

**NOT FOR PUBLICATION
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SENATE ARMED SERVICES COMMITTEE**

**STATEMENT OF
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(MANPOWER, PERSONNEL, TRAINING & EDUCATION)
BEFORE THE
SUBCOMMITTEE ON PERSONNEL
OF THE
SENATE ARMED SERVICES COMMITTEE
ON
PERSONNEL OVERSIGHT
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INTRODUCTION

Chairman Tillis, Ranking Member Gillibrand, and distinguished Members of the Military Personnel Subcommittee, thank you for the opportunity to appear before you today to discuss our Navy's most important strategic asset, our people.

STRATEGIC ENVIRONMENT

As stated in the 2018 National Defense Strategy (NDS), the United States (US) is in a new era of Great Power Competition with the People's Republic of China (PRC) and Russian Federation (RF), both of whom are leveraging all elements of their national power to execute global ambitions. For the first time since the end of the Cold War, our nation is in a "hegemonic struggle" for control of global markets, diplomatic power blocks, and critical global lines of communication, including sea, air, space, and cyberspace. Our competitive advantage is shrinking, and the world finds itself among the three competing ethos of PRC's Belt and Road Strategy, Russian state-sponsored coercion, and American Freedom of the Global Commons. For over 20 years, these competitors have been studying our methods and tactics to gain an advantage by exploiting our vulnerabilities. The PRC and RF endeavor to transform the entire international system to their advantage and will attempt to overwhelm us by advancing at a rapid pace in this long term competition. However, we will maintain and increase our edge by leveraging our greatest warfighting advantage and asymmetric asset, our people.

NAVY THE NATION NEEDS

To be victorious in Great Power Competition, we must identify, recruit, train, develop, manage, and retain the most talented Navy workforce possible, and these men and women will be the first line of defense between the US and our global strategic competitors. Additionally, we will continue to strengthen the One Navy Team by establishing a culture that champions toughness, trust, and connectedness. This will maximize readiness and warfighting excellence, enabling every person to be ready for decisive combat operations. To win, we must enable our teams to think more clearly, learn more rapidly, and make better decisions faster and more accurately than our adversaries.

Just as the aging fleet must be modernized to confront these new challenges, we must overhaul our antiquated 20th century, industrial era personnel system. This will allow our Navy to benefit from a more agile, adaptive, and better trained force, ready to meet an increasingly complex mission. MyNavy HR's three strategic goals of Transformation, Sailor 2025, and Man the Fleet are vital to combat current and emerging threats, deliver global lethality, and maintain maritime superiority.

WARFIGHTING TALENT MANAGEMENT IN THE 21ST CENTURY

Given the rapidly changing strategic landscape, we must manage talent differently. Navy is in the middle of a sweeping transformation by replacing decades' worth of unchanged processes and outdated technology with a modern, world-class personnel talent management delivery system. The MyNavy HR transformation provides continuous improvements for all

“hire to retire” processes (recruitment, training, education, management, and personnel distribution) to develop and sustain the Navy.

MyNavy HR Operating Model

In recognition of the need to modernize, MyNavy HR formally established three operating pillars: Force Development, Force Management, and Enterprise Support. Force Development focuses on recruiting, training, and providing Sailors to the Fleet, Force Management is in charge of all aspects of their subsequent talent management, and Enterprise Support maintains the infrastructure utilized by these pillars and facilitates alignment across all aspects of Navy’s personnel system. This new operating model is re-engineering our business policies and processes by leveraging modern technologies to significantly improve personnel readiness and the quality of service to our Sailors and their families.

Capabilities Delivered

New capabilities have been delivered benefitting our Sailors. These include innovative programs, applications, and software that have had immediate and positive impact on recruitment, detailing, and the full range of tools we use for compensation including monetary and non-monetary. Navy Recruiting Command transitioned to a new operating model and is using commercial off-the-shelf software to lower costs and improve efficiency. Recruiters now specialize in one area of the recruiting mission vice being responsible for the same recruit throughout the entire accessions process. This allows recruiters to maximize their attention on Future Sailors leading to less attrition.

