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STATEMENT BY

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BEFORE

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Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today on behalf of America's Army. I want to first express my sincere gratitude for your continued and committed support to the Human Resources Environment. As I testify before you today, the Army has embarked upon the largest movement of Soldiers in our 229-year history. Our Soldiers and Department of Army Civilians remain fully engaged across the full spectrum of the globe with more than 297,000 Soldiers deployed to more than 47 countries. Both our Soldier's and Department of the Army Civilian's commitment to our Army and to our Nation is unparalleled at this time as evidenced by multiple deployments, family separations and at times giving the ultimate sacrifice.

The momentum of the professional Army is marked by dramatic change and proud accomplishments as we move forward in the Global War on Terrorism. The operational tempo today has accelerated the requirements to change our Army with initiatives such as Force Stabilization, AC/RC Rebalancing and Modularity. We are swiftly moving changing while maintaining our current focused goals. Your commitment to these changes and support for our current initiatives (recruiting and retaining a quality force) will ensure our Army remains the best in the world. To this end, I would to share with you some of our major successes and highlight some of our challenges for the coming year.

RECRUITING

The continuing Global War on Terrorism and engagements around the globe are our first sustained combat operations with our 30 year-old all-volunteer force. Recruiting the Soldiers who will fight and win on the battlefield is critical. These young men and women must be confident, adaptive, and competent; able to handle the full complexity of 21st century warfare in this combined, joint, expeditionary environment. We are in a highly competitive recruiting environment; competing with industry, post-secondary institutions and other services for the country's high-quality young men and women.

We have been successful. The active Army and Reserves met their recruiting goals in fiscal year 2003. The Active Army is at 100 percent of its

year-to-date fiscal year 2004 mission through January. On 1 October 2004 we began The National Call to Service Program, and 153 recruits have selected this program. The Reserve and National Guard are at 98.7 percent and 94.9 percent of their respective missions. We are recruiting a high-quality force; our high school degree graduates are 96.5 percent of Active Army recruits, 94.0 percent of Reserve recruits, and 84.6 percent of National Guard recruits, year to date. We remain confident we will meet the fiscal year 2004 mission due to our recruiting force and incentives.

Our recruiting force is the best in the world. Our accession mission is over 165,000 this year (Active 75,000, Reserve 34,804, and National Guard 56,000) and will likely increase with the 30,000 temporary manning increases. We must continue to have Congress's support of recruiting tools, advertising, and incentives. Incentives are a key enabler of the Army's accession mission in terms of military occupational skill (MOS) precision fill, quality, and quantity. Incentives include Enlistment Bonuses, the Army College Fund, and the Loan Repayment Program.

Bonuses are the primary and most effective tool for MOS precision fill: the accession mission. The bonuses help us react to current market conditions and competitors, today and tomorrow. We are able to use the bonuses to target critical MOSs, the college market, and "quick-ship" priorities.

The Army College Fund is a proven expander of the high-quality market. College attendance rates are at an all-time high and continue to grow, with 67 percent of the high school market attending college within one year of graduation. The Army College Fund allows recruits to both serve their country and earn additional money for college.

The Loan Repayment Program, maximum of \$65,000, is another expander of the high-quality market. Whereas the Army College fund primarily targets those who have not yet gone to college, the Loan Repayment Program is the best tool for those who have college credit and loans. In fiscal year 2003, 24 percent of our recruits had some college credit.

The Army's recruiters are most effective when given the proper tools such as incentives, and advertising. The recruiting environment remains a challenge in terms of economic conditions and alternatives. Your continued support with resources, including funding for personnel, incentives, and advertising is necessary to compete in the current and future markets and to ensure our goals are met.

Enlisted Retention

The Army has achieved all retention goals for the past five years, a result that can be directly attributed to the Army's Selective Reenlistment Bonus (SRB) program. The Army re-enlisted 54,151 Soldiers in fiscal year 2003, including 15,213 Soldiers whose enlistments would have expired before September 30.

