st</sup> century. However, retention drives recruiting and greater retention of personnel would ease some of the pressures on recruiters in their already challenging recruiting environment. Retention is a concern for all Services, especially in today's robust economy. The Air Force depends heavily on highly technical skills honed over years of experience. Our structure is built on high retention because we must retain an experienced technical force structure to provide the dynamic response required in the employment of aerospace power. Reduced retention equals lost experience and increased replacement costs. For example, if second term retention were to drop an additional 9% (from 69% to 60%) and if career airmen retention dropped 1% more (from 91% to 90%), we would require a 17% increase in accessions (5,300) and an additional \$95M for training costs, infrastructure, and base support alone. And this investment

does not replace lost experience. It is clearly more effective to retain our experienced force versus retraining a new one.

The Air Force is aggressively pursuing additional retention initiatives. As chartered by the Under Secretary of the Air Force and the Vice Chief of Staff of the Air Force, the Retention Summit 2000 met in January 2000 to develop initiatives to combat the current trend in retention rates. Summit members, officer and enlisted representatives from all the major commands, Air National Guard, Air Force Personnel Center and the Air Staff reviewed retention issues covering the full range of concerns to include TEMPO management, quality of life, the assignment system, mentoring and leadership, etc. The group reviewed the many reasons people stay in or leave our Air Force. Our people are grateful to the administration and Congress for the many positive improvements last year to the tangible reasons to stay, with significant gains in pay, retirement, and compensation. The group recognized the significant commitment our Air Force is making to give our people and their families more stability and predictability with the implementation of the Expeditionary Aerospace Force concept. The group developed 89 initiatives for further study and implementation. We will conduct Focus Groups visits to several Continental United States and overseas bases to validate these initiatives and identify new ones. We remain optimistic that these initiatives and subsequent improvements will renew our people's faith in our ability to provide the quality of life they deserve and reaffirm our commitment to recruit and retain a dedicated, high quality Air Force.

## Officer Retention Statistics

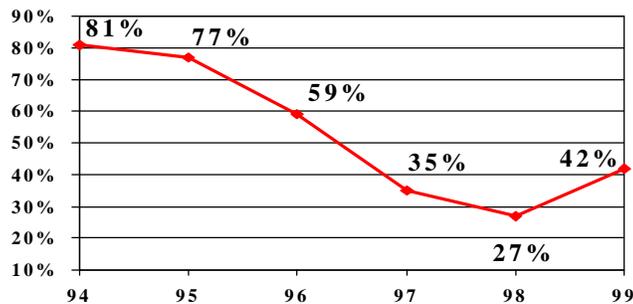
Officer retention is becoming increasingly more challenging. Using a cumulative continuation rate formula, retention is currently measured by the percentage of officers entering their fourth or sixth year of service (sixth year for navigators and pilots) who will complete 11 or 14 years of service, given existing retention rates. Although cumulative continuation rates have rebounded from their lows in 1993, the height of the drawdown, the caution light is on with rates continuing to fall to levels not seen since 1991 and 1992. For example, navigator retention has fallen over 24 percentage points (or 26%) since 1994 while non-rated operations officer retention is 14 percentage points (20%) lower than in 1994. Mission support officer retention rose 1 percentage point to 44% in FY99, but this is still 17 percentage points (28%) below FY94 levels.

Category/FY	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99
Pilot	36%	37%	35%	34%	62%	82%	87%	77%	71%	46%	41%
Navigator	75%	66%	70%	54%	28%	84%	86%	75%	73%	62%	62%
Non-rated Ops	69%	59%	65%	43%	20%	70%	54%	62%	59%	57%	56%
Mission Supt	56%	54%	58%	37%	21%	61%	51%	50%	45%	43%	44%

**Table 3**

Pilot retention has been particularly challenging. With retention dropping over 41 percentage points (50%) since FY94, pilot force management has been and continues to be one of the Air Force's top priorities. In FY99 alone, three pilots walked out the door for every two pilots we trained. As a result, significant impacts are being felt as warfighting and management staff expertise declines, workloads continue to increase, and training costs climb. However, the FY99 long-term pilot bonus take rate, a forward-looking measure of pilot retention, rose to 42%, up 15 percentage points from FY98's long-term rate of 27%. We are optimistic that our new Aviation Continuation Pay (ACP)

authority will help us close the gap between our pilot requirement and inventory, and early indications are positive. We appreciate the ACP authority you gave us and are fully implementing this important initiative.



