

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON ARMED SERVICES

SUBCOMMITTEE ON PERSONNEL

UNITED STATES SENATE

SUBJECT: "Active and Reserve Military and Civilian personnel"

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INTRODUCTION

Mr. Chairman and distinguished Members of the Committee, it is a tremendous honor to appear before you to present our Air Force Personnel priorities on behalf of the dedicated men and women of the United States Air Force. Today, we are facing one of our greatest challenges-- how we adapt to the new steady state of accelerated operations and personnel tempo. The Secretary of Defense understands we can't conduct business as usual; we must transform our forces for new and unexpected challenges. As part of our transformation process, senior Air Force leadership conducted a complete review of what makes us the preeminent air and space force in the world, our "Core Competencies." They agreed our institutional air and space core competencies are: *Developing Airmen, Technology-to-Warfighting, and Integrating Operations*. In Personnel, we concentrate on *Developing Airmen*. Currently, one of our top priorities is shaping our force content with the skills required to make optimal use of finite personnel resources. By concentrating on what constitutes core tasks, we will in turn provide leadership with the critical information needed to free up resources and realign those resources into stressed corewarfighting areas.

Developing Airmen: The heart of Combat Capability

The ultimate source of combat capability resides in the men and women of the Air Force. This competency is fundamentally about transformation--taking our nation's youth, our citizenry, and shaping them into airmen-warriors. These aspirants represent the full range of our nation's diversity of culture and geography. Diversity of thought and experience at all levels of the organization unleashes the talents of the total workforce to guard America with patriotism, intelligence, and passion. In spite of disparate backgrounds, these young people grow into one team made up of young airmen and officers. They embrace and internalize our Core Values.

They leave behind that which they were and become, first and foremost, America's Airmen. The Air Force helps shape their identity and becomes a way of life. Our civilians also undergo a transformation from mere employees--holders of a job--to civilian airmen who share our core values and our ethos of service. Our Total Force of Active, Guard, Reserve and civilian personnel represent a large and long-term investment and our most critical asset. While we do this better than anyone, we are currently facing several challenges in getting the right person, with the right training, to the right place at the right time in support of our national security mission.

Challenge: Adapting to New Steady State Workload and TEMPO

The number one crisis we face is "Adapting to the New Steady State" which has both PERSTEMPO/WORKTEMPO & skill mix dimensions. The current OPSTEMPO is driving personnel pressures causing uneven workload and deployment taskings. To meet mission requirements after September 11th, we mobilized the Air Reserve Component (ARC) and implemented Stop Loss. Both mobilization and Stop Loss are very serious actions that pose many difficult challenges for our people and their families. We intentionally built in ARC capability as part of our Total Force construct to be used when Air Force mission taskings exceeded the capacity of Active Component forces and available ARC volunteers. We mobilized ARC units according to these deliberate plans. In addition, we activated Stop Loss to enhance our "steady state" accession and retention programs to give us time to fill units with adequate numbers of people possessing the requisite skills and experience needed to operate successfully in the new expeditionary steady state environment. As we adapted to the current OPSTEMPO after the tragic events of September 11, we began to demobilize. However, there are areas where the ARC continues to meet Air Force mission needs through extensions of its

members, in critical specialties, into their second year of mobilization as we continue to prosecute the Global War on Terrorism.

The Air Force remains committed to returning our ARC members to their roles as citizen-airmen. For each new mobilization order or extension request, we now require the gaining command to develop and submit to the Assistant Secretary of the Air Force for Manpower and Reserve Affairs (SAF/MR) a plan for accomplishing assigned tasks without reliance on long term ARC mobilization. Our current plan is to fill the majority of future requirements with active duty, ARC volunteers and limited period mobilization. If world conditions escalate to a higher level, we plan to invoke Stop Loss for selected career fields beginning with the most stressed.

