

JOINT STATEMENT BY

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BEFORE

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RECRUITING AND RETENTION

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RECORD STATEMENT OF
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Mr. Chairman and Members of the Committee, on behalf of the men and women of the United States Army, we appreciate the opportunity to appear before your Subcommittee today to give you a Military Personnel Overview of America's Army. I would like to start by publicly expressing our thanks for your support and assistance in the major successes and achievements in the Human Resources environment this past year.

When terrorists flew a commercial jetliner into the Pentagon Sept. 11, the Office of the Deputy Chief of Staff for Personnel suffered almost 20-percent casualties in dead and wounded, yet the surviving personnel workforce was back functioning the next day. They were working 24/7 within a week at the Hoffman Building in downtown Alexandria, Virginia. It is a source of pride for me, and at the same time humbling, that the G1 staff sections are filled with heroes – quiet, compassionate, and sincere. Look at the casualties and you will find the Army of One well represented. They are soldiers, civilians, contractors and retirees of varying ages, ranks and religions, truly representing America.

As we move into the 21st century, the momentum of the professional Army continues, marked by dramatic changes and proud accomplishments. The Army of today is facing challenges in the proper manning and readiness of the force, but we feel we are taking the necessary steps, with your help, to ensure that it remains the best Army in the world. We would like to discuss several key issues.

RECRUITING

In the aftermath of September 11th, the greatly increased security requirements here in the U.S. and the challenges of fighting terrorism serve to emphasize the critical importance of Army recruiting. The Army continues to recruit in a highly competitive environment. The private and public sectors, to include post-secondary educational institutions, are all vying for high quality men and women. Maintaining adequate

resourcing for recruiting is essential to ensure that we sustain our improvement over the past two years. Recruiting will continue to be my first priority for manning the force.

The Army's recruiting requirements are developed from projected needs based on a steady state of 480,000 soldiers. The recruiting environment remains tough with youth unemployment holding at record lows. Even with the current economy, youth unemployment has remained relatively steady. This makes for a very tight labor market. The Army must recruit far more than any other Service. We must recruit quality applicants from the non-propensed market with incentives and innovative programs as well as the positively propensed market in order to meet our goals. To make this possible, the Army must continue to be equipped and resourced to meet its accession goals. By maintaining our competitive edge, the Army will meet its recruiting goals.

In Fiscal Year 2001, the Army made its recruiting mission and met or exceeded all three DoD quality goals with 90.2% having a High School Diploma, 63.2% scoring in the top 50th percentile on the Armed Forces Qualification Test (categories I-III A) and only 1.9% scoring in category IV (26th to 30th percentile).

To fulfill the FY02 enlisted accession mission, the Active Component must write 97,500 new contracts to cover the 79,000-accession requirements and build an adequate Delayed Entry Program (DEP) of 35% to start FY03. The Army Reserve must access 41,457 and the Army National Guard, 60,504. These workloads combine to require productivity not seen since 1990, and under more difficult market conditions. We are on track to meet our goals. Through February 2002, we have exceeded our Active Component accession requirements by 553 enlistments. The Army National Guard and the US Army Reserve are also exceeding their missions. We are fully engaged to meet this year's accession missions and believe we can accomplish all three Components' missions. We are implementing initiatives to expand the recruiting market in cost effective ways, without degrading the quality of the force.

We continue to address the minority equation (e.g. African American, Asian-Pacific-Islander, Hispanic), understanding that diversity is key to reconnecting with America today and representing our population in the future. One significant effort is our continuing outreach to the Hispanic demographic. We know that Hispanics are

underrepresented in The Army relative to their share of the U.S. population. As a result of our efforts, enlisted Hispanic population increased from 8.3% of the Army as of September 1999 to 9.1% as of September 2000 and 9.7% as of September 2001. One program that the Recruiting Command has implemented to help accomplish this goal is the Foreign Language Recruiting Initiative (FLRI). The FLRI is a two-year pilot program designed to increase the number of Hispanics in the Army. The Army will access 200 recruits per year during the two-year pilot program. The program began 2 January 2002 and will provide quality individuals who speak Spanish, with an opportunity to improve their ASVAB score and use of the English language. As of 31 January 2002, Hispanics account for 12.1% of all FY02 contracts.

In recent years, you have passed legislation to assist us in our recruiting mission. Two of those programs were the "College First" test and the "GED Plus - the Army's High School Completion Program." There were 673 enlistments in College First through FY01, and 237 in FY02 as of 27 February 2002. You granted us changes to the College First program for FY02 that will improve the test and the ability to determine expansion to the bound-for college market. The GED Plus program achieved 3,449 accessions in FY00, and exceeded the 4,000 (5,947 Total Regular Army) program limit in FY01. As of 27 February 2002, there have been 3,680 accessions through this program.