Bonus Take Rate  
Figure 3

## Enlisted Retention Statistics

The warning light is on for enlisted retention and we are very concerned about sustaining our enlisted corps. For the second year in a row, the Air Force missed its retention goals in FY99 in all three enlisted categories (first term, second term, and career). First term retention rates are a concern (49% versus 55% goal). Retaining these skilled airmen is key to sustaining our NCO corps. Second term retention rates are also a concern (69% versus 75% goal)—these mid-level NCOs constitute the backbone of our enlisted corps, the technicians, trainers, and future enlisted leaders. We are carefully watching career airmen retention rates (91% versus 95% goal)—they are the supervisors and leaders of our enlisted corps.

Cat/FY	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99
1st Term	59%	58%	61%	59%	63%	59%	56%	54%	49%
2 <sup>nd</sup> Term	77%	76%	82%	81%	77%	76%	71%	69%	69%
Career	95%	96%	97%	96%	96%	95%	95%	93%	91%

(Air Force GOALS: 1<sup>st</sup> Term = 55%, 2<sup>nd</sup> Term = 75%, Career = 95%)

**Table 4**

Attrition is a major concern and is our first true retention challenge. Our goal is to retain all recruits through completion of their initial contract without sacrificing our quality and performance standards. Basic Military Training (BMT) and post-BMT attrition combined averaged 33% since FY88. In that time, our BMT attrition rate averaged 8.5%. Medical problems account for nearly half of BMT attrition. To reduce these losses, we introduced special pain rehabilitation classes for minor injuries, added a combat boot break-in period, and introduced stress management classes. We also simplified reentry with a training program for airmen with medical conditions that could be quickly resolved.

Post-BMT attrition averaged 24% during the same time. Involuntary separations for quality account for nearly half of post-BMT attrition. After examining the cases, we found that many involved multiple infractions and discharge was appropriate. For others, we needed more supervision and effort in developing these young airmen. Increased emphasis on mentoring is helping in this area. Historical data shows that miscellaneous separations accounted for 22% of all post-BMT attrition. After significantly tightening our policies on miscellaneous separations, they now account for only 7% of our post-BMT attrition.

