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**United States Senate Committee on Armed Services
Subcommittee on Personnel**

Hearing on, “Building a Flexible Personnel System for a Modern Military: Examining the Bipartisan Policy Center’s Recommendations to Modernize Defense Personnel Systems”

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Good afternoon Chairman Tillis, Ranking Member Gillibrand and members of the committee. Thank you for inviting us here to discuss the Bipartisan Policy Center’s Task Force on Defense Personnel.

The foundation of U.S. military power is the quality and morale of the men and women who have chosen to serve the nation—in and out of uniform. This fact is especially true after more than 15 years of conflict and heightened risks for the nation. Meeting these challenges has led to frequent deployments in what remains a challenging global security environment.

The nation and its leaders must not take our strength for granted. We fear our military lacks the capability to attract, use, and keep the unconventional, technical, and cutting-edge talents and skills that it needs to meet future threats and new realities. We must meet rapidly evolving and unpredictable national security challenges ahead. More than ever, the U.S. military must fully engage the entirety of American society, not only to expand the military’s access to talent, but to also reconnect the nation to its military. The highly capable men and women needed for an all-professional force will always have out-of-uniform career opportunities; the United States must ensure that national service remains a compelling calling and creates a sustainable lifestyle for individuals and families.

While the military personnel system has many strengths, we have all seen cases where it serves as a barrier to readiness and performance. Further, as American society has changed substantially since the post-World War II era—in which the modern military personnel system was shaped—the adverse impacts on military families are increasing. While our research and experience suggests that American service members and military families are more than willing to make sacrifices to achieve the mission, many of the negative impacts these members and families endure are unnecessary for national security needs. The problems the military faces

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today with recruiting and retention are a consequence of legacy policies that need updating in ways that many other organizations have successfully implemented.

To examine these challenges, the Bipartisan Policy Center launched the Task Force on Defense Personnel. Over the last year, our 25-member task force carefully reviewed the issues confronting our military, our troops and their families. We started our effort by looking at the threats facing our nation and the capabilities our military needs to counter them. Only after we had answered those two questions did we begin crafting our policy recommendations. The reforms we're advocating will help ensure our military is prepared for the complex global security environment ahead.

Members of the task force possess considerable expertise on all matters related to defense personnel management. They have a variety of backgrounds and relevant experience, including former elected and appointed officials with congressional, White House, Pentagon, and other cabinet-level agency experience; former service members (enlisted, officers, active, and reserve); and private-sector experience in business, medicine, higher education, nonprofits, and as advocates for service members and military families.

As part of our research, we organized several focus groups with the military community. This afforded us a deeper understanding of the impact of personnel policy on service members and their families. We heard from officers, enlisted, and warrant officers from every branch of service, both active and reserve. We also spoke with their families. Nearly everyone told us they strongly supported major reform of the personnel system. They expressed growing concern that today's military lifestyle harms recruiting and retention for the next generation of service members.

Our deliberations were not easy. Task force members came with diverse viewpoints and strongly held beliefs, some of which were challenging to reconcile. Nonetheless, the entire task force believes that, as a package, our recommendations would significantly improve current defense personnel policy and build a stronger military.

The Problem

National security needs must drive defense personnel policy to build a military well-positioned to advance the nation's interests. Since the threats facing the nation continuously evolve, military recruitment, retention and management policies must continuously evolve as well. If personnel policy fails to meet national security needs, it becomes wasteful and inefficient, degrading the military's capability. Our military faces this precise challenge today.

Policymakers have resisted these reforms, in part, because of a false perception that the military has access to all the people it needs. Critics will point to the success of the all-volunteer

force as evidence for leaving the current personnel system in place. However well-intentioned these critics may be, they rely on a logic not applied to other military capabilities. We do not wait for U.S. fighter jets to become obsolete before beginning to design their replacements, for example. While recognizing the value and strengths of the legacy personnel system, it can and must be improved without breaking a military that is still exceedingly capable.

Three key dynamics form the rationale for defense personnel system reform:

- new and unique demands on the military due to the changing global security environment;
- unaffordable growth and expanded scope of personnel costs; and
- dramatic changes in American society and its connection to the military

As an indication of these three overarching challenges, we are already seeing worrying recruiting and retention trends in specific occupational specialties across the force. The Air Force faces a severe and growing pilot shortage in the active and reserve components, and increased cash retention bonuses are doing little to improve the situation.

