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Senator Graham, Senator Nelson, distinguished Members of the Committee, thank you for the opportunity to appear before you today on behalf of America's Army. The United States Army owes its success to the All-Volunteer Force, which provides the high-quality versatile young Americans we depend on to serve as Soldiers. This is the first time in our history in which the Nation has tested the All-Volunteer Force during a prolonged war. Determining the kind of All-Volunteer Army we need and developing the environment, compensation, education, and other incentives to keep it properly manned may be the greatest strategic challenge we face.

The Soldier is the centerpiece of all that the Army is and does. On behalf of those brave men and women, I want to express my sincere gratitude for your continued and committed support. As I speak to you today, approximately 640,000 Soldiers are serving on active duty. Of those, 315,000 Soldiers are deployed or forward stationed in more than 120 countries to support operations in Iraq, Afghanistan, and other theaters of war, to deter aggression while securing our homeland. These soldiers are from all components: Active (155,000), Army National Guard (113,000), and Army Reserve (47,000). Soldiers participate in homeland security activities and support civil authorities on a variety of different missions within the United States. A large Army civilian workforce (over 250,000), reinforced by contractors, supports our Army – to mobilize, deploy, and sustain the operational forces – both at home and abroad. Our Soldiers and Department of Army Civilians will remain fully engaged across the full spectrum of the globe and we remain committed to fighting and winning the Global War on Terrorism.

The Army continues to face and meet challenges in the Human Resources Environment. In recent years, Congressional support for benefits, compensation and incentive packages has ensured the recruitment and retention of a quality force. Today, I would like to provide you with an overview of our current military personnel policy and the status of our benefits and compensation packages as they relate to maintaining a quality force.

Recruiting

Recruiting Soldiers who are confident, adaptive, and competent; able to handle the full complexity of 21st century warfare in this combined, joint, expeditionary environment is highly competitive and very challenging. The competition with industry, an improving economy, and lower unemployment coupled with a decrease in support from key influencers have added to the challenges of recruiting solid candidates.

As we projected, we have experienced monthly goal shortfalls for all components starting in February 2005. The Active Component finished February 2005 at 73 percent accomplished with a year to date achievement of 94 percent. The United States Army Reserve finished February 2005 at 75 percent accomplished with a year to date achievement of 90 percent. The National Guard finished February 2005 at 69 percent accomplished with a year to date achievement of 74 percent. Though we may miss some monthly goals, the Active Army is projected to make their annual mission. However, the annual missions for the Reserve and Guard are at risk.

Incentives include Enlistment Bonuses, the Army College Fund, and the Loan Repayment Program.

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. Therefore we have increased our resources, including additional recruiters, incentives, and advertising as necessary to compete in the current and future markets and to ensure annual goals are met.

Bonuses are the primary and most effective tool for MOS precision fill. The Army must maintain a competitive advantage to continue to attract high quality applicants. The Army offers a range of bonuses that pay up to \$20,000 to qualified recruits. These bonuses are geared to the special needs of the Army and our applicants. The bonuses help us react to current market conditions and competitors, today and tomorrow. We are able to use the bonuses to target critical skills, 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 68 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 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 education credits and student loans. The Loan Repayment Program, maximum of \$65,000, is another expander of the high-quality market. In fiscal year 2004, 24 percent of our recruits had some college education credits.

Enlisted Retention

Worldwide deployments and an improving economy 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.

Moreover, 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 FY05 retention success in the Active Army, the Army National Guard, and the United States Army Reserve.

The Active 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 and the patriotism of our Soldiers. The Active Army retained 60,010 Soldiers in fiscal year 2004, finishing the year 107 percent of mission. Both the Army Reserve and Army National Guard came in at 99 percent last year.

In fiscal year 2005, the Active Army must retain approximately 64,162 Soldiers to build to desired manning levels. This is an increase of 8,000 over last year's mission and we are on glide path and ahead of last year's pace. We remain confident that we will achieve all assigned retention goals. Thus far, the Active Army has achieved 101 percent of

year-to-date mission, while both the Army Reserve and the Army National Guard have achieved 97 percent of year-to-date missions. A robust bonus program will facilitate achievement of our retention goals.

The Army fully supports a requested update to the Reserve Component (RC) Affiliation Bonus. Current authority has been in force for several decades where a Soldier receives \$50/month to affiliate with a RC unit. To incentivise Soldiers when leaving the AC to join a RC unit, a supplemental request to the National Defense Authorization Act 2005 (NDAA 05) was submitted asking for an increase to the RC Affiliation Bonus to \$10,000 for at least a three-year commitment. This bonus will help the RC meet end strength requirements with seasoned, prior service Soldiers and in many case, battle-tested, combat veterans. Legislative Budget proposal package to include the same legislative change to NDAA 06.