We are carefully reviewing our Air Force active end strength to ensure it is sufficient to meet missions; we know we have skill mix challenges. To meet these challenges, the Air Force is conducting an extensive manpower review. We critically scrubbed all our functions to determine which ones are needed for success on the battlefield to fulfill our role as being truly expeditionary and deployment-based. We identified candidate positions to help resolve the stressed military career field problem and begin to buy-down manpower requirements associated with new or growing missions in the Global War on Terrorism. The additional cost to implement these new requirements is under active consideration within our Air Force corporate structure. Over the long term, we ultimately envision that conversion of substantial numbers of military Air Force positions to civilian or contract will enable us to realign military end strength to satisfy our core competency requirements--*Developing Airman, Technology-to-Warfighting, and Integrating Operations*. The result will be an Air Force that "transforms" into a more

flexible, higher tech force -- postured for 21st century warfare, and consisting of the right total force mix of Active Duty, Reserve, Guard, government civilian, and contract personnel.

Parallel to this review, we developed a formula to quantify stress in each career field. This tool provides the analytical foundation to allow us to begin redirecting manning to the most critical specialties, increasing our training pipelines and expanding our schoolhouses where needed. In addition, we've aggressively pursued accession adjustments during FY02/03 to increase manning in the most stressed specialties. The ARC has identified the need to shift more traditional Reservists and Guardsmen to full-time status in critically manned career fields (e.g. Security Forces). To relieve the significant burden placed on our Security Forces, both in-garrison and deployed locations, the Secretaries of the Army and Air Force signed a Memorandum of Understanding in December 2002, to deploy Army National Guard and Reserve Forces to augment USAF force protection operations worldwide for a period of two years. The temporary authority provided in the FY03 NDAA for contractor performance of security-guard functions has helped us meet our increased requirements since September 11, and we thank you for the much needed flexibility. We would appreciate your continued support to allow us to contract for the performance of a firefighting function for a period of one year or less to fill vacant positions created by deployed military fire fighters. The end result of our actions is to ensure we have a ready, trained force available to meet the mission needs.

We are also reviewing our manpower requirements determination program in an effort to streamline processes and align with the Air Expeditionary Force construct. This new effort will incorporate a quicker method of determining manpower requirements that focus on wartime capabilities first, and then work back to the home station peacetime requirement. The process

turns around our current cold war in-garrison focus and adapts to the expeditionary nature of today's operations. This will give us increased visibility to any shortfalls or deficiencies in required capabilities. The Secretary of the Air Force has also begun an innovative effort to examine the distribution of airmen assigned to organizations outside the Air Force.

These, and similar initiatives will show us how to adapt our force to the demands of the Global War on Terrorism, or, alternatively, to provide the compelling rationale needed to justify any increase in end strength. The bottom line is we must reengineer, reorganize, reinvent, rework and revisit how we utilize Active Duty military, ARC, civilians, and contractors.

Civilian Issues:

Since 1989, we've eliminated or realigned over 100,000 positions as we downsized our civilian force. We constrained civilian hiring to minimize the impact of downsizing on our existing employees. We now have a civilian workforce that requires refreshing and re-skilling. Within five years, approximately 42% of the officer equivalent civilian force will be eligible to retire either through voluntary retirement or early out--an estimated 20% of this force will retire by 2005.

The Air Force is finding it challenging to retain its mid-career employees and to attract younger candidates who possess state-of-the-art technical skills. In addition to positions that have been traditionally hard-to-fill (environmental engineers, bench scientists, medical personnel), we are finding it difficult at specific locations to recruit support personnel such as contracting specialists and aircraft mechanics. One of the factors contributing to civilian recruitment and retention

problems is the civilian personnel management system. The current system was developed to meet the challenges of the early twentieth century and cannot quickly or adequately respond to the needs of the twenty first century. The hiring process, classification system, pay authorities and performance management programs reflect a different, less technical environment and impede our ability to recruit and retain the best and the brightest.

For several years now, the Department of Defense has been actively testing many management flexibilities, such as pay banding, pay for performance and simplified classification.

Acknowledging the success of the demonstration projects and alternate personnel systems, the Under Secretary of Defense for Personnel & Readiness began a review of personnel management flexibilities already in use within the Federal Government. Multi-Component, multi-functional work teams and senior functional executives completed this year long review that identified "best practices"--those with the highest rate of success. The Department is now reviewing how to incorporate these best practices.

