

**NOT FOR PUBLICATION  
UNTIL RELEASED BY THE  
SENATE ARMED SERVICES COMMITTEE**

**STATEMENT OF  
VICE ADMIRAL ROBERT P. BURKE, U.S. NAVY  
CHIEF OF NAVAL PERSONNEL  
AND  
DEPUTY CHIEF OF NAVAL OPERATIONS  
(MANPOWER, PERSONNEL, TRAINING & EDUCATION)  
BEFORE THE  
SUBCOMMITTEE ON PERSONNEL  
OF THE  
SENATE ARMED SERVICES COMMITTEE  
ON THE  
OFFICER PERSONNEL MANAGEMENT  
AND  
THE DEFENSE OFFICER PERSONNEL MANAGEMENT ACT**

**JANUARY 24, 2018**

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## INTRODUCTION

Chairman Tillis, Ranking Member Gillibrand, and distinguished Members of this subcommittee, thank you for the opportunity to appear before you today to discuss the future of officer force management and the adequacy of current statutory authority under the Defense Officer Personnel Management Act (DOPMA) and Reserve Officer Personnel Management Act (ROPMA). As I have testified to in the past, and as I have emphasized in discussions with a number of you and your committee staff, we are confronted with two fundamental challenges in Navy's personnel domain: (1) competition for talent, and (2) the need to change the way we do business. This is compounded by the fact that the Navy is still working its way out of some sea duty manning gaps, and will also need to increase end-strength over the next several years.

While recruiting and retention are generally healthy today, it is clear competition for talent will be increasingly sharp. We have seen a decline in propensity to serve among young people possessing the requisite academic and physical aptitude necessary to serve. Additionally, we are beginning to see the impacts of an improving economy on both recruiting and retention. Sailors leaving the Navy have increasingly expressed frustration with the industrial-age personnel systems and processes under which we operate, which do not provide the kinds of choice, flexibility, and transparency they value and expect. Personnel processes and infrastructure remain overly complex, archaic, and inefficient. We continue to struggle with these systems and processes because of prohibitively-high costs and level-of-effort. Our Navy is expected to grow in the years ahead, requiring additional highly-talented people, even as we work to retain our current talent base to reestablish desired fleet manning levels. Increased accessions, alone, will be insufficient to meet increasing manning requirements. Retention of every capable Sailor across the spectrum of skill sets and pay grades will be critical to Navy operational readiness.

In today's operational and human resources environments, business-as-usual is unsustainable. Just as the scope and complexity of the warfighting challenges we face on the battlefield demand a different approach, so, too, does our approach to recruiting, developing, and retaining the kind of talented force we need to compete and win in this warfighting landscape. In the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114-328) (FY17 NDAA), Congress continued progress towards enacting critical personnel reforms, all of which are vital to our modernization efforts. Navy appreciates those reforms, which offer greater flexibility for personnel management and increased career options for Sailors.

At the same time, using existing authorities, we are finding more efficient and cost-effective ways to access, train, incentivize, retain, and harness the talented people in whom we heavily invest. This work began over two years ago under Navy's Sailor 2025 initiative to modernize personnel management and training systems so as to more-effectively recruit, develop, manage, reward, and retain the force of tomorrow. To sustain these programs and deliver on the potential of Sailor 2025, we have started a transformation of internal business processes to improve service to Sailors, increase organizational agility and responsiveness, and reduce cost. However, if Navy's personnel system is to get to the level of service expected by

our Sailors, and to the standard of agility and responsiveness needed by Fleet commanders, a more flexible set of management tools may be required.

As with the weapons systems we use, we must continue to refresh our personnel system to keep pace with a rapidly changing world. Our workforce must be poised to adapt quickly to new and evolving threats as we continue to attract and retain the very best Sailors in an increasingly competitive talent market. Thus, we will continue to evaluate our systems, policies, and practices, and, when appropriate, pursue further modernizations to ensure flexibility and opportunities for choice, which are desired and valued by the talented cadre of people we seek to recruit and retain.