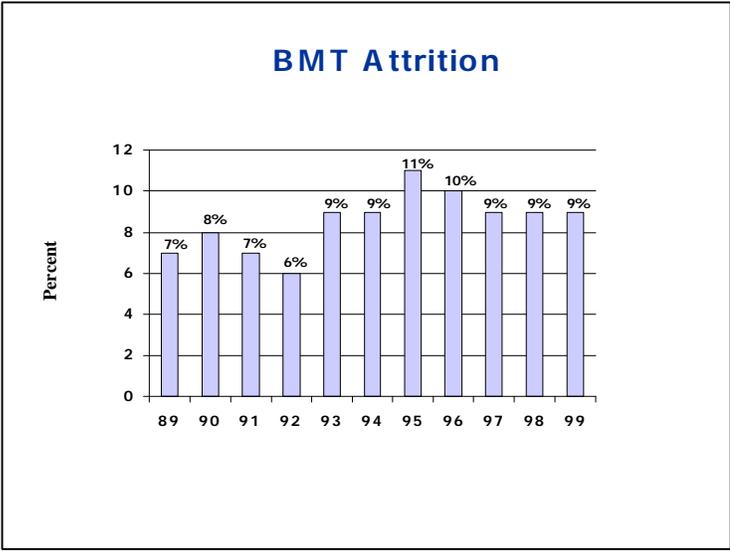


Figure 4

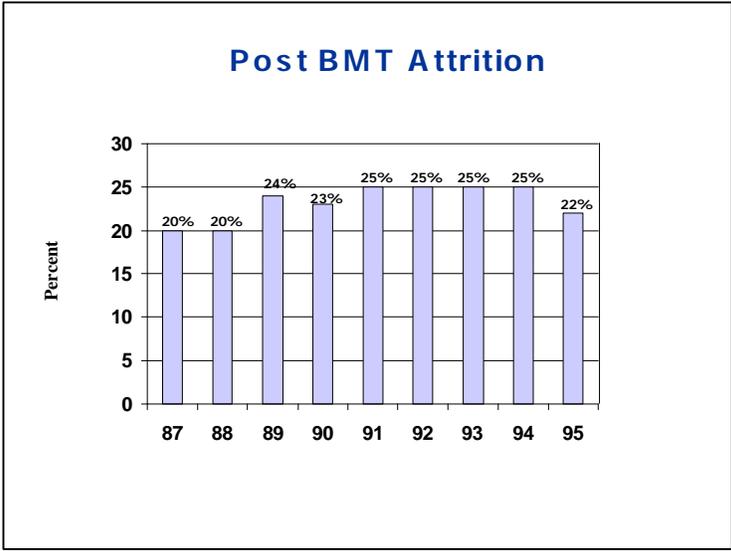


Figure 5

**Retention Environment**

There are a myriad of factors influencing our personnel to stay in or separate from the Air Force. Our quality of life and exit surveys over the last 3 years have surfaced reasons our members are dissatisfied. Several tangible reasons that our personnel are leaving include: erosion of pay, high TEMPO, reduced quality of life, a robust economy producing the lowest unemployment rate in a generation and sustained industry demand for our people. For our pilot force, airline hiring that is projected to continue through the Future Years Defense Program is a strong pull force. Additionally, job security concerns due to competitive sourcing and privatization initiatives reflect key influencers for our people to separate from the Air Force.

## Retention Initiatives

The Air Force greatly appreciates the FY00 compensation gains that will help combat declining retention rates. Initiatives incorporated in the FY00 legislation include restoring the value of the military retirement system, a 4.8% pay raise, future pay raises set at Employment Cost Index plus 0.5%, and pay table reform to better reward performance. Another FY00 legislative initiative authorized DoD to accelerate the transition to market-based Basic Allowance for Housing (BAH) rates 3 years ahead of schedule. Currently, BAH covers approximately 82% of a member's typical housing costs with the remaining 18% absorbed by the member. The Secretary of Defense recently announced his intention to reduce out-of-pocket expenses to 15% by FY01 and then to eliminate out-of-pocket expenses entirely within 5 years. These efforts will make continued service in the Air Force more attractive. Although too early to assess the full retention impact, we believe the benefits gained through the FY00 legislation will have a positive impact on Air Force personnel contemplating a "stay or go" career decision. These initiatives display sincere gratitude for the daily sacrifices of our service men and women and indicate our Nation's commitment to them. Our members do not expect to become rich but need to have a fair and competitive wage, and we must continue our emphasis in this area.

Additionally, we are implementing other incentives to eliminate the reasons our people leave the Air Force. Managing TEMPO through the implementation of the Expeditionary Aerospace Force (EAF) and improving care for families of deployed personnel are two critical elements of our retention strategy. The EAF concept will give our people more stability and predictability in their deployment schedule and allow them

to better plan for training, education, and family activities. Also, we have implemented post-deployment stand-down programs to ensure deployed members have time to get reacquainted with their families. We will manage TEMPO by sourcing deployments more equitably and reducing exercises and inspections so that personnel serve 15%-20% fewer days in Joint and Air Force exercises. The predictability of the EAF will allow better utilization of our Air Reserve Forces and may result in TEMPO relief for our Active Force. We have also beefed up manning in critical support skills and are hopeful this will assist in reducing TEMPO.

### **Officer Retention Initiatives**

The Air Force continues to pursue efforts that address declining non-rated operations and mission support officer retention. Air Battle Managers (ABMs), with their air weapons controller experience, are the core of the ABM combat capability. With support from FY00 legislation, these newly rated members were provided “save pay” when converting from Hazardous Duty Incentive Pay (HDIP) to Aviator Career Incentive Pay (ACIP).

Additional gains in FY00 legislation should also help improve pilot retention and reduce the pilot shortage. With your strong support, we were able to expand the Aviation Continuation Pay (ACP) Program to increase bonuses to \$25,000 per year and extend the length of the bonus to 25 years of aviation service. This legislative initiative was a significant program improvement and is a key element in our multi-faceted plan to improve pilot retention in FY00 and beyond.

We have taken other steps to help work through the pilot shortfall as well. We increased pilot production from 650 in FY97 to 1,100 in FY00 and expanded production

throughout the Total Force. We also increased the Specialized Undergraduate Pilot Training commitment to 10 years and increased Aviation Career Incentive Pay (flight pay) from \$650 to \$840 at 14 years of service. In addition, with your legislative relief from dual compensation limits in the FY00 legislation, the Air Force now has vital incentive tools to draw valuable retired rated expertise back to augment our undermanned staffs.

### **Enlisted Retention Initiatives**

Several additional FY00 compensation initiatives will help sustain a viable enlisted force for the future. Enactment of the Career Enlisted Flight Incentive Pay (CEFIP), similar to rating our Air Battle Managers, will encourage enlisted members to join and remain in the aviation career field as well as to increase compensation for our career enlisted aircrew members. We have also made progress toward reducing out-of-pocket expenses for our young airmen through the enactment and implementation of a Temporary Lodging Expense (TLE) for our first-term airmen as they are assigned to their first duty station.