Although we are behind the historical glide path, the Army remains optimistic that we will achieve all assigned Retention Goals. Thus far, the Active Army has achieved 94percent of year to date mission, while the Army Reserve has achieved 90percent of year to date mission. Meanwhile, the Army National Guard is more than holding its own in FY 04 and has reenlisted 160 percent of their year to date mission. In fiscal year 2004 alone, the Army must retain approximately 58,100 Soldiers to maintain desired manning; this equates to a retention mission increase of 2,000 Soldiers. We will depend upon a robust SRB Program to enable achievement of our retention goals.

Developing ways to retain Soldiers directly engaged in the ongoing War on Terror is critical. We are now using a "targeted" bonus (TSRB) as a tool to attract and retain quality Soldiers. The TSRB aggressively targets eligible Soldiers assigned to units in, or deploying to, the CENTCOM area of responsibility. Soldiers receive no less than a lump sum \$5,000 bonus to reenlist for their present duty assignment while deployed in support of Operations Iraqi Freedom or Enduring Freedom. Introduction of the TSRB on 1 January 2004 caused an almost immediate increase in reenlistments, but not enough to make

up total Army shortfall from the 1st Quarter of the fiscal year. We anticipate another significant increase occurring in March/April along with the force rotation changeover from Operation Iraqi Freedom 1 to 2 and Operation Enduring Freedom 4 to 5.

Worldwide deployments, an improving economy, and the Army's Stop Loss/Stop Movement program could potentially affect retention. All components closely monitor leading indicators including historic reenlistment rates, retirement trends, first term attrition, Army Research Institute Surveys, and Mobilization/Demobilization Surveys, to ensure we achieve total success.

All components are employing positive levers including Force Stabilization policy initiatives, updates to the reenlistment bonus program, targeted specialty pays, and policy updates to positively influence retention program. Ultimately, we expect to achieve FY 04 retention success in the Active Army, the National Guard, and the United States Army Reserve.

OFFICER RETENTION

The Army continues to monitor officer retention rates as an important component of readiness. Overall retention of Army Competitive Category officers improved with increased retention at both the company grade and field grade ranks, with an aggregate fill rate of 103.7 percent. There was a slight increase in attrition for Lieutenants and Colonels, but the attrition rate for Captains decreased almost 3 percent from FY 02 to FY 03.

The Army has steadily increased basic branch accessions beginning in FY 00 with 4000, capping at 4,500 in FY03 and returning to 4300 for FY 04 and beyond, to build a sustainable inventory to support Captain requirements. We achieved 4443 accessions in FY 03. The Army can meet current and projected active army officer accession needs through current commissioning sources (Reserve Officer Training Corps, Officer Candidate School, United States Military Academy, and United States Army Recruiting Command). Reserve Component Lieutenant accessions present near and long-term challenges, but the numbers have

improved significantly over the past few years, and are expected to continue to improve.

We continue to promote officers at all ranks at or above the Defense Officer Personnel Management Act (DOPMA) goals and expect these rates to continue for the next 2-4 years.

PERSTEMPO

The strategic and operational environment has significantly changed in light of the large-scale engagement of Army forces in Operation Iraqi Freedom and other expeditionary operations. Soldiers and their families who serve our Nation feel this increase of turbulence and uncertainty. The time soldiers spend away from home is directly related to the increase in unit and individual deployments and other operations.

Although we are an Army at war, we support the congressional intent of PERSTEMPO legislation that encourages the Army to reduce excessive individual deployments in a *peacetime environment*. Section 991(d) of Title 10, U.S.C., authorizes the suspension of certain PERSTEMPO management constraints if required by National Security interests. The Services suspended the accrual of days for PERSTEMPO per diem by invoking the National Security waiver, which serves as a safeguard for Department of Defense resources during a time of war. The timing to lift the suspension must support the Army by allowing sufficient time to secure funding, because payment of this allowance is an unprogrammed expense that could remove operational flexibility with 2nd and 3rd order effects, including operational risks to the Soldier in theater. Meanwhile, the Army continues to track and report PERSTEMPO deployments for management purposes and works closely with OSD on policy and system adjustments for the FY04 National Defense Authorization Act (NDAA).