Two MyNavy Career Center locations in Millington, Tennessee and Little Creek, Virginia are now operating call centers 24/7, recognizing that the arduous schedules of our Sailors requires a different model of constant support. Three Transaction Support Centers are online, consolidating services and replacing legacy Personnel Support Detachments with an end state of approximately 12 Regional Support Centers located in Fleet concentration areas, providing training and specialized services. We have created a rapid prototype pilot of the new Navy Personnel and Pay (NP2) system, an auditable, cloud-hosted system, enabling Treasury Direct Disbursement.

Several mobile applications including MyRecord Mobile, MyNavy PCS, and MyNavy Family are providing access to information for Sailors and their families on the mobile devices they prefer with any multifactor authentication. Additionally, MyNavy Assignment offers Sailors an improved way of managing their careers through an enhanced ability to apply for assignments, giving the individual Sailor more control over his or her career while increasing Fleet readiness through both lines of effort.

Future Capabilities

As modernization continues, over 55 legacy non-interoperable systems are being replaced with a single integrated “system of systems” built on commercial platforms with minimal customization. This will increase readiness, reduce costs, and improve security and auditability. NP2 improvements will continue, and an Authoritative Data Environment, a “data lake,” will

allow improved analytic capabilities that will facilitate better talent management, greater flexibility, and increased transparency.

DELIVER SAILOR 2025

MyNavy HR transformation includes Sailor 2025, an initiative which will provide the Navy with a more agile and talented 21st century workforce that will be complementary to the modernization programs of ships, aircraft, and other combat systems. This initiative is built on a framework of three pillars, Personnel System Modernization (PSM), Ready Relevant Learning (RRL), and Career Readiness (CR).

Personnel System Modernization (PSM)

Personnel System Modernization will better identify and manage talent, reward performance, and expand flexibility to officers and enlisted Sailors. Examples of those initiatives include Promotion Merit Reorder, Promotion Board Consideration Opt-out, Expanded Continuation (Up and Stay), the Targeted Re-entry Program, and the Detailing Marketplace, including MyNavy Assignment (MNA) and Advancement-to-Position (A2P).

With the advent of Congress expanding the authorities of the Defense Officer Personnel Management Act (DOPMA) in John S. McCain National Defense Authorization Act for Fiscal Year 2019, this increased flexibility has provided us with a better ability to attract and retain a talented officer corps. Promotion Merit Reorder has been extremely effective, allowing us to place up to 15 percent of those selected for promotion to the top of the list, demonstrating the primacy of merit over time-in-service. Promotion Board Consideration Opt-out enables us to retain top talent by allowing an officer to “opt-out” of promotion consideration to complete a broadening assignment, advanced education, or a career progression requirement delayed by one of these assignments. For example, officers can complete a tour as a White House Fellow or a Marshall or Rhodes scholarship without detriment to their careers, thereby retaining top talent. Expanded Continuation allows officers to detour from traditional career tracks that lead to command and pursue paths such as professional flight instructors, acquisition corps leaders, or foreign area officers serving as Defense or Naval Attaches.

We are working hard to meet the demands of our younger generation for greater job satisfaction and work life balance. Targeted Re-entry Program for officers and enlisted Sailors offers personnel with critical skills and superior performance the guaranteed opportunity to return to active duty following a temporary separation (less than 2 years) from the Navy. Additionally, we have made many advances to our Detailing Marketplace to improve career flexibility and transparency, including MNA and A2P. MNA allows Sailors to view all available Fleet billets in any rating and save billets to revisit in later sessions. Sailors can also communicate their skills and talents directly with desired follow-on commands through a robust Sailor Resume module. Another piece of the Detailing Marketplace, is A2P which rewards proven performers willing to take difficult assignments with a spot promotion. This program has been used successfully at the journeyman level for some recruiter and recruit division commander billets and at the supervisory level for key afloat billets. We are expanding the number of billets in this program leveraging Fleet feedback.