In FY02 you gave us the opportunity to conduct an 18-month enlistment option pilot test designed to increase the participation of prior-service soldiers in the Selective Reserve and assistance in building the Individual Ready Reserve.

Additionally, you directed us to conduct a test of contract recruiters replacing active duty recruiters in ten recruiting companies. The Army is implementing this initiative. The plan is to bring on the ten company contractors throughout FY02 and run the full test from FY03 through FY07. We have awarded this pilot program to two independent contractors each receiving contracts to perform the full complement of recruiting services, including prospecting, selling, and pre-qualifying prospective applicants for the Regular Army and Army Reserve, and ensuring that contracted applicants ship to their initial entry training starting this spring in selected locations across the country.

Finally, our partnership with industry program, the Partnership for Youth Success has been a resounding success with the business community. Savvy business leaders are eager to recruit the young soldier who is ending his or her tour of duty with the Army, knowing they are getting top-notch individuals with leadership and skill training, as well as self-discipline, maturity and values.

Today's young men and women have more employment and educational opportunities than ever before. Competition for these young people is intense. The enlistment incentives we offer appeal to the dominant buying motive of young people and allow us to fill the skills most critical to our needs at the time we need them most. The flexibility and improvements you provided to our incentives in the past have helped us turn the corner regarding recruiting. The initial four \$20,000 Enlistment Bonus specialties have seen dramatic increases in volume and quality fill. The combination of all incentives will help fill critical specialties as The Army continues its personnel transformation. The combined Montgomery GI Bill and Army College Fund, along with the Army's partnership with education, remain excellent programs for Army recruiting and an investment in America's future.

While the actions we have taken will help alleviate some of the recruiting difficulties, we also know more work has to be done to meet future missions. We must continue to improve the recruiting efforts from developing a stable, robust resourcing plan to improving our core business practices. We must capitalize on the dramatic improvements in technology from the Internet to telecommunications and software. We must improve our marketing and advertising by adopting the industry's best business practices and seeking the most efficient use of our advertising dollars.

Business practices, incentives and advertising are a part of recruiting, but our most valuable resource is our recruiters. Day in and day out, our Army recruiters are in the small towns and big cities of America and overseas, reaching out to young men and women, telling them the Army story. We have always selected our best soldiers to be recruiters and will continue to do so. These soldiers have a demanding mission. We owe it to these recruiters and their families to provide them the resources, training, and quality of life that will enable them to succeed.

The Army appreciates Congress's continued support for its recruiting programs and for improving the well-being of our recruiting force. We are grateful for recent congressional initiatives to increase military pay and benefits and improve the overall well-being of our Soldiers. We believe these increases will not only improve quality of life and retention, but will greatly enhance our recruiting effort, making us more competitive with private sector employers.

ENLISTED RETENTION

The Army's Retention Program continues to succeed in a demanding environment. Our program is focused on sustaining a trained and ready force and operates around five basic tenets:

Reenlist highly qualified soldiers who meet the Army's readiness needs.

Enlist or transfer qualified transitioning soldiers into a Reserve Component unit based on the soldier's qualification and unit vacancy requirements within geographic constraints.

Achieve and maintain Army force alignment by reenlisting qualified soldiers in critical skills.

Maintain maximum command involvement at every echelon of command.

Ensuring that a viable and dynamic retention program continues is critical to the sustainment function of the Army's personnel life-cycle.

Our retention efforts demand careful management to ensure that the right skills and grades are retained at sufficient levels that keep the Army ready to fulfill its worldwide commitments. Our Selective Retention Budget continues to provide this leverage, which ensures a robust and healthy retention program.

Over the past several years, retention has played an even greater role in sustaining the necessary manning levels to support our force requirements. Retention has been a key personnel enabler, considering the difficult recruiting environment that has existed over that period. This past year was an excellent example of the delicate balance between our recruiting and retention efforts. Through a concerted effort by the Department of the Army, field commanders and career counselors; the Army not only

made it's FY01 mission, but finished the year by retaining 982 soldiers above that adjusted mission for a reenlistment percentage of 101.5%.

Although the annual mission is below the 64,982 soldiers who reenlisted last year, the decreasing separating soldier population will make the annual mission just as difficult. Last year the retention accomplishments equated to 67% of all separating soldiers, which was a historic high for the Army. This year the retention mission is 56,000. This requires us to retain 67% of all separating soldiers.

