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SENATE ARMED SERVICES COMMITTEE

Senator Graham, Senator Nelson, distinguished Members of the Committee, thank you for providing me opportunity to appear before you today on behalf of America's Army. The United States Army is grateful to this committee for all legislation passed recently that improved incentives and bonuses for attracting and retaining the very best Soldiers. As you know, we are competing in a very tough market within a robust economy and these recent legislative enactments will assist the Army to continue to grow and maintain the All-Volunteer Force. With your support now and in the future, our Army will meet the needs of the nation and continue to fight the Global War on Terror. These Soldiers continue to make history and demonstrate to America that this Army is unparalleled. This generation shows for the first time in our history that the All-Volunteer Force can be called upon to face a prolonged conflict and persevere. Creating the right composition of this All-Volunteer Army is our challenge. With your assistance we will achieve the right mix of incentives to compensate, educate, and keep the Army properly manned with the best and brightest our nation has to offer.

As the Army transforms, the Soldier remains the centerpiece in all that the Army is now and aspires to achieve. The responsibility is ours to provide these Soldiers as relevant and ready land forces to the combatant commanders to meet mission accomplishment, now and in the future. As I speak to you today, more than 600,000 Soldiers are serving on active duty. Currently we have more than 245,000 Soldiers, Active, Guard and Reserve deployed or forward stationed overseas and another 13,000 securing the homeland. Soldiers from every state and territory...Soldiers from every corner of this country... serving the people of the United States with incredible honor and distinction. Soldiers participate in homeland security activities and support civil authorities on a variety of different missions within the United States. This past year showed an unprecedented reliance on the Army National Guard and Reserve Forces

both here and abroad in reaction to natural disasters and to the continued fight in the Global War on Terror. As the Regular Army rotated out of theater to re-set as a modular force for continued operations in the Global War on Terror, the reserve component stepped up to the mission. We are truly one Army with Active and Reserve forces working the same mission in concert and with great successes. Additionally, a large Army civilian workforce (over 240,000), 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 remain fully engaged around the world and remain committed to fighting and winning the Global War on Terror.

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 will fight and win on the battlefield is critical to the success of our mission. These Soldiers must be confident, adaptive, and competent; able to handle the full complexity of 21st century warfare in our current combined, joint, expeditionary environment. They are the warriors of the 21st century. However, recruiting these qualified young men and women is extremely challenging in the highly competitive environment. The head to head competition with industry, an improving economy, lower unemployment, decreased support from key influencers, the media and the continuing Global War on Terror present significant challenges.

Currently we are meeting our recruiting missions. The active component finished January 2006 at 103% accomplished with a year to date achievement of 104%. The United States Army Reserve finished January 2006 at 103% accomplished with a year to date achievement of 114%. The National Guard finished January 2006 at 113% accomplished with a year to date achievement of 109%. All components are projecting successful annual missions for FY06. Bear in mind, there is still two-thirds of the mission remaining. Much work remains to be done but the assistance from Congress and the current efforts of the recruiting force are cause for optimism. It is a challenge that we must meet.

Incentives & Enlistment Bonuses

The Army must maintain a competitive advantage to remain successful in attracting high quality applicants. Bonuses are the primary and most effective competitive advantage for the Army. These incentives are instrumental in filling critical Military Occupation Specialties.

Enacted legislation last year has assisted the Army in this effort by increasing the cap on bonuses from \$20,000 to \$40,000. (\$10,000 to \$20,000 for Reserves) These bonuses are designed to attract the special needs of the Army and our applicants. These bonuses help us to compete against current market conditions now and in the future. The bonuses enable us to target critical skills in an increasingly college oriented market and meet seasonal ("quick-ship") priorities.

The Army's recruiting program is most effective when equipped with the right mix of incentives and bonuses. 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 66 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, with a maximum of \$65,000 payment for already accrued college expenses, is another expander of the high-quality market. This Loan Repayment Program is the best tool for those who have college education credits and student loans. In fiscal year 2005, 28 percent of our recruits had some college education credits.

Other recently passed legislation we expect to assist in our recruiting mission includes the increase of enlistment age, the \$1K Referral Bonus (Pilot ends 31 Dec 07), the expanded Student Loan Repayment Program to include officers, and the Temporary Recruiting Incentives Authority. Collectively these will directly assist the Army in achieving the FY 06 mission and build the entry pool for FY 07. The reality is that given the competition with industry, an improving economy, decreased support from key influencers and continuing deployments to wage the Global War on Terror, we need your continued support for the additional resources to maintain the all volunteer Army.