## **WHERE WE ARE WITH CURRENT AUTHORITIES**

### *Accessions*

In order to create the future force, incoming accessions must have the right combination of talent, skills, and potential, to take our Navy where it needs to be in the years ahead. Navy established the Office of Talent Optimization to create a marketplace using predictive modeling and other tools that assist in identifying the right officer for the right community, optimizing assignment of Navy's talent in an effort to improve both performance and job satisfaction, and, by extension, retention. Additionally, to broaden the potential accession pool, Navy increased the maximum accession age to 42 for Restricted Line and Staff Corps officers, and age 35 for the Unrestricted Line, with the exception of Nuclear Propulsion Program and Aviation Warfare officers, which have physiologically-based limits on age.

### *Promotions*

Because professional advancement serves as a powerful signal to officers that the service values them, Navy implemented a number of changes to the promotion process to aid in talent management. Competitive categories for Limited Duty Officers (LDOs) were established to help ensure the highest demand skill sets are selected, and to help retain specialized talent. To ensure selection boards focus on selecting the best and most fully qualified officers, regardless of tenure, Navy removed the distraction of "Zone" annotations on selection board records. We also implemented processes to ensure full consideration of "Below Zone" records, again with the intent of driving behavior away from the historical "wait-your-turn" model. Navy leadership also provides selection boards with detailed information regarding Navy's needs for officers with critical skills, to further emphasize what is currently most in demand in the fleet to achieve mission success.

### *Separations*

In order to retain talent, Navy has reevaluated how we view separation from active duty. We have created off-ramps to align the Chief Warrant Officer (CWO) and Limited Duty Officer

(LDO) communities to meet operational needs based on officer sustainability initiatives, and have reduced the use of waivers for time in grade, minimum service, and years of active commissioned service to retain Sailors through completion of their service commitments. Managing separations is not a one way valve—our goal is not merely preventing Sailors from leaving the service before their commitments end—it is to retain highly-talented Sailors, with a sustained record of outstanding performance and leadership experience, in whom we have already heavily invested. Navy does not want to indiscriminately retain all Sailors, but those who, through a consistent track record of exceptional performance, have demonstrated their value for further productive service beyond their current obligations. Accordingly, we will, if necessary and appropriate, judiciously implement Congressional authority obtained in the FY18 NDAA to conduct selective early retirement boards, in a precise and targeted manner, to release underperforming senior officers, thereby affording hard-charging and talented junior officers increased opportunities to compete for earlier promotion.

### *Work Life Balance and Retention*

Our success in retaining top performing officers hinges on our ability to offer them career flexibility through alternatives to the traditional rigid career paths. Established programs afford the fleet's innovators opportunities to grow and learn in varied environments outside the Navy, and return to bring novel ideas back to the fleet. We have also initiated a number of other innovative programs to meet the increasing retention challenges we face.

Navy has already seen the benefit derived from being the vanguard of flexible policy. For the past eight years, with your support, Navy has conducted a Career Intermission Pilot Program (CIPP) that allows Sailors to leave active duty for a defined time period to meet personal and professional goals and aspirations, and reestablish career viability upon returning to active duty. Since the program's inception, there have been 161 participants (59 officers, 102 enlisted), of whom 43 percent are male and 57 percent are female. The benefit goes far beyond those who have taken an intermission, however. Many Sailors report that just knowing CIPP is an option, if they need it in the future, has encouraged them to stay in the Navy.

The two foremost reasons given for participating in CIPP are education (55 percent) and family support (40 percent). Recently, an E-5 returned from a 36-month career intermission and earned a commission in the Judge Advocate General's (JAG) Corps, where competition for quality legal and paralegal talent has posed significant challenges. The required juris-doctor degree is an obstacle for many talented enlisted Sailors thriving in the Legalman rating to commission into the Navy JAG Corps. In this case, a talented petty officer who demonstrated exceptional potential, aptitude, work ethic, and drive to excel as a JAG Corps officer, was mentored and encouraged to complete the requisite degree requirements through CIPP, and to apply for a commission in the JAG Corps upon returning to active duty. The Sailor earned a juris-doctor, achieving personal and professional goals, and Navy gained a talented JAG Corps officer.