The ultimate success of our retention program is dependent on many factors, both internal and external to the Army. External factors that are beyond our ability to influence include: the economy, the overall job market, and the world situation. While we are enthusiastic about a healthy economy and high employability of our soldiers in the job market, we are also aware that these factors play heavily on the minds of soldiers when it comes time to make reenlistment decisions. Our force today is more family oriented. Today 55% of the Army is married. Army spouses, who are equally affected by these external factors as the service member, have great influence over reenlistment decisions. The internal factors that we can influence include: benefit packages, promotions, the number of deployments, adequate housing, responsive and accessible health care, attractive incentive packages, and reenlistment bonuses. Not all soldiers react the same to these factors. These factors challenge our commanders and their retention non-commissioned officers (NCOs) to provide incentives to qualified soldiers that encourage them to remain as part of our Army.

Our incentive programs provide both monetary and non-monetary inducements to qualified soldiers looking to reenlist. These programs include:

The Selective Reenlistment Bonus, or SRB, offers money to eligible soldiers, primarily in the grades of Specialist and Sergeant, to reenlist in skills that are critically short or that require exceptional management.

The Targeted Selective Reenlistment Bonus program, or TSRB, is a sub-program of the SRB that focuses on eleven installations within the continental United States and Korea where pockets of shortages existed in certain military occupational specialties

(MOS). The TSRB pays a reenlisting soldier a higher amount of money to stay on station at a location in the program or to accept an option to move.

Both of these programs, which are paid from the same budget, play key roles in force alignment efforts to overcome or prevent present shortfalls of mid-grade NCOs that would have a negative impact on the operational readiness of our force. We use the SRB program to increase reenlistments in critical specialties such as Infantry, Armor, Special Forces, Intelligence, Communications, Maintenance, and Foreign Languages. The FY01 SRB budget, as a result of the Congressional Markup, was increased by \$44 million to \$106.3 million.

Non-monetary reenlistment incentives also play an important role in attracting and retaining the right soldiers. We continue to offer assignment options such as current station stabilization, overseas tours, and CONUS station of choice. Training and retraining options are also offered to qualified soldiers as an incentive to reenlist. By careful management of both the monetary and non-monetary incentive programs, we have achieved a cost-effective program that has proven itself in sustaining the Army's career force.

The Army's retention program today is healthy. Into the 2nd Quarter of FY02, as of 31 January 2002, we have reenlisted 109% of our year-to-date mission and are on track to make the 56,800-reenlistment mission that is required to sustain our 480,000 soldier Army. Our Reserve Component transition efforts during last year were also successful. We transferred 12,099 Active Component soldiers into Reserve Component (RC) units against a mission of 10,500 for a 115.2% success rate. For FY02 year-to-date, we have transferred 2,925 soldiers into RC units against a mission of 2,441 for a rate of 120%. The Army is expected to exceed its annual RC mission again this year.

Despite these successes there are a growing number of concerns surrounding the direction and future success of the Army Retention Program. With the eligible separating population of soldiers decreasing during the next three years, the actual retention rate will have to be sustained at about 67%, which is 7% above what the Army has previously accomplished prior to FY99. Additionally, MOS support skills, which

include required language proficiency, signal communications, information technology, and maintenance, present a significant challenge caused by those external factors mentioned earlier (e.g., the economy, the job market, and increased PERSTEMPO). Even in the current economy, civilian employers are actively recruiting service members with these particular support skills. They are offering bonuses and benefit packages that we simply cannot expect to match under current bonus allocation rules and constrained budgets. Although retention in the aggregate is healthy, we continue to be concerned with retaining the right numbers of soldiers who possess these specialized skills.

To achieve our retention mission, we concentrate our efforts primarily on first-term and mid-career soldiers. It is within these two mission categories that the foundation for the career force is built. However, retention decisions are significantly different between these two groups. First-term soldiers cite educational opportunities and availability of civilian employment as reasons for remaining in the Army or separating. Mid-career soldiers are affected more by health care, housing, compensation, and availability of commissary, exchange and other post facilities. Consequently, a higher percentage of mid-career soldiers are married, although the number of married first-term soldiers continues to increase. We continue to monitor both groups closely for any change in reenlistment behavior. They are the key to continuing a successful retention program. First-term retention rates continue at historic levels, as they exceeded 52% during FY99, FY00 and FY01. Mid-career rates continue to be above the pre-drawdown levels, at approximately 74%. We consider these rates to be the minimum levels necessary to sustain the force. Non-retirement-eligible soldiers continue to remain in the Army at a 98% rate. However, retirement-eligible soldiers who are still retention-eligible are leaving the service at higher than expected rates. The Army is keeping the right number of soldiers in the force necessary to maintain our readiness. This is due in large part to the help from Congress, existing incentive programs, and the continued involvement by Army leaders at all levels.