Similarly, as the Army looks to increase its overall end-strength, they are offering large cash bonuses to convince soldiers to extend their enlistments. In some cases, the Army is offering bonuses to soldiers in exchange for just 12-months of additional service. In the recent past, we've also seen recruiting standards drop when the Army tried to grow too quickly.

The Navy strains to retain officers who operate its ships' nuclear reactors and has recently increased the Nuclear Officer Incentive Continuation Pay by 15 percent. While money can help, it is not the only or even most-important factor in service member retention decisions.

The Marine Corps has announced that it has a "critical" sniper shortage due to high washout rates from sniper training. One of the main issues identified as a factor in the shortage is the high-turnover rate, driven by a lack of career progression. These remain fundamentally personnel policy challenges.

Though these acute challenges represent a small percentage of the total force, these specialties are indicative of the skills the military will rely upon more as it looks to the future. Specialized, experienced, and highly trained personnel will become more, not less, important in the unpredictable and complex security environment our country faces.

The New Global Security Environment

National security concerns and U.S. military success in the future global security environment remain primary factors for policymakers to consider when assessing the need for personnel reform. Without question, when today's military and civil-service personnel systems were created, the United States faced very different threats than the nation faces today. In the wake

of World War II, the Soviet Union loomed as perhaps the only danger confronting the nation. Those were simpler times.

While core U.S. national security interests have largely remained constant in the quarter-century since the end of the Cold War, the threats arrayed against those interests are spreading geographically, transforming strategically, and evolving technologically. Once viewed as archaic, the threat of great-power conflict-- with the resurgence of Russia and rise of China—is suddenly relevant again. Add to that the more-diffuse threats from malicious non-state actors, who have mastered the techniques of unconventional warfare while metastasizing across much of the world. Rogue nations have made tremendous technological advances, allowing them to erode much of the traditional military superiority long enjoyed by U.S. forces.

Worse, these trends have coalesced to create a gray zone of conflict, in which adversaries seek to erode the existing international order—not through military victory but through a prolonged wearing down of both established norms and the willingness of responsible actors to uphold them. In such conflicts of attrition and ambiguity, nation states deploy proxies, non-state actors field sophisticated weaponry, and new domains like cyberspace allow weaker powers to exploit unforeseen vulnerabilities.

In this new normal, a military designed to wage only conventional war against great powers will not be enough. The United States must become capable of winning against more-opaque adversaries as well. Success against future enemies on new battlefields will require not only physical strength and vigor but, increasingly, mental agility, technical experience, and rapid innovation. Our current military personnel system is not designed to build the sort of force we will need to confront this wide-variety of threats.

Rising Personnel Costs

The nature of the all-volunteer, professional military requires that service members be better compensated than they were during the days of the draft. This is especially true for the highly skilled, well-educated personnel who fill the ranks of the U.S. military. However, over the past several decades, service-member personnel costs have grown rapidly. In just the last 15 years, the average cost of an active-duty service member has increased, in real terms, by over 50 percent. This trend is unsustainable. Unless controlled, personnel costs will confront the nation with a choice between an insignificant force and a significant debt.

Increases in cash compensation and the cost of health care benefits have been prime drivers of rising personnel costs. But the military's reliance on compensation as its sole tool to incentivize recruiting and retention results from a personnel system too inflexible to provide service members with incentives that might be just as, or more, valuable to them, but less costly to taxpayers.

The Budget Control Act of 2011 dramatically increased this problem. Arbitrary budget constraints combined with a rigid personnel system, imposed even as the tempo of military operations abroad remains high, forced the military into a vicious cycle. With limited funds, the military reduced its end strength; with fewer troops available, each service member carries a heavier burden; as the difficulties of service grow, more incentives are needed to retain service members; as options for meaningful incentives are sparse, bonus pay becomes more common; as more money is spent on compensation, less is available to grow the force.

Growing Civilian-Military Divide

We fully recognize that the unique culture of the U.S. military is essential to its success, and the current personnel system contains many elements that are important to sustaining that culture. The Defense Department is not a private company or a nonprofit organization; it can and must demand that its service members make sacrifices that are foreign to the civilian world. In fact, the ethic of sacrifice is part of what attracts so many outstanding people to service in uniform.