Enlisted Retention

The Active Army has achieved all retention goals for the past six years, a result that can be directly attributed to the Army's Selective Reenlistment Bonus (SRB) program and the motivation of our Soldiers to accept their "Call to Duty". The Active Army retained 69,512 Soldiers in fiscal year 2005, finishing the year 108% of mission. The Army Reserve finished the year 102 % of mission and the Army National Guard finished at 104% of mission.

In fiscal year 2006, the Active Army must retain approximately 64,200 Soldiers to achieve the desired manning levels. This year's mission is similar in size to last year 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 107 % of the

year-to-date mission, while the Army Reserve has achieved 96% of the year-to-date mission and the Army National Guard has achieved 103% of their year-to-date mission. A robust bonus program facilitates meeting Army retention goals.

We continue to review our Reenlistment Bonus Programs and their impacts on retaining 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 Terror is critical. We are now using a deployed reenlistment bonus as a tool to attract and retain quality Soldiers with combat experience. This bonus 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.

Worldwide deployments and an improving economy 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 the retention program. Ultimately, we expect to achieve FY06 retention success in the Active Army, the Army National Guard, and the United States Army Reserve.

Officer Retention

The Army is retaining roughly 92% of our company grade officers. Company grade loss rates (lieutenant and captain) for FY05 were 8.55%, slightly below the historical Army average of 8.64% (FY 96-04). First quarter, FY06 company grade loss rates were 8.4%. Immediately following September 11, 2001, company grade loss rates were at historical lows: 7.08% and 6.29% respectively. The three years prior to September 11th, company grade loss rates averaged 9.8%. Officer retention has taken on renewed interest not because of an increase in officer loss rates, but because of a significant force structure growth and modularity. The Army is short roughly 3,500 active component officers, most of which are senior captains and majors. While the overall company grade loss rates are not alarming, the Army is being proactive and is working several initiatives to retain more of our best and brightest officers. These initiatives include higher promotion rates for captains and majors. The Army is currently promoting qualified officers above the DOPMA promotion goals. These initiatives also include earlier promotion pin-on points. The Army is promoting officers sooner than historical averages in order to fill the expanding captain and major authorizations. Promotion to captain averages 38 months time-in-service, against the historical average of 42 months. Another initiative we are utilizing is expanding graduate school opportunities. The Army is offering up to an additional 200 fully funded graduate school opportunities to high performing company grade officers. These officers will begin attending school in the summer of 2006. This is above the normal 412 officers the Army currently sends to school. Branch & Posting for Active Service is another program that offers USMA and ROTC cadets their first choice for branch or assignment in exchange of three additional years of active duty service. To date, over 800 officers have signed up for these programs. Officer loss rates are consistent with historical trends; however, in order to fill the growth of officer modularity

structure, we must retain more of our officers. We are confident that we can achieve this through these officer retention initiatives.

Stop Loss

The focus of Army deployments is on trained and ready units. Stop Loss is a management tool that effectively sustains a force that has trained together, to remain a cohesive element throughout its deployment. Losses caused by non-casualty oriented separations, retirements, and reassignments have the potential to adversely impact training, cohesion, and stability in Operation Iraqi Freedom (OIF), Operation Enduring Freedom (OEF) and Operation Nobel Eagle (ONE) deploying units. The commitment to pursue the Global War on Terror requires us to provide our combatant commanders with cohesive, trained, and ready forces necessary that will decisively defeat the enemy. This effort requires us to continue the following two Stop Loss programs, the first of which is Active Army (AA) Unit Stop Loss. This applies to all Regular Army Soldiers assigned units alerted or participating in OIF and OEF. The second program is the Reserve Component (RC) Unit Stop Loss which is applicable to all Ready Reserve Soldiers who are members of Army National Guard or United States Army Reserve who are assigned to RC units alerted or mobilized for participation in ONE, OEF and OIF.

There is not a specific end date for the current use of Stop Loss. The size of future troop rotations will in large measure determine the levels of Stop Loss needed in the future. Initiatives such as Force Stabilization (three year life cycle managed units), Modularity, and the program to Rebalance/Restructure the Active Component/Reserve Component for mix should alleviate much stress on the force and will help mitigate Stop Loss in the future.

The number of Soldiers affected by Stop Loss will decrease as the Army moves towards more lifecycle manned units, reduced deployment requirements and a smaller overseas footprint. For the National Guard and Reserve, unit Stop Loss will still occur - at a reduced level - during

periods of mobilization due to limited control for distributing personnel resulting from community based manning. The Army intends to terminate Stop Loss as soon as operationally feasible or upon determination that it is no longer needed.