To address downward enlisted retention trends and encourage the number of reenlistments needed in certain skills to sustain the career force objective in those skills, we have more than tripled the number of specialties eligible for Selective Reenlistment Bonuses since 1995. Approximately, 70% of all enlisted skills (146 of 208) now qualify for a bonus in one, two, or all of the three bonus zones. We have increased Special Duty Assignment Pay for hard-to-fill duty. Additionally, increasing enlisted promotion rates will assist with retention. Our most recent senior master sergeant selection rate was 7.98%—the highest in 9 years; master sergeant rate was 29.7%—the highest in 13

years; and technical sergeant and staff sergeant rates were 24.4% and 36.39% respectively—the highest since the Air Force established the Weighted Airman Promotion System in 1971. The FY00 promotion cycle is projected to be even higher. We are also continuing efforts to better shape our enlisted force to our mission requirements by moving a higher proportion of our enlisted force (48.5% to 56%) into the top five enlisted paygrades in order to sustain the experienced force we need while ensuring reasonable promotion opportunity.

We have re-balanced our non-commissioned officer force and limited retraining from shortage career fields. In healthier specialties such as security force personnel, we offer retraining into OSI, recruiter, or any operations skill. We eliminated Career Job Reservation constraints by relaxing first term reenlistment control. We implemented liberal High Year of Tenure (HYT) waiver policy, allowing wing commanders to approve extensions for senior airman through senior master sergeant in order to preserve needed experience levels.

We have taken broad and significant steps to improve retention of our valued members. In addition to our efforts and the gains provided by the FY00 legislation, we request your assistance to continue to support the following efforts and initiatives: reducing out-of-pocket permanent change of station expenses; improving educational benefits; improving health care; improving civilian force management; enhancing special pays and bonus programs.

## **QUALITY OF LIFE**

The Air Force's most valuable resource is our people and we are committed to taking care of them and their families. Because quality of life initiatives are pivotal to

recruiting and retaining our people, quality of life occupies a prominent position in Air Force Strategic Planning and ranks with modernization and readiness as Air Force's top priorities. The welfare of the men and women serving our Nation is a critical factor to our overall readiness. Therefore, the Air Force will continue to place future quality of life investments in a balanced funding priority with readiness and modernization. We will continue, with your support, to pursue quality of life priorities such as fair and competitive compensation and benefits; balanced TEMPO; access to quality health care; safe, affordable, adequate housing; retirement system and benefits; increased support of community and family programs; and expanded education programs. The degree of emphasis placed on each quality of life initiative has varied over time with retirement, pay and compensation, and TEMPO gaining prominence the last couple of years. Improvements in medical care and housing will be focus areas in the next few years. However, the Air Force strongly supports any initiative that improves the quality of life for our personnel; a first class workforce deserves to work and live in a first class environment. Taking care of our families is very important to us. We realize that we recruit the member and retain the family.

### **Military Health Care Reform**

The Air Force is committed to providing access to quality health care for all members, including retirees, with emphasis on prevention programs, affordability, and readiness. Access to quality health care is crucial to the quality of life of our personnel (active duty and retirees) and their families and greatly affects our recruiting and retention efforts and, ultimately, our readiness. The Department of Defense has fully deployed TRICARE—the military form of managed health care. This is a significant

change in military health care and the program still requires fine-tuning to maximize health care services by improving access to care, claims processing, and reimbursement levels. TRICARE improvement is a top DoD concern. The Department of Defense has made health care improvements a major initiative for the year. Additionally, the Defense Medical Oversight Committee (DMOC) has been formed to ensure optimum Service participation in the health care agenda, define medical benefits, and establish budget priorities. The Department of Defense is testing a Medicare Subvention Demonstration Project (TRICARE Senior Prime) to assist in providing continued health care to retired members.

### **Military Retirement System**

Due to the superb support of the administration and Congress, the FY00 legislation restored the retention value of the Military Retirement System and added some options. We consider retirement at 50% of basic pay for 20 years of service and full inflation protection one of our most valuable retention tools. In addition, service members who came on active duty since 1 August 1986 can now choose their retirement plan. In exchange for receiving only 40% of basic pay for 20 years of service and reduced inflation protection for life, members who opt for the Redux Plan receive a \$30,000 Service Bonus at 15 years of service. For those who invest wisely, this could offer attractive life stream earnings and encourage longer service.

### **Montgomery GI Bill (MGIB)**

We continue to expand our educational opportunities and access for our people. Education is a major quality of life factor that significantly impacts recruiting and retention. We support strengthening educational benefits. Changes to the MGIB are

now in consideration in the Department of Defense. These Air Force educational programs provide our people great motivational benefits. To improve access of educational opportunities for our deployed personnel, we are developing an advanced distributed learning initiative through web-based education for the future. These initiatives complement our existing Tuition Assistance Programs as well as our widely used degree granting Community College of the Air Force.