However, the task force also believes that to recruit and retain the talent needed to address emerging threats, services must attract Americans from all sectors in our society. This demands fundamental changes to some aspects of military life. Because a more-inclusive and dynamic labor force has emerged in the United States over the last seven decades, defense personnel policies should reflect fundamental socioeconomic changes. For example, many of today's military spouses—who are both male and female—want, expect, and need to be able to pursue a career. The biggest obstacle to military spouse employment is the requirement to move every two to three years. Perhaps the military requirement of frequent relocations is of lower value to the Defense Department than retaining valuable service members by allowing them to remain in one place. Additional factors like the rising rates of obesity, changes in education, and the demographics of society itself further illustrate the need to rethink how the military approaches personnel policy.

The biggest mistake—indeed, the worst outcome for the Defense Department—would be to do nothing. Building on the work done in the last several NDAA's, this committee should take meaningful action to make fundamental personnel reforms in the FY2018 NDAA. Through bipartisan cooperation and leadership from public officials, the United States can ensure that its longstanding military advantage can endure well into the 21st century.

The Solution

While military and defense-civilian personnel systems serve many purposes, and must meet varied goals, a handful of key outcomes are especially relevant in the increasingly complex national security environment. To ensure the nation's continued national security and military

advantage, defense leaders in the Congress and the Pentagon should design personnel policy with the goals of building a force that is:

- **Fully engaged by American society.** The United States is fortunate to have an abundance of talent and experience across its diverse population. The personnel system must serve as a bridge—not a barrier—to accessing this talent, especially hard-to-find or in-demand capabilities. The military must be able to consistently acquire top talent, whether experienced or entry-level, and to retain that talent amid a competitive employment marketplace, even if those individuals are not well-suited, or do not wish, to progress toward command.
- **Adaptable to new threats as they arise.** Because future national security needs are uncertain, personnel policy must be able to accommodate changing requirements. Rather than waiting years to train new troops, commanders should be given the tools to quickly find and use the capabilities they need to achieve their missions: more of one skillset, less of another, or entirely different capabilities, such as mastery of new technologies or familiarity with certain languages or cultures. Recently, the perennial answer to unexpected military needs has been to use special operations forces, which is an unsustainable long-term solution. The “new normal” national security environment requires the rest of the force to also develop the capability to succeed in unconventional missions.
- **Sustainable, both financially and culturally, for long-term success.** Regardless of the defense topline, the military must meet its personnel needs efficiently. More importantly, at the same time, DOD must ensure that service members and defense civilians are competitively compensated. Additionally, personnel policy must also support the personal lives of service members. If the conditions of military life force service members to choose between their family’s well-being and a military career, the family will win and the military will lose access to a critical segment of the talent pool. Lastly, Congress must remove or significantly increase the Budget Control Act caps that have inhibited intelligent strategic decisions on defense program growth and priorities.
- **Technically proficient.** The skillsets required by the military will only become more technical as the national security environment becomes more complex. Whether developing new capabilities to confront the increasingly difficult challenge of defending the frontiers of space and cyberspace, applying new technologies and greater individual decision-making to existing military roles, building language skills and cultural knowledge, or maintaining expert-level trauma-care capabilities, these challenges are fundamentally personnel issues. A personnel system that cannot consistently build and retain these types of capabilities has failed, with profound implications for military readiness and national security.

To achieve these desired outcomes, our report presents a comprehensive package of 39 bipartisan proposals to improve the effectiveness of military personnel policy. Taken together,

the recommendations contained in this report aim to prepare the military to confront the threats of the future, while also keeping promises made to today's service members and meeting the needs of military families. A Fully engaged, Adaptable, Sustainable, and Technically proficient (F.A.S.T.) military will ensure the future force is as strong as the one the United States has fielded for the last 70 years.

Immediate Actions:

Our Task Force recommends five proposals that can and should be implemented in this year's National Defense Authorization Act.