Challenge: Creating Air And Space Leaders for the 21st Century

Force Development is a concept that will guide our investments in human capital. To prepare for the future more ably, we introduced a systemic, deliberate force development construct that develops professional airmen to instinctively leverage their respective strengths in concert. We envision a transition in Total Force development from rigid, "one size fits all", functionally independent career path pyramids to a flexible, competency-based, deliberate development model that rests on institutional needs and requirements and responds to corporate guidance. The Force Development construct is focused on the systematic, deliberate development of the necessary occupational skills and enduring competencies required to be an effective leader in

today's and tomorrow's expeditionary air and space force. As we transform our Cold War structure into an Air and Space Expeditionary Force, it follows that we transition the way we train, educate, promote and assign our Total Force for the contingency world we find ourselves in today. Training and development are critical to this transition. Our goal is to invest in all ranks, according to institutional requirements—a significant improvement over today's approach—to prepare us for the future.

Force Development will be executed in three parts--Officer, Enlisted, and Civilian across the Active and Reserve components. The construct focuses on training, education, and experience, with special focus on how we assign a member to gain that experience. We will tailor each program to meet the different needs of our varied career paths. We will also design each development program to insure the individual's experience emphasizes a breadth of exposure to the Air Force mission while focusing on the depth of experience an individual needs to perform in his or her functional area of expertise.

Education and Technical Training: Emphasis on Joint Leadership/Warfare

We've been able to meet current challenges and take advantage of advancing technologies because of our investment in education and training. Initial investment and reinvestment in aggressive and innovative initiatives to enhance the abilities and breadth of our force are the keys to our success.

Force Development provides individuals with tailored, connected education and training. It focuses on three levels: 1) Tactical--gaining knowledge and experience in primary skill, combined with education and training experiences; 2) Operational--continued widening of

experience and increased responsibility within a related family of skills; and 3) Strategic-- breadth of experience and leadership perspective at the joint, inter-government and international levels.

We will develop programs that provide our airmen the opportunity to pursue skill sets and experiences through regional and international study degree programs, foreign languages, and overseas assignments. The Air Force Chief of Staff recognizes we need to produce airmen who are professionally diverse. In his words:

“The global war on terrorism reinforces the reality that future missions and contingencies will require greater sophistication and understanding of our international security environment. Just as we need pilots, intelligence specialists, satellite operators, and jet engine mechanics, our expeditionary force requires airmen with international insight, foreign language proficiency and cultural understanding. To be truly successful at sustaining coalitions, pursuing regional stability and contributing to multi-national operations, our expeditionary forces must have sufficient capability and depth in foreign area expertise and language skills.”

To keep abreast and to prepare for future needs, we increased our funding for graduate education at the Air Force Institute of Technology (AFIT), the Naval Post Graduate School, and civilian institutions beginning in the summer of 2003. Also in August 2002, we initiated the enlisted to AFIT Program. This program offers commanders a diverse and renewable resource of highly proficient career airmen, technically experienced in career field service and highly educated through resident graduate degree programs, contributing to greater innovation and improved readiness. Another important tool is Advanced Distributed Learning. This program efficiently delivers agile and flexible training and is our “training multiplier.” It provides our expeditionary

forces anytime, anywhere training using various delivery methods including CD-ROM, paper-based, web-based and satellite.

Challenge--Sustaining our Recruiting and Retention Successes

The current recruiting and retention initiatives are imperative to replenishing our force, and they must be fully funded or we risk failing to meet our goals. Our greatest recruiting competition comes from colleges offering numerous financial incentives. In addition, the general public has less military experience than past generations, which makes recruiting more challenging.

Increases in advertising, an expanded recruiting force with broader access to secondary school students and competitive compensation prepare the Air Force to meet its recruiting goals. We achieved our FY02 enlisted recruiting goals, although we fell short in our technical areas, and are currently on target to meet our goal for FY03. For officers, we have met our overall recruiting goals; however, we continue to fall short in scientists and engineers.

Because about one third of our force is eligible to reenlist each year, we continually have an opportunity to influence their decision at key career phase points *to or not to* reenlist. There are numerous intangible factors such as leadership and job satisfaction, and tangible factors such as pay and compensation and quality of life issues that affect an airman's decision, which we must constantly and proactively manage.