As of end of month December 2005 Stop Loss potentially affected a total of 12, 467 Soldiers from all Components (Active Army, 7,620, Army National Guard, 2,429 and United States Army Reserve, 2,418).

Individual Ready Reserve Mobilization

The mission of the Individual Ready Reserve (IRR) is to provide a pool of Soldiers who are “individually ready” for call-up. In August of 2004, the Army began its most current IRR mobilization effort. As of February 2006, over 5,347 IRR Soldiers have served on active duty in support of current operations. The IRR has been used primarily to fill deploying reserve component forces supporting Operations Iraqi Freedom and Enduring Freedom and to fill individual augmentation requirements in joint organizations supporting Combatant Commanders.

The IRR has improved the readiness of deploying reserve component units and has reduced required cross-leveling from other reserve component units, which allows us to preserve units for future operations. Currently there are over 2,200 IRR Soldiers filling positions in deployed units, with approximately 500 more in the training process who will link up with their units by the end of March 2006. Approximately 87 percent of the Soldiers scheduled to report to active duty through February 2006 reported for duty. We continue to work with the remaining 13% to resolve issues that may have precluded them from reporting.

The IRR has also contributed to the manning of joint headquarters elements such as the Multi-National Force-Iraq, Combined Forces Command-Afghanistan, and others; which allows the Army to balance the contributions of the Active and Reserve components in these headquarters. Over 365 IRR Soldiers have served in individual

augmentation positions. Another 143 IRR Soldiers have served in a special linguist program to support commanders on the ground in the Central Command area of operations.

The Army plans to continue use of the IRR and has developed a transformation plan to reset and reinvigorate the IRR. Previously a large number of the IRR were either unaware of their service obligations or not qualified to perform further service. The Army is implementing several programmed initiatives to transform the IRR into a more viable and ready prior-service talent bank. We created a new administrative category called the Individual Warrior. This category requires Soldiers to participate in virtual musters, attend annual readiness processing and participate in training opportunities thus maintaining their military occupational specialties. To improve Soldier's understanding of service commitments, the Army will develop and deliver expectation management briefings and obligation confirmation checklists to all Soldiers at initial enlistments/appointments and again during transition. The Army is also conducting systematic screening to reconcile records and identify non-mobilization assets which will likely result in a reduction in the current IRR population and aid in establishing realistic readiness reporting.

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 designed to support our Soldiers and their families. An effective compensation package is critical to efforts in the Global War on Terror as we transition to a more joint, expeditionary, and cohesive force.

The Reserve Components represent a significant portion of the capability of the Total Force and are 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 2006 authorized the full rate of Basic Allowance for Housing for Reserve Component members called or ordered to active duty for greater than 30 days. We now have the ability to provide involuntarily mobilized Soldiers replacement income should they make less money on active duty than they do in their civilian employment. Additionally, we believe the increases to affiliation bonus and special pay for high priority units will ensure we can attract and retain our Reserve Component force.

The Army continues to develop programs to address the unique challenges we face with our recruiting and retention mission. The legislation authorized by Congress provides the flexible tools needed to encourage citizens to enlist in the Army. The Army is currently developing the pilot program for first-term initial entry soldiers to offer matching funds for Thrift Savings Plan contributions. We expect to announce this program 3rd quarter of this fiscal year. We are executing increases in enlistment and reenlistment bonuses. We continue to use the Critical Skills Retention Bonus (CSRБ) 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.

We constantly look for ways to compensate our Soldiers for the hardships they and their families endure and we appreciate your commitment in this regard. We evaluated military housing areas affected by Hurricane Katrina and will continue to address areas where Soldiers may need additional housing assistance due to the impacts of disasters on the local housing market.

The Army appreciates your emphasis and interest in Soldiers & families and their need for financial support when they suffer a combat injury or become a casualty. Soldiers perform best when they know their families are in good care. Many of our surviving families are able to stay in Government housing for an extended period during their recovery from the loss of their spouse contributing to a better organized transition from the Service and allowing their children to continue the school year with the least amount of interruption. The changes to survivor benefits ensure all Soldiers and their families are treated fairly and equitably. We are working with our sister services and the Office of the Secretary of Defense in developing the procedures to implement the Combat-injury Rehabilitation Pay (CIP) to assist our injured Soldiers in their time of need. These enhancements to survivor benefits and entitlements for our wounded Soldiers demonstrate recognition of their ultimate contributions and a commitment to taking care of our own.