OFFICER RETENTION

It is anticipated that we will finish FY02 at slightly below our Officer Budgeted End Strength of 77,800. We continue to monitor officer retention rates, particularly that of Captains. Post-drawdown (1996-1999) Captain loss rates remain slightly higher than pre-draw down (1987-1988) loss rates (.9% difference); manning levels are constrained by deliberately under-accessed cohorts during the drawdown years. However, the impact of the Captain shortage has been historically offset by a Lieutenant overage, in aggregate number. The Army steadily increased basic branch accessions beginning in FY00 with 4000, capping at 4,500 in FY02 and beyond, to build a sustainable inventory to support Captain requirements.

Administration and congressional support on pay table reform serve to redress the pay issue. We continue to promote Captains above the DOPMA goal of 90% and are currently promoting all fully qualified Lieutenants to Captain at the minimum time authorized by DOPMA (42 months).

Army initiatives to improve retention among its Warrant Officer AH64 (Apache) pilot population have stabilized attrition trends; a reduction from 12.9% in FY97 to 8.6% in FY01. Since FY99 we have offered Aviation Continuation Pay to 665 eligible officers, of which 565 accepted (88% take rate). Additionally, we have recalled 209 pilots since 1997, and have 21 Apache pilots serving on active duty in selective continuation status.

During FY01, the Army Medical Department's recruiting faced stiff competition from the civilian health care sector and other services, specifically in the recruitment of active duty, fully qualified nursing, dental, physician, pharmacy and optometry health care providers; and, reserve nursing, oral surgery, physicians, pharmacy and optometry health care providers. Despite the stiff competition, and the documented national shortage of nurses, AMEDD recruiters achieved 91% of their overall mission with over-production for the total reserve mission. There was a healthy 25% improvement in accomplishment of the critical reserve physical mission that could be directly credited to more aggressive market penetration.

WELL-BEING

A significant part of Army Transformation is Army Well-Being. Army Well-Being is the driving force for a successful transformation because it directly impacts the human dimension of the force. Army Well-Being is the personal – physical, material, mental, and spiritual – state of Soldiers, retirees, veterans, families and Army civilians that contribute to their preparedness to perform and support the Army's mission. Army Well-Being encompasses and expands upon Quality of Life successes by providing a standardized, integrated approach to programs at the Soldier, community/installation and senior-leadership level. Well-Being provides a clear linkage between quality of life and Army institutional outcomes such as performance, readiness, retention, and recruiting – outcomes that are strategically critical to sustaining a healthy Army into the future.

The motivating force of Army Well-Being is ensuring we consistently and adequately provide for the people of The Army while improving readiness. Helping individuals connect to the Army, feel part of the team, and derive a sense of belonging is inextricably linked to readiness. Well-Being pursues an adequate standard of living for Soldiers and Army civilians and their families. Well-Being connects Soldiers, civilians, retirees, veterans and families to The Army by fostering pride and a sense of belonging. Well-Being encourages members to grow by providing meaningful and supportive personal enrichment programs.

Well-Being seeks to enhance morale, recruiting, and retention by incorporating all Well-Being related programs such as command, pay and compensation, health care, housing and workplace environment, education, family, and recreational services into an integrated approach that succinctly communicates to Soldiers, civilians, retirees, family members, veterans and leaders the various programs and resources provided by the military. It gives members of the Army a holistic view that the Army is pursuing fair, balanced, and equitable compensation benefits; consistently providing safe, affordable, excellent housing; ensuring quality health care; enhancing community programs; and expanding on educational and retirement benefits by developing universal standards and metrics to evaluate and deliver these programs.

Well-Being will continue to be linked to the capabilities, readiness, and preparedness of The Army as we transform to the Objective Force. Well-Being means predictability in the lives of Soldiers and their families, access to excellent schools and medical facilities, educational opportunities, housing, and recreation. Well-Being means soldiers and civilians will not be put in the position of choosing between the profession they love and the families they cherish.

CLOSING

We know that military service offers tremendous opportunities to America's youth. Our soldiers, sailors, airmen and marines return to America's communities better educated, more mature and with the skills and resources to prepare them for a productive and prosperous life. They make valuable contributions to their communities.

Our recruiting mission continues to be a challenge. The success of our retention program rests on the shoulders of unit commanders, leaders and our retention professionals throughout the Army. Our concerns for the remainder of FY02 and beyond center around the momentum that was initiated by the Administration and the Congress last year to improve the lives of our soldiers through improved pay initiatives.

We are hopeful that your support and assistance will continue as we demonstrate our commitment to fulfilling the manpower and welfare needs of the Army; active, reserve, civilian and retired.

Again, thank you for the opportunity to appear before you today.