## **MASKING RECRUITING AND RETENTION ISSUES**

Our recruiting and retention shortfalls have driven us to over 10,000 people short in for FY99. One might conclude that we should have been able to predict these shortfalls and taken measures to avoid these unintended consequences. Upon closer examination, we found several factors challenging our ability to recruit and retain high quality people.

First, the strong and sustained pull of our most successful and sustained period of economic growth is unprecedented, which means that employment prospects are extremely good for the same high quality young men and women we aspire to recruit into our Air Force. Second, our TEMPO has increased four-fold since 1989. Over 13% of our active duty members were committed to Balkan and Southwest Asia operations. At the same time we have decreased our footprint significantly. We have decreased our overseas basing structure by 65%, CONUS basing structure by 25%, budget by 35%, and end strength by 38%. Third, propensity of our Nation's youth to enlist in the armed forces has stabilized, but it is still low. A strong economy and the steadily increasing opportunity for a college education continue to hold the propensity down. Finally, we were closing bases and taking "iron off the ramp" faster than we could reduce personnel

during the drawdown. We were repairing aircraft with good stocks of parts from our pre-drawdown inventory rather than ordering them from manufacturers, which hurt our industrial base. Once those spares were gone, parts became difficult to obtain, and we began to see erosion in our readiness. This leads to a sense of professional frustration, which affects quality of service. Our people are highly motivated and want to do a good job. However, without the proper tools and parts, they can become frustrated and potentially leave the Air Force. With your help, we have worked hard in the last few years to restore the resources to support the world's finest Aerospace Force.

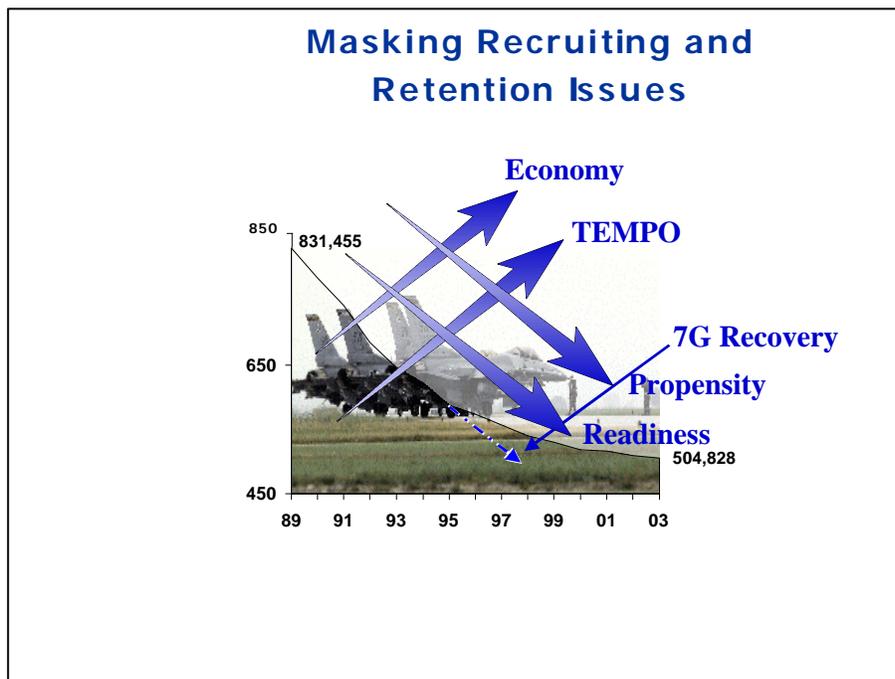


Figure 6

## IN CLOSING

People have been, and always will be, our most vital resource. Air Force people are indispensable and are a definitive element in our national military strategy. Nothing can substitute for high quality people. Although there is less of a footprint where

Americans are exposed to the military, creating a challenging recruiting environment, the Air Force is committed to recruiting and retaining America's best and brightest. Additionally, our quality of life efforts must be comparable with the sacrifices we ask of them. We are not asking Americans to help make our military members rich, but request that our personnel are offered a reasonable standard of living that motivates service to country. You've provided many of the tools we've needed and your continued support is critical to our future. Therefore, as you consider the FY01 budget, we think it is vitally important to remember that our return on investment is seen in terms of the successful recruiting and retention of quality people. To lead the world's finest aerospace force, we need your continued support to ensure the quality of life for our people and their families remain a priority.