Well Being

A broad spectrum of services, programs and initiatives from a number of Army agencies provide for the well-being of our people while supporting senior leaders in sustaining their Joint Warfighting human capabilities requirements. Our well-being efforts are focused on strengthening the mental, physical, spiritual and material condition of our Soldiers, civilians and their families while balancing demanding institutional needs of today's expeditionary Army. Allow me to take a few minutes to address three of our programs that directly support our Army at war, regardless of component.

U.S. Army Wounded Warrior Program (AW2)

Wounded Soldiers from Operations Enduring Freedom and Iraqi Freedom deserve the highest priority from the Army for support services, healing and recuperation, rehabilitation, evaluation for return to duty and successful transition from active duty if required. To date the Army has assisted nearly 1000 Soldiers under this program.

AW2 takes to heart the Warrior Ethos, "Never leave a fallen comrade". The severely injured Soldier can be assured the Army will be with him and do whatever it takes to assist a Soldier during and after the recovery process.

As Soldiers progress through their care and rehab, AW2 remains with them to ensure all their immediate non clinical needs are met (securing financial assistance in the form of grants from a network of providers, resolving travel claims, and finding a place for family members to live). AW2 has resolved numerous wounded soldier pay issues and benefits to ensure all Soldiers' pay is properly protected and monitored while they recover. AW2 is staffed now with an Army Finance Specialist, VA Specialist, HR and Employment Specialists to get to the root of the problems and fix them quickly.

AW2 has taken active roles in changing policy to resolve Soldier debts, remain on Active Duty despite traumatic injuries (e.g. amputations, blindness), and working with public and private sector employers to provide meaningful employment. Corporations interested in our wounded Soldiers include Disney, Evergreen Aviation Intl, Osh-Kosh Trucking and other Federal agencies as well.

USCENTCOM Rest and Recuperation Leave Program

A fit, mission-focused Soldier is the irreducible foundation of our readiness. For Soldiers fighting the Global War on Terror in the USCENTCOM area of responsibility, the Rest & Recuperation (R&R) Leave Program is a vital component of their well-being and readiness.

Every day, flights depart Kuwait City International Airport carrying hundreds of Soldiers and DOD civilians to scores of leave destinations in the continental United States and throughout the world. Such R&R opportunities are essential to maintaining combat readiness and capability when units are deployed and engaged in such intense and sustained operations. Since 25 September 2003, 311,949 Soldiers and DOD civilians have participated in this highly successful program. They have benefited through a break from the tensions of the combat environment and from the opportunity to reconnect with family and loved ones.

GEN Abizaid, the CENTCOM Commander has stated, "The Rest and Recuperation Leave Program has been a major success." Additionally, this program also generates substantial, positive public reaction and increased political support for U.S. objectives in the Global War on Terror. The R&R Leave Program has become an integral part of operations and readiness and is a significant contributor to our Soldiers' success.

Deployment Cycle Support

Deployment Cycle Support, or DCS, is a comprehensive process focused on preparing Soldiers, their families and deployed DA Civilians for their return and reintegration into their families, communities, and jobs.

As of 10 February 2006, nearly 400,000 (387,550) Soldiers have completed the in-theater Redeployment Phase DCS tasks prior to returning home to their pre-deployment environment. The DCSP is expanding to include all phases of the deployment cycle (Train up / preparation, mobilization, deployment, employment phases).

The bravery and sacrifices of today's Soldiers and family members are in the tradition set by our retired Soldiers and family members. Those who fight the Global War on Terror follow in the footsteps of retired

Soldiers who fought in WWII, Korea, Vietnam and Desert Storm and the families who supported them.

Retirement Services

I would like to also point out that our efforts extend beyond our active duty population. The Army counts on its retired Soldiers to continue to serve as mobilization assets and as volunteers on military installations. Retired Soldiers are the face of the military in communities far from military installations and often act as adjunct recruiters, encouraging neighbors and relatives to become part of their Army.

Retired Soldiers and family members are a force of more than a million strong. Retired Soldiers receiving retired pay and retired Reserve Soldiers not yet age 60 and not yet receiving retired pay, total almost 800,000 and their spouses and family members brings this total to over a million.

Conclusion

In our efforts to maintain your all volunteer Army, we need the continued support of Congress for the appropriate level of resources. In addition we need your support as national leaders to affect influencers and encourage all who are ready to answer this nation's call to duty. To ensure our Army is prepared for the future, we need full support for the issues and funding requested in the FY06 Supplemental and the FY07 President's Budget to support the Army manning requirements given the current operational environment.

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