The Army actively manages the effects of PERSTEMPO through force management options as well as through working with OSD to manage force requirements in response to the Global War on Terrorism. Army initiatives to reduce PERSTEMPO include resetting the force, force stabilization, modular

reorganization, post-deployment stabilization policy, use of both Department of Army and contract civilians where possible, and rebalancing of Active and Reserve Component forces. The Army is committed to managing force deployments with an emphasis on maintaining readiness, unit integrity, and cohesion while meeting operational requirements.

STOP LOSS

The Army has begun the monumental task of rotating forces in support of on-going operations in Iraq and Afghanistan. During this spring and summer, the Army will have eight of its ten active duty divisions either deploying or redeploying from operations in support of the Global War on Terrorism. Consequently, the current and projected operational tempo continues unabated, placing enormous stress on units, Soldiers, and their families. Based on the commitment to pursue the Global War on Terrorism for the foreseeable future, to provide our combatant commanders the force to decisively defeat the enemy, and to ensure our formations are ready for the warfight, required us to re-institute the Active Army Unit Stop Loss program and to retain the Reserve Component Unit Stop Loss program currently in effect.

The two Stop Loss models currently being used in support of the Army's effort in the Global War On Terrorism are the following.

-- **Active Army Unit Stop Loss.** Applicable to all Regular Army Soldiers assigned to organized Active Army units alerted or participating in Operation Iraqi Freedom (OIF) I and II and Operation Enduring Freedom (OEF) IV and V.

-- **Reserve Component Unit Stop Loss.** Applicable to all Ready Reserve Soldiers who are members of Army National Guard or United States Army Reserve and assigned to Reserve Component units alerted or mobilized in accordance with Section 12302 or 12304, Title 10, U.S.C. to participate in Operations Nobel Eagle, Enduring Freedom, and Iraqi Freedom.

The Active Army and Reserve Component Unit Stop Loss programs affect Soldiers at the unit's mobilization/deployment date minus 90 days, continues through the demobilization/redeployment date, plus a maximum of 90 days. The

90 days after return to the unit's permanent duty station ensures sufficient time for Soldiers to complete mandatory transition, participate in the Army Career Alumni Program, and deployment cycle events/activities. In addition the 90 days permits us to re-distribute the force to reduce risks to readiness and distribute Soldiers across the Army to satisfy professional development needs.

Department of Defense guidance to the Services is to discontinue Stop Loss policies as soon as operationally feasible. Consequently, our policy requires a quarterly review to determine continuation or termination. As of February 2004, the current Stop Loss program affects a total of 44,535 Soldiers, of all Components.

Reserve Component

The Army continues to rely on the National Guard and Reserve to shape the fighting force in the Global War on Terrorism. The National Guard and Reserve are involved in the full spectrum of operations, from necessary tasks of guarding installations at home to full combat operations in Iraq. Their performance has been nothing short of magnificent. The capabilities they bring to the fight are indispensable. There have been challenges in this largest call-up of Reserves since Korea. However, this mobilization is a major success story and proves this is The Army, An Army of One, and that all components of the Army are vital and necessary to the success of our Nation.

We have mobilized nearly a quarter million Soldiers from our Reserve Forces since 9/11 for operations spanning the globe. This number of Soldiers equates to just over 35 percent of the Ready Reserve. Today we have 160,000 RC soldiers on active duty. That number is 30,000 higher than average due to the ongoing mobilization/demobilization of units in Iraq and Afghanistan. By the end calendar year 2004, we will have fewer than 125,000 Reserve Component Soldiers on active duty. That decrease will be due to our concerted efforts to employ Iraqis in the running of Iraq, to engage coalition partners, to seek joint solutions to missions, and to maximize the use of contractors whenever possible.