For FY02, officer and enlisted retention rates are slightly inflated due to Stop Loss. Our retention is healthy; however, we must continue to monitor our stressed career fields and provide adequate compensation and quality of life initiatives to maintain our capability. Although the current economy doesn't have the pull it did pre-September 11th, we anticipate the high

OPSTEMPO/WORKTEMPO will affect our members' career decision in all components. We are addressing the tempo issues and will continue to monitor pay and compensation as they play a vital role in retaining our enlisted force.

To compensate members for increasing levels of deployments, the FY01 NDAA mandated the services pay a high deployment per diem amount of \$100 per day with a progressive monthly allowance. However, the Services suspended payment due to the Global War on Terrorism, and pursuant to the Presidential declaration of a National Emergency. As we continue to track tempo, we find that there has been a significant increase in tempo levels across the Total Force when comparing levels from FY01 to FY02. For example, on average those who were away from home station were gone 38 days in FY01 and 48 days in FY02 (21% increase). Further, in FY01 crews from only six of our 38 major weapon systems were away from home station above 25% of their available time. In FY02 that number increased to 17. Reserve components have seen similar increases. For the ANG there was an increase in days away from home station from 34 to 74 between FY01 and FY02. In the same timeframe the Air Force Reserves increased from 35 to 66 days. According to our data, if High Deployment Pay were in affect today, 1586 Total Force personnel (519 Active Duty, 403 ANG, 664 Air Force Reserve) would receive High Deployment Pay.

We ask your support in changing the current law to provide the flexibility to compensate members for long and or frequent deployments at thresholds that better meet the Service's unique mission requirements. Our proposal would range from \$100-\$600 per month; eliminate the current 182-day and 211-day thresholds; and reduce the level of oversight required to the first general in the member's chain of command.

Retention remains a concern for active duty officers in key specialties. The continued downturn in airline hiring will help slow the pull of our experienced pilots to the airlines; however our pilot shortage is projected to continue for at least the next decade until we fully realize the effects of the ten-year active duty service commitment for undergraduate flying training and increased pilot production. We've been able to fill the gap caused by the pilot shortage with navigator rated expertise. Navigators, backfilling for pilots raised overall rated Headquarters level staff manning from 58% to 76%. However, 48% of the current navigator force will be eligible to retire within the next four years. We are closely monitoring navigator retention and distribution, especially large numbers of senior navigators on the rated staffs currently or soon to be retirement eligible as well as low production year groups. In addition, we have an acute problem with Air Battle Managers driven by extraordinarily high OPSTEMPO.

The Air Force has taken a number of steps to address rated shortfalls. We increased the pilot training Active Duty Service Commitment to 10 years (8 years prior to 1 Oct 99) and pilot production to a steady state of 1,100 new pilots per year. Legislation such as the Permanent Rated Recall program has allowed nearly 260 pilots to return to active duty in FY 02, helping to offset rated shortfalls. Bonuses continue to be an effective tool in retaining our members. For the first time, we are offering Aviation Continuation Pay (ACP) in FY 03 to select groups of active duty navigators and Air Battle Managers and continue to offer aviation continuation pay bonuses to pilots who have completed their initial pilot training Active Duty Service Commitment. In addition, we implemented in FY 03 the Critical Skills Retention Bonus (CSRB) authorized by the FY 01 NDAA for the "Big 5" active duty officer specialties (Developmental Engineers, Scientists, Acquisition Program Managers, Comm/Info, and Civil Engineers). The

Air Force now is offering \$10,000 per year up to four years to eligible officers who agree to an Active Duty Service Commitment contract; we expect retention to improve by 15% or more as a result.

In Apr 02, the Air Force completed its initial “re-recruiting” the force test program. The program concentrated on developmental engineers entering critical career decision points. The Air Force is institutionalizing the “re-recruiting” program and expanding it to other critical Air Force specialties such as Air Battle Managers and Acquisition Managers.