We continue to review our Reenlistment Bonus Programs and its association with the retention of sufficient forces to meet combatant commander and defense strategy needs. It is imperative for the Army to receive complete future funding of the SRB program to ensure program flexibility during the foreseeable future. Developing ways to retain Soldiers directly engaged in the ongoing Global War on Terrorism is critical. We are now using an SRB-Deployed as a tool to attract and retain quality, combat veteran Soldiers. The SRB-Deployed aggressively targets eligible Soldiers assigned to units in Afghanistan, Iraq and Kuwait. Soldiers can receive a lump sum payment up to \$15,000 to reenlist while deployed to Afghanistan, Iraq, or Kuwait. All components are benefiting from this program and we are realizing increased reenlistments among deployed Soldiers.

Officer Retention

The Army continues to monitor officer retention rates as an important component of readiness. Overall retention of Army Competitive Category officers in FY04 decreased slightly at both the company grade and field grade ranks. The aggregate fill rate is at 101.3 percent. There was an increase in attrition for Lieutenants and Captains in FY04, after a historically low attrition year in FY03. The FY04 attrition rate for Lieutenants and Captains was 8.5 percent, slightly above the average 7.3% but lower than the attrition witnessed in FY99 and FY00. I am encouraged that 1st Quarter attrition in FY05 came in slightly lower than FY04.

The Army has steadily increased basic branch accessions beginning in FY00 with 4000, capping at 4,600 for FY05 to build a sustainable inventory to support Captain and Major requirements. We accessed 4,484 officers in FY04. 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.

Stop Loss

Based on the commitment to pursue the Global War on Terrorism and provide our combatant commanders with the cohesive, trained and ready forces necessary to decisively defeat the enemy, required us to reinstitute the Active Army Unit Stop Loss program and to retain the Reserve Component Unit Stop Loss program currently in effect.

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 January 2005, the current Stop Loss program affects a total of 13,445 Soldiers of all Components. We understand the stress this puts on individual Soldiers and are employing force stabilization to reduce that number.

Military Benefits and Compensation

Maintaining an equitable and effective compensation package is paramount in 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.

We have made tremendous strides in reducing median out-of-pocket housing costs for our Soldiers. Basic Allowance for Housing (BAH) is intended to provide sufficient recompense to meet the average basic housing needs of all Soldiers based on their Regular Military Compensation. The fiscal year 2005 BAH reduces the median out-of-pocket expenses to zero. Thank you for your support. Our commanders have been instrumental in ensuring BAH program estimates and housing cost data collection are accurate thereby generating allowances to cover the average cost of adequate housing. This ensures our Soldiers and

their families receive adequate allowances which makes housing in safe, prosperous communities affordable.

The Reserve Components represent a significant portion of the capability of the Total Force, an essential element in the full spectrum of worldwide military operations. Both the Department and Congress recognize the importance of appropriate compensation and benefits for these Soldiers. The National Defense Authorization Act for fiscal year 2005 amended many of the Reserve Component bonus authorities allowing the department to offer programs similar to those for active duty forces to these critical Soldiers. We continue to look for ways in working with Congress to provide compensation for the unique sacrifices these Soldiers are asked to make in service to our nation.

The Army continues to develop programs that address the unique challenges we face as an expeditionary force. The legislation authorized by Congress provides the flexible tools needed to encourage Soldiers to volunteer for difficult to fill assignments in less desirable places or to extend their tours in these places. This past year the Department of the Army implemented Assignment Incentive Pay (AIP) for Soldiers assigned to Korea. This program has been a tremendous success in providing Soldier stability while enhancing readiness for units stationed in Korea. To date, over 12,000 Soldiers: officer, warrant officer, and enlisted, applied to serve an additional one or two year tours resulting in increased stability, predictability and improved readiness in Korea while reducing personnel turbulence Army-wide.

The Army has used Assignment Incentive Pay (AIP) as an incentive for voluntary and involuntary extensions for Soldiers serving in Iraq and Afghanistan. Using AIP in this manner provides flexibility in maintaining unit stability and retaining the necessary Soldier experience gained from serving in these countries.

The Army is using Critical Skills Retention Bonus (CSRB) to retain the valuable experience of our senior Soldiers who are in high-demand, low-density critical skills such as Explosive Ordnance and Special Operations.

Congressional authorization for increased special pay for our warfighters has allowed the Army to take care of Soldiers and their families serving in the most difficult and stressful duties. The increases to Hostile Fire Pay, Family Separation Allowance and authorization of per diem for family members of injured Soldiers, offers comfort and stability to our Soldiers while they serve in combat and recover from serious injury.

We continue to look for ways to compensate our Soldiers for the hardships they and their families endure and we appreciate your commitment in this regard.

FY06 Personnel and Budget & Manning:

The FY06 Budget for the active Army provides military pay to support a 482,400 end strength consisting of 79,900 Officers, 398,300 Enlisted, and 4,100 Cadets. For the Reserve Component the FY06 Budget supports 555,000 end strength. It funds Army Reserve Annual training (101,000 out of 118,000 participating Soldiers), Active Guard and Reserve

(AGR 14,998 out of 15,270), and Individual Manning Augmentees (IMA-6,000 Soldiers). The Budget funds the Army Reserve at 76 percent for the Inactive Duty training (IDT) program (89,000 Soldiers out of 117,000 participating Soldiers). The FY06 Budget funds the Army National Guard Annual Training at 79 percent (177,000 out of 214,000 participating Soldiers), Inactive Duty Training (IDT) program at 74 percent (194,000 out of 244,000 participating Soldiers), and Active Guard and Reserve (AGR 27,300 out of 28,100 Soldiers) including 102 Ground Missile Defense (AGR) and 76 AGRs for four additional Civil Support Teams (CST).