Ready Relevant Learning (RRL)

Ready Relevant Learning is the establishment of a career long learning continuum which drives fundamental changes to our approach to Sailor training by transforming our industrial-era, conveyor-belt training model into a modern, responsive system. Periodically, the skills acquired during accession pipeline training atrophy due to delays between receipt of training and arrival to the Fleet, compromising operational readiness. We are using the science-of-learning to transform the current training model to identify modern training solutions delivered at the points of need, better preparing Sailors to operate and maintain equipment at its technological limits and to meet rapidly evolving warfighting requirements. Efforts focus across three lines of effort: Career-Long Learning Continuum, Modern Delivery at the Point of Need, and Integrated Content Development.

We have completed the first stage of the career-long learning continuum line of effort, known as Block Learning. This stage divided existing accession-level training content into smaller blocks, which are moved to real-world points of need in the Sailor's career, sometimes shortening initial accession training time and getting Sailors to the Fleet sooner but also lengthening training when necessary while always focusing on improving readiness. Block Learning uses existing training content while we reengineer the training to meet objectives of the future RRL training continuum. We have completed analysis and approved changes for the 54 ratings previously identified for Block Learning, with 47 now executing training in this new block delivery construct. The remaining 7 bypassed Block Learning and will move directly into Modernized Delivery.

The second line of effort, Modern Delivery at the Point of Need, will take advantage of emerging learning technologies to allow Sailors to more efficiently receive training at the point of need, at the waterfront or aboard an operational unit. These training solutions will apply science-of-learning principles to make training more effective, efficient, and available by leveraging technology, thereby, minimizing the necessity of repeatedly returning to legacy brick-and-mortar schoolhouses. To date, we have completed requirements development on 25 ratings. An additional 20 ratings are in requirements development between FY20 and FY23.

We are executing the first stage of the third line of effort, Integrated Content Development. This has resulted in solidifying the Fleet's role in defining training requirements and validating analysis that aligns training content and delivery methods with Fleet needs. We delivered the first modernized course, Operations Specialist (OS) A-school in September 2019, and we are on track to deliver two modernized courses in FY20 for Intelligence Specialist and Retail Services Specialist A-schools. We project we will deliver four additional modernized courses in early FY21 for Personnel Specialist, Yeoman, Yeoman (Subsurface), and Aviation Maintenance Administrationman A-schools, and 13 additional ratings are currently undergoing content modernization.

Career Readiness

Career Readiness removes barriers to continued service and improves Sailors' work-life balance, health, wellness, and resilience. Providing equal care for our Navy families, we ensure

our Sailors and their families are continuously supported, allowing our Sailors to focus on their mission - warfighting. Our goal is to enhance Sailors' career readiness by better developing leaders and removing obstacles that negatively influence Sailors' decisions to stay Navy. Our Navy is more powerful and lethal when we leverage and capitalize on the talents and strengths of our military personnel, civilian workforce, and their families and instill an environment in which all personnel are valued and respected. Toward that end, in May 2019, *Navy Leader Development Framework 3.0* was released outlining how we develop leaders who demonstrate operational excellence and hold high ideals of integrity and service, while expanding and enhancing trust and confidence. This and many other initiatives are encompassed in a new approach which encourages our Sailors to excel in all endeavors, Culture of Excellence (COE).

Culture of Excellence

MyNavy HR launched COE, a Navy wide approach to achieve warfighting excellence by fostering psychological, physical, and emotional toughness; promoting organizational trust and transparency; and ensuring inclusion and connectedness among every Sailor, family member and civilian throughout their Navy journey.

To attain cultural excellence, Navy must evolve beyond responding to incidents after they occur. We will always maintain the ability to properly respond to incidents, but our focus must be on proactively preventing incidents from occurring in the first place by focusing on three key areas:

- We are working to better define problems faced by our Sailors using tools such as human factors analysis and predictive data analytics.
- By developing the Behavior Learning Continuum, we are identifying primary prevention touchpoints for behavioral learning across a Sailor's career continuum, from recruitment to transition.
- Evidence-based Policies, Programs, Practices and Processes address the full spectrum of behaviors.