Quality of Life

How our airmen perceive their quality of life directly and fundamentally impacts recruiting and retention. We place intense demands on our mission-focused Total Force and it is imperative that we provide our airmen and their families with the quality of life they have earned and deserve. We are reviewing our manning and workload to realign resources across the Air Force to alleviate stress on our high demand assets. We seek to improve workplace environments; provide fair and competitive compensation and benefits; provide safe, affordable, and adequate housing; enhance community and family programs; improve educational opportunities; and provide quality health care, as these have a direct impact on our ability to recruit and retain our people and sustain a ready force.

We thank Congress for approving another significant overall pay raise to include targeting for our military personnel in the FY03 NDAA. We support the proposed pay raise for FY04 plus targeting. Targeted pay is important in meeting our toughest retention challenges. In addition, you improved the Basic Allowance for Housing (BAH) rates effective 1 Jan 03, based on 7.5%

out-of-pocket for the National Median Housing Cost for each grade and dependency status, continuing toward our goal of eliminating out of pocket expenses. The FY03 NDAA also authorizes increases in minimum caps on health profession special and incentive pays, increases to reserve component prior service enlistment bonus amounts, and several additional travel and transportation entitlements that will continue our effort to reduce other out-of-pocket expenses for our military personnel. These critical compensation initiatives are keys to meeting our retention challenges, and directly improve the readiness of our force.

The FY03 NDAA also provides many TRICARE initiatives designed to improve the quality of service for our beneficiaries. The FY03 NDAA extends TRICARE eligibility to reserve dependents residing in remote locations without their reserve sponsors. Additionally, eligibility for the TRICARE Dental Program is expanded to surviving dependents, providing much needed dental benefits to surviving family members. It also approves the use of Medicare providers as TRICARE providers, expanding provider availability to improve beneficiary access to care.

Providing safe and adequate housing enhances readiness and retention. The FY03 NDAA included \$125M to construct and renovate more than 1,500 rooms toward the Dormitory Master Plan. Our FY04 budget includes nearly \$190M to construct and renovate another 1,900 rooms. We are on track to provide all unaccompanied E-1s to E-4s private rooms on base by 2009. The FY03 NDAA also included more than \$680M to replace, improve, and privatize nearly 8,500 family housing units. The FY04 budget request includes \$700M to replace, improve, and privatize another 10,500 units. With the exception of only four US locations, the AF will meet OSD's goal to eliminate inadequate housing in the US by 2007.

Programs like child development, child-care, youth programs, fitness centers, libraries, skills development, clubs, golf courses, and bowling centers all offer programs and services that support and enhance the sense of community and meet our members' needs for relaxation and stress reduction. The Air Force invested nearly \$211M in fitness centers between FY00-03 and will continue this focus with more than \$40M in FY04. The Air Force supports its families by setting the standard in providing affordable, quality child-care in child development centers, school age programs, and family child-care homes. Air Force childcare centers and all of its before- and after-school programs for children 6-12 are 100% accredited. Over the last 2 years, the Air Force expanded its family child-care program so it can offer free emergency child-care for its members who have to work late, on the weekends, or who experience shift changes. This program also serves parents who are assigned to missile sites and need around-the-clock care. The most recent variation of this program, spurred by Operation Enduring Freedom, provides a limited number of hours of free child-care for members who are returning home after an extended TDY. Beyond these benefits, on-base programs are part of the non-pay benefit system providing savings over the cost members would pay to receive similar services off base.

We strongly support voluntary education; we increased tuition assistance from 75 to 100%, provided distance-learning initiatives through the Air Force Portal and civilian institutions, and increased Learning Resource Centers at forward deployed sites. In addition, the FY02 NDAA provided the transfer of educational benefits to family members; we began a one-year test program on 26 Sep 02 to select career fields.

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The Air Force continues to support the commissary and exchange as vital non-pay compensation benefits upon which Active Duty, retirees, and Reserve component personnel depend.

Commissaries and exchanges provide: value, service, and support; significant savings on high quality goods and services; and a sense of community for airmen and their families.

Taking a more collaborative approach to community and family service delivery, we created the Community Action Information Board and Integrated Delivery System working groups at Air Staff, MAJCOM, and Installation levels. The Community Action Information Board brings together senior leaders to review and resolve individual, family and installation community issues that impact military readiness and quality of life. The Integrated Delivery System working group brings together all community and family agencies to ensure our military members and their families have access to the services and activities they need. We continue to encourage the use of Air Force CROSSROADS as an excellent tool to promote community and family programs: www.afcrossroads.com.