- **Expand lateral-entry authority to allow midcareer civilians to enter the military at higher ranks.**
Allow individuals with non-combat-specific skills (e.g., acquisition, cyber, finance, engineering, medical, law) to enter the military at higher ranks in the officer, warrant officer, and enlisted corps. Lateral-entry authority could reincorporate individuals with prior service who desire to reenter the military. Those who have acquired valuable skills after their military service could be allowed to rejoin at a higher rank. In previous wars, this avenue for lateral entry was frequently used. For example, during World War II, William S. Paley, the co-founder of CBS, was brought into the Army as a colonel to work in psychological operations using the broadcast medium. The FY17 National Defense Authorization Act lateral-entry pilot program for cyber personnel should be expanded to cover more occupational specialties.
- **Improve and synergize online military recruiting efforts by creating a cross-service common application and expanding web-based recruiting tools.**
Optimize recruiting by closing and consolidating some "brick-and-mortar" recruiting offices to free up resources for a more-robust online recruiting system. E-recruiting is a more-effective way to appeal to a demographic that is more comfortable with digital processes and less likely to walk into a physical recruiting center. Current digital platforms are insufficient and disjointed. Active and reserve components and individual services use different systems for their officer and enlisted cohorts. The U.S. military fights as a joint, total force. Therefore, its recruiting efforts should be organized as a joint operation that integrates all components (i.e., active, guard, and reserve). Too often, the different services and components are competing against each other for talent. This competition is inefficient and works against the military's total-force mantra.
- **Enhance and expand the Selective Service System to include all young American adults.**
Create a gender-blind Selective Service System (SSS) that gathers more data about the unique skills and experiences of registrants. Important information gathered through

this system could include language or cultural skills, educational qualifications, or other technical qualifications. This database should allow the military to more easily identify and focus specialized recruiting efforts on individuals with demonstrated high-demand skills and aptitude.

Additionally, all Selective Service registrants should complete the Armed Services Vocational Aptitude Battery to expose millions of younger Americans to the possibility of military service.

- **Create an online database to automate and increase service-member influence over future military assignments.**

Personnel assignment systems, while prioritizing needs of the service and mission, should ensure that people are assigned to positions that best reflect their individual skills and talents. Assignments closely aligned to a service member's unique abilities are more likely to enhance individual and unit performance, in addition to serving as a strong retention tool.

Therefore, we propose a pilot program within each service that provides service members more influence over their future assignments and allows commanders greater input in staffing decisions. Each pilot would last at least five years and would encompass a range of career fields, including operational and administrative specialties. These pilot programs should be evaluated periodically for their impact on unit performance individual performance retention, commander satisfaction, service-member satisfaction, and impact on the national security mission.

- **Improve access to and quality of Defense Department-provided child-care services.**

The Defense Department should take significant steps to increase access to child-care department wide. First, to increase funding for child-development centers (CDCs), the services should have the authority to pay for CDC construction and renovation through their operations and maintenance accounts rather than through their military-construction budgets. Furthermore, to address the ongoing staffing issues at CDCs, the Pentagon must take steps to streamline the hiring and retention process for CDC staff (especially for those transferring between duty stations) and reevaluate CDC staff compensation. Next, to increase access for families with complex employment schedules, the department should explore options for increasing access to part-time and hourly child care.

Long Term Reform:

Aligning personnel policy with the threats facing the nation and the changes in American society requires a strategic long-term reform effort. The Defense Officer Personnel Management Act only passed in 1980 after several years of development and negotiation. A similar approach is needed today. As part of this long-term personnel reform effort, we recommend the following proposals:

- **Replace predetermined, time-dependent promotions with a fully merit-based military promotion model.**

To increase the flexibility of the personnel system, the military should shift away from a promotion system that is heavily influenced by predetermined timelines. Rather, the personnel system should embrace greater consideration of merit when promoting officers and enlisted service members. A merit-based model should rely more on the performance and experience of individual personnel and less on predetermined timelines.

This recommendation might cause some individuals to be promoted sooner than normal. Some would likely be promoted later than current timelines. These are both desirable outcomes. The military will benefit if its most talented personnel, who meet the requirements for promotion, are promoted ahead of their peers. The military also benefits from allowing individuals more time to develop, to pursue education, or to build a greater level of technical expertise

- **Replace “up-or-out” promotions processes with a “perform-to-stay” system.**

For officers, remove DOPMA and ROPMA field-grade-officer strength tables to allow the services to extend the careers of valuable service members who are not competitive for continued promotion. Additionally, we should allow individual service members to voluntarily remove themselves from promotion consideration to continue building technical expertise. At the same time, these service members could continue to strengthen their professional résumés to become more competitive for future promotions.