Navy continues to actively address the interpersonal problems associated with suicide through updated policies, programs, campaigns and training. We are also growing our embedded mental health program, which places trained mental health professionals within operational units to encourage help seeking, identify problems early, and provide guidance to leaders as they assist Sailors returning to mission readiness. Our "Every Sailor, Every Day" campaign is an award-winning, evidence-based health communication campaign designed to educate and empower Sailors to cope during times of increased stress. This includes practicing self-care, help-seeking behavior, and lethal means safety. We continue to emphasize to our leaders and Sailors the importance of building trust and connectedness within their commands to create an environment where they feel comfortable asking for help and getting assistance without fear or career concerns.

The Expanded Operational Stress Control (E-OSC) program informs, empowers, and encourages Sailors, civilians, and their families to identify signs of stress within themselves and

others. The E-OSC program will leverage Command Resilience Teams (CRT) and deckplate leadership by providing more accessible, collaborative resources and real-time assessments of unit culture to promote healthy command climates and mitigate risks. Together, the E-OSC program and CRTs will target and address the broad range of stressors (e.g., relationship problems, career transitions, disciplinary/legal issues, performance issues and financial strain) that Sailors experience. CRTs will also embrace and adopt the principles of primary prevention and a Human Factors Process (HFP).

Navy's Sexual Assault Prevention and Response Program (SAPR) reflects our force-wide commitment that sexual assault is not tolerated, condoned, or ignored. Sexual assault is a threat that adversely affects readiness, morale and retention. We remain focused on developing and implementing strengthened prevention efforts and increasing victim reporting, support, and resiliency. Accordingly, Navy leadership continues to pursue and implement a more dynamic, team-focused prevention strategy with assessment and evaluation as key components. We remain committed to cultivating an environment of mutual dignity and respect for all, in which Sailors look out for their shipmates, victims are supported, and offenders are held appropriately accountable.

Since FY19, Navy has partnered with the One Love Foundation to provide One Love Escalation Workshop training to 5,606 young Sailors between the ages of 18-24 years old. The workshop focuses on making audiences aware of unhealthy relationship behaviors, providing the tools to identify and intervene in intimate partner violence situations, and available resources. This primary prevention training program promotes a social change model that encourages a culture where relationships are built on respect and equality.

In August 2019, Navy released Navy Family Framework 2.0 to set new goals in light of the progress we have made since the release of Navy Family Framework 1.0. This initiative intends to recognize the ever-increasing diversity of Sailors, families, and civilians serving our nation today. This initiative includes:

- Fostering a command where Sailors and families can thrive.
- Better connecting and informing our Navy team.
- Ensuring relevant and responsive family quality of life programs.
- Navy leaders being accountable for the execution of their individual plans to implement this Family Framework.
- Implementing policy and procedures using MyNavy Career Center to reimburse spouse licensure fees incurred due to a permanent change of station move.
- Releasing a mobile application designed for Navy spouses to identify, consolidate, and standardize information available to spouses and families into one authoritative source. We leveraged spouse input in the design and testing to ensure we delivered an effective product designed by Navy spouses for Navy spouses.
- Launching the Navy Family Portal, designed to provide ready relevant learning to Navy families 24/7. Portal materials address key issues identified by Navy spouses during the Navy Spouse Engagement Study and address the goals of the Navy Family Framework.

MAN THE FLEET

Over the past year, there has been significant progress in our MyNavy HR transformation and Sailor 2025 efforts which will posture us better to address MyNavy HR's third strategic goal, Man the Fleet. In support of the Navy's growth, MyNavy HR continues to recruit, train, and retain the best and brightest our nation has to offer while improving quality of life and service.

Competing for Talent

Recruiting and retaining superb talent is not trivial given today's historically low unemployment rate. Given these trends, MyNavy HR must continue to develop and improve recruiting strategies for all demographic groups and find ways to best leverage existing incentives to attract and retain personnel.