Challenge: Seamless Integration of Total Force

We've already touched on the fact that the Guard and Reserve are fully integrated partners of the Air Force – and that we are interdependent on each other for mission accomplishment.

Operationally, we've seamlessly integrated the ARC into our business. We've created unit equipped, associate, and blended units and we'll continue to innovate. We must review and streamline the process of mobilization and volunteerism to facilitate the utilization of our ANG and Reserve members. It is important to destroy the Cold War paradigm (and lingering perceptions) of the strategic reserve “weekend warrior.” The next step is to revise our laws, policies and practices to accommodate the new steady state of the ARC.

The Air Force is working to identify the right force mix and capability to maintain in the Active, Guard and Reserve. The new steady state will require examination of capabilities spread between the Active Air Force and the Air Reserve Components (e.g. MC-130s, AWACS, CSAR, etc). For example, of the Total Force realignment of scarce Low Density/High Demand resources, the 939th Rescue Wing's HC-130s and HH-60s will transfer to the Active component in order to reduce the PERSTEMPO in the Low Density/High Demand Combat Search and Rescue (CSAR). The transfer of these assets to the Active component increased full-time personnel without increasing already high volunteerism rates or having to mobilize a significant number of CSAR Reservists. The activation of the 939th Air Refueling Wing, Portland, OR, addresses the need for more aerial refueling assets on the West coast enhancing our ability to rapidly respond to any crisis. The Air Force continues to review our force mix.

Another key component in our strategy is to reduce the complexity of reserve force volunteer employment. Our process should consist simply of validating the requirement, and identifying the reserve resource to meet mission demand, whether that is through volunteerism or mobilization for wartime surge. We are reviewing these issues to determine the optimal use of our Active military, ARC, civilian and contractor mix.

Challenge: Transformation of Air Force Business Practices

The process of transformation begins and ends with people. We are confident in the ability of our warriors to innovate, adapt and lead the enemy in development of operational concepts, doctrine and tactics. Implementing the warfighter's visions through development and delivery of forces, systems and support demands equal flexibility and agility in the Air Force's business operations—our personnel, finance, acquisition, technology, and supply systems. If we are to

keep pace with and support innovation in the methods and modes of air and space combat, we must break out of “industrial-age” business processes and embrace “information-age” thinking.

In other words, we must be as business efficient as we are combat effective. We seek—relative to today’s status quo:

- An improvement in the effectiveness of operations resulting in higher customer satisfaction ratings;
- A reduction of average process cycle time by 75%;
- Work processes and work loads enabling our people to accomplish routine (non-crisis, non-exercise) organizational missions within a 40 to 50 hour work week;
- Empowerment of personnel and enrichment of jobs; and
- A 20% shift in business operations resources (dollars & people) to warfighting operations and new/modern warfighting systems.

Fundamentally transforming our application of technology, concepts and organizational structures will produce dramatic results. This departure from business as usual is not a luxury, but a necessity. While we are not a business, many of the challenges we face have been met and mastered in America’s private sector. We must adopt their best business practices, “de-layer” our organization, push decisions down to the level best able to make the call, and manage for results.

Summary

The Air Force is the master of warfare in the domain of air and space. We are stressed by the challenges of asymmetric threats, but adapting and innovating to meet these challenges and guarantee success. Regardless of AEF deployment or home station missions, our airmen

accomplish their duties with firm commitment and resolute action. We, in turn, are taking action to shape our Force for the future under an innovative competency-based force development construct focused on our core competencies. We do this because we know whom we do it for – those who cannot help themselves and those who defend and cherish freedom.

The Global War on Terrorism has imposed a new steady state of radically accelerated operations and personnel tempo as well as a demand for unprecedented speed, agility, and innovation in adapting to unconventional and unexpected threats. While our tools and technology are impressive, it is our airmen who will fight and win the nation's wars.

We will continue to rely on Congress as we seek to improve and innovate the Total Force to meet the challenges of the “new steady state.”