We established the Fleet Scholars Education Program (FSEP), which provides a rich and unique opportunity to provide quality, relevant, and diverse education opportunities to the most talented officers in the unrestricted line (URL) and information warfare communities (IWC). FSEP provides community sponsors the opportunity to reward and retain top performing, career-minded officers. FSEP selectees will attend the school of their choice in their selected field of study for up to 24 months, and return to the fleet to continue a viable career enhanced by the additional knowledge obtained through FSEP.

Officers may also participate in our Tours with Industry (TWI) program, which is designed to build a cadre of personnel better-poised to understand, not only the naval profession, but also the nature of strategic problems facing the Department of the Navy, and solutions garnered from partnering with high-performing organizations outside of the Department. The goal is to develop a better-understanding of long range planning, organizational and management innovation, and emerging technologies that may influence the operation and culture of the Navy.

Navy is also developing a Targeted Reentry Program (TRP), a pilot initiative, which will empower commanding officers to identify selected officers and enlisted personnel for expedited return to active duty by eliminating burdensome reentry processes, assuming they remain eligible in all respects for return to the Navy. TRP would be designed to benefit both the Navy and the Sailor through resumption of service of well-trained leaders with valuable and needed skills, who may reconsider their earlier decision to separate from the Navy. This is expected to be the leading edge of the Navy's push to increase the permeability and ease of transition between the Active Component (AC) and Reserve Component (RC).

### *Meeting the Demand Signal*

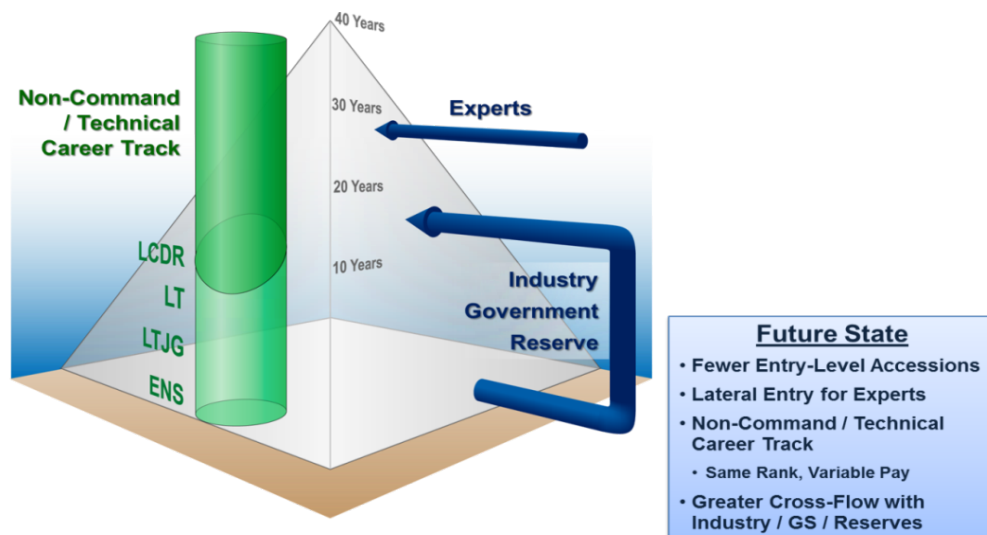
Navy Surface Warfare Officer bonus programs have recently been updated to provide additional merit-based retention incentives to our best officers with demonstrated performance and future potential. These programs provide greater career flexibility and financial incentive to those officers willing to commit early to future department head assignments. Likewise, we are developing Naval Aviation Warfare Officer bonus programs to award merit-based incentives linked to achievement of career milestones, scaled by type/model/series and officer designator, according to community health. Coupled with non-monetary measures, these changes should improve retention, as competition for talent increases across the Services, and throughout industry. Corporate airlines are positioned to outspend the Services in salaries and bonuses, thereby, increasing the challenge of retaining our best pilots. Similarly, tech companies are able to offer signing bonuses far beyond those which the Services can offer cyber warfare officers.