The Reserves Components comprise 42 percent (*55K RC over 130K Total*) of the Army force in Iraq to date. When this current rotation is complete, Reserve Component Soldiers will comprise 43 percent (*51K RC over 119K total*) of the Army force. Although there is some decrease in some of the RC support missions as we have replaced them with host nation support, coalition, and contractors, there has been an increase in National Guard combat forces in order to give active army combat forces a chance to reset. The Reserve Components have met the challenge by continually proving to be an integral part of and a combat multiplier to the Total Force.

MILITARY BENEFITS AND COMPENSATION

Maintaining an equitable and effective compensation package is paramount to sustaining a superior force. A strong benefits package is essential to recruit and retain the quality, dedicated Soldiers necessary to execute the National Military Strategy. In recent years, the Administration and Congress have supported compensation and entitlements programs as a foundation of Soldier Well Being. An effective compensation package is critical to efforts in the Global War on Terrorism as we transition to a more joint, expeditionary, unit-centered, and cohesive force. The FY04 budget contains an average 4.1 percent pay raise, which exceeded the Employment Cost Index. The FY05 President's budget continues providing pay raises at Employment Cost Index plus 0.5percent, which helps make the Army more competitive with the civilian sector. This equates to 3.5 percent for FY05.

With Congressional support, we have undertaken a number of initiatives to provide special compensation for our Soldiers who serve their country under hazardous conditions, and we continue to look for ways to compensate our Soldiers for the hardships they and their families endure. We appreciate your commitment in this regard.

FY05 PERSONNEL BUDGET & MANNING:

The FY05 Budget provides military pay to support an active Army 482.4K-end strength (78,500 officers and 399,700 enlisted and 4,200 cadets) and the Reserve Components at 555K-end strength. It fully funds the Army Reserve Annual Training (109 K participating Soldiers), Active Guard and Reserve (AGR-14,970 Soldiers), and Individual Manning Augmentees (IMA-6K Soldiers). The Army Reserve is funded at 70 percent of the Inactive Duty Training (IDT) program (83K Soldiers out of 123K participating soldiers). The FY05 Budget funds the Army National Guard Annual Training at 82 percent (170K Soldiers), Inactive Duty Training (IDT) program at 85 percent (194K Soldiers), and Active Guard and Reserve (AGR-25K Soldiers) including 102 Ground Missile Defense (AGR) and 76 AGRs for four additional Civil Support Teams (CST). The FY05 budget also continues the Residential Communities Initiative (RCI) program, bringing the number of installations operating under the RCI program to twenty. Additionally, the budget virtually eliminates the median out-of-pocket housing costs for our men and women in uniform by 2005 and is reflected in the Basic Allowance for Housing portion of the MPA budget request. This initiative improves the well-being of our Soldiers and families and contributes to a ready force by enhancing morale and retention.

Personnel Transformation

Army Personnel Transformation will profoundly impact how the Army delivers Human Resources services to commanders, Soldiers, government civilians, and families. More than improving information technology and systems, personnel transformation is about rethinking programs, policies, and processes to enable the Army to provide optimum human capital, and the right information, individuals, and units, at the right place, at the right time, with the right skills. Personnel transformation initiatives directly support the goals of making the Army more “joint, “expeditionary,” and “modular.” These personnel transformation changes will enhance the individual and unit readiness of the Army across all components – Active Army, Army National Guard, and Army Reserve.

The Enterprise Human Resources System forms the information technology infrastructure and the knowledge architecture for personnel transformation. It includes the Defense Integrated Military Human Resources System (DIMHRS), an OSD-directed software capability that maximizes the potential of web-based technology and commercial off-the-shelf software. The Army is the first Service to implement DIMHRS and has dedicated resources to assist in the development and review of functional human resources requirements. The Army is counting on DIMHRS to replace its legacy systems with a single, multi-component, integrated database across the Defense Department, enabling management of Soldiers, Army civilians, and contractors.