The FY06 Budget also continues the Residential Communities Initiative (RCI) program, bringing the number of RCI locations operating under the program to thirty four with an end state of 71,000 homes. This initiative improves the well-being of our Soldiers and Families and contributes to a ready force by enhancing morale and retention.

Disabled Soldier Support System

In April 2004, the Army introduced the Disabled Soldier Support System Initiative to provide our most severely disabled Soldiers and their families with a system of advocacy and follow-up services. This initiative is a cooperative effort with organizations external to the Army, like the Department of Veterans Affairs, that provides these Soldiers a single focal point for personnel support and liaison to resources as they transition through the myriad of medical and administrative processes associated with their injuries. To date, 313 soldiers are enrolled in DS3 and they are supported by a full-time staff, projected to grow to 47 to meet the demands of newly injured/wounded soldiers are enrolled in the program.

The DS3 program also works closely with the new Department of Defense Military Severely Injured Joint Support Operations Center located in Arlington, Virginia. This is a combined effort on behalf of the

Department of Defense and each Service to provide the same level of support to severely injured/wounded Service Members and their families. The operations center staff provides a variety of services such as, financial support, counseling, information on resources in the local community and many other resources. They have a toll free number, 1-888-774-1361, that Service Members and their families may call at anytime to discuss their needs. The Military Severely Injured Joint Operations Center Staff have greatly assisted the DS3 program with contacting and interviewing potential DS3 soldiers. Their assistance greatly enhanced the efforts of DS3 in providing right level of support at the right time, ensuring that Soldiers and their families get the support they need.

Sexual Assault Prevention and Response

Sexual assault is a crime that cannot and will not be tolerated in the United States Army. The Acting Secretary of the Army's Task Force Report on Sexual Assault Policies as well as the DoD Joint Task Force identified several areas for improvement. We are in the process of implementing those recommendations and taking aggressive actions to prevent sexual assault, ensuring perpetrators are held accountable, and that victims are provided sensitive care whether deployed in support of ongoing operations or serving anywhere in defense of our nation. The Army is correcting areas requiring improvement through an integrated team approach involving military and civilian resources with emphasis on a measurable program focused on awareness, prevention education, advocacy, intervention and direct victim services. This prevention and victim centered approach is being communicated throughout the Army community to commanders, Soldiers and staff ensuring all know where available military and civilian resources exist and how to use them in garrison (active and reserve) and in the operational theater. Specific

actions include fostering a positive command climate, where victims feel free to report.

Army policy demands sensitive care for sexual assault victims; aggressive, timely, and thorough investigations of all reported sexual assaults; and accountability for those who commit these crimes. To achieve these objectives, similar to DoD, the Army policy prefers complete reporting of sexual assaults to activate both victims' services and accountability actions. However, recognizing that a mandate of complete reporting may represent a barrier for victims to gain access to services when the victim desires no command or law enforcement involvement, there is a need to provide an option for confidential restricted reporting. Therefore, the Army fully supports the new Department of Defense policy for confidential restricted reporting by victims of sexual assault. Restricted reporting will allow sexual assault victims, on a confidential basis, to disclose the details of their assault to specifically identified individuals, receive medical treatment and counseling, and participate in a forensic medical examination and evidence collection without triggering the official investigative process. Restricted reporting is intended to give victims additional time and increased control over the release and management of their personal information, and to empower them to seek relevant information and support to make more informed decisions about participating in a criminal investigation. We are writing procedures into our sexual assault prevention and response policy to implement the new DoD policy.

Army Well-Being

All of the initiatives I've discussed above are in support of one of the Army's top priorities, the Quality of Life and Well-Being of our Soldiers, Civilians and their families. In the past, the Army's programs concentrated only on the quality of life of our people - defined as a standard of living to

which individuals, communities, and nations strive to meet or exceed. Army Well-Being organizes and integrates those quality of life initiatives and other programs into a Well-Being "framework" that support four individual strategic goals: To Serve; To Live; To Connect; and To Grow, for each member of the Army Family. Your support of our programs that take care of the Army Family before, during and after deployments will ensure their preparedness to perform and support the Army's mission.

Conclusion

To ensure our Army is prepared for the future, we need full support for the issues and funding requested in the FY05 Supplemental and the FY06 President's Budget to support the Army manning requirements given the current operational environment. In the event the Department determines additional resources are needed in an FY06 supplemental request – we would also ask for your full consideration and support of that request.

We would like your support to permanently amend the reserve affiliation bonus authority, which is proposed in the 2005 supplemental budget request. Increasing this bonus will significantly help us attract already trained and experienced soldiers for continued service in the Guard and Reserve.

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