Centennials, as the youngest military-eligible generation, having been born between 1997 and 2012, are our main source of new recruits. Understanding this generation is key to winning the war for talent, and we must tailor our recruiting tactics and marketing to build our workforce by understanding their motivations and desires. Our most diverse generation, Centennial Sailors:

- Have never known life without the Internet or smartphones, spending an average of three and a half hours on mobile devices daily.
- Are visual communicators as opposed to verbal communicators, hence the proliferation of Instagram, Facebook, YouTube, and other visual media.
- Prefer to learn through YouTube, and they use it as a visual guide to understand how things work.
- Are focused on career progression and growth.
- Value job satisfaction just as much as financial stability including the ability to return to a previous company.
- Believe they need to make a difference, and they will seek out and work to make change, even in small ways.
- Are work-minded, entrepreneurial, and independent but also like working on teams towards a common goal.

In order to recruit a diverse and talented workforce, Navy has updated and refined Active, Reserve, and civilian recruiting strategies using data to understand and eliminate barriers and ensure outreach to all segments of society. We continue this effort by ensuring recruiters understand the effects of bias and other barriers to inclusion, as well as Navy's diversity recruiting needs. Additionally, we have collaborated with affinity groups and professional development organizations to assist in communicating Navy's strategy of recruiting a diverse and talented workforce, while updating and refining military recruiting and civilian hiring metrics to better reflect Navy's inclusion and diversity needs.

End Strength and Budget Growth

By tailoring our recruiting efforts towards Centennials, we are growing the Navy's ranks expeditiously (up by 7,118 from FY18 to FY19) to enhance readiness and growth in an era of Great Power Competition. Retention numbers remained excellent in FY19 despite a strong economy. Our recruiting and retention efforts resulted in Navy finishing the year over 1,585 Sailors above FY19 authorized end strength levels, positioning Navy for further growth this year. We will need to expand efforts to maintain high retention, as increasing accessions alone will not be sufficient to Man the Fleet. Even in this successful year for retention, we were short of supporting Navy's growing demand, and we also continue to face challenges in recruiting and retaining Sailors in specific high-demand skill sets, e.g., Nuclear Field, Cyber Warfare, Special Warfare/Operations, and certain aviation specialties. Successfully growing this inventory minimizes friction that can lead to gaps at sea, decreases pressure on higher operating tempo on these critical skill sets including increased time in arduous billets, and reduces requirements for retention and reenlistment bonuses.

For these reasons, a commitment to continued investment is necessary to Man the Fleet. The President's Budget for FY21 funds growth in Navy's active end strength by an additional 7,300 Sailors (above FY20), and in addition to funding increases in manning and training, the budget request supports growth in special and incentive pays, critical to recruiting and retention. These requests also provide funding for MyNavy transformation and Sailor 2025 efforts.

Enlisted Recruiting

Navy concluded FY19 having achieved 100 percent (39,027/39,000) of our Active Component (AC) accession goal. Unfortunately, Navy's record high AC retention made the Reserve accession goal more challenging due to fewer eligible personnel separating from the Navy to affiliate as reservists, and we were short in Reserve Component (RC) accessions, achieving only 91 percent of goal (7,412 of 8,162). Although these shortfalls are a concern, the Navy-wide impact is manageable as RC achieved overall congressionally mandated end-strength levels, and year-over-year, the FY20 AC enlisted accession mission is increasing.

To support this challenging recruiting mission, we executed several new initiatives. In May 2019, the Street-to-Fleet initiative, from recruiting a civilian to delivering a trained Sailor to their first command, created synergy and unity of effort throughout the accession and training process. It also improved continuous communication and collaboration across recruiting and training commands.

As a result of transformation, there are now 10 Navy Talent Acquisition Groups (NTAG) and 16 Navy Recruiting Districts (NRD). We will transform three more districts in FY20, and all 26 will transform by FY23. The new transformative business model embraces and exploits the speed, accuracy, flexibility, and agility of today's digital environment. It optimizes individual recruiter talents, streamlines processes and ultimately attracts high quality recruits. There will be 65 Talent Acquisition and Onboarding Centers (TAOC) nationwide in geographical regions with relatively high population density, and each TAOC will have an

appropriate number of Talent Acquisition Sites to meet the unique supply and demand opportunities and challenges of the local market.