The Enterprise Human Resources system will provide passive, full visibility across all services and components, and will enable visibility and support of joint partners. It will be composed of one single authoritative source database, and will serve all echelons of command from home station to in-theater, including the individual Soldier and family member, and will provide access to leaders, individuals, and human resource providers. Routine personnel procedures will happen “on line, not in line.” The system will allow leaders to manage their organization across components, and will be linked to the Army’s Command and Control operational architecture for battlefield functions, such as casualty reporting and strength accounting. A transformed Human Resources Information System will provide the tools necessary to make critical combat and non-combat human resources support relatively routine.

Force Structure changes are already underway in the personnel community’s workforce and organizations. From headquarters to unit level, a variety of modular, multi-functional units are being structured and redesigned to meet the future needs of a modular and expeditionary Army. For example, at Headquarters Department of the Army, the Army Reserve and Active Army Personnel Commands have merged into the United States Army Human Resources Command.

The civilian equivalent, *the Army's Civilian Human Resources Agency* is now approved for inclusion within the command, and will be supported by the Human Resources Information System. Likewise, military personnel occupational specialties will be merged into a multi-skilled Human Resources specialty, providing more flexibility and support to an Army at war. Under the concept of "continuum of service," the Army is working to streamline the transition of Soldiers between Active and Reserve Components, and to develop options that will allow the Soldier to potentially serve in a multi-Component career path across the Army team. The flexibility to seamlessly move from Active Component to Reserve Component status and back will allow trained and experienced Soldiers and leaders to serve continuously, and provide needed talent to the Army and the Nation.

Recognizing that *joint operations* are now an integral part of warfighting, the Army is also reviewing on-going initiatives, policies, and programs to ensure that joint requirements and concepts are integrated into career progression and Soldier development. Advances in human resource information systems will streamline and optimize the employment of Army and joint capabilities across the full spectrum of operations.

Force Stabilization

The Army is transitioning to Force Stabilization, a personnel manning initiative designed to enhance unit readiness by increasing stability and predictability for soldiers and families. Force Stabilization places greater emphasis on building and sustaining cohesive, deployable combat-ready units for combatant commanders. Home basing and Unit Focused Stability are the two new manning strategies that will keep soldiers together in units longer, fostering cohesive, seasoned forces.

Under Home-basing, most initial entry Soldiers and their families assigned to selected installations in the continental United States will remain at that installation for six to seven years. The seven-year career mark was established

because it is at that point the Army's manning needs outside the tactical units significantly increases.

Unit Focused Stability synchronizes a Soldier's assignment to the unit's operational cycle. Under Unit Focused Stability most members of a unit arrive at the same time and remain in that unit for three years. This strategy sets the conditions for achieving higher levels of training effectiveness, deploy-ability and combat readiness. By synchronizing Soldier's assignments to the operation cycle of their unit, personnel turbulence will be reduced.

Force Stabilization supports the Chief of Staff of the Army's strategic objectives improving stability and predictability for Soldiers and their families. A stabilized force increases unit readiness and combat effectiveness by reducing turbulence and uncertainty.

WELL-BEING

The Well-Being of Soldiers, civilians, and their families is inextricably linked to the relevance and readiness of the force. Well-Being is the human dimension of readiness; expanding on the concept of Quality of Life by adopting the science of human behavior and integrating functional responsibilities for the Army's people programs. Beyond the traditional view of "personnel," Well-Being leverages the concept of human capital – Soldiers and civilians, in whom the Army strategically invests to achieve and maintain a competitive advantage.

Well-Being integrates people-oriented initiatives and programs, linking their combined results to the institutional outcomes of improved recruitment, development, and retention of its people to ultimately improve readiness. It incorporates 'measurable' objectives that are associated with these institutional outcomes, monitoring the Well-Being of the force and thus improving programs and services for Army constituents. Through this integrated management process, imbalances in the physical, material, mental, and spiritual state of Soldiers, retirees, veterans, DoD civilians and their families are identified and improved.