For enlisted service members, although there are few statutory limitations on their ability to continue serving, the military services have implemented policies that mimic the officer system of up-or-out. Service secretaries should use their authority to ensure valuable, high-performing enlisted members are not being forced out of the military just because they are not competitive or interested in further promotion.

- **Replace the military pay table to ensure compensation is commensurate to increased responsibility and performance.**

Congress should direct the department to recommend a new pay table (to completely replace the existing pay table) that is based on rank (i.e., “time-in-grade”) rather than on

time (i.e., “time-in-service”). The pay table would include a base pay for each rank, incremental pay raises based on time served at that rank, and an additional incentive pay for certain occupational specialties to sufficiently compensate high-demand skills and experience. The final component of this pay table would be the new retirement system’s midcareer retention bonus for selected personnel. The new pay table should be designed to keep overall compensation constant. As new personnel authorities are implemented, it is likely that the overall manpower profile of the force will change (i.e., lateral entry could yield more midlevel officers while also requiring fewer junior or senior ranking officers). This new time-in-grade-based pay table would facilitate efficiency, performance, and readiness improvements to promote a more-flexible force.

- **Expand the use of warrant officer positions and create a technical, non-command career track for officers and enlisted personnel.**

Direct all services to use warrant-officer ranks to retain technical expertise. Additionally, this reform should also allow officers with needed technical skills to remove themselves from the command pipeline by pursuing alternative promotion pathways or transferring to warrant-officer ranks. These alternative promotion pathways would allow officers to continue advancing up to a certain point based on technical knowledge and expertise, without having to fill a command billet along the way. For example, health care providers should have access to a career track that enables skilled clinicians to continue to receive promotions and raises while delivering patient care, instead of being forced to pursue command and leadership assignments. Promotion criteria for these alternative pathways and expanded warrant-officer positions should be relevant to the job duties.

- **Create a continuum of service by making it easier to repeatedly transition between active, guard, and reserve components.**

Combine the Defense Officer Personnel Management Act (DOPMA) and the Reserve Officer Personnel Management Act (ROPMA) into one unified officer-management statute. The services should eliminate the requirement for different officer commissions and enable greater permeability between active and reserve components. Other important changes include the following:

Create a culture of permeability that supports a continuum-of-service paradigm; Provide greater opportunities to transition among the active, guard, and reserve components; make Reserve-component service an option throughout a military career; and, Finally, encourage those service members leaving active duty to consider reserve-component service by extending the reserve-position-vacancy window beyond the date of separation from active duty.

The F.A.S.T. Force in Action

Our recommendations, if implemented, would help the military solve some of its most pressing personnel challenges. As it relates to the fighter pilot crisis, instead of relying on an ineffective and expensive retention bonus to stem the loss of experienced aviators, we propose giving them more of what they want, which is additional time in the cockpit. Individuals with highly desirable cyber skills would be allowed to enter the military with advanced rank commensurate with the value of their experience. By offering flexible career models, the military can ensure that it does not force people to choose between uniformed service and private sector experience.

New merit-based promotion policies would allow the highest performing service members to move up the ranks more quickly, while also allowing other service members to develop greater depth of experience in technical specialties like space, cyber, and trauma care.

Lastly, our recommendations would finally allow the military to bend the cost curve for military personnel without breaking our promise to those who volunteer to serve. By offering meaningful incentives and reforming the traditional 20-year military career, the Defense Department can ensure that it continues to attract highly capable personnel, while at the same time offering competitive compensation and benefits to the men and women who protect our nation.

Conclusion

A key strength of the U.S. armed forces is its unique culture, characterized by selfless service, integrity, and sacrifice. None of our recommendations are meant to supplant the values that make the military the most well-respected public institution in the eyes of the American people. We recognize that good policy is necessary, but not sufficient by itself, to achieve a high-performing personnel system. High-quality leaders are required to provide crucial mentorship and guidance to the troops under their supervision.

Our recommendations would augment the strengths and minimize the weakness of the current personnel system in service of the nation's security needs. Congress should approach Defense Department personnel reform with the same mindset. By focusing personnel reforms on achieving desired national security outcomes, we can both honor the promises made to today's military and improve the performance of the force for the future.