Cloud-based Customer Relationship Management (CRM) software facilitates personalized customer service, management decision support, and opportunity and territory management capabilities. CRM is being employed in 11 NRDs/NTAGs and is on track to complete the rollout in all NRDs/NTAGs across the nation in April 2020.

MyNavy HR employs a two-pronged incentive approach, one focused on augmenting and rewarding our workforce and the other on finding and incentivizing our future workforce. We leveraged Navy Reserve Sailors to provide over 400 additional recruiters, and we extended over 427 high performing recruiters for a period of six to 12 months. To attract and leverage the best Navy talent for recruiting duty, we continue to offer 12 months of Sea-Duty credit, A2P in our hard to fill areas, and promote highly qualified E-4s under the Selective Training and Reenlistment (STAR) program.

To increase general awareness and propensity to serve in the Navy, we continue to utilize the Forged by the Sea digitally focused marketing and advertising campaign. Digital prospecting allows recruiters to leverage messaging tools on the Navy.com website as well as other social media to start initial conversations with prospective recruits. We are targeting diverse audiences using digital media on Facebook, Instagram, Twitter, Snapchat, and Reddit, increased Forged by the Sea content, and the launch of a Navy Esports team to access a rapidly expanding youth market. These changes have increased the total number of new recruiting prospects and are allowing us to reach markets with diverse candidates we previously have not accessed.

Enlisted Retention

Retention of every capable Sailor has remained a vital element of Navy's growth strategy. We succeeded in preserving increased retention across all pay grades in FY19 by continuing to apply a range of force management tools. This has maximized retention efforts for proven performers across the Navy to meet growing current and future mission requirements. While overall enlisted retention in FY19 continued to set high marks not seen in years, critical community skill sets are experiencing some challenges in Navy's current steep growth environment, including Nuclear Field, Special Warfare, Advanced Electronics, Aviation Maintenance, Information Warfare, and the Submarine Force. These skills are challenging to attract and retain in the current job and education markets. They require continued efforts including both monetary and non-monetary incentives, focused on meeting the specific and targeted needs of our Sailors and their families.

Monetary and non-monetary incentives will remain an integral part of our proactive retention strategy to address force structure challenges and meet operational requirements. Special and incentive pays continue to play a vital role in the retention of Sailors with high-risk, high-demand, and high-investment skills within operationally intensive ratings, including our new pilot program that adds a merit-based component to enlisted retention bonuses. Non-monetary incentives include advancement opportunities and geographic stability, and the

combination of initiatives provides our Sailors and their families more choice and flexibility to manage their Navy careers.

Officer Force Management

Competition remains significant as we continue use of every tool to recruit America's top talent into our officer corps, train them with cutting-edge technology and techniques, and retain their expertise to preserve our competitive advantage in the maritime security environment. Following enactment of the John S. McCain National Defense Authorization Act for Fiscal Year 2019, we immediately implemented a number of critical officer personnel management modernization authorities to help shape the future officer corps including:

- Applying expanded constructive service credit to recruit civilian candidates with the requisite education, leadership and experience credentials for leadership roles in cyber, acquisition and engineering fields.
- Expanding spot promotion authority beginning in FY19 to designated O-5 and O-6 billets.
- Applying merit promotion authority with FY20 Active promotion selection boards to incentivize and reward top performance.
- Permitting certain control grade officers serving in targeted skills to remain on active duty beyond traditional statutory limits, e.g., Professional Flight Instructor retention program, along with Chaplains and JAG Corps officers. This has been expanded to Major Acquisition Program Management and Naval and Defense Attaché billets.
- Beginning with the FY21 promotion board cycle, we are leveraging promotion deferment authority to afford greater flexibility to top performing officers whose competitiveness for promotion might otherwise suffer due to participation in career broadening opportunities encouraged by the Navy, e.g., Rhodes and Olmsted Scholars.