The philosophy of Well-Being establishes four strategic goals that address the basic aspirations of individuals – to serve, to live, to connect, and to grow. “To serve” personifies professional development and the intangibles of military service, such as values and camaraderie. “To live” refers to the physical and material needs related to shelter, pay, and healthcare. “To connect” refers to programs that create acceptance, contribution and social interaction by instilling pride and a sense of belonging – a connection to the Army team through leadership, family support, and programs that look after their welfare. “To grow” refers to an individual’s need to expand his/her capabilities creatively and intellectually through citizenship, education, and recreation.

Ongoing Well-Being initiatives that directly support the Global War on Terrorism include Deployment Cycle Support (DCS), the U.S. Central Command (CENTCOM) Rest and Recuperation (R&R) Leave Program, and the Disabled Soldier Support System (DS3).

Deployment Cycle Support: The Deployment Cycle Support (DCS) program was established to prepare Soldiers and DA civilians for returning to spouses and families. Deployment Cycle Support assists Soldier and DA civilians redeploying from combat or other operations, and their family members in meeting challenges of returning to “home station”. To ensure smooth transitions, Soldiers, DA civilians, and family members participate in class discussions and assessments. The process begins in theater and continues at demobilization sites and home station.

Rest and Recuperation Leave Program: The Rest and Recuperation (R&R) Leave Program is a highly visible and a critical component of the Army Well Being Program. Rest and Recuperation opportunities are vital to maintaining combat readiness and capability when units are deployed and engaged in intense, sustained combat operations. The R&R Leave program provides a means where by soldiers deployed in the CENTCOM Area of Responsibility are able to temporarily lay aside stress and the rigors of service in a combat zone by returning them home at government expense. To date more than 51,000 soldiers and DoD civilians have participated in the program.

The Disabled Soldiers Support System: The Disabled Soldier Support System consists of a centralized management program operated at the Department of the Army Headquarters. The program will expand to include placing a representative in each of the seven Installation Management Regions to further assist severely Disabled Soldiers in their communication and connections to local, federal, and national agencies and organizations. The Disabled Soldier Support System will provide personal liaison support between soldiers and their families, commands, and communities regardless of component. The Army intends to monitor disabled Soldiers as individuals, while monitoring trends to ensure the Soldiers' needs are met.

SOLDIER EDUCATION INITIATIVES

In State Tuition Initiative:

The Army is committed to ensuring Soldiers and their families are afforded educational opportunities equal to the general citizenry. Together with the DoD and the Services, we continue to ask all states to adopt in-state tuition policies favorable to the military and their families. Education is primarily a state responsibility; therefore, we ask each state to review its policy and determine how it affects the military family. The mobility of the military community, coupled with the state-specific criteria for determining in-state eligibility status for college tuition, often deprives the military family of this benefit. This lack of consistency in state policies, combined with the loss of continuity in retaining the benefit once started, negatively impacts military families. This impact undermines morale and retention. The Army's goals for this effort are in-state status in the state of legal residence, in the state of assignment, and continuity of the benefit once started. Presently, 43 states have favorable policies (with the first two of the Army's goals) for service members and their family members. Twenty-two states meet all goals. Several states have proposals before their legislative sessions now that would grant military families this benefit consistent with our request. As the number two active issue in the Army Family Action Plan, the Army will continue

working this initiative in a concerted effort involving state governments, State Higher Education Executive Officers, senior military leadership, the Civilian Aides to the Secretary of the Army, and installation commanders.