In exit surveys, Sailors consistently include compensation in the top 10 reasons for leaving the Navy, albeit, not the number one reason. Since we will never be able to compete dollar-for-dollar with industry for the best-and-the-brightest, Navy's ability to retain our most outstanding talent clearly depends on our ability to offer opportunities for personal growth and to appeal to their sense of service and connection to the mission.

## WHERE WE ARE GOING WITH EXPANDED AUTHORITIES

In the coming years, our Nation will continue to face asymmetric and complex threats in a constantly changing national security environment. Technology and threats are rapidly shifting and morphing—and one person can be a disruptor. Our realization that we have re-entered a great powers era, in which maritime power will be a deciding factor, has placed renewed emphasis on naval warfare training at the high end of the spectrum. Such realities have made technical expertise, agility, and innovation more vital than ever before for our national defense. We must be as innovative with human resources as with weapons systems and tactics, positioning us to rapidly access, train, and retain, the talent required to fight and win in the maritime battlespace. Innovative management of personnel will be increasingly critical in enabling a future force more-adaptive and resilient in the face of these new realities.

Accomplishing these objectives requires that we transition from a “conveyor belt” career model to one more capable of quickly matching and rewarding talent-to-task. Historically, we have largely limited our all-volunteer force recruiting efforts to entry level positions. This model will continue to serve us well for producing warriors and leaders in our traditional “core” warfighting areas, but it is clear those “core” areas may need augmentation – based either on mission specifics, time, or technology.



**Figure 1 - Future Officer Corps Concept**

In developing the Future Officer Corps, Navy envisions a combination of the “Up and Out,” “Up and Stay,” and “Up and Bring Back” constructs, with a path for directly hiring experts (Figure 1). It leverages authority enacted in the FY17 NDAA that would allow 40-year careers for certain officer designators – for instance, in the acquisition field, where we select some officers after the first command tour (O-5). The major tenants of the current DOPMA structure are sound and will continue to serve us well in “core” warfighting areas. We expect the majority of the Unrestricted Line (URL) officers in the Navy would continue to work along these lines,

following today's "Up and Out" model until separation or retirement or moving to another path. However, we would continue monitoring retention trends for any necessary modifications.

Multiple career path alternatives leveraging lateral re-entry and AC/RC permeability may entice a greater number of officers to stay Navy - more options means more retention choices and more paths for a successful career in the service. We are considering various options to improve the Navy's ability to recruit high-tech, low-capacity officer specialties, such as cyber, information technology, artificial intelligence, robotics, and acquisition.

Navy looks forward to working with Congress, OSD and the other Services to discuss the details of these concepts as well as other initiatives when appropriate.

## **CONCLUSION**

Navy appreciates the recognition in Congress, and particularly in this Committee, of the need for changes in statutes that currently do not afford the tools essential to effective and efficient officer force management in an increasingly dynamic and challenging global security environment. Any amendment to DOPMA and ROPMA should afford discretionary authority to Service Secretaries, to the maximum extent possible, to accommodate Service-unique mission requirements, force structure and officer personnel management needs. Naturally, any recommendations for change must be vetted across the Department of Defense, with each of the Military Services assessing potential opportunities and challenges associated with any recommended changes.

I look forward to working within the Department and with Congress as we continue to shape the Navy officer corps in order to meet current and emerging requirements in the context of a dynamic environment. On behalf of the men and women of the United States Navy, thank you for your sustained and unwavering commitment and support.