We are undergoing a cultural shift in education strategy and management to ensure our highest caliber officers are sought out early, encouraged, and placed in selective graduate level programs, enhancing our warfighting capabilities and sustaining strategic superiority. Supporting this effort, we implemented a range of process and policy changes that most prominently include the requirement for In-Residence Graduate Education by all unrestricted line (URL) officers in year group 2015 and beyond before assuming major command. Officers who are proceeding to URL major command are already the best operational leaders in the Navy, and this will ensure our most talented officers are given the opportunity to take this educational pause to mature their strategic thinking skills.

Officer Recruiting

In FY20, candidates continued to show strong interest in commissioning opportunities through Officer Candidate School (OCS), United States Naval Academy (USNA), and Navy Reserve Officer Training Corps (NROTC) programs, as the number of highly qualified applicants vastly exceeds the number of available appointments. Officer accession sources continue to attract the finest applicants and graduate well-rounded, technically competent leaders for commissioned naval service. The market remains challenging for certain designators, such as

Judge Advocate General's Corps and Medical Corps officers. The Navy Veterans program also faces difficulties as a direct result of our high AC retention efforts, which reduced the number of officers separating from the Navy. We attained 101 percent (2,421/2,385) of the AC Officer mission and 72 percent (1,313/1,812) of the RC mission which includes both Navy Veterans and Direct Commissioned Officers. In FY19, we shipped 1,577 officer candidates to OCS, which is the highest number in 20 years, and we achieved 102 percent of OCS shipping goal, which is the highest percentage in 10 years. Additionally, we achieved Chaplain Corps mission, with no shortfalls of AC or RC for the third straight year.

To support inclusion and diversity, Navy has established the NROTC Preparatory Program (NPP) to enhance midshipmen candidates' mental and physical foundations preparing them for success in the NROTC. The NROTC Preparatory Scholarship Reservations (NPSR) program is foundational to these efforts. Under NPSR, interested high school students may apply for one-year university or privately funded scholarships to support room, board and tuition while enrolled in a university NPP, designed to improve academic and life skills to prepare midshipmen for the rigorous NROTC academic program. This expanded relationship between the Navy and schools that host preparatory programs offers a performance-based pathway for midshipmen candidates to earn NROTC scholarships. Through the NPSR program, host universities have a yearlong commitment, which provides an opportunity to students who show potential via grades, character, and extra-curricular activities but attended high schools with limited resources. The program's objective is to expand NROTC scholarship opportunities by accessing this untapped talent and potential. Academic Year (AY) 2018-2019 was NPP's initial test year with four midshipman candidates completing the program and receiving NROTC scholarships. For AY 2019-2020, 67 midshipmen candidates are enrolled in the NPP, and to date, there are over 100 applicants for AY 2020-2021, demonstrating significant interest in this program.

Officer Retention

While officer retention remains sufficient to meet milestone requirements in most communities, it remains challenging to meet our requirements for aviation warfare officers in specific type/model/series platforms, nuclear-trained surface warfare officers, submarine officers, and naval special warfare (NSW), specifically Navy SEALs. We continue to apply and refine a combination of monetary and non-monetary incentives to address retention among these groups.

Naval Aviation's inventory and accessions (tactical, maritime and rotary wing combined) remain sufficient to meet operational requirements. However, declining retention in some AC and RC communities, especially strike fighter (VFA) and electronic attack (VAQ) pilots, continue to present serious challenges to aviation's long-term health. The Chief of Naval Air Forces has embraced the range of MyNavy HR led-initiatives, and has been equally engaged with Navy leadership in reversing adverse trends along multiple fronts including:

- Maintainer retention/training issues, spare parts availability, and depot level maintenance concerns impacting Strike Fighter inventory and, consequently, flight hours and tactical training/qualification progression of fighter pilots.
- Addressing Quality of Life and Quality of Service challenges for our Aviation families in remote locations, specifically NAS Lemoore and NAS Fallon.
- Enhanced Monetary Incentives. Substantial, across-the-board improvements to Aviation Bonus (AvB) and Aviation Incentive Pay (AvIP) were made last year that increased flight pay and bonus levels in a mutually supportive fashion tied to achievement of leadership milestones. It is still too soon to fully evaluate the effectiveness of these changes, but early indications are positive.
- Improved access to career-enhancing opportunities to improve flexibility in the Navy aviation career path, e.g., graduate school and fellowships, Tours with Industry, and the Career Intermission Program.
- Professional Flight Instructor (PFI) career path initiative allows selected officers to serve continuously as flight instructors beyond Department Head. This career path offers greater assignment stability for selected officers and their families, and provides rewarding experiences shaping the development of our newest Aviators. The PFI program is intended to improve retention by responding to calls for greater career choice/flexibility, while also improving instructor manning.