Education for Deployed Soldiers

Many Soldiers in Iraq, Afghanistan, and Uzbekistan are currently enrolled in distance learning college courses using tuition assistance. The Army Continuing Education System's goals for this year and next are to continue installation reachback support for Soldier continuing education, implement eArmyU for deployed and deploying Soldiers, and open Army Education Centers in Afghanistan, Uzbekistan, and Iraq. Army educators continue to support Soldiers assigned to the Balkans and other remote locations. Education programs and services have been deployed to Bosnia and Hungary since March 1996, Macedonia since May 1997, and Croatia from 1996-1998. Soldiers in Kosovo have had education services available since February, 2000.

eArmyU

Launched in 2001, the eArmyU program has enhanced traditional Army distance learning programs and services with an anytime, anywhere program that ensures eligible enlisted Soldiers have access and scholastic support to fulfill their educational goals. The key objectives of eArmyU are to improve well-being, increase retention, and enhance readiness by providing learning opportunities that develop the critical thinking and decision-making skills required on today's battlefields. By leveraging the technology provided through the world's largest education portal - eArmyU.com - Soldiers currently access curricula at 28 regionally accredited universities offering virtual classrooms and libraries, academic advisement, and administrative and technical support. Together, these institutions offer Soldiers a choice of 143 degree programs. eArmyU is currently offered at 14 installations, and more than 43,400 Soldiers are enrolled. As of February 5, 2004, more than 10,196 Soldiers have permanently changed duty stations from their original enrollment installations and are now participating in

eArmyU from locations worldwide, to include 50 countries, 4 U.S. territories, and 50 states. We are now assessing the feasibility of deploying eArmyU to Soldiers in the U.S. Central Command area of responsibility. The program has made education viable for Soldiers; 27 percent of Soldier-students have never enrolled in post-secondary education. Of those Soldiers who signed participation agreements, 21 percent have reenlisted or extended to take advantage of eArmyU. As of January 12, 2004, 350 Soldiers have earned degrees through eArmyU. eArmyU is a streamlined and effective learning opportunity that, due to its unique portal technology, advances the Army into the rapidly developing e-learning market.

The Civilian Component

Military/Civilian Conversions: The evolving nature of our current force and its greater requirement to have “green suiters” deployed has required us to relook the shape of the Army. Military to civilian conversions are a way to improve the efficiency of manpower and make more military deployable by moving military out of positions that can be prudently performed by civilians. As part of the Army’s long-term transformation strategy, it is essential that we start realigning military positions from existing infrastructure organizations to staff field units. This effort relieves stress in the operating forces and continues to transform the Army with additional combat brigades. We anticipate that most of the initial conversions will take place in the installation and training support functional areas.

NSPS: The enactment of the National Security Personnel System (NSPS) in the fiscal year 2004 National Defense Authorization Act has called to action reform in the civilian personnel community. The Act authorized a more flexible civilian personnel management system for the Department that allows the Department to be a more competitive and progressive employer at a time when our national security demands a highly responsive system of civilian personnel management. The legislation ensures that merit system principles govern any changes in personnel management, whistleblowers are protected, discrimination

and nepotism remain illegal, and veterans' preference is protected. The Department is collaborating with employee representatives, will invest time in trying work out differences, and notify Congress of any differences before implementation. In January, Department officials met with union representatives to begin the development of a new system of labor-management relations. Later this year, the Department plans to begin implementing NSPS to include an intensive training program for supervisors, managers, human resources specialists, employees, as well as commanders and senior management.

To complement the flexibilities inherent in NSPS we are planning to implement changes in how we train, develop and manage leaders in our civilian workforce. The same challenges that are driving the transformation of the military component of the Army dictate that we have a cadre of senior civilian leaders who are prepared to fully support the Army and the nation. Increasingly, we see a need to deploy civilians in support of our soldiers and operations and to move civilians with the right skills to critical combat support positions. The transformation we plan in the civilian arena will assure that our senior civilians are ready to respond when needed.

Conclusion

Our Army's commitment and dedication is undaunted during this time of unparalleled challenge in our country. I am proud of our young men and women, America's sons and daughters for their selfless service everyday. I am hopeful that your support and assistance will continue as we demonstrate our commitment to fulfilling the manpower and welfare needs of the Army, DA Civilians and Retired personnel.

Once again thank you for the opportunity to appear before you today. I look forward to answering your questions.