The combination of aviation-specific incentives already underway, coupled with a wide range of officer personnel reforms under the Sailor 2025 initiatives, are slowing the trend of aviators choosing to leave the service after their initial commitment. Sustained support for readiness enabler accounts, including the flight hour and aircraft spares accounts, is critical to improving the quality of aviation service in the near term. This support, along with the personnel modernization initiatives already implemented, should contribute to meaningful changes to the critical issues causing our aviators to leave the service.

The NSW, Submarine, and Surface Warfare (Nuclear) communities are also working hard to retain their best talent through tailored monetary incentives to include retention bonuses for officers willing to commit early to future service and special duty pays for challenging nuclear billets. We are renewing the NSW Officer Bonus Programs to increase retention across milestone tours. Additionally, we have consolidated Jump, Dive, and Demolition pays into a single Skill Incentive Pay (SKIP) to minimize costly training interruptions in the Inter-Deployment Training Cycle and financial disincentives associated with operators seeking medical care.

Finally, in this era of Great Power Competition, Navy is staying alert to opportunities for shaping the composition of the officer corps in order to create a more effective apparatus necessary to defeat our adversaries. Examples of these initiatives include:

- Investments in Enlisted and Officer Cyber skill communities. We trained and commissioned our first Cyber Warrant Officers in FY20. This initiative is intended to retain enlisted cyber warriors through an on-ramp into the warrant officer community. This will enhance experience in this critical warfare area by increasing the average

number of years of service due to retaining members at the journeyman and supervisor level. Navy is producing more Cyber Engineer trained personnel at USNA and has stood up a 12-month Master of Science in Applied Cyber Operations program at the Naval Postgraduate School.

- Closer management of Space-experienced personnel to ensure we are sensibly tracking and growing this cadre of skills for assignments in Maritime Operations Centers and the rapidly developing Space Command and Space Force to ensure U.S. domination in this domain.
- Expansion of the role the Information Warfare Community plays relative to the URL given the ever increasing role being played in the cyber and space domains.
- An acceleration of Artificial Intelligence programs in MyNavy HR.
- Continued use of selective retirement boards for Enlisted and Officer Communities to ensure in this time of outstanding retention we are holding senior leaders accountable for performance that is both routinely satisfactory and professional.
- Achievement of Best-Ever Performance initiative to demand from our Sailors and teams an enduring commitment to achieving strong character and professional expertise. This is consistent with efforts to review the perceived breakdown in SPECWAR/SPECOPS cohesion and professionalism, the comprehensive review of the Navy's Judge Advocate General Corps, as well as to strengthen our Culture of Excellence and reaffirm high standards to ensure Navy remains a lethal force.

CONCLUSION

To deliver the Navy the Nation Needs, we must identify, recruit, train, and retain the leaders and talent to build a team that will achieve success in Great Power Competition now and in the future. Through our Transformation efforts, MyNavy HR will change an antiquated human resources system into a modern, state of the art system and Sailor 2025 remains our guide to Man the Fleet with the right people, in the right place, at the right time, with the right training. To be competitive in the modern economy, we must recruit faster and smarter while focusing on innovation vice sustainment. We must make data driven decisions, using more accurate, timely, and reliable data while increasing transparency and auditability. We must field cutting edge technologies to support training that keeps pace with the modernizing Navy. We must retain and better utilize the best and brightest our nation has to offer. I look forward to working with you as we continue to meet the challenges in this new era of Great Power Competition. On behalf of the men and women of the United States Navy, thank you